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Category membership, identity control, and the reevaluation of prosocial opportunities

Michael Conger^{a,*}, Jeffery S. McMullen^b, Brian J. Bergman Jr.^b, Jeffrey G. York^c

^a Miami University (OH), Farmer School of Business, 800 E. High Street, FSB 2074, Oxford, OH 45056, United States

^b Indiana University, 1309 E. Tenth Street, Bloomington, IN 47405, United States

^c University of Colorado, Boulder, Leeds School of Business, 995 Regent Drive, 419 UCB, Boulder, CO 80309, United States



A B S T R A C T

We extend current knowledge on prosocial organizing by explaining how membership in organizational categories lead entrepreneurs to reevaluate their firms' activities and opportunities. Through a qualitative study of 46 firms that pursued B Corp certification, we developed an identity control model of prosocial opportunity. Our findings suggest that joining a prosocial category catalyzes identity-driven reflexivity, which can alter the firm's engagement in prosocial activity. This identity-driven process occurs in tandem with evaluations of opportunity viability and attractiveness, the potential for intra-organizational conflict, and the relative power and position that category legitimacy affords the firm. Our findings contribute to literature streams on prosocial organizing, identity, and categories.

1. Introduction

The role of entrepreneurship in addressing pressing social and environmental challenges has grown into an intriguing and important research area (Dacin et al., 2010; Grimes et al., 2013; Mair et al., 2012; McMullen and Warnick, 2016; Miller et al., 2012). Broadly categorized as social or “prosocial” entrepreneurship (Dees, 1998; Shepherd, 2015), organizations in this domain represent a melding of social and economic value creation (Battilana and Lee, 2014; Zahra et al., 2009), and may offer a new approach to solving chronic societal problems in the face of market failure (Dean and McMullen, 2002; Pacheco et al., 2010), institutional voids (Mair and Marti, 2009; McMullen, 2011), extreme poverty (Bruton et al., 2013; Kistruck et al., 2012; Tobias et al., 2013), and environmental degradation (Dean and McMullen, 2007; York and Venkataraman, 2010).

Entrepreneurship researchers have begun to acknowledge the tension that entrepreneurs sometimes face as they seek to express their prosocial values and identities (O'Neil and Ucbasaran, 2016; Pache and Santos, 2010, 2013; Wry and York, 2017). People's feelings of competence and self-worth depend on successful, authentic expression and verification of important identities (Burke, 1991, 1996; Cast and Burke, 2002). While these identities can be integrated with new venture activities to align the entrepreneur's intrinsic motivation with external incentives (McMullen and Warnick, 2015), tensions are often present for entrepreneurs as they evaluate the opportunities they aim to pursue. For prosocial entrepreneurs, these tensions may be even more salient.

One way that entrepreneurs may attempt to reduce the tension and external pressure to compromise their values is by seeking refuge in an organizational category that aligns with their values. Prosocial categories offer a ready-made context for those seeking to verify the authenticity and legitimacy of their “social entrepreneur” identity. Category membership is particularly important for

* Corresponding author.

E-mail addresses: michael.conger@colorado.edu (M. Conger), mcmullej@indiana.edu (J.S. McMullen), brijberg@iu.edu (B.J. Bergman), jeffrey.york@colorado.edu (J.G. York).

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prosocial entrepreneurs to gain legitimacy in the eyes of important stakeholders who see the joint pursuit of social and economic goals as incompatible (McMullen and Warnick, 2016; Pache and Santos, 2010, 2013). Joining prosocial categories can also help firms “stand out” in their industry or region (Gehman and Grimes, 2016). Many factors related to category membership can affect identity outcomes for the entrepreneurs who join them including category structure (Vergne and Wry, 2014), hierarchy (Gehman and Grimes, 2016; Porac et al., 1989), position and power within a category (Durand et al., 2007), and whether the entrepreneur's organization spans multiple categories at the same time (Hannan, 2010). Any of these can alter, amplify or dampen the social evaluations of category audiences (Hsu, 2006; Hsu et al., 2009; Vergne, 2012), making identity validation for the founder more difficult. Prosocial categorization may present additional complexities beyond those inherent in other types of categories. Unlike product or industry categories, prosocial categories are based on abstract concepts of shared values (Gehman and Grimes, 2016) instead of more concrete characteristics related to organizational capabilities, product offerings, and audience preferences (Hannan, 2010). The identity relevant meanings of these abstract values (i.e. exactly what it means to put them into practice) can vary greatly in a category that may include everyone from ice cream makers to credit card processors. Even when an entrepreneur shares the prosocial values the category represents, it does not automatically mean that joining the category will trigger positive reactions or welcome change in identity, especially if doing so calls the authenticity of those values into question. While studies in this stream have highlighted both the legitimizing aspects of categorization for nascent ventures and the important role that prosocial categories play, we know relatively little of the internal or intra-organizational impacts of joining a nascent category (Carlos and Lewis, 2017; Gehman and Grimes, 2016). For example, there has been minimal exploration of how membership affects entrepreneurs' pursuit of a social mission. This is a critical question for prosocial organizing, as entrepreneurs attempt to reconcile economic value creation with their prosocial values, identities, and category membership. Accordingly, our study examines the following research question: *How and why does membership in a prosocial category lead entrepreneurs to reevaluate their firms' prosocial activities and opportunities?*

To address this question, we engaged in an inductive field study of 46 firms who either joined or seriously considered joining an emerging prosocial category: “B Corp,” a voluntary certification for socially and environmentally responsible businesses. Our field research revealed that joining a prosocial category catalyzes identity-driven reflexivity, consistent with the predictions of Identity Control Theory (ICT) (Burke, 1991, 1996, 2007), potentially altering the firm's engagement in prosocial activity. This identity-driven process occurs in tandem with evaluations of opportunity viability and attractiveness, the potential for intra-organizational conflict, and the relative power and position that category membership affords the firm. From these insights, we develop an identity control model of prosocial opportunity. Our model illustrates how prosocial organizing may evolve through identity-focused reflection that is triggered by category membership.

2. Identity control, conflict in prosocial organizing, and the role of organizational categories

Identity Control Theory (ICT) (Burke, 1991, 1996, 2007) argues that actors are primarily motivated by a need to confirm identities that are important to their self-concept (Cast and Burke, 2002). Successful verification of important identities leads to greater self-esteem and feelings of authenticity, while failure to verify can lead to guilt, anger, and stress (Stets and Burke, 2005). In this way, ICT places the perpetual process of identity verification as the central basis of complex human endeavors (Burke and Stets, 2009).

Identity verification occurs through a cybernetic perceptual control process comprised of four parts: the identity standard, the inputs, the comparator, and the outputs (Burke, 1991; Burke and Stets, 2009; Stets and Burke, 2005). An identity standard is a set of meanings specific to a role, group membership, or personal characteristic that defines a distinctive identity (Burke and Cast, 1997; Burke and Stets, 2009). Although the individual must adopt an identity standard, the meaning of the standard is rooted in collective understandings, which are embedded in social structure (Stryker, 1980). For example, each individual has his or her own understanding of what it means to be an entrepreneur, but this is still largely based in some common understanding of what an entrepreneur is (Murnieks and Mosakowski, 2007; Murnieks et al., 2017). In the case of a common “social entrepreneur” or “prosocial entrepreneur” identity standard, consensus has yet to emerge (Dacin et al., 2010). However, voluntary standards like B Corp certification, Fair Trade, and USDA Organic reflect a desire to establish collective, firm-level, prosocial identity standards shared across industries or society.

Identity standards help actors attend to and interpret the feedback they receive from social interactions that occur in the context of the identity in question. These social interactions are the inputs in ICT; the identity-relevant meanings the individual perceives in a given situation (Burke, 1991, 1996; Burke and Stets, 2009; Stets and Burke, 2005). The comparator is simply the function of comparing the inputs (perceptions about one's identity in a given situation) to the standard (the perceptions one expects for that identity). If the perceptions do not match the standard, the individual's identity is not verified and he/she will be motivated to take some action (outputs) in an effort to reduce the discrepancy.

Attitudes toward identity change and the corresponding changes to identity-relevant behaviors are highly relevant to understanding prosocial entrepreneurs since the opportunities they identify and pursue are presumed to involve hybrid and potentially conflicting logics (Battilana and Lee, 2014). Entrepreneurship scholars have recently argued the pursuit of prosocial entrepreneurship is motivated by compassion (Miller et al., 2012) and a desire to enact values and identities (Conger, 2012; Hemingway, 2005; Wry and York, 2017). However, such motivations may also create tensions for entrepreneurs. For example, O'Neil and Ucbasaran (2016) show that, even as their ventures advance toward financial success, environmental entrepreneurs may feel they have “sold out” when stakeholder demands force them to deprioritize “what matters to me.” This resonates with the core tenants of ICT and compliments a growing body of research focused on entrepreneurship as a self-expressive, identity-based pursuit (e.g. Cardon et al., 2009; Fauchart and Gruber, 2011; Hoang and Gimeno, 2010; Mathias and Williams, 2014; Murnieks et al., 2014; Powell and Baker, 2014, 2017;

Sieger et al., 2016). Despite this growing literature stream, there is still much we do not understand about the relationship between identity and entrepreneurial action or how identity and opportunity co-evolve in the entrepreneurial journey (McMullen and Dimov, 2013). And, we know even less about how category membership may shape this process.

Recent research has demonstrated the centrality of organizational categories to questions of prosocial organizing (e.g. Carlos and Lewis, 2017; Gehman and Grimes, 2016). Organizational categories are the “meaningful conceptual systems” that can define and legitimize groups of organizations with similar attributes (Navis and Glynn, 2010:440). Joining a prosocial category is one way in which firms enact organizational values and identities and gain third-party validation of their social commitments (Gehman and Grimes, 2016). For example, the category of “microfinance” has helped to legitimize a wide range of organizational forms that seek to alleviate poverty through the application of commercial mechanisms (Battilana and Dorado, 2010; Cobb et al., 2016). Prosocial category membership may also be a way for individual entrepreneurs to validate their salient identities. Thus, category membership can be a critical consideration for prosocial entrepreneurs whose pursuit of blended social and economic goals may be seen as incompatible (McMullen and Warnick, 2016; Pache and Santos, 2010, 2013).

As we moved between our field data and the literature on identity, categories, and prosocial entrepreneurship, we identified three interrelated puzzles that our findings ultimately address. First, it is unclear how and why entrepreneurs operating within an emerging organizational category vary in their responses to category membership (Gehman and Grimes, 2016). This is puzzling because the legitimizing benefits of category membership have been shown (Porac et al., 1999), and like all organizational categories, prosocial categories hinge on common characteristics across their members (Navis and Glynn, 2010). Yet, recent studies suggest that there can be considerable intra-category variability among prosocial category members (Carlos and Lewis, 2017; Gehman and Grimes, 2016). There is a need for further explanation of how and why entrepreneurs at the helms of organizations noted for their similarities – common values and motivations in the case of prosocial firms – may have very different experiences when joining a category.

Second, we know relatively little about how entrepreneurs' understanding and pursuit of prosocial opportunities can change or why these changes may vary so drastically among those with ostensibly similar prosocial values. It is often assumed that, because they pursue both commercial and prosocial goals (Battilana and Lee, 2014), all prosocial firms lack legitimacy and the entrepreneurs who found/lead them exist in a chronic state of tension, one that constantly questions their individual values and identities and puts the firm's survival at risk. The focus has often been on scenarios where prosocial entrepreneurs find themselves in a negotiation over compromising their mission, values, and identity due to competing stakeholder demands (e.g. O'Neil and Ucbasaran, 2016; Pache and Santos, 2013; Sarason et al., 2013). One way they may try to do this is by selectively (and expertly) coupling competing logics as the situation dictates (Pache and Santos, 2013). However, recent work (Battilana et al., 2015; Wry and York, 2017; York et al., 2016) suggests prosocial entrepreneurs and their firms may actually benefit from the “creative tension” between competing commercial and social welfare logics, as tightly coupling the two facilitates stakeholder self-selection and resource alignment (York et al., 2016). Yet, to our knowledge, scholars have yet to investigate how entrepreneurs reevaluate prosocial opportunities, particularly when they do so with the intention of expanding the scope of their prosocial activities. Given the central role value-expressive identities play in prosocial entrepreneurs' self-concept (Conger, 2012), it is important to understand how these tensions manifest differently across individuals.

Finally, it is unclear how any of these processes may affect outcomes related to prosocial organizing. Dacin et al. (2010) encouraged scholars to focus on the consequences of pursuing prosocial opportunities rather than defining a distinct type of “social entrepreneurship.” Indeed, much attention has been paid to the motivations that drive prosocial entrepreneurs (Arend, 2013; Grimes et al., 2013; Hockerts, 2017) rather than how these motivations affect the pursuit of prosocial opportunities over time. By joining a prosocial category, the entrepreneur classifies his or her firm as a prosocial organization (Gehman and Grimes, 2016). However, we know little about how this classification affects the prosocial opportunities that they may or may not choose to pursue, or what these outcomes may mean for prosocial organizing more broadly.

3. Research design & methods

Because our line of inquiry is concerned with entrepreneurs' experiences in, and the outcomes resulting from, joining a prosocial category, we took a fundamentally interpretive approach. Because we are “...less interested in controlling variance and more interested in capturing variability and trying to understand why that variability exists” (Corley quoted in Gehman et al., 2017:12), we sought to develop grounded theoretical insights by interpreting qualitative narratives from our subjects based on their own lived experience (Gioia et al., 2013).

3.1. Research setting: certified B corps

Our field research focused on the emerging B Corp category, established by the non-profit B Lab in 2007 and their introduction of the B Corp certification standard. Becoming a certified B Corp requires that organizations: (1) complete a “B Impact Assessment” test measuring their prosocial impact on multiple dimensions, (2) go through a rigorous interview process, (3) pay a certification fee, (4) amend their governing documents to meet B Corp legal requirements, (5) sign the “B Corp Declaration of Interdependence” and “B Corp Agreement,” (6) agree to periodic certification audits, and (7) repeat the entire process every two years to maintain certified status. Appendix A provides expanded definitions of these requirements. We view certification as a symbolic resource that signifies membership in the B Corp category (Wry et al., 2013). Likewise, we consider B Corp certification as a standard against which entrepreneurs repeatedly benchmark their ongoing activities in the pursuit of prosocial opportunity (McMullen and Dimov, 2013).

We chose this context for two reasons. First, B Corp represents a distinctly values-laden category (Gehman and Grimes, 2016).

Member and potential member organizations generally have a prominent prosocial mission. As a result, founders of these firms were very likely to be able to reflect on and articulate their experience before, during, and after certification as well as the relationship between category membership and their ongoing prosocial efforts. Second, although the B Corp category has grown in recent years, when our fieldwork began in 2012, it was far from certain that the category would survive beyond the first wave of early adopters. Currently, B Lab claims just over 2000 certified B Corps worldwide. In more established categories, the shared meanings and legitimacy associated with membership are clear, and joining may be attributed largely to mimetic pressure (Zuckerman, 1999). In this nascent, distinctly prosocial, and industry-spanning category, however, the benefits of membership are yet to be fully understood. Together, these characteristics make the B Corp category a rich context for our study as the phenomena of interest are likely to be “transparently observable” (Pettigrew, 1990: 275).

3.2. Sampling & data collection

Following principles of theoretical sampling, we selected respondents on the basis of appropriateness rather than representativeness (Eisenhardt and Graebner, 2007; Glaser and Strauss, 1967). We selected founders of firms that met the following criteria: (1) a for-profit firm with a clear, publicly-stated prosocial mission, (2) is presently certified, had been certified in the past, or was seriously considering certification and, (3) the founders were active members of the management team and were involved in the initiative to become a B Corp.

Our starting point for participants was the directory of certified B Corps publicly available at bcorporation.net. We also leveraged personal connections within prosocial organization networks and local entrepreneurial ecosystems. We sought to include firms of various sizes, ages, and industries. We also specifically sought out firms that not yet become B Corps but had seriously considered certification. As our data collection progressed, we relied on recommendations from earlier respondents to help identify potential additions to our sample. We also spoke to many B Corp experts (e.g. B Lab leadership, activists involved in promoting state-level benefit corporation legislation, impact investors, etc.) who helped identify subjects that might enrich our sample. We continued to add subjects to our sample in tandem with ongoing analysis and follow-up interviews with prior respondents, as described below, until we were satisfied that no new insights were emerging (Goulding, 2002).

We collected data from several sources for this study. Our primary source was 31 individual interviews with focal firm founders/leaders and other people integral to the firm's B Corp initiatives. These were semi-structured interviews, typically 45–90 min long, with a follow-up interview in later stages of our analysis whenever possible. We also conducted 12 “mini-interviews” each lasting 5–15 min and focused on one or two specific questions. To triangulate our findings with external interview sources, we included interviews published in the B Corp Handbook (Honeyman et al., 2014); we found 19 interviews relevant to the topics that arose in our inductive analysis. A complete list of the informants and firms included in this study and descriptive information about interviews conducted is available in Appendix B. As our iterative process of analysis unfolded, we repeatedly spoke with many of our informants, to ask clarifying questions and gain greater understanding of their experiences. Finally, following Sutter and his colleagues (Sutter et al., 2017), we collected non-participant observation including 18 site visits to informants' organizations where we observed their operations, met employees and partners, and observed interactions between informants and other key personnel.

To further triangulate and bolster our findings, we relied on several secondary data sources. These included five interviews with B Lab staff, B Lab documents/websites/videos, and general media reports about B Corps and about focal firms and their prosocial mission and actions, the focal firms' websites and social media accounts, and their public profiles on bcorporation.net. The first author also attended multiple B Corp events such as general information meetings, round table meetings, webinars, retreats, and

Table 1
Data inventory.

| Data type | Quantity | Original source | Original (intended) audience |
|---|--------------------------------------|--|--|
| Interviews | 51 | Informants (29); B Corp Handbook (19); B Lab Representatives (3) | Analysis for this study; B Corp Handbook |
| Mini-interviews | 12 | Informants | Analysis for this study |
| B Lab's Annual Reports | 3 (151 total pages) | B Lab | General public, prospective B Corp's, impact investors |
| B Corp Peer Circle Materials | 37 pages | B Lab Director | Representatives of certified B Corp's |
| Observational Data | Approximately 80 h | Investigator's notes: • 8 B Corp Informational Events • 3 B Corp Peer Circle Meetings • 3 day-long B Corp “scrimmage” events • 18 site visits at informants' organizations • 48 informants' organization's websites, social media, etc. | Analysis for this study |
| Press Articles | 77 (364 total pages) | Major News Outlets | General public |
| B Corp Website (bcorporation.net) | 65 pages; 1000 + company profiles | B Lab | General public, prospective B Corp's, impact investors |
| B Corp Videos (YouTube) | 1 h, 9 min | B Lab | General public, prospective B Corp's, impact investors |

social events. All primary and secondary data sources are described in detail in Table 1. Aside from the interviewees featured in the *B Corp Handbook*, whose identities were already publicly disclosed, all informants and companies in this study are referred to using pseudonyms.

3.3. Analytic approach

Our research design evolved iteratively following the principles of grounded theory (Glaser and Strauss, 1967; Strauss and Corbin, 1998). We repeatedly shifted our attention between data collection, analysis, and existing theory, following Van Maanen and his colleagues' encouragement to pursue an approach marked by "... a back-and-forth character in which concepts, conjectures and data are in continuous interplay... allowing for a logic of discovery" (Van Maanen et al., 2007:1146). In this way, the major insights that organize our findings emerged over time in three waves of data collection and analysis, each flowing from insights gained in the last, eventually forming the basis for an integrated theoretical model. We began by asking prosocial entrepreneurs why their company became a certified B Corp. This led us to investigate the outcomes entrepreneurs attributed to this process and how they related to the prosocial opportunity the company was pursuing. Finally, we sought to understand the individual and organizational mechanisms through which this process occurred.

In each wave of the sequence, we began our analysis during the interview process. We simultaneously collected these data and explored related literature, with the goal being to uncover both new key insights and links to existing theory. For example, we did not enter the field with predetermined theories based on ICT; rather, we found the literature and linkages to it during our inductive work. When we were confident no new insights were emerging from our interviews, we engaged in formal analysis following the "Gioia Method" (Gioia et al., 2013) of organizing, coding, and interpreting verbatim text from interview transcripts. This analysis occurred in three steps.

3.3.1. Step 1

We constructed a database to organize the data described above using NVivo and Dedoose qualitative research software. The first and third author coded all interviews and were aided in the early stages by a trained MBA student research assistant. All coders worked independently with only cursory discussion to coordinate their efforts. Through multiple iterations of carefully reading verbatim transcripts of interviews, we developed first order codes (Gioia et al., 2013), striving to remain faithful to the source data. After coding was completed, differences between coders were resolved through debate and discussion. The remaining authors did not engage in coding to maintain the perspective of "outsiders" in our discussions and ensure the trustworthiness of our findings (Gioia et al., 2013; Strauss and Corbin, 1998). Through discussion between coders and outsiders, we reached consensus on relevant themes and their meanings, ultimately yielding the 32 first-order codes of our data structure in Table 2.

3.3.2. Step 2

Our next step involved a return to in-depth exploration of the literature on identity and entrepreneurship (e.g. Fauchart and Gruber, 2011; Powell and Baker, 2014, 2017), categories (see Vergne and Wry, 2014, for a review), and entrepreneurial opportunity (e.g. McMullen and Dimov, 2013; Venkataraman et al., 2012). Our objective was collaboration and debate among the "coder" and "outsider" authors, together considering our data and the literature to determine whether and how our emerging insights might help to explain the phenomena we were observing. In this step, we paid careful attention to similarities and differences both across informants and within individual informants' accounts. From these discussions, we developed second-order themes into which the first-order codes clustered. Throughout the creation of these themes, we relied on our deepening knowledge of the informants' experiences in tandem with our emerging theoretical insights (Gioia et al., 2013). Table 2 depicts these second-order themes and their relationship to the first-order codes.

3.3.3. Step 3

Our insights emerged in successive waves, each informed by the ones before it. As we moved through multiple iterations of the steps above, we incrementally developed the grounded theory presented below. These iterations were developed into working papers and shared with colleagues via correspondence, brown-bag seminars, conference presentations, and the symposium for this special issue. The constructive and critical feedback from these outlets undoubtedly aided and further informed our inductive analysis. Eventually, we identified stable aggregate dimensions into which the second-order themes grouped and how they related to the individual- and firm-level outcomes we observed at the study's conclusion. From this we finalized our theoretical model, illustrated as Fig. 1 and explained below in our findings.

4. Findings

Early in our inductive analysis, it became clear that all our informants viewed the founding and development of their companies as a way to express their prosocial values and make every day "*Bring Yourself to Work Day*," as one founder described it. In all cases, informants had chosen a prosocial career path deliberately and with specific attention to making their work impactful to society and meaningful for themselves. For this reason, we began to consider the role of identity in prosocial category membership. We also found that B Corp certification was a milestone for all the entrepreneurs. They each took considerable effort to learn about B Corps and gave serious consideration to what certification would mean for their company.

We began to see common themes related to the costs and benefits of becoming a B Corp that founders, along with key internal

Table 2
Data structure.

| First-order Codes | Second-order Themes | Aggregate Theoretical Dimensions |
|--|--|--------------------------------------|
| <ul style="list-style-type: none"> • Certification process extremely rigorous • Significant time, effort, money required | Costs of becoming | Adopting a new identity standard |
| <ul style="list-style-type: none"> • Real, long-term organizational implications • Principled, uncompromising stance has its costs | Costs of operating | |
| <ul style="list-style-type: none"> • Formalize, integrate, measure our prosocial efforts • Gain specialized resources (attract talent) • Protect our prosocial mission over the long run | Material benefits | |
| <ul style="list-style-type: none"> • Being part of the B Corp community and movement • Communicating mission to stakeholders | Symbolic benefits | |
| <ul style="list-style-type: none"> • This is who we want to be • It didn't really change us | Internalizing Category Identity | |
| <ul style="list-style-type: none"> • Surprising/disappointing assessment score • We could be doing much more | Disconfirming feedback | |
| <ul style="list-style-type: none"> • Being genuine / authentic • It's a natural fit with my passions, values, or calling • A meaningful / integrated life | Identity Change Posture | Reflexivity |
| <ul style="list-style-type: none"> • Pragmatic questioning of B Corp's value • My priorities have to be focused on us | Identity Defense Posture | |
| <ul style="list-style-type: none"> • Mission must be supported by profitability • Virtuous cycle • It's always a trade-off | Beliefs about opportunity attractiveness and Feasibility | Reevaluating prosocial opportunities |
| <ul style="list-style-type: none"> • Everyone got on board • It just validates who we already are • Nobody else was on board • It's really about making a difference, not this company | Potential for intra-organizational conflict | |
| <ul style="list-style-type: none"> • Alignment with other B Corps • Stakeholders love it • Thinking bigger / working together • Being a B Corp doesn't help us | Power and position category legitimacy affords the firm | |
| <ul style="list-style-type: none"> • Amplification • Fracture • Stasis | Change in prosocial activity/mission | |
| | | Opportunity Outcome |

stakeholders, considered when deciding to pursue certification. As our iterative process of analysis continued and theoretical connections became clearer, we realized that informants were working through the implications of adopting category as part of their identity standard. While some viewed this adoption as important and aspirational, others saw category membership as potentially complementary, but external to their own identity.

Early in our analysis, we also began to see considerable variance in the extent to which entrepreneurs reevaluated their prosocial opportunities after B Corp certification and the extent to which they attributed these reevaluations to joining the category. For many, their firm becoming a B Corp led them to increased investments in prosocial opportunities, which we labeled prosocial opportunity *amplification*. Others suggested that becoming a B Corp triggered significant reevaluation of their prosocial opportunities, but commitment to pursuing those opportunities lagged and, in extreme cases, ultimately led to the dissolution of the firm. We labeled this prosocial opportunity *fracture*. Finally, for some entrepreneurs, joining the B Corp category had relatively little effect on their evaluation or pursuit of prosocial opportunity. They took a more pragmatic approach leading, at most, to modest changes in the firm's prosocial trajectory, and downplayed the importance of their firm's B Corp status. We labeled this prosocial opportunity *stasis*.

With an emerging picture as to *why* entrepreneurs chose to pursue B Corp certification and the *outcomes* they attributed to it, we set out to understand *how* this process occurred. It was at this point that we began to see the relevance of ICT in understanding our findings. First, we discovered that joining the category served as a catalyst for identity reflexivity. Informants sought to validate their newly assumed identity as a member of the B Corp category, and the demands of the certification process made perceptions of feedback about their relative success in doing so highly salient. Because of the rigorous and intentionally aspirational standards of the

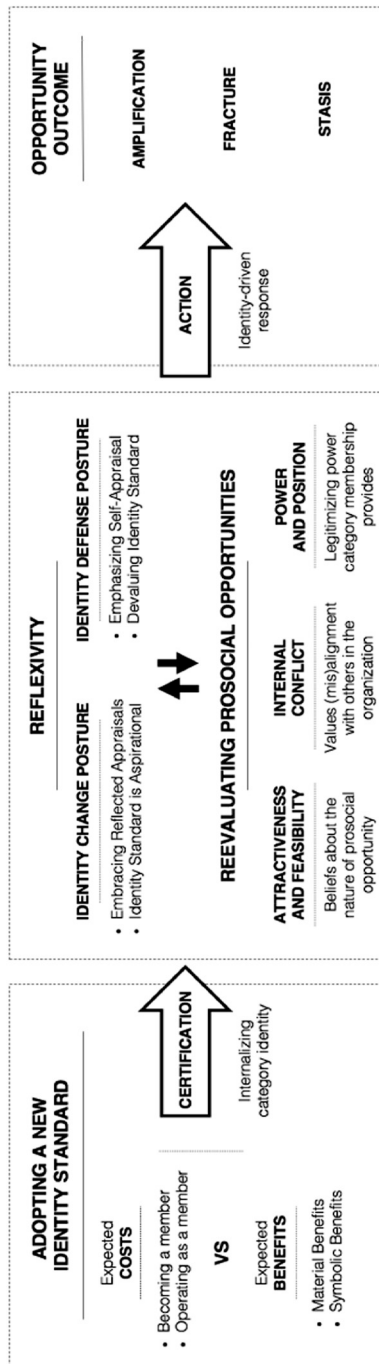


Fig. 1. Identify control model of prosocial opportunity.

B Corp certification, all entrepreneurs received some meaningful degree of disconfirming feedback about how they and their firms measured up. We saw differences in how entrepreneurs perceived and interpreted this feedback, leading some to respond from a defensive posture with respect to their identity and others from a posture more open to change.

Second, we uncovered three separate dimensions that further shaped the ways in which entrepreneurs committed to reevaluating and pursuing prosocial opportunities: (1) evaluations of opportunity viability and attractiveness, (2) the potential for intra-organizational conflict, and (3) the relative power and position that category membership affords the firm. In the following sections, we describe and illustrate these findings using representative quotes and context description. Fig. 1 organizes our findings in process order (as they are presented below) and illustrates our model. Appendix C provides additional data to support our findings for each stage of the model.

4.1. Category membership and adopting a new identity standard

There's a lot of standards out there in the marketplace but I would say the B Corp assessment is by far the most rigorous and comprehensive. It covers social, labor, economic, governance, environmental... the whole spectrum of the triple bottom line. Not all similar tools are doing that. The depth to which the questions go, the weighting of the questions, the fact that you have to back up your answers... it's rigorous.

Anne, NRG Source.

As illustrated in the excerpt above, entrepreneurs viewed successful B Corp certification as a legitimating affirmation of a company's prosocial efforts. All had given serious consideration to what these requirements and potential certification might mean for their company before they began the certification process. The costs of certification in time, effort, and the certification fee varied between firms but many informants, like Bree, founder of tea company, Conscious Cup, were clear that the resources required were significant; *"I mean, it's rigorous... you know, it costs time and energy to do that process. I didn't realize how much time and energy it costs to do that."* According to Deborah from B Lab, this is a common experience because, *"For a significant number... they go into the assessment and they [score] a 60. So... that's going to take even more resources and effort to improve, right? And that's a very different calculation."*

Beyond the costs of certification itself, many firms found that operating as a B Corp also had long-term implications for the organization as Maurine, founder of South Eastern Solar, discovered after her company's first B Corp audit.

The first time we got certified and then our recertification we just had to provide sort of a general level documentation and then the third time when we just got recertified last year we had a full audit, which was really intense. And it really, it is like let's get under the hood and take it all apart and then show them exactly what we're doing and why and how this complies with the metrics or doesn't.

For Laura, founder of PR firm Our Planet Promotions, the cost of principled adherence to B Corp standards over the long-term meant a direct hit to the bottom line.

If you say 'I'm only going to work with people who are focused on social or environmental impact', then, yeah, we don't get to be the agency for Ohio Wine Days, a colleague of mine's agency just got that gig. But we wouldn't have gone after that because there is no social or environmental impact unless you can justify that making wine is saving the grapes, I don't know. It seems like a stretch to me. But there are things that I see that agencies get and I go, 'Oh, that would be so much fun.'

For some, these costs were too much to bear and, although they continued to support the B Corp category, were unable or unwilling to make the investment. Fair Trade coffee roaster Good Earth Coffee's, founder, Daniel, used the information gained from a failed certification attempt to expand his company's prosocial goals but wondered if B Corp status made sense for nascent companies like his.

I'm very passionate about this... [but] it takes serious time and effort to put that stuff together and get organized and try to do it and pursue. And, I mean, it is not – it is not costless at all... Hey, starting a business is really hard. Still like 90% fail in 18 months and it is crazy that that stat still exists, but so, as a social business, we're almost like adding self-imposed rules. So we're making it harder. So this whole idea doesn't work, it won't work unless these businesses are equipped appropriately to stay in business.

For most companies in our sample, like True Craft Brewery, the benefits were compelling enough for them to complete the certification process and subsequent re-certification. As Jim explained:

If you're looking at the short term, like the next quarter or year, something like B Corp certification seems like a lot of extra cost in terms of the fees and the time involved, especially if, like us, you're already committed to a social mission. But, even if you are, taking the long view makes it clearer. You can make a pretty strong case that absorbing that cost, even with little return in the short term, will pay off in the long run.

Respondents spoke of benefits, or the lack thereof, in terms of those related to the material resources and ongoing operation of the firm, and those focused on the firm's symbolic interactions with external stakeholders and other members of the category. In terms of material benefits, the most often cited was the ability to formalize, integrate, and measure the company's prosocial efforts in a meaningful and actionable way. Joan, founder of Nirvana CSA, explained to a B Corp meetup group, *"We are a young company, and so part of the reason we're here today is to figure out how we want to measure and assess ourselves as a B Corp."* Ted, founder of People's Insurance, told a similar story.

It solidified policies and procedures that maybe we had and we enacted, but we didn't have it defined... It was like, hey, we need to do this... for instance we had been hemming and hawing around having a formal board of advisors.

Many respondents also saw B Corp membership as a key differentiator for them in acquiring specialized resources; in particular, attracting the best talent as Tiffany Jana of TMI Consulting described.

My biggest surprise was the social capital B Corp community membership gave me with millennials. I can barely keep up with the droves of highly qualified, passionate, values-aligned millennials who want to work for TMI. I am in the process of creating opportunities for several highly engaged millennials, and I meet more of them on a monthly basis. I no longer search for high-potential staff; they now come to me.

Many respondents felt, as Jenn Vervier of New Belgium Brewing explained, that formalizing prosocial practices and hiring likeminded people ultimately helped protect their firm's prosocial mission.

The biggest benefit is the ability to preserve our mission and culture against unsolicited tender offers. We don't have to worry that our board of directors might feel compelled to accept an offer that isn't in our overall best interests.

In terms of symbolic benefits, respondents saw certification as a way to signal their social bona fides to customers and other stakeholders. Tanya from law firm LA Law saw "... *getting involved with B Lab and becoming a B Corp as something to set ourselves apart [in our industry].*" Ted, owner of People's Insurance, felt the same: "*I think we're definitely a hundred percent a fish out of water, especially in [our city] and definitely in our industry. I don't know of anyone else who's going after this stuff.*" However, the value of B Corp status for this purpose was not always clear, as Marty, founder of Ranger Software, explained.

People use the B Corp certification for branding, but in our space, it means absolutely nothing to our customers. Google, Amazon, Intel... they're all like 'What are you talking about?' They have no idea. We do like to put it on our bike jerseys, though.

Finally, many of the entrepreneurs in our study said they were attracted to what GoLite founder and B Lab Colorado director, Kim Couponous called "*a living breathing network of like-minded people and business connections.*" Respondents often cited membership in the B Corp category as a way to be part of creating good beyond their own organization's efforts as Bree of Conscious Cup described.

I think the tipping point that made us decide to go ahead and get the certification was the possibility that there might be a benefit corporation law passed and saying, 'Hey, this is really a movement and we want to be part of that club.' Seeing companies that I respect like Patagonia and wanting to be in that cohort of people. If we all came together, one day, maybe we will be [a] lobbying power.

For many, like Jake of Great Plains Solar, the feeling of solidarity was even more important.

For us, it's really about support and solidarity. B Labs has really helped connect all the likeminded companies and get them talking to each other. That community is what's really valuable. We've really used that a lot.

By engaging in the certification process, entrepreneurs submitted their firms to evaluation as members in accordance with the external identity or "code" of the category (Pólos et al., 2002). However, there were notable differences in how respondents viewed this process. Many recognized it as taking on category identity meanings as an integrated component of their own identity standard as Jim, from True Craft Brewery explained.

"Why are we doing this? Why do we exist?" If the answer is just the banal "We just want to make money. We see a niche in the market and we're going to capitalize on it." That maybe is not the greatest fit for the B Corp model. If, instead, it's "We want to have a positive impact on the world. We want to be a role model. We want to drive forward people's perception that business can be a force for good", then it shifts your framework. It starts to really change who you are.

However, for other entrepreneurs in our sample, talk of adopting and integrating B Corp identity meanings as part of who they were was notably absent. Some, like Marty, were adamant that their identity standards had not changed.

You know, we already have a pretty strong culture around here and sustainability is already a huge part of that. I never expected to have some kind of seismic shift, or whatever, just because we became a B Corp. I'm still the same guy. We're still the same company we've always been. It's not like we stepped away from that.

For these entrepreneurs, the category identity, although potentially complementary to their own, remained fundamentally separate. These differences in internalizing the category identity meanings corresponded with different identity postures that entrepreneurs took in the face of disconfirming feedback. When entrepreneurs undertook certification, it was not simply a matter of assuming B Corp status as an external source of identity meaning, but rather a question of whether they internalized it as an aspirational standard of their own (Burke and Stets, 2009; Higgins, 1987, 1989; Stets and Burke, 2005). We next describe how the answer to this question led to variance in entrepreneurs' openness to identity change and reevaluation of their prosocial opportunities.

4.2. Reflexivity in response to disconfirming feedback

Throughout and following the B Corp certification process, respondents encountered multiple opportunities to receive and

consider feedback from a variety of sources including B Lab and other B Corps, employees, investors, and customers. As illustrated in the section above, B Corp certification is, by design, rigorous and aspirational. Achieving a perfect score is intentionally impossible. Although respondents clearly recognized this was the case, negative feedback still strongly drew their attention, and often took respondents like Doug, founder of software provider QA Soft, by surprise.

I was pretty optimistic, thinking...I have always been a green guy, I care about all these things and I think we are going to do really well... and I did terribly, we did terribly after thinking we'd do really well. We only scored 43 points, right, so it was like 'oh shit, there's a lot of stuff that I am not doing, that I am not even thinking about.'

Heidi, of CoWerk, also scored much lower than she expected but said, frankly "*That's good – that means it's not too easy.*" Indeed, even highly successful certification results often brought respondents' focus to the prosocial goals they had *not* pursued as Reynold, founder of eco consulting firm CleanWatt, told us.

So with B-Corp it pushed us that way with a lot of the social and environmental aspects - but I didn't even think about stuff like employee incentive programs, maternity leave, which I hadn't even thought of as I hadn't had to deal with it yet. And that's a big thing that I wanted to do - maternity leave - but has always been on the back burner...but now that were comparing ourselves to other B-corps and the standards - 'where are we at on this?' - A great one is a paid day off of volunteering; things like that that are just so important to the community.

Undoubtedly, all of the respondents in our study had received and acted on feedback about their prosocial activities from various stakeholders in the past. However, the attention-intensive processes of certification conditioned them to attend to these new opportunities for feedback more closely. Kathy, co-founder of Enlightened Tech, told us about being highly attuned to feedback from an important potential customer.

We went in thinking 'no one cares except us what we're doing from trying to operate differently. Our employee base would certainly care, the clients wouldn't really think that that is a differentiator for us... We just got through our presentation, and all of the B Corp stuff we kind of saved until the end, just in case we had enough time to talk about it. And they said, 'Hey, so why didn't you talk about that to begin with because that's really your differentiator? Trying to work with companies that are thinking differently, providing real value to the community, those are the types of companies we want to work with.'... That really changed it for us... [our B Corp status] moved from the back of the presentation to the very front of the presentation.

As this excerpt illustrates, heightened attention to feedback was often accompanied by clear efforts on the part of respondents to manage their perceptions and interpretation of it. This realization led us to begin recognizing the relevance of ICT's argument that people are primarily motivated by a need to confirm the identities that are important to their self-concept (Cast and Burke, 2002). Failure to verify one's identities yields negative emotions (Stets and Burke, 2005) and prompts the individual to take action, either adjusting their behavior or perceptions to relieve the identity discrepancy (Burke, 1991; Burke, 2007; Kerpelman et al., 1997). When an individual pursues the latter, he or she demonstrates an openness to identity change and willingness to engage in proactive exploration of possible new identities. If, instead, they discount, devalue, or ignore disconfirming feedback, they demonstrate a commitment to defending against potential identity change (Anderson and Mounds, 2012; Kerpelman et al., 1997; Swann and Hill, 1982). Which of these responses they pursue depends on a combination of factors including the source of the identity standard (Stets and Burke, 2005), the level of certainty they feel about the identity standard (Anderson and Mounds, 2012), how important or salient the identity is to them (Stryker and Serpe, 1982, 1994), their relative power and status with respect to others in the situation (Stets and Burke, 2005), whether the context they are in supports the mutual verification of identity with others (Swann, 1983), and whether other important identities are being verified in other parts of their life (Thoits, 2003).

This perspective resonated with our findings. For our respondents, certification generated increased opportunities for feedback about the firm's social performance. At the same time, respondents were more attuned to this feedback because of the recent effort and attention required to become a B Corp, making it highly salient. The way respondents interpreted this feedback varied with the degree to which they had internalized the meanings of the category identity standard as an aspirational standard of their own. Those who had done so to a greater degree tended to take on a posture that was open to the possibility of identity change and to emphasize the reflected appraisals of others with respect to their identity as a B Corp member.

Samuel, founder of B Law, emphasized both points; he came to believe that subjecting his firm's prosocial performance to outside evaluation was essential to achieve authenticity in their pursuit of prosocial value creation.

It's an opportunity to 'walk the talk'... but more than that, it's an opportunity to check our instincts about what walking the talk really means... What the BCorp certification does is give us an opportunity to bring that internal motivation and to check it against an external, objective set of metrics. That feels really good because the places that we fall short feel like opportunities.

For many, like Walt, founder of Social Staffing, stronger alignment with the B Corp category felt like a natural extension of their passions, values, and calling in life, as well as an obvious opportunity for personal growth.

[I had been thinking] 'I'm really capable and I have a lot of privilege and I can totally change the world like my mom told me I could. You know? I probably should get on that'... I mean it's awesome to be able to like impact people who are and there's only so much like beach chilling you can do before you're like, "Why am I here?" and you know you really start questioning your purpose. And purpose is not like just like kicking back and sipping margaritas for most people... So, when I found B Corps, I was just like '... this is my tribe, these are the people I want to work with and work for. How do I do more of this?'

This sentiment went hand in hand with a feeling that prosocial organizing was an essential means for leading a meaningful, integrated life and making a difference in the world. As Enlightened Tech's Peter described:

But you know money doesn't motivate us, right? Like we're not trying to build a kingdom. We're not trying to you know put more money away in retirement and all those kinds of things. Like that's not a key motivator for us. What is a motivator for us... I think the most common word for it is to kind of build more of a legacy, right?

These considerations arose most often when their perceptions of feedback were more salient. Some respondents had internalized category identity meanings and attached increased importance to feedback from B Lab and category members. Anne felt very strongly, as did others, that once she started down this path, continued commitment to integrating category identity standards into her own was inexorable.

For me the alternative to doing this work is unthinkable. What am I going to do, return to corporate America and pretend that these problems aren't happening? You can never go back. I feel like maybe that's part of what the B Corp movement signifies is a sort of an awakening.

Entrepreneurs who did not internalize the category identity standard, seeing it as complementary to, but fundamentally separate from, their self-concept, tended to take on a defensive identity posture. They emphasized their self-appraisals of their behaviors and downplayed or devalued the importance of closer alignment with the category identity meanings. For these respondents, the opportunity that B Corp certification might have offered to expand their identity in a more meaningful way was not important. They offered more pragmatic judgments about the worth of B Corp certification. Although they supported the category ideals, they questioned the value of membership, as Chuck, founder of 3 Lines Capital, admitted.

If I'm being totally honest, I don't know that I can really attribute any growth in our social mission to B Corp. I can't say we've really done a whole lot to change our mission, I mean, as a company. I've gotten more involved in the [local] Social Enterprise Alliance myself, serving on the board and sponsoring events. But that's really not related to B Corp and I really haven't been involved there at all. I guess I feel more committed to my clients and to [our city] than I do to the B Corp world. B Corp doesn't have the same impact on us. Don't get me wrong, I think what they're doing is great and I think it was worth pursuing for us. If you're asking me today, I'd say "sure, we'll probably recertify" but I think I'll really have to take a hard look at what it's costing us in terms of time and effort and really scrutinize whether it's really necessary.

Heidi, from CoWerk, expressed similar sentiments, reflecting a pragmatic and inward-looking approach to B Corp membership and her company's prosocial objectives.

We always say it's like a Venn diagram there is a circle or revenue, a circle of sustainability and they overlap - and we only make decisions when it's in the middle - so we're not going to do anything that's only for money and anything that is only for the greater good - we have to have it in that intersection because that's what it means to be a sustainable business...if we did everything for the greater good - we'd have to close the doors here - so we always like balance that out...and a lot of it we will look at is does it support our mission, does it add value to our members...that's kind of how we look at things.

She, like others taking a more defensive posture, still believed in the value of prosocial organizing, but also felt that her own objectives and focus on the welfare of her firm had to come first.

We had originally planned to do a whole series of training around it - B-Corps 101, 201, 301, working through assessments, maybe even kind of do the core program [but] of course B-Lab came and were like 'oh, that's what they're here to do, so we're not going to do that'... MY priorities need to be on CoWerk as opposed to like starting the B-Corp movement. Though I still very much believe in it.

Overall, we found that entrepreneurs who responded to disconfirming identity feedback with a change posture were more open to reevaluating the prosocial aspects of their opportunities. Viewing the category identity meanings as important and aspirational, they looked for ways to alter their behavior, through reevaluating their firm's investments in prosocial activities, to move closer to verification of their identities. Conversely, entrepreneurs who responded to disconfirming identity feedback with a defensive posture were less open to reevaluating the prosocial aspects of their opportunities. Questioning the importance of the category identity meanings, they were ambivalent about altering their behavior and considered new investments in prosocial activities with a skeptical eye. We next illustrate how prosocial opportunity reevaluation stemming from these different postures evolved further.

4.3. *Reevaluating prosocial opportunities*

The reflexive comparison described above led to different outcomes in entrepreneurs' reevaluation of how their opportunities were and could be prosocial. We began by focusing on what respondents said when asked about what had "actually changed" since their company became a B Corp and what certification meant for the company and for them as an individual. The extent to which they engaged in opportunity reevaluation depended in large part on whether they had taken a defensive identity posture versus one more open to change, but through these conversations we began to see additional factors that further shaped opportunity reevaluation. The responses we observed fell along three primary themes: (1) beliefs about the opportunity's viability and attractiveness, (2) potential for intra-organizational conflict, and (3) the power and position that category membership afforded the firm.

4.3.1. The Entrepreneur's beliefs about the opportunity's attractiveness and feasibility

As for-profit organizations, all of our respondents recognized to varying degrees that their ability to consider new prosocial opportunities depended on being able to do so profitably. For example, Brad, founder of FiberCycle Clothing, put it “*Everything has got a dollar amount on it. How much are you willing to go out of the way or pay to have that sustainability aspect to every single little thing that you have?*” Jim, from True Craft Brewery, agreed, suggesting that consideration of values and identity must coincide with those of the capabilities and financial success of the business.

Of course, you have to have a good business and a good organization as well. If you have a shitty culture, becoming a B Corp isn't going to turn that around. Likewise, I've seen businesses that focus so much on the social that it's really a lot of Kumbaya and they just don't last very long. So, these things are all very interrelated. I think that's one thing when we talk about B Corps you have to put the stake in the ground in the first two minutes of a conversation you say “This is a layer you put on top of a healthy business.” It's not just that you pursue a social mission while running in the red month after month and eventually flowers will bloom. It's still business. You've gotta walk before you can run. It doesn't matter how sustainable you are if you're dead in 6 months.

Ultimately, respondents had to consider if they believed, as Bree put it, “*You can have it both ways. You can do the right thing and be profitable.*” For Peter and others who believed they could, it meant pursuing new prosocial opportunities would lead to flourishing.

It is not one or the other. It doesn't mean that the one has a better position than the other, about outline three of those. And we actually changed our vision statement a couple years ago and we just added one word, and that was to be a thriving example of business for good. So not just to be a business for good, but a thriving example of business for good. And thriving means growth, it means health, it means flourishing, right?

Like Peter, many entrepreneurs in our sample saw the pursuit of prosocial opportunity as a virtuous cycle. Walt, co-founder of HR firm Social Staffing described this cycle as:

The utopian answer to that question for a social enterprise is for all of those lines to be the same. Like every dollar you make makes impact and they're completely aligned so you only have to worry about one bottom line. That's kind of what we tried to do with Social Staffing and so for example if we like where if we only serve companies that have a very clear mission that's measured and that we're vetting, and we're placing exceptional people into those roles to make the world better, then I get to focus on money because every time I make a dollar then I make impact, right?

From this point of view, reevaluation of prosocial opportunity made sense since, over the long run, prosocial activities would ultimately support good business practices, as Jim from True Craft Brewery explained.

It's hard to think of how we wouldn't become a better company a year or two down the road because of the investment we've made in B Corp certification. I mean, in that broader view, it's easy to see that this can only help us to do what we do better.

Other entrepreneurs saw the realities of prosocial opportunity quite differently. They believed that chasing a virtuous cycle was unrealistic “in the real world.” Instead, they argued, the pursuit of both profit and social benefit must always be a zero sum game, and prosocial opportunity always involves meaningful trade-offs as Chuck explained.

Especially in the financial world [where 3 Lines Capital operates]... if we want to create change that inherently is a conflict of interests. If you're in the financial world and you want to have more and more people with more and more money with you, you shouldn't help them piss their money away.

Marty, from Ranger Software, agreed, adding that these realities did not go away simply by taking the long view.

You never feel like you're doing enough. The problem of these two worlds brought together is you've got the guilts of both. You never feel like you're giving as much benefit as you could and at the same time you're thinking of how you can do that in the long term. Businesses have always had to think about balancing short-term and long-term goals. It's no different for B Corps.

Our findings suggest that the entrepreneur's assessment of potential prosocial opportunities reflects their beliefs about the *attractiveness* of reevaluating their prosocial opportunities and the *feasibility* of pursuing them. When entrepreneurs' beliefs allowed for the possibility of sustainably expanding their prosocial mission and offered expectations of value in doing so, these entrepreneurs become more likely to reevaluate their opportunities. When they believed changes to their social mission inevitably meant sacrificing value in turn, they became less likely to do so.

4.3.2. The potential for intra-organizational conflict

We also found that entrepreneurs considered the alignment between their own values and those of others in their company as a factor in whether and how they reevaluated prosocial opportunities. Kathy and Peter were adamant that their pursuit of prosocial opportunity depended on the rest of the company being involved.

I want to stress that a lot, it's truly the common thread in the organization for us. You know when we talk about bringing somebody on, being mission driven and building into communities is really a big decision maker for us. And you know we talk about it a lot. So much so that it's even, you know, part of our performance appraisal process. 20% of someone's performance appraisal is based on community involvement, both in the participation perspective as well as the leadership perspective. So for us it's not just saying this something we believe in as a company and we put money behind it and we support paid volunteer time off

and all of that, but we're truly evaluating 50 people that at Enlightened Tech and almost 50 people at [the new business] now based on community impact.

Many, like Maurine, saw successful certification as merely a validation of the alignment between their values and those of the rest of the company having been there all along.

So the fact that we began looking into B Corp years later was kind of just the outward expression of the reason we started the business, which was environmental concern and wanting to show that there's an alternative way to living your life that is more beneficial to both the environment and to the community. So, we always had that sort of deep inside of us.

At the same time, several respondents discovered that not everyone in the company shared their enthusiasm for B Corp or even for the prosocial mission overall, as Doug realized:

I think that during the process of becoming certified and trying to live out some of these values... there were probably some people here that really didn't give a shit... and that's okay. That's something that you can't change overnight and that I would hope over time that our culture would win out over those people and they would slowly be replaced with people who better align with our values. But then again there hasn't been a real obvious or significant pattern around that.

After initially failing B Corp certification, Doug stepped away from QA Soft and came back with a renewed passion for the company to become a B Corp.

In the meantime, I also decided to take a sabbatical from my own company and go work in a nonprofit for a while that focused on these issues, so there was a nonprofit [focused on environmental sustainability in business] and I managed to put my COO in charge of my company and go and get [that nonprofit] to hire me as their executive director. I did that for a while and then I came back to my business in December of 2011, really invigorated around the whole topic, and re-did the B Impact Assessment after making lots of changes here, got certified in August of 2012, and I have been really very engaged with the B community ever since. That's the history in one long description.

But, after a year without seeing buy-in from his employees, he realized that personally making a difference, as opposed to building the company, was his real goal.

After I returned to my business, it was never really the same, I felt like, okay, I know the kind of work I want to be doing and this is not it. And so, I started thinking about you know how I could possibly transition to doing more meaningful work in the area of sustainability.

Sean came to a similar conclusion, ultimately realizing that the opportunities he might pursue through Leed Construction were less important to him than effecting change on a larger scale, regardless of where that might lead him.

It started feeling like we had gotten away from my first true love which was affordable housing, and supporting those guys. We saw our support diminishing, and our focus diminishing on that audience, and to survive, that pile of money really needs to come in. Part of me just really felt that switch and it kept building and building and I felt that we weren't serving that audience that original audience as well and I think that started to wear on me and our team too.

I think as I step away, the fact that to some degree, our tiny little group has now been able to infiltrate the largest group and help them kind of shift perspective in this measured way more toward these project based programming, experiential learning, and community based approaches to education, I think we'll look back on day and be pretty excited about doing this more institutional change, as opposed to the success of this one entity.

We theorize that the alignment (or lack thereof) between the founder/leader's values and goals and those of a plurality of others in his/her organization reflects the potential for *conflict* between his/her identity posture and that of others. When the possibility for such conflict was present, it curbed the entrepreneur's efforts, and ultimately their will, to reevaluate their prosocial opportunities and continue their pursuit of them.

4.3.3. *The relative power and position that category legitimacy affords the firm*

Finally, we found that entrepreneurs considered the social positioning and power that category membership as a certified B Corp afforded them as a factor in whether and how they reevaluated prosocial opportunities. Some entrepreneurs noted that they felt strongly connected with other B Corps, as Anne described it *"To be able to align ourselves with some of the larger name brands like Patagonia, Ben & Jerry's, Method, and King Arthur. All these brands that are becoming B Corp's. That's been really valuable."* Laura agreed, saying she felt a similar sense of alignment and solidarity.

I started after we [certified] like within six months started seeing a lot of organizations saying, "You know we're purpose driven. We believe that business should do the right thing." And using a lot of really similar language to what we were using and other B Corps. But once you – it's like buying a car, once you buy a car you notice everybody else on the road that has the same car.

Support for B Corp status also came from various stakeholder groups, often unexpectedly, as Kathy's earlier story about Enlightened Tech's eye-opening customer presentation illustrates. Anders Ferguson of Veris had a similar experience: *"We were surprised what a big difference it means to our firm, employees, clients, business partners, and more. We wanted to do the right thing, but this opens up doors you couldn't have predicted."*

Entrepreneurs who felt this connection to other B Corps and validation from stakeholders often looked for opportunities to cooperate with other organizations to tackle bigger social problems. Ted described how People's Insurance grew an employee volunteer meal delivery project to include other firms in their industry, none of whom were particularly focused on prosocial goals.

I think last year maybe we delivered 50 meals. And, because we're really respected in our industry for the way we operate and the things we are committed to doing, when we asked other companies in the industry, even competitors, to consider joining us in the program, they really jumped on board in a big way. So now, just in the last year, there are programs started in Chicago, Florida, Salt Lake City, New York, and several other places. So, it's incredible to be able to be an inspiration for other firms to follow and do this kind of work, even if they don't really think about it in a comprehensive way like we do.

Marc, from financial services firm Card Proc, told a similar story of cooperation but with the specific purpose of strengthening the B Corp category.

At the end of every year, when it's time for B Corp dues, part of what we do is our company [puts] aside money each year on behalf of B Corp's we work with to help pay their yearly dues. So not only do we donate ten percent to charity, but we help B Corp's pay their dues. And so last year, I believe when we sent in our check, I think we sent in like \$5,000 for one company and B Lab was like, sweet, you just helped five new B Corp's who couldn't pay their dues. This is like a scholarship fund for them now.

At the same time, we heard other entrepreneurs express their skepticism that any power or position they might gain from category membership would make any practical difference in their reevaluation of their prosocial opportunities. Because his was one of only a handful of public companies in the B Corp category, Marty had been asked many times about the possibility of pursuing legal benefit corporation status, a move which would certainly amount to a major rethinking of what it meant for Ranger Software to be a prosocial firm. While he understood the potential legitimizing effect this might have for the category, the benefit for his firm was dubious at best.

We'd get so many arrows in our back... And that's just because we're a public company... it doesn't even begin to address being the FIRST public company to do this... Could somebody sue us for not doing the right thing for the community at the same time we're being sued for not doing the right thing for shareholders? Somebody like Patagonia will have to do that... someone who's rooted more solidly in the social space is in a better position to do that.

We theorize that the entrepreneur's perspective on the role B Corp status may play as an advantageous source of legitimacy reflects their beliefs about the *power* (or lack thereof) they had to reevaluate their prosocial opportunities and pursue them. Overall, those entrepreneurs who saw membership in the category as increasing their ability to substantively change or enhance their social mission were more driven to reevaluate their opportunities, while others who saw membership as inconsequential, or even a liability, were not.

4.4. Opportunity outcomes and continued category membership

Taken together, the findings presented above describe two major points in our model where our informants diverge: (1) identity posture (change or defense) in response to internalization of category identity meanings and disconfirming feedback, and (2) belief that further investment in prosocial opportunities is valuable and feasible, unhindered by intra organizational conflict, and empowered due to category membership. In a general sense, the former influenced whether they were likely to consider opportunity reevaluation at all, while the latter influenced whether they believed they could and should do so.

Entrepreneurs who were open to identity change and reevaluated their prosocial opportunities often substantially expanded their firm's prosocial efforts, resulting in varying degrees of opportunity *amplification*. They also deepened their commitment to enacting their identity and values through prosocial organizing and to further integrating the identity meanings of the B Corp category into their own self-concept, suggesting their identity posture might evolve from one of change to one of exploration in the future (Anderson and Mounts, 2012; Kerpelman et al., 1997). For example, Kathy and Peter told us how becoming a B Corp had “*impacted every part of our business.*” Within one year of their first B Corp certification, Enlightened Tech had implemented multiple initiatives around employee volunteering and community engagement. Kathy and Peter also both became vocal advocates of prosocial organizing, agreeing to multiple public speaking appearances every month to promote B Corp and their city's prosocial business ecosystem. Shortly after their first recertification, they launched a second software testing business that employed only homeless and chronically unemployed people in hopes of launching them into long-term, high-skill technology careers.

Ted's experience was similar. Before even completing the initial certification process, he was active in a local B Corp group and spoke regularly at industry events, where he described himself as “*definitely a fish out of water,*” explaining to his colleagues and competitors why and how People's Insurance, a life insurance firm, saw pursuing B Corp as essential to the long-term success of the company. Ted showed us a detailed spreadsheet logging progress toward new prosocial goals, using B Corp recertification date as a milestone.

Entrepreneurs who were open to identity change, but found that reevaluating their prosocial opportunities was not feasible or attractive became frustrated and often attempted to expand their firm's prosocial efforts despite clear obstacles to their doing so successfully. Eventually, these entrepreneurs would be faced with another disconfirming identity evaluation due to lackluster progress toward their goals. As a result, they were forced to concede that pursuing B Corp ideals through their current venture was impractical, resulting in varying degrees of opportunity *fracture*. In the most extreme cases, entrepreneurs chose to abandon their companies rather than continue down this path.

Doug explained his decision to walk away from QA Soft, a financially successful business of which he was the founder and sole owner, to become the new CEO of a B Corp owned by someone else.

I know the kind of work I want to be doing, and this is not it. And so, I started thinking about, you know, how I could possibly transition to doing more meaningful work in the area of sustainability. And I explored the possibility of selling [the company], but... it's especially difficult if the founders or principals don't plan to continue with the business. It's impossible at that point. I had some nibbles. I had some discussions with particularly one company from Argentina, but in the end it wasn't really coming together. So I notified my staff that I would be shutting the business down, just closing it and blowing it up at the end of 2014.

Sean came to a similar conclusion, stepped away from Leed Construction and started a new career at the U.S. Green Building Council working on large scale green building initiatives.

It started feeling like we had gotten away from my first true love, which was affordable housing, and supporting those guys. We saw our support diminishing, and our focus diminishing on that audience, and to survive, that pile of money really needs to come in. Part of me just really felt that switch and it kept building and building, and I felt that we weren't serving that audience, that original audience, as well, and I think that started to wear on me and our team too.

For entrepreneurs who took a defensive identity posture, any interest in reevaluating their opportunities came not from their connection to the B Corp category, but from a more pragmatic evaluation of the feasibility and attractiveness of expending their firm's prosocial efforts. In this way, their prosocial opportunities remained unchanged, resulting in opportunity *stasis*. These entrepreneurs ultimately either disengaged from the category by exiting the certification process or by letting their existing certification lapse.

Daniel explained why he never completed the certification process, even though he could see a clear path to doing so.

B Corp, you know, that's like a hundred, and Good Earth is, we're like at a 60, so why shouldn't my priority just be to first get to 61? I mean, if we did all these things, if everything kind of tipped all at the same time... we just couldn't do it... It's like because I'm not willing or able to take it "all the way," well, I'm just disqualified. So my frustration with B Corp is they're always holding up these companies as shining examples, and I think, "On a scale of 1 to 100 they're already 100." Well, that makes it a pretty easy decision for them, doesn't it? How is that helpful to me?

Chuck and Heidi both allowed their B Corp certifications to lapse after their first term. Marty maintained Ranger Software's B Corp certification but admitted it was "purely a business decision"; he was clear that the company's prosocial efforts and their B Corp status had no meaningful connection.

It turns out we could get a huge discount for the software we use because we're a B Corp and we have a huge account with those software companies. So, I took all this to our CFO and showed him that we'd pay for the certification but would have a huge savings because of it. I told him "Let's do this and when that savings comes in, I want half of it to do CSR initiatives." But, hey, it's absolutely creating the right behaviors in the right flywheel, right? I think it's good. It seems a little like we became B Corp certified just to get the savings on software. Did we? Yes, but we used that money to fund long-term social initiatives. In the end, that's what matters, not a certification that our customers don't even know exists.

5. Discussion

We began this study asking: *how and why does membership in a prosocial category lead entrepreneurs to reevaluate their firms' prosocial opportunities?* The prosocial organizing literature has wrestled with how category membership affects firms differently (Carlos and Lewis, 2017; Gehman and Grimes, 2016), but has not directly addressed the consequences of prosocial organizing (Dacin et al., 2010). We sought to understand whether and how becoming and being a certified B Corp affects prosocial firms in their attempts to address social and environmental problems.

By studying entrepreneurs as they pursued membership in the prosocial B Corp category, we inductively derived a model of why and how category membership influences whether and how prosocial opportunities are re-evaluated. Specifically, our model shows how an entrepreneur's incorporation of category-defining meanings into his or her identity standard can initiate such processes. Joining the category serves as a catalyst for reflexivity and varying identity responses whenever an entrepreneur cannot fully verify his activities according to this new identity standard. The resulting dissonance, in conjunction with considerations of opportunity attractiveness, potential for intra-organizational conflict, and the relative power and position category membership affords the firm, each impact the trajectory of opportunity reevaluation. Thus, our model contributes to our understanding of the role of categories in identity and opportunity processes within prosocial organizing.

5.1. Prosocial categories as catalysts for reflexivity

Our findings show that having their firm become a B Corp affected entrepreneurs and the trajectory of their organizations differently, despite their presumed similarities as members of a common prosocial category. This raises the question of how entrepreneurs expected to benefit from joining the prosocial category in the first place. In general, organizational categories are important to the extent that they provide category currency (Kennedy et al., 2010), which member firms can leverage to better produce resources that will help them thrive and survive. Category currency depends on the extent to which a category has 'clear meaning and positive appeal' (Kennedy et al., 2010:372) in the eyes of resource providers. As the positive legitimizing effects of a category become

clearer, differences between category members become more important (Navis and Glynn, 2011). Value-laden categories such as B Corp designation offer the potential for prosocial organizations to stand out from other organizations with which they share membership in a broader category such as an industry. In this way, they may become legitimately distinctive, fitting into the larger category but standing out by promoting their bona fides as part of a distinctive prosocial subcategory (Gehman and Grimes, 2016). Organizations are more likely to pursue this type of prosocial category promotion when the prosocial subcategory is more contextually distinctive within the basic category, when they have a larger group of peers in the subcategory (Gehman and Grimes, 2016), and when the threat of being accused of hypocrisy is lower (Carlos and Lewis, 2017).

But, our findings indicate that achieving optimal distinctiveness may be even more complex process for prosocial firms. The audiences (both internal and external to the firm) that attend to the organization's offerings and activities play a significant role in determining whether the firm realizes category-based optimal distinctiveness (Pontikes, 2012). To make assessments audiences use - as a sort of code - shared understandings of the material and symbolic resources that define the category (Porac et al., 1989; Wry et al., 2013). For the entrepreneurs in our sample, however, the shared meanings that define the category serve less as a source of legitimacy and more as a catalyst for self-reflection. In this case it is the entrepreneur herself, who serves as the audience and whose expectations about, and reactions to, the organization's category membership matter; as Kathy of Enlightened Tech explained, *"In the end, it really is about being genuine, authentic, real, and what does that really mean? Am I really practicing what I preach?"* This speaks to the way in which entrepreneurs may gauge their firm's unique optimal distinctiveness point (Deephouse, 1999; Jennings et al., 2009; Porac et al., 1989). We argue that the extent that category membership matters, particularly for prosocial firms, may be a function of balancing the demands of authentic self-enactment with myriad expectations of various audiences (O'Neil and Ucbasaran, 2016). These are considered in tandem with other considerations about feasibility and attractiveness of the opportunity itself. We thus begin to answer Zhao and colleagues' call for new theory on optimal distinctiveness that better captures the "more multiplex, fragmented, and dynamic" nature of organizational environments (Zhao et al., 2017:93).

In tandem with the legitimacy-based model, we offer an identity-based view of category membership that illuminates the role of categories in internal self-evaluation. From this perspective, strategic categorization can be thought of not only as an effort to maximize access to essential resources by gaining legitimacy, but also as an opportunity to pursue authenticity and self-verification. Categorization processes may simultaneously serve external audiences and the self, allowing the former to determine how well the organization fits in the category (i.e. legitimacy) and the latter to determine what membership means for the enactment of important values and identities (i.e. authenticity). Both can shape the activities that entrepreneurs pursue.

Building on Gehman and Grimes (2016), we offer additional explanation of how and why organizational responses can vary among members of value-laden categories. Our findings align with theirs in explicating the role that identity plays in this process, but we focus on the importance of the entrepreneur him/herself as the critical audience from whom the firm seeks an endorsement of legitimacy. Gehman and Grimes (2016) explain how different category levels (subcategories versus supercategories) engage efforts for legitimacy and distinctiveness simultaneously, but separately, and why there is intra-category variance in these engagement efforts. In contrast, we explain intra-category variance as a function of balancing one's own legitimacy-focused demand for authentic self-enactment with both the distinctiveness- and legitimacy-focused demands of other audiences and other considerations (economic/operational attractiveness and feasibility) typically associated with entrepreneurship. As indicated by our findings, however, category membership affects individuals in different ways and leads them in disparate directions. Thus, we expect that the individual and the firm will diverge in their interests and differ in whether and how they promote their category membership. Accordingly, researchers may want to examine the relationship between founder/top management team and organizational identities with respect to categorization in order to further understand how categories affect new ventures.

We answer Durand and his colleagues' recent call for qualitative study of participants' categorization in different settings (Durand et al., 2017). Specifically, we show how entrepreneurs with presumably similar (or, at the very least, complementary) values may join the same prosocial category but, often to their own surprise, vary greatly in their response to the process of doing so. Our study supports their contention that categorization may best be understood as a socially-situated, collective process of actions and interactions. We argue, in line with both identity theory and Venkataraman et al. (2012), that entrepreneurship must be understood as an essentially socially-situated, identity-driven process. We show that self-evaluation based on both self-appraisals and the reflected appraisals of others is catalyzed by categorization. In this way, we demonstrate that categorization can serve an important theoretical lens through which to understand how entrepreneurs approach opportunities. Along these lines, our findings also raise new questions for future research on organizational categories. Since our focus was on prosocial organizing, we sampled entrepreneurs undergoing B Corp certification. This sample was particularly appropriate for examining the role of identity in opportunity evaluation, given the setting's tendency to make salient various individual values, but it also begs the question of whether our findings would generalize to other certification procedures. Whereas some certifications may be purely functional and instrumental, others such as LEED certification appear to offer both value-related and values-related dimensions as well. It seems reasonable to assume that the latter would trigger the same identity-related opportunity evaluation process as observed with regards to B Corp certification, but would the former? In other words, does the opportunity/self nexus have the same explanatory power for other categories or subcategories as it does for the prosocial context? Do all certifications undergo assessment regarding personal authenticity concerns when being evaluated as opportunities or does their evaluation tend to stop at a firm-related financial assessment?

5.2. Identity control and the reevaluation of prosocial opportunity

Our findings support the understanding of opportunities, not as one-time events, but rather as the successful culmination of a process that encompasses many action-enabling situations or goals through which deeper motives are pursued (McMullen and Dimov,

2013). Prosocial opportunities, according to this view, would therefore consist of new goals or situations that enable the pursuit of some prosocial ideal as well as the ideal itself - provided its eventual realization fulfilled the deeper motive for which it was sought (Conger, 2012; Grimes et al., 2013; Hemingway, 2005; Miller et al., 2012; Wry and York, 2017). In other words, new goals and activities that facilitate the firm's pursuit of the prosocial ideal (as represented by B Corp certification) are prosocial opportunities, but so is the prosocial ideal itself to the extent that its actual attainment would indeed provide the self-verification that the entrepreneur is seeking. Given that none of the entrepreneurs had fully realized the prosocial ideal (not to say that it is even possible), we limited our use of the term prosocial opportunity to refer only to the new goals or activities the entrepreneurs evaluated in pursuit of the prosocial ideal.

Our findings illustrate that the process of opportunity reevaluation is consistent with the predictions of ICT (Burke, 1991, 1996; Burke and Stets, 2009; Stets and Burke, 2005). By submitting the firm to evaluation using the B Corp certification standard, the entrepreneur introduces a potential gap in the successful, ongoing verification of his/her identity. Furthermore, by evaluating the costs and benefits of taking on this new identity standard, entrepreneurs internalize the meaning of “being a B Corp” differently and vary in the importance that they place on the appraisals of others regarding the standard. This is consistent with ICT's central premise that, when identity standards become more salient to the self-concept, failure to verify them prompts action to alter one's behavior. In the case of prosocial entrepreneurship, this behavior change is a reevaluation of both existing and possible new goals and activities in order to determine whether and to what extent they qualify as prosocial opportunities.

These concepts are central to understanding entrepreneurship as a nexus of opportunity and the self in the creation of social welfare (Venkataraman, 1997). Like Rindova et al.'s (2009) portrayal of entrepreneurship as a process of emancipating, we conceptualize entrepreneurship as a process of self-verification based on theories of identity and structural symbolic interactionism (Mead, 1934; Stryker, 1980). Specifically, we propose that entrepreneurs act largely to understand and verify identities via the opportunities they pursue. This occurs through a reflexive and ongoing process of identity control in which the entrepreneur asks and responds to the question “What does my engagement in this activity (or pursuit of this goal) say about me?” As the entrepreneur becomes more committed to identities whose meanings are closely tied to investment in a particular ideal – e.g., the prosocial organizing as conceptualized and operationalized by the B Corp certification, he/she will invest further in activities that are consistent with the ongoing development of that ideal. Thus, the entrepreneur's actions and interactions provide critical feedback (Venkataraman et al., 2012) about whether the activity or goal is an opportunity to continue supporting the entrepreneur's identity.

Specific to prosocial entrepreneurship, viewing opportunities through the lens of identity control helps explain the mechanisms by which prosocial values continue to influence the entrepreneur while offering a contrasting view to the popular conception of opportunity as objective potential. For example, Ramoglou and Tsang (2015) view opportunities as unmet market demand or unfulfilled desire for a solution that is superior to what is currently available on the market. The identity control perspective, by way of contrast, views the opportunity as subject to reflexivity whenever the entrepreneur reconsiders whether the identity meanings he/she seeks to enact via venturing promise to advance his or her self-verification. This explains why and how some prosocial entrepreneurs can become attached to prosocial categories like B Corp even when the financial viability of the goals or activities that such category membership endorses become questionable. Conversely, it explains why some prosocial entrepreneurs may not consider expansion of prosocial activities to be opportunities, despite their firm's membership in a prosocial category and ability to exploit those situations.

Our findings also illustrate the relationship between identity-driven opportunity processes and the opportunity processes that have characterized the literature for the last 20 years (Venkataraman, 1997). Our model shows identity verification processes occurring in tandem with evaluations of opportunity viability and attractiveness, the potential for intra-organizational conflict, and the relative power and position that category legitimacy affords the firm. Opportunity reevaluation is more likely for entrepreneurs who are open to identity change than for those who take a defensive posture. However, these other factors related to the ideal, the firm, and the category also shape potential reevaluation in important ways. Furthermore, while our model primarily focuses on activity outcomes that stem from identity processes, our findings do show some evidence of goal, situation, and activity changes driving ongoing identity processes. We expect that ICT's predictions about the ongoing, cyclical nature of the identity-driven perceptual control system will be useful to future research exploring how these processes unfold over time.

Finally, our findings also contribute back to sociological theory on identity. Identity scholars have long focused on identity salience, the likelihood that an identity will be invoked across multiple social situations (Stryker and Serpe, 1982, 1994). These scholars have examined how the actions that an individual takes in different contexts can affect identity salience, but the actions one does not take can also influence the self-concept. Yet, little attention has been given to the effect that an *absence* of identity-relevant behaviors could have on the identity control process (Burke and Stets, 2009). Our study illustrates how, through category membership, lack of self-verifying action can influence the occurrence and nature of prosocial activity. We also contribute to the integration of structural and perceptual emphases in identity (Burke and Stets, 2009; Stryker and Burke, 2000). Through the entrepreneurial journey, the relationship between self and opportunities both shapes and is shaped by the meanings that are established in the social structures in which both are embedded. In the case of our study, we see how the shared meaning standards that define the B Corp category shape opportunities through the identity control process. But, these shared meanings themselves also have their basis in the pursuit of many prior prosocial activities, and they will likely continue to evolve as prosocial organizations proliferate and evolve.

5.3. Implications for prosocial organizing

Our study contributes directly to the growing body of research on prosocial organizing. Namely, we surface and explain the role of the identity control process as a key mechanism underlying and connecting previously theorized drivers of prosocial

entrepreneurship, including compassion (Grimes et al., 2013; Miller et al., 2012), self-efficacy (Hockerts, 2017; Mair and Noboa, 2006), role and social identities (Wry and York, 2017), and values (Conger, 2012; Hemingway, 2005). Several of these studies suggest that identity may be the mechanism that bridges the presence of these abstract affective and cognitive motivational drivers with their enactment through behaviors. Our study strengthens this argument and offers an inductively driven theoretical foundation for continuing research on identity as central to understanding the processes and outcomes of prosocial organizing (Dacin et al., 2010).

The prosocial attributes of the B Corp category are highly ambiguous, making it difficult to determine how well identity standards that are based on such a broad set of values and beliefs advance prosocial organizing. As our findings show, entrepreneurs may find themselves disillusioned by disconfirming feedback from the B Corp certification process. If they do not believe that B Corp-required activities truly advance some prosocial ideal and by extension their deeper motive for engaging in prosocial organizing, there is potential for certification to be effective at setting prosocial standards, but not efficient at advancing prosocial organizing writ large. Such circumstances are likely to encourage entrepreneurs to seek opportunities that offer superior goals that more efficiently advance their motives (McMullen, 2015), potentially leading to abandonment of a viable prosocial opportunity in pursuit of a “perfect” one.

Finally, placing identity at the center of our model also raises some interesting new ethical questions about efficacy and impact in prosocial organizing. If identity control is at the core of investment in prosocial opportunities, concerns about status and bias inevitably come to the fore. Identity research has shown that people in positions of higher status (with accompanying advantages of financial resources and social capital) are the ones best equipped to pursue opportunities to develop and reinforce a robust self-concept (Thoits, 2003). If the pursuit of prosocial entrepreneurship favors the elite, then the prosocial opportunities that are most likely to be pursued and supported may be those that best authenticate the self-concepts of those in positions of privilege, as opposed to those that best serve people in need. Future research should investigate whether prosocial opportunities tend to reflect the self-concepts of elites. If so, these opportunities may not offer the best solutions for the people they aim to help. Consequently, a closer examination of the relationship between identity and prosocial organizing could shed light on the dark side of social entrepreneurship by explaining the potential disenfranchisement of beneficiaries (Cho, 2006).

6. Conclusion

This study showed that prosocial category membership is more than a simple economic calculation; it is an ongoing process of opportunity evaluation that is informed by identity-related concerns. By relying on non-financial, identity-related criteria, entrepreneurs introduce the potential for assessments of certification to diverge across actors. In a sense, certification is an opportunity for all, but it is not the same opportunity for each actor given their different motives for participation. Thus, prosocial category membership may offer promise, but not solidarity. Some entrepreneurs persist in pursuing the prosocial ideal, continuing to view the goals and activities that correspond with B Corp certification as prosocial opportunities, but on a relatively static trajectory, while others amplify or abandon their efforts. Taken together these three trajectories identify widely disparate outcomes and experiences as entrepreneurs consider membership in a prosocial category and highlight the importance of non-financial criteria, such as identity-related concerns in understanding prosocial organizing.

Appendix A. Relevant B Corp terms and definitions

| Term | Definition |
|---|--|
| Benefit Corporation ^a | Benefit corporation is a <i>legal designation</i> of the hybrid social organizational form that allows firms to register as benefit corporations instead of other legal forms, such as LLC or C Corporation. It is determined by legislative change to the corporate code at the state level. As of June 2017, 32 states and the District of Columbia had passed benefit corporation legislation. Legislation varies slightly by state but all benefit corporation laws stress three essential components of a benefit corporation: (1) a defined social mission; (2) consideration of both financial and non-financial stakeholders; and (3) an obligation to publicly report on social performance using a third party standard. |
| Certified B Corp ^a (B Corp) | B Corp certification is a voluntary certification standard administered by B Lab (see below). Companies that have achieved B Corp certification are commonly known as “B Corp’s.” In order to certify, a firm must score at least 80 of 200 possible points on the B Impact Assessment (see below), fulfill a comprehensive audit of their corporate practices, and pay an annual certification fee ranging from \$500 to \$50,000 (based on annual sales). Certifications are valid for two years, and over this period, certified B Corp’s are subject to random, comprehensive on-site audits in order to maintain certification. |
| B Impact Assessment (B Assessment or BIA) | The B Impact Assessment - the first step in the B Corp certification process - is a comprehensive questionnaire containing more than 100 questions relating to a company’s community relationships, impact on customers, environmental impact, treatment of employees, and corporate governance practices. |
| B Lab | B Lab is a 501(c)3 nonprofit organization. B Lab administers the B Impact Assessment and B Corp voluntary certification program. The organization also engages in mobilization and political lobbying efforts to introduce and pass benefit corporation legislation at the state level. |

^a Although many registered benefit corporations are also certified B Corp’s, this is not always the case. The benefit corporation is a legal designation while B Corp certification is a voluntary certification. Therefore, an organization may be a benefit corporation, a B Corp or both.

Appendix B. Description of interviewees and companies

| Pseudonym | Company | Business area | Interviews | Interview source |
|-----------------------|----------------------------|-----------------------------|------------|---|
| Ada | Sunlight Solar | Solar Installation | 1 | Mini-interview (5 min) |
| Anne | NRG Source | Efficiency Consulting | 2 | Semi-structured (120 min; 90 min) |
| Anders Ferguson | Veris | Wealth Management | 1 | B Corp Handbook |
| Bree | Conscious Cup | Tea & Coffee Distribution | 2 | Semi-structured (70 min; 90 min) |
| Brad | FiberCycle Clothing | Apparel | 1 | Semi-structured (30 min) |
| Chuck | 3 Lines Capital | Financial Planner | 1 | Semi-structured (90 min) |
| Daniel | Good Earth Coffee | Coffee Roaster | 3 | Semi-structured (120 min; 90 min; 30 min) |
| Doug | QA Soft | Software Testing | 2 | Semi-structured (60 min; 45 min) |
| Edward Perry | Cook | Food & Beverage | 1 | B Corp Handbook |
| Gillian | Green Owl Organics | Grocery | 1 | Mini-interview (5 min) |
| Gonzalo Munoz | TriCiclos | Recycling | 1 | B Corp Handbook |
| Deborah | B Lab | | 1 | Semi-structured (120 min) |
| Heidi | CoWerks | Co-Working Space | 2 | Semi-structured (60 min); Mini-interview (5 min) |
| Jake | Great Plains Solar | Solar Installation | 1 | Semi-structured (90 min) |
| Jamie | Greensoft | Software Development | 1 | Mini-interview (5 min) |
| Josh | B Lab | | 2 | Semi-structured (100 min; 20 min) |
| Jed Davis | Cabot Creamery | Wholesale Dairy | 1 | B Corp Handbook |
| Jenn Vervier | New Belgium Brewery | Brewery | 1 | B Corp Handbook |
| Jim | True Craft Brewery | Brewery | 3 | Semi-structured (120 min; 80 min); Mini-interview (5 min) |
| Joan | Nirvana CSA | Community Supported Garden | 1 | Mini-interview (5 min) |
| John Replogle | Seventh Generation | Cleaning Products | 1 | B Corp Handbook |
| Karen | Organic Source | Food & Beverage | 1 | Mini-interview (5 min) |
| Kathy & Peter | Enlightened Tech | Technology Consulting | 2 | Semi-structured (70 min; 60 min) |
| Kenyatta Brame | Cascade Engineering | Manufacturing | 1 | B Corp Handbook |
| Kevin Trapani | The Redwoods Group | Insurance | 1 | B Corp Handbook |
| Kim Couponous | GoLite | Outdoor Apparel | 2 | Mini-interview (15 min); B Corp Handbook |
| Kyle | Applied Software Inc. | Software Development | 1 | Semi-structured (100 min) |
| Laura | Our Planet Promotions | Public Relations | 2 | Semi-structured (60 min; 20 min) |
| Leanne | Social Staffing | HR/Staffing | 1 | Semi-structured (20 min) |
| Mandy Cabot | Dansko | Footwear | 1 | B Corp Handbook |
| Maria Kingery | Southern Energy Management | Solar Installation | 1 | B Corp Handbook |
| Mark | Card Proc | Payment Processing | 1 | Mini-interview (5 min) |
| Marty | Ranger Software | Software Development | 1 | Semi-structured (60 min) |
| Matt Stinchcomb | Etsy | Online Retailer | 1 | B Corp Handbook |
| Maurine | South Eastern Solar | Solar Installation | 1 | Semi-structured (120 min) |
| Nat Robinson | Juhudi Kilimo | Microfinance | 1 | B Corp Handbook |
| Reynold | Clean Watt | Energy Consulting | 2 | Semi-structured (120 min; 45 min) |
| Rick Ridgeway | Patagonia | Apparel | 1 | B Corp Handbook |
| Rob Michalak | Ben & Jerry's | Food & Beverage | 1 | B Corp Handbook |
| Samuel | B Law | Legal Services | 2 | Semi-structured (90 min); Mini-interview (5 min) |
| Sean | Leed Construction | LEED Certification Training | 1 | Semi-structured (60 min) |
| Tanya | LA Law | Legal Services | 2 | Semi-structured (100 min); Mini-interview (10 min) |
| Ted | People's Insurance | Insurance | 1 | Semi-structured (90 min) |
| Terence Jeyaretnam | netbalance | Sustainability Consulting | 1 | B Corp Handbook |

| | | | | |
|--------------|----------------------|---------------------------------------|---|---|
| Tiffany Jana | TMI Consulting | Organizational Development Consulting | 1 | B Corp Handbook |
| Tim Frick | Mighty Bytes | Web Design | 1 | B Corp Handbook |
| Tim Masson | The Ian Martin Group | HR/Staffing | 1 | B Corp Handbook |
| Walt | Social Staffing | HR/Staffing | 3 | Semi-structured (120 min; 90 min); Mini-interview (5 min) |

Appendix C

C.1. Illustrative data: adopting a new identity standard

| Second-order theme | Illustrative evidence (first-order code) |
|--------------------|---|
| Costs of becoming | <p>“The certification was rigorous and it was – it was not just a rubber stamp, yeah, you're a green business.” – Maurine, South Eastern Solar (Certification process extremely rigorous)</p> <p>“Well I started and then I realized, wow whoa, this is really a real assessment. This was not what I would have typically thought from that. So I got through the majority of it and there were some technical things, I had to bring somebody from accounting in and what are our kilowatts of power we consume, you know, things of that nature. And then we passed and by the skin of our teeth, by a couple points.” – Ted, People's Insurance (Certification process extremely rigorous)</p> <p>“Even with our existing practices, the certification process challenged us to look at a few areas we had not considered before. The entire process is very rigorous, which assures transparency and a well-documented commitment to the principles of B Corp certification.” – Kenyatta, Cascade Engineering (Certification process extremely rigorous)</p> <p>“Aside from me, our executive team was unfamiliar with the B Corporation certification in 2008, when we originally certified. They didn't know B Lab and they had to be persuaded to invest the staff time and money into certifying.” – Kim, GoLite (Significant time, effort, money required)</p> <p>“...whereas B Corp can be a little bit more overwhelming. And it was for me. I mean it was just too much. And why even do it? So, you know, oh, well.” – Daniel, Good Earth Coffee (Significant time, effort, money required)</p> <p>“Which is true of some other certifications? Right, like you can do Green America or you can do naturally colder or you can do a lot of other membership organizations with just, like, one person working on it. Comprehensive, you need an executive team buy in, you need board approval, you need a shareholder vote. Right? So that's pretty much everybody.” – Heather, B Lab (Significant time, effort, money required)</p> |
| Costs of operating | <p>“We had to spend a little time to make sure we understood what the potential impact of B Corp certification would be on our ability to change our capital structure and on our valuation.” – Jenn, New Belgium Brewing (Real, long-term organizational implications)</p> <p>“When you do get your assessment and then you get, you know, the score shows that you can be a B Corp, but providing of the information, the follow-up that B Corp asks for as far as documentation, it can be pretty big, pretty extensive.” – Maurine, South Eastern Solar (Real, long-term organizational implications)</p> <p>“You do your interview with them and they say I don't know, it is not as formal we would like to see, we're taking it away. I'm like, what! And so to me I think... it was just like a sense of pride, but then it was also a moment we can do much better. And then the second time going around because I don't want to say I beat my head against the wall for the first two years, but it was just hard to gain any traction.” – Ted, People's Insurance (Real, long-term organizational implications)</p> <p>“I think we're definitely a hundred percent a fish out of water, especially in [our city] and definitely in our industry. I don't know of anyone else who's going after this stuff.” – Ted, People's Insurance (Principled, uncompromising stance has its costs)</p> <p>“I don't think the benefit there is that we're getting more customers. We're NOT getting more customers because we're a B Corp. We're not getting more retailers because we're a B Corp. We're just doing the right thing and eventually that's gonna catch up. I just know that's the right thing to do and that's the right way to do business.” – Bree, Conscious Cup (Principled, uncompromising stance has its costs)</p> <p>“We first started, we [recognized] that there was going to be pretty big compromise between like, you know, we have a client who wants to work with us and if they are not necessarily dedicated to their mission, but they're pretty cool, like should we work with them? It's money for the business, but it's not really in line with our mission.” – Walt, Social Staffing (Principled, uncompromising stance has its costs)</p> |
| Material benefits | |

“Another real benefit (of the assessment) for me as the person leading the B Corp initiative at our company is that it allows me to see areas where we can improve. That’s been super helpful. We made a number of changes between our first and second certification that didn’t really net us a whole lot more points in the assessment but it gave us a checklist of things we could work on to become better as a company. It became an internal benchmark for us.” – Anne, NRG Source (Formalize, integrate, measure our prosocial efforts)

“I think the assessment is – are one of our few tools right now that give us concrete metrics on the impact we’re making in the community. And that’s really useful for us as we develop other ways to measure impact and it’s been a great tool.” – Heidi, CoWerks (Formalize, integrate, measure our prosocial efforts)

“Being a B Corp and being really progressive in that way was such a valuable recruiting tool for us. And some of our best talent really came through being a very visible part of the Colorado B community and using the values that are part of being a B Corp to really build our own culture and benefits and mission around.” – Anne, NRG Source (Gain specialized resources (attract talent))

“It’s also been a very powerful recruitment and retention tool, as we’ve found that our best people want to be a part of something bigger. Being a B Corp proves that we’re the right place for them.” – Kevin, The Redwoods Group (Gain specialized resources (attract talent))

“The culture around our company is pretty strong so pretty much everybody who’s here believes the same thing. So, when we thought about certification, it was really about evaluating the stuff we were already doing. And, of course, we are 100% employee owned, so after we decided it was something that might make sense for us, it was about connecting to all of our employees and seeing that we were all on the same page about this.” – Jim, True Craft Brewery (Protect our prosocial mission over the long run)

“The principle benefit to Patagonia from B Corp certification — that now is formalized by the new California benefit corporation law — is the mechanism it provides to protect the company’s core values during succession.” – Rick, Patagonia (Protect our prosocial mission over the long run)

Symbolic benefits

“What I didn’t know at the time but ended up learning was that major benefit of being part of the community of B Corp’s. There are so many exciting companies doing really cool things and selling products and services to each other. To be able to align ourselves with some of the larger name brands like Patagonia, Ben & Jerry’s, Method, and King Arthur. All these brands that are becoming B Corp’s. We thought that would be a valuable message to share.” – Anne, NRG Source (Being part of the B Corp community and movement)

“It’s great to be part of a strong and like-minded network. We have conversations with other B Corporations here in Vermont — like Cabot Creamery and Ben & Jerry’s — on a regular basis. We also partner with B Corp’s like Plum Organics to cross-promote or cross-index consumers, because we have a common customer base. We even work with B Corp’s in our competitive space, like Method. The B Corp certification gives us a common framework to measure ourselves and to learn from each other.” – John, Seventh Generation (Being part of the B Corp community and movement)

“And you know on their window is Certified B Corp, I’m like, oh, I don’t even have to ask, I know that there has been this certification process and I know who they are. I know a big part of who they are.” – Daniel, Good Earth Coffee (Communicating mission to stakeholders)

“For us, it was a no brainer. We were already doing this stuff and everyone on board (employees, shareholders, etc) were here a lot because of that reason. For us its really about benchmarking. It gives us a way to assess ourselves and see how we’re doing and compare that to peers. It’s also a way to recognize what we are doing. It gives us a new language to speak with our stakeholders. A common message that explains what we do and why in a straightforward way.” – Jake, Great Plains Solar (Communicating mission to stakeholders)

Internalizing category identity

“[We started a cooperative with several companies in our industry]...and several of those companies were B Corp’s and so that was my introduction to B Corp. And they were like, ‘You guys should be a B Corp.’ We were already operating in what we would consider a B Corp mode, so it made perfect sense. So then we got it officially certified and really drank the Kool-aid, so to speak.” – Ada, Sunlight Solar (This is who we want to be)

“So, what it did was really give us a way of connecting our broader vision to the stuff we do every day. It was a way to make that connection from the management team all the way though to every employee. For us that’s huge because being employee owned we need to be able to weave stuff like this into every level of the company. When its embedded in our culture, then every task that every person does is connected to that mission.” – Jim, True Craft Brewery (This is who we want to be)

“The other way to think about it is to always go back to the question of ‘What kind of company do we really want to be?’ for us, stuff like B Corp certification or renewable energy or water conservation or being employee owned all make sense pretty easily when you think about the long game instead of the immediate cost. So, in that way, it’s really about connecting with the bottom line in a cohesive way over time.” – Jim, True Craft Brewery (This is who we want to be)

“If you have a set of core values and beliefs that you can put up against what you're doing, you can say ‘This is our framework. This is our backbone. This is who we are and what we want to be. How do we make this individual decision in light of that?’” – Jim, True Craft Brewery (This is who we want to be)
I think that's where the B Corp comes in to say, ‘Look, you can have it both ways. You can do the right thing and be profitable.’ That's the agenda I want to be a part of.” – Bree, Conscious Cup (This is who we want to be)

“Feeling like we increased our transparency and made a public commitment to our social mission. That sense of ‘we work on sustainability,’ but are we really walking our talk?” – Anne, NRG Source (This is who we want to be)

“You know, we already have a pretty strong culture around here and sustainability is already a huge part of that. I never expected to have some kind of seismic shift, or whatever, just because we became a B Corp. I'm still the same guy. We're still the same company we've always been. It's not like we stepped away from that.” – Marty, Ranger Software (It didn't really change us)

“Look, I'm already running a green, socially-responsible, startup in [a city full of prosocial enterprises]. None of that is a secret. What do I need to prove by being a B Corp?” – Reynold, Clean Watt (It didn't really change us)

“I totally buy into B Corp in terms of a method for measuring impact. That's critical. At the same time, I think I'm more bought into the community here in [my city] and the social businesses here. We're really grounded in that. I mean, how often would I really work with other B Corp's? Realistically, not much. My business is here. My clients are here. This is my community. That stuff doesn't come from becoming a B Corp...it can't.” – Chuck, 3 Lines Capital (It didn't really change us)

C.2. Illustrative data: reflexivity

| Second-order theme | Illustrative evidence (first-order code) |
|-------------------------|--|
| Disconfirming feedback | <p>“We thought we were pretty progressive, and we barely passed!” – Matt, Etsy (Surprising/disappointing assessment score)</p> <p>“For me it was just like a sense of pride, but there was also – it actually affected me probably at that moment, I remember thinking we should have scored a lot higher. And so it was what did we not get points for? And what can we do to change, to gain more points?” – Ted, People's Insurance (Surprising/disappointing assessment score)</p> <p>“The biggest thing we got out of it was the self assessment part when we thought we were all inherently great because we sold organic fruits and vegetables, so awesome. And we found a lot of flaws - or what we considered a lot of flaws - and so now we know areas to target and always improve.” – Karen, Organic Source (Surprising/disappointing assessment score)</p> <p>“When B Lab came in and did an audit, they asked if we had a maternity policy. I hadn't even thought about it because we didn't have anyone who was having kids at the time. But now we've had a bunch of people get married recently so it's a real possibility. So, we added not just maternity policy but a paternity policy as well. So, things like that come up and when we can we always say ‘Oh, of course we're going to do that. Let's put it in place.’ For us, though, it's not just doing this to be competitive, because we HAVE to do it. It's because we want our employees to feel comfortable and safe.” – Bree, Conscious Cup (We could be doing much more)</p> <p>“Our biggest challenge was increasing our level of transparency. We had very good practices but were not totally committed to showing ourselves to our stakeholders. That was challenging, and definitely worth it.” – Gonzalo, TriCiclos (We could be doing much more)</p> <p>“The process of completing the B Corp Assessment provides insights and guidance on areas of focus for continuous improvement.” – Jed, Cabot Creamery (We could be doing much more)</p> |
| Identity change posture | <p>“I think that one of the intangible benefits has been feeling like we increased our transparency and made a public commitment to our social mission. That sense of ‘We work on sustainability, but are we really walking our talk? If we are, let's share that with the world.’” – Anne, NRG Source (Being genuine/authentic)</p> <p>“And speaking through action. That's a really, really big one because I think as business owners we're constantly faced with decisions that could, you know, not be in alignment with what you're trying to do. And I think the, you know, again there is a reason these are core values for us, it's about being that genuine and being transparent, that's something that's real important to us... we kind of believe like what you see is what you get.” – Peter, Enlightened Tech (Being genuine/authentic)</p> <p>“I knew that I had to work toward bettering the earth. That was a big call for me, personally. It's been great to be in a position in a company where I feel like we're making an impact. I find that even though we're a for-</p> |

profit company, we still have a mission drive that makes it easier to come to work every day. Even when things are hard, the knowledge that we're trying to turn the ship around has really fueled me. Part of the thing that personally appeals to me about B Corp is that I feel like it's imperative. If we keep doing business as-is, I think we're in trouble as a species." – Anne, NRG Source (It's a natural fit with my passions, values or calling)

"I just like, holy shit, like this is my tribe, these are the people I want to work with and work for. How do I do more of this?" – Walt, Social Staffing (It's a natural fit with my passions, values or calling)

"I think that what we're seeing is that people who are really good at what they do and who really care about their career and the impact that they're making on the world in general tend to be attracted to companies that allow them to align their values with their work." – Walt, Social Staffing (A meaningful/integrated life)

"My training is as a labor lawyer but labor is really on the decline and at the same time, in law school, the reality of growing environmental and social problems really hit me. I wanted to find some way to make all of that work together for me. I really started to think what is at the nexus of those things? There are very few people who are bringing those three things together, the triple bottom line. That's why [Great Plains Solar] was it for me. They are right in the crosshairs. For me it was a way to combine all those different things." – Jake, Great Plains Solar (A meaningful/integrated life)

Identity defense posture

"So that's a little bit of how we're starting to approach it from an investment thesis standpoint is how can we position our investors in a way that says, yes, there is this altruistic let's make our money, make a difference kind of thing. But then truly actually looking at it and saying we can measure the outcome, not only based on you know environmental performance or core diversity, but we think there's a real market value from a financial return standpoint either on a risk adjusted basis or on a pure alpha generation side of this. So that's kind of our mindset." – Chuck, 3 Lines Capital (Pragmatic questioning of B Corp's value)

"I would say we've made money on B Corp to be honest with you. I think that them, you know, the true costs and especially in the professional services firm where 90% of your overhead is your people, you know, we're focused on employee culture and turnover and really want to have little-to-none of that. And so that's, for me, why I think it's been impactful is we have just an awesome working team. So our team makes a lot more money for our business through its culture than any expense of anything else." – Ted, People's Insurance (Pragmatic questioning of B Corp's value)

"We had originally planned to do a whole series of training around it – B Corp 101, 201, 301, working through assessments, maybe even kind of do the core program [but] of course B-Lab came and were like 'Oh, that's what they're here to do, so we're not going to do that'... MY priorities need to be on [my firm] as opposed to like starting the B-Corp movement. Though I still very much believe in it." – Heidi, CoWerks (My priorities have to be focused on us)

"We can't handle the kind of class action suit that could come from that. Could somebody sue us for not doing the right thing for the community at the same time we're being sued for not doing the right thing for shareholders? Somebody like Patagonia will have to do that... someone who's rooted more solidly in the social space is in a better position to do that. I mean, 10 years from now it will provide protection for social firms but we're not there yet." – Marty, Ranger Software (My priorities have to be focused on us)

C.3. Illustrative data: reevaluating prosocial opportunities

| Second-order theme | Illustrative evidence (first-order code) |
|--|---|
| Beliefs about opportunity attractiveness and feasibility | <p>"So if my passion is to create change and invest in businesses and grow this idea of corporate responsibility and social change through business, you know, I'm largely going to need more and more investors. I can't be limited to just people with a million dollars or more. Like I need to be – you know I need – you know we need to be able to open accounts for \$30,000, which we can do. You know? And we can scale." – Chuck, 3 Lines Capital (Mission must be supported by profitability)</p> <p>"Of course, you have to have a good business and a good organization as well. If you have a shitty culture, becoming a B Corp isn't going to turn that around. Likewise, I've seen businesses that focus so much on the social that it's really a lot of Kumbaya and they just don't last very long. So, these things are all very interrelated. I think that's one thing when we talk about B Corps you have to put the stake in the ground in the first two minutes of a conversation you say 'This is a layer you put on top of a healthy business.' It's not just that you pursue a social mission while running in the red month after month and eventually flowers will bloom. It's still business. You've gotta walk before you can run. It doesn't matter how sustainable you are if you're dead in 6 months." – Jim, True Craft Brewery (Mission must be supported by profitability)</p> |

Potential for intra-organizational
conflict

“We used the B impact assessment as the framework because we renewed that at the end of 2015 and so that team came together and actually really helped me to advance our score on the B impact assessment, which was great. But in so doing that we were able to establish a bunch of new corporate initiatives, different benefits, we redid our mission statement. Like it just catalyzed a ton of work internally that I think really helped make what was already a pretty mission driven company really focused and purpose driven.” – Anne, NRG Source (Virtuous cycle)

“On the sustainability issues, you know, it's like what can we do to conserve the energy, and people come up with ideas and submit ideas and get bonuses based on ideas that are both money saving, but also environmentally conscious. Like replacing plastic water bottles with glasses and, you know, and kind of measuring the bottom line of, you know, what is it going to cost us to buy more glasses and run the dishwasher versus having to throw away cups and stirrers and things like that?” – Tanya, LA Law (Virtuous cycle)

“It's absolutely creating the right behaviors in the right flywheel, right? I think it's good. It seems a little like we became B Corp certified just to get the savings on software. Did we? Yes, but we used that money to fund long-term social initiatives.” – Marty, Ranger Software (It's always a trade-off)

“I think it's given us sort of a recipe or guidelines around really codifying some of the stuff we were doing anyways - and in some cases that stuff we were doing anyways, stepping it up a notch. For instance - when we do things like deciding not to buy people bus passes, because they don't use them – it's really expensive and ends up costing us like \$30 every time they use the bus – so we have done other things like every time they ride the bus, they can put their name in a jar and every month we pull a name and you get a \$100 gift card.” – Kyle, Applied Software Inc. (It's always a trade-off)

“The second time we did the assessment we all got really involved. So it was multiple team members and that is really when B Corp took – went live here, so it was beyond just me, but the last two years or year and a half have been where all these changes have happened because people are thinking about it.” – Ted, People's Insurance (Everyone got on board)

“The most profound changes have been internal. The certification process showed us where we have tremendous opportunity to make important and high-impact improvements to our operations and culture. B Corp certification has served as a galvanizing force in our march toward mission-driven business. It was a tangible, meaningful, and important first step in our journey, and the company rallied behind it.” – Matt, Etsy (Everyone got on board)

“I do think the law and the certification are important because they create a shorthand that people can use and understand and rely on to explain what a social business is doing and what their values are.” – Jake, Great Plains Solar (It just validates who we already are)

“B Corp certification provides a unique perspective in answering the question ‘Are you operating your company in a sustainable way?’ B Corp's focus on the organizational level, not merely at the level of our products, differentiates it among certifiers. Achieving B Corp certification also provides validation of a company's efforts to manage for sustainability, and the quality of the B Impact Assessment enhances the legitimacy and value of this third-party review.” – Jed, Cabot Creamery (It just validates who we already are)

“Even in our team of four - because I took the initiative around it - no one else really got it... ‘Cool were B Corp certified’... They weren't passionate about it - they weren't as engaged as I was. I am sure part of that is my fault, but again, okay I'm spending all this time on the certification to spend even more time to rally the troops here - not just with our staff but with our community - it is difficult. But there is that disconnect.” – Heidi, CoWerks (Nobody else was on board)

“At the very beginning, to be totally frank and honest with you, it was primarily driven by me. It was not that the culture wasn't there, but there wasn't a whole lot of interest in doing a B Corp. Now, as CEO of the company, obviously, you know, I can do it. So I filled out 99% of the assessment and went through the majority of all of the interview and the questions and so on and so forth... I don't want to say it was a mistake because the end result has been very positive, but I didn't have enough buy in. So not to the culture but just, you know, nobody understood what it was. You know, and there was no real excitement around B Corp.” – Ted, People's Insurance (Nobody else on board)

“I think as I step away, the fact that to some degree, our tiny little group has now been

able to infiltrate the largest group and help them kind of shift perspective in this measured way more toward these project based programming, experiential learning, and community based approaches to education, I think we'll look back on day and be pretty excited about doing this more institutional change, as opposed to the success of this one entity.” – Sean, Leed Construction (It's really about making a difference, not this company)

“Our goal was to help affordable housing builders overcome this kind of green gap of funding and knowledge and help really lessen their bills and really support these families in a way for them to save on utilities and invest in education, and vacations, and life improvement. The vehicle to get that there was to find [paying customers] to have access who wanted to learn on these projects to raise money to build better houses for them. But through the years and through the different programs, we learned that affordable housing builders weren't really the customers. The people paying us, these professional and students were ultimately the gains, so we had to kind of switch, who we ultimately served, and really focus on who was really paying the bills. So a lot of our focus has shifted toward building the programming, building the marketing, all that stuff for that audience. It started feeling like we had gotten away from my first true love which was affordable housing, and supporting those guys. We saw our support diminishing, and our focus diminishing on that audience, and to survive, that pile of money really needs to come in. Part of me just really felt that switch and it kept building and building and I felt that we weren't serving that audience that original audience as well and I think that started to wear on me and our team too.” – Sean, Leed Construction (It's really about making a difference, not this company)

Power and position category
legitimacy affords the firm

“The Champions Retreat wasn't a talking shop of politicians or well-meaning academics and community leaders; these were the people who were running successful and innovative businesses on the front line. The B Corp community was absolutely aligned by this common goal and totally committed to furthering its cause. It was inspiring, affirming, extremely exhausting, and enormous fun.” – Edward, Cook (Alignment with other B Corps)

“...We always knew we were working hard and were proud of our work, but we didn't have a reference point for people to be able to say how good we were relative to other companies. To be able to say that we are in the same company as Seventh Generation, Method, New Belgium, Ben & Jerry's, et al., is a very big deal.” – Kim, GoLite (Alignment with other B Corps)

“We were surprised at what a big difference it means to our firm, employees, clients, business partners, and more. We wanted to do the right thing, but this opens up doors you couldn't have predicted.” – Anders, Veris (Stakeholders love it)

“There's no question that people place a high value on companies that manifest a social purpose alongside economic and environmental missions. We can easily argue — and find studies that show — that people are more loyal to and will switch to supporting companies with a social purpose. The B Corp certification galvanizes public confidence in companies that achieve B Corp certification.” – Rob, Ben & Jerry's (Stakeholders love it)

“We're currently in the process of scrubbing the mission statement and putting a new one together. Because the 2020 mission that we used internally to kind of drive coworker focus is comes to a close as far as that being largely satisfied going into the 2017 business cycle.” – Jim, True Craft Brewery (Thinking bigger/working together)

“At the end of every year, when it's time for B Corp dues, part of what we do is our company [puts] aside money each year on behalf of B Corp's we work with to help pay their yearly dues. So not only do we donate 10% to charity, but we help B Corp's pay their dues. And so last year, I believe when we sent in our check, I think we sent in like \$5000 for one company and B Lab was like, sweet, you just helped five new B Corp's who couldn't pay their dues. This is like a scholarship fund for them now. – Mark, Card Proc (Thinking bigger/working together)

“And then again there is the policy focused things that are spending money and resources on governmental affairs, doing hill climbs in Washington to speak with government representatives about where policy direction we want things to go. So, you know, more of the advocacy type work that maybe has less of a direct local impact or is life changing, but from a scope standpoint maybe over the longer term has more ability of kind of cause a paradigm shift.” – Jim, True Craft Brewery (Thinking bigger/working together)

“We'd get so many arrows in our back... And that's just because we're a public company... it doesn't even begin to address being the FIRST public company to do this... Could

somebody sue us for not doing the right thing for the community at the same time we're being sued for not doing the right thing for shareholders? Somebody like Patagonia will have to do that... someone who's rooted more solidly in the social space is in a better position to do that.” – Marty, Ranger Software (Being a B Corp doesn't help us)
 “People use the B Corp certification for branding, but in our space, it means absolutely nothing to our customers. Google, Amazon, Intel... they're all like ‘What are you talking about?’ They have no idea. We do like to put it on our bike jerseys, though.” – Marty, Ranger Software (Being a B Corp doesn't help us)

C.4. Illustrative data: opportunity outcome

| Second-order theme | Illustrative evidence (first-order code) |
|--------------------------------------|--|
| Change in prosocial activity/mission | <p>“We have done systems like Habitat for Humanity. We have taken in interns, we offered health insurance even when our CPA said ‘No construction offers health insurance, why are you doing this?’” – Ada, Sunlight Solar (Amplification)</p> <p><i>After their second B Corp certification, Sunlight Solar incorporated social impact as part of every employee's performance assessment and bonus structure, instituted a paid time employee volunteering program, and a sustainability and social impact report updated and made available to all employees quarterly.</i> – Observation (Amplification)</p> <p><i>Since becoming a B Corp, Bree and Conscious Cup launched a foundation to provide scholarships for women's education in developing countries.</i> – Observation (Amplification)</p> <p>“We're actually seeking to kind of develop this practice area as its own industry. So there's non-profit PR, there's for-profit PR, and then kind of between the focus is on using public relations organizations that are working for either social or environmental impact, and we're calling that ‘impact relations’.” – Laura, Our Planet Promotions (Amplification)</p> <p><i>In our last conversation with Laura, she confirmed that Our Planet and a handful of likeminded firms in the industry had moved forward with a “soft launch” of what they believe is the first “impact relations” industry group. They had legally incorporated, created a business plan and website, and were signing contracts with new clients based on this new designation.</i> – Observation (Amplification)</p> <p><i>In our last conversation with Brad from FiberCycle Clothing, he told us that, although he had set out several goals for new social initiatives after their most recent B Corp certification, he had found it impossible to achieve any of them. He also told us at least one valued employee had left the company because they were disappointed with the lack of success in growing the firms' prosocial impact.</i> – Observation (Fracture)</p> <p><i>After shutting down QA Soft, Doug became the new CEO of NRG Source. There, he and Anne established a B Corp “task force” and implemented multiple new prosocial initiatives. However, within 6 months of their latest B Corp recertification, a large competitor acquired NRG in a deal that a majority of the firm's equity partners approved. Anne stayed with the company after the acquisition but Doug, once again, left with the intention of starting another new prosocial organization.</i> – Observation (Fracture)</p> <p><i>After two B Corp certifications, Kyle of Applied Software stopped attending monthly roundtable meetings of the growing local B Corp community in his city. Applied Software's B Corp certification lapsed and, although Kyle confirmed they continue their internal sustainability efforts (recycling, composting, sustainable office supply sourcing, etc.), they no longer mention a prosocial mission or any prosocial initiatives on their website.</i> – Observation (Stasis)</p> <p><i>We followed Reynold's company, Clean Watt, over a five year period. During that time, he began and abandoned the B Corp certification process at least three times. Clean Watt remains a visibly prosocial enterprise, and Reynold is heavily involved in political action to promote green building. After our most recent recorded interview with Reynold, he confirmed that while he was actively promoting B Corps to his customers, he could not justify the time and expense required to further pursue B Corp certification.</i> – Observation (Stasis)</p> |

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