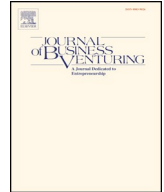


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## Imprinting with purpose: Prosocial opportunities and B Corp certification



### ABSTRACT

Certified B Corporations are ventures that have chosen to embrace third party voluntary social and environmental audits conducted by an entrepreneurial non-profit enterprise called B Lab. In this special issue, we focus on the lifecycle of Certified B Corporations and its relation to the entrepreneurial journey. We highlight research at the intersection of opportunities and prosocial certification to identify patterns and processes which add significant value to ongoing conversations in the field of entrepreneurship while charting new research pathways. We develop a framework of prosocial venturing and certification that pinpoints several elements of likely consequence and curiosity. This offers new insights about the entrepreneurial process that hint at the importance of opportunity, identity metamorphosis and sedimentation/superseding work. We thereby interpret how the exploration of prosociality may add to conversations on how and why ventures resist or embrace change over time, to what effect and ultimately, how opportunities may be reBorn.

### 1. Introduction

Increasingly, ventures are engaging with an ongoing stakeholder-driven shift toward sustainable, socially responsible business practices (Delmas and Toffel, 2008; Shepherd and Patzelt, 2011). At the time of writing, over 500 private-sector national and transnational non-governmental organizations are involved globally in certifying for-profit and nonprofit ventures by conducting voluntary, third party social and environmental audits of their activities and impacts. They seek to measure and assess the extent to which audited ventures embed socially responsible business practices in their operations. As civil society organizations<sup>1</sup> continue to certify businesses and interact with state-based regimes around the globe to influence new regulatory structures, their impact upon the organizational opportunities, strategies, resources and reputational assets available to entrepreneurs are only likely to grow (Rawhouser et al., 2015; Reiser, 2012). Against this backdrop, this special issue of the Journal of Business Venturing confronts the largely unexplored question of how third party audits and certifications affect the entrepreneurial journey by exploring the context of B Lab and the rapid, global growth in the certification of ‘B Corporations’.

The impact of third party audits and certifications on the opportunities that entrepreneurs pursue are already manifesting in many markets around the world (King et al., 2005; Terlaak and King, 2006). Certification is often adopted as a means of mitigating regulatory risk, signaling quality assurance, responding to consumers and improving efficiency (Lytton, 2014). Certification satisfies a wish by consumers and other stakeholders to obtain otherwise hidden information about the positive social and environmental impacts that firms create, as well as the harm that they might do to people and the planet. There are clear linkages to be explored among certification processes and their relationship to prosociality and entrepreneurial behaviors and processes (Brief and Motowidlo, 1986; Chell, 2007; Bolino and Grant, 2016). Many of the certifications that exist often correspond to narrow areas of commercial activities such as specific products (e.g. fair-trade coffee), niche markets (e.g. solar power), and/or highly visible industries (e.g. green energy). Yet one organization, B Lab, has emerged to audit and certify all businesses as uniformly as possible across a wide range of typical social and environmental measures. The resulting certified organizational form that emerges from this process is known as the ‘B Corporation,’ B Corp, or ‘Certified B Corp’ (CBC).

First and perhaps most importantly, we ask: why should scholars of entrepreneurship care about CBCs as a context for study? After all, B Lab is a recent development that has to date certified only about 2300 firms; and because many certifications exist and overlap,

<sup>1</sup> Non-profits, supra national organizations and/or elements of the ‘fourth sector’ that in aggregate make up the fabric of the non-governmental sector that play a role in shaping and influencing business behavior and legislative change to chart new pathways for how the compact between business and society is regulated.

there is uncertainty about the value and ‘impact’ of the ‘B Corp’ model, brand and movement (André, 2012; Lofft et al., 2012; Parker et al., 2018). Although the ambitious B Corp social experiment has only recently moved out of the ‘early adopter’ phase (Cao et al., 2017), we believe it provides a rich research backdrop in the field of entrepreneurship with respect to how prosocial opportunities are formed, and the factors that moderate how they endure and change over time.

Our aim in this article is to answer the above question by formulating a novel conceptual framework for understanding how prosocial third-party audits and certification processes impact the activities of purpose-focused entrepreneurs, teams, and organizations. The framework explores and analyzes: the nature of opportunities and their relationship to prosociality; how and why individuals and organizations imprint certain prosocial characteristics; and how, why, and when the certification process may act as a complex, yet under-studied window for examining how the characteristics and behaviors of startups may endure or change over time. We incorporate into this framework a review of the specific concepts and processes that help explicate the entrepreneurial journey in general and the certification of B Corps specifically. The framework shows how the papers showcased in this special issue illustrate some (but not all) parts of the broader process, which clarifies what we know and identifies gaps where future research is needed.

Before setting out the framework, we first briefly describe the genesis of the special issue and the selection of papers which comprise it. We then review: salient aspects of the evolving literature on entrepreneurial opportunities; the relevance of theories of imprinting and purpose-based organizations; and the context of third-party audit structures with keen focus on Certified B Corporations (CBCs). Following that we discuss, interpret and analyze the papers comprising this special issue against a backdrop of insightful and constructive theoretical and empirical considerations. We then outline our conceptual framework for explaining the relationships between opportunities, social purpose and the third-party certification process while also exploring how individual and organizational characteristics develop across the entrepreneurial journey of new ventures. Our framework stands as both a source of explanation and a map for pursuing future research in this growing space of academic inquiry.

## 2. The special issue on “beyond benefit: ...”

Recent years have witnessed a burgeoning interest in the entrepreneurial aspects of social enterprises, hybrids, and other strains of prosocial organizing (Corbett and Katz, 2017; Haigh et al., 2015). The bulk of scholarship in this area is built upon pioneering research by Dees (1998), Elkington (1994), and Emerson (2006) on the strategic similarities and differences between nonprofit and for-profit business. Most importantly, it has sparked follow-on work in entrepreneurship (Austin et al., 2006; Battilana and Dorado, 2010; Short et al., 2009) with the concomitant rise of new concepts and theories that seek to explain why and how new ventures emerge, endure, change and/or fail. Extending work across the entrepreneurial life cycle, research has also traced the growing impact of social purpose-focused organizations and how they have precipitated change in relation to stakeholder interdependencies, tensions and measurement within established firms and institutions (Stecker, 2016; Wang et al., 2016; Wickert et al., 2017).

Conversations pertaining to the phenomenon of ‘social entrepreneurship’ have been both compelling and controversial with little agreement among scholars about the conceptual foundations that link it back to theories in the general domain. This is reflected in the emergence of variegated perspectives applied to the study of social entrepreneurship, including sustainability (Shepherd and Patzelt, 2011); emancipation (Rindova et al., 2009); poverty alleviation (Yunus et al., 2010); and compassion (Grimes et al., 2013) – to name but a few. These conversations also encompass the utility of new organizational vehicles through which entrepreneurs mobilize opportunities (Hiller, 2013; Rawhouser et al., 2015) and ultimately their significance to addressing the multiplex challenges facing society (Shepherd, 2015). While much of this work focuses on bringing new definitions and moderators into the discussion, much work remains to be done on how general aspects of pro-sociality unfold over time within the many diverging aspects of the entrepreneurial process – for better or worse (McMullen and Bergman, 2017; Moroz and Hindle, 2012; Shepherd and Patzelt, 2017).

The four editors of this Special Issue have long been interested in tracing out the entrepreneurial implications of prosocial organizing in its many forms. In late 2015 they approached the Editor-in-Chief of the Journal of Business Venturing with a proposal for a special issue dedicated to this topic. The proposal was reviewed by other field editors of the journal, and once the proposal was accepted in early 2016, a call for papers was distributed widely to the entrepreneurship academy, inviting submissions to a special issue and developmental symposium. Of the 36 papers received, 14 emerged successfully from the peer review process. The authors of these papers were invited to present their work at a dedicated symposium held at Ivey Business School, London ON in April 2017. The purpose of the symposium was to stimulate discussion and give detailed feedback to authors to help them improve their work and speed it through the review process. All four editors attended and were jointly involved in decision-making at all stages of the review process.

Ten papers ultimately survived a rigorous screening and developmental process involving several rounds of peer review. These papers fall neatly into two sets of five. The first five papers all emphasize aspects of the entrepreneurial journey of Certified B Corporations (CBCs). These papers are the subject of this first part of the double special issue. The other five papers are located at the broader intersection of entrepreneurship and prosocial organizing. These will be the subject of the second part of the double special issue, to follow shortly after this one.

What exactly is a Certified B Corporation (CBC)? Although hybrid and social purpose enterprises have long existed in various forms, CBCs as a distinct organizational form have only been around for ten years (for a thorough review and history, see Cao et al., 2017). CBCs are enterprises that have chosen to submit to third-party voluntary social and environmental audits conducted by B Lab, a 501c US non-profit organization. Through its certification process, B Lab seeks to help entrepreneurs measure, capture, create awareness of and legitimize the benefits they strive to create through their market endeavors while driving a movement for social change (Hiller, 2013; Woods, 2016). They differ from ‘benefit corporations’ (BC) and ‘public benefit corporations’ (PBC) solely by

prescription of government sponsored legal status: BCs and PBCs are distinct U.S. state legislated corporate entities.<sup>2</sup> To achieve CBC status, an organization must submit to and achieve a B impact assessment (or score) of 80 or more out of 200 as evaluated against four core metrics: community, environment, governance and workers. This score is often self-reported<sup>3</sup> and weighted by company size, sector, and nationality. The fees for certification are set on a sliding scale based on yearly revenue. At the time of writing, over 2300 organizations have been registered as B Corporations in 130 industries across more than 50 countries ([www.bcorporation.net](http://www.bcorporation.net)).

CBCs are a distinct and readily identifiable set of businesses that epitomize the core aspects of social hybrid organizations. That is because CBCs must publicly consider people, planet, and profit when setting out their core operating objectives, formally embed them within their legal charters and pursue legalized forms such as BCs and PBCs where applicable. CBCs are derived from an opportunity rooted in the tenets of social entrepreneurship itself: the formation of B Lab. Along with a growing number of CBCs across the world, B Lab is a rapidly growing entrepreneurial organization that consists of a fourfold movement to drive systematic change by (a) building a community of CBCs, (b) promoting new legislation for higher corporate responsibility standards across the world, (c) accelerating impact investing, and (d) gaining support for the CBC movement as part of a wave of like-minded people (Cao et al., 2017).

To the best of our knowledge, this special issue is the first systematic attempt to pull together research on CBCs as a means for building a framework for charting the entrepreneurial life cycle of prosocial organizations. CBCs offer a ‘distinct’ form of social purpose that resolves many of the issues of relativity, identifiability, and values used to validate, compare, and contrast one type of prosocial organization over another as fitting into valid sets (Cao et al., 2017). We showcase and analyze below the five papers included in this special issue, drawing out what they have to say, separately and collectively, about ongoing conversations relating to hybrid organizations, sustainability, social entrepreneurship, and corporate responsibility. In the process, we will set out an agenda for future entrepreneurship research on this topic.

### 3. Entrepreneurship, imprinting and the certification of prosocial organizations

Entrepreneurship scholars have long been interested in why people start new organizations and how their motivations shape the opportunities they pursue under conditions of uncertainty (Gartner, 1985; McMullen and Shepherd, 2006; McMullen and Bergman, 2017; Webb et al., 2013). An ongoing debate centers on the exogenous and endogenous nature of what is and is not an opportunity (Davidsson, 2015, 2017; Korsgaard et al., 2016; Ramoglou and Tsang, 2016). What is often missing in this strand of scholarly debate is how “subjective phenomena become epistemologically objective” (Alvarez et al., 2017), or more precisely, how prosocial motivations (subjective agency) alter the opportunity processes (evolving entities) themselves – and to what (action based) effect (Davidsson, 2015, 2017). Without taking into consideration the goals that entrepreneurs have and how these goals change or endure over time, we have no solid foundation for understanding the rationale behind measuring the relevant objective outcomes of entrepreneurship, especially in the form of processes engaged and actions taken when prosocial motivations are introduced into the equation.

Rather than engage in the debate on the nature of entrepreneurial opportunities, we focus instead on the entrepreneurial processes that reflect a distinct and identifiable set of prosocial motivations. We believe that the study of CBCs offers a unique “focus on empirically tractable social mechanisms that connect social action and interaction with relevant outcomes in ways that take into account the open-endedness, uncertainty and transformative character of entrepreneurship” (Berglund and Korsgaard, 2017, p 8). Specifically, B Lab certification offers an explicitly temporal perspective, punctuated by distinct and potentially impactful experiential events, that reveal the prosocial motivations, opportunity processes, and actions entailed in entrepreneurship. The papers in this special issue all reflect the broad theme of the entrepreneurial journey (McMullen and Dimov, 2013) as an overarching consideration for the further exploration of CBCs. More specifically, they relate to extant and emerging work on the intersection of imprinting, opportunities, and entrepreneurship.

Imprinting theory as discussed within the context of entrepreneurship underscores the significance of founding conditions (Lippmann and Aldrich, 2016; Milanov and Fernhaber, 2009). It explains the influence of the initial decisions made by entrepreneurs (Bamford et al., 2000; Cooper et al., 1994; Mathias et al., 2015) on the future characteristics and outcomes of a venture. The main premise is that the early stage of venture creation tethers enterprises to a set of prevailing societal and environmental factors that constrain not just various start-up choices but also narrow the bandwidth of desirable and feasible subsequent growth strategies (Sapienza et al., 2006). Imprinting can impact the founding individuals and teams, prevailing business models, and networks, industries, and institutions more broadly (Simsek et al., 2015). It has been pointed out that “the idea of imprinting actually combines two distinct processes under one hypothesis: first, the process by which technological, economic, political, and cultural elements of the founding context shape the characteristics of a new organization; and second, the process by which these founding characteristics are reproduced during the organization's subsequent history” (Johnson, 2007). Early applications of imprinting focused on the durable effects of these early decisions and stages across a broad range of issues, including the interface between ventures and their socio-environmental ‘habitats’. Until recently, little attention has been paid to changes in social trends and/or growing awareness about “planetary boundaries” to growth (Whiteman et al., 2013), which could or should undo some of the imprints that imposed undue costs on society or caused unwarranted harm to the environment (Muñoz and Dimo, 2015). Marquis and Tilcsik's (2013)

<sup>2</sup> In U.S. states where BC or PBC legislation exists, B Lab requires CBCs to change their legal forms to satisfy certification demands.

<sup>3</sup> A smaller number of certifying and re-certifying firms may end up facing a more rigorous assessment that requires full supporting documentation and site visits.

systematic review of imprinting theory made theoretical room for critical updates of the original imprints over time. Such ‘sensitive stages’ would afford critical realignments between the original choices and business model of an organization, all along the venturing process, in ways that could: anticipate dangerous disconnects between the living systems it inhabits (Branzei et al., 2017); foreshadow emerging social preferences (Stephan et al., 2016); and even take a stab at addressing grand challenges (McMullen and Bergman, 2017; Shepherd et al., 2015).

While a slate of recent research publications on entrepreneurship embrace the perspective of imprinting theory (Bryant, 2014; Ellis et al., 2017; Maksimov et al., 2017; Micelotta et al., 2018), comparatively little research considers how the prosocial motivations of entrepreneurs may influence what and how opportunities are imprinted (Arend, 2013). One’s values and first-hand experiences are important because “they impact not only what opportunities individuals identify but also how they evaluate, select, and ultimately act upon them” (Busenitz and Lau, 1996). The promise of pro-social values and experiences has already cracked open a broad conversation at the interface of ventures and their socio-economic environments (Miller et al., 2012; Shepherd, 2015; Shepherd and Patzelt, 2015). The papers in this special issue showcase CBCs as a fruitful arena for further expanding these conversations through research on prosociality, opportunities, and entrepreneurial imprinting.

Nevertheless, a review of the literature emerging in response to the ascension of the B Corp brand in 2006 does not paint a completely supportive picture. As with any new areas of inquiry, the study of CBCs has largely followed the path of definitional and descriptive ‘ground clearing’, mainly by scholars of corporate finance, law and business management. The corporate finance and law scholars have concentrated mainly on the legal purpose and efficiency of CBCs vis-à-vis shareholder wealth maximization; and the ability of managers to protect social missions through instances of sale, takeover, merger or board/shareholder-related actions (Alexander, 2016; Blount and Offei-Danso, 2012; Cohen, 2012; Grant, 2013). Business management scholars have in contrast explored the significance of CBCs for: corporate social responsibility (André, 2012; Hiller, 2013); strategies to achieve legitimacy (Wilson and Post, 2013); and the relevance of the organizational form to the intersection of business, society and public policy (Collins and Kahn, 2016; Haymore, 2011; Kurland, 2017; Rawhouser et al., 2015).

Moreover, among entrepreneurship and management scholars much of the discussion of CBCs has connected with the conversation on hybrids and social entrepreneurship (Busenitz et al., 2016; Ebrahim et al., 2014; McMullen and Warnick, 2016; Sarason and Hanley, 2013). Much less common have been studies that seek to analyze CBCs’ performance (Chen and Roberts, 2013; Chen and Kelly, 2015; Parker et al., 2018) or develop new theory (André, 2012). We now present five papers that change this pattern and help shape emerging research at the intersection of prosocial certification and entrepreneurship.

#### 4. The papers in the special issue

Our initial ‘call for papers’ was intended to capture a wide range of perspectives on how pro-social organizing intersects with the study of entrepreneurship in a transdisciplinary way: there were no clear theoretical or methodological approaches set out for contributors to adhere to. As the papers slowly emerged through the review process, a clear bifurcation in their aims allowed for selection of five articles that were contextually centered on certified pro-social organizations in general and CBCs specifically.

Once accepted for publication, the editors set to identifying problems, themes and patterns through several rounds of individual coding exercises. Several discussions were engaged over a two-month period, eventually surfacing themes and relationships that were relevant to distinct theoretical areas subsumed under the broader heading of entrepreneurial opportunities and pro-social organizing. Accordingly, we categorized authors’ contributions into domains that are relevant to research on imprinting and entrepreneurship by asking four questions: (1) What are the sensitive periods and transformational events related to certification and their relevance? (2) What (purpose) is imprinted? (3) What work processes (evolving entities) are involved? (4) What action-based effects are realized through the certification process? Table 1 summarizes a breakdown of these categories vis-à-vis the five papers in this special issue.

The selected papers tell a robust story of fresh starts, fitful second-winds, and unexpected finishes that reveals insights into several aspects of the entrepreneurial process relating to certification. The first paper by Cao et al. (2017) frames the founding conditions of prosocial certification. In sharp contrast to regular for-profit start-ups, where women entrepreneurs are usually heavily under-represented (Parker, 2018, chap. 8), Grimes, Gehman, and Cao find that women-owned businesses are twice as likely to qualify for certification than average and more than three times as likely to certify. This is a striking finding that establishes the critical role of women in “jumpstarting” the B Corp movement and social entrepreneurship more broadly. Grimes, Gehman, and Cao further find that women’s propensity to certify is boosted in contexts where: sustainability norms are weak; mimetic pressure to obtain sustainability certification is low; and women-owned businesses are less prevalent. These findings support those authors’ theoretical argument about the importance of identity work and contextual distinctiveness for understanding early-stage sustainability certification adoption.

The next three papers are directly linked to entrepreneurship and imprinting, and provide insights into three distinct types of opportunity work that prosocial certification may precipitate. First, Muñoz et al. (2018) inductively discover and link the founding conditions that define the scope of purpose to the tensions, sequences, and patterns of the sensitizing conditions of certification. They find that where you start matters; and depending upon the pathways selected, may lead to further imprinting that shapes or reshapes a firm’s identity. Munoz, Cacciotti, and Cohen point out that imprinting is confined not only to founding conditions, but also becomes aligned with specific sequences during the certification process. These sequences involve the pathways taken, the source of feedback, and the timing of B Corp certification. They warn that some pathways may lead to actions that continue, confirm, or create counterproductive interpretations of opportunities.

Second, Conger et al. (2018) explore the imprinting of categories within the certification process using theories of identity control. Their starting point is that membership of organizational categories leads entrepreneurs to re-evaluate their firms’ activities and

**Table 1**  
Summary of selected papers for this special issue.

Authors	Associated theories	Imprinted entities – individuals, teams, organizations, networks, industries	Characteristics of what is imprinted?	Imprinting processes/sensitive periods/metamorphosis	Imprint manifestations
Gelman, Grimes and Cao	Identity; positive deviance; optimal distinctiveness	Organizational, industry	Gender identity; context strategy (positive deviance to local peers); sustainability norms	B corp assessment; B corp certification; early stages of institutional development; Entry into new market/geography	Authenticity; distinctiveness; collective identity
Munoz, Cacciotti and Cohen	Imprinting; process tracing	Individual, organizational	System changing (commitment to social change), venture centered (absence of purpose/unintended impact), world saving (commitment to purpose)	Scope of purpose; timing of b corp certification; shifts in source of feedback	Continuous transformation; narrow purpose confirmation; broad purpose confirmation; counter productiveness; decoupling; integration
Conger, McMullen, Bergman and York	Identity control theory; category theory	Individual, organizational	Identity; values; category	Decision to certify (cost/benefit); measurement/reflexivity (expectations); catalyst (b corp certification); further pro social opportunity development (for me?/for us?)	Prosocial amplification, stasis, fracture
Sharma, Beveridge and Haigh	Institutional theory (practices and configuration)	Organizational, industry	Impact configurations; learning configurations; Industry configurations	Measurement: affordability; interpretability; social referents; initial certification; subsequent certification	Configural similarity; higher commitment to sustainability practices; conformity to paths of least resistance
Siquiera, Guenster, Vanacker and Crucke	Imprinting; static trade off theory; pecking order theory	Organizational, industry	Capital structures; prosocial flexibility/optimization	Commercial context; certified context	Enduring effects of capital structures in prosocial firms (stability); leverage flexibility (control of prosocial mission); commercial capital structures malleable



opportunities. The process of re-evaluation, which encompasses the opportunity, intra-organizational conflicts, and market power can change the firm's engagement in prosocial activity. Ultimately, they find that prosocial opportunities are either amplified, fractured, or remain in stasis; and that reflexive processes enacted by measurement act as catalysts for exploring potential new or updated opportunities for the protagonist or audiences served.

Third, [Sharma et al. \(2018\)](#) ask: How do prosocial enterprises endogenously update their opportunities for social impact? Using a unique longitudinal dataset, the authors propose a model of prosocial embedded agency in which they highlight the unexpected agency that entrepreneurs discover. In this way, they try to explain how enterprises endogenously update their opportunities by reorganizing their internal practices. Sharma, Beveridge, and Haigh's work suggests that original imprinted configurations may resist change depending upon costs, institutional referents, and time related effects of changes made between certifications. While configurational similarity in change holds fast for organizations within similar size groups and sectors, there is still a higher commitment to changing prosocial practices over time. These findings also contrast with the other two papers in this set, pointing to the lag that protagonists experience when rationalizing attention and costs emanating from opportunity work enacted by B Lab audit measurement.

Finally, [Siqueira et al. \(2018\)](#) employ imprinting theory directly and apply it to update capital structure theories in finance. Using longitudinal data, they observe how the certification process yields different dynamics in the chosen capital structure of social enterprises, compared with those of typical for-profit firms. Among their key findings are that certified social purpose firms differ from regular for-profit firms by utilizing lower leverage ratios (less short-term debt), arising from a desire to avoid distraction from long-term social goals. Although there are consequences for social purpose firms when entering into sensitive imprinting periods over time, their capital structures remain remarkably stable. This provides insight into how social entrepreneurs rationalize social and economic aspects of the organization differently. Imprinting with social purpose is thus argued to be more malleable and reduces resistance to change compared with financial imprints. This may reflect adaptive tendencies ([Bryant, 2014](#)) being displayed within sensitive periods that were originally imprinted in the founding stages of the prosocial startup (or the need to continuously 'be better' as a company or to create more social impact). That this effect is not carried over into the financial imprints of founding conditions deserves further attention: social purpose entrepreneurs may spend less time analyzing and adjusting their capital structures while being more immersed in enacting social purpose change, ignoring one for the other with a heightened potential for lower growth and decreased financial sustainability.

## 5. A new framework of opportunity work over the lifecycle of prosocial certifications

As these papers imply, initiating a prosocial certification like the B Lab impact assessment involves different dynamic processes than those suggested by the traditional venture life-cycle approach, whereby different stages of growth present the venture with new choice sets addressed by new bundles of resources ([Huang and Knight, 2017](#)). It also differs from opportunity processes in which third-party opportunities are reconstructed through iterative cycles of ignorance, uncertainty, and doubt ([Shepherd et al., 2007](#)) to suit the first-person protagonists ([McMullen and Shepherd, 2006](#)). Instead, prosocial certification potentially marks a new start for many, calling attention not merely to what organizations are doing, but also to the deeper interplay of protagonists' own values and the social desirability and feasibility of the opportunities they are already pursuing. This new start is sometimes met with premature acclaim, especially when the proverbial wrinkles have not yet been worked out ([Munoz, Cacciotti and Boyd: this issue](#)). Too much recognition, too soon, and from the wrong (for them) audiences may lead newly certified ventures astray, either by distracting them from opportunity work or by slicing-and-dicing their precious time and energy instead of focusing attention on the venture's viability.

All the papers in this special issue suggest that most newly-certified ventures update their previous opportunity. To make sense of this, we propose a new framework, comprising three clearly identifiable and iterative processes with which protagonists engage in sense-making and enactment. The first process is opportunity stratification work triggered within sensitive windows by the apprehension of constraints and contradictions set against the certification (measurement) process. Second, identity metamorphosis work takes place within a temporal window after certification and up to recertification. Here continued historical, comparative (peers) and competitive (rival) authentication processes work to reconfigure practices and/or broaden or narrow the purpose of the organization to conform with internal distress/discontent or confirm external feedback. Third, sedimentation/superceding work then seeks to layer new identities or galvanize existing ones to seek the appropriate opportunity identity alignments arising from the certification process. This work takes place across sensitive stages that include recertification and decertification (or lapse).

Indeed, while many certifying entrepreneurs do not yet fully engage their early opportunities concomitant with prosocial certification, the majority undergo multiple, iterative updates. For some, these updates may be mild and mindful to the current problems and resources an organization has, yet offer little distraction. Certification thus ends up as a means for authentication of what already exists and requires little else beyond the inertia of the original opportunity. For others, 'confrontation' with the B Lab assessment may lead to apprehension of contradictions and constraints ([Voronov and Yorks, 2015](#)). This can lead to opportunity work processes that involve a range of different behaviors, including: authenticating one's own values; engaging in sense-making to learn about deficiencies in previous prosocial work; railing at mismatched values and disappointments arising from false self-categorizations; or discarding some practices, often due to an appraisal of costs and benefits ([Conger, McMullen, Bergman, and York, this issue; Sharma, Beveridge, and Haigh, this issue](#)).

These limits are soon processed, bypassed and recast as horizons for experimenting with bolder (or weaker) moves that involve opportunity metamorphosis work linked to identity. Such moves call into question the very identity of pro-socially certified ventures ([Wry and York, 2017](#)). Identity metamorphosis work takes opportunity work resulting from stratification efforts to the next level: it may lead to splitting attention between iterations that can further hone certification-aligned values and those that cater to the

pragmatics of running the business. The bifurcation is not always or automatically reflected in changes to the underlying opportunity. However, the partiality of the opportunity stratification work may cyclically create and cumulate tension between practices that protagonists have latitude to change and those that are too rigid, or too tall an order. Combining configural tests and interviews over time, Sharma, Beveridge, and Haigh (this issue) show that in most cases, the tension motivates growing convergence, with some recently certified B corps settling for the low hanging fruit.

The handful of CBCs who prolong this tension do so at great cost – and peril. These costs may only be tallied retrospectively and often without necessarily counting on any short-term, or even long-term, benefits (Conger et al., this issue). Three of the five papers (Conger et al.; Munoz et al., Sharma et al.) qualitatively reveal the struggle to straddle the growing tensions between opportunity updates called for by impact re-assessments, especially at re-certification time. While none of the papers quantify the effects of this struggle, our own work reveals significant slowdowns in growth, with the post-certification growth severely attenuated for the youngest and smallest ventures (Parker et al., 2018). Two of the five papers in the special issue strongly corroborate these effects by revealing substantial opportunity work done in the immediate aftermath of (re)certification to figure out new costs and benefits (Conger et al., Munoz et al.). Not all changes come to pass either. External audiences may react adversely to changes in practices (Sharma et al.), to the point where some ventures go all the way back to the drawing board (Munoz et al.). Others may give up altogether (Sharma et al.) which may lead to certification lapse. The more identity-work that prosocial certification evokes early on (Grimes et al., this issue), the smoother the growth trajectory (Munoz et al.), especially when it comes time to re-certify (Conger et al.; Sharma et al.). However, identity-metamorphosis work does not result in the same type, or intensity, of opportunity stratification work at different stages of the prosocial certification process.

Fig. 1 presents a framework for organizing these ideas. It characterizes the nature of ongoing opportunity work over the lifecycle of the pro-social certification process. As Fig. 1 indicates, pre- and post-certification work may enact changes to the founding opportunity as well, deepening it over time. That leads toward an eventual action being taken (re-certification or lapse), while opening up the possibility for further imprinting of firm qualities, values, and commitments. Many changes are possible, but most ventures undertake one change at a time. That may result in delaying or foregoing certification completely, depending upon the change and cost structure – leading to non-adoption (see below). Others may jump in with both feet and drown themselves in changes regardless of whether they can afford them or understand their impacts on the firm's survivability and mission. Nevertheless, most entrepreneurs carefully interpret B Lab's impact assessments, item by item, and exert considerable latitude about which improvements to undertake, in what measure, and in which order (Sharma et al.). This churn may slow down attention to very specific practices; opportunities catch up with practice changes, but because the process is iterative, most changes appear seamless both to the protagonists themselves (Conger et al.) and to outside audiences (Munoz et al.). This process may cover up attentional deficits as opportunity costs (McMullen and Warnick, 2016).

While in the immediate aftermath of certification there is significant continuance and convergence in opportunity stratification

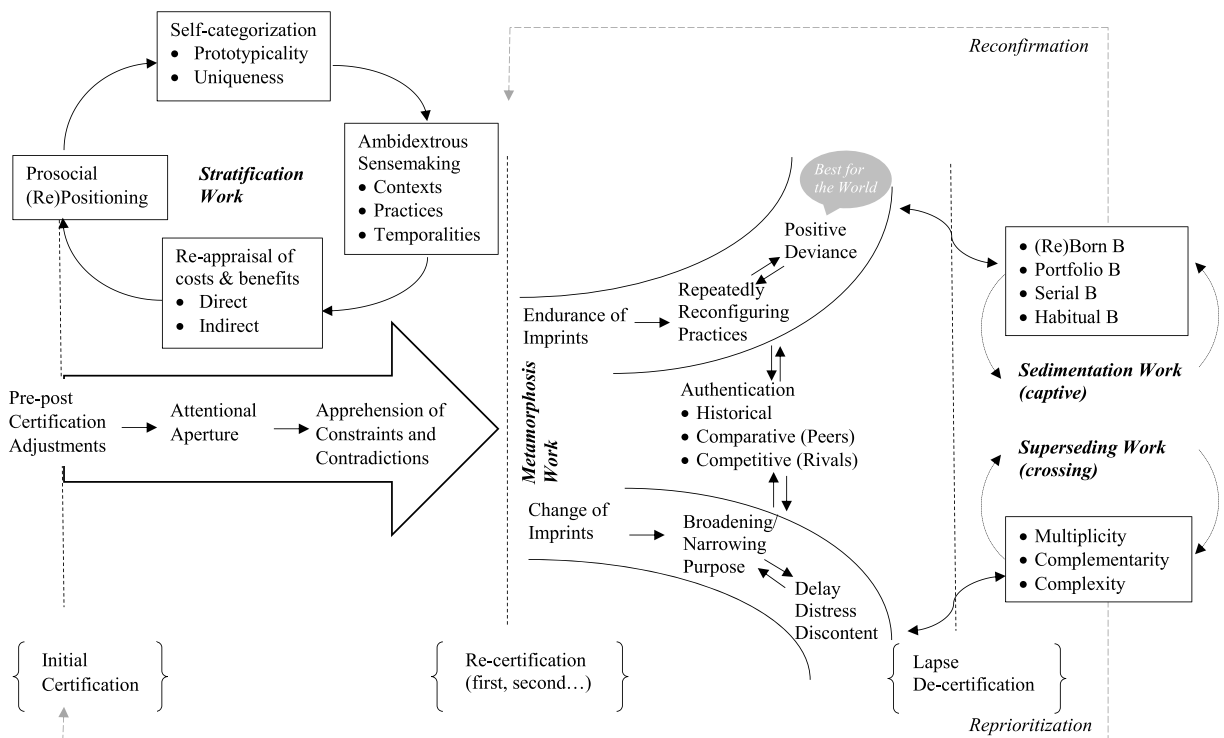


Fig. 1. Opportunity work over the lifecycle of prosocial certification.

work, down to the specific practices necessary for enactment, the iterations themselves can be extraordinarily taxing. This is not simply because each iteration triggers further sense-making from within and additional conversations outside (Munoz et al.). It is also not completely explained by confessions of finding more and more costs, and seeing no obvious benefits, although this may lead to other actions taken later (Conger et al.). Although both the attention costs and the sheer diversion of time and effort are noteworthy, it is the sheer number of iterations a protagonist is willing to undertake that slows down the typical growth cycle. This ‘metamorphosis’ work sometimes will halt growth altogether while soul-searching takes center stage. For others, growth is never viewed as part of the function for adopting certification: at least not economic growth. It may also lurk in the forefront of an entrepreneur’s mind while assessing further buy-in from others. Some of these iterations can be profoundly rewarding on a personal level (Conger et al.), affirming latent values that did not previously garner the desired success in the marketplace (Grimes et al.).

But the eventual sedimentation work may be costly in more ways than one: because the opportunity-work slows down some of the typical revenue-generating activities, growth suffers, and suffers disproportionately for young and small ventures (Munoz et al.; Parker et al., 2018). Recertification may likewise lead to further opportunity sedimentation by capturing and positioning the opportunity of the firm with an imprint of a prosocial identity or Re(B)orn. This process may also induce continuous change in the individual as a Serial B entrepreneur (either within the original firm or through individual exit and starting another prosocial firm) or change in the organization as it becomes either (1) a portfolio B or (2) a habitual B. The former is perceived to increase its impact after cycling through a growing list of products and services, while the latter may lead to greater internal harmony with respect to the identity or category it seeks to espouse, even if there is no obvious outward change in its products and services.

Decertification may also lead to superseding work as a matter of complexity, multiplicity, or a focus on a narrower complementary pursuit of prosocial impacts rather than a front and center prosocial identity imprint. Moreover, new opportunities for impact may require confrontation with other institutional barriers that seek to qualify a firm for further investment, transition to public ownership, sale or merger. That may invoke a “so what now” next decision where opportunities, identities and tensions among them may need to be confronted again and put to rest. Finally, decertification may simply be attributable to a keen focus on goals, prosocial or otherwise, that a venture simply cannot bear through constant rounds of ‘changes’ in measurements or certification.

Opportunity-stratification work, identity-metamorphosis work, and sedimentation/superseding work is not free. Nevertheless, for most ventures it is neither motivated nor conditioned by financial arrangements, at least at origin. There is precious little information on the actual performance of CBCs, most of which are privately held: the small counts and uneven frequencies of certified firms make comparisons with non- or not-yet certified firms rare. Yet our special issue affords a unique look into the evolution of matched cohorts of pro-socially-certified firms vis-à-vis co-located and otherwise comparable commercial peers.

Siquiera et al. (this issue) analyze a sample of a dozen years of data using a conceptually equivalent prosocial certification, available in Belgium over a decade before the birth of the B-movement. They reveal surprising homogeneity and consistency in the financing of pro-socially certified firms. By showing three times lower leverage and four times greater stability in financial structures relative to their commercially single-minded peers, Siquiera et al. highlight a robust preference for greater social mission flexibility over external debt. This preference is consistent with arguments about the differences in underlying logics and expectations of different audiences discussed in the broader literature on hybrid organizing. However, by pinning it down to prosocial certification, Siquiera et al. suggest that some preferences are locked right in from the start and endure over time from founding, resisting change. Such lock-in narrows our collective conceptual focus to identity-work (Gehman and Grimes, 2017; Wry and York, 2017) as more malleable to change over initial founding prosocial imprints.

## 6. Implications

Our prosocial certification life-cycle framework supplies elements of the ‘happily-ever-after’ story actively marketed by B Lab; but not for all firms. Even some of the best-in-world ventures may decide against certification, or even publicly de-certify (Marquis and Lee, 2015). Indeed, a recent forensic account suggests that as many as a third (34% of successfully certified B corps) break away from this once-cherished category (Cao et al., 2017). This is sobering news, to be sure. But it is not altogether bad news: most ventures that opt against re-certification do not revert to their old ways but retain pro-social identity imprints. The transformations and practices spurred by successive iterations of opportunity work may continue with or without the stamp of approval that they once worked so hard to obtain and retain. Indeed, for some of the de-certifiers, opportunity work continues as a superseding process that may lead to other direct actions and opportunities. What differs is the terms – instead of fitting in with the updated impact requirements mainstreamed by B Lab, de-certifying companies chart their own future course.

The occasional exposé (such as Etsy) excepted, de-certification is an under-studied topic. It has important precedents in several types of environmentally-focused certification, including firms who have delisted as organic because the burden and constraints imposed by the certifiers were clashing with the sustainability trajectories to which they had committed themselves (Delmas and Toffel, 2008). What is unique about B Lab, and the growing family of 500 and counting prosocial certifications, is that pro-social benefits are much harder to quantify than pure environmental ones. Therefore, firms that most assiduously keep pace with social trends might find it increasingly challenging to surmount the steadily rising bar set by B Lab. Meanwhile, those struggling to keep up with continuing social and environmental changes to business operation may find such updates disconcerting, even discouraging. Many talk about failing to make the 80-point threshold despite having adjusted many of their practices beyond the point which initially granted them a passing score. From the perspective of certifiers like B Lab, striking the right balance is important. However, from our broader vantage point, and given the heterogeneity that exists and persists among the certified over space and over time (Grimes et al.), ‘fitting in’ is only part of the bigger story. By specifying how prosocial certifications motivate opportunity updates, which manifest concretely in reconfigurations of practices (Sharma et al.) and endure even at significant costs (Conger et al.; Siquiera



et al.), the collective output included in this special issue suggests that the B movement has already significantly transformed entrepreneurial practice.

Beyond the B Corp movement, this special issue and framework identifies another area of exploration with respect to the intersection of prosocial organizing and entrepreneurship: how to better understand the motivations for ventures that engage the B Lab audit, but choose not to certify. Through informal discussions with other scholars in the B Corp research community, we believe that a much larger cohort of firms may use the certification process as a tool to measure, compare and decide whether to certify or not. That does not necessarily label non-certifiers as disingenuous or ‘greenwashers’: but they could be. In many ways, a more explicit understanding of how the B Lab audit impacts ‘what is considered’ and ‘what is valued’ by firms that do not certify corresponds with many questions relating to whether B Corp certification meets the criteria of a ‘separating equilibrium’ (Akerlof, 1970; Spence, 2002). This speaks to the prosocial signaling strength that B Corps may benefit from now and in the future. For instance, our own field work suggests that many CBCs find little consumer-facing value in the B Corp brand. These impressions and anecdotes need to be systematically validated in future research. Little is known too about signal noise within the certification environment. As stakeholders become better acclimatized to B Corp analytics, brand signals may change; and some ventures may simply be better off taking an incremental approach to aligning their motivations, behaviors and impacts with evolving impact investing cultures than taking the cold plunge accompanying certification. Research is needed to clarify these choices and how they play out in practice.

Our framework explicating the entrepreneurial journey through prosocial certification raises several further research questions, too. For example, what are the roles of underlying organizational characteristics, designs, innovative platforms, and identities when considering outcomes like legitimacy, impact and growth? These questions intersect with current research on categories, distinctiveness, and reputation, among others. Also, how does certification and de-certification relate to entrepreneurs’ strategies for managing reputation or legitimacy? Do the opportunity and metamorphosis work processes identified provide insight into how and why some organizations lean toward valuing one type of impact (economic or others) over the other, and with what effects?

Scope also exists to move the theoretical dial in other fields. For example, what can the context of CBCs and process of certification/de-certification add to the growing literature on category straddling, category change and the establishment of categorical distinctiveness? Are there strategies that some entrepreneurs undertake that allow them to better position themselves to stand out from ‘the certified crowd’ (Gehman and Grimes, 2017)? Another interesting question is whether the superseding work after de-certification allows some organizations to create new categories and gain distinctive legitimacy within their peer groups, both broad and narrow. Moreover, there is a tremendous opportunity for scholars to develop existing theory on both internal and external impact measurement mechanisms and paradoxes. For instance, CBC scholars may be better positioned to answer questions pertaining to whether social impact performance penalties may also apply as well as economic penalties when considering the breadth of category spanning activities that prosocial organizations pursue (see for example, see Hsu et al., 2009; Leung and Sharkey, 2014; Negro and Leung, 2013 for a review).

Also, how might the understanding of prosocial business modeling be advanced when considering the opportunity stratification, identity metamorphosis and sedimentation work undertaken when considering and committing to third party audits? Currently, the field of business modeling is ‘unsettled art’ (Ovans, 2015) and requires significant research effort in relation to pro-sociality and certification. Grimes et al. (2013) have suggested that social value be woven into the fabric of start-ups from the moment of origin, yet little is known about the relationship among opportunity recognition, business model design and moral self-regulation at the start-up stage, and its significance to survivability and performance at later stages (Albert and Whetten, 1985; Katre and Salipante, 2012; Muñoz et al., 2018; Navis and Glynn, 2010).

Our special issue also translates the polar attributes of social and financial imprinting effects into various types of opportunity-stratification work. For example, how may changes to financing be reflected and better understood within the certification process? The persistent differences in financial preferences Siquiera et al. identify are hardly inconsequential: by limiting the financial options for each opportunity-iteration, they prolong the time spent figuring out which improvements to undertake (Sharma et al.) and whether they are worth undertaking (Conger et al.). There are, of course, significant trade-offs in doing so – which only loom larger, even bordering on the dangerous, especially if protagonists’ own values and the everyday needs of their ventures continue to diverge in between (re)certification events, leading to a deepening effect that leads to one action or the other (re-certification or lapse). Moreover, these studies suggest that prosocial certifications may shorten the lifespan of B Corps, heightening the uncertainty and peril that entrepreneurial protagonists may enact the deeper down the rabbit hole they go. Questions pertaining to investment and financing strategies naturally emerge, too: for example, how does obtaining venture capital alter the number of progressive iterations for different CBCs?

Among many excellent questions emerging from our special issue, some require urgent attention. These include: a) Whether or not designing for adaptability or designing for lock ins may have later significance to the prosocial certification process; b) What and how founding conditions of prosocial startups entail balanced social and economic impact subsequently; c) Whether CBCs should entertain the prospect of rapid growth unless they can therefore solve massive social and sustainable challenges; and d) The relationship between prosocial certifications and de-growth, as well as other negative outcomes.

There would also seem to be potential to investigate how the opportunity work conducted over the lifecycle of prosocial certification shed light on tensions among identities and opportunities, and whether these tensions can be resolved through the effective layering of new imprints or the strengthening of old ones. The concept of opportunity sedimentation may provide a good basis for analysis of this question, explaining how identities and opportunities may be more successfully aligned. One can also ask whether the reconfigural aspects of sedimentation and superseding work can explain how some organizations authenticate themselves against the right audiences to align with certain opportunities. Some hybrid organizations may also seek self-categorization by adopting their own measurement schemes as they navigate through uncertain markets. We need to know more about when and how entrepreneurs

make decisions that either reconfirm or reprioritize certain strategies and behaviors when engaging in prosocial measurement processes.

From our vantage point, we see several potential contributions to theories of entrepreneurship as well. First and foremost, pro-social certification affords new beginnings, at least for the pro-social components of an opportunity. These beginnings are not free, but they seem worthwhile, especially for the old and large firms, which already have established routines and can benefit from tinkering with smoothly running opportunities. In direct contrast to established theory, older and larger firms that have ‘paid their dues’ and accrued the costs associated with configurational and identity based changes may actually possess competitive advantages when certifying. This consideration turns much of what [Stinchcombe \(1965\)](#) had to say about new firm creation, liabilities and opportunities on its head when considering the adoption of certification. While young and small firms may find such new beginnings much more challenging and costly, they are disproportionately eager to undertake multiple iterations to line-up their opportunities with what many others, B Lab included, value. This sparks the question of not only why entrepreneurs start up pro-social and when, but also how? For instance, how may certification processes trigger the discovery of new opportunities within larger and older companies? Conversely, when considering pro-social start-ups, what aspects of the liabilities of newness may not apply when the certification process is embarked upon earlier or later in the entrepreneurial journey? So far, [Munoz et al.](#) have pointed out potential disadvantages for entrepreneurs who start ventures using certain sequences. But in the light of the overarching entrepreneurial journey, are there also advantages to gaining certification by young firms that may not be as effectively mobilized by larger and older firms? Research on this question could align well with research on newly minted, ‘Born B’ ventures.

As to the question of which ventures certify, the valuation component referred to above bears underscoring because it reverses taken-for-granted premises that underdogs may have it harder ([Miller and Breton-Miller, 2017](#)). In fact, [Grimes et al. \(2018\)](#) find extraordinarily robust benefits for women – who are disproportionately more likely to move early, and stay the course longer, than their male counterparts. This positive deviance effect suggests that, while costly, the opportunity work undergone by women choosing the B Corp certification is worthwhile, indeed priceless, because women entrepreneurs may have no other means to socially validate their beliefs and identities. Other scholars less immersed in entrepreneurship may seek to examine these positive deviance effects attributed to certification as a means to not only comprehend certification behaviors in uncertain conditions, but also to better understand links between gender-based decision making and pro-sociality from other perspectives. For instance, positive deviance effects relate to how social movements come about, how organizations adopt new practices, and whether or not these behaviors and strategies may be replicated in less tangible and non-geographical ways such as the embedded networks and spaces within the digital frontier relevant to entrepreneuring and prosociality ([Moss et al., 2018](#)).

For those entrepreneurs who are driven by pro-social motivations, these new beginnings brought about by certification may effectively reset opportunity-work – to new and evolving benchmarks. It is important to remember that before ‘Born B’s’, no B Corp started from scratch. They had already settled on an opportunity. These new beginnings open up opportunities for third-party input while stressing the need for further work on how protagonists deal with not only on whom to rely, but also how to keep values, identities, and opportunities intact instead of being sidetracked to deliver on what others think the opportunity could or should be. This rekindles attention to one of the most established concepts in entrepreneurship – what an opportunity is, when and why it should be ‘valued’ and how it evolves. Clarification is needed as to how multiple third parties can coordinate to enact processes that create new prosocial entities, and ultimately, how they may lead to consequential direct actions taken, without ex ante judgment on what constitutes success. As we’ve seen with B Lab and decertification, failure may still be a good thing!

Furthermore, there is much to be said about the certification process in relation to entrepreneurs who may not be very prosocially inclined. If the experiences that entrepreneurs undergo change them in some way, do the opportunities change as well? We believe our framework is a first step in showing how entrepreneurs iteratively blend in such third-party input, updating their aims and reconfiguring their practices to imprint identities alloyed with new prosocial opportunities so that they may endure over time. This work has the potential to contribute to a long-standing debate ([Suddaby et al., 2015](#); [DeSantola and Gulati, 2017](#)) on the nature of opportunities as well as the contradictory positions of imprinting and reflexivity to firmly nudge it toward a middle ground. By not only confirming what is less likely and more likely to endure, but also providing evidence for opportunity rebirth within identifiable sensitive periods beyond start up, we show how the pathways extending from founding conditions may be unsettled when opportunities are linked to either prosocial motivations or alloyed identities.

We also anticipate many new conversations emerging from this work that speak directly to theories of entrepreneurship. For instance, how might social impact measurement affect or recalibrate opportunity processes and how they relate to imprinting and change processes? A long-standing theory in the accounting field states that what gets measured is often emphasized, but little work has been done to advance our understanding of how social impact measurements impact the entrepreneurial process ([Rawhouser et al., 2015](#)). Moreover, some entrepreneurship theories suggest that individuals effectuate rather than causally cognate; or act as bricoleurs by socially constructing their opportunities or improvising when in environments of extreme resource constraints. Thus, another relevant question is: “How may effectuation or bricolage behaviors change when confronted by social impact measurements?” Extending from this, might the stratification and metamorphosis work detailed in our framework become more attenuated or ignored completely by effectuators and bricoleurs? We still do not understand whether and how the certification process may act as a sensitive period for different ‘theoretical’ types of entrepreneurs. Thus the ‘sensitive windows’ identified by our prosocial certification framework may allow for the acute examination of whether or not entrepreneurs may be triggered to move from effectual to causal processes and back again; or from engineering to improvisation.

To conclude, the pro-social life-cycle is preceded by specific venturing and opportunity choices. But, it is not necessarily nested within broader venture or opportunity cycles. In fact, it may completely reset or even reverse these cycles. In doing so, prosocial certifications are not merely changing past opportunities. Although they start there, in several cases they can diverge substantially,

leading to the birth of entirely new concepts and radical, even revolutionary practices. Even those which no longer fit into the B Lab assessments or the benchmarks set by other prosocial categories can begin a new life within the category – or migrate to other categories that invite other third parties into the opportunity work. The framework we have proposed in this article singles out the effects of different stages of the pro-social process on the opportunity, claiming that each stage calls for different types and intensity of opportunity, metamorphosis and sedimentation/superseding work, each with its own costs and consequences.

## 7. Conclusion

B Lab represents a global pro-social movement to inspire a community “who meet the highest standards of verified, social and environmental performance, public transparency, and legal accountability” (B Lab). In doing so B Lab's aim is to improve mission alignment and measurement of business impact. Over recent years this community has grown, and its journey of change has unfolded in many of our backyards. Yet, empirically, we still know little about it.

The goal of this special issue was to bring together leading scholars to showcase the importance of this topic, beyond the idealistic or romantic notions of pro-social motivating. We have sought to answer the question of ‘why should entrepreneurship scholars care about Certified B Corps as a context for study?’ Hopefully we have provided some convincing arguments to this question. Whether or not the implications of B Lab certification may be good, bad or otherwise, the plain truth is that the entrepreneurial journey of Certified B Corps is profoundly interesting and complicated, as our five papers and framework suggests.

There are many prosocial venturing questions that are yet to be answered. Our goal has been to signal the importance of this phenomenon at this early juncture and the immense impacts that it may have on the broader scholarly, social, environmental and economic audiences concerned. We challenge motivated scholars to collectively focus their efforts on understanding the Certified B Corp landscape, from individual, organizational and/or institutional perspectives; and to seek convergence amidst a growing field of definitional, conceptual and theoretical divergence. From our position we see each of these avenues to be well positioned to answer fundamental questions about the evolution and importance of prosocial organizing.

We hope that the impact of this special issue extends beyond just scholarly research. As educators we have an equal responsibility to understand more about prosocial movements such as Certified B Corps. Many of our students will be joining or even founding such organizations. This will require a deeper understanding of the entrepreneurial journey of certification, the challenges faced by these entrepreneurs, the impacts of the certifying choice on performance and growth, and ways of harnessing market signaling mechanisms and legitimizing the pursuit of both profit and purpose. Educational initiatives will only be stronger if we can give evidence-based answers about certification to our students.

We close with these final thoughts. Grand challenges require new organizational solutions. Certifying organizations such as Certified B Corps may or may not be an ideal organizational category by which to combat these global challenges. Even if they are not, they may still be an important step in a shift to new paradigms of structure and action. Regardless, this special issue views Certified B Corps as directly and indirectly influencing ongoing opportunity recognition and development processes which are of direct interest to researchers eager to understand the intersection of prosocial organizing and entrepreneurship. The seeds for addressing grand challenges may be present in the most unexpected opportunities.

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