

**HYBRID SOCIAL ENTERPRISE: COLLECTIVE ACTION, IDENTITY,
AND HYBRID BUSINESS MODELS**

By

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ABSTRACT

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Hybrid Social Enterprise: Collective Action, Identity, and Hybrid Business Models

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Hybrid social enterprises (HSE), firms organizing with the purpose of simultaneously creating social welfare and economic profit, have experienced explosive growth entering the first decades of the 21st Century. An increasing number of organizations that blur the distinction between social and business sectors are emerging. However, the long-term implications of HSE are not yet known. In this dissertation, I illuminate each of the above issues by addressing the overarching research question: *How are hybrid social enterprises created, legitimated, and sustained?* Specifically, I examine: 1) How and why is HSE emerging as a new kind of organizational form? 2) What causes firms and individuals to engage in HSE? and, 3) What are the performance implications for those firms that do?

My work addresses social firm performance, hybridity of identity and organizational form, collective action among firms and individuals, and the establishment of new interstitial organizational forms and fields. In doing so, my hope is that this dissertation advances both the study and practice of social enterprise and fosters a better understanding of the role business organizations and entrepreneurial ventures can play in addressing humanity's most important and persistent problems

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CHAPTER 1: INTRODUCTION

Hybrid social enterprises (HSE), firms organizing with the purpose of simultaneously creating social welfare and economic profit, have experienced explosive growth entering the first decades of the 21st Century. An increasing number of organizations that blur the distinction between social and business sectors are emerging (Battilana & Lee, 2014; Dacin et al., 2010; 2011; Miller et al., 2012; Pache & Santos, 2013). However, the long-term implications of HSE are not yet known. Its effectiveness in addressing social and environmental problems and potential for improving the financial sustainability of social endeavors has yet to be determined. Given the growing attention HSE has received from the media and scholars alike, it has gained sufficient prominence to be viewed as a nascent organizational field (Fligstein & McAdam, 2012)¹. A growing population of organizations and actors are working to carve out space for the field at the intersection of business and charity. The fate of this nascent organizational field is consequential because of its promise of providing new, innovative, and more sustainable solutions to society's most difficult problems. Indeed, HSE has been directed toward problems of poverty, education, health, human rights, and environmental degradation (Mair & Marti, 2006; 2009; Seelos & Mair, 2005; York & Venkataraman, 2010). HSE may be able to address market failures such as negative externalities (Conger & York, 2012; Dean & McMullen, 2007; York & Venkataraman, 2010), alter cultural norms and power structures (Mair & Marti, 2006), fill institutional voids (Mair & Marti, 2009), and promote new organizational forms (Mair & Marti, 2009).

The social entrepreneurship literature has coalesced around the concept of the hybrid organization (Battilana & Lee, 2014; Hervieux et al., 2010; Lumpkin et al., 2013; Moss et al.,

¹ Fields are defined as “the basic structural building blocks of modern political/organizational life in the economy, civil society, and the state” (Fligstein & McAdam, 2012:3)

2010, Pache & Santos, 2013; Zahra et al., 2009) that blends together logics previously seen as incompatible. For example, microfinance, renewable energy, and for-profit homeless shelters have all been advanced as hybrid organizational forms. Organizations characterized by this new hybrid form simultaneously pursue a social mission and commercial activities as interdependent, core components of their success. That is, their success and sustainability as an organization depends on aspects of both (Battilana & Lee, 2014). This hybrid concept separates social enterprises from commercial firms peripherally pursuing corporate social responsibility (CSR) initiatives, as well as charitable non-profit organizations expanding into limited revenue-generating activities simply to supplement the philanthropic resources they receive.

The fate of social enterprise as an organizational field is important to the broader study of organizations that bridge multiple fields, logics, or institutions (Kraatz & Block, 2008; Greenwood, 2012). HSE provides an ideal context in which longstanding organizational theories can be expanded and elaborated and the causes and implications of organizational hybridity can be better understood (Battilana & Lee, 2014; Pache & Santos, 2010; 2013). Moreover, HSE is a unique context in which issues of sustainability, public goods, morality, values, ideology, and spirituality are central. HSE therefore provides an opportunity to better understand the importance of meaningful work, the integration of values and enterprise, and the relationship between business and society.

HSE faces challenges at the institutional level. This new form must gain legitimacy in order for organizations, and the field as a whole, to gain and retain access to resources (Austin et al., 2006), fend off challenges from incumbent fields (Dacin et al., 2011), and promote a growing population of organizations and their survival (Lumpkin et al., 2013). For these reasons, the legitimation of a new hybrid social organizational form may be the lynchpin to the future of

social enterprise. The success of this effort relies in large part on the collective action of firms, individuals, and supporting organizations (e.g. foundations, accelerators, lobbyists) in the new field. This collective action raises questions about the movement's objectives and their significance, the characteristics of the movement itself, the organizations and individuals that become actively engaged in it, and the importance of the context in which it operates.

Bridging the fields of philanthropy and business also presents many challenges to individual HSE's. These organizations may experience internal tension in trying to optimize social and financial pursuits (Pache & Santos, 2013). They may also struggle to maintain economic viability due to their focus on disadvantaged "customers" who cannot pay for products or services (Seelos & Mair, 2005) and their subsequent need to demand a premium from other customers and/or investors (Reinstein & Song, 2012). Hybrid social firms also draw from a more limited pool of financial and human capital since their hybrid goals prevent them from maximizing either social or economic value to the exclusion of the other (Austin et al., 2006). This limitation also increases the chances of conflicting external demands from multiple stakeholders (Wry et al., 2013) and of failure (Lumpkin et al., 2013). Despite wide recognition of these challenges, we know little about the ideological and strategic orientation of hybrid social firms or the implications organizing as a hybrid social enterprise has on the firm's identity. Likewise, how individuals who join or found hybrid social firms view the purpose and meaning of their work or their involvement in the larger social enterprise movement has been relatively unexamined.

In this dissertation, I illuminate each of the above issues by addressing the overarching research question: *How are hybrid social enterprises created, legitimated, and sustained?* Specifically, I examine: 1) How and why is HSE emerging as a new kind of organizational form?

2) What causes firms and individuals to engage in HSE? and, 3) What are the performance implications for those firms that do?

Research Context – Hybrid Social Enterprise and the Benefit Corporation in the United States

Hybrid organizations bridge two or more existing organizational fields or institutional logics (Battilana & Dorado, 2010). They are composed of important elements of each of the logics that they span, residing permanently at the nexus of two or more different fields and maintaining a firm foothold in each (Battilana & Lee, 2014). Hybridity has been of particular interest to organizational scholars because of its relevance to pluralism (Kraatz & Block, 2008) and institutional complexity (Greenwood et al., 2011) at the institutional level and identity combination and tension (Golden-Biddle & Rao, 1997; Pratt & Foreman, 2000; Glynn, 2000) at the organization level. In each of these perspectives, hybrid organizations face unique challenges and opportunities because they combine differing and potentially conflicting logics.

Recently, the literature on social and sustainable enterprise has seen the hybrid form of social enterprise emerging as the dominant definition of organizations that span business and charity logics (Battilana & Lee, 2014; Hervieux et al., 2010; Lumpkin et al., 2013; Pache & Santos, 2013; Zahra et al., 2009). By this definition, social enterprises are neither commercial firms secondarily focusing on corporate social responsibility initiatives, nor charities expanding their funding models to include revenue-generating activities. Rather, they are hybrid organizations with both commercial and social objectives at the core of their mission and behaviors (Battilana & Lee, 2013; Pache & Santos, 2012). Thus, hybrid social enterprise is about more than achieving a balance between core organizational objectives and peripheral concerns of

varying importance. Instead, hybrid social firms seek to *optimize* the simultaneous pursuit of both social and commercial core objectives (Zahra et al., 2009).

Recent examples of hybrid organizations abound in the organizational theory literature (e.g. Battilana & Dorado, 2010; Djelic & Ainamo, 2005; Glynn & Lounsbury, 2005; Jay, 2013; Lee & Battilana, 2013; Pache & Santos, 2013; Reay & Hinnings, 2005; 2009). However, the institutionalization of new hybrid organizational fields that fill a gap at the interstices of multiple incumbent fields, effectively bridging rather than directly challenging them, has received little attention.

Practitioners, the popular media, and some scholars, tout the simultaneous pursuit of profit and social good as a silver bullet to solving society's most vexing problems. While the potential of social enterprise to benefit the commons is a central concern to organizational scholars (Mair & Marti, 2006; Miller et al., 2012), the phenomenon is equally important to the study of hybrid forms and organizations because of the tensions, trade-offs, and complications in decision-making and strategy inherent in this context. The study of HSE allows us to extend and re-think organizational theories. In relaxing assumptions of an overriding motivation to solely pursue profit for shareholders, we may rethink boundary conditions of business and philanthropy. Despite this promise, scholars have struggled to find examples of hybrid social enterprise that can be clearly defined and that are empirically tractable (Short et al., 2009). The Benefit Corporation is a growing category of hybrid social organizations that shows promise for overcoming these problems.

The Benefit Corporation in the United States - The emergence of the benefit corporation in the United States provides one of the most promising contexts for HSE research. Broadly speaking, benefit corporations can be defined as hybrid organizations that simultaneously pursue

economic and social wealth. B-Labs, the non-profit around which the benefit corporation movement is organized, describes benefit corporations as follows:

Benefit Corporations are a new class of [for profit] corporation that are required to create a material positive impact on society and the environment and meet higher standards of accountability and transparency [to stakeholders] (Benefitcorp.net).

More specifically, the terms “benefit corporation,” and “B Corp” can refer to two different designations: B Corp certification, and legally incorporated benefit corporations. These and related definitions are summarized in Table 1.1 and are discussed in more detail below.

Table 1.1 - Benefit Corporation Definitions

	Definition
Benefit Corporation *	Benefit corporation is a legal designation 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 April, 2014, 22 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, 3) an obligation to publicly report on social performance using a third party standard. The state of Washington also has an equivalent legal organizational form known as the Social Purpose Corporation (SPC).
Certified B Corp (or B Corp) *	B Corp Certification is a voluntary certification standard administered by the nonprofit, B Lab. Companies that have achieved B Corp certification are commonly known as B Corps. In order to certify, a firm must score at least 80 of 200 possible points on the B Impact Assessment, submit to a comprehensive audit of their corporate practices, and pay an annual certification fee of between \$500-\$25,000 based on its annual sales. Certifications are valid for two years. In the interim, certified firms agree to random, comprehensive on-site audits in order to maintain certification.
B Impact Assessment (or B Assessment)	The B Impact Assessment is a comprehensive questionnaire comprised of over 100 questions related to community relationships, impact on customers, environmental impact, treatment of employees, and corporate governance practices. B Assessment is also the first step in the process of B Corp certification.
B Lab	B Lab is a 501(c)3 nonprofit located in Philadelphia, PA. B Lab administers the B Assessment and B Corp voluntary certification program. B Lab also engages in mobilization and political lobbying efforts to introduce and pass benefit corporation legislation at the state level.

* NOTE: Although many *registered* benefit corporations are also *certified* B Corps, this is not always the case. The benefit corporation is a legal designation while B Corp certification is a voluntary certification. An organization may, therefore, be a benefit corporation, a B Corp, or both.

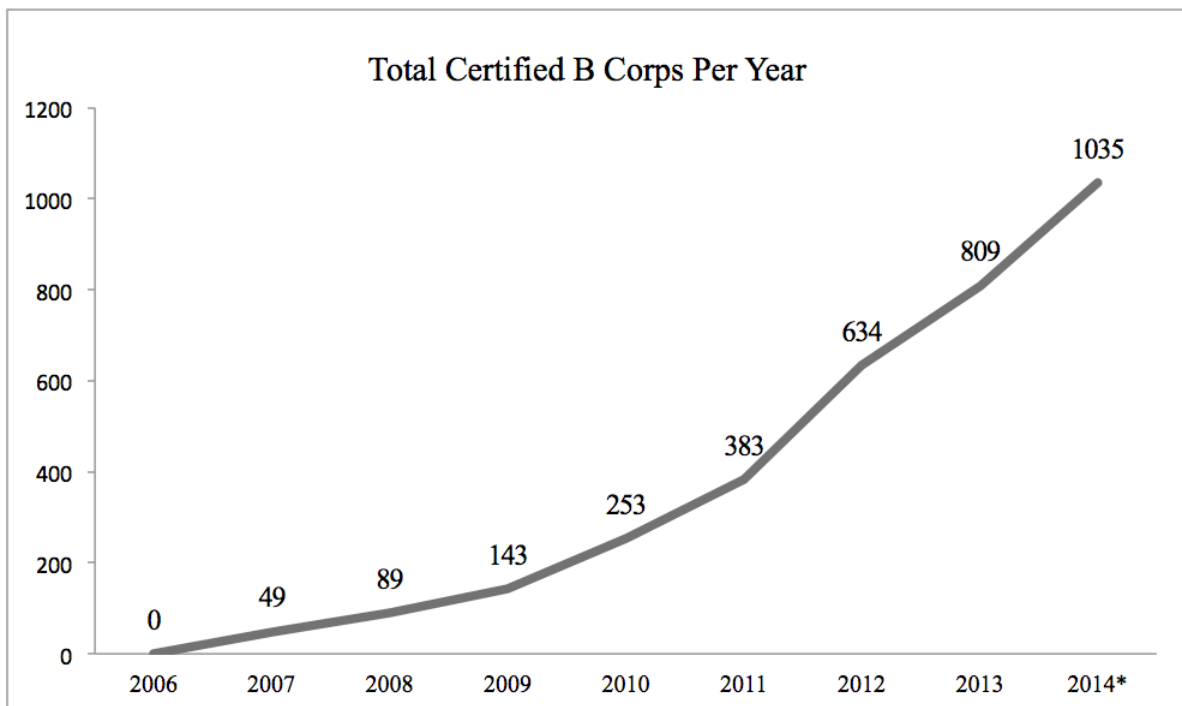
B Lab and the B Corp Movement - on a national level, B Lab, a 501(c) 3 nonprofit located in Philadelphia, PA, coordinates collective action and framing efforts related to benefit corporations. B Lab was founded in July 2006 by a small group of entrepreneurs and attorneys

committed to the goal of advancing social enterprise. The organization engages in three primary activities to pursue this objective. First, it administers a voluntary certification assessing the social and environmental performance of applying firms known as the B Corp Certification. Second, it engages in mobilization and political lobbying efforts to introduce and pass legislation at the state level that establishes the benefit corporation as a legal organizational form. Third, B Lab administers a benchmarking and reporting standard to rate impact investment funds. This dissertation empirically focuses on the voluntary certification and political efforts of B Lab and Benefit Corporations.

All of B Lab's activities are interrelated and go hand-in-hand with its broader efforts to mobilize individuals and organizations to collective action in support of them. B Lab's mobilization efforts include ongoing recruitment and framing activities via their website, blogs, social media, press releases, media appearances, entrepreneur meet-ups, and special events. Through these outlets, B Lab encourages entrepreneurs, executives, investors, and consumers to "Join the movement," "Use business as a force for good," "work together... to redefine success in business," and "B the change" (Bcorporation.net). In addition, B Lab organizes fundraising efforts to support the movement, coordinates campaigns to lobby state legislators, and promotes consumer patronage of B Corps and socially/environmentally-responsible products such as fair-trade goods, renewable energy, and organic foods. By integrating their recruitment and framing with efforts to spur collective action, B Lab functions as the de-facto coordinator of a social movement whose goal is to establish, legitimize, and garner resources for social enterprise around the world and, particularly, in the United States. I will discuss the B Corp movement in more detail in Chapters 2 and 3.

B Impact Assessment and B Corp Certification - B Corp certification is a voluntary certification standard for for-profit firms that wish to pursue work that connects to a larger, societally beneficial, purpose. Specifically, B Corp certification signifies an increased and lasting organizational commitment “...to meet rigorous standards of social and environmental performance, accountability, and transparency” (bcorporation.net). As of June 2014, there were more than 1000 certified B Corps world-wide, 25% more than the total just six months prior. Most of these were located in the U.S. Figure 1.1 illustrates the growth of certified B Corps from 2006 to June 2014. Most certified B Corps were registered as C or S corporations (46.7%) or limited liability companies (35.1%), and most were relatively small with 59.1% having 10 or fewer employees and another 28.3% having fewer than 50 employees (B Labs). Comprehensive summaries of B Corp structure and size numbers are illustrated in Figures 1.2 and 1.3.

Figure 1.1 - B Corp Certification Growth, 2006-2014



* Total as of June 15, 2014

Figure 1.2 - Breakdown of B Corps by Legal Form

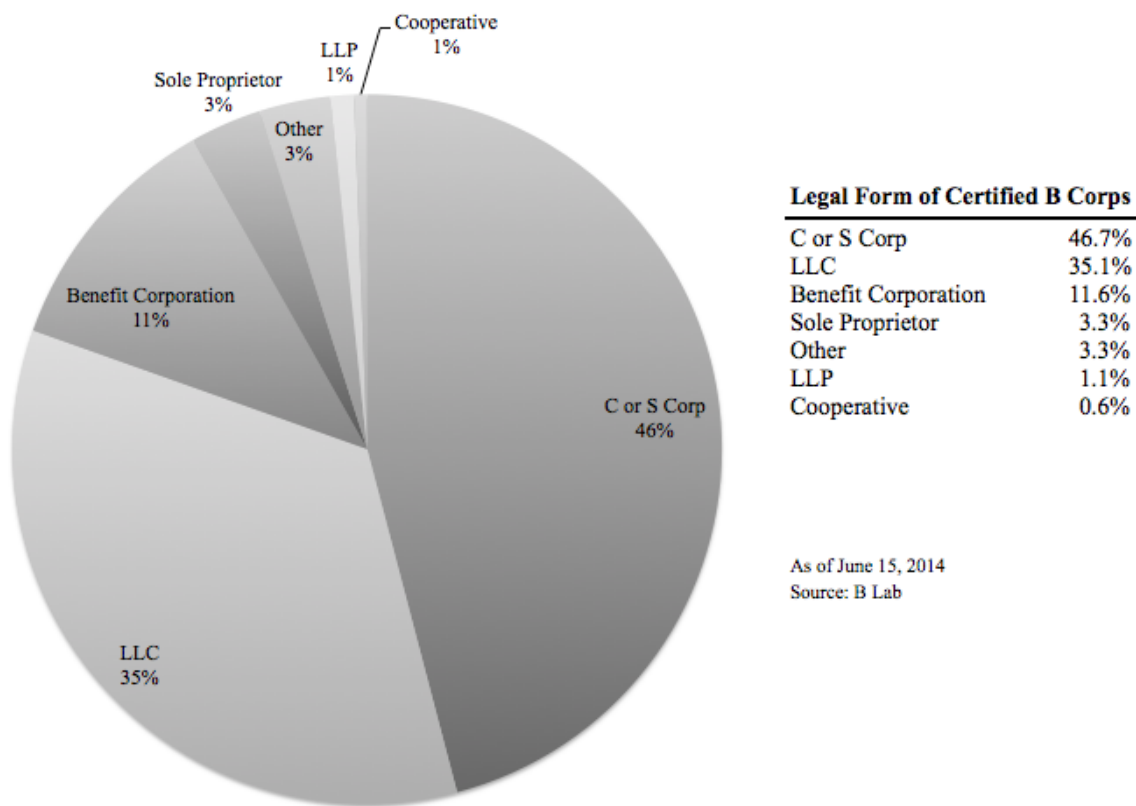
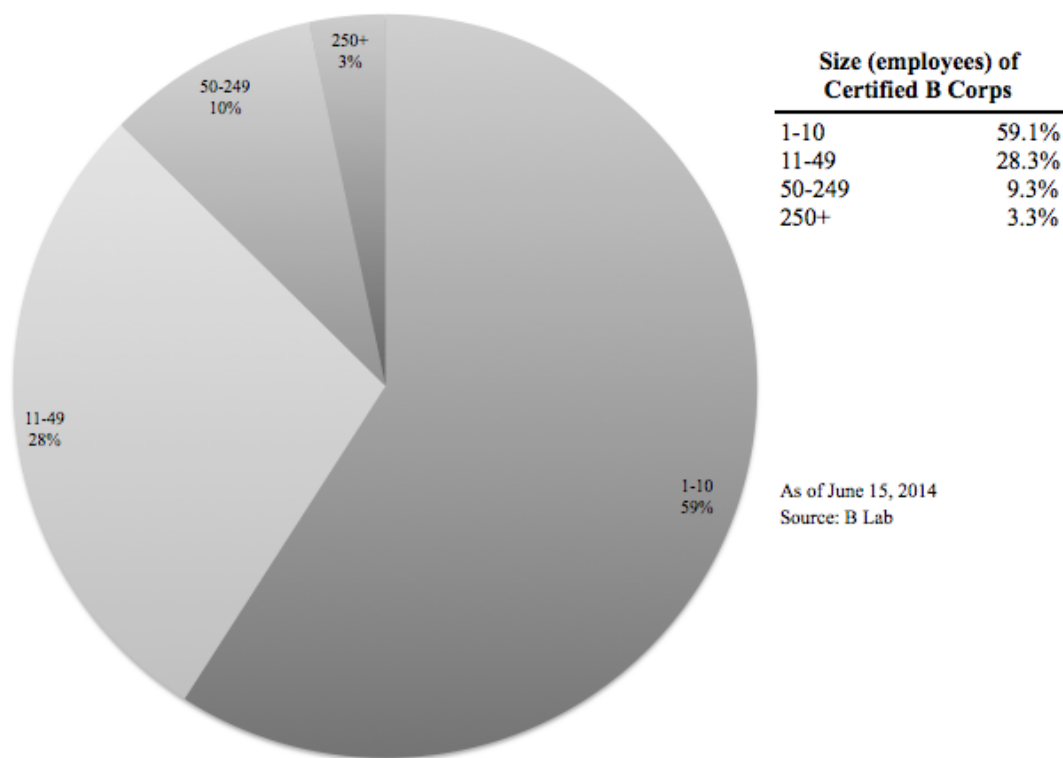


Figure 1.3 - Breakdown of B Corps by Size



The B Corp certification process is rigorous and intended to be immune to “greenwashing”. Firms seeking certification first take an online B Impact Assessment comprised of over 100 questions related to community relationships, impact on consumers, environmental impact, treatment of employees, and corporate governance practices. Applicants that achieve or exceed a set minimum score (80 of 200) are eligible for certification and may continue the process. Less than 20% of applicants who complete the online assessment meet this minimum threshold. The next step involves a comprehensive audit of the firm’s operations and activities as they relate to the assessment (A sample assessment is included in Appendix 4.2.)

In this audit, firms submit supporting documentation and disclose any further requested information to B Lab via questionnaires and interviews with assessors employed by B Lab. After meeting these performance requirements, applicants must determine, in consultation with B Lab, the most appropriate way to legally structure or restructure their organization under the current corporate code in their state. This includes obtaining board and shareholder approval and agreeing to amend articles of incorporation with the local secretary of state within one year of certification. Finally, the certified firm signs a term sheet and a “declaration of interdependence,” and pays an annual certification fee of between \$500-\$25,000 based on their annual sales. Table 1.2 outlines the certification fee schedule. Certifications are valid for two years after which the process must be repeated for recertification. In the interim, certified firms agree to random, comprehensive, on-site audits in which they must demonstrate successful enactment of their social/environmental initiatives in order to maintain certification.

Table 1.2 - B Corp Certification Fee Schedule

Annual Sales	Annual Fee
\$0 - \$999,999	\$500
\$1 MM - \$4,999,999	\$1,000
\$5 MM - \$9,999,999	\$2,500
\$10 MM - \$19,999,999	\$5,000
\$20 MM - \$49,999,999	\$10,000
\$50 MM - \$99,999,999	\$15,000
\$100 MM+	\$25,000

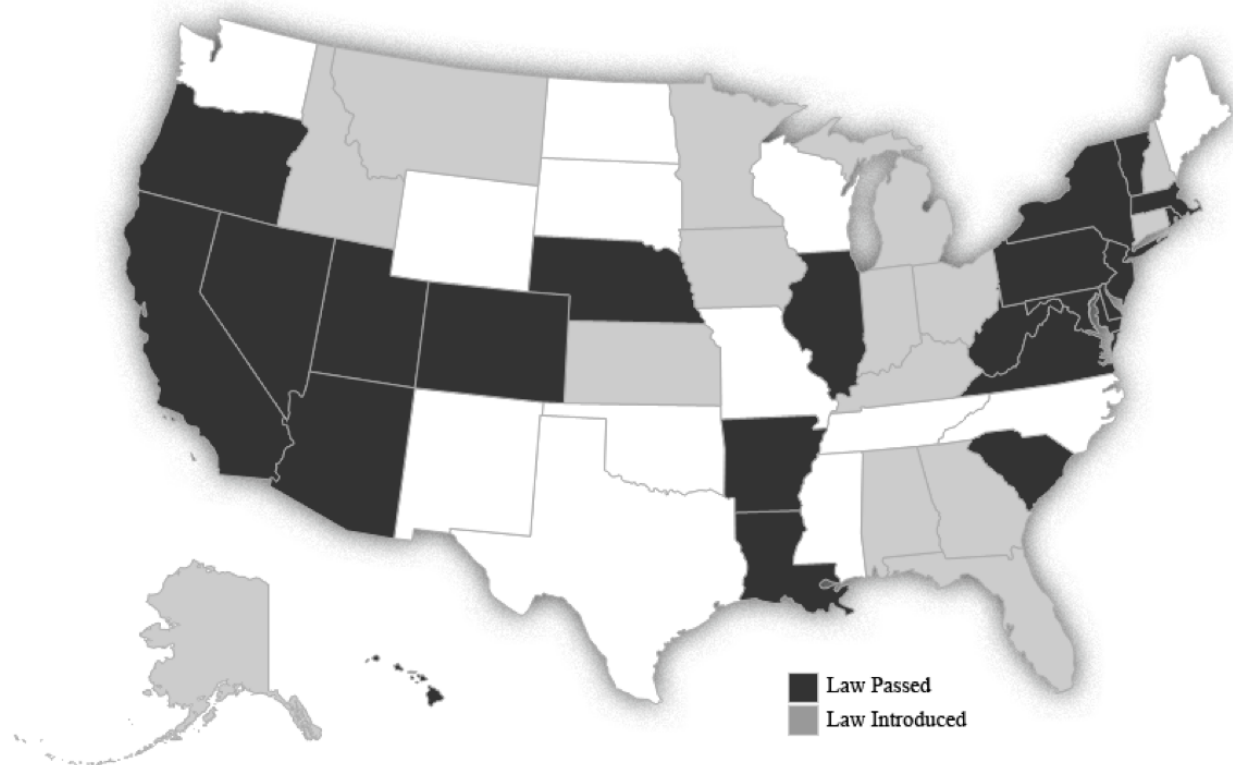
source: bcorporation.net

B Corp certification is proposed to offer potential benefits to certified firms. They may use the distinction as a way to establish new partnerships, generate press, attract investors, measure their social/environmental performance, seek legal protection for their social mission, and attract and retain employees. In addition to these potential benefits to the individual firms, the growing number of certified B Corps represents increasing participation in the B Corp movement and contribution to the collective action in which it engages. Perhaps the most prominent of these activities is the initiative to establish the benefit corporation as a new, legal organizational form in each of the U.S. states.

The Benefit Corporation as a Legal Form of Incorporation - The legal forms under which an organization may incorporate in the United States are determined at the state level. As of August 2014, 22 states and the District of Columbia had passed legislation to allow incorporation as a benefit corporation and just over 200 organizations had filed articles of incorporation as benefit corporations in those states (Benefitcorp.net). Benefit corporation legislation had also been introduced in 14 other states. Importantly, Delaware, a bell-weather for national trends in corporate law, enacted benefit corporation legislation in July 2013, joining New York and California. Together, these three states are home to the overwhelming majority of

all publicly traded and Fortune 500 companies. Figure 1.4 illustrates the diffusion of benefit corporation legislation in the U.S. As of August 2014.²

Figure 1.4 - Benefit Corporation Legislation in the U.S. (April, 2014)



The exact legal definition of a benefit corporation varies, slightly, by state; however, all states' benefit corporation bills/laws stress three essential components. B Lab summarizes these three components as: 1) a benefit corporation must have a corporate purpose to create a material positive impact on society and the environment; 2) an expansion of the duties of directors to require consideration of non-financial stakeholders as well as the financial interests of shareholders; and 3) an obligation to report on its overall social and environmental performance using a comprehensive, credible, independent and transparent third-party standard. The enacting state's benefit corporation statutes are placed within existing state corporation codes; hence, the

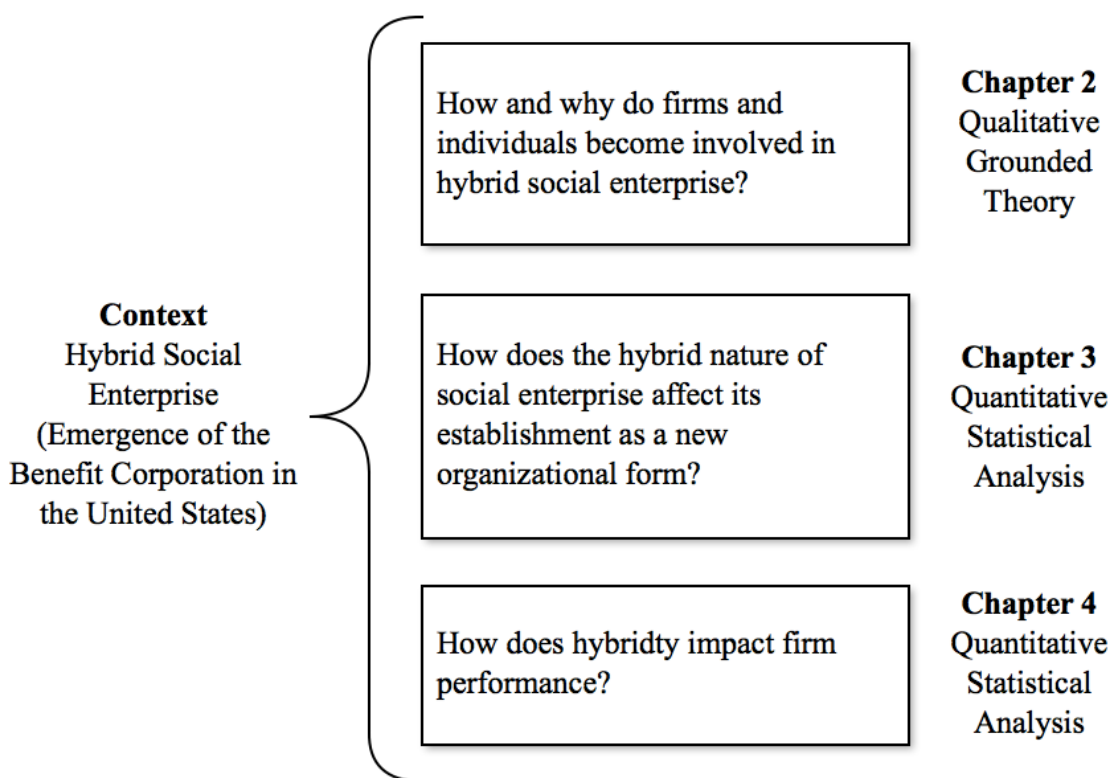
² Appendix 1.1 presents a historical chronology of events in the formation of B Lab, the B Corp movement, and benefit corporation legislation in the United States from July 2006 to August 2014.

enacting state's existing corporation code applies to benefit corporations in every respect except those explicit provisions unique in the benefit corporation form (Benefitcorp.net).

Overview of Chapters

The study is conducted in the context of hybrid social enterprises that are actively involved in the benefit corporation movement in the United States. I approach my overall research question through three studies, each focused on a specific question. Figure 1.5 provides an overview of the dissertation and how each paper fits within it.

Figure 1.5 - Dissertation Context and Research Questions



Chapter 2: How and why do firms and individuals become involved in hybrid social enterprise? - This chapter is an inductive study of the narratives of leaders and participants in the B Corp movement using a grounded theory approach (Locke, 2001) following the Gioia method (Gioia et al., 2013). I develop a process model of the way in which firms and individuals become

aligned with and become active participants in HSE and the B Corp movement. Data were collected through interviews with B Corp movement leaders as well as HSE firm founders/executives/employees at B Corps and at firms that only considered or attempted B Corp certification. Data collection also included analysis of media coverage, archival documents, and field observation. I conducted 15 semi-structured, 45-120 minute interviews as well as 13 short, structured “mini-interviews” focused on single, specific questions. I have also collected and analyzed 77 articles from major news and business publications, 253 pages of documents from B Corp headquarters archives and website, 1000+ B Corp company profiles and 70 minutes of B Corp online videos. These analyses were supplemented by 32 hours of field observation at B Corp meetings and events and many informal interactions with B Corp leaders and participants. The result of this study is a process model, outlining the process through which individuals and organizations become involved in: 1) the movement towards a hybrid social enterprise, and 2) the broader movement to justify the new, emergent field of social enterprise.

Chapter 3: How does the hybrid nature of social enterprise affect its establishment as a new organizational form? – As discussed above, the B Corp movement has been actively leading the effort to introduce benefit corporation legislation, allowing for legal incorporation as a hybrid social enterprise, since 2007. To date, 22 states and the District of Columbia had adopted such legislation and bills had been introduced in 14 more. This political effort provides a rich context in which to examine how structural elements and proximal fields affect the collective action of an organizational movement in trying to establish hybrid social enterprise as a new organizational form. I collected data on B Corp legislative action and movement participation in each state as well as the relative strength of proximal fields (business and charity) and other state-level structural measures for the years 2006-2013. Using these data, I

develop and test a model of the relationships between legislation adoption, strength of movement participation, and inter-field relationships with the proximal fields of charity and business.

Chapter 4: How does hybridity impact firm performance? - While many have theorized the nature and definition of hybrid social enterprises, we know almost nothing about the strategic implications of this emergent form. I collected five years of financial performance data on 34 certified B Corp firms using the NETS database, a longitudinal archive of Dun & Bradstreet firm data. I also collected the complete B Corp certification data on each firm which includes an overall social impact score as well as subcategory evaluation scores on governance and transparency, relationship with employees, relationship with community, and environmental policies. Using these data, I develop and test a model of how hybrid social enterprises' social mission focus, commitment to transparency, implementation of accountability policies, and firm history affect their financial performance.

Contributions

This dissertation has the potential to make several important contributions to organizational scholarship. Specifically, by focusing on hybridity in firms, forms, and fields, I illuminate some of the important implications of hybridity across multiple levels. In these three studies, I examine the meaning of hybrid social enterprise and how that meaning is collectively constructed, how hybrid institutional forms are established and interact with other forms and fields, and how hybridity and social mission affect stakeholder management and firm performance. In doing so, I am able to contribute to, and build connections between, three streams of literature: 1) the literature on individual, organizational, and collective identity, 2) the literature on collective action and new hybrid organizational forms, 3) the emerging literature on hybrid social enterprise.

Identity - The literature on identity in organizational studies is vast and continues to grow (Cardon et al., 2009; Christiansen & Lounsbury, 2013; Fauchart & Gruber, 2011; Powell & Baker, 2014; Wry et al., 2013). However, there is relatively little work in this area that examines larger systems of identity. Studies that link identities across levels of analysis, for example, are relatively rare, as are those that examine the combination of multiple and even conflicting identities. In this dissertation, I address these unexplored areas by examining the identity work processes that individuals and organizations undertake in becoming active participants in the B Corp movement, bringing their identities into alignment with the collective identity of the movement (Snow & McAdam, 2000). In doing so, I broaden our understanding of how hybridity affects individual and firm identity. I also shed light on how complex and hybrid identities are linked and become aligned across the individual, organization, and field levels. Finally, I demonstrate how identity work processes affect, and are affected by, alignment with a hybrid field and with the collective identity of a social movement in the establishment phase of its lifespan. While understanding these larger, cross-level systems of identity is difficult or impossible to do within the context of an individual study, the cumulative work in this dissertation offers an intriguing first look at these larger questions.

Collective Action and New Hybrid Organizational Forms - Throughout this dissertation, I have attempted to recognize and explain the importance of collective action for hybrid social enterprise. Combining these three studies into a larger, integrated work allows me to make several meaningful contributions to the literature on social movements, collective action, and the role of each in the study of new organizational forms (e.g. Hiatt et al., 2009; Sine & Lee, 2009; Weber et al., 2008). Specifically, I demonstrate how hybrid organizational forms are established through the efforts of collective actors, showing how proximate fields interact with the new field

and with each other to affect the establishment of these hybrid forms. I also offer new, grounded theory about the processes by which individuals' and organizations' goals, values, and identities become aligned with a larger social movement and drive them to active participation,

Hybrid Social Enterprise - Another primary objective of this dissertation is to demonstrate how social enterprise can serve as a rich research context in which to better understand complexity, hybridity, and the social/cultural/environmental implications of entrepreneurship and organizational studies. Each of the studies presented here are, to some degree, oriented toward understanding the social/cultural aspect of organization and the nature of the relationship between business and society. This dissertation contributes to the literature on social enterprise in several important ways.

First, I advocate and build upon the work of a growing group of scholars who define social enterprise as an essentially hybrid form of organizing (Battilana & Lee, 2014; Pache & Santos, 2010; 2013; Zahra et al., 2009). I directly address the meaning structures underlying hybrid social enterprise as a field and how these meaning structures are being negotiated and established. Also, I offer three empirical studies of social enterprise to a literature stream that has seen very little empirical treatment (Dacin et al., 2010; 2011; Short et al., 2009). Second, I offer a new theoretical model of how hybridity affects the performance of organizations. This both compliments and extends existing work on how social enterprises deal with the competing demands of incompatible logics (e.g. Pache & Santos., 2013). Finally, my work sheds light on how the emergence and establishment of hybrid social enterprise may point to a larger shift in the role of business in society. It is possible that the emergence of B Corps and other hybrid social forms will change the nature of organizations and how we think about them in the 21st Century.

Through this dissertation, I make a significant contribution to the study of hybrid social firms and social enterprise as an emerging organizational field. Both theoretical and empirical work are badly needed in the social enterprise literature (Dacin et al., 2010; 2011; Short et al., 2009). My work addresses social firm performance, hybridity of identity and organizational form, collective action among firms and individuals, and the establishment of new interstitial organizational forms and fields. In doing so, my hope is that this dissertation advances both the study and practice of social enterprise and fosters a better understanding of the role business organizations and entrepreneurial ventures can play in addressing humanity's most important and persistent problems.

CHAPTER 2: “B THE CHANGE”: HYBRID SOCIAL ENTERPRISE AND THE PROBLEM OF IDENTITY CORRESPONDENCE

INTRODUCTION

Organizational scholars have long been interested in the utility of business practices as tools to address social and environmental problems (Dacin et al., 2010; 2011; Kistruck et al., 2012; Miller et al., 2012; York & Venkataraman, 2010). In recent years, scholars, practitioners, and other institutional actors have begun to converge on a common definition of social enterprise that emphasizes the simultaneous pursuit of social and commercial goals (Hervieux et al., 2010; Moss et al., 2010; Zahra et al., 2009). This conception of a hybrid organizational logic positions social enterprise as an emerging field bridging business and charity (Batillana & Lee, 2014; Pache & Santos, 2013). Hybrid social enterprise offers a new perspective on the purpose of business wherein the ultimate goal of for-profit firms is to consider the interests of multiple stakeholders, not solely those of company stockholders. The rise of social enterprise as a new class of organization has been fueled by collective action and solidarity among social firms evidenced by: a) development of common practices such as fair trade, women and minority ownership, and extreme transparency; b) adoption of certifications and voluntary programs such as B Corp, 1% For the Planet, Fair Trade, and LEED; and c) the growth of foundations, mentor networks, and accelerators such as the Skoll Foundation, Aspen Institute, Unreasonable Institute, and Dell Social Innovation Challenge.

Researchers studying the emergence of new fields and forms that blend profit seeking motives with social/environmental concerns have long focused on the role of collective action (e.g. Lounsbury, 2003; Weber et al, 2008; Schneiberg, 2002; 2013; Schneiberg et al., 2008). Social movement scholars have applied social psychology theory to add a behavioral perspective to movement studies (Snow & Oliver, 1995). This literature is rooted in constructionist

perspectives from sociology and emphasizes the role of individual agency and social construction of meanings through individual/group/societal interaction. In these perspectives, the process of defining movement grievances, proposed solutions, and reasons for participation are focal. These perspectives agree that participants become actively involved in collective action because their interests, orientations, life experiences, and identities become aligned with those of the movement (Gamson, 1992; Snow et al., 1986; Snow & McAdam, 2000).

However, we know relatively little about the processes or means by which individual actors and organizations become aligned with movements, nor and the mechanisms by which this alignment leads to active participation in collective action. Snow and McAdam refer to the lack of theory on this process as the “problem of correspondence” (Snow & McAdam, 2000:42). They suggest that the processes of correspondence merit much deeper investigation that takes into account the context in which a movement operates and movement characteristics such as type and life course (Snow & McAdam, 2000; Snow et al., 1986). For example, the processes of correspondence in the context of an emerging hybrid field remain unexplored.

In the case of hybrid social enterprise, correspondence may be problematic at the individual and firm levels for several reasons. First, organizations that span multiple categories often suffer significant penalties from customers and resource providers (Hsu, 2006; Zuckerman et al., 2003). Similarly, when organizations are perceived to lack authenticity (or fail to maintain it) they are often ostracized and viewed as having been co-opted or having “sold out” (Carroll & Wheaton, 2010; York & Lenox, 2014). These are particular concerns for social enterprises as the legitimacy and purity of social mission are critically important (Austin et al., 2006; Moss et al., 2010; York & Lenox, 2014). Correspondence is also problematic at the individual and firm levels because tangible rewards for taking a hybrid social form are either very small or, at best,

are extremely difficult to quantify. Participation in social enterprise is not without costs to individuals or organizations and, while some research has shown a correlation between corporate social responsibility and performance (Agle et al., 1999; Brown & Dacin, 1997), the effect of a triple bottom line approach on the financial bottom line has not yet been determined (but, see Chapter 4 of this dissertation). Correspondence for individuals and firms is complicated by the inextricable ideological and ethical dimension of social enterprise (Austin et al., 2006; Conger, 2012; Gecas, 2000; Hemingway, 2005). There may also be complications to correspondence at the movement level. Like other instances of collective action that involve the creation of public goods, selective incentives for individuals and organizations may not exist. Such incentives are thought to be necessary to overcome fears of free riders (Olson, 1965) and/or efficacy problems (Oliver & Marwell, 1988). Also, it is possible that the same penalties for categorical ambiguity and potential failure to maintain authenticity that plague hybrid organizations also apply at the movement level (Soule, 2012).

The objective of this inductive study is to better understand the “identity/movement nexus” (Snow & McAdam, 2000:41). I do so by examining these correspondence relationships and developing a process model that illustrates the way in which firms and individuals become aligned with a hybrid field. I engaged in a qualitative study focused on the emerging hybrid social enterprise sector in the United States to address the following research questions: *How and why do firms align themselves with movement frames and identities and become active participants? How and why do individuals align themselves with these frames and identities and become active movement participants?*

I selected leaders and key participants in the benefit corporation (B Corp) movement as subjects for this study because this movement represents an idealization of hybrid social

enterprise with a well-documented history and clearly defined boundaries. I take an inductive approach, following the tenants of grounded theory (Glasser & Strauss, 1967; Locke, 2001) and Gioia and colleagues methodology for rigorous qualitative data collection and analysis (Corley & Gioia, 2004; Dacin et al., 2010; Gioia et al., 2010; 2013). I conducted 15 semi-structured, 45-120 minute interviews with B Corp leaders and participants. I have also analyzed 77 articles from major news and business publications, 253 pages of documents from B Corp headquarters archives, and over 1000 B Corp company profiles. These analyses were supplemented by 32 hours of field observation at B Corp meetings and events and many informal interactions with B Corp leaders and participants.

My initial findings suggest that individuals become aligned with hybrid social enterprise as a way to extend their values and identity as a socially/environmentally active person into their work life. Organizations become aligned and actively involved with the hybrid social enterprise movement as a way to amplify their existing organizational identity and culture as a social firm, verify that identity by measuring social performance, and communicate that identity more effectively to multiple stakeholder groups. This emerging framework may offer new insights into identity correspondence as a driver of participation emerging movements at both the individual and organization levels. These findings may help spur new theory about hybrid organizations, identity, and collective action and the relationships between them more broadly.

THEORETICAL BACKGROUND

Conceptual Framework - Symbolic Interactionism

At the core of correspondence between movements and movement participants is the alignment of identities, beliefs, values, orientations, and ideologies (Snow & McAdam, 2000). Symbolic interactionism, being chiefly concerned with the construction and maintenance of

shared meaning structures through interaction between actors, is ideally suited for exploring correspondence. Symbolic interactionism is based on the ideas of George Mead (1934) and his interpreters (especially Blumer, 1962). Rooted, in large part, in pragmatist philosophy, symbolic interactionism assumes that humans take an active role perceiving and interpreting the world in terms of their practical experience. For example, to perceive a car is to perceive transportation. Absent experience encountering a car and interpreting its meaning, the object has no intrinsic meaning at all. Mead argued that all human action is based on meaning, and meaning is derived from social interaction. Through interaction, the individual both learns and helps to create shared meanings. For example, through his interactions with his siblings (and observing the sibling interactions of others), a child learns what it means to be a brother. At the same time, in interacting as a brother, he plays a part in shaping its ongoing meaning for society.

In this study, I adopt symbolic interactionism as an integrative framework. From this perspective, interaction is the basic unit of analysis, and the shared meanings produced through interaction underlie all of the interpretive processes I examine. Interactionism is a particularly well suited to this integrative task. It allows us make vertical connections across levels of analysis and interpret social construction of meanings through the interactions between actors at the individual and organizational levels. The central role of meaning also allows us to make lateral connections between related meaning constructs such as identity, values, beliefs, and ideology. In the context of this study, these connections are relevant to understanding how and why individuals and organizations become aligned with and active participants in the movement. The literature on identity (Burke, 1980; Stryker, 1980) and organizational identity (Albert & Whetten, 1985) offers insight into the motivations and behaviors of these actors.

Individual Identity

At the individual level, symbolic interaction theorists see self and identity as the central concepts in understanding interaction and behavior (Blumer, 1962; Mead, 1934; Burke, 1991; Stryker, 1980). An identity is a set of meanings that a person internalizes as part of his/her self-concept based on the groups to which he/she belongs (e.g. entrepreneur, African-American, female), the roles he/she assumes in social interactions (e.g. mother or father, teacher or student), or the characteristics that identify him/her as a unique person (e.g. his/her name, values, and character attributes) (Burke, 2004, Burke & Stets, 2009; Stets & Cast, 2007; Stryker & Burke, 2000). Individuals internalize these socially constructed labels through interactions with others. Each person holds an "ecology" of multiple identities in his/her self-concept, all interrelated and organized in an order and hierarchy unique to the individual (Smith-Lovin, 2003:171).

People's primary motivation in human interaction is to verify the identities they have internalized (their situated identities) and/or the identities they aspire to or believe they ought to hold (aspirational identities). Doing so increases self-esteem (Cast & Burke, 2002) and contributes to a stable self-view, providing feelings of security, coherence, and predictability (Stets & Cast, 2007; Swan et al., 2003). Identities have considerable stability due to structural resonance (Stryker, 1980). Because of the self/society relationship, symbolic interaction tends to develop enduring social structure (and internal sets of identities) over time, making them relatively stable. That said, because identities are established and negotiated through social interaction, they can and do change over time (Burke, 1991; 1996; Kiecolt, 2000). Identities may change in terms of structure, level, or salience (Keicol, 2000). Structural change occurs when identities are added or dropped from the self-concept; level change occurs with a shift in the

degree to which that identity is internalized. Salience change refers to a re-ranking of the salience or importance of an identity relative to others in the self-concept.

Recall that, from the interactionist perspective, identity holders have agency and are active participants in the ongoing process of constructing those identities. At the same time, the self-concept is affected by important life events (e.g. career change, marriage, birth of a child, death of a loved one, religious experience) and by the relationships one has with other people and groups (Burke & Stets, 2009). For example, the literature on organizational identity recognizes the relationship between the identity of an organization and the salient identities of the people who are part of that organization.

Organizational Identity

Organizational identity is based on that which is central, enduring, and distinctive about the organization (Albert & Whetten, 1985; Whetten, 2006). The central character of the organization includes practices and values that are seen as constituting the essence of the organization (Albert & Whetten, 1995). This central character is reflected in the public claims of identity the organization makes (Lerpold et al., 2007). The enduring character of the organization refers to the consistency of the central elements over time (Czarniawska, 1997). The claimed distinctiveness of the organization reflects the features that distinguish the focal organization from others like it (Albert & Whetten, 1985). Generally speaking, it is to an organization's advantage to be as distinctive as possible while remaining similar enough to other organizations to maintain legitimacy (Deepphouse, 1999).

Successfully maintaining an organizational identity that is central, enduring, and distinctive, has many positive implications for the organization. Identity is critical to organizational legitimacy and survival (Corley & Gioia, 2004; Czarniawska, 1997; Zuckerman, 1999; Suchman,

1995). Identity plays a role in determining appropriate strategic choices (e.g. Dutton & Dukerich, 1991) and has been linked to sustainable competitive advantage (Barney & Stewart, 2000). Identity also positively affects social performance (Whetten & Mackey, 2005) and is critical to successful communication with stakeholders (Brickson, 2005; Scott & Lane, 2000).

Like individual identity theory, Albert & Whetten's conceptualization of organizational identity draws heavily on Mead and the interactionist perspective (Mead, 1934; Blumer, 1969; Stryker, 1980). Although organizations are social collectives in which people operate cooperatively, they are typically treated in the same way as individuals and, in terms of identity, are structurally and functionally quite similar to individuals (Czarniawska, 1997; Whetten, 2006; Zuckerman, 1999; Brickson, 2005). This is because organizations and individuals share a common set of identification characteristics³ (Foreman & Whetten, 2012). Like individuals, organizations have multiple identities of varying importance that form their "self-concept" (Whetten, 2006); Consistent with the interactions perspective organizations, like individuals, actively take part in constructing their identities through discursive interaction with other actors (Brickson, 2005; Gioia et al., 2010; Scott & Lane, 2000). Identities are reflected in the themes of the organization's autobiographical accounts (Czarniawska, 1997).

Thus far, I have reviewed the literature on individual identity, and organizational identity. I have also offered symbolic interactionism as a theoretical perspective allowing integration of these constructs. In the following section, I will explain how I will apply this integrated perspective to my inductive study. I will also theorize about the ways in which the hybrid nature of the movement and organizations involved may affect the grounded theory that results.

³ It should be noted that scholars disagree on whether individual level identity theory should be applied to the organization level (see Foreman & Whetten, 2012:7 for further discussion.)

Hybridity and the Problem of Correspondence

The primary objective of this study is to better understand the “identity/movement nexus” (Snow & McAdam, 2000:41) In doing so, I address what Snow & McAdam call the “problem of correspondence” (2000:42). That is, identifying and examining the processes through which individuals and organizations’ orientations, beliefs, and identities become aligned with those of the movement. These are self-concept change processes in which identity construction takes place as described by the symbolic interactionist perspective.

Self-concept change can happen to align more closely with the ideal self, meaning that the individual or organization engages in identity work in order to better embody who they aspire to be (Kiecolt, 2000). Identity work can also occur as a response to failed or unfulfilled identity verification (Burke, 1991; 1996). This is similar to the pursuit of the ideal self but, in this case, the individual or organization engages in identity work in order to better embody who they already believe they are but have not satisfactorily verified. In both cases, the process is essentially the same. Identity control theory (ICT), an extension of identity theory, suggests that identity verification is a cybernetic system (Burke, 1991; 1996). Like a thermostat, the identity holder gauges feedback about actual identity performance from counterparts in social interaction and adjusts behavior and/or commitment to identities to remedy any discrepancy. The motivation to pursue verification and interactions that will facilitate verification is extremely strong (Burke & Cast, 2002).

All of the identity processes described thus far are interrelated through symbolic interactionism and social constructionism. They revolve around common meanings that are made and continually remade through the interaction between the movement, organization, and individual. Through this ongoing interaction these actors and constructs affect and are affected

by one another. In doing so, they establish the collective identity of the movement and define the relationships between actors within the collective action frame. In this study, I focus on the narratives constructed and used by involved actors (Berger & Luckman, 1967; Wry et al., 2011) including movement leaders, insiders, participants, firm leaders, and other institutional actors who serve an interpretive function such as the press, politicians, academics, and other experts. I focus on narratives about individual and organizational identity and the ways in which individuals describe their participation and their firms' participation in the HSE sector. In analyzing these narratives, I am able to see the meanings of salient identities (reflexive statements about self-image, values and beliefs, and ideology) as well as the ways in which those identities are affected by the alignment processes.

METHODOLOGY

Data Collection

I gathered data from eight different sources to assist in triangulation of insights: (A) semi-structured interviews with people involved in the movement (see Appendix 2.1 for the initial generic interview protocol and subsequent updates based on inductive findings), (B) mini-interview single question polling of individuals involved in the movement, (C) B Corp annual report documents published by B Labs, (D) materials, including presentations, minutes, and email communications from the B Corp Peer Circle, (E) observational data from informational events, peer circle meetings, and other events, (F) Articles about B Corps, the B Corp movement, and benefit corporation legislation in major news publications (see Appendix 2.2 for a list of included publications), (G) webpages and company profiles from the B Corp website, (H) online videos about B Corps, the B Corp movement, and benefit corporation legislation. Table 2.1 contains a data inventory with a detailed description of all data sources as well the original

intended audience for whom they were created. Table 2.2 contains descriptions of the informants who participated in the structured and semi-structured interviews mentioned above.

The directory of certified B Corps on the B Corp website served as the initial source from which I identified my potential informants. I also contacted B Labs to discuss potential informants, called upon personal contacts in organizations involved in the development and promotion of social enterprise, and attended several B Corp informational events to identify and contact key informants. Finally, I used personal contacts from impact investor networks, social firm co-working offices, and social talent recruiting/placement firms to identify potential informants.

Table 2.1 - Data Inventory

Data Type	Quantity	Original Data Source	Original (Intended) Data Audience
Interviews	15	Informants	Analysis for this study
Mini-Interviews	13	Informants	Analysis for this study
B Labs Annual Reports	3, with 151 pages total	B Labs	General public, prospective B Corps, impact investors
B Corp Peer Circle Materials	37 pages	B Labs Director	Representatives of certified B Corps
Observational Data	Approximately 32 hours	Investigator's notes - 5 B Corp informational events - 2 B Corp Peer Circle Meetings, - 1 day-long B Corp "scrimmage" event	Analysis for this study
Press Articles	77, with 364 pages total	Major News Publications	General public
B Corp Website (bcorporation.net)	65 pages and 1000+ company profiles	B Labs	General public, prospective B Corps, impact investors
B Corp Videos (youtube)	1 hour, 9 minutes	B Labs	General public, prospective B Corps, impact investors

Table 2.2 - Informant Profiles

Pseudonym	Approximate Age	Role in Company	Interview Type
Amanda	Mid 30s	Employee at solar energy firm	Mini-interview, 5min
Amy	Late 30s	Executive at energy consulting firm	Semi-structured, 120min
Brook	Mid 40s	CEO/Founder at fair-trade coffee & tea company	Semi-structured, 70min
Evan	Late 20s	CEO/Founder at employment placement firm	Semi-structured, 90min Mini-interview, 5min
Gerry	Early 40s	Director of social initiatives, software development firm	Mini-interview, 5min
Hannah	Mid 20s	Employee at coworking facility	Semi-structured, 60min Mini-interview, 5min
Heather	Late 20s	Employee at B Labs	Semi-structured, 120min Mini-interview, 5min
Jason	Late 30s	Executive at solar energy firm	Semi-structured, 90min
Jay	Late 40s	Executive at B Lab	Mini-interview, 10min
Jocelyn	Late 30s	Employee at CSA cooperative	Mini-interview, 5min
Joe	Late 30s	Executive at craft brewery	Semi-structured, 120min Mini-interview, 5min
Kevin	Early 40s	CEO/Founder at software consulting company	Semi-structured, 100min
Kim	Mid 40s	CEO/Founder at outdoor apparel retailer	Mini-interview, 5min
Lauren	Mid 20s	Employee at employment placement firm	Semi-structured, 90min
Leslie	Mid 30s	Employee at financial services firm	Mini-interview, 5min
Pete	Mid 60s	CEO/Founder at software testing company	Semi-structured, 60min
R.J.	Early 30s	CEO/Founder at green energy consulting company	Semi-structured, 120min
Ryan	Mid 40s	CEO/Founder at software development firm	Semi-structured, 30min
Seleyn	Mid 40s	CEO/Founder at organic food retailer	Mini-interview, 5min
Seth	Late 40s	Partner at law firm	Semi-structured, 90min Mini-interview, 5min
Shane	Late 20s	CEO/Founder green building firm	Semi-structured, 60min
Trish	Early 40s	Partner at law firm	Semi-structured, 90min Mini-interview, 5min

Overall, I conducted 15 long-form, semi-structured interviews lasting about 45-120 minutes each, 13 structured mini-interviews⁴, and many informal interviews including interviews with directors and staff at B Labs, B Corp founders and executives (typically the sustainability/CSR director), and attorneys involved in drafting and introduction of benefit corporation legislation. Each interview was digitally recorded and transcribed verbatim. Videos were also transcribed verbatim. All other documentation text was copied and analyzed in its original format.

Sampling & Analytical Process

Following the tenants of grounded theory (Glasser & Strauss, 1967; Locke, 2001), I employed purposeful sampling (Kumar et al., 1993) of key informants who had insight into the formation and growth of the B Corp movement or unique access to knowledge of the movement's history, strategies, and actions. I also sought out informants who were upper management level decision makers in B Corp firms (these were often firm founders) and who were primarily responsible for their companies' B Corp certification initiative (these were often the people leading the firm's social initiatives.) I also included informants who were less involved as movement insiders and/or still early in the process of becoming involved with HSE at the firm and/or individual level. My approach involved an iterative process of simultaneous data collection, analysis, and seeking new informants based on discoveries emerging from the process. Again following Gioia et al. (2013), I allowed this process to evolve and focus my investigation until no additional themes emerged.

Ensuring Trustworthiness

To ensure that my analyses met acceptable criteria for trustworthiness (Lincoln & Guba, 1986), I enlisted the help of a second analyst to perform categorical analysis in parallel with my

⁴ Structured "mini interviews" consisted of brief one-on-one interactions with informants focused on a particular question (e.g. "Why are you involved in social enterprise?"). Each mini interview ran for approximately 5 minutes.

own. This analyst was an MBA student familiar with benefit corporations and experienced in consulting with firms undertaking the B Corp certification process. The second analyst performed a separate categorical analysis in parallel with the author using the same methodology as described below. Upon completion of these analyses, we compared our findings and discussed any difference in interpretation. When differences were discovered, we each revisited our own analyses and discussed again and repeated the process until we came to agreement.

In addition to the use of an independent analyst, I also engaged with 3 informants who have relationships with a large number of individuals in the HSE community. I shared my findings with these informants and asked for their feedback. In this way, I sought to give voice to knowledgeable insiders who could: (A) verify that my findings corresponded with their own experience as part of the sample community (B) provide additional insight that could help improve my ability to correctly interpret the data during categorical analysis.

Categorical Analysis

I analyzed the data by identifying relevant concepts and grouping them into categories. The first step of this analysis was to identify first-order codes that capture basic concepts in terms and meanings used by informants (Gioia et al., 2013; Strauss & Corbin, 1990; Van Maanen, 1979). I took care to use informants' exact words whenever possible in capturing these codes. I also reviewed each of the narrative excerpts underlying these first-order codes and applied codes to locate the described events temporally.⁵ The second step of analysis was to search for relationships between these codes, identifying higher-order second-order themes (Gioia et al., 2013; Strauss & Corbin, 1990). These second-order themes are the focal constructs used in developing a process model. Finally, I compared the co-occurrences of these second-order

⁵ For example, these codes allow me to identify when an informant shared a narrative about their educational experience prior to their professional career versus a narrative about activities his/her company has implemented in the last year.

themes with the temporal codes, which allowed me to understand relationships between second-order themes as process phases.

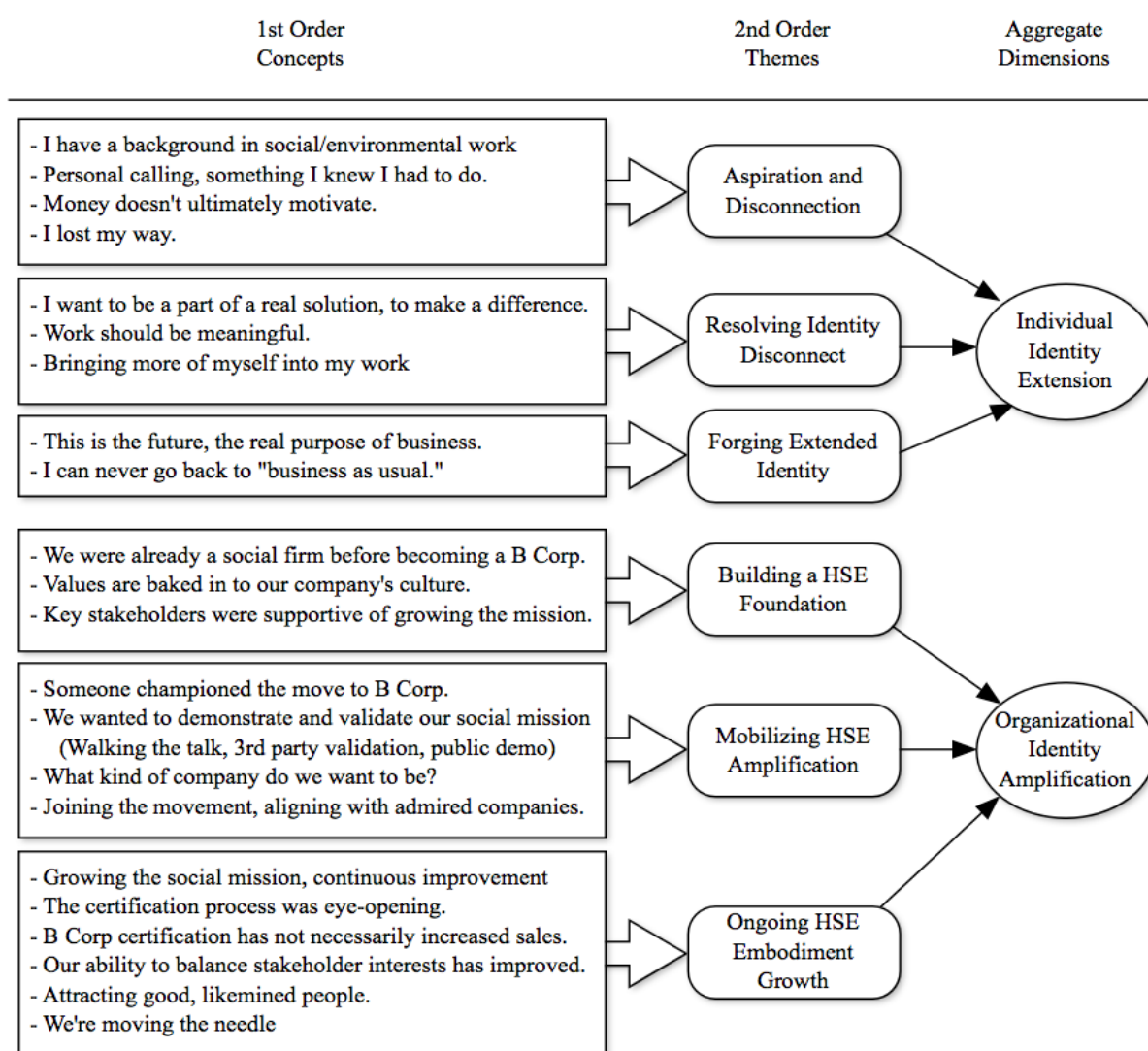
I used Dedoose, a qualitative data analysis program, to catalog, code, and analyze all data. This software allows for easy comparison of codes and transcript excerpting. The discovery of second-order themes was an iterative process in which I grouped and collapsed first-order codes and re-evaluated the entire data structure. I repeated this process until the boundaries of second-order themes became clear and a clear picture of the relationships between these themes solidified. I included second-order themes in the data structure only when they were corroborated by multiple sources (i.e. informants, field observations, and archival documents). For this reason, representative quotes represent only corroborated findings.

FINDINGS

The structure and organization of the data from first-order concepts used by informants to more general, second-order themes, and finally to aggregate dimensions, are illustrated in Figure 2.1. Because the aggregate dimensions in these data structures represent the direct relevance of second-order themes to my research questions, I focus on the second-order themes as the basis for the subsequent process model. These data structures serve a descriptive function illustrating the core concepts inductively discovered and in this study and their relationships that underlie the grounded process model.

Appendix 2.3 contains representative quotations and notes that support the second-order themes on which my inductive building relies. The first three themes relate to the process by which an individual becomes involved in hybrid social enterprise. The final three themes relate to the process by which HSE organizations engage as active in the B Corp and HSE movement.

Figure 2.1 - Data Structure, Individual/Firm Identity Correspondence



Together, these sequential and recurrent themes led to the development of the process model articulated after the findings presentation below.

Individual Participation in Hybrid Social Enterprise

I observed several narratives regarding the process of becoming active in hybrid social enterprise in interviews with informants. Unsurprisingly, each person's account of his/her personal experience was unique. Nevertheless, three common themes emerged: (1) Long-held aspirations to effect meaningful social/environmental change preceding an identity disconnect,

(2) Becoming involved in hybrid social enterprise as a way to reconnect to aspirational identity and extend authentic self-concept into his/her work life, and (3) Solidifying this identity extension as a permanent part of the larger self-concept.

Theme 1: Aspiration and Disconnection - The first theme that emerged describes the individual's latent aspirational identity as a person who affects social and environmental change. This theme represents the initial phases of the identity correspondence process extending from the individual's childhood, education, and often the early parts of his/her professional career to the point in time when he/she made the decision to redirect his/her career toward HSE.

Informants often described having some kind of background in social/environmental work. A degree in environmental science or social work, participation in volunteer/philanthropic work such as the Peace Corps, an early career job the nonprofit sector, and childhood experience joining their parents work in any of these activities were all examples. These formative experiences instilled a life-long concern about social/environmental issues. Pete, a middle-aged founder of a software development company described his experience:

My [undergraduate] degree is in environmental science... I've always been a green guy. I care about all of these things [social and environmental issues].

The terms informants used to describe their concern for social justice and environmental stewardship suggested an ongoing passion. They often spoke of addressing social/environmental problems as a personal calling. This calling drew strongly on their self-concept and felt like an imperative call to integrate this work into all areas of their lives. Amy, who became the most vocal advocate of B Corp at her firm, explained the importance of calling and illustrated her point by retelling a well-known parable:

I'm a big fan of that parable about the starfish. A man is walking along the beach and sees millions of starfish washed up on the shore, and he sees another man picking up starfish, one by one, and throwing them back in the water. The first man says "What are you doing? How can you possibly think you're making a difference? Do you really think

what you're doing matters?" The second man says "It matters to this starfish." I kind of think it's similar with me... I knew I had to work toward bettering the earth. That was a big call for me, personally.

Brook, who founded a fair-trade coffee and tea company also felt a life-long calling to affect change through her work: "I've always had a deep desire for social justice, so I think that comes out a lot."

Coupled with this feeling of calling was an ingrained belief that the pursuit of money in and of itself cannot provide a truly fulfilling career. In their view, work in which one finds purpose is paramount. Joe, a member of the executive team at an employee-owned craft brewery agreed and underscored the importance of being able to do work in which he could feel personally invested:

A lot of businesses bring in compensation consultants to talk about incentives and stock options and stuff like that, but I don't think any of that is really as motivating to people as feeling invested in where the business is going.

Despite these underlying motivations, informants typically struggled to find a career that suited them earlier in life, feeling as though making profit and social mission could not be pursued together through one's profession. Some opted to enter the nonprofit sector, feeling this was the only legitimate avenue for pursuing their calling. Most, however, realized that a nonprofit salary would be insufficient to support themselves and their families and that opportunities for career advancement in the nonprofit sector were limited. They recognized their aptitude for business would land them good careers in the for profit world.

Over time, most informants felt a growing disconnect between their work and the person they viewed themselves to be. Often this disconnection occurred gradually and only when they discovered the possibility of a change did it become obvious. Pete, a Baby Boomer who "reawakened" to the idea of HSE after building a successful career in the software industry talked about his disconnection experience:

I actually ended up going into sales, which I never in a million years thought I would do... I certainly made a bunch of money [but] I sort of forgot about the save the world stuff for quite a while, which I think is symptomatic of my generation - I think a lot of us started out pretty idealistic and then kind of caught the consumerist wave and lost sight of some of that idealism.

In these narratives, informants share a common story of their experiences prior to becoming involved in HSE. In their personal histories, they had formative experiences they could identify as causing them to aspire affect social and/or environmental change; to make a difference with their lives. Over time, however, these aspirations were suppressed or abandoned (often unintentionally) and the individual found him/herself disconnected from this salient part of his/her identity resulting in dissatisfaction and disillusionment.

Theme 2: Resolving Identity Disconnect - The second theme that emerged describes the individual's decision to engage in a career in HSE. This phase of the identity correspondence process began at the time when the individual became aware of the existence of hybrid social firms and spans through the point at which he/she had made the transition into working in HSE. This phase was the focus of identity work at the individual level. For most informants, encountering HSE and seeing successful hybrid firms⁶ emerge in the market kicked off this process. They began to question the compatibility between their work and their identity as well as the reconsidering the purpose of work and business more broadly. Pete, who described his disconnection in the previous section, here explains his "reawakening".

Starting somewhere around 7 or 8 years ago, I started reawakening, after having being disengaged for a while. I was especially disengaged with my privilege - I had not explored what it meant to be born in the United States, in a middle class family, male, white, straight, with a whole bunch of advantages. So from a social responsibility stand point I wasn't very awake either. A sequence of events kind of caused me to start to wake up to those issues at the same time - it was a dormant seed that was planted a long time ago, but was waiting for the rains to come to sprout, but once it did I really became

⁶ The vast majority of informants cite Patagonia Inc., a Ventura, CA based outdoor clothing company, and its founder, Yvon Chouinard, as responsible for drawing their attention to HSE.

very curious about it. I started looking into the connections between social justice issues and environmental issues and economic issues and seeing that the root of all of these things was really a pretty gross misunderstanding of capitalism and the economy, and confusion about a real purpose of business. I did a lot of reading and did a lot of thinking about "Why do businesses even exist?"

Informants identified three main considerations in making the decision to work in the HSE sector. First, they clearly voiced a renewed desire for their work to be part of a real solution to important problems. Kevin, co-founder of a software testing company, described the commonly mentioned narrative of wanting to use business as a way to do good:

Looking back, it ties to me personally. I want to have a business that makes the world a better place. I certainly need to pay my mortgage, kids to have clothes, but being able to say, "We're not just here for the money."

The second consideration informants mentioned was the strong desire to do work that has meaning. In making this point, they often reiterated their belief that money, absent purpose, is a poor incentive for most people. Seth, whose company focused on providing consulting for socially/environmentally focused firms, explained that being able to apply his skills and experience in the most meaningful way possible was a powerful motivator:

It [HSE] showed me an opportunity to use the skill set I had... in a way that was heart-based for me and would make me want to get out of bed in the morning. That's really the personal level of importance for me.

The third major motivating force driving informants to enter the HSE sector was a desire to enact their identity more authentically and accurately in their work lives. Informants felt a strong desire to reengage with the aspirational self-concepts from which they had become disconnected and return to being the person they had really always been in their work life as well as their personal life. Hannah, who chose to work for her company specifically for the opportunity to integrate her personal beliefs with her job, was very clear about her desire for identity continuity: "I wanted to make sure I was doing something that was aligned with who I was and the change I wanted to create."

In these narratives, informants spoke of experiencing a shift in their self-concepts. Specifically, they viewed the move to HSE as a way to reconnect to the aspirational identities that had been suppressed in their work lives. This often meant (A) a renewed focus on social/environmental change in their work or (B) becoming more effective in their social mission by taking a hybrid business model approach.

Theme 3: Forging Extended Identity – In this theme, informants reflect on how they have been affected by the shift to working in HSE. This phase of identity correspondence encompasses the timespan from immediately after the individual had made the career transition to join or found a HSE and up to the present. In these narratives, informants often felt strongly that the shift to HSE would be permanent for them. They also spoke of being a part of a larger shift toward meaningful work and social/environmental responsibility in business more broadly although they were unsure when that shift might take place or exactly what form it might take. Amy, who lead her company’s B Corp certification initiative, saw no way to view her move to HSE as anything but permanent:

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.

Ryan, co-founder of one of the earliest certified B Corps, often engages in public speaking as an evangelist for HSE. He, like most informants, was confident that aligning himself with HSE was the right decision. Ryan summed up a sentiment shared by many who have made this alignment: “It’s the natural evolution of business. All business should be social business. That’s what I believe.” In this phase, the individual goes about the ongoing work of defining and making permanent the identity he/she extended (or perhaps, reclaimed) into his/her work life in the previous phase.

Firm Participation in B Corp and the HSE Movement

I observed several narratives regarding the process of informant's firms becoming certified B Corps and/or more actively involved in the B Corp/HSE movement. Three common themes about this process emerged: (1) A foundational commitment by the organization to social/environmental action, (2) Mobilization to amplify the organizational identity as a HSE through B Corp certification and movement participation, (3) Sustained attention to further amplification of this identity by growing the firm's social/environmental impact.

Theme 4: Building a HSE Foundation – This theme describes the organization's long-term commitment (often from the time of its founding) to a hybrid business model focused on simultaneously pursuing economic profit and producing social/environmental benefit. This theme represents the initial phases of the identity correspondence process extending from the firm's founding and early years to the point in time when the decision was made to pursue B Corp certification.

In virtually every case, informants' firms had a clear social/environmental mission in place long before the decision was made to pursue B Corp certification and usually long before anyone at the firm was even aware that the B Corp movement existed. Informants explained that this made the compatibility between the firm's objectives and that of the movement obvious. Ryan, whose firm did not pursue B Corp certification until it was suggested to him by B Lab articulated this well: "We've had the B Corp philosophy in place long before B Corp came along." Similarly, Joe explained that his craft brewing company had really been on the path to becoming a B Corp all along: "I think the reason we ultimately decided to [certify] wasn't to initiate some new social or environmental initiative, we were already doing pretty much everything we are today back then."

The firms were also aligned with the B Corp movement in terms of the values informants saw as “baked in” to their corporate culture. Leslie, whose financial service firm’s socially-conscious culture stood in stark contrast to their industry explained that this started with the founders’ values: “It’s a natural fit for us because of our founder’s values and what he wanted to bring of himself into the company. We’re also a 1% for the Planet company so that’s a good fit too.” Jason, an executive at a renewable energy firm, pointed out that integrating these values from the beginning made the decision to become involved in the movement seem very natural: “Being purpose-driven really has to be baked into your culture and values. For us, it’s always been there, from the start, so it’s more natural.” Finally, Joe pointed out that having these values infused into the company’s fabric made buy-in from employees natural as well:

When it’s embedded in our culture, then every task that every person does is connected to that mission. It gives everyone a stake in making it work, some skin in the game. A byproduct of this is that it also forces us to communicate the big picture clearly and holistically to everyone. I think a lot of companies leave a lot of value on the table by not bringing in employees like that but for us, it’s built in by design because of our ownership structure.

In addition to alignment with mission and culture and internal buy-in from management and employees, informants pointed to support from external stakeholders as a key foundational piece that set up their firms to become aligned with the B Corp movement. Again, the management team at Joe’s firm found this support came naturally:

It turned out we had passed the threshold to certify [as a B Corp] so at that point it was just a matter of selling it to our owners as something that could add potential value, that obviously investors were be interested in, that we felt our staff would be excited about, that would be a good marketing platform. So, we decided at that point to go for it.

In these narratives, informants almost universally described their firms as having a hybrid social business model “baked in” to the organization long before the decision to become a B Corp. This foundational commitment to HSE, in the informants’ view, made the decision to at

least consider pursuing B Corp certification an easy one and the firm's deeper involvement in the HSE movement seem almost inevitable.

Theme 5: Mobilizing HSE Amplification – This theme describes the organization's decision to direct attention and mobilize organizational resources toward activities (e.g. B Corp certification) that would amplify the organization's existing identity as a HSE. This phase of the identity correspondence process began at the time when the firm made the initial decision to explore B Corp certification and spans through the point at which the firm had finalized the certification. In most cases, the certification process was not a dramatically transformative step. Typically an individual person at the firm became excited about the idea of B Corp certification and became an internal champion for aligning the firm with the B Corp movement. Kevin was quick to identify the co-founder of his software firm as the person who drove the company's B Corp initiative:

When we decided to do the B Corps certification the first time around, Joe kind of ran with the whole thing. He and I were equal partners in the firm so it wasn't so much like I had sort of assigned it to him, but he just ran with it... When we went to do the recertification he kind of came back out of the woods and ran with that again.

Once the internal champion captured the attention of other decision makers at the firm, informants felt that mobilization of time and resources quickly became focused on the potential for B Corp certification to amplify and clarify the firm's identity as a HSE. Specifically, they wanted to demonstrate and validate the firm's social mission so it would be easier to communicate to stakeholders, more transparent, and more quantifiable. Seth, whose firm also helped other HSEs assess their social performance, summed up like this:

What the B Corp certification does is give us an opportunity to bring that internal motivation and to check it against an external, objective set of metrics... It's an opportunity to 'walk the talk'. It's an opportunity to walk the talk in a public way that has branding advantages but more than that, it's an opportunity to check our instincts about what walking the talk really means.

Gerry, the head of sustainability at a large software firm, described it as a way to align all of these objectives with the firm's public face: "B Corp certification is a nice way for us to draw a line of alignment between the social initiatives we're doing and recognition of that."

Beyond the desire to validate their mission as an individual HSE, firms specifically considered the impact they might make by becoming part of the larger B Corp/HSE movement. Informants described very intentional soul searching as a firm wherein they expressly questioned what the larger purpose of their firm was and should be. At Joe's firm, which is 100% employee owned, this involved every person in the company and was not the first time they had asked themselves these kinds of big-picture questions:

The biggest example for us was back when we took an employee vote on wind power. It was significantly more expensive for us to use wind power than to just buy coal-generated power from the city. It had a significant effect on our bottom line, people's take-home pay, their ESOP values, and other things. So, there was a vote put to employees saying "What do we want to be? Do we want to be environmentally sustainable and thinking about the long-term and how our decisions today may impact the world in 20yrs, or do we want to maximize our profit today?" This was a turning point our business life cycle when we faced a big decision like this.

In many cases, thinking about making impact beyond the borders of the organization led to discussions about the way in which participating in the movement would amplify the organization's identity as a HSE. Brook's firm became very involved in promoting B Corps in their local business community. Her comments are illustrative of this idea:

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.

In these narratives, the informants described their organizations taking a purposeful step toward a stronger and more authentic commitment to addressing social and environmental problems as a HSE. Having already clearly established their identities as HSE, these

organizations sought to test the metal of their social missions, demonstrating to both internal and external observers the validity of their actions.

Theme 6: Ongoing HSE Embodiment and Growth – In this theme, informants reflected on how their organizations have been affected by the decision to ramp up their commitment to social/environmental change and their involvement in the B Corp/HSE movement. This phase of identity correspondence encompasses the timespan from immediately after the firm became B Corp certified and/or became actively involved in the movement and up to the present. Experiences the informants reported varied between firms. For some firms, little identity amplification occurred after the B Corp certification process; they essentially continued on the path they had been following but with a greater sense of authenticity and validation of their social mission. However, many informants felt that the mobilization process, described in theme 5 above, was the starting point for ongoing mission growth and greater embodiment of the organization's identity as a part of the B Corp/HSE movement. For example, R.J. felt that his firm's social mission had diversified significantly since B Corp certification:

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

Without exception, all of the informants described the B Corp certification process as eye-opening, revealing opportunity to expand and improve their social mission in many different areas. Seth, whose firm had only recently completed its certification, described the enlightening nature of the process:

When you do the B Corp assessment it opens your eyes to stuff that you would not have thought of without doing something like that, some kind of comprehensive, 360 degree view of social and environmental impact of your firm.

In many cases informants admitted they were surprised that an improvement in sales revenues was not an immediate result of their certification. However, they did believe that the

continued amplification of their organizational identity as a HSE would eventually lead to better financial outcomes. Brook explained this belief in the long-term financial viability of HSE:

I thought, this is great, we can look into this, how does this work? Immediately, again, coming from the place of doing the right thing. You know, it's cost, time, and energy to do that process. I didn't realize how much time and energy it costs to do that. 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.

There were some specific areas, unrelated to financial profits, in which informants felt their firms had set themselves up for significant ongoing improvement as a result of aligning with the B Corp movement. For example, Kevin felt that becoming a B Corp had improved his firm's ability to balance stakeholder interests over the long run:

It also really causes us to be mindful about how we conduct ourselves...I know B Corp is not like an ethical mandate or something like that... but it gives us some guidelines and grounding on how we conduct our business. So were really here not to just make money for ourselves but to actually do ethical good business that doesn't harm the environment, doesn't harm other people and is done in a very very cooperative nature.

Another way in which informants felt becoming a B Corp had set their companies up for ongoing success in their social mission was that, by making their identity as a HSE more prominent, they fared better in attracting talented, likeminded employees. R.J's small consulting firm was able to lure a very talented employee away from a company offering twice the salary. He attributed this to his firm being a HSE:

This is a competitive market for employers to get top-notch employees. If you can be different by saying that you'll give extra time to volunteer, that you have a better maternity leave package, and that you care about their free time as much their work time, you'll attract the best employees.

Ryan, whose firm employs several hundred people, felt the positive effects of attracting these high-quality employees who shared the firm's social values also helped strengthen those values, creating a "virtuous cycle":

I think there's a correlation between high performers and people thinking and caring about social impact. There's a higher-order set of skills and if you can manage those, it turns out you're actually a really good employee no matter what you do. So, I think we've gotten more of those people. Has it been really well quantified? No, but now it's engendered in the culture of the business and we've hired enough people who came because of that reason and they want to keep giving back. So, now there's already a wheel spinning, right? You can't cut it out of the business now. In terms of attracting and keeping employees this has absolutely had a significant impact.

Overall, informants thought that their firms had set themselves up to make a real difference, both as an individual organization and as part of the broader movement. Joe's company was widely cited by other informants as highly admired in the B Corp community. He saw the ability for firms like his to influence other firms as being an important way for the B Corp movement to "move the needle":

I think what business role modeling is all about for us is making an influence on the industry more broadly. I think we really have an outsized influence for our size and share of the market. We've shown that business can be a force for good. I think it's those things that really have that ripple effect. We may never get to a billion dollars in profits in a year but we can have influence beyond that if we're going to market the right way.

In these narratives, informants often observed meaningful increases in the attention and resources directed toward a greater social mission. They also expressed their belief that this increased commitment would lead to continuous improvement in socially/environmentally conscious practices and a contribution to meaningful change as part of a larger movement.

A PROCESS MODEL OF IDENTITY CORRESPONDENCE IN HYBRID SOCIAL ENTERPRISE

My findings indicate that identity correspondence is a complex process that spans and varies across the individual and organization levels. The data structure illustrated in Figure 2.1 displays the key concepts that emerged from the study. However, grounded theory requires not only identification of concepts but also explanation of their dynamic interrelationships. In this

section, I offer a process model of identity correspondence as shown in Figure 2.2.

Figure 2.2 - Grounded Theoretical Model of the Identity Correspondence Process

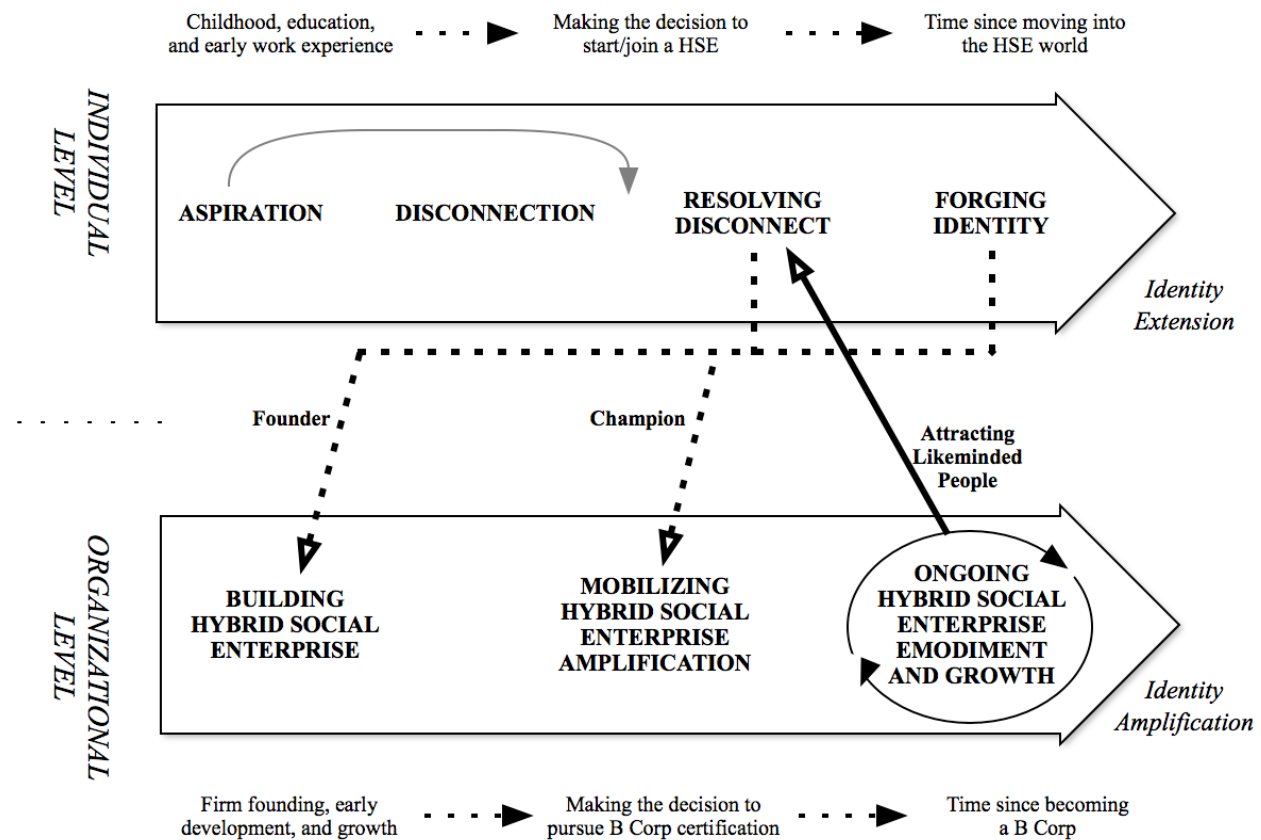


Figure 2.2 situates the six second order themes I identified in a multi-level process model that shows: (A) how the identities of individuals and organizations change to become aligned with the hybrid field of HSE, and (B) relationships between elements of the individual and organizational level processes. The core of the model is the two sequential process enclosed in large, hollow arrows with the top sequence representing the individual level process of *identity extension* and the bottom sequence the organization level process of *identity amplification*. The timelines above and below these sequences joined by dashed lines with solid-headed arrows identify a rough chronology of the life events occurring at different phases of the process models. The hollow-headed arrows show where a phase(s) of the process model on one level affect a

phase(s) on the other. When the lines of these arrows are solid, this indicates an organizational process phase affecting a phase at the individual level. Dashed lines indicate an individual level process phase affecting an organizational level phase. Below, I explain in more detail first the individual and organizational processes in turn and then the relationships between them.

Individual Level Process

The individual identity extension process as a whole represents the individual working to significantly extend the social/environmental identities he/she holds as part of the self concept into an their work life. In the first phase of the process these identities develop at important times relatively early in the individual's life and career and are manifested as aspirations to effect meaningful social/environmental change. In the second phase the individual, for various reasons, progresses down a career path in which they focus either on social/environmental good or on financial/organizational success and career advancement to the exclusion of the other.

This myopic focus brings feelings of identity incongruence or disconnection in the context of the individual's professional life and a clear and unsatisfying delineation between important parts of their life. As the solid, curved gray arrow shows, some event occurs (often discovering an opportunity to start or join a HSE) causing aspirations of a unified self-concept in line with the individual's important identities to resurface. In the third stage, the individual takes action, in response to this aspirational resurgence, to resolve the disconnect between his/her salient social/environmental identity and professional identity. Extending his/her authentic self across these important parts of his/her life is accomplished when the individual chooses to start or join a HSE where the multiple facets of his/her identity can comfortably co-exist. The final, ongoing phase involves the individual locking these identity changes in place by making an irreversible commitment to them.

Organizational Level Process

The organizational identity amplification process as a whole shows the organization working to amplify its identity as a HSE and position itself for ongoing enactment of this identity going forward. In the first phase of the process these identities are present at firm founding and build steadily in the early stages of organizational development. As a result, by the time the firm reaches the second phase, the B Corp/HSE community is a natural fit with the most salient parts of the organization's identity. In the second phase, the congruence between the organizations identity and the movement's collective identity is sufficiently compelling to drive the organization to mobilize resources and attention to amplifying its identity as a HSE. It does so by focusing on improving and its social/environmental performance and by becoming more deeply involved in the movement. In contrast to the forging phase of the individual correspondence process, the final embodiment phase of the organization level process involves constant growth and further amplification of the firm's identity as a HSE. This process is iterative with people on all levels of the organization continually assessing social/environmental performance and identifying opportunities for improvement. Also, organizations that undergo this embodiment/growth phase tend to become increasingly involved in advancing the movement and often inspire individuals and other organizations to move toward identity congruence with the HSE movement.

Cross Level Relationships

As the hollow-headed arrows in Figure 2.2 illustrate, organizations' congruence with the B Corp/HSE movement is influenced at key points by influential individuals and vice-versa. The dashed arrow on the far left of the model illustrates how an individual's extension process often leads to HSE firm founding. Individuals who found hybrid firms often do so as a radical method

of resolving identity disconnect. Furthermore, as a firm founder, he/she plays an important role in shaping the building phase of the organizational identity congruence process, which may also serve to facilitate the forging process at the individual level.

The dashed arrow in the center of the model illustrates a similar path for individuals who join rather than found a HSE. Like the founder, these individuals join the firm as their primary means of resolving identity disconnect. In many cases, the individual who is the internal champion driving mobilization to pursue B Corp certification and greater movement participation is a non-founder who may be motivated to do so as a means of forging his/her identity extension.

Finally, the solid line with hollow-headed arrow on the right side of the model shows the way in which organizations engaged in identity amplification may affect an important phase of the individual identity extension process. When organizations engage in the final, ongoing embodiment an growth phase, their visibility as a committed and authentic HSE increases. This increased visibility along with a growing social mission attracts likeminded potential employees, including those who may be seeking an opportunity to work in a HSE as a means of resolving identity disconnect.

DISCUSSION AND CONCLUSION

The grounded theory that emerged from the process model I develop in this paper is the primary contribution of this inductive study. The model illustrates the identity correspondence processes by which individuals and organizations become aligned with and active participants in collective action to legitimize and accelerate the diffusion of a new organizational form encompassing multiple logics; hybrid social enterprise (Battilana & Lee, 2014; Pache & Santos,

2013). The model also shows the important linkages and cross-level processes that connect the individual and organizational identity correspondence processes.

This grounded model offers key observations that may have important implications for the literatures on identity, collective action, and hybrid social enterprise. My findings demonstrate that, for both individuals and organizations, becoming aligned with a hybrid logics-driven movement is largely – and perhaps *primarily* – a process of identity work. In both cases, this process involves deep reflection on self-image and culture. Prior research on hybridity in social and environmental enterprises has focused primarily on the importance of the hybrid organizational form itself (Moss et al., 2010), and the role of logics (Battilana & Lee, 2014; Pache & Santos, 2010; 2013). Far less attention has been paid to the role of identity in HSE (but see Moss et al., 2010) and no prior work has been done to understand the relationships between identity processes across levels of analysis.

My findings reveal important linkages between the individual and organization level identity correspondence processes. Specifically, the data show that individuals and organizations encounter one another during highly transformational process phases and at critical points of transition between those phases. In a sense, the individual and organization intervene at critical points in each other's journey and their identity processes become complimentary. For identity scholars, this suggests that viewing identity from a larger, multi-level, process perspective may have great potential for building and testing new theory about the role of identity in complex organizational systems. Social movement scholars may also benefit from taking an integrated systems-level view of identity that focuses on the relationships between individual, organization, and collective identities (Kiecolt, 2000; Snow & McAdam, 2000).

Finally, my findings shed light on the essential role of identity in the context of hybrid firms/forms/fields. At the individual level, the identity extension process occurs as the result of an attempt to reconcile conflict within the self-concept by embracing a professional identity tied to HSE and aspirational extension of the “true” self into the individual’s work life. At the organizational level, the identity amplification process rises from a decision to validate essential characteristics of the organization and what it stands for. This decision instigates an ongoing amplification process wherein the organization grows and develops its hybrid identity in order to embody it more authentically, comprehensively, and publicly. These observations, being specific to the hybrid enterprise context, can help in developing and testing theories that extend and elaborate on existing organizational theories by questioning assumptions about the multidimensional nature of organizational and individual identity (Battilana & Lee, 2013; Zhao & Wry, 2011).

This study offers several interesting opportunities for both quantitative and further quantitative research in the future. Further study could focus more intensively on specific phases of the identity correspondence process and/or the cross-level relationships between components of the process with the goal of better understanding the mechanisms at work. Another possibility for further research would be to inductively examine and/or empirically test the processes identified in this model longitudinally and to look for systematic differences across different kinds of individuals/organizations and their different patterns of development. It would also be useful to expand this process model to account for parallel processes at the movement and societal levels. It is very likely that the processes involved at various stages the development of a social movement like the B Corp/HSE movement would affect identity processes at other levels in important ways. Finally, it would be very useful to study this model in another context

characterized by hybrid organizations such as family business or academia to understand the potential for broader application.

This study has several strengths that help support its validity and its potential to contribute to the field. First, my pool of informants offer expert insight into the B Corp context and B Corps themselves represent an ideal type of hybrid organization (Kumar et al, 1993). Focusing on this specific, well-defined context allows me to see the important multi-level relationships in my process model. Also, my study makes use of multiple types of data sources to help demonstrate convergent validity in my findings. Finally, the sources in my study – particularly the lengthy and in-depth semi-structured interviews – provide rich data for analysis and allow for a deep understanding of the context and processes involved (Gioia et al., 2013; Kumar et al, 1993).

As with all studies, this one has limitations. First although my informants were able to provide retrospective accounts of their and their firms' experiences throughout the identity correspondence process, the relatively narrow observation window of my study did not allow me to directly observe the process as it occurred. Identity work processes typically span months or years. Moreover, relying primarily on retrospective accounts makes the possibility of bias in informants' accounts a real concern. Expanding the study to observe the process over an extended time period would strengthen it considerably. Also, most of my informants could be considered insiders in the B Corp community.

First, the experiences of these informants tend to be similar. While this commonality is essential to identifying underlying themes, it limits my ability to see important variations in the process. Including a larger number of informants with more diverse experience would help address this limitation. Secondly, the self-assessments of active movement insiders could be shaped by retrospective bias and a drive to find continuity between their past actions/decisions

and their current identities/behaviors. A longer-term study directly observing the identity process as it unfolds would, again, address this limitation. However, it should also be noted that identity processes in particular involve significant self-reflection (Burke, 1980) and the drive to understand and verify identities in an authentic and honest way is incredibly strong (Cast & Burke, 2002). For these reasons, self-reported identity assessments are generally considered to be relatively reliable (Burke, 1980, Stets & Biga, 2003).

My findings have several practical implications for hybrid social organizations and the individuals that found/join them. The foundational identities and aspirational identities needed to align with HSE and the movement more broadly tend to be “baked in” to both individuals and organizations through formative experiences that happen early on. Individuals seeking identity extension should not expect to find opportunities to achieve it in a company that does not already hold a hybrid social identity. My findings suggest that the alignment process is one of extension and amplification, not conversion. It is more likely that individuals will succeed in the identity expansion process by seeking out people and organizations that embody a hybrid social identity and look for opportunities to join them.

My findings may also have implications for several types of organizations. For hybrid social enterprises seeking identity amplification through movement participation, it is important to recognize the role of the internal champion to initiating and sustaining the identity work process. Also, for these kinds of organizations, the bulk of the most meaningful and ongoing identity work typically begins with an important, symbolic action (e.g. B Corp certification) that redefines the organization’s identity. It may be important to intentionally establish this kind of symbolic identity milestone. For businesses more generally, my findings suggest that a strong social/environmental mission may be a highly effective tool for attracting and retaining high

quality employees. However, there is a real possibility that espousing such a mission may backfire if employees join the organization to extend their identities and find that the mission is not authentic. Finally, for non-profit organizations, my findings suggest that a growing number of people with a strong interest in addressing social/environmental problems in their professional exist. However, there is a risk of losing this potential pool of talent to HSE if these people view the organization as ineffective or devoid of opportunities for career advancement.

CHAPTER 3: “THE EVOLUTION OF CAPITALISM”: THE ESTABLISHMENT OF THE BENEFIT CORPORATION AS A HYBRID ORGANIZATIONAL FORM

Until recently, corporate law has not recognized the legitimacy of any corporate purpose other than maximizing profits. That old conception of the role of business in society is at best limiting, and at worst destructive. - Open Letter to Business Leaders, B Corp Movement

INTRODUCTION

In a 2012 address at Oxford University, President Bill Clinton called attention to a new development in corporate law in a growing number of U.S. States, saying:

Quarterly shareholder value should not be the only benchmark by which we judge corporations. I think the fact that companies, on balance, that follow sustainable development paths are more profitable than those which don't means that it's worth investing in something with a slightly longer time horizon. In the United States, for example, because of the assumption that short-term shareholder value is all that matters to big investors, we now have a lot of states that are passing laws authorizing the creation of a different kind of corporation, the so called B Corporation which stands for benefit. You write into the incorporation papers that this company is a long-term value company that also takes into account the interests of its employees, its customers, and the communities of which it is a part. (Bill Clinton – via B Corporation, 2012)

President Clinton was describing the efforts of a growing social movement made up of individuals, organizations, investors, and legislators attempting to establish a new organizational form for hybrid social enterprises in the United States.

New forms are of particular interest to organizational scholars because they are often essential raw materials in the emergence of new practices, professions, markets, products, and industries (David et al., 2013) and broader cultural change (Rao, 1998). The literature on new forms often focuses on the important role of the individual institutional entrepreneur in form *innovation and creation* (DiMaggio, 1988). However, scholars have recently called for more attention to the more lengthy and complicated process of new form *institutionalization* and the central role of social movements in this process (Hargrave & Van de Ven, 2006). New forms

may be born of institutional entrepreneurship but they are established through collective action. From the perspective of the collective action model, it is a network of actors working together, but often still with their own best interest in mind, that cement institutional change and determine its long-term viability (Hargrave & Van de Ven, 2006). This is a political process and is strongly influenced by the characteristics of the particular institutional and political context in which the social movement is embedded or is seeking to embed itself (Fligstein & McAdam, 2012). Just as important is the dialectical nature of the institutional innovation process; other actors and groups of actors who are embedded in the same political and institutional context will act to advance and protect their interests (Hargrave & Van de Ven, 2006; Pacheco et al., 2011; Seo & Creed, 2002). The presence and characteristics of these other actors and the relationships between them will also affect the social movement's ability to establish the new form.

Institutional scholars have recognized the essential role of social movement organizations in creating and altering institutions, fields, practices, markets, and industries (Hiatt et al., 2009; King & Pearce, 2010; Pacheco et al., 2011; Rao et al., 2000; Schneiberg & Lounsbury, 2008; Sine & Lee, 2009; Weber et al., 2008). However, these studies focus on movements that *challenge* existing fields, forms, or institutions directly, seeking to disrupt power relationships and remove or rebuild existing institutional arrangements. Relatively little attention has been paid to the role of collective action in establishing hybrid forms that *bridge* multiple fields.

The emergence of the hybrid form may be tightly linked with collective action efforts to promote the new form. However, in the case of establishment of the benefit corporation hybrid form, these collective actors do not directly protest or boycott existing institutional powers as we typically see in social movements. Instead, the benefit corporation movement attempts to bridge the interstitial space between the proximate fields of business and charity, carving out a new

hybrid form that embraces the potential benefits of both (Rao et al., 2000). It may be that the relationships between these proximate fields affect the establishment of the new hybrid form as much as the efforts of the collective actors that champion it.

In this paper, I draw from institutional and social movement theory to explore how collective action to professionalize a hybrid organizational form is moderated by the size and strength of the existing proximate fields it bridges. In particular, I examine how the efforts of the B Corp movement to promote the creation of the benefit corporation as a legally defined organizational form by U.S. State legislatures are influenced by the relative power and influence of business and charitable fields.

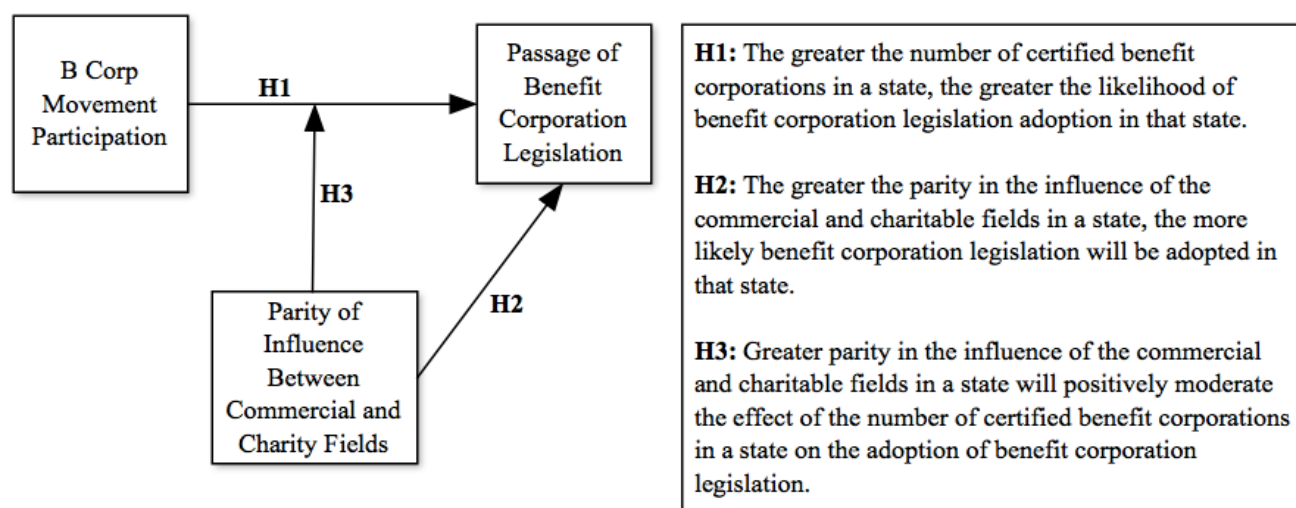
The B Corp movement is an elite-driven social movement seeking to promote and legitimize social enterprise in the form of “benefit corporations” - hybrid firms with core objectives of creating both economic profit and social/environmental good. The B Corp movement is organized around B-Labs, a non-profit organization that manages a voluntary B Corp certification program and coordinates efforts to introduce benefit corporation legislation. I focus my analysis on the legislative efforts of the B Corp movement at the state level in the United States and pose the following questions: *In what ways do existing fields proximate to a new hybrid organizational form shape the opportunity for its successful establishment? To what extent do the size and strength of proximal fields with respect to each other, enhance or inhibit the efforts of collective actors to institutionalize a hybrid form that bridges those proximal fields?*

The theoretical model for my study is illustrated in Figure 3.1. I begin with a brief review of the institutional literature on fields and organizational forms. Next, I discuss hybrid organizations and offer hybridity as an essential component in defining social enterprise. I then

explain how the B Corp movement is working to institutionalize the benefit corporation form at the interstices of the business and charity fields and theorize about the way in which the relative power relationships between these proximate fields affect the establishment of the new hybrid form. I follow this with a description of the context, data, methods, and results of my empirical study and conclude by discussing the implications of my findings and opportunities for future research.

THEORY & HYPOTHESES

Figure 3.1 - Theoretical Model & Hypotheses - Chapter 3



Conceptualizing Strategic Organizational Fields

The concept of an organizational field is central to institutional theory (Scott, 1995). At a very broad level, a field is a subsection of the social order and hence the basic building block of modern society (Fligstein & McAdam, 2012). Most contemporary institutional thinking on fields fits within a broad definition of a field as all of the interactions between organizations and actors in a particular social order (Bourdieu, 1984). These interactions are the mechanism by which a field norms and practices are made, negotiated, and remade (Bourdieu, 1984). DiMaggio and Powell defined an organizational field more specifically as "...those organizations that, in the

aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products” (1983:148).

Organizational fields are the center of institutional structure and change and serve as the conceptual bridge between organizations and society (DiMaggio, 1986) A field is the sector in which an organization operates, including all possible actors that may affect it (Scott & Meyer, 1983). Field membership may include any organizations that, for some period of time, maintain meaningful interaction with other members of the field (Hoffman, 1999).

Fields serve as important determinants of the social order as cultural frames - socially constructed systems of meaning (Benford & Snow, 2000; Goffman, 1974), and logics - organizing principles for action (Friedland & Alford, 1991; Thornton, 2004) operate within and across fields. As a new field emerges, actors connected to it participate in framing processes (Benford & Snow, 2000) through which the meaning structures and boundaries of the field are hammered out. One common outcome of these framing processes, and of field development in general, is the establishment of the organizational forms that typify the field (Dacin et al, 1999; DiMaggio, 1994; DiMaggio & Powell, 1983). The process of defining forms is important to both the near-term success of the field in becoming an established in the institutional context and in shaping the field in the long-term (Greenwood & Hinings, 1996).

Collective Action and the Establishment of New Organizational Forms

Organizational forms are the basic prototypes around which the meaning structures and standards for behavior and interaction in a field are organized (DiMaggio & Powell, 1983). In stable, established fields, forms reflect clearly defined norms and power relationships that help provide isomorphic pressure on actors in the field to maintain the institutional status quo

(DiMaggio & Powell, 1983; Meyer & Rowan, 1977). The stability of forms and the fields they inhabit is a hallmark of new institutional theory (Fligstein & McAdam, 2012; Scott, 1995).

However, forms can change and new forms do emerge, often dramatically altering the structure of and positioning of actors of an existing field or establishing them as part of the emergence of a new field (e.g. David et al., 2013). Hargrave and Van de Ven (2004; 2006) conceptually organize the literature on institutional change into four perspectives: institutional design, collective action, institutional adaptation, and institutional diffusion. Adaptation and diffusion deal with ways in which organizations adopt and become isomorphic with new institutional arrangements.

Institutional design and collective action deal with the processes by and conditions under which an institutional change is created, introduced, and institutionalized in the field. My focus in this paper is on the collective action perspective. Specifically, the conditions and interactions between actors and fields surrounding the process of establishing the new hybrid benefit corporation form within the emerging field of social enterprise.

The Creation and Establishment of New Forms - New forms emerge when actors, embedded in entering a field, react to problems not solved by the current institutional arrangement in the field (Suchman, 1995) or when influential actors in the field see opportunities to expand or improve the domain of the field in new ways (Meyer, 1994). These actors are institutional entrepreneurs (Battilana et al., 2009; DiMaggio, 1991) who create and introduce changes, including new forms, to the field. In doing so, they are often the catalyst for (de)institutionalization of forms and practices in a field (Oliver, 1991; 1992). The novelty of a new form depends on how much and in what ways it diverges from existing forms (Puranam et al., 2013). There are many examples in the literature illustrating the introduction of new forms

that depart from the status quo in goals, authority relations, technology, and served markets (Rao et al., 2000).

New forms often emerge as the resolution of conflict between institutional actors (Rao & Kenney, 2008). New forms may be authored by incumbents inside a field (Strang, 1995) or by external challengers such as grassroots movements (McEvily & Ingram, 2004). They are often reinventions of the authority or bureaucracy arrangements of the forms they are proposed to replace (Haveman et al., 1997; 2007; Puranam et al., 2013). Also, the collective identity of the field is often the impetus of form emergence with challengers contesting existing identity meanings (Carroll & Swaminathan, 2000; Rao et al., 2003; 2005) and incumbents resisting or struggling to adopt the new identity (Hsu & Hannan, 2005).

It is telling that collective action and the involvement of social movements play a central role along side institutional entrepreneurs in most of these examples. Whether a new form survives depends on political success in legitimizing it (Stinchcombe, 1965; Rao et al., 2000). This almost always requires the collective efforts of a network of supporting actors, including organizations that embody the new form and other allies (Aldrich & Fiol, 1994; Hannan & Carroll, 1992; Rao et al, 2000). Many of the examples above examine both the introduction and legitimation of new forms and consider the ways in which both individual actors and social movements participate in the process.

Individual institutional entrepreneurs are typically associated with conceiving of and introducing new forms whereas the legitimation or establishment of these forms (i.e. the work of negotiating with other institutional actors and integrating the new form into the institutional context) involves many actors converging around a social movement. This process is political in nature and involves multiple actors involved with or affected by the proposed institutional

change. This perspective draws directly from theory on social movements which holds that the mobilization of actors and resources, framing processes, and political opportunity structures in which the prospective new form is introduced are essential determinants of its success or failure (McCarthy & Zald, 1973; 1986). This study focuses on the political opportunity structure in each U.S. State and the mobilization of participants by the B Corp movement as it pushes to legitimize the benefit corporation hybrid form through legislation.

The B-Corp Movement and the Establishment of the Benefit Corporation

Organizational Form - I argue that the collective action of certified B Corp firms and other supporting organizations, coordinated by B-Labs, constitutes a de-facto social movement organization. I now offer further theoretical explanation to support this claim and argue that the presence of this movement at the state level drives the establishment of the social hybrid organizational form through the introduction and adoption of benefit corporation legislation. In their review of the social movement literature, Snow and Soule (2010) summarize five key elements that comprise social movements.

First, the movement must present a challenge to some existing structure or system of authority. The B Corp movement calls into question the morality and sustainability of maximizing shareholder wealth to the exclusion of other stakeholders. Although this may not be a direct challenge to the existing corporate form, it is certainly a grievance that social enterprises should be free of the ethical and legal requirement to put shareholders interests above all else.

The second key element of a social movement is that it is a collective effort of multiple actors rather than an individual. Participation in a movement need not take the form of highly visible, public protest (Snow & Soule, 2010). Nor, in fact do participants in a movement need to have close connections to movement leaders or other participants; participation and alignment of

interests are all that is required. The B Corp movement meets this second requirement given the number of certified B Corps and other affiliated actors in the US and worldwide.

The third element of a social movement is that it operates, to some degree, outside of existing institutional arrangements. Although the movement is, by introducing legislation, interacting with an established institution (i.e. the state) it operates outside the political system in its mobilizing and framing activities. Organization and continuity are the fourth and fifth elements of a social movement. These are clearly present in the B Corp movement, which is well organized, has a global reach, and has formally been in continuous operation since 2006.

An important factor in the success or failure of a movement is its ability to attract and mobilize movement participants (McCarthy & Zald, 1977). In the case of the B Corp movement, the most prominent participants are the firms that opt in to becoming B Corp certified organizations. Furthermore, the subset of individuals who take the lead in introducing benefit corporation legislation in each state tend to be executives and/or attorneys affiliated with certified B Corps. In this respect, the B Corp movement has been notably more active in some states than in others. California, the state with the largest number B Corps, is home to nearly 200 certified firms while roughly half of the remaining states have fewer than four each. I argue that the B Corp movement is the driving force behind the push to establish the benefit corporation legal organizational form as a means of legitimizing social enterprise through state endorsement. This being the case, states, like California, with a larger number of movement participants should be more likely to see benefit corporation legislation adopted and at an earlier point in time than states with fewer certified B Corps. I argue that, like any social movement, the B Corp movement will be more successful in establishing the new benefit corporation form through

legislation introduction and adoption in states where it has a stronger base of participation reflected by a greater number of certified B Corps.

***Hypothesis 1:** The greater the number of certified B Corps in a state, the greater the likelihood of benefit corporation legislation adoption in that state.*

The effort to institutionalize this new organizational form by the B Corp movement is important but certainly not a new idea for institutional scholars. However, we know much less about the establishment of a *hybrid* form that bridges and incorporates logics from the existing proximate fields of business and charity.

Hybrid Social Enterprise As An Emerging Form - In this paper, I examine an effort to define and legitimize social enterprise as a field through the institutionalization of a new organizational form. I define social enterprise as an emerging organizational field at the nexus of the existing fields of commercial business enterprise (i.e. For-profit commercial firms) and charitable/philanthropic social benefit organizations (i.e. Government and non-profit organizations that exist to address social and environmental problems). Social enterprise bridges these two fields and their underlying logics (business and charity, respectively) and includes, at its core, important elements of both. The nature and implications of this bridging are at the root of extensive definitional debates within the literature on social enterprise (Dacin et al., 2011). While the debate is ongoing, a growing number of scholars embrace the hybrid nature of social enterprise as the key both to understanding these organizations and to their utility as a context in which to extend and elaborate on existing organizational theories (Battilana & Lee, 2013; Zhao & Wry, 2011). I join these scholars in arguing that hybridity is the essential, defining characteristic of social enterprise.

The establishment of the benefit corporation as a new form, defining social enterprise as a field, is the primary focus of this study. The initial work of innovating the meaning structures

through framing processes and recruiting participants to join in collective action, has been under way for several years. While this work is ongoing, the efforts of the B Corp movement are now largely focused on establishing the legal form through state-by-state adoption of benefit corporation legislation. As I will demonstrate, the establishment of this new hybrid form is dependent on the existing relationships between the fields it bridges; that is, the relationships between business and philanthropic interests in each of the states. Given the importance of state sponsorship in lending legitimacy to a new form and field (Scott, 1995; Suchman, 1995), the future of the B Corp movement and the field of social enterprise may be determined, in part, by the success or failure of the B Corp movement to achieve its goal of benefit corporation legislation in all 50 states.

Hybrid Forms and Relationships Between Proximate Fields

Recall that hybrid forms bridge two or more existing organizational forms, fields, or logics and, if established, reside permanently at the nexus of those existing institutional structures (Battilana & Lee, 2014). I argue that the benefit corporation form is the prototype form for a hybrid social enterprise, bridging the forms of commercial business and non-profit charity. As such, proponents of the benefit corporation do not directly challenge these existing forms per se, but seek to create an interstitial form between them. Ryan, the founder of one of the B Corps explained how he saw the need for a way between the two.

We've had a pretty simple model until now, you're either non-profit or for profit. In the world of for-profit it was pretty simple, you'll be evaluated basically on just one thing: the bottom line. Yes, there's other things you can provide but mostly all you provide is jobs. A pretty simple definition of the world of commerce. In the world of non-profits, your job is to increase your benefit and perhaps so much so that you stifle your potential to scale. You can't invest in figuring out how to scale because that takes away from immediate good you could be doing. Both models work but are fundamentally flawed so they have to come together. The world's not that black and white. The significance of B Corp is that it's a step toward bringing those two models together and filling that hole.

Moreover, the goal of the benefit corporation (and of social enterprise in general) is to address social and environmental problems that are (or at least have been previously) unattractive as market opportunities and too large, complicated, or expensive to be solved through philanthropy. In other words, social enterprise draws on essential elements of these two existing fields in order to create public goods that they can or will not (Austin et al., 2006; Dean & McMullen, 2007). Rao, Morril, and Zald (2000) argue that new organizational forms emerge when incentives to create public goods or reduce negative externalities are inadequate. They also posit that new forms intended to fill gaps between existing fields are quite common and are established through the efforts of social movements to define the problems or deficiencies of the existing institutional arrangement and legitimize the new form through political action.

The Benefit Corporation as an Interstitial Form - Hybrid forms are unique recombinations of parts of multiple existing forms (Battilana & Lee, 2014; Padgett & Powell, 2012). They are the result of institutional innovators overcoming the inertial, segregating processes that define and maintain form boundaries (Hannan & Freeman, 1986; Haveman & Rao, 2006). The benefit corporation organizational form originates from an interstitial gap between two existing fields: commercial business and non-profit charity. The B Corp movement has engaged in collective action to frame the nature of the problem and the proposed solution: hybrid social enterprise. Benefit corporations are offered as a form that bridges the two existing fields and fills the gap between them addressing the problem of how commercial business can be directed toward solving social and environmental problems. Having accomplished the framing task, the movement is working to establish the benefit corporation as a permanent fixture in the institutional framework. It is the hybrid nature of this definition of social enterprise, incorporating social mission with financial sustainability, that makes it a viable option to fill the

gap at the interstices between the commercial and charity fields. The interstitial position of the benefit corporation also explains why the establishment of the benefit corporation is not necessarily a direct threat to actors in the existing fields, but is contentious because it disrupts the status quo.

Proximate Field Relationships and Opportunity - The examples above of new forms being instituted in the interstices between existing fields make clear the importance of taking a holistic view of the broader context surrounding institutional change. Indeed, just as individual actors simultaneously affect and are affected by the institutional environment in which they are embedded (Giddens, 1984), so too are fields embedded in an environment consisting of other proximate fields and actors (Fligstein, 2001). Moreover, it is essential to see field boundaries as fluid, changing depending on the situation and issues at stake and place-specific, varying with the differences in field structure by region (Fligstein & McAdam, 2012).

A new form's introduction and the process of its institutionalization may be seen as an "episode of contention" where the definition and legitimacy of the new form are evaluated in comparison with existing forms (Fligstein & McAdam, 2012, Rao & Kenney, 2008). Whether and when an episode of contention may occur depends on both the ability of the social movement introducing the new form to mobilize supporters and allies and on events in or among proximate fields that the movement can interpret as a political opportunity (Fligstein, 1996; 2001; McAdam, McCarthy, & Zald, 1996). This is particularly relevant to opportunities that arise at the nexus of existing fields because the meaning structures, relevant resources, and objectives of the existing forms and the new interstitial form will overlap. I suggest that this is the case with the emerging field of social enterprise.

The benefit corporation form has been introduced as a hybrid of business and charity logics and bridges the corresponding existing organizational forms (i.e. the commercial firm and the non-profit charitable organization). For this reason, these two existing fields/forms in particular, will help shape the institutionalization of the benefit corporation form. More importantly, though, it is not simply the relationship between the benefit corporation form and each of these forms individually that matters, but the relationship the existing forms have with each other that shapes the political opportunity structure for the benefit corporation form to be institutionalized.

In stable fields, powerful incumbents can insulate themselves from challenges, changes, or shocks by using the abundant resources they have at their disposal (Fligstein, 2001; Fligstein & McAdam, 2012). Field norms and structures, including organizational forms, are naturally inertial and members of the field tend to become isomorphic over time (DiMaggio & Powell, 1983). Fligstein and McAdam's theory of fields echoes this idea:

One of the main factors shaping the eventual structure of a strategic action field is the initial distribution of resources in the field. Where resources are highly unequally distributed across groups, one would expect that one group or a set of dominant groups would be able to impose their will on the field. The resulting strategic action field is likely to have a hierarchical structure. (Fligstein & McAdam, 2012:90)

Challenges to the status quo may arise in a hierarchical field, but incumbents are able to effectively ride them out given their enormous resource advantages. However, it is possible for the opposite to be true. When no actor or interest in the field is dominant, there is opportunity for challengers, both those already embedded in the field as well as new entrants, to introduce and successfully institutionalize, innovations such as new organizational forms (Fligstein & McAdam, 2012).

I draw on both of these theories to explain why the benefit corporation organizational form is being successfully established in some U.S. States sooner and more easily than others. In the

emergence of hybrid, interstitial fields, inter-field dynamics operate similarly to intra-field dynamics. Incumbent proximate fields' interaction with one other may significantly affect the opportunity structure the emerging field faces. Just as strong hierarchy among the power of interests within a field limits the opportunities for internal or external challengers to initiate and establish new practices and forms, so do uncontested power advantages residing with one field versus others limit the opportunity for a new hybrid form to be established at the nexus of those incumbent fields. Likewise, just as within a field, when power and resource distribution is relatively equal, there will be greater opportunity for a new hybrid form to be established.

The parity in the influence of the commercial business and non-profit charity fields relative to one another varies across states. For example, the population of non-profit charities in a state may be much lower than average while the same is true of the population of commercial firms indicating the presence of both fields is weak but balanced. In this case, I argue that neither existing field has a strong influence in the state, creating a void wherein there will be little resistance to the introduction and adoption of a new hybrid form. In an alternative example, the amount of money spent on lobbying and campaign contributions by both commercial and charitable organizations may both be similarly large in a given state suggesting these fields have relatively equal and strong influence. The relationship between the existing fields is contentious, creating an atypically volatile environment wherein field boundaries and power dynamics may be contested, leaving the door open for the introduction of a new hybrid form that bridges the two existing fields. In either scenario, I argue that parity in the influence of the commercial business and non-profit charity fields in a state will be positively related to institutional instability and, hence, political opportunity for a hybrid form. In these states, it is likely that benefit corporation legislation may be introduced and adopted more easily.

Hypothesis 2: *The greater the parity in the influence of the commercial and charitable fields in a state, the more likely benefit corporation legislation will be adopted in that state.*

Conversely, in some states there is a greater difference in the influence of the business or charity fields relative to one another than in other states. For example, money spent by commercial interests in an attempt to influence a state's policy makers may be many times greater than in the average state while spending by philanthropic interests is relatively low. This is an indication that the influence of the commercial field is dominant in the state. In some states, the opposite may be true; there may be a disproportionately large number of charities in a state and fewer commercial firms than average indicating that the charity field has a dominant influence in that state. In both cases, the dominant field is likely to remain dominant because its power advantage grants it access to and control of more resources as well as the support of allies in other proximate fields (e.g. the state). Therefore, the inter-field dynamics within such states will be much more stable than in states with greater parity, making the powerful incumbent field highly effectively at quashing challengers' attempts to introduce institutional change. In this way, power (i.e. influence and command of resources) imbalance favoring one proximate field over others will be negatively related to institutional instability and, hence, to political opportunity for a hybrid form. In these states, it is less likely that benefit corporation legislation may be introduced and adopted.

In this paper, I suggest that the B Corp movement is the primary source of framing arguments and collective identity for the emerging field of social enterprise at the state and national levels in the United States and may play a significant role on the global stage as well. I argued that the B Corp movement is the underlying driver behind the introduction and advocacy of benefit corporation legislation at the state level and would increase the likelihood of the

legislation being introduced and adopted by the state legislature. In the hypotheses above, I argue that the relative parity or imbalance in the influence of fields proximate to the social enterprise field will also affect the likelihood of the benefit corporation form being established. However, it is the interaction of these two effects that I argue is unique to the establishment of this new, *hybrid* organizational form. I and other scholars view social enterprise as a new and truly hybrid field, bridging the commercial and charitable (Battilana & Lee, 2014; Moss et al., 2010; Pache & Santos, 2010; 2013). I also contend that the legitimation of the benefit corporation as a new form, via state endorsement through legislation, is an institutional milestone marking the permanent establishment of social enterprise as a field. For these reasons, the best opportunity for the establishment of a hybrid form should arise when collective action to promote the form is mobilized in an environment where there is parity in the influence of proximate fields. Conversely, there should be less opportunity when collective action is insignificant and where the influence of one proximate field overshadows the other. Thus, in the context of this study:

Hypothesis 3: *Greater parity in the influence of the commercial and charitable fields in a state will positively moderate the effect of the number of certified benefit corporations in a state on the adoption of benefit corporation legislation.*

DATA AND METHODS

To test my hypotheses, I built a longitudinal dataset of benefit corporation legislation adoption in all 50 U.S. States. My window of observation begins in 2006 (the year in which B Lab and the B Corp movement were founded) and runs through 2013 (the last full year for which all data were available). During this time period, legislation was introduced in 31 states and adopted in 20. These data were acquired from the Sunlight Foundation's Open States database⁷

⁷ The Sunlight Foundation is a non-partisan non-profit organization with the mission of making data on government and elected officials at the local, state, federal and international levels publicly available. The Open States initiative collects data from the

in October of 2013. The resulting dataset consists of 400 state-year observations across 50 states and 7 years. Because some independent variables are lagged and I lose one year of observations, the final sample consists of 350 state-year observations. Because my analyses examine the likelihood of legislation adoption over time using Cox proportional hazard models, the dependent variable that represents hazard condition is a dummy coded dichotomous variable for each state-year indicating whether benefit corporation legislation was adopted.

Independent Variables

I determined movement participation at the state-year level using running counts of the number of certified B Corps in each state-year. I used these raw counts to calculate relative state-year participation as the number of certified B Corps in a state. These data were collected from B Lab's online directory of all certified B Corps, which is publicly available at bcorporation.net. The directory is constantly updated over time. The data I collected represent a snapshot of all certification records on or before October, 2013.

I calculated the relative parity between the influence of the business and charity fields in each state by as the ratio of the number of businesses to charities to in a state-year. In every case, the number of businesses exceeded the number of charities. Consequently, values for this measure are all greater than 1. For ease of interpretation, I multiplied this measure by -1 so that higher values mean greater parity between business and charity in a given state-year. Business count data were obtained from the U.S. Census Bureau's Business Dynamics Statistics (BDS) dataset that tracks the number of business establishments in each state. Charity count data were obtained from the U.S. Internal Revenue Service's Business Master File (BMF) that contains the tax registration data for all business and non-profit organizations in each state including

categorization by industry and tax designation. Organizations involved in social and environmental services (human rights, health and welfare, animal rights) and general philanthropies and foundations were included. I also repeated all model tests using a 5yr running average of business and charity counts for each state-year rather than a single state-year. The results were not substantively different.

Controls

I used a variety of state level controls to account for structural differences due to size and political control in the state legislature. I control for:

Organization Per Capita - This measure is intended to control for differences in size between states. Passing legislation related to the corporate code in states with a larger population of organizations per capita may differ from states with a smaller population of organizations. I calculated this item by dividing the total number of organizations (businesses and charities) by the state population for each state/year. These data were obtained from the U.S. Census Bureau.

Population Median Age - This measure is intended to control for possible age-related differences in attitude toward the legitimacy of HSE. Age-related differences could affect legislation because of differences in political participation by age. I used the median age of the population of each state/year for this measure. These data were obtained from the U.S. Census Bureau.

Percent Change in State GDP - This measure is intended to control for changes in the overall economic climate in a state. Changes in the economic conditions in a state may affect for profit businesses, charities, or both. This may have an indirect effect on the passage of legislation authorizing benefit corporations that bridge both of these fields. This measure is the change in

gross domestic product of each state/year from the previous year represented a percentage. These data were obtained from the U.S. Bureau of Economic Analysis

Bills Adopted - This measure is intended to control for the overall volume of adopted legislation in each state/year. States differ in the overall number of bills their legislatures successfully adopt in a given session. States with a higher or lower volume of adopted legislation may differ in terms of the likelihood of benefit corporation bills being adopted. This measure is the total number of bills adopted in each state's legislature (irrespective of the house in which it was initially introduced) for each state/year legislative session. These data were obtained from the Book of the States, an annual publication produced by the Council of State Governments containing comprehensive information about each state by year. (csg.org)

Bill Adoption/Introduction Ratio – This measure is intended to control for the relative difficulty of passing legislation once it has been introduced. Benefit corporation legislation may be more likely to pass if introduced in a state where more introduced bills pass successfully than in a state where the passage rate of introduced legislation is lower. This measure is the total number of bills adopted by each state's legislature (irrespective of the house in which it was introduced) divided by the total number of bills introduced in the same state/year legislative session. These data were obtained from the Book of the States.

Senate Party Ratio - This measure (along with the house party ratio) is intended to control for the relative power of a particular political party in a given state/year. The likelihood of benefit corporation legislation successfully passing may be affected by party control. This measure is calculated as the ratio of the number of Democratic to Republican senators in each state's upper house. These data were obtained from the Book of the States.

House Party Ratio - This measure (along with the senate party ratio) is intended to control for the relative power of a particular political party in a given state/year. The likelihood of benefit corporation legislation successfully passing may be affected by party control. This measure is calculated as the ratio of the number of Democratic to Republican representatives in each state's lower house. These data were obtained from the Book of the States.

Ballot Initiatives Average - This measure is intended to control for the potential effects of direct democracy in a given state. Fourteen states' constitutions allow for direct democracy via ballot initiatives. The frequency with which direct democracy is exercised in a state may affect the passage of legislation by the state legislature in general and in a particular session. This measure was calculated as the average number of direct ballot initiatives per session from the time that direct democracy was instituted in the state until the focal state/year session. For states without direct democracy amendments in place this measure will be zero. These data were obtained from the Book of States.

Model and Analyses

Estimation of all survival time models was performed using Cox proportional hazards procedure (Cox & Snell, 1989) with robust standard errors. The proportional hazard approach to survival analysis relies on an assumption of proportionality. That is, the proportion of the hazard function made up by each independent variable relative to the overall variance explained by the model remains constant over the observation time window. Per Cox & Snell (1989) I tested the assumption of proportionality for each model and also conducted a graphical test of estimated Cox-Snell residuals for all model using the same set of controls. The results showed no significant evidence to nullify the assumption of proportionality in any of the models.

My data was right censored for states that did not pass benefit corporation legislation by the year 2013. I include censored data in my models to improve estimation efficiency (Amezcuca et al., 2013; Cleves et al., 2008). Table 3.1 shows the correlation matrix, means, and standard deviations for all independent and control variables in the model. No variables were correlated with the independent variables of interest with a coefficient of more than 0.38 suggesting the danger of multicollinearity was relatively low. I also mean centered the IVs of interest for inclusion in interaction terms to attenuate the possible effects of multicollinearity (Amezcuca et al., 2013; Aiken & West, 1991). Additionally, I conducted diagnostic tests for multicollinearity by examining variance inflation factors (VIFs) for all models. In each case, though the mean VIF exceeded the critical value of 2, all IVs of interest were below the $VIF < 2$ threshold.

RESULTS

Table 3.1 contains the summary statistics and correlations of all variables in the study. Table 3.2 presents the results of my proportional hazard models. All coefficients in these models are reported as hazard ratios where values higher than one indicate an increase in the likelihood of benefit corporation legislation and values smaller than one indicate a decrease.

Model 1 includes only control variables. In this model, the overall volume of bills adopted and the degree to which Democrats controlled the state senate were both significant increases in the likelihood of benefit corporation legislation passing. Although not hypothesized, these two controls were significant in all models. No other controls were significant in this or any other model except where specifically noted below.

Model 2 tests and shows support for Hypothesis 1 where I predicted the positive effect of greater numbers of certified B Corps in a state on the likelihood of benefit corporation legislation passage. The hazard ratio coefficient for this variable is greater than one and significant

(HR=1.053, $p<0.001$) supporting Hypothesis 1. The effect of direct democracy through ballot initiatives negative but only marginally significant (HR=0.465, $p<0.08$).

TABLE 3.1
Means, Standard Deviations, and Correlations Among All Variables

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10
1. B Corp Legislation Pass (dummy)	0.06	0.24										
2. Certified B Corps	0.00	16.24	0.34									
3. Parity Business/Charity	0.00	25.14	0.24	0.24								
4. Organizations Per Capita	0.02	0.00	-0.07	-0.09	-0.28							
5. Median Age	37.14	2.18	0.06	-0.02	0.24	0.22						
6. Change in GDP	0.04	0.04	-0.04	-0.02	-0.09	0.20	-0.11					
7. Bills Adopted	372.88	251.40	0.08	0.24	0.00	-0.21	-0.16	-0.02				
8. Bill Adoption/Introduction	1.21	9.55	-0.02	-0.03	-0.06	-0.01	-0.01	0.06	0.14			
9. Senate Party Ratio	1.59	2.35	0.16	0.02	0.21	-0.02	0.20	-0.06	0.08	0.03		
10. House Party Ratio	1.48	1.54	0.10	0.03	0.12	-0.04	0.24	-0.13	0.12	0.04	0.72	
11. Ballot Initiatives	0.48	0.79	0.03	0.38	-0.05	0.14	-0.13	0.07	0.20	0.16	-0.06	-0.07

TABLE 3.2
Survival Analysis - Cox Proportional Hazards Models

	Model 1 Controls	Model 2 B Corps	Model 3 Parity	Model 4 B Corps & Parity	Model 5 Interactions
	hr (SE)	hr (SE)	hr (SE)	hr (SE)	hr (SE)
Certified B Corps		1.053*** (0.015)		1.049** (0.0164)	1.107** (0.031)
Parity Business/Charity			1.025** (0.009)	1.019* (0.008)	1.012 (0.009)
B Corps * Parity					0.997+ (0.001)
Organizations Per Capita	1.2E+21 (9.6E+22)	1.7E+38 (1.6E+40)	2.1E+36 (1.8E+38)	7.1E+48 (6.8E+50)	1.5E+48 (1.4E+50)
Median Age	1.025 (0.095)	1.038 (0.090)	1.005 (0.101)	1.026 (0.093)	0.995 (0.093)
Change in GDP (%)	0.029 (0.201)	3.829 (28.900)	0.050 (0.338)	2.323 (17.280)	174.800 (1653.000)
Bills Adopted	1.003** (0.001)	1.002** (0.001)	1.003** (0.001)	1.003** (0.001)	1.002* (0.001)
Bill Adoption/Introduction	0.850 (0.172)	1.040 (0.085)	0.836 (0.195)	1.038 (0.100)	1.073 (0.082)
Senate Party Ratio	1.424*** (0.113)	1.419*** (0.122)	1.348*** (0.110)	1.354*** (0.109)	1.402*** (0.121)
House Party Ratio	0.855 (0.091)	0.865 (0.098)	0.889 (0.095)	0.897 (0.096)	0.887 (0.107)
Ballot Initiatives	1.011 (0.240)	0.465+ (0.202)	0.981 (0.216)	0.481+ (0.213)	0.460+ (0.190)
n	350	350	350	350	350
Log pseudo likelihood	-63.81	-60.01	-62.24	-59.14	-58.09
Wald Chi2	51.09	71.82	48.31	66.87	62.07

+ $p<0.10$ * $p<0.05$ ** $p<0.01$ *** $p<0.001$

(Robust standard errors)

Model 3 tests and supports Hypothesis 2 where I predicted that the effect of greater relative parity between commercial and charity fields in a state would increase the likelihood of benefit corporation legislation passage. The hazard ratio coefficient for this variable is greater than one and significant (HR=1.025, $p=0.006$) supporting Hypothesis 2.

Model 4 tests the effects of certified B Corps and relative parity together in the same model. The results of this model show very similar hazard rate coefficients for these two variables as in Models 2 and 3 and both are significant (Certifications: HR=1.049; $p<0.003$; Parity: HR=1.019; $p<0.008$) suggesting stability in the effect sizes of these variables and additional support for Hypotheses 1 and 2.

Model 5 tests Hypothesis 3, which predicts the positive effects of interaction between B Corp certifications and Commercial/Charity Parity on increased likelihood of benefit corporation legislation passage. The effects of the interaction were marginally significant ($p=0.077$). The hazard ratio coefficient was less than one (HR=0.997), indicating a negative effect on the likelihood of benefit corporation legislation passage, which was opposite of the hypothesized effect. However given the marginal significance and the fact that the confidence interval for this hazard rate coefficient spans one (CI=0.9947-1.0003) this result can only be viewed as inconclusive. Therefore, Hypothesis 3 is not supported. Also, the hazard ratio coefficient for B Corp certifications was greater than 1 and significant in this model (HR=1.107; $p<0.001$) and the effect of direct democracy through ballot initiatives was negative but only marginally significant (HR=0.460, $p<0.06$).

Robustness Tests

Models 3-5 use a ratio of the number of business and charity organizations to measure parity between commercial and charity fields. This measure was significant and supported

Hypothesis 2 in Models 3 and 4. However it was not significant, on its own or as part of the interaction term in Model 5. In order to diagnose the reasons for this result, and as a robustness test for Models 3 and 4, I broke the parity ratio into its component parts, the counts of business firms and charities in each state/year for further testing. Following Shanock et al. (2010), I conducted a polynomial response surface analysis. This technique is useful for examining how two predictor variables (in this case, the counts of business and charity organizations in a state/year) relate to an outcome (in this case, the likelihood of benefit corporation legislation).

The technique involves running a

polynomial regression on the

dependent variable using the

predictors of interest as

regressors along with an

interaction of the two predictors

and a quadratic term for each.

The resulting coefficients are

plotted on a three-dimensional

graph. The resulting 3

dimensional surface can be used

to interpret the relationship

between the outcome and: (A)

the agreement between the two

predictors, (B) the degree of

discrepancy between the two

TABLE 3.3
Polynomial Regression - Surface Analysis

	hr (SE)
Business Count	1.000 (2.8e-05)
Charity Count	1.001 (0.001)
Business * Charity	1.000 (6.9e-08)
Business ^2	1.000 (3.3e-10)
Charity ^2	1.000 (3.6e-06)
Organizations Per Capita	1.2e+30 (1.3e+32)
Median Age	1.038 (0.102)
Change in GDP (%)	0.057 (0.509)
Bills Adopted	1.002* (0.001)
Bill Adoption/Introduction	1.018 (0.074)
Senate Party Ratio	1.470*** (0.115)
House Party Ratio	0.877 (0.103)
Ballot Initiatives	0.849 (0.269)
n	350
Log psuedo likelihood	-61.80
Wald Chi2	56.76

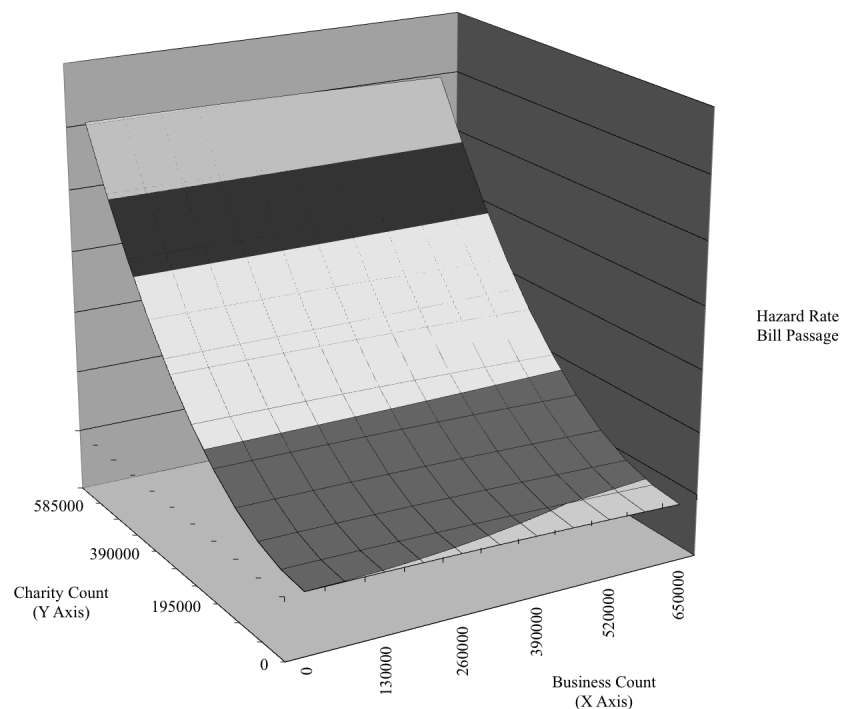
+ p<0.10 * p<0.05 ** p<0.01 *** p<0.001 (Robust standard errors)

predictors, and (C) the direction of discrepancy between the two predictors.

In my analysis, I created the requisite polynomial parameters and applied them to a Cox proportional hazards model with all control variables included. Table 3.3 shows the results of this model. The plot for the model in Table 3.3 is illustrated in Figure 3.2. In the case of this model, the X=Y axis (moving from the front corner of the base of the graph to the back corner of the base) has a positive slope suggesting that agreement (i.e. parity) between business and charity is related to the likelihood of legislation passage so that an increase in both together increases the likelihood of passage. However, the steep, positive slope of the Y axis and slightly negative slope of the X axis suggest that, while the two variables moving in parity does affect the hazard ratio, the effects of parity are far more sensitive to changes in the charity count than in the business count. This suggests that, Models 3 and 4, *relative* parity does affect the likelihood of legislation passing but

in the data used in these analyses, there is little *actual* parity between business and charity in any state. This is a limitation of the data and is addressed further in the discussion section below.

Figure 3.2 - Polynomial Response Surface



Given the finding in the polynomial surface analysis above that the parity measure is driven primarily by the number of charities in the state, I performed an additional sensitivity analysis directly testing the effects of charity. I tested each of my models substituting the number of charities in the state in place of the parity ratio measure. All results were identical to my tested models in terms of hazard ratio direction and significance.

In addition to the polynomial surface analysis described above, I also tested the robustness of my models by substituting alternate measures in each model. Specifically, I tried using the number of business establishments (rather than the number of firms) in all corresponding measures, and I tried substituting 3yr, 5yr, and 10yr moving averages of all variables where data was available (parity and all controls). These substitutions did not substantively change the results of my models.

DISCUSSION AND CONCLUSION

In this study, I set out to theorize and test a model of how collective actions by an “insider” social movement drive the establishment of a new, hybrid organizational form; the hybrid social enterprise (prototypically exemplified by the benefit corporation in the United States). I also sought to explain how the relationships between proximate fields surrounding the hybrid form affect its establishment. My findings suggest that the actions of the B Corp/HSE movement at the state level affected passage of benefit corporation legislation. State legislatures seem to be more likely to adopt legislation providing regulative legitimacy to hybrid forms when there is a stronger presence of hybrid organizations embodying that form actively pursuing its establishment in the state. Furthermore, benefit corporation legislation was more likely to be adopted in states where businesses and charities were more equally represented. It appears that

hybrid forms are more likely to be established in a context where there is parity between related proximate fields as opposed to one in which one field and its logics are dominant.

My results also suggest that more frequent exercise of direct democracy in a state has a negative effect on the passage of benefit corporation legislation. This unexpected finding may be of particular interest to future research, especially combined the positive effect of higher volume of bill adoption overall. Democratic party control of the state house and senate was also important. This is, on its face, perhaps somewhat obvious but it is interesting considering the fact sponsorship of B Corp legislation seems to be party agnostic. My data show that the number of legislators involved introducing and sponsoring benefit corporation legislation was split roughly evenly between Democrats and Republicans.

In any empirical study it is important to consider alternative explanations for the study's findings. For example, the potential for endogeneity is always a concern in a study like this one. It could be that the causal direction of my findings is reversed. It seems unlikely that benefit corporation law is driving parity between business and charity at the state level, especially considering no benefit corporation legislation was introduced in any state prior to 2007. However, it is quite plausible that the emergence of benefit corporation law may affect participation in the B Corp movement. I have attempted to address this with a longitudinal survival study of all 50 U.S. states and the entire population of certified B Corps and lagging all independent and control variables to clarify causal direction.

It is also possible that another factor is influencing either the passage of legislation, B Corp participation and parity, or all of these. For example, it could be that passage of *any* legislation related to corporate code depends, to varying degrees on the size, influence, and level of activity of the state's corporate bar. There could also be an unobserved event affecting both the

dependent and independent variables such as a significant shift in the perceived legitimacy of business and/or charity logics due to larger economic and political events that coincide with the window of observation for this study. The economic crash of 2008 and the rise of anti-business groups such as Occupy Wall Street are examples. I attempt to account for these alternative explanations by carefully selecting control variables commonly used in the political science literature on activism and policy change (Boehmke, 2009; Haider-Markel, 2001; Squire, 1997). Also, when researching state level phenomena like policy change and by-state differences in social movement activity, there undoubtedly *are* other factors at work. When examining a complex system on such a large scale, one can only hope to offer a partial explanation. In this study, I focus on developing and testing theory to explain specifically how hybrid forms and fields become established in the interstitial space between already established fields. My theory is primarily concerned with the the influence of the proximate fields that the hybrid form bridges.

Through the findings of this study, I make several important contributions to the literature on hybrid social enterprise, social movements, and the establishment of new organizational forms. First, I contribute much needed theory development and empirical testing within the context of HSE (Dacin et al., 2011; 2012; Short et al., 2009). My findings show that hybrid firms are engaging in organized collective action to establish hybrid social enterprise – exemplified by the benefit corporation – as a legitimate new organizational form to simultaneously address social/environmental problems and pursue financial profit. This finding lends support to two emerging perspectives in the HSE literature: (A) that social/environmental enterprise research is best served by focusing on the hybrid nature of these organizations (Battilana & Lee, 2014; Pache & Santos, 2010; 2013), and (B) that the diffusion and institutionalization of hybrid social/environmental enterprise is being driven primarily by collective actors working to effect

institutional change in the face of resistance from incumbent actors (Pacheco et al., 2011; Sine & Lee, 2009; Weber, 2009).

My findings also explain how the establishment of an interstitial hybrid form is affected by the relationships that the proximate fields it bridges have with one another. While prior research has shown that proximate fields, and incumbent entities of all kinds, affect both the characteristics and the fate of new forms (David et al., 2013; Puranam et al., 2013; Rao et al., 2000; 2003) little attention has been paid to the implications of how these fields relate to one another. The importance of business/charity parity in this study suggests that, just as competition between incumbent actors within a field can create opportunity for new forms to emerge (Fligstein & McAdam, 2012), inter-field competition may create similar opportunity for hybrid interstitial forms.

This study has several features that strengthen the validity of its findings. First, the research context provides clarity a straightforward setting in which to test my theory. The B Corp and benefit corporation designations are unambiguous and unarguably represent an ideal type of HSE organization/form. Furthermore, my sample captures all benefit corporation legislation introductions and adoptions and the entire population of B Corps from the form's inception eliminating any potential bias introduced by left censoring. Also, my sample spans a seven-year window of observation with lagged independent variables making it possible to infer causal direction. Finally, I control for state level differences in accordance with common practice in political science studies on collective action and policy change (Boehmke, 2009; Haider-Markel, 2001; Squire, 1997).

As with any empirical research, it is important to consider the limitations of this study. First, a longer window of observation would, of course, dramatically increase the number of

observations in my data set and provide more statistical power. Also, my data is limited in that the diffusion of benefit corporation law is still in progress at the time of these analyses. For this reason, as with many hazard models, my analyses are right censored. Revisiting these analyses after benefit corporation legislation has been attempted in all 50 states would provide a much more interesting and robust result. Also, as mentioned in the robustness checks section above, there are limitations related to the measures used in this study. While my analysis showed that relative parity between business and charity was positively related to benefit corporation legislation passing, from a practical point of view, the number of businesses in any given state dwarfs the number of charities by an enormous margin. It still stands to reason that parity should have this positive effect (my results provide support for H2 and robustness tests do not disconfirm the basic concept) but further research is needed to come to a more certain conclusion. Specifically, measures allowing finer grained comparison of the relationship between businesses and charities that may be especially likely to affect/be affected by HSE would help strengthen the study. Alternatively, a measure of influence parity not determined by organization density, such as political contributions may help bring clarity to these results.

My findings may also have important implications for practice. Leaders of business movements hoping to effect policy change can benefit from mobilizing supporters through a legitimizing mechanism such as a certification (Sine et al., 2007). Also, collective actors should recognize that the relationships incumbents in proximate fields have with each other can indirectly affect their ability to introduce policy change. Counter intuitively, it may be more effective to focus on states with greater parity between proximate fields rather than targeting symbolically enticing bellwether states that represent the dominance of an incumbent field the movement seeks to displace.

CHAPTER 4: HOW COMMITMENT TO ORGANIZATIONAL HYBRIDITY MODERATES THE RELATIONSHIP BETWEEN FIRMS' SOCIAL AND FINANCIAL PERFORMANCE

INTRODUCTION

Hybrid social enterprise (HSE), organizations that simultaneously pursue social/environmental value creation and financial profitability as core components of their business model, are touted as a potential solution to many of society's most pressing and chronic problems (Battilana & Lee, 2014; Miller et al., 2012; Peredo & McLean, 2006; Shaw & Carter, 2007). The assumption that creating social value can be profitable is frequently implicit in research on HSE because, unlike their charitable counterparts, hybrid social firms do seek profit and long-term financial sustainability. Even so, leaders of hybrid firms themselves may not be sure whether or in what ways their social mission will ultimately help or hinder their pursuit of financial sustainability.

Institutional theorists suggest that firms that do not fit into established categories struggle to gain legitimacy, resources, and customers (Hsu, 2006; Kraatz & Block, 2008; Zuckerman et al., 2003). Since hybrid social firms bridge institutional logics of business and charity, the ways in which institutional actors around them characterize them will vary (Battilana & Lee, 2014; Pache & Santos, 2012). Also, given the newness of hybrid social enterprise as an organizational field, there is uncertainty about how these hybrid firms should behave and how firm their commitments to any stakeholder will be over time (Kraatz & Block, 2008).

Indeed, we know little about whether or how hybrid social firms benefit financially from their pursuit of a triple bottom line. This research gap is understandable given the theoretical infancy of the HSE literature and the empirical challenges HSE researchers have faced (Gras & Lumpkin, 2012; Kickul & Bacq, 2012; Short et al., 2009). Measuring social performance has

been problematic due to limited samples of hybrid social firms, suspect measures of social performance, and the fact that financial data on hybrid social firms is often unavailable.

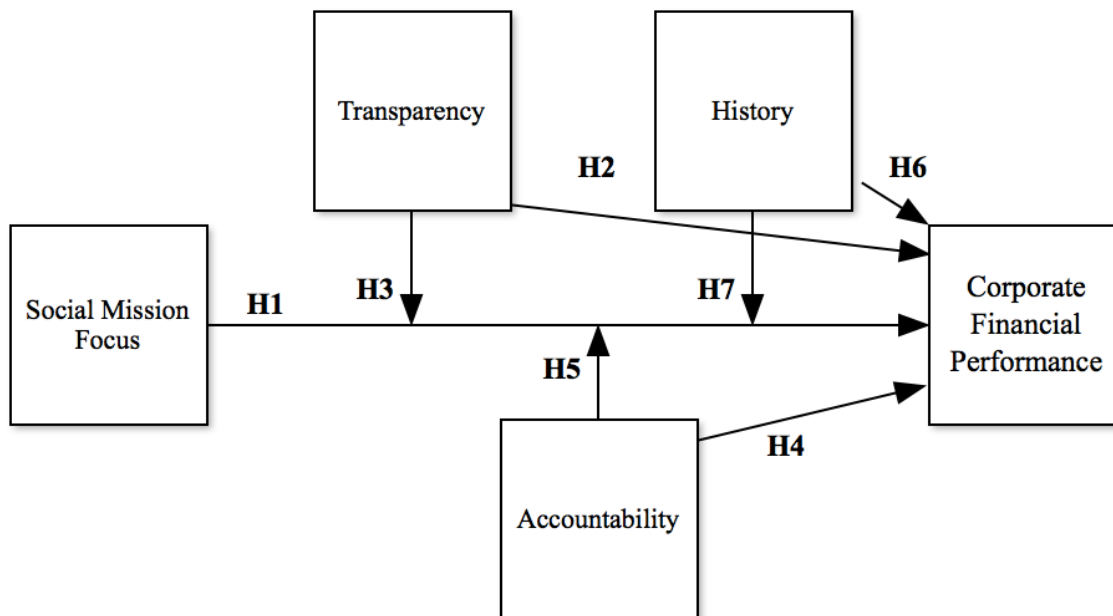
Corporate social responsibility (CSR) scholars have exhaustively researched the relationship between responsible behavior and profitability (Madsen & Rodgers, 2014) but this literature examines CSR as an ancillary activity or code of ethics used by firms otherwise exclusively focused on shareholder wealth. Rarely, if ever, does the CSR literature seriously consider hybrid firms and the performance implications of an enduring core commitment to both social and financial objectives. This raises an interesting question: *In what ways does their hybrid nature help or hurt the financial performance of for profit social firms?*

I seek to answer this question in this empirical study of HSE. I argue that the financial advantage stemming from social performance depends on how *focused* the firm's social efforts are, the level of *accountability* to which they hold themselves, how *transparent* these efforts are to stakeholders, and their *history* as a hybrid social firm. I propose that firms that demonstrate their hybrid goals are focused, authentic, and will remain unchanged over time, will perform better financially than firms whose goals encompass many different areas and stakeholder groups or who fail to demonstrate accountability and transparency. The theoretical model for my study is illustrated in Figure 4.1.

I find support for these arguments in a five-year longitudinal panel study of 34 hybrid social firms. Each of these firms are certified Benefit Corporations (B Corps) in the United States. B Corps provide a unique context in which to study hybrid social enterprise because B Corp certification is *only* granted to firms that are both for profit and committed to social and/or environmental benefit as part of their core mission. My analysis will use a longitudinal dataset that includes detailed and reliable measures of social performance obtained from B Corp

certification reports as well as financial performance obtained from the NETS longitudinal database of Dunn & Bradstreet firm data.

Figure 4.1 - Theoretical Model & Hypotheses - Chapter 4



H1: Hybrid social firms' financial performance will increase when the firm's social objectives are more focused.

H2: Financial performance will increase when the firm social mission is more transparent to stakeholders.

H3: Transparency will positively moderate the positive effect of social mission focus on financial performance.

H4: Financial performance will increase when the firm has policies in place to enhance accountability for its social mission.

H5: Accountability will positively moderate the positive effect of social mission focus on financial performance.

H6: Financial performance will be stronger for hybrid social firms with a longer history than those with a shorter history.

H7: History will positively moderate the positive effect of social mission focus on financial performance.

THEORY & HYPOTHESES

Mitigating the Negative Effects of Hybridity and Pluralism on Performance

The social enterprise literature is concerned with organizations that address societal problems using business or entrepreneurial means (Dacin et al., 2010; Mair & Marti, 2006). Social enterprises seek to solve intractable and persistent social and environmental problems in a way that is also financially profitable (Zahra et al., 2009). These firms operate on an assumption that doing good can be financially sustainable and may even lead to superior performance in the long run. For this reason, they span institutional boundaries in such a way that defining exactly what positions they will hold over the long term is extremely difficult (Battilana & Lee, 2014; Pache & Santos, 2013). The uncertainty about how to define hybrid social firms' commitments is compounded by the fact that traditional commercial firms increasingly dabble in social/environmental initiatives as well (Madsen & Rodgers, 2014). Sometimes these initiatives truly are driven by compassion and do create meaningful social good while other times they are purely attempts at greenwashing. It is not always easy to know the difference (Hanson & Weiss, 1991).

Moreover, commercial firms arguably provide significant social benefit by contributing to economic growth, creating jobs, and paying taxes (Friedman, 1970). In sum, efforts of stakeholders to clearly understand the strategic and moral positions of hybrid social firms are complicated by the firms themselves and the activities of organizations in the institutional spaces they bridge. These are all due to hybridity and the complementary concepts in institutional theory of institutional pluralism and complexity (Kraatz & Block, 2008; Greenwood et al., 2011; Thornton et al., 2012).

Institutional pluralism (Kraatz & Block, 2008) or complexity (Greenwood et al., 2011) refers to an institutional context in which organizations find themselves beholden to multiple and often conflicting interests or institutional authorities. Hybrid firms, those that operate in environments of institutional pluralism, face several challenges. Organizations, like individuals, seek to verify the identities they portray to the world (Burke, 1991; 1996; Cast & Burke, 2002; Czarniawska, 1997; Whetten, 2006). Validating multiple and potentially conflicting identities is not a straightforward task (Deaux, 1996). Also, from an institutional perspective, hybridity tends to hurt legitimacy because it causes confusion about which authorities are over the firm and inconsistency in the way the firm is portrayed (Scott & Meyer, 1983).

There are several alternatives open to hybrid firms to combat the potential negative effects of pluralism. The firm may try to eliminate problematic classifications by jettisoning those of lesser importance (Pratt & Foreman, 2000; Oliver, 1991; Donaldson & Preston, 1995). Alternatively, the firm may try to balance the disparate demand of stakeholders from different fields, effectively trying to serve two (or more) masters without a permanent resolution to the conflict between them (Pratt & Foreman, 2000; Oliver, 1991; Donaldson & Preston, 1995). Both of these options are typically unavailable to the hybrid social firm because its commitments to social and financial stakeholders are both defining and transparent (Austin et al., 2006; Battilana & Lee, 2014).

My study extends the work of scholars examining the ways in which HSE firms *can* respond to the challenges of institutional complexity. One approach involves expert navigation of a pluralistic context and attempting to connect with various stakeholder groups on their own terms. Pache & Santos (2013) found that some social hybrid firms engage in selective coupling with competing institutional logics, emphasizing different aspects of their mission tailored to the

focal stakeholder audience. My model offers an alternative strategy for hybrid firms addressing complexity. That is, a hybrid organization may successfully forge for itself a new and truly hybrid identity that becomes equally valid to multiple stakeholder groups because of its consistency (Kraatz & Block, 2008). This is achieved by the hybrid firm making what Selznick called “irreversible commitments” to reliable and enduring positioning and action in each of the fields or logics that it bridges. (Selznick, 1957:21) This is similar to Pache & Santos’ selective coupling strategy in that the firm may recognize the need to tailor messages about the value they provide to each stakeholder group, essentially becoming more of a social organization to some and more of commercial firm to others. However, it differs in one important respect. Rather than selectively downplaying messages that may be irrelevant or distasteful to various stakeholders, in adopting an irreversible commitment strategy, the firm makes its hybrid mission as transparent as possible to all stakeholders. The objective of this strategy is twofold: 1) to establish a truly hybrid identity as a triple bottom line firm, and 2) to communicate the meaning of that hybrid identity and demonstrate the firm’s enduring commitment to it to all stakeholders. If successful, all stakeholder groups will recognize the firm’s hybrid identity as both authentic and predictable nullifying the potential negative effects of hybridity. My argument draws directly from Kraatz and Block’s view on the importance of consistency to hybrid organizations:

We see no obvious reason to predict that an organization cannot fulfill multiple purposes, embody multiple values (or logics), and successfully verify multiple institutionally derived identities. Indeed, we think that organizations that embody multiple values and are successful at more than one thing (e.g. research and teaching, satisfying shareholders and environmental groups, upholding professional standards and serving clients) may be especially legitimate for that very reason. (Kraatz & Block, 2008:37)

I hypothesize there are four components that may contribute, positively or negatively, to establishing a hybrid firm’s commitment to their logic spanning position: social mission focus, accountability, transparency, and history. I hold that these factors will be particularly important

for hybrid firms in a nascent field, as is the case with the hybrid social enterprise (Battilana & Lee, 2014; Dacin et al., 2011; Hervieux et al., 2010; Nicholls, 2010; Short et al., 2009; Sud et al., 2008). I argue that the primary goal for these firms must be an irreversible commitment to their hybrid position (Kraatz & Block, 2008; Selznick, 1957). In pursuing this goal, they may be able to forge a *durable* hybrid identity and gain more legitimacy than they would by balancing or selective coupling. In the sections below, I discuss each of the four components and hypothesize about the ways in which they shape the relationship between social/environmental performance and financial performance for hybrid social firms.

Social Mission Focus

A triple bottom line firm's social mission can take many forms (Miller et al., 2012; Short et al., 2009). The firm may provide products or services that directly benefit society or the natural environment (York & Venkataraman, 2010). Examples include green/sustainably-produced products, services that directly reduce environmental degradation, and services that benefit the local community. Social mission may also focus on the kinds of customers the firm serves such as the disadvantaged or very poor or customers in areas that have experienced market failure or institutional voids (Kistruck et al., 2011; 2012; Mair & Marti, 2009). The firm may focus their efforts on the people they employ (Austin et al., 2006). For example, they may provide superior compensation or benefits or an improved work environment, engage in volunteering programs, or champion diversity or employee ownership. The firm may also focus on their suppliers and distributors, insisting on responsible practices or favoring mission-centric suppliers such as locally owned or fair trade businesses (Ni et al., 2014; Nicholls, 2010). Social mission may be oriented directly to the local community through local job creation, civic engagement, or philanthropy (Ni et al., 2014; Peredo & Chrisman, 2006). Finally, many social firms pay close

attention to their own environmental footprint, reducing carbon emissions, waste, and energy/water use in their office or manufacturing facilities (Hoffman, Badiane, & Haigh, 2012)

Firms vary in their selection and prioritization of different types of social value creation. Some firms take a broad, balanced approach wherein addressing an array of social initiatives is in line with their identity and values. This may reflect a more comprehensive approach to social mission and may even result in greater social impact overall. Perhaps these firms are efficiently allocating their resources, spreading them out and making the most of what they have in every way they can. However, it is also possible that they may be misallocating resources, spreading themselves too thin, and missing opportunities to make the greatest possible impact in a particular area. From the perspective of demonstrating commitment that helps stakeholders can see, understand, and evaluate what the firm is actually doing, a broad and balanced approach may be counter-productive. Marty, founder of a technology firm explained how his firm purposely avoided pursuing many opportunities to create social value for these very reasons.

Let's go look at where the big bars are on the chart and try to cut those in half as opposed to making the little ones go to zero. That means looking for where the opportunity really is and looking for the smart ways to act where it matters most... We're really looking at it from a value-focused perspective. If something doesn't have a big value content, we just won't do it.

While being an all-around “good” company may, objectively speaking, make the greatest overall impact, it may make the firm’s hybrid position cloudier. By encompassing many social objectives, the nature of the firm’s social mission becomes more difficult to define, and the long-term stability of the firm’s priorities becomes less certain. I argue that this approach will exacerbate the problems of hybridity. It leaves the firm more open to internal and external conflict (Pache & Santos, 2010) and requires more meaning negotiation with multiple

stakeholder groups, complicating a selective coupling strategy (Pache & Santos, 2013). This will, ultimately, become a drag on the firm's financial performance.

Conversely, a firm may demonstrate focused commitment to a specific social initiative or more clearly defined and complimentary set of initiatives. In this case, greater focus may indicate superior strategic coherence. If the firm has a very focused set of social objectives they will pursue they may be able to more effectively align their social and financial missions to reinforce one another. More importantly, from a stakeholder perspective, a more focused approach may make it clearer to stakeholders exactly what the hybrid form of this particular firm looks like. Also, it may be clearer how and why the firm has chosen to bridge charity and business logics. The story they tell stakeholders is simpler and the potential for conflicting objectives or conflicting stakeholder interests is limited. I argue that a more focused approach to social mission simplifies the firm's strategic decisions, reducing the potential for both internal and external conflict (Austin et al., 2006; Pache & Santos, 2010). Focus on a more narrowly defined social mission also requires less meaning negotiation with stakeholders and allows the firm to stake out a firm and clear hybrid identity (Kraatz & Block, 2008; Selznick, 1957). These firms are likely to enjoy greater legitimacy and are more likely to communicate a clear value proposition to multiple stakeholders. For these reasons, firms that focus on a specific area of social benefit creation will reduce the potential negative effects of hybridity and enjoy improved financial performance.

***Hypothesis 1:** Hybrid social firms' financial performance will be positively related to greater focus in the firm's social objectives.*

Accountability & Transparency

Research on corporate social responsibility universally champions the role of accountability and transparency in enabling CSP and connecting CSP to financial performance. Accountability

and transparency encourage socially responsible behavior (Waddock, 2008), and reduce monitoring costs due to risk of agency problems (Eisenhardt, 1989; Jensen & Meckling, 1976). I argue that, more importantly for hybrid social firms, accountability and transparency serve an important function in communicating the nature of the firm's hybrid mission to stakeholders. Here, again, the firm's objective is to establish and support its identity as a hybrid, multiple bottom line company. Firms that communicate this identity more clearly to stakeholders are more likely to be seen as legitimate. Although staking a claim to a hybrid identity does not signal isomorphic compliance, uncertainty is, nevertheless, reduced because the exact nature of the firm's hybridity is communicated in a clear, understandable, and credible way. As with mission focus, both accountability and transparency provide clarity and signal the firm's irreversible commitment to its hybrid mission.

Transparency specifically refers to the degree to which the firm facilitates more open communication with stakeholders about its mission, operations, and performance. Transparency also demonstrates a commitment to mission stability over time because it intentionally provides stakeholders the opportunity to see and assess the firm's activities over time. For these reasons, firms that are more transparent about their social mission will reduce the potential negative effects of hybridity and enjoy improved financial performance. Moreover, transparency should reinforce the positive effects of a focused mission because the nature and boundaries of the focused mission will be more easily visible to stakeholders.

Hypothesis 2: *Financial performance will be positively related to greater transparency of the firm's social mission to stakeholders.*

Hypothesis 3: *Transparency will positively moderate the positive effect of social mission focus on financial performance.*

Similarly, a firm's accountability to stakeholders and its board helps reduce the negative effects of hybridity. Accountability specifically refers to the degree to which a firm monitors and enforces its social policies. At the top management level, management is accountable to its board for the firm's social performance. This may include regular internal measurement and auditing by the board or tying executive performance evaluations and compensation to both social/environmental and financial objectives. Below the executive level, accountability may involve committing resources to training employees about the firm's social mission or tying compensation and promotion to contributing to the social mission as well as to the profitability of the firm. Accountability signals that the firm's commitment to its hybrid mission is sincere and authentic and that a framework is in place to enforce its implementation. Firms whose stakeholders view them as being authentic are less likely to be penalized by those stakeholders for spanning institutional boundaries (Carroll & O'Connor, 2011; Carroll & Wheaton, 2010). For these reasons, firms that demonstrate greater accountability to stakeholders for their social mission will reduce the potential negative effects of hybridity and enjoy improved financial performance. Also, as with transparency, I argue that accountability will reinforce the positive effects of a focused mission because the authenticity of the focused mission and stronger assurances that it will be maintained will be demonstrated to stakeholders.

***Hypothesis 4:** Financial performance will be positively related to greater accountability for the firm's social mission.*

***Hypothesis 5:** Accountability will positively moderate the positive effect of social mission focus on financial performance.*

History

We must also recognize that the life stage of the firm and its track record will have an important effect on its ability to successfully pursue a triple bottom line. The longer a hybrid

firm has been operating in a consistent manner, the more likely it has established itself as a legitimate hybrid firm in the eyes of important stakeholders. Established hybrid firms with a longer history automatically have additional legitimacy (Stinchcombe, 1965). Their track record provides assurance that their hybrid form is viable and stable.

For example, King Arthur Flour, a certified B Corp based in Norwich, Vermont, has been in operation since 1790 and has publicly stated a commitment to pursuing a triple bottom line since the 1990's. It is unlikely, given King Arthur's long track record, that its legitimacy as an organization or viability as a hybrid firm would be called into question. In addition to legitimacy, there is an element of path dependency to the long-lived hybrid social firm's ability to link the social/environmental and financial components of its business model. From the perspective of stakeholders, the firm's past performance and identity as a hybrid are good predictors of what the firm will do and look like in the future. This will apply not only to stakeholders' performance expectations but also to the clarity and content of the meanings underlying their hybrid identities. That is, older firms will have more established identities as hybrid firms and their hybrid status will be more likely to be accepted as a matter of fact. The classification of older hybrid firms, then, becomes relatively simple task and the authenticity of their commitment to the triple bottom line already has a great deal of empirical support. For these reasons, hybrid social firms that have a longer history will reduce the potential negative effects of hybridity and enjoy improved financial performance. Furthermore, a long and consistent track record will reinforce the positive effects of a focused mission for the same reasons as those for transparency and accountability listed above. Firm history will also make mission focus more visible and believable to stakeholders.

Hypothesis 6: *Financial performance will be stronger for hybrid social firms with a longer history than those with a shorter history.*

***Hypothesis 7:** History will positively moderate the positive effect of social mission focus on financial performance.*

DATA AND METHODS

To test my hypotheses, I built a longitudinal, five-year panel dataset of 28 hybrid social firms in the United States. This dataset allows me to observe firms' social and financial performance over time as well as the specific characteristics of their social mission and control for characteristics of the firms and each state-year in which they operated. The resulting dataset consists of 123 firm/year observations. Owing to missing data and lagging all independent variables by one year, longitudinal observations for individual firms range from 3 to 5 years with a mean timeframe of 4.4 years.

The firms in my sample represent 13 different industry classes (based on 2 digit NAICS/SIC code). Firms ranged in age from 3 to 39 years with a mean age of just over 9 years. Firms ranged in size from 1 to 130 employees with a mean of 15.5. All of the firms in my sample are certified B Corps (See Chapter 1). This sample provides several advantages for my analyses. First, they are all hybrid social firms sharing B Corp certification as a common classification. This mitigates the definitional and firm comparison difficulties that commonly plague social enterprise research (Dacin et al., 2010; Mair & Marti, 2006; Short et al., 2009). Secondly these firms have all submitted to the same assessment of their social performance, which allows for a uniform comparison of this often disputed and/or unavailable measure (Gras & Lumpkin, 2012; Kickul & Bacq, 2012; Short et al., 2009). Moreover, the B Corp assessment is widely recognized as the gold standard of comprehensive corporate social performance.

Dependent Variable

Sales Growth - The financial performance of firms in my sample is the dependent variable in each of my models. I measure firm financial performance as the percent change in sales from

the previous firm/year. This operationalization normalizes the dependent variable to account for differences in firm size. I obtained longitudinal data for all firms in the sample from the NETS database. NETS is a longitudinal archive of all data listed for U.S. Firms in the Dunn & Bradstreet database. The number of years of data available for each firm varies depending on when it was registered with D&B.

Independent Variables

Social Mission Focus - This measure represents the degree to which firms' social mission is focused on a select number of social initiatives versus attention to a broad spectrum of initiatives. This is a measure of the dispersal of the points earned on the firm's B Impact assessment. Greater concentration of points in fewer categories indicates greater focus. To calculate this measure, I took average of the two assessment areas with the greatest number of points for each firm/year and divided it by the overall B Impact score for that firm/year to find what proportion of the firm's overall score was concentrated in the top two categories.

All scores were collected from firms' B Impact assessment, the B Corp certification social performance assessment (See Appendices 4.1 and 4.2 for samples of the B Assessment questionnaire and report). Overall scores for the assessment range from 0-200. However, since all firms in the sample are certified B Corps, all scores will be greater than or equal to 80, the minimum score for successful certification. All B Assessment data were collected from B Lab's online directory of all certified B Corps, which is publicly available at bcorporation.net. The directory is constantly updated over time. The data I collected represent a snapshot of all certification records on or before October 2013.

Transparency - To gauge the transparency of firms' social mission and performance to stakeholders, I used both the raw Transparency score from the B Assessment and the raw score

as a function of the mean transparency score for all assessed firms. These data were obtained from B Lab's online directory of certified B Corps.

Accountability - To assess the degree to which firms were accountable to stakeholders for their social mission and performance, I used both the raw Accountability score from the B Assessment and the raw score as a function of the mean accountability score for all assessed firms. These data were obtained from B Lab's online directory of certified B Corps.

History - This measure represents firms' age relative to their original founding date. Longevity is measured in years. These data were obtained from the NETS database.

Controls

I used the following firm and state level controls:

Employees - This measure controls for differences in firm size. Size was determined by employee headcount for each firm/year. These data were obtained from the NETS database.

Firm Industry - This measure controls for industry effects. Industry was determined by 2 digit NAICS/SIC code. These data were obtained from the NETS database.

Percent Change in State GDP - This measure is intended to control for changes in the overall economic climate in a state. This measure is the change in gross domestic product of each state/year from the previous year represented a percentage. These data were obtained from the U.S. Bureau of Economic Analysis.

State B Corp Certifications - This measure is the number of certified B Corps in the state in which a firm's headquarters are located in the focal year. I used these raw counts to calculate relative state-year participation as a ratio of the number of certified B Corps in a state divided by the total number of certified B Corps nationwide. These data were collected from B Lab's online directory of all certified B Corps, which is publicly available at bcorporation.net. The directory is

constantly updated over time. The data I collected represent a snapshot of all certification records on or before October, 2013.

Model and Analyses

Estimation of all models was performed using a longitudinal firm/year panel and GLS regression with random effects and robust standard errors. The panel spanned 5 years, from 2008-2012 and all independent variables lagged by one year; 2007-2011. The dataset is limited to this observation window as 2007 was the first year that B Assessment data is available for any firm and 2012 is the most recent data available in the NETS database at the time of this study. In order to test the viability of using random versus fixed effects, I conducted Hausman tests on all models. The results showed no significant difference in residuals between random and fixed effect GLS models.

Table 4.1 shows the correlation matrix, means, and standard deviations for all dependent, independent, and control variables in the models. Only one variable was correlated with an independent variable of interest with a coefficient greater than 0.2 suggesting the danger of multicollinearity was relatively low. The exception was the correlation between history and number of employees (0.59). In this sample newer firms tend to have fewer employees than older firms. However, there is no theoretical reason to believe that this relationship should be linear, especially since the mean firm age in this sample is over 9 years. Additionally, I conducted diagnostic tests for collinearity by examining variance inflation factors (VIFs) for all models. In each case, the mean VIF was below the critical value of 2 and the VIF for each individual independent variable and control was under 3. I also mean centered the IVs of interest for inclusion in interaction terms to attenuate the possible effects of multicollinearity (Amezcuca et al., 2013; Aiken & West, 1991).

RESULTS

Table 4.1 contains the summary statistics and correlations of all variables in the study.

Table 4.2 presents the results of my GLS regression models.

TABLE 4.1
Means, Standard Deviations, and Correlations Among All Variables

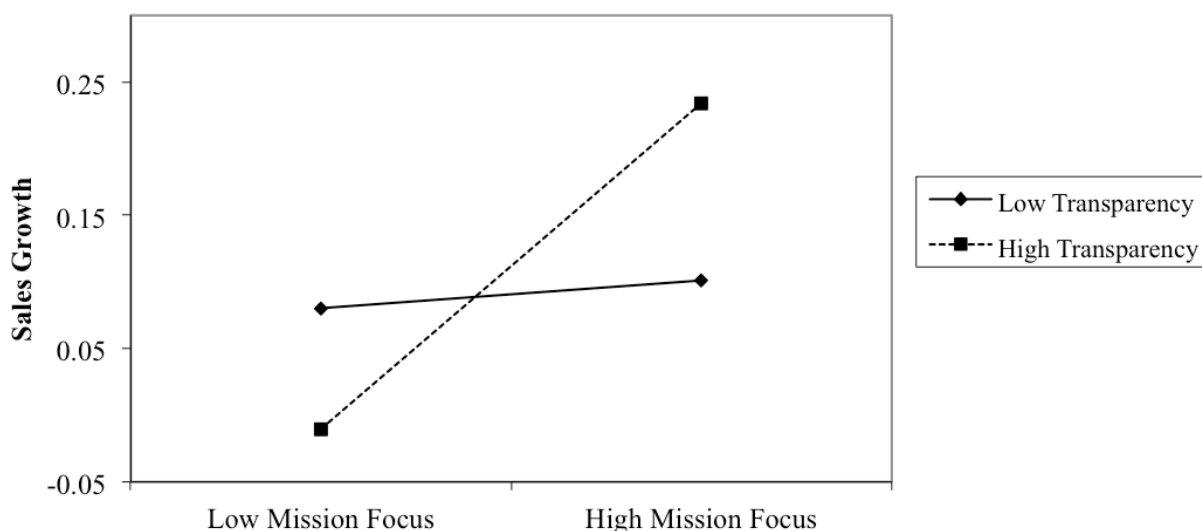
Variable	Mean	s.d.	1	2	3	4	5	6	7
1. Sales Growth	0.009	0.212							
2. Social Mission Focus	0.344	0.046	0.20						
3. Accountability	7.055	2.687	0.16	0.10					
4. Transparency	3.891	1.339	0.03	-0.06	0.42				
5. History	9.176	9.353	-0.10	-0.20	-0.05	-0.06			
6. Employees	15.500	24.501	-0.03	-0.08	0.00	-0.16	0.59		
7. Change in State GDP	0.022	0.027	-0.14	0.03	0.11	0.07	0.00	-0.06	
8. Certified B Corps in State	32.976	34.981	-0.10	-0.07	-0.04	-0.11	0.04	0.00	-0.05

Model 1 tests and shows support for Hypothesis 1 where I predicted the positive effect of firm social mission focus on firm financial performance (measured as sales growth). The coefficient for this variable is positive and significant ($b=1.05$; $p<0.05$) supporting Hypothesis 1. In this and all subsequent models, various control variables were significant. These are denoted in Table 4.2. For purposes of interpretation it is more useful to consider the overall patterns of significance and coefficient sign across all models. This is discussed further in the discussion and conclusion section below.

Model 3 tests and shows support for Hypothesis 3, which predicts the positive effects of interaction between social mission focus and greater transparency with respect to the firm's objectives and activities on financial performance. The coefficient for the interaction term in this model is positive and significant ($b=0.915$; $p<0.04$). In order to interpret this coefficient, I plotted the interaction, illustrated in Figure 4.2 below. In this figure, I plot the linear coefficients for each of the conditions (high social mission focus, high transparency, low social mission focus, low transparency) where high and low conditions refer to variable values 1 standard

deviation above and below the mean value respectively. As the figure shows, transparency amplifies the positive relationship between social mission focus and financial performance. Hence, Hypothesis 3 is supported. This same relationship is evident in Model 8 which includes all three interaction terms in the same model, further supporting Hypothesis 3.

Figure 4.2 - Model 6 Interaction (Focus * Transparency)



Model 4 tests and shows support for Hypothesis 4 in which I argue that greater accountability with respect to the firm's objectives and activities will increase financial performance. The coefficient for this variable is positive and significant ($b=0.018$; $p<0.05$) supporting Hypothesis 4.

Hypotheses 2 and 5-7 were not supported. Hypothesis 2 predicts a positive relationship between transparency and financial performance and was tested in Model 2. Hypothesis 5 predicts that social mission focus will be positively moderated by accountability and was tested in Model 5. Hypothesis 6 predicts a positive relationship between history and financial performance and was tested in Model 6. Hypothesis 7 predicts that social mission focus will be positively moderated by history and was tested in Model 7.

TABLE 4.2
GLS REGRESSION ANALYSIS, RANDOM EFFECTS

	Model 1 Focus	Model 2 Transparency	Model 3 Focus * Trans	Model 4 Accountability	Model 5 Focus * Acct	Model 6 History	Model 7 Focus * History	Model 8 All Interactions
	hr (SE)	hr (SE)	hr (SE)	hr (SE)	hr (SE)	hr (SE)	hr (SE)	hr (SE)
Social Mission Focus	1.045* (0.519)		-2.108 (1.298)		0.932 (1.048)		0.932 (0.694)	-2.213 (1.749)
Transparency		0.017 (0.020)	-0.307+ (0.139)					-0.334* (0.144)
Accountability				0.018* (0.009)	0.021 (0.074)			0.036 (0.071)
History						0.002 (0.002)	-0.006 (0.015)	-0.011 (0.019)
Focus * Transparency			0.915* (0.422)					0.959* (0.423)
Focus * Accountability					-0.015 (0.207)			-0.079 (0.191)
Focus * History							0.025 (0.042)	0.031 (0.051)
Industry (dummies)								
Building Construction	-	-	-	-	-	-	-	-
Food	-0.055 (0.097)	0.031 (0.124)	-0.087 (0.126)	0.108 (0.099)	0.075 (0.084)	0.005 (0.061)	-0.016 (0.086)	-0.080 (0.126)
Apparel	0.070** (0.026)	0.082 (0.064)	-0.002 (0.076)	0.056* (0.023)	0.088* (0.035)	0.080 (0.081)	0.116 (0.112)	-0.058 (0.166)
Misc. Mfg.	0.139 (0.129)	0.203 (0.126)	0.089 (0.140)	0.167 (0.105)	0.147 (0.122)	0.222+ (0.132)	0.190 (0.165)	0.048 (0.188)
Communications	-0.192** (0.026)	-0.181** (0.019)	-0.227** (0.034)	-0.180** (0.014)	-0.191** (0.043)	-0.132+ (0.069)	-0.159 (0.100)	-0.234+ (0.120)
Wholesale - Durable	0.121 (0.147)	0.206 (0.158)	0.062 (0.138)	0.174 (0.133)	0.129 (0.120)	0.232 (0.154)	0.161 (0.183)	0.034 (0.182)
Wholesale - Non Durable	-0.035* (0.018)	0.011 (0.054)	-0.087 (0.060)	-0.018 (0.019)	-0.020 (0.027)	-0.000 (0.052)	-0.004 (0.069)	-0.124 (0.113)
Home Furnishings	0.133** (0.009)	0.182** (0.047)	0.092+ (0.047)	0.157** (0.010)	0.146** (0.011)	0.194** (0.064)	0.180* (0.089)	0.058 (0.120)
Misc. Retail	0.065 (0.069)	0.098 (0.068)	0.047 (0.0769)	0.062 (0.047)	0.065 (0.060)	0.125 (0.101)	0.122 (0.138)	-0.006 (0.168)
Finance - Brokerage	0.028* (0.013)	0.049* (0.019)	0.006 (0.021)	-0.023 (0.030)	-0.021 (0.029)	0.060 (0.041)	0.050 (0.060)	-0.049 (0.081)
Finance - Holding	0.018 (0.045)	0.012 (0.047)	-0.008 (0.052)	-0.019 (0.044)	-0.019 (0.043)	0.084 (0.096)	0.071 (0.123)	-0.039 (0.137)
Business Services	-0.045 (0.053)	0.050 (0.040)	-0.091 (0.062)	0.010 (0.030)	-0.042 (0.064)	0.075 (0.079)	-0.004 (0.119)	-0.111 (0.144)
Membership Orgs	-0.005 (0.025)	0.054 (0.059)	-0.060 (0.066)	-0.059 (0.040)	-0.0614 (0.043)	0.058 (0.067)	0.045 (0.086)	-0.141 (0.144)
Consulting	-0.041 (0.059)	0.047 (0.055)	-0.088 (0.069)	0.028 (0.032)	-0.017 (0.053)	0.058 (0.083)	-0.007 (0.128)	-0.118 (0.156)
Employees	8.14e-05 (0.001)	0.0002 (0.001)	-4.09e-05 (0.001)	-0.001 (0.001)	-0.001 (0.001)	1.73e-05 (0.001)	-0.0004 (0.001)	-0.0005 (0.001)
Change in State GDP	-1.093 (0.746)	-1.148 (0.751)	-1.231 (0.833)	-1.341 (0.815)	-1.339 (0.817)	-1.010 (0.724)	-1.071 (0.753)	-1.303 (0.842)
Certified B Corps in State	-0.001+ (0.0004)	-0.001 (0.0004)	-0.0004 (0.0003)	-0.0004 (0.0004)	-0.0004 (0.0003)	-0.001* (0.0004)	-0.001* (0.0004)	-0.0004 (0.0004)
Constant	-0.301* (0.146)	-0.070 (0.106)	0.796+ (0.476)	-0.090 (0.057)	-0.372 (0.407)	-0.031 (0.010)	-0.310 (0.266)	0.865 (0.720)
Observations	131	131	131	131	131	131	131	131
Number of Firms	34	34	34	34	34	34	34	34
R-Squared	0.19	0.17	0.23	0.20	0.21	0.16	0.19	0.24

+ p<0.10 * p<0.05 ** p<0.01 *** p<0.001

(Robust standard errors in parentheses)

Robustness Tests

In order to test the robustness of my findings I performed several additional tests. First, I replicated the results of all interaction models (Models 3, 5, and 7) in Model 8, which includes all interaction terms. The results were substantively identical in this combined model. Next, I repeated my analysis of all models using both a Herfindal index and entropy measure calculated with the hhi module in Stata including all five assessment area scores in the B Assessment as an alternative measure of social mission focus. The results were substantively identical. I also repeated my analysis of all models using alternative measures of firm financial performance. These measures were: total annual sales, employee growth (from previous year), and Dun & Bradstreet credit rating. Although none of these measures capture firm financial performance over time as well as the selected dependent variable, I expected results from these alternative analyses that were directionally similar to my findings for supported hypotheses. This was the case with the exception of the models regressing against D&B credit rating, which changed coefficient signs in the tests of Hypotheses 1 and 4. This is not a cause for concern given the fact that the coefficients in these alternative models were not significant and that credit rating is perhaps the poorest proxy for financial performance of all the robustness checks I performed. On the whole, these tests support the findings of my study.

DISCUSSION AND CONCLUSION

My objective in this study was to explain how their hybrid nature affects the financial performance of social firms. My findings show that firms with a more focused social mission may perform better than those pursuing a greater variety of social/environmental objectives. It also appears that making that mission focus more transparent to stakeholders is beneficial to firms' performance. It may be that hybrid firms benefit from a more focused mission because it

makes execution of those objectives more straightforward or because, when made transparent to stakeholders, a focused mission more effectively communicates the nature of the firm's hybrid objectives and how it will pursue them. Demonstrating effective implementation of the firm's social mission also appears to improve financial performance. Again, this may be the result of stakeholders recognizing the validity of the firm's commitment to its stated mission. On the whole, the findings in this study support irreversible commitment to a hybrid social mission as a potentially viable strategy for social firms hoping to pursue financial sustainability.

Of course, alternative explanations for the findings in this study should be considered. Looking at all of the models together, patterns of significant industry-specific differences become apparent. It appears that hybrid firms in this study in the apparel and home furnishings industries tend to perform better than those in other industries. Meanwhile, firms in the communications industry seem to do relatively worse. These trends could indicate several things. It is possible, they simply reflect coincidental concentration of higher/lower performing firms in particular industries. It could also be the case that these trends simply reflect overall industry attractiveness (Porter, 1981). But, perhaps, in accordance with my theory, these trends reflect differences in stakeholder expectations by industry. For example, it is possible that stakeholders of apparel and home furnishings firms have been influenced by the emergence of fair trade practices over the past several decades and firms that make an irreversible commitment to a hybrid social mission in these industries benefit from that influence.

It is also could be that some other, unobserved factor may be driving both the independent and dependent variables in this study. For example, it is possible that some of the firms in this sample become B Corp certified as a way to satisfy due diligence requests from impact investors. It could be by the mere act of compliance and increased focus on measurement, these firms

naturally become more focused in their mission and make it more transparent. Simultaneously, these firms would receive needed resources from investors and could use those resources to drive sales growth. This is certainly possible (the impact investor story is quite common among HSE companies). However, this scenario could also be viewed as a simply a permutation of pleasing important stakeholders by demonstrating irreversible commitment to a hybrid social mission.

It is also possible that there could be selection bias in my sample of hybrid firms. This is often a concern in similar HSE studies that use award-winning firms as a means of sample selection (Moss et al., 2010). It could be that higher performing firms are more likely to opt into B Corp certification; an arduous and expensive process. If so, it could be that my findings are a reflection of higher performing firms executing well both financially and in the certification process. Possibly so, but unlike studies that select samples of hybrid social firms from award winners, firms in this study vary in terms of social performance, financial performance, size, and age. Moreover, B Corps are not chosen based on notoriety. Any firm that chooses that pursue certification may do so.

My findings suggest several interesting potential implications for the study of HSE. It is possible for firms to forge and maintain a hybrid identity without having to wait for (or force) broader institutional change to legitimize their hybrid form (Oliver, 1991). Firms that are successful at doing this could be establishing a particular kind of sociocultural (Scott, 1995) and/or pragmatic (Suchman, 1995) legitimacy. If they are able to establish their hybrid identity and demonstrate its efficacy, they may become legitimate not as a “taken for granted” entity but more as a “known quantity.” If so, this may help us understand organizational legitimacy with greater nuance and see the ways in which different kinds of legitimacy are related.

If, as my findings suggest, irreversible commitment is a viable strategy for hybrid social firms, this may also mean that the challenges of hybridity may not always come down to managing trade-offs between competing interests. Instead, it could be that the strength of a firm's hybrid business model determines its success. Firms that can form cohesive strategies to pursue multiple objectives, and who build a strong organizational culture around a clear and meaningful hybrid organizational identity may not need to worry as much about the negative effects of pluralism (Kraatz & Block, 2008). If a firm can do so effectively, committing to an irreversible hybrid position for the long run may make the most sense. If this is true, it could be that successful hybrid firms are really not those that are most adept at negotiating with multiple stakeholders but instead, those that find a robust and focused hybrid business model and stick with it, ignoring conflicting stakeholder demands in the near term. Perhaps irreversible commitment to a successful hybrid business model is an example of the stakeholder not always being right.

Perhaps the most interesting opportunity for future research would involve inductive research seeking to integrate my theoretical model with Pache & Santos' (2013) work on selective coupling by firms facing hybrid logics. It is likely that there could be advantages and disadvantages to both approaches for hybrid firms. Selective coupling may be more difficult for firms to do successfully but may also allow them to focus on serving the stakeholders that matter most in the ways that matter most. A strategy of irreversible commitment, by contrast, may be more straightforward to implement and perhaps allow better alignment of social and financial mission. However, irreversible commitment also requires authenticity, as taking a decisive and public hybrid stance will quickly reveal any deviation from that commitment. Inductive study would also help identify important moderators and mediators not identified by either theory.

Also, it may reveal important multi-level constructs and relationships that shed light on differences related to industry or stakeholder specific characteristics.

In this paper, I contribute a rare empirical study to the HSE literature. My study includes longitudinal data and solid, robust, unambiguous social performance measures. I also include longitudinal financial performance data, which is conspicuously absent in prior work. Despite these strengths, however, this study has several significant limitations. First, the sample size of my dataset is relatively small compared to similar panel-based studies. This is a limitation of the NETS database as many privately held firms do not reliably report to Dun & Bradstreet. Also, since my independent variables rely on B Assessment data, it is not possible to make use of NETS data prior to 2007; the first year for which B Assessment scores are available. Adverse effects of endogeneity are also a danger for this study, however longitudinal panel data with lagged independent and control variables should help to address this potential problem.

My findings also have implications for practicing hybrid social firms. These firms must deal with the adverse effects of hybridity. They may do so by selective coupling or by making an irreversible commitment to a hybrid business model. In either case, it seems that symbolic demonstration of important features of the hybrid mission is important to firm performance. However, these demonstrations cannot be purely symbolic, particularly in the case of irreversible commitment. Pursuing a hybrid social mission requires authenticity regardless of the firm's approach to addressing stakeholder interests. Finally, developing an effective hybrid business model and establishing the firm as a "known quantity" may be as important as learning to effectively balance competing stakeholder interests. At least for some firms, playing the long game by irreversibly committing to a hybrid position that can be held and strengthened over time may be a winning strategy.

CHAPTER 5: FUTURE RESEARCH AND CONCLUDING REMARKS

An increasing number of organizations that blur the distinction between social and business sectors are emerging (Battilana & Lee, 2014; Dacin et al., 2010; 2011; Miller et al., 2012; Pache & Santos, 2013). However, the long-term implications of hybrid social enterprise are not yet known. In this dissertation, I have sought to understand how and why social enterprise is emerging, how people and organizations become involved in social enterprise, and the implications that follow individuals, organizations, and society. In this concluding chapter, I seek to review and contextualize this work and demonstrate how it connects to a long-term research agenda. I begin by reviewing the findings of each study and the primary contributions this dissertation makes organizational research. I conclude by discussing future directions for this research.

REVIEW OF FINDINGS

In the first study, I explored the process by which individuals and organizations become involved in hybrid social enterprise by bringing their identities into alignment with the broader social enterprise movement. This inductive study focused primarily on the personal stories of entrepreneurs and movement leaders in the growing B Corp movement, which I collected and analyzed in the form of in-depth interviews. From this study, I developed a process model of the identity correspondence process. In this model, individuals start or join social firms as a means of extending important social/environmental identities into their professional lives. Organizations also aligned themselves with the hybrid social enterprise movement through a process of identity work in which they adopted an ongoing practice of identity amplification, making their hybrid social/business identity more prominent and consequential.

In the second study I empirically examined the role of the B Corp movement in establishing a new hybrid social enterprise organizational form in the United States; the benefit corporation. I found that hybrid social enterprise as an emerging field does function as a social movement mobilizing collective action to establish and legitimize a new model of socially focused for profit organization. I also found that this process of establishing a hybrid organizational form is affected by the relationships the established fields it bridges have with one another. This study implies that the emergence and establishment of new hybrid forms on a macro level involves interrelated collective action and inter-field processes.

In the third study, I examine the ways in which their hybrid nature affects the financial performance of social firms. In this empirical study, I find that firms that have a more focused social mission, ensure transparency of their hybrid position, and demonstrate genuine accountability for their social performance can achieve improved financial performance in the face of institutional complexity and pluralism. I suggest that, rather than actively negotiating competing stakeholder interests, firms may overcome the negative consequences of hybridity by making an irreversible commitment to a hybrid social business model and organizational identity.

CONTRIBUTIONS

There is relatively little research that explores larger systems of identity that span multiple levels of analysis. This dissertation champions identity (and its underlying roots in symbolic interactionism) as the central theoretical framework for understanding how individuals, organizations, and collectives construct interrelate in hybrid organizations and fields. Likewise, identity work stands out as the primary activity in and through which these individuals and organizations engage in the hybrid context. For identity scholars, this suggests that viewing

identity from a larger, multi-level, process perspective may have great potential for building and testing new theory about the role of identity in complex organizational systems.

For the literature on collective action and new organizational forms and fields, this dissertation demonstrates how hybrid organizational forms are established through collective action. It also identifies social movement theory along with identity as a guiding theoretical perspective for understanding hybrid social enterprise. Furthermore, this work suggests that considering the interaction between individuals, organizations, collective actors, and actors in proximate fields is essential to form a comprehensive understanding of hybrid forms and fields.

For the literature on social enterprise and social entrepreneurship, this dissertation echoes the call of a growing group of scholars to adopt hybridity as the overarching theoretical perspective for research on social firms. The challenges hybridity presents for organizations that pursue multiple objectives and attend to the interests of multiple actors are of particular theoretical importance in understanding organizations that seek to address social/environmental problems using market-based solutions. Also, this dissertation shows there is more to organizations dealing with hybridity than effectively managing multiple stakeholder interests. Equally important is establishing a cohesive hybrid identity, organizational culture, and strategy that demonstrate the authenticity and long-term viability of the firm's hybrid mission.

FUTURE RESEARCH

As this dissertation illustrates, hybrid social enterprise provides a rich context in which to explore how organizational hybridity and entrepreneurial focus on addressing chronic problems facing society can be used to challenge and expand organizational theory and practices. In particular, this context lends itself to addressing questions about identity, collective action, institutional/political change, social entrepreneurship, hybrid fields/forms/organizations, and the

evolving role of business in society. Particular research questions and the projects I envision to explore them in the hybrid social enterprise context include:

In what ways are hybrid firms' resources and strategic decisions related to identity work? I intend to supplement the work in this dissertation with further analysis of the identity work processes of at the organization and individual levels in hybrid firms. I suspect that the way resources flow and strategic decisions are made in hybrid firms is shaped by the identity work processes described in Chapter 2. I am in the initial stages of planning two large-scale data collection projects including survey data and multiple in-depth interviews following the formation and development of new hybrid social ventures.

How and why do entrepreneurial, hybrid social ventures emerge from within established charitable organizations/institutions? Expanding on the role of identity work in individual alignment with hybrid social enterprise and the founding of hybrid social ventures, I am working on a series of studies focusing on the emergence of hybrid social ventures and networks from larger, established charitable/philanthropic organizations such as the church, public schools, and aid organizations. I am interested in understanding how and why new hybrid social ventures spin off from these organizations.

What are the consequences of the emergence of hybrid social enterprise as a new organizational form? In Chapter 3 of this dissertation, I examine the establishment of hybrid social enterprise as a new organizational form and demonstrate the importance of actors in proximate fields in influencing this process. I am interested in extending this work by looking at the ways in which these proximate fields are affected by the emergence of hybrid social enterprise.

CONCLUDING REMARKS

This research begins to address a new awakening in the world of business in which a growing number of business leaders and entrepreneurs direct their passion, skills, and resources to solving chronic social and environmental problems through the firms they create. Many are questioning fundamental assumptions about the role of business in society that have dramatically shaped the global economy over the last half century and, in many ways, since the birth of capitalism. Whether the emergence of hybrid social enterprise signals a tectonic shift in the way we think about business organizations remains to be seen. Regardless, it is clear that organizations of the future will face increasing complexity and blurred boundaries between public and private, for profit and non-profit, and the interests of the individual and the commons. It is my hope that this dissertation advances both the study and practice of social enterprise and fosters a better understanding of the role business organizations and entrepreneurial ventures can play in addressing humanity's most important and persistent problems.

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Appendix I.1 - Timeline of Events in the Formation of the Benefit Corporation

Year	Month	Events Related to BCorp Movement's Formation and Development
2006	July	B Labs founded
2006	September	First B Impact Assessment Developed
2007	June	1st B Corps Certified
2007	July	First Feature Article on B Corps (Inc. Magazine)
2007	September	1st B Impact Standards Advisory Committee Meeting
2007	October	Term 'Impact Investing' Coined (1st Rockefeller Foundation Meeting, Bellagio, Italy)
2007	December	First Use of Certified B Corp Logo on Consumer Product (King Arthur Flour)
2008	February	First Outside Grants to B Lab (Rockefeller Foundation, Halloran Philanthropies)
2008	February	First State Level Policy Effort (California AB2944)
2008	September	First B Corp Champions Retreat (La Jolla, CA - 50 B Corps)
2008	September	First Benefit Corporation Policy Effort Fails (California AB2944)
2008	October	First B Corp Annual Report
2009	February	1st B Corp Tax Break Law Introduced (Philadelphia City Council)
2009	February	First B Lab Standards Partnership
2009	February	First Canadian B Corp
2009	February	GHRS and IRIS Conceived
2009	November	1st Benefit Corporation Legislation Introduced (Maryland)
2009	December	1st B Corp Tax Break Law Passed (Philadelphia City Council)
2010	April	First Benefit Corporation Legislation Passed
2010	April	Maryland Benefit Corporation Legislation Passed
2010	May	Vermont Benefit Corporation Legislation Passed
2010	July	First Registered Benefit Corporations (Maryland)
2010	July	Maryland Benefit Corporation Legislation Becomes Effective
2010	September	First B Corp Ad Campaign Launches (Care2.com)
2010	September	First GHRS Funds Announced
2011	January	Vermont Benefit Corporation Legislation Becomes Effective
2011	March	New Jersey Benefit Corporation Legislation Becomes Effective
2011	March	New Jersey Benefit Corporation Legislation Passed
2011	March	Virginia Benefit Corporation Legislation Passed
2011	May	Inc Magazine Deems B Corp "The Highest Standard in Socially Responsible Business"
2011	July	B Impact Rating System 3.0 Launches
2011	July	Hawaii Benefit Corporation Legislation Passed
2011	July	Virginia Benefit Corporation Legislation Becomes Effective
2011	July	Yale School of Management Offers Loan Forgiveness for Alumni Employed By B Corps
2011	September	First GHRS Funds Launch
2011	October	3rd B Corp Champions Retreat (Philadelphia, PA - 150 B Corps)
2011	October	California Benefit Corporation Legislation Passed
2011	December	500th B Corp Certification
2011	December	New York Benefit Corporation Legislation Passed
2012	January	1st South American Certified B Corp (TriCiclos)
2012	January	California Benefit Corporation Legislation Becomes Effective
2012	January	Hawaii Benefit Corporation Legislation Becomes Effective
2012	February	New York Benefit Corporation Legislation Becomes Effective
2012	March	1st "Best For The World" List Published (70 B Corps)
2012	March	2012 B Corp Annual Report
2012	May	1st African Certified B Corp (Juhudi Kilimo)
2012	May	1st Brazilian Certified B Corp (Ouro Verde Amazonia)
2012	May	1st Indian Certified B Corp (Shree Kamdhenu Electronics)
2012	May	Louisiana Benefit Corporation Legislation Passed
2012	June	1st B Corp In-Store Retail Program (Alfalfa's, Boulder, CO)
2012	June	South Carolina Benefit Corporation Legislation Becomes Effective
2012	June	South Carolina Benefit Corporation Legislation Passed
2012	August	100th Registered Benefit Corporation
2012	August	250th GHRS Rated Company
2012	August	Illinois Benefit Corporation Legislation Passed
2012	August	Louisiana Benefit Corporation Legislation Becomes Effective
2012	August	Massachusetts Benefit Corporation Legislation Passed
2012	October	4th B Corp Champions Retreat (200 B Corps)
2012	October	Pennsylvania Benefit Corporation Legislation Passed
2012	December	District of Columbia Benefit Corporation Legislation Becomes Effective
2012	December	District of Columbia Benefit Corporation Legislation Passed
2012	December	Massachusetts Benefit Corporation Legislation Becomes Effective

2013	January	Illinois Benefit Corporation Legislation Becomes Effective
2013	January	Pennsylvania Benefit Corporation Legislation Becomes Effective
2013	April	Arizona Benefit Corporation Legislation Passed
2013	May	Arkansas Benefit Corporation Legislation Passed
2013	May	Colorado Benefit Corporation Legislation Passed
2013	May	Nevada Benefit Corporation Legislation Passed
2013	June	Oregon Benefit Corporation Legislation Passed
2013	July	Deleware Benefit Corporation Legislation Passed
2013	July	Rhode Island Benefit Corporation Legislation Becomes Effective
2013	July	Rhode Island Benefit Corporation Legislation Passed
2013	August	1st Fortune 500 Subsidiary Registered as Benefit Corporation (Plum Organics, DE)
2013	August	Arkansas Benefit Corporation Legislation Becomes Effective
2013	August	Deleware Benefit Corporation Legislation Becomes Effective
2013	September	5th B Corp Champions Retreat (Boulder, CO - 300 B Corps)
2013	November	15000 Businesses Take B Impact Assessment
2013	December	100th Canadian B Corp
2013	December	Non-US B Corps Make up 25% of Total Community

2014	January	B Labs Colorado Launched
2014	January	Nevada Benefit Corporation Legislation Becomes Effective
2014	January	Oregon Benefit Corporation Legislation Becomes Effective
2014	April	Colorado Benefit Corporation Legislation Becomes Effective
2014	April	Utah Benefit Corporation Legislation Passed
2014	April	West Virginia Benefit Corporation Legislation Passed
2014	May	Utah Benefit Corporation Legislation Becomes Effective
2014	December	Arizona Benefit Corporation Legislation Becomes Effective

Appendix 2.1 - Semi-structured Interview Protocol

VERSION 1

- Demographics
 - Age
 - Gender
 - Location
- Background questions
 - Tell me a little bit about your business
 - When did you start this business?
 - Can you tell me the story of how the business got started?
 - Can you tell me your personal story in starting this business?
- Experience
 - Do you have other entrepreneurial experience? Tell me little about it.
 - Do you have any experience doing volunteer, advocacy, relief, activism, community organizing, or other non-profit work? Tell me a little about it.
 - How do you think your prior experience (as an entrepreneur/activist/etc) affected the founding of your company? How does it affect what the company looks like (and the way it works) today?
 - Where do you typically devote your time (or aspire to devote more time) outside of work? What kinds of other groups or organizations do you belong to?
- Mission & Strategy
 - How would you describe the vision/mission of your business?
 - Would you describe your business as a “social” venture? If so, what does that mean to you?
 - How do you balance the financial and social goals of your company? What’s your approach to doing this? How do you think about it?
 - How does your company go about pursuing your social goals?
 - Is it important to your company’s strategy/goals to have a local focus? How about the importance of scaling up (having a wider reach, broader/bigger impact)?
 - Do you feel like your company’s strategies really focus on innovation? Why do you think that is?
- Identity & Values questions
 - How would you answer the following questions about your business?
 - Who are we?
 - What do we stand for?
 - How do you think people in your community describe you?
 - How do you think your employees, partners, customers, and competitors describe you?
 - How do you introduce yourself to someone new? (eg. at a party, on a plane, giving a talk)
 - How would people who know you well describe you? (eg. your spouse, friends, partners, employees)

- What are the words that describe the person you wish you were (or would like to become)?
- What are the important things you stand for? How do those things affect the way your company does things?
- Has there ever been a time when you felt personally at odds with the kind of work you were doing?... like it “just wasn’t you”?... what was that like?
- Do you ever feel like you identify in particular with the people (or entities) your organization serves? In what ways?
- How do you think who you are, as an individual (and how you see yourself and how you think others see you) affects the kind of company you are? (your culture, your strategy, your goals, how you do things, etc)
- Have you ever felt like starting this company (growing this company) and making it a B Corp affected or changed you as a person? In what ways (in the things you do, think, believe, or the way you think about yourself)? Can you tell me a little about that?
- B Corp questions
 - What is the B Corp movement all about, in your opinion?
 - Why does the existence of B Corps matter?
 - What does it mean for a company to be a B Corp?
 - Why did you start (join) this B Corp?
 - What does it mean to you personally to be part of (or have started) a B Corp?
 - How has starting this venture (or becoming a B Corp) affected the way you think about your business, your career, yourself?

VERSION 2

- Background questions
 - Can you tell me the story of how the business got started?
 - Can you tell me your personal story in starting this business?
- Experience
 - Do you have other entrepreneurial experience? Tell me little about it.
 - Do you have any experience doing volunteer, advocacy, relief, activism, community organizing, or other non-profit work? Tell me a little about it.
 - How do you think your prior experience (as an entrepreneur/activist/etc) affected the founding of your company? How does it affect what the company looks like (and the way it works) today?
- Mission & Strategy
 - Would you describe your business as a “social” venture? If so, what does that mean to you?
 - How do you balance the financial and social goals of your company? What’s your approach to doing this? How do you think about it?
 - How does your company go about pursuing your social goals?
- Identity & Values questions

- What are the important things you stand for? How do those things affect the way your company does things?
- Has there ever been a time when you felt personally at odds with the kind of work you were doing?... like it “just wasn’t you”?... what was that like?
- Do you ever feel like you identify in particular with the people (or entities) your organization serves? In what ways?
- Have you ever felt like starting this company (growing this company) and making it a b-corp affected or changed you as a person? In what ways (in the things you do, think, believe, or the way you think about yourself)? Can you tell me a little about that?
- B Corp questions
 - What is the B Corp movement all about, in your opinion?
 - Why does the existence of B Corps matter?
 - How has starting this venture (or becoming a B Corp) affected the way you think about your business, your career, yourself?

VERSION 3

Explain Objectives to Informant

- There are three basic things we want to better understand in this study
 - The “big picture”
 - Your firm’s experience in considering/pursuing/maintaining B Corp certification and participation in the B Corp/Social Enterprise movement.
 - Your personal experience considering/joining/founding/working in the social enterprise space

QUESTIONS

- BIG PICTURE
 - What do you think about business and charity (or capitalism & philanthropy) in the U.S. today? Where do you think we are headed?
 - What, in your view is appropriate role (purpose) of business in society?
 - Do you think it’s significant that things like B Corps and social/environmental enterprises (triple bottom-line companies) are emerging and growing? Why?
- FIRM
 - How does your firm measure success in pursuing your financial and social/environmental mission? (How do you decide whether you’re achieving what you set out to do?)
 - How do you think about/manage the varied, and sometimes conflicting, interests of multiple stakeholders?
 - How did your firm come to the decision to pursue (or even just look into) B Corp certification? Could you walk me through that process?

- In what ways has this process affected your firm (your identity, objectives, strategy/tactics, priorities?)
- Is your firm active in the social/environmental enterprise community (working with other B Corps or social enterprises, mobilizing, raising awareness, etc?) Tell me more about that.
- INDIVIDUAL
 - Why was important to you, personally, to work in the social/environmental enterprise space?
 - Do you feel like your work in this space allows you to express yourself in any particular way (your values, things that are important to you, your identity)? How so?
 - How has your journey into working in social/environmental enterprise affected you personally? (your thinking, your priorities, how you see yourself and others)

WRAP-UP QUESTIONS

Who else should I talk to?

Appendix 2.2 – News Publications Included in Qualitative Analysis

- The Atlantic
- Barrons
- Bloomberg
- Business Week
- Canadian Business
- The Chicago Tribune
- The Chronicle of Philanthropy
- CNBC.com
- CNN Money
- The Denver Post
- The Economist
- Entrepreneur Magazine
- Esquire
- Fast Company
- Financial Review
- Forbes
- Good.com
- The Guardian
- Huffington Post
- Inc. Magazine
- New York Times
- Philadelphia Magazine
- Salon.com
- San Francisco Chronicle
- Stanford Social Innovation Review
- Sustainable Business Oregon
- Wall Street Journal
- The Washington Post

Appendix 2.3 - Representative Quotes Underlying Second-order Themes

Theme 1: Aspiration and Disconnection

Background in social/environmental work	<p>"My [undergraduate] degree is in environmental science... I've always been a green guy. I care about all these things..." (Pete)</p> <p>"I was always very passionate about that intersection between business and environment." (Hannah)</p> <p>"They did such a good job of pounding sustainability into us [in my degree program] that when I got done, I could have started any business I wanted... but sustainability looked like the future for all business." (R.J.)</p>
Personal calling, something I knew I had to do	<p>"I've always had a deep desire for social justice so I think that comes out a lot." (Brook)</p> <p>"I knew I had to work toward bettering the earth. That was a big call for me, personally." (Amy)</p> <p>"I aspire to be someone who other entrepreneurs can look at and say "oh look, you CAN do that. It's hard and takes a long time but you CAN do the right thing." (Brook)</p>
Money doesn't ultimately motivate	<p>"I think people will see that there's going to be a fight between B Corps and big business. I think the people who are doing it will be what shows. When the best people are choosing to work for businesses with a social purpose and not just for the biggest paycheck they can get." (Brook)</p> <p>"A lot of businesses bring in compensation consultants to talk about incentives and stock options and stuff like that, but I don't think any of that is really as motivating to people as feeling invested in where the business is going." (Joe)</p> <p>"I think there's even a spiritual dimension to it. I think people often feel a sense of emptiness in not having meaning in their work. I think we saw this a lot in the recession. A lot of people decided that they wanted to try something else. I don't think that's just a financial thing." (Amy)</p>
I lost my way	<p>"I actually ended up going into sales, which I never in a million years thought I would do... I certainly made a bunch of money [but] I sort of forgot about the save the world stuff for quite a while, which I think is symptomatic of my generation - I think a lot of us started out pretty idealistic and then kind of caught the consumerist wave and lost sight of some of that idealism." (Pete)</p>

Theme 2: Resolving Identity Disconnect

I want to be part of a real solution, to make a difference	<p>"Looking back it ties to me personally. I want to have a business that makes the world a better place. I certainly need to pay my mortgage, kids to have clothes, but being able to say we're not just here to make money." (Kevin)</p> <p>"For me it was a way to combine all those different things. Now, I see myself combining those different aspects of making an impact... I think I can really make a difference there." (Jason)</p>
Work should be meaningful	<p>"B Corp was a way for me to feel most used up as a human being when I'm done. What could I do with my limited time on this planet?" (Jay)</p> <p>"I think there's also an aspect of wanting to live a life that is inspiring. So, even if someone has a perfect job, they still want to make some kind of inspiring change in their own lives, in their community, or in the world." (Brook)</p> <p>"It showed me an opportunity to use the skill set I had... in a way that that was heart-based for me and would make me want to get out of bed in the morning. That's really the personal level importance for me." (Seth)</p>
Bringing more of myself into my work	<p>"I wanted to make sure I was doing something that was aligned with who I was and the change I wanted to create." (Hannah)</p> <p>"It made me think about doing something new for work that would allow me to bring more of myself to work every day." (Jay)</p> <p>"It's not about how do you feel when you go home for the weekend and look at the news about what's happening to the environment, or who you donate money to, or who you vote for. It's about that identity as a player changing the business world." (Seth)</p> <p>"I think [it's about] being able to align myself with a company that is a role model for good business, where they're doing good things." (Joe)</p>

 Theme 3: Forging Extended Identity

This is the future, the real purpose of business	<p>"What that means for me is doing whatever I can to help people like you (BCorps) to create a society that we can all be proud of and run companies that we'd be proud of and to create the kinds of companies that we'd like our kids to be working in someday." (Jay)</p> <p>"It was a dormant seed that was planted a long time ago, but was waiting for the rains to come to sprout. Once it did I really became very curious about it. I started looking into the connections between social justice issues and environmental issues and economic issues and seeing that the root of all of these things was really a pretty gross misunderstanding of capitalism and the economy and confusion about a real purpose of business. I did lot of reading and did a lot of thinking about 'Why do businesses even exist?'" (Pete)</p> <p>"It's the natural evolution of business. All business should be social business. That's what I believe." (Ryan)</p>
I can never go back to "business as usual"	<p>"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." (Amy)</p>

 Theme 4: Building a HSE Foundation

We were already a social firm before becoming a B Corp	<p>"We've had the B Corp philosophy in place long before B Corp came along." (Ryan)</p> <p>"I felt like this would be a no-brainer for us. We were already doing a lot of this stuff so it would be a great fit for us." (Amy)</p> <p>"We were pretty much already doing everything, it was just having a 3rd party audit certifying that we really were doing it." (Brook)</p> <p>"I think the reason we ultimately decided to [certify] wasn't to initiate some new social or environmental initiative, we were already doing pretty much everything we are today back then." (Joe)</p>
Values are baked in to our company	<p>"When it's embedded in our culture, then every task that every person does is connected to that mission. It gives everyone a stake in making it work, some skin in the game. A byproduct of this is that it also forces us to communicate the big picture clearly and holistically to everyone. I think a lot of companies leave a lot of value on the table by not bringing in employees like that but for us, it's built in by design because of our ownership structure." (Joe)</p> <p>"Being purpose-driven really has to be baked into your culture and values. For us, it's always been there, from the start, so it's more natural." (Jason)</p> <p>"It's a natural fit for us because of our founder's values and what he wanted to bring of himself into the company. We're also a 1% for the Planet company so that's a good fit too." (Leslie)</p> <p>"I think for us it's clearly been baked-in from the beginning. It really goes back to [our founder's] vision. She has always believed that business really should be seen as being able to operate because of the community and environment around it and so, considering them as stakeholders is something you have to do and that it makes good business sense to do." (Joe)</p>
Key stakeholders were supportive of growing the mission	<p>"For us [becoming a B Corp] 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." (Jason)</p> <p>"At the time we were trying to raise money for a part of our business. One of the investor circles that we were going to was looking for a GIIRS (Impact investment) rating which you get automatically as part of the BCorp assessment process." (Amy)</p> <p>"It turned out we had passed the threshold to certify [as a B Corp] so at that point it was just a matter of selling it to our owners as something that could add potential value, that obviously investors were be interested in, that we felt our staff would be excited about, that would be a good marketing platform. So, we decided at that point to go for it." (Joe)</p>

 Theme 5: Mobilizing HSE Amplification

Someone championed the move to B Corp	<p>"When we decided to do the B Corps certification the first time around, Joe kind of ran with the whole thing. He and I were equal partners in the firm so it wasn't so much like I had sort of assigned it to him, but he just ran with it... When we went to do the recertification he kind of came back out of the woods and ran with that again." (Kevin)</p> <p>"It was something I was really passionate about... so I took hold of it and basically said 'this is something that we need to do.'" (Hannah)</p>
We wanted to demonstrate and validate our social mission	<p>"We needed that check, that accountability, that proof that we are walking the walk of the path." (Hannah)</p> <p>"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." (Jason)</p> <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.'" (Amy)</p> <p>"B Corp certification is a nice way for us to draw a line of alignment between the social initiatives we're doing and recognition of that." (Gerry)</p> <p>"Part of what we're trying to figure out is how we want to assess ourselves in terms of social impact." (Jocelyn)</p> <p>"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... It's an opportunity to 'walk the talk'. It's an opportunity to walk the talk in a public way that has branding advantages but more than that, it's an opportunity to check our instincts about what walking the talk really means." (Seth)</p>
What kind of company do we want to be?	<p>"In that broader view, it's easy to see that this can only help us to do what we do better. 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." (Joe)</p> <p>"We self-identify at Blue Dot really strongly around our purpose to serve the common good. It is truly at the heart of our decision making and the choices that we make." (Seth)</p> <p>"The biggest example for us was back when we took an employee vote on wind power. It was significantly more expensive for us to use wind power than to just buy coal-generated power from the city. It had a significant effect on our bottom line, people's take-home pay, their ESOP values, and other things. So, there was a vote put to employees saying 'What do we want to be? Do we want to be environmentally sustainable and thinking about the long-term and how our decisions today may impact the world in 20yrs, or do we want to maximize our profit today?' This was a turning point our business life cycle when we faced a big decision like this." (Joe)</p>
Joining the movement, aligning with admired companies	<p>"When we first started out, we were not very well connected to the community so we felt very lonely. Some of the things we were trying to do in terms of social impact were really hard for that reason. So, being a B Corp and being part of the community is awesome. It's inspiring and rejuvenating. We get a lot of ideas so that's great." (Amanda)</p> <p>"What's important is that it gives us common ground to take the movement forward and communicate better. For [our company] 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." (Jason)</p> <p>"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." (Brook)</p> <p>"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 Corps. We thought that would be a valuable message to share." (Amy)</p> <p>"I think we're really looking for ways we can put back into the movement and help other companies and help spread the word about B Corps." (Joe)</p>

 Theme 6: Ongoing HSE Embodiment and Growth

Growing the social mission, continuous improvement	<p>"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." (R.J.)</p> <p>"I think that it's in some ways a lot of stuff that we do better, but in some ways it's the B Corp architecture sort of bolsters what we would have done anyways. It causes us to maybe sort of go the extra mile in some cases that we wouldn't have without it." (Kevin)</p> <p>"Doing something or doing more than we were doing before, feels like success to us. If we reduce our carbon footprint that feels like that's progress, it feels like success. If we are able to contribute more philanthropically, to causes that we care about, like tech education for kids, that feels like success." (Pete)</p> <p>"When you do the BCorp assessment it opens your eyes to stuff that you would not have thought of without doing something like that, some kind of comprehensive, 360 degree view of social and environmental impact of your firm." (Seth)</p>
The certification process was eye-opening	<p>"When you do the BCorp assessment it opens your eyes to stuff that you would not have thought of without doing something like that, some kind of comprehensive, 360 degree view of social and environmental impact of your firm." (Seth)</p> <p>"I learned about the B-Certification around 5 years ago and I actually went through the impact assessment. 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" (Pete)</p> <p>"As we went through the assessment I was like oh my gosh... we are tracking that and I never thought about presenting that.... and there were other things that were like...I never thought about that but, we could easily track that data." (R.J.)</p>
B Corp certification has not necessarily increased sales	<p>"I can't say that it's turned into any direct sales. Maybe for some other B Corps it has. But it still felt like the right next step for us to sort of publicize our commitment to triple bottom line practices." (Amy)</p> <p>"I thought, this is great, we can look into this, how does this work? Immediately, again, coming from the place of doing the right thing. You know, it's cost, time, and energy to do that process. I didn't realize how much time and energy it costs to do that. 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." (Brook)</p> <p>"Being able to do those social initiatives is the only thing we really get out of it. 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." (Ryan)</p>
Our ability to balance stakeholder interests over the long run has improved	<p>"It also really causes us to be mindful about how we conduct ourselves...I know B Corp is not like an ethical mandate or something like that... but it gives us some guidelines and grounding on how we conduct our business. So were really here not to just make money for ourselves but to actually do ethical good business that doesn't harm the environment, doesn't harm other people and is done in a very very cooperative nature." (Kevin)</p> <p>"When you go out into the market and you take a broad based view of stakeholders and how what you're doing affects them, your decision making process is better. You're not just looking at how this might affect our bottom line next quarter or even next year. Instead, you're thinking about: how does this impact our position in the marketplace? What are our customers' perceptions of this? What are our suppliers' perceptions of this? If they view something negative or we get pushback on something, how does that affect our supply chain or market demand? It's taking a big, broad-based view of how decision-making should be implemented." (Joe)</p>

Attracting good, likeminded people	<p>"This is a competitive market for employers to get top notch employees. If you can be different by saying that you'll give extra time to volunteer, that you have a better maternity leave package, and that you care about their free time as much their work time, you'll attract the best employees." (R.J.)</p> <p>"I think that the kind of people that we attract and the ability to attract and retain good people... I think that people here express outside the company, that they are proud to be part of the company, because our values align with theirs. That we do things that they think are important." (Pete)</p> <p>"I think there's a correlation between high performers and people thinking and caring about social impact. There's a higher-order set of skills and if you can manage those, it turns out you're actually a really good employee no matter what you do. So, I think we've gotten more of those people. Has it been really well quantified? No, but now it's engendered in the culture of the business and we've hired enough people who came because of that reason and they want to keep giving back. So, now there's already a wheel spinning, right? You can't cut it out of the business now. In terms of attracting and keeping employees this has absolutely had a significant impact." (Ryan)</p>
We're moving the needle	<p>"So, I think when they're forced to confront what other successful businesses are doing in those areas it can force their hand, and when Walmart implements a change like that, it really has a ripple effect throughout the business world. So, if you can influence people who will move the needle, that's almost more important than moving the needle yourself. It's kind of like being the tugboat nudging the ocean liner. If everything we are doing went exactly according to plan and we were wildly successful, we still wouldn't even come close to Walmart, so if we can influence companies like them in better employee practices, how they treat people, how they treat the planet, that's a big deal." (Joe)</p> <p>"We were really enthusiastic about companies wanting to make change and showing that you can make a profit but also make a difference in the community and in people's lives." (Trish)</p> <p>"Part of our approach is to bring the community together through cross sector collaboration and how, by coming together as a movement, we can make a greater social impact." (Jocelyn)</p> <p>"I think what business role modeling is all about for us is making an influence on the industry more broadly. I think we really have an outsized influence for our size and share of the market. We've shown that business can be a force for good. I think it's those things that really have that ripple effect. We may never get to a billion dollars in profits in a year but we can have influence beyond that if we're going to market the right way." (Joe)</p>

Appendix 4.1. - Sample B Assessment Report - Method Products PBC

Method Products, PBC 2013 B Impact Report



	Company Score	Median Score*
<i>Overall B Score</i>	121	80
<i>Environment</i>	65	9
Environmental Products & Services (e.g. Renewable energy, recycling)	15	4
Environmental Practices	50	6
Land, Office, Plant	6	4
Energy, Water, Materials	11	2
Emissions, Water, Waste	3	1
Suppliers & Transportation	11	N/A
<i>Workers</i>	28	22
Compensation, Benefits & Training	19	15
Worker Ownership	4	2
Work Environment	4	4
<i>Community</i>	13	32
Community Products & Services	0	15
Community Practices	13	15

Suppliers & Distributors	5	4
Local	1	5
Diversity	<1	2
Job Creation	1	2
Civic Engagement & Giving	5	4
<i>Governance</i>	15	10
Accountability	11	6
Transparency	3	3
<i>Overall</i>	121	80

80 out of 200 is eligible for certification

*Of all businesses that have completed the [B Impact Assessment \(/benchmarks\)](#)

*Median scores will not add up to overall



**Appendix 4.2. – Sample B Assessment Questionnaire – Mid-sized U.S.
Manufacturer**

B Lab Demo Account Assessment (2014-01-30)

Version: Manufacturing Track / 50-249 Employees / Developed Market

Tue May 06 00:14:35 GMT 2014

Governance

Corporate Accountability

Mission & Engagement

GV2.1 Does your company have a corporate mission statement, and does it include any of the following? Check all that apply.

- No written statement
- A written corporate mission statement that does not include a social or environmental commitment
- A commitment to social impact (e.g. poverty alleviation, sustainable economic development)
- A commitment to environmental stewardship and conservation
- A commitment to serve a target beneficiary group (e.g. low income customers, smallholder farmers)

GV2.2 Please type or paste your mission statement here.

GV2.3a Which type of employee training does your company provide regarding its social and environmental mission? Check all that apply:

- No social or environmental mission
- No training on the company's social and environmental mission
- Only informal inclusion in orientation, training and/or instruction
- Specific, formal training integrated into new employee and new manager training
- Specific, formal training integrated into ongoing employee and manager training
- Workers articulate goals and achievements on social and environmental metrics as an individual or part of a workplace team
- All supervisors and managers receive training on how to communicate social and environmental goals to employees and implement accountability for results

GV2.4a Does the Board of Directors or other governing body review the company's social and environmental performance on at least an annual basis to determine if you are meeting your social or environmental objectives?

- Not tracked / unknown

GV2.4b Does the Board of Directors or other governing body review the company's social and environmental performance on at least an annual basis to determine if you are meeting your social or environmental objectives?

- No
- Yes - The Board receives a general update on the company's social and/or environmental performance
- Yes - The Board reviews key performance indicators (KPIs) on the company's social and/or environmental impact
- N/A - No Board of Directors or other governing body

GV2.5 What proportion of full-time managers have social or environmental mission-related responsibilities or expectations outlined in their job description?

- 0%
- 1-49%
- 50-99%
- 100%

GV2.6 What portion of management had a formal written performance evaluation/review in the last year that included social and/or environmental goals?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75%+

GV2.7 Is the compensation of your CEO and those who directly report to CEO tied to social and environmental performance, excluding the sales of your core product or service? Please check all that apply.

- No
- Yes, CEO/President compensation
- Yes, other senior management team member(s) compensation

GV2.8a In the last year, how did the company solicit specific feedback from its stakeholders (excluding employees and investors) regarding the company's social and environmental performance? Check all that apply:

- Annual stakeholder meeting
- Online stakeholder forum (e.g. social media or blogs with public comments enabled)
- Third party or anonymous surveys
- Other (please describe)
- No formal stakeholder engagement

GV2.9 Are there key performance indicators (KPIs) or metrics that your company tracks on at least an annual basis to determine if you are meeting your social or environmental objectives?

- We don't track key social or environmental performance indicators
- We measure KPIs/metrics or outputs that we have identified and defined in order to determine if we are achieving our social and environmental objectives
- We measure social and environmental outcomes over time (examples: 3rd-party studies, customer or household surveys, progress out of poverty index, etc.)

Governance

GV3.1a Beyond the management team, does the company have the following governance structures in place?

- None (Owner/Manager governed)
- Advisory Board
- Board of Directors/Governing Body

GV3.2a Which of the following characteristics does your board or governing body have (check all that apply)?

- Meets at least twice annually
- Includes at least 1 independent member
- Includes at least 50% independent members
- Oversees executive compensation
- Has an Audit Committee with at least 1 independent member
- Has a Compensation Committee with at least 1 independent member
- Company is a cooperative and elects Board from membership
- None of the above
- N/A - Company has no Board of Directors or other governing body

GV3.2b Which of the following characteristics does your board or governing body have (check all that apply)?

- Not tracked / unknown

GV3.3a Does the Board of Directors or other formal governing body include member(s) elected to represent the interests of the following stakeholder groups? Please select all that apply.

- Non-executive Employees
- Community
- Environment
- Customers
- None
- N/A - no Board of Directors or other governing body

Ethics

- GV4.1b Does the company maintain any of the following financial controls? Check all that apply.
- None
 - IT systems have different password protection systems that are changed periodically with different access levels according to the position of the staff member accessing the data
 - Fraud risk assessment is conducted at least annually and any internal control deficiencies identified are communicated to BoD and senior management.
 - Lines of financial reporting, responsibilities and limits for the authorization, approval and verification of disbursements are all documented in writing
 - Documented financial control activities at the minimum cover controls around cash disbursement, accounts receivable, accounts payable, and inventory management.
- GV4.3a Which of the following anti-corruption reporting and prevention systems are in place?
- Written employee whistle-blowing policy provides legal protection to workers, with strict confidentiality easily accessible and circulated to all employees
 - Helpline or anonymous mechanism to report grievances/concerns
 - Individual or department oversight with direct access to Board of Directors
 - Other (please describe)
 - None of the above
- GV4.4 Which of the following describes how your company instructs employees regarding your Code of Ethics about behavioral expectations, bribery and corruption? Check all that apply.
- No Code of Business Conduct (or equivalent policy) or training on the Code
 - We instruct the Board of Directors on the Code at least annually
 - We instruct all newly hired workers on the Code
 - We instruct managers on the Code on an on-going basis
 - We instruct all non-managerial workers on the Code on an ongoing basis
 - We communicate changes to the Code whenever it is updated
 - Other (please describe)
- GV4.7 Is there an annual conflict of interest questionnaire filled out by all board members (or members of the governing body) and officers? Please choose N/A if your company has no governing body.
- Yes No N/A

Transparency

Transparency

- GV5.1a Does the company produce financials that are verified annually by an independent source through an Audit or Review?
- No
 - Yes, through a review
 - Yes, through an audit
- GV5.1b Does the company produce financials that are reviewed by the Board, other formal governing body, or independent third party?
- Not tracked / unknown

GV5.2a Does the company have a formal process to share financial information (except salary info) with its full-time employees?

- No
- Yes - the company shares basic revenue/cost numbers if employees ask for them
- Yes - the company discloses all financial information (except salary info) at least yearly
- Yes - the company discloses all financial information (except salary info) at least quarterly
- Yes - the company has an Open Book Management process
- In addition, company has an intentional education program around shared financials

GV5.3a Do all full-time employees have access to written information that identifies all material owners and investors of the company?

- Yes No

GV5.3b Do all full-time employees have access to information that identifies all material owners and investors of the company?

- Not tracked / unknown

GV5.5a Does the company produce a public-facing annual report on its mission-related performance? If yes, does this report include the following?

- Not tracked / unknown

GV5.5b Does the company produce a public-facing annual report on its mission-related performance? If yes, does this report include the following?

- None - My company does not produce a public-facing mission-related annual report
- Clear statements of your mission, its goals, and values
- Identification and inclusion of material economic, environmental and social impacts of the company's operations
- Clear descriptions of your mission-related activities
- Quantifiable targets related to your mission
- Quantifiable results from your mission (e.g., lbs of carbon offset)
- Consistent variables of measurement which allow comparisons to previous years
- Third-party validation of any part of your company's mission performance

GV5.6 Is your product or service covered by a written consumer warranty or client protection policy?

- Yes No

GV5.7 Is there a publicly-known mechanism through which customers can provide product feedback, ask questions or file complaints?

- No
- Yes, there is a mechanism for feedback to be sent privately to company
- Yes, there is a mechanism where feedback is made transparent to the public

Governance Metrics

Governance Metrics

GV1.1 On what date did your last fiscal year (e.g. FY2013) end?

GV1.2 What currency did you use for financial reporting during the last fiscal year (e.g. FY2012)? Use this currency to report on all currency-related metrics in the assessment.

From the last fiscal year (e.g. FY2013)

From the fiscal year before last (e.g. FY2012)

From the last fiscal year (e.g. FY2013)

From the fiscal year before last (e.g. FY2012)

From the last fiscal year (e.g. FY2013)

From the fiscal year before last (e.g. FY2012)

GV1.6 Payments to government in the last fiscal year (e.g. FY2013). Select N/A if company is pre-revenue.

\$0.00 Not tracked / unknown

Workers

Worker Metrics

Worker Metrics

WR1.1 This is a REQUIRED question that determines the set of additional questions your company will respond to regarding your salaried or hourly workers: Are more than 50% of the workers paid on an hourly basis?

No

Current Total Full-Time Workers

Total Full-Time Workers 12 months ago

Current Total Part-Time Workers

Total Part-Time Workers 12 months ago

Current Total Temporary Workers

Total Temporary Workers 12 months ago

WR1.7 Total Wages (including bonuses)

WR1.8 Select from the list below any compensation structures used to pay employees.

- Annual Salary
- Hourly Salary
- Performance / Project based Contract (i.e. Independent Contractor)
- Tips + Hourly Wage
- Commission + Base Salary
- Tips / Commissions / Bonuses that account for >80% of income

Compensation, Benefits & Training

Compensation & Wages

WR2.1 What is the company's entry level (lowest) hourly wage? Please exclude students and interns in this calculation.

WR2.3 What % above living wage did your lowest-paid full-time, part-time, temporary workers and independent contractors (excluding interns) receive during the last fiscal year? If workers are paid at or below living wage, select 0%.

- 0% 1-14% 15-24% 25%+ N/A - No living wage data available for country of operations

WR2.5a What multiple is the highest compensated individual paid (inclusive of bonus) as compared to the lowest paid full-time worker?

- >20x 16-20x 11-15x 6-10x 1-5x

WR2.7a Based on a company referenced compensation study in the past 2 years, how does your company's compensation structure (excluding executive management) compare with the market?

- Have not referenced a compensation survey
- Below market
- At market
- Above market

WR2.8 Which of the following are true about the company's bonus plan:

- No formal bonus plan
- Formal guidelines on the structure of the bonus plan (e.g. eligibility, profit/revenue target tied to the bonus pool, allocation criteria) are disseminated and accessible to all workers
- All full-time and part-time workers are eligible in the plan
- None of the above

WR2.10 What % of full-time and part-time employees, excluding founders and executives, received a bonus in the last fiscal year?

- 0% 1-24% 25-49% 50-74% 75-99% 100% N/A

Compensation & Wages (Hourly)

WR2.2a What % above the local minimum wage did your lowest-paid hourly worker receive during the last fiscal year?

- 0% 1-9% 10-19% 20-25% >25%

WR2.4a What % of hourly workers on a headcount basis are paid above a living wage? Select N/A if there is no living wage data available for country of operations.

- <75% 75-89% 90-99% 100% N/A

WR2.9b In the last fiscal year, the company's bonus plan for non-executives represented what % of the company's salary base? Please select 0% if your company did not have bonuses issued.

- No bonus payout, or no bonus plan <1% 1-3% 3-6% >6%

Compensation & Wages (Salaried)

WR2.6a What was the average % increase in wage/salary (per capita) paid to non-executive workers in the last fiscal year?

- 0-2% 3-5% 6-15% >15% N/A - No workers last year

WR2.9a In the last fiscal year, the company's bonus plan for non-executives represented what % of the company's salary base? Please select 0% if your company did not have bonuses issued.

- No bonus payout, or no bonus plan <1% 1-5% 6-15% >15%

Worker Benefits

WR3.1a Does the company's healthcare plan available to all full-time workers include any of the following practices? Select all that apply.

- Co-insurance of 80%+ covered by healthcare plan
 Company pays 80%+ of individual premium
 Company pays 80%+ of family coverage premium
 Out-of-pocket maximum for individual coverage of \$2000 or less (net of company HSA or equivalent contribution)
 Annual deductible for individual coverage of \$1000 or less (net of company HSA or equivalent contribution)
 Co-payment of \$20 or less per primary care visit paid for by worker
 Prescription drug coverage where workers pay \$10 or less for generic drugs, \$30 or less for brand name drugs and \$50 or less for non-formulary drugs
 None of the above

WR3.2a What % of workers take advantage of the health care plan offered by company?

- <70% 70-79% 80-89% 90-99% 100%

WR3.3 At what juncture do your part time/flex time employees qualify for full time health care benefits?

- No benefits beyond what is provided under national law
 30+ hours per week
 25-30 hours per week
 20-24 hours per week
 15-19 hours per week
 <15 hours per week
 N/A - Company has no part-time/flex-time employees

WR3.5 What % of hourly and salaried part-time workers who work more than 20 hours a week are enrolled in the private healthcare plan offered by your company?

- Company does not have an active health insurance plan
 0%
 1-39%
 40-59%
 60-79%
 80%+
 N/A - No part-time workers

WR3.6a Is there an Employee Retirement Plan, e.g., Pension, Profit Sharing, 401(k), available for all tenured workers (tenured as defined as with the company for 1+ years for salaried workers and 1,000+ hours for hourly workers) that is:

- No retirement plan
- Unfunded
- Partially funded/partial match
- Fully funded/full match
- Plan includes Socially-Responsible Investing option
- Government-sponsored retirement plan

WR3.12 What additional benefits are offered to full-time tenured workers (tenured defined as with the company for 1+ years or life of the company)?

- No additional benefits
- Dental insurance
- Short-term disability
- Long-term disability
- Structured account mechanism for qualified medical expenses (e.g. HSA, HRA, FSA)
- Domestic partner, civil union, and/or same-sex marriage spousal benefits
- Life insurance
- Other benefits (please describe)

Worker Benefits (Hourly)

WR3.4 What is the minimum tenure required to be eligible for health care benefits for hourly workers?

- No benefits beyond what is provided under national law
- No tenure required, benefits available upon hire
- 1-30 days / 1-150 hours
- 31-60 days / 150-300 hours
- 61-90 days / 300-450 hours
- 91+ days / 450+ hours

WR3.7b What is the minimum number of paid days off (on pro rata basis, including holidays) provided annually to hourly tenured workers (defined as those have been with the company for 1,000+ hours)?

- 0-8 work days
- 9-15 work days
- 16-20 work days
- 21-25 work days
- >25 work days

WR3.8b What is the minimum number of days of paid maternity leave offered to hourly tenured workers? Only include leave that is equivalent to 100% post-tax salary, either paid by your company, insurance or government programs. Include in your calculation leave that is required by government and any additional leave that is provided by your company.

- None
- 1-29 days
- 30-59 days
- 60-89 days
- 90+ days

WR3.11 Does the company provide any of the following financial products or services that help to meet urgent needs of employees, discourage predatory lending and/or facilitate savings?

- Access to free banking services, e.g. free ATM debit card
- Employer match for deposits into savings accounts
- Low-interest loans
- Issue paychecks off schedule on a need basis
- Other (please describe)
- None of the above

Worker Benefits (Salaried)

WR3.7a What is the minimum number of paid days off (including holidays) provided annually to full-time tenured workers (defined as those with the company for 1+ years for salaried workers or life of company)?

- 0-15 work days
- 16-20 work days
- 21-25 work days
- 26-30 work days
- >30 work days

WR3.8a What is the minimum number of days of paid maternity leave offered to salaried workers? Only include leave that is equivalent to 100% post-tax salary, either paid by your company, insurance or government programs. Include in your calculation leave that is required by government and any additional leave that is provided by your company.

- None
- 1-29 days
- 30-59 days
- 60-89 days
- 90-119 days
- 120+ days

WR3.9 What is the minimum number of days of paid paternity leave offered to full-time tenured workers (tenured defined as with the company for 1+ years or life of the company)?

- None
- 1-10 work days
- 11-25 work days
- 26+ work days

WR3.10 What is the minimum amount of severance (excluding employees terminated with cause) offered in practice and in writing to all full-time tenured workers (tenured defined as with the company for 1+ years or life of the company)?

- <2 weeks
- 2-4 weeks
- 5-6 weeks
- 7+ weeks

Training & Education

WR4.1a What % of positions above entry level have been filled with internal candidates in the last 12 months? (Exclude material owners in your calculation)

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75%+

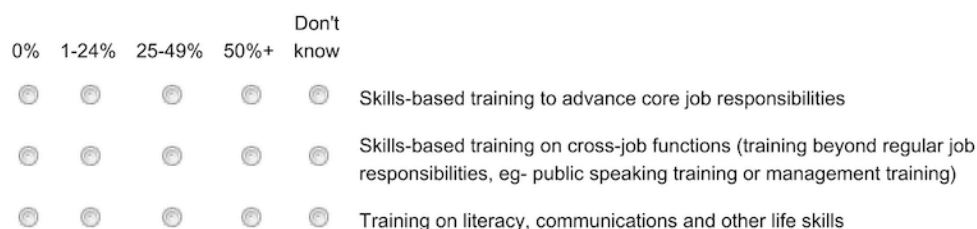
WR4.5 How many paid days of professional development do the majority of full time workers receive (in a single year)?

- No formal policy
- 0 days
- 1-4 days
- 5-9 days
- 10+ days

WR4.6 Do new and existing managers get regular training and coaching on the following (check all that applies):

- Providing ongoing praise and corrective feedback
- Conflict negotiation and resolution
- Group dynamics and optimal team functioning
- Performance evaluation systems
- Other (please describe)
- None of the above

Training & Education (Hourly)



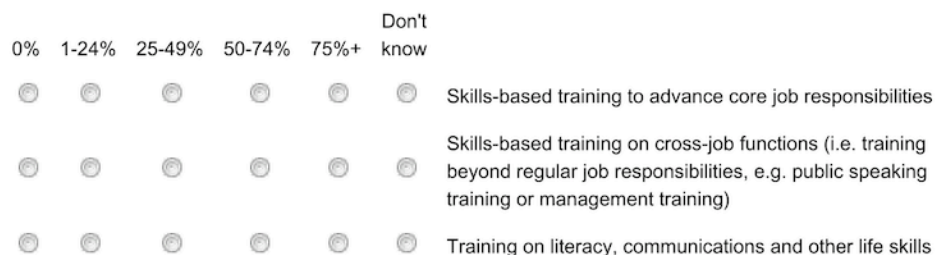
WR4.3b What % of full-time workers have participated in external professional development opportunities or lifelong learning opportunities (paid for in advance, reimbursed or subsidized by the company) in the past fiscal year?

- 0% 1-24% 25-49% 50%+

WR4.7 Approximately how many hours did each worker (on average) spend on dedicated, job-related training/education time in the past 12 months? Please do not include on-the-job training as a part of this particular question.

- Don't know 1-5 hrs 6-10 hrs 11-20 hrs 21 hrs+

Training & Education (Salaried)



WR4.3a What % of full-time workers have participated in external professional development opportunities or lifelong learning opportunities (paid for in advance, reimbursed or subsidized by the company) in the past fiscal year?

- 0% 1-24% 25-49% 50-74% 75%+

WR4.4 What % of full-time workers received advancement or reimbursement for continuing education opportunities (e.g. GED, college credits, industry-recognized accreditation, etc.) in the last fiscal year? Please only include opportunities that are at least \$1,500 in value or last for 3 or more months in time value.

- 0 1-5% 6-15% >15%

WR4.8a For what % of terminated full-time employees (excluding those terminated for cause) are formal outplacement services provided?

- 0% 1-24% 25-49% 50-74% 75%+

Worker Ownership

Worker Ownership

WR5.1 What % of all full-time employees (including founders and executives) own stocks, stock equivalents and stock options, or participate in an ESOP or other qualified ownership plans in the company? Select N/A if your company is a consumer/shared services cooperative, a producer cooperative or a nonprofit.

- 0% 1-24% 25-49% 50-74% 75-99% 100% N/A

WR5.2 What % of the company is owned or formally reserved as part of a written plan for full-time workers and management (including founders/executives)? Select N/A if your company is a consumer/shared services cooperative, a producer cooperative or a nonprofit.

- 0% 1-24% 25-49% 50-74% 75-99% 100% N/A

WR5.4 What % of the company is owned by full-time workers (excluding founders/executives)? Select N/A if your company is a consumer/shared services cooperative, a producer cooperative or a nonprofit.

- 0% 1-4% 5-24% 25-49% 50+% N/A

Work Environment

Management & Worker Communication

WR6.1 Is there an established, formal, consistent process for providing performance feedback to all tenured employees which? Please check all that apply.

- Is conducted on at least an annual basis
 Includes peer and subordinate input
 Provides written guidance for career development
 Includes social and environmental goals
 Clearly identifies achievable goals
 Follows a 360-degree feedback process
 None of the above

WR6.2 Does your company have a written employee handbook that workers have access to and includes the following information?

- No written employee handbook
 A non-discrimination statement
 Statement on work hours
 Pay and performance issues
 Policies on benefits, training and leave
 Grievance resolution
 Disciplinary procedures and possible sanctions
 Statement regarding workers' right to bargain collectively and freedom of association
 Prohibition of child labor and forced/compulsory labor

WR6.3a If your company has conducted an employee satisfaction / engagement surveys conducted within the past 2 fiscal years, what percent of your employees are 'Satisfied' or 'Engaged'? Select N/A if your company has not conducted an employee engagement survey in the past 2 years.

- N/A <65% 65-90% >90%

WR6.5 Which of the following employee metrics are regularly collected, monitored and made transparent to all employees?

- Retention and turnover metrics
 Diversity metrics
 None

WR6.6 Which of the following does your company's termination policy require (except in situations requiring immediate dismissal / with cause)?

- No written notice required
 Written notice of worker performance only
 Written notice of worker performance and a stated probationary period

Management & Worker Communication (Hourly)

WR6.4b What is the average tenure of your current workforce?

- <6 months 6-12 months 1-2 years 2-3 years >3 years

Management & Worker Communication (Salaried)

WR6.4a What is the average tenure of your current workforce?

- <12 months 1-3 years 3-5 years >5 years

Job Flexibility/Corporate Culture

WR7.5 Do company policies support any of the following health and wellness initiatives above insurer-provided programs? Check all that apply.

- Company does not offer any formal health and wellness initiatives
 Company sponsors and encourages workers to participate in health and wellness activities during work week (i.e. walking or steps programs)
 Company offers incentives for workers to complete health risk assessment or participate in health and wellness activities (e.g., a fund for exercise equipment, subsidized gym membership, etc.)
 Over 25% of workers have completed a health risk assessment in the last 12 months
 Employees have access to behavioral health counseling services, web resources or Employee Assistance Programs
 Spouses, partners, or children of employees provided access to behavioral health counseling services, web resources or Employee Assistance Programs
 Company has policies and programs in place to prevent ergonomic-related injuries in the workspace
 Management receives reports on aggregate participation in worker wellness programs
 Other (please describe)

Job Flexibility/Corporate Culture (Hourly)

WR7.1 Which of the following best describes the flexibility of scheduling process for hourly workers?

- Managers largely decide hours based on the company's needs
- Worker preference is incorporated into scheduling (e.g. self-scheduling, honoring worker preferences to work certain shifts or certain days)
- Workers are free to exchange hours with other workers on their own terms
- Management (or enabling technology) facilitates exchange of hours if the employee is not able to commit to his/her shift
- Other (please describe)
- None of the above

WR7.2b Does the company offer, whenever feasible, in writing and in practice for the majority of workers? Please check all that apply.

- Part-time work schedules at the request of workers
- Flex-time work schedules (allowing freedom to vary start and stop times)
- Telecommuting (working from home one or more days per week)
- Job-sharing
- None of the above

WR7.4b Which of the following supplementary benefits are offered to employees? Please check all that apply.

- Not tracked / unknown

WR7.4d Which of the following supplementary benefits are offered to employees? Please check all that apply.

- Onsite childcare
- Offsite subsidized childcare
- Counseling services
- Free or subsidized meal
- Other (please describe)
- None

Job Flexibility/Corporate Culture (Salaried)

WR7.2a Does the company offer, whenever feasible, in writing and in practice for the majority of workers? Please check all that apply.

- Part-time work schedules at the request of workers
- Flex-time work schedules (allowing freedom to vary start and stop times)
- Telecommuting (working from home one or more days per week)
- Job-sharing
- None of the above

WR7.3 Do company policies, in writing and in practice, support any of the following flexible workplace practices in the past 12 months? Please check all that apply.

- We have managers or executives who work part-time or in a job-share
- We have managers or executives who telecommute
- We hire new people into permanent positions that are telecommuting
- We hire new people into permanent positions that are part-time or job-share
- We have transitioned staff into part-time, job-share, or telecommuting positions
- Other (please describe)
- None of the above

WR7.4a Which of the following supplementary benefits are offered to employees? Please check all that apply.

- Not tracked / unknown

WR7.4c Which of the following supplementary benefits are offered to employees? Please check all that apply.

- Onsite childcare
 Offsite subsidized childcare
 Counseling services
 Free or subsidized meal
 Other (please describe)
 None

WR7.6a Are career development and promotion policies and practices available? Please choose all that apply.

- Not tracked / unknown

WR7.6b Are career development and promotion policies and practices written and explicitly communicated? Please choose all that apply.

- Employees who seek to take a short-term leave/sabbatical with his/her job guaranteed upon return
 Employees who seek to take a long-term leave/sabbatical where efforts will be made to find a place for him/her upon return
 Employees who desire to make lateral moves or change career direction or pace
 None of the above

Occupational Health & Safety

WR8.4 Does the company have any of the following practices with regards to management's commitment to worker health and safety?

- Written safety and health policy to minimize on-the-job employee accidents and injuries
 Safety and health integrated into overall management planning process and workers are involved in safety planning, resource allocation, audits, etc.
 Safety and health concerns communicated through regular safety and health trainings
 Specific safety and health program goals and objectives, with specific indicators to measure progress
 Senior management addresses safety issues through written word or in company gatherings at least quarterly
 Formal safety reporting system for employees to submit their safety concerns
 Safety procedures easily accessible for all on site personnel, including workers, non-managerial staff, visitors
 Participation in an external program demonstrating commitment and excellence in safety and health (e.g. Voluntary Protection Program)
 N/A - No manufacturing or wholesale facilities
 None of the above

WR8.5 Which of the following is included in your company's practices related to inspections/audits:

- Written procedure for performing safety and health inspections
 Routine safety and health inspections at least quarterly
 Information discovered through analyses is used to improve safety processes (e.g. baseline hazards analysis, accident/incident analysis, employee concerns, sampling results from inspections)
 Results of the routine inspections are documented
 Inspection reports clearly indicate what needs to be corrected with documented accountability for closure
 N/A - No manufacturing or wholesale facilities
 None of the above

WR8.7 Check all of the worksite characteristics below that apply:

- At the beginning of every shift, a briefing with front-line workers is held to share information and/or discuss the work for the day
- Results of a hazard analysis or routine activities are documented
- Potential hazards are identified, analyzed and managed when new materials or equipment are purchased or new processes implemented
- Workers are permitted in written communication to shut down an unsafe process
- None of the above

Community

Community Practices

Job Creation

Last 12 months (e.g. Oct 2012 - Sep 2013):

Prior 12 months (e.g. Oct 2011 - Sep 2012):

CM2.2b By what % has your worker base on a headcount basis (full-time equivalents) grown over the last 12 months?

- 0% (Has not grown on a net basis) 1-14% 15-24% 25%+

CM2.2c By what % has your worker base on a headcount basis (full-time equivalents) grown over the last 12 months?

- Not tracked / unknown

CM2.3 Number of full-time and part-time workers that departed/left the company during the last 12 months. Enter 0 if None. Select N/A only if there are no workers.

CM2.4a What was the attrition rate at the company for full-time and tenured part-time workers (excluding workers terminated with cause) for the last 12 months?

- >10% 5-10% 2.5-4.9% 0-2.4%

CM2.4b What was the attrition rate at the company for full-time and tenured part-time workers (excluding workers terminated with cause) for the last 12 months?

- Not tracked / unknown

0% 1-9% 10-19% 20-29% 30%+ Don't Know

Individuals residing in a low income area

Other chronically underemployed populations (e.g. at risk youth, formerly incarcerated, homeless, etc.)

CM2.6 What % of your workers are employed in company facilities located in low-income communities?

- <10% 10-19% 20-29% 30%+ Don't Know

CM2.7 What % of your Significant Suppliers are located in low-income communities or create employment opportunities for other chronically underemployed populations?

<10% 10-19% 20-30% >30% Don't Know

Diversity

CM3.1 Number of total full-time and part-time female employees. Enter 0 if None. Select N/A only if there are no workers.

0%	1-9%	10-24%	25-49%	50%+	Don't know	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Women and/or individuals from underrepresented populations, including low-income communities
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Nonprofit organization(s)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Non-accredited investors

Women

Low income communities

Other underrepresented populations (e.g. minorities, LGBT community, individuals with disabilities, etc.)

CM3.5 What % of the members of your Board of Directors or other governing body are women or individuals from other underrepresented populations?

0% 1-9% 10-24% 25-49% 50%+ Don't know N/A

Women

Low income communities

Other underrepresented populations (e.g. minorities, LGBT community, individuals with disabilities, etc.)

CM3.7 What % of management are women and individuals from underrepresented populations, including low-income communities?

0% 1-9% 10-24% 25-49% 50%+ Don't know

Women

Low income communities

Other underrepresented populations (eg - minorities, LGBT community, individuals with disabilities, etc.)

CM3.9 Does the % of ethnic minorities employed in your company equal or exceed the % of ethnic minorities in your metro area (based on census or other government demographic data)?

- Yes
 No
 N/A - No ethnic data available in metro area with company operations

<0.8 (0 - 0.79) 0.8+ (0.8 - 0.94) 0.95+ Don't know N/A - Only one gender represented

- | | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Managers |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Non-managers |

CM3.11 What % of your Significant Suppliers are majority owned by women or individuals from underrepresented populations?

- 0% 1-9% 10-19% 20-29% 30%+ Don't Know

CM3.12 Does the company have a written policy giving preference to suppliers owned by women or individuals from underrepresented populations?

- Yes No

Civic Engagement & Giving

CM4.1a Does your company have a formal corporate citizenship program (with allocated resources and oversight) in place that includes the following:

- Statement on the intended social or environmental impact of company's charitable contributions
 Cash and in-kind donations (excluding political causes)
 Volunteer and pro bono service
 Formal donations commitment (e.g. 1% for the planet)
 Matching individual workers' charitable donations
 Allowing workers and/or customers to select charities to receive company's donations
 Other (please describe)
 None of the above

CM4.1b Does your company have the following charitable giving practices implemented in practice or written in policy?

- Not tracked / unknown

CM4.1c Does the following apply to the company's charitable giving and civic engagement in policy or in practice?

- Not tracked / unknown

CM4.2a Are full-time employees granted in writing any of the following paid or non-paid time-off hours options for volunteer service?

- Non-paid time off
 Paid time off
 20 hours or more a year of paid time off
 Do not offer paid or non-paid time off

CM4.3 What % of employees took paid time off for volunteer service last year?

- 0% 1-24% 25-49% 50-75% >75% Don't know

- CM4.4 Does your company monitor and record volunteer hours of company workers?
- We do not currently monitor and record our hours contributed
 - Our company monitors and records hours contributed (no increase targets)
 - Our company monitors hours contributed and has specific increase targets
 - Our company monitors hours contributed and has met specific increase targets during the reporting period
- CM4.5 Number of hours volunteered by full-time and part-time employees of the organization during the last fiscal year. This should include both paid and unpaid time spent volunteering during traditional work hours, either for company-organized events or for employee-initiated activities.
- CM4.6a What was the % of per capita worker volunteer, community service, or pro bono time donated in the reporting period? Calculate using a 2000-hour work year: Total Hours Donated / (# FTE * 2000 hours)
- Not tracked / unknown
- CM4.6b What was the % of per capita worker volunteer, community service, or pro bono time donated in the reporting period? Calculate using a 2000-hour work year: Total Hours Donated / (# FTE * 2000 hours)
- 0%
 - 0.1-0.5% of time
 - 0.6-1% of time
 - 1.1-2% of time
 - >2% of time
 - Don't know / not monitored
- CM4.7 Total amount (in currency terms) donated for charitable-giving purposes during the last fiscal year. Report with the currency specified in GV1.2 for this metric.
- CM4.8a What was the % of profits or sales that your company gave to charity during the last fiscal year? Please select the lesser of % of profits or % of sales that the company donated in each answer bucket. Please include tax deductible in-kind donations but do not include pro bono time.
- Not tracked / unknown
- CM4.8b What was the % of profits or sales that your company gave to charity during the last fiscal year? Please select the lesser of % of profits or % of sales that the company donated in each answer bucket. Please include tax deductible in-kind donations but do not include pro bono time.
- 0%
 - 1-9% of profits or <1% of sales
 - 10-19% of profits or 1-1.9% of sales
 - 20-49% of profits or 2-4.9% of sales
 - 50%+ of profits or 5%+ of sales
 - Don't know
- CM4.9 Which organizations does your company support?

CM4.10 Which of the following volunteer and charitable giving practices did your company employ in the last fiscal year?

- Company contributed the majority of its cash, service and in-kind donations to local markets it sourced from or operates in
- Company has public facing partnership with a service/charitable organizations
- Company provided facilities for community events or trainings
- Company provides or pays for training for workers to serve in external leadership positions (e.g. nonprofit Board of Directors)
- Other innovative engagement practices (please describe)
- None of the above

CM4.11a Indicate whether your company has worked and advocated for specific positive institutional, industry or regulatory reforms in the past two years at any of the following levels?

- Private, within the industry
- Local
- Municipal
- State/Provincial
- National
- International
- None of the above

Local Involvement

CM5.1a We realize that for companies with more than one office, the definition of local involvement is a more complicated one to answer. Please tell us a bit about the structure of your company geographically.

CM5.2a Is the majority (over 50%) of the company's ownership located locally to at least two-thirds of the company's workforce?

- Yes No Don't know

0%	1-19%	20-39%	40-59%	60%+	Don't know	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Cost of Goods Sold (excluding labor)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Raw materials (in currency terms) grown or harvested (by company or local independent suppliers)

CM5.6a What % of your company's Cost of Goods Sold (including value adding activities) was spent within country of operations, from in-country registered companies or national citizens?

- 0% 1-19% 20-39% 40-59% 60-79% 80%+

CM5.7 Does the company have the following written local purchasing or hiring policies in place?

- No written local purchasing or hiring policy in place
- Preference at each facility to purchase from local suppliers
- Ready-to-use lists of preferred local suppliers/vendors for specific facilities
- Preference for hiring and recruiting local managers
- Incentives for staff to live within 20 miles of local company facility
- Other (please describe)

CM5.8 Is the majority of your company's banking services provided by an institution with any of the following characteristics?

- A certified CDFI or national equivalent social investment organization
- A certified B Corporation
- A member of the Global Alliance for Banking on Values
- A cooperative bank or credit union
- A local bank committed to serving the community
- An independently owned bank
- None of the above

Suppliers, Distributors & Product

CM6.1 Tell us about your Significant Suppliers - what type of business(es) are they and approximately how many do you source goods & services from?

CM6.2 This question determines the set of supplier-focused questions your company will respond to: Does your company screen and/or evaluate Significant Suppliers for social and environmental impact?

- Yes No

CM6.4 What is the social and environmental screen that is used for a majority of your company's Significant Suppliers:

- No formal screening process in place
- Screened for specific negative practices (e.g. no child labor, no negative environmental impacts)
- Screened for positive practices (environmentally-friendly manufacturing process; excellent labor practices, etc)

CM6.5a When monitoring and evaluating the on-going social and environmental performance of the majority of Significant Suppliers, which of the following apply?

- No formal supplier monitoring and evaluation process
- Significant Suppliers are evaluated based on company's own criteria
- Significant Suppliers are evaluated based on social and environmental standards best-in-class third-party certification for your industry (ISO, SA8000, etc.)
- Company visits a majority of Significant Suppliers on-site

CM6.6a What is the average tenure of your relationships with Significant Suppliers?

- Less than 12 months
- 13-36 months
- 37-60 months
- 61 months or more
- Don't know

CM6.7a Is there a formal written Supplier Code of Conduct policy that specifically holds the company's suppliers accountable for social and environmental performance? This may include policies on Fair Trade.

- Yes No

- CM6.8a In the cases where suppliers were not yet adhering to the supplier code of conduct, which of the following remediation practices have been implemented before determining whether to terminate relationship?
- Company has fully disclosed to the public any material breaches of conduct by suppliers that have occurred in the past 5 years
 - Company formulated a corrective action plan with suppliers with goals and timeline for improvement
 - Company provided training and education to address non-compliance and poor performance
 - Company required a time period for suppliers to make changes to adhere to code of conduct or otherwise terminated contract
 - N/A - No Supplier Code of Conduct
 - None of the above
- CM6.9 Which suppliers are assessed for Supplier Code of Conduct compliance at least every other year? Check all that apply.
- All primary suppliers of core products or principal raw materials
 - All primary suppliers of non-core products
 - All sub-contractors responsible for the majority of an order
 - None
 - N/A - No Supplier Code of Conduct
- CM6.11 What % of Significant Suppliers (on currency basis) are made transparent on the company's website?
- 0% 1-49% 50-79% 80%+ Don't know
- CM6.12a What % of Significant Suppliers (on currency basis) are subjected to regular quality assurance reviews or audits?
- 0-49% 50-62% 63-75% >75%
- CM6.13 Do you have a program that identifies suppliers in need of support, education and/or training? If so, which of the following characteristics apply to your program?
- Company reviews all Significant Suppliers for potential training needs
 - Company has a formal education and support program for selected Significant Suppliers
 - Company sets goals and expectations with suppliers to improve their social and environmental performance
 - Company provides incentives for suppliers with strong social and environmental performance
 - Other (describe)
 - No formal supplier development program
- CM6.16a Does the company have any of the following independent contractor communication channels?
- Formal routine process to provide independent contractors post-project or post-contract performance feedback
 - Formal routine process for independent contractors to communicate post-project or post-contract feedback to the company
 - None of the above
 - N/A - No independent contractors used
- CM6.21 What % of materials or products purchased have third party social or environmental certification or approval, or are from Significant Suppliers with a third party company level certification or approval?
- 0% 1-19% 20-39% 40-60% 60%+ Don't know
- CM6.22a During the last fiscal year, what % of revenues are generated from products that have a certification that assesses the product or production process for the product (including certifications related to social and environmental performance)? For service providers, what % your services have been reviewed and certified by an accreditation body? Select N/A if industry or service relevant accreditation does not exist.
- 0% 1-9% 10-24% 25-74% 75-99% 100% Don't know N/A

CM6.23a Do you use an established methodology (PDSA, Six Sigma, DMAIC, TQM, Zero Defects, etc.) to manage quality assurance issues?

Yes No

CM6.23b Does your company have a tracking system in place for all products to manage quality assurance issues?

Not tracked / unknown

Environment

Environmental Practices

Land, Office, Plant

EN2.2a What % of company facilities (by square feet, both owned by company or leased) are LEED certified, satisfy the requirements of the Living Building Challenge, or other accredited green building programs? Select N/A if your company utilizes virtual office.

<20% 20-49% 50-79% 80%+ N/A

EN2.3a What % of the square footage of all company facilities is located in previously constructed buildings? Select N/A if your company utilize virtual office.

0% 1-24% 25-49% 50-74% 75-99% 100% N/A

EN2.4 Does the company use an company wide recovery and recycling program that includes the following? Please check all that apply.

- Paper
- Cardboard
- Plastic
- Glass & metal
- Composting
- None of the above

EN2.6a Does your company have an environmental management system that includes any of the following? Check all that apply.

- Policy statement documenting the organization's commitment to the environment
- Assessment undertaken of the environmental impact of the organization's business activities
- Stated objectives and targets for environmental aspects of the organization's operations
- Programming designed, with allocated resources, to achieve these targets
- Periodic compliance and auditing to evaluate programs conducted
- None of the above

EN2.10 Does your company measure and manage the following environmental inputs and outputs in a context-based manner?

- Water
- Solid waste
- Greenhouse gas (GHG)
- None of the above

EN2.11b Has your company integrated the principles of environmental considerations into the design of products and services? (See help text for a more formal definition and examples of Design for the Environment, DFE.)

Yes No

- EN2.12 Which of the following chemical reduction methods have been implemented at the majority of your corporate facilities on a consistent basis?
- Not tracked / unknown
- EN2.14 Does your company have a program in place to identify and eliminate potential chemicals and materials of concern in your product and/or process and identify and phase-in safer alternatives (e.g. chemical/material options with reduced toxicity)?
- Company has completed a study of all materials (including scarce metals and minerals) in product and chemicals to 1000ppm level
- Company has completed a study of all materials in product and chemicals to 100ppm level
- Company has undergone an evaluation of products and processes to identify potential toxic contaminants from production
- Company has identified specific chemicals of concern classes (e.g., carcinogens, mutagens, reproductive toxins, endocrine disruptors, persistent or bioaccumulative substances)
- Company has established a Restricted Substances List (RSL), has a positive screen or other decision process for chemicals
- Company has established metrics and goals for the reduction or elimination of chemicals of concern
- Company publicly discloses the chemicals and/or materials in your product (e.g., on a label, website, via 800 number for information, etc.)
- None of the above
- EN2.15 Does the company have a written and circulated environmentally preferable purchasing (EPP) policy that includes any of the following?
- Building and construction
- Carpets
- Cleaning
- Electronics
- Fleets
- Food or food services
- Landscaping
- Meetings and conferences
- Office supplies
- Paper
- Product input materials
- Other (please describe)
- N/A - No environmentally preferable purchasing policy
- EN2.16 What of the following recycled/sustainable input materials products are purchased for the majority of office use?
- Recycled/sustainable input office supplies (paper, pens, notebooks, etc.)
- Reclaimed/reused office furniture
- Reusable/compostable catering supplies
- Other (please specify)
- None of the above
- EN2.17 What % of your company's printed materials use recycled paper content, FSC certified paper, or soy-based inks? Select N/A if your company does not have any printed materials or have achieved a paperless office.
- 0% 1-24% 25-49% 50-75% >75% N/A

- EN2.18 Does your company have a formal program or policy in place to reduce the environmental footprint caused by commuting? Examples include use of public transportation, carpooling, biking, virtual office, telecommuting, etc.
- Yes No
- EN2.19 Has the company implemented written policies that reduce corporate travel, thereby lowering its carbon footprint?
- Yes, company has written policy limiting corporate travel
- Yes, company uses web/virtual meeting technology or other strategies to reduce in-person meetings
- No, company does not have any of the above travel policies or practices
- N/A - Company does not engage in any business-related travel
- EN2.20 Does the company monitor indoor environmental quality to ensure a healthy and comfortable work space, avoiding "Sick Building Syndrome"? Select N/A if you have no facilities.
- Yes No N/A
- EN2.22a If you lease your facilities, have you worked with your landlord to implement/maintain any of the following? Select N/A if you do not lease your building.
- Energy efficiency improvements
- Water efficiency improvements
- Waste reduction programs (including recycling)
- None of the above
- N/A

Inputs

- | | We do not currently monitor and record usage | We monitor and record usage (no reduction targets) | We monitor and record usage, and have specific reduction targets | We monitor usage and have met specific reduction targets during the last fiscal year | We do not currently monitor and record our usage |
|--|--|--|--|--|--|
| | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Energy: |
| | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Water: |
- EN3.2 Total company energy use (kWh) during the last 12 months
- EN3.3 Total energy used from renewable resources (kWh) during the last 12 months
- EN3.4 Total water use (liters) during the last 12 months
- EN3.5 What % of energy use has been saved due to conservation and efficiency improvements for your corporate facilities? Please refer to electricity use and other energy consumption from heating, hot water, etc.
- 0% 1-4% 5-9% 10-15% 15-20% >20% Don't know
- EN3.6a What % of energy use (including electricity and other energy consumption from heating, hot water, etc.) is produced from renewable sources? Please include both purchased and onsite-generated renewable energy.
- 0% 1-24% 25-49% 50-74% 75-99% 100% Don't know
- EN3.7a Has the company increased its % use of renewable energy annually at its corporate facilities?
- Yes No Already Maximized (100% renewable)

EN3.8a For which of the following systems have you used energy conservation/ efficiency measures for your corporate facilities in the past year?

- Equipment: Energy Star Appliances / Automatic Sleep Modes / After-Hour Timers / etc.
- Lighting: Natural Light / CF Bulbs / Occupancy Sensors / Daylight Dimmers / Task Lighting / etc.
- HVAC: Programmable Thermostat / Timers / Occupancy Sensors / Shade Sun-Exposed Walls / Double-Paned Windows / etc.
- Other (please specify)
- None of the above
- N/A - We utilize virtual office

EN3.9 Has the % of water harvested on site or recycled increased bi-annually?

- Yes
- No
- Already maximized (100%)

EN3.10a Which of the following water conservation methods have been implemented at the majority of your corporate offices:

- Low-flow faucets/taps, toilets/urinals, showerheads
- Grey-water usage for irrigation
- Low-volume irrigation
- Harvest rainwater
- Other (please describe)
- None

EN3.11 Regarding water use, does your company practice the following within the facilities you owned or leased?

- Regularly assess microbial, chemical and mineral content of water used and manage water sources appropriately
- Manage use and release of wastewater in order to preserve surrounding water sources
- Design business processes to conserve/minimize water
- None of the above

EN3.12 Has your company performed Life Cycle Assessments or had your products' environmental impact certified by a third-party? If so, has it been for:

- At least one product
- Top-selling product(s), or product line(s)
- Multiple products, or product-lines
- All products
- No formal life cycle study, but life cycle considerations taken into materials selection
- No life cycle assessments or certification completed

EN3.15 What % of your revenues are from the sale of products that have been awarded Cradle To Cradle certification?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75-99%
- 100%

EN3.16a What is the % of recycled, renewable, biodegradable, or other environmentally preferred materials in product (including packaging)?

- 0%
- 1-24%
- 25-49%
- 50-74%
- 75-99%
- 100%

EN3.17 Has any of your products, including packaging, been source reduced (i.e. reduced the volume or toxicity waste generated through material selection, production process, product design, etc.) in the last fiscal year?

- Yes
- No

Outputs

Company does not currently monitor and record emissions	Company monitors and records emissions (no reduction targets)	Company monitors emissions and has specific reduction targets	Company monitors emissions and has met specific reduction targets during the reporting period	Eliminated emissions of this by-product entirely	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Scopes 1 and 2 greenhouse gas (GHG) emissions
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Significant air emissions
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Hazardous waste (including universal waste)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Non-hazardous waste
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Hazardous and toxic wastewater

EN4.2 Does your company set intensity reduction targets for the the following inputs and outputs?

- Energy use
- Water use
- Non-hazardous waste generation
- Hazardous waste generation
- None of the above

EN4.5 Waste Disposed (metric tonnes) during the last 12 months

EN4.6 Waste Disposed: Recycled/Reused (metric tonnes) during the last 12 months

Scope 1:

Scope 2:

Scope 3:

EN4.11a What % of Scopes 1 and 2 GHG emissions has been saved due to efficiency improvements implemented by your company?

- 0%
- 1-4%
- 5-9%
- 10-14%
- 15-20%
- >20%
- Don't Know

EN4.11b What % of Scopes 1 and 2 GHG emissions has been saved due to efficiency improvements implemented by your company?

Not tracked / unknown

EN4.12 If your company purchased certified carbon credits in the reporting period, what % of GHG emissions were off-set?

0% 1-24% 25-49% 50-74% 75-99% 100% Don't know

EN4.13 Does your company have a formal program to evaluate how to reduce its generation of hazardous, universal, and/or non-hazardous waste?

Yes
 No
 Already maximized - we have achieved Zero Waste

EN4.17 Is hazardous waste (batteries, paint, electronic equipment, etc.) always disposed of responsibly, in a way that the company can verify?

Yes
 No
 N/A - We have eliminated hazardous waste

No assessment conducted	Assessment indicates some exposure; no action taken to date	Assessment indicates some exposure; mitigation and control strategy implemented	Assessment indicates no exposure	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Worker exposure to hazardous production materials
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Local communities exposure to emissions from manufacturing facilities

EN4.18c Do you conduct assessments of any of the following:

Not tracked / unknown

EN4.19a Does the company have in place an active end-of-life product/component reclamation program to increase the useful life of parts and components?

Yes No N/A

EN4.21 What % of the water consumed by your company is returned to the water table at the same or better quality than when it was diverted (i.e. % of water treated)? Select 0% if the answer is unknown.

0% 1-24% 25-49% 50-74% 75%+ N/A

Transportation, Distribution & Suppliers

EN5.1 Has your company adopted any of the following techniques for minimizing the environmental impact of its distribution and supply chain? Check all that apply.

Not tracked / unknown

0%	1-24%	25-49%	50-74%	75%+	Don't Know	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Used at least 10% renewable energy at their facilities
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Reduced GHG emissions or use of ozone-depleting substances by at least 10% in the past two years
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Implemented initiatives to reduce waste at the source or divert waste from landfills/incineration by at least 10 % in the past two years
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Recycled water on site or use close-loop or other water recovery systems to reduce the use of potable water
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Responsibly disposed of all hazardous waste generated from production

Impact Business Models

Impact Models Introduction

Social Enterprise

No

Yes



Our products or services benefit consumers by providing one of the following: provision of basic services, health care or healthy products; education; support of general knowledge, arts, or cultural heritage; improved economic opportunity or social/economic empowerment; market access through previously unavailable infrastructure; or servicing non-profit organizations and other purpose driven enterprises with fundraising/capital/capacity-building needs.



Our product or service conserves the environment through the following: Providing or being self-powered by renewable energy or cleaner-burning energy than market alternatives; enhancing energy and/or water efficiency; reducing waste; conserving land or wildlife; reducing toxic/hazardous substances (ie. organic); pollution prevention and remediation methods; measuring, researching, or providing information to solve environmental problems; providing financing and/or lending tied to an environmental mission



Workers own more than 40% of our company (e.g. a worker cooperative or a company that has significant ownership by non-executive workers)



Our company is a producer cooperative where owners are supplier members who organize production (e.g. farmer cooperative, artisanal cooperative)

- Our company focuses on alleviating poverty through its supply chain, via 1) sourcing through fair wage certified suppliers or 2) providing technical assistance/capacity building to small-scale suppliers -- individuals or cooperatives/companies with fewer than 50 workers, or 3) guaranteeing future purchases and payments with contracts.
- Our company uses a microfranchising or micro-distribution model that provides income generation opportunities for low-income individuals or individuals from chronically underemployed communities. Microfranchises have on average fewer than 10 workers, are independently owned and operated, and distribute products exclusively for the parent company. Microdistribution is a sales and revenue model that relies on network of individual sellers/retailers for whom the product comprises at least 50% of their total income.
- Our company donates at least 20% of profits or 2% of sales to charity or a non-profit foundation on an annual basis, or is at least 20% owned by a non-profit.
- Our company has targeted and hired more than 10% of total workers from chronically underemployed populations (including but not limited to low income, previously-incarcerated or discriminated individuals) and/or the company extensively trains/invests in these workers.

Our company was created as a result of a government privatization scheme (within the past 5 years) or to produce a product in and for the local economy that previously had only been available through import (import substitution model).

- Company is specifically designed to focus on or rebuild the local community
- Our production practices are designed to conserve the environment across the company's entire operations (e.g. retrofitting facilities to make them green/energy efficient, changing transportation/distribution to make environmentally efficient, monitoring & reducing water, waste, emissions and energy use)
- None of the above models apply

- IBM1.2 Separate from a mission statement, has your company done any of the following to legally ensure that its social or environmental mission will be maintained over time, regardless of company ownership?
- Signed a contract or board resolution to amend or adopt a legal form that requires consideration of employees, community, and the environment (i.e. Signed B Corp Term sheet but have not yet adopted stakeholder consideration)
 - Amended corporate governing documents to require the consideration of employees, community and the environment (e.g. Amended Articles of Incorporation)
 - Has a specific legal entity/governance structure that preserves mission (i.e. cooperative)
 - Legal entity/governance structure preserves mission and requires stakeholder consideration (i.e. Benefit Corp or cooperative that has amended governing documents to include stakeholder consideration)
 - Other - Please describe
 - None of the above

Worker Business Models

Worker Ownership

- IBM2.1 Does your company have an employee ownership plan in which 1) your employees (not including executives and founders) own more than 40% of the company and 2) all tenured employees participate?
- Yes No - skip the rest of the questions in this section
- IBM2.2 What % of your total company is owned by employees (excluding executives and founders)?
- <40% 41-49% 50-59% 60-69% 70-79% 80%+
- IBM2.3 Is your company democratically governed or does it have ESOP pass-through voting rights?
- Yes No
- IBM2.4 How many workers (excluding executives and founders) have an ownership interest in the company?
- IBM2.5 Using most recent valuation of shares, what is the average holding of an employee-owner as compared to average salary (not including executives and founders)?
- IBM2.6 What % of working owners received a profit share, dividend, or other cash benefits related to their ownership in the last fiscal year?
- IBM2.7 Provide text explaining how your firm tracks this data to ensure that the desired outcomes of ownership (income and asset increases) are achieved.
- IBM2.8 Is there something different or innovative about the company's worker ownership structure that changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Consumer Business Model - Products & Services Introduction

Community P&S Introduction

No	
<input type="radio"/>	Provides basic services to the underserved without prior access (e.g. providers of electricity or clean drinking water to rural poor communities, affordable housing projects, waste and sanitation systems or disposal)
<input type="radio"/>	Promotes health or healthy lifestyles (e.g. medical equipment, medical services and medicines, preventative health services or products, healthy living products, exercise and sporting products, prescription eyeglasses)
<input type="radio"/>	Promotes education or professional skills development (e.g. schools, textbooks, tutoring services, career leadership training, education tools, games and software)
Improves market access through physical or technological infrastructure (e.g. mobile telecommunications, business technologies or software, roads, bridges, railways, ports, building and construction materials not previously available)	
<input type="radio"/>	Creates economic and/or empowerment opportunities by supporting individuals in improving productivity and other income-generating activities (e.g. financial or insurance services or benefits consulting for the underserved, new mechanisms to connect products to market)
<input type="radio"/>	Creates access to capital and capacity building for purpose-driven enterprises (e.g. impact investing, sustainability consulting, nonprofit fundraising services, products that assist in raising capital)
Promotes arts, media and pursuit of knowledge (e.g. independent media and arts, products that preserve local culture such as artisanal crafts or products made using culturally-significant or traditional production methods, information services)	
<input type="radio"/>	Promotes arts, media and pursuit of knowledge (e.g. independent media, artisanal crafts, photography, information services)

Consumer Business Models - Products & Services

Arts/Media/Information

IBM10.1 Please tell us more about how your product or service promotes the arts, sciences or media.

IBM10.2 Which of the following product or service descriptions best fit your company?

- Products/services promote artisanal handicrafts and historic production methods
- Products/services offer or promote access to general knowledge (e.g. books, generalized information)
- Products/services offer or promote the arts and media (e.g. creation or curation of museum-quality fine art)
- Products or services that offer or promote public access to highly specialized information or pursue rigorous scientific inquiry (e.g. scientific journals, specialized science knowledge, research labs)
- Products/services with a core purpose of independent journalism
- Products/services with a core purpose of civic engagement and/or civil-society focused media
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM10.2 Which of the following product or service descriptions best fit your company?

- Not tracked / unknown

Individuals

Households

Communities

Businesses/Non-Profits

Governments

IBM10.4 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM10.5 What were your total revenues last fiscal year from the above products or services?

IBM10.6 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM10.7 This is a calculated question based on your answer from IBM10.2: Which of the following product or service descriptions best fit your company? And, question IBM10.5: What % of your revenues last fiscal year were from the above products or services?

- Not tracked / unknown

IBM10.7 This is a calculated question based on your answer from IBM10.2: Which of the following product or service descriptions best fit your company? And, question IBM10.5: What % of your revenues last fiscal year were from the above products or services?

IBM10.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM10.9 Amount of the product or service sold in the last fiscal year.

IBM10.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM10.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this arts, media or knowledge-focused product/service to its client base? Defined outcomes include specific targets that are based on existing literature (e.g. improved quality of life, ancillary benefits for customers/clients, etc.) that can be measured.

Yes No, not at this time

IBM10.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

IBM10.13 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM10.14 Is there something different or innovative about the company's arts, media or knowledge-focused product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Serving Those In Need

IBM11.1 Does your company explicitly target users/customers/end beneficiaries of your product or service from underserved communities?

Yes No - Skip the remaining questions in this section and proceed to the next page

IBM11.2 Describe the beneficiaries or end-users of your products or services and how you characterize them as underserved.

IBM11.3 Which of the following best describe a majority of your underserved customer/client base?

Majority of customers/clients are underserved individuals

Majority of customers/clients are businesses

Majority of customers/clients are nonprofits

IBM11.4 Which of the following underserved populations does your business explicitly target? If you are a business-to-business focused company, or if you serve nonprofits, think of who the ultimate beneficiaries are. Check all that apply.

Not tracked / unknown

IBM11.4 Which of the following underserved populations does your business explicitly target? If you are a business-to-business focused company, or if you serve nonprofits, think of who the ultimate beneficiaries are. Check all that apply.

Low-income, poor or very poor (including low-income minorities and other underserved populations)

Minority, disabled, and other underserved (but not low-income)

None of the above - Skip the rest of the questions in this section

	Urban	Rural	Peri-urban
Low Income			
Poor			
Very poor			

IBM11.6 If relevant, select any of the other underserved groups below that your company serves:

- Young children (younger than 5 years old)
- Children and adolescents (5 year of age or older but younger than 18)
- Adults
- Elderly/older adults
- Persons with disabilities
- Minority/previously excluded populations
- Women
- Pregnant women
- Other at risk populations
- None of the above

IBM11.7 Which of the following statements are true about your in-need customers/ clients?

- Most customers/clients continue with us year by year and latest figures for the year roughly reflect the total number of beneficiaries to date
- Customers/clients we reach each year are in addition to previous customers/clients and total number served should be calculated by adding together the numbers for each year
- Don't know - we don't sell direct to customers/clients

IBM11.8 How much revenue is generated through sale to above selected beneficiary group(s) or nonprofits?

IBM11.9 What % of customers/end beneficiaries of your product or service are from an underserved population identified above? If you serve nonprofits, please respond with the % of your revenues generated from services provided to the nonprofits selected above in the last fiscal year.

IBM11.10 This is a calculated question based on your answer from IBM11.4: Which of the following underserved populations does your business explicitly target? And, question IBM11.9: What % of customers/end beneficiaries of your product or service are from an underserved population identified above?

- Not tracked / unknown

IBM11.10 This is a calculated question based on your answers from IBM11.3 (who are your direct clients), IBM11.4: (who are you targeting), and question IBM11.9 (what % of your revenues does this represent?)

Individuals
 Households
 Communities
 Businesses/Non-Profits
 Governments

IBM11.13 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM11.14 Which of the following products/services attributes assist in targeting the above selected underserved communities:

- Product/service is accompanied by a zero-interest or below market- financing option (directly from company or through finance partner) with small repayment amounts to provide the poor access to purchase
- Company utilizes a cross-subsidization model whereby higher pricing for middle and high-income clients facilitates offering lower/subsidized pricing for low income clients/customers
- Product/service pricing model includes transparent pricing for all customers
- Vendor provides training on safe use and/or maintenance of the product/service
- These product/service attributes do not apply to our company (Skip the remainder of this section)

IBM11.15 Use the field below to describe any innovative technology, distribution or pricing models selected above.

Individuals
 Households

IBM11.17 What % of customers/beneficiaries qualify as poor or very poor with incomes below \$2.00 per day? Estimates within +/- 5% are acceptable. (See currency converter in help text to get local currency terms)

IBM11.18 How much revenue is generated through sale to clients/customers that live on less than \$2/day?

Basic Services

IBM4.1 Please tell us more about how your product or service creates access to basic services.

IBM4.2 Which of the following product or service descriptions best fit your company?

- Products/services are used to *support* the provision of basic services to the underserved (e.g. software that helps social service agencies serve those in need better)
- Products/services provide basic services to the underserved without prior access (e.g. clean water to those in need, low-income housing for disaster hit areas)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

Individuals
 Households
 Communities
 Businesses/Non-Profits
 Governments

- IBM4.4 Please provide a brief description of how you track your customer/client/beneficiary figures.
- IBM4.5 What were your total revenues last fiscal year from the above products or services?
- IBM4.6 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.
- IBM4.7 This is a calculated question based on your answer from IBM4.2: Which of the following product or service descriptions best fit your company? And, question IBM4.5: What % of your revenues last fiscal year were from the above products or services?
- IBM4.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?
- IBM4.9 Amount of the product sold in the last fiscal year.
- IBM4.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.
- IBM4.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this basic product/service to its client base? Defined outcomes include specific targets that are based on existing literature (improved quality of life, ancillary benefits for customers/clients) that can be measured.
- Yes No, not at this time
- IBM4.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.
- N/A
 - There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
 - The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
 - The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).
 - Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
 - None of the above

IBM4.13 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM4.14 Is there something different or innovative about the company's basic product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Health

IBM5.1 Tell us more about how your product or service improves health outcomes or promotes healthy living.

IBM5.2 Which of the following product or service descriptions best fit your company?

Not tracked / unknown

IBM5.2 Which of the following product or service descriptions best fit your company?

- Products/services that have reduced human health risks as compared to traditional products, but are used for another purpose (e.g. BPA free water bottles, Low-VOC paints)
- A food that meets FDA guidelines (or similar government body) of "healthy" and replaces an alternative, either in where the product is available (i.e. a low income neighborhood) or in comparison to another product
- Products/services that assist in the delivery of health care, that are widely adopted as a solution by the market (e.g. prescription eye glasses, contraceptives, sterile hospital equipment)
- Products/services promote healthy lifestyles (e.g. herbal medicines/remedies, products that are only used for sport/exercise, yoga)
- Products/services *support* the promotion of health directly to the individual/patient (e.g. drug-tracking technologies, diagnostics, and comprehensive wellness programs)
- Products/services treat or prevent illness or disability (e.g. life-saving medical equipment and services, health clinics, pre-natal care, vaccinations/internationally-approved medications, hospitals)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

Individuals

Households

Communities

Businesses/Non-Profits

Governments

IBM5.4 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM5.5 What were your total revenues last fiscal year from the above products or services?

IBM5.6 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM5.7 This is a calculated question based on your answer from IBM5.2: Which of the following product or service descriptions best fit your company? And, question IBM5.5: What % of your revenues last fiscal year were from the above products or services?

Not tracked / unknown

- IBM5.7 This is a calculated question based on your answer from IBM5.2: Which of the following product or service descriptions best fit your company? And, question IBM5.5: What % of your revenues last fiscal year were from the above products or services?
- IBM5.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?
- IBM5.9 Amount of the product or service sold in the last fiscal year.
- IBM5.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.
- IBM5.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this health product/service to its client base? Defined outcomes include specific targets that are based on existing literature (e.g. improved health status, reduced mortality and morbidity, positive behavioral change, improved quality of life) that can be measured.
- Yes No, not at this time
- IBM5.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.
- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above
- IBM5.13 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?
- Yes No, not at this time N/A
- IBM5.14 Is there something different or innovative about the company's health product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Education

- IBM6.1 Please tell us more about how your product or service promotes education or professional development and advancement.
- IBM6.2 Which of the following product or service descriptions best fit your company?
- Not tracked / unknown

IBM6.2 Which of the following product or service descriptions best fit your company?

- Products/services *support* education and education/professional development initiatives (e.g. educational toys and creative problem-solving games)
- Products/services provide ongoing professional development and advancement of knowledge (e.g. training programs for professionals, leadership training, education software, single skill training program or continuing education courses (i.e. CLE course), service learning, outdoor education, study abroad)
- Products/services provide essential education coursework or academic development (e.g. primary or secondary school, university, trade school, accredited comprehensive skills/career training, textbooks, etc)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

Individuals

Households

Communities

Businesses/Non-Profits

Governments

IBM6.4 If relevant, provide the average length in number of days of your education program. Provide a brief description on how you calculated this.

IBM6.5 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM6.6 What were your total revenues last fiscal year from the above products or services?

IBM6.7 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM6.8 This is a calculated question based on your answer from IBM6.2: Which of the following product or service descriptions best fit your company? And, question IBM6.6: What % of your revenues last fiscal year were from the above products or services?

IBM6.8 This is a calculated question based on your answer from IBM6.2: Which of the following product or service descriptions best fit your company? And, question IBM6.6: What % of your revenues last fiscal year were from the above products or services?

Not tracked / unknown

IBM6.9 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM6.10 Amount of the product or service sold in the last fiscal year.

IBM6.11 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM6.12 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this education product/service to its client base? Defined outcomes include specific targets that are based on existing literature (e.g. higher graduation rates, improved life skills, etc.) that can be measured.

Yes No, not at this time

IBM6.13 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s).

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

IBM6.14 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM6.15 Is there something different or innovative about the company's education product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Infrastructure/Market Access

IBM7.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

Economic Opportunity/Empowerment

IBM8.1 Tell us more about how your product or service provides or improves economic opportunity and empowerment for individuals and/or communities.

IBM8.2 Which of the following product or service descriptions best fit your company?

Not tracked / unknown

IBM8.2 Which of the following product or service descriptions best fit your company?

- Products/services create economic opportunity as a by-product and are designed for another purpose (e.g. worker benefits consulting, affordable quality daycares)
- Products/services create core economic opportunity (i.e. financial literacy, micro-insurance, urban planning, legal services for underserved, employment firms, volunteering programs)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

Individuals

Households

Communities

Businesses/Non-Profits

Governments

IBM8.4 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM8.5 What were your total revenues last fiscal year from the above products or services?

IBM8.6 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM8.7 This is a calculated question based on your answer from IBM8.2: Which of the following product or service descriptions best fit your company? And, question IBM8.5: What % of your revenues last fiscal year were from the above products or services?

IBM8.7 This is a calculated question based on your answer from IBM8.2: Which of the following product or service descriptions best fit your company? And, question IBM8.5: What % of your revenues last fiscal year were from the above products or services?

Not tracked / unknown

IBM8.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM8.9 Amount of the product or service sold in the last fiscal year.

IBM8.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM8.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature (e.g. changes in household income, improved quality of life, ancillary benefits for customers/clients, etc.) that can be measured?

Yes No, not at this time

IBM8.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM8.13 If measured, did the results show that the desired outcome is occurring?

- Yes No, not at this time N/A

IBM8.14 Is there something different or innovative about the company's products/services that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Flow of Capital and Capacity Building

IBM9.1 Please tell us more about how your product or service increases the flow of capital and/or provide capacity building to purpose driven enterprises.

IBM9.2 Which of the following product or service descriptions best fit your company?

- Products/services support the operations of purpose driven enterprises so that they can achieve their mission in a more efficient manner (e.g. technology services for a social service agency, marketing services for local food bank)
- Products/services directly improve the social or environmental impact of businesses or organizations (e.g. consulting services that improve the outcomes of a social service agency, sustainability consulting)
- Products/services primarily designed to raise capital for purpose-driven enterprises (e.g. fundraising campaigns for a social service agency)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

Individuals

Households

Communities

Businesses/Non-Profits

Governments

IBM9.4 Please provide a brief description of how you track your customer/client/beneficiary figures.

IBM9.5 What were your total revenues last fiscal year from the above products or services?

- IBM9.6 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.
- IBM9.7 This is a calculated question based on your answer from IBM9.2: Which of the following product or service descriptions best fit your company? And, question IBM9.5: What % of your revenues last fiscal year were from the above products or services?
- IBM9.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?
- IBM9.9 Amount of the product or service sold in the last fiscal year.
- IBM9.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.
- IBM9.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature (e.g. improved fundraising track records, ancillary benefits for customers/clients, etc.) that can be measured.
- Yes No, not at this time
- IBM9.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.
- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above
- IBM9.13 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?
- Yes No, not at this time N/A
- IBM9.14 Is there something different or innovative about the company's product/service that support flow of capital that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Community Business Models - Practices

Workforce Development

IBM12.1 What is the main barrier to employment that your company targets through its hiring practices? Check all that apply.

- Chronically discriminated against based on gender, race, color, disability, political opinion, sexual orientation, age, religion, social or ethnic origin
- Physical or mental disability
- Homelessness
- Incarceration or criminal history
- Drug or alcohol dependency
- Violence - either political, gang, or domestic
- Poverty via hiring low-income, poor and very poor workers
- Immigrants, displaced persons or refugees
- Other (please specify)
- If none of the above, do not complete the remainder of this section

IBM12.2 Which job type describes a majority of the workers at your company from chronically underemployed communities? Select only one.

- Full-time and part-time
- Temporary

IBM12.3 Which of the following does your company provide to all chronically-underemployed workers? Check all that apply.

- Payment of a living wage (see definition)
- Basic training in order to complete the required job functions
- If full and part-time workers were selected for IBM12.2, the company's standard benefits apply to all chronically-underemployed workers
- If temporary workers were selected for IBM12.2, the company hires a majority of these temporary workers on an on-going basis to ensure semi-stable job status and income. (i.e. rehiring seasonal workers annually, rehiring same day/contract workers, helping workers obtain employment elsewhere)

IBM12.4 Did you select three or more options for question IBM12.3 (above)?

- No, I did not select three options above. (If No, skip the remaining questions in this section)
- Yes - I selected three answer options from the question above (IBM12.3) with regard to my FT and PT workers
- Yes - I selected three answer options from the above question (IBM12.3) with regard to my Temporary workers

IBM12.5 How many individual workers from chronically-underemployed communities were employed by the company during the last 12 months?

Physical or mental disability

Chronically discriminated against based on gender, race, color, disability, political opinion, sexual orientation, age, religion, social or ethnic origin

Homelessness

Incarceration or Criminal History

Drug or alcohol dependency

Violence--including political, gang, or domestic

Low-income, poor or very poor

Immigrants, displaced persons or refugees

Other

IBM12.7 What % of your total workforce (including full-time, part-time, temporary) are from chronically-underemployed communities?

IBM12.8 This is a calculated question based on your answer from IBM12.4: Did you select three or more options for question IBM12.3 (above)? And, question IBM12.7: What % of your total workforce (including full-time, part-time, temporary) are from chronically-underemployed communities?

IBM12.9 Does your company have an intentional training program to improve career opportunities for chronically underemployed workers, leading either to permanent employment with your company or placement with other businesses?

- No - If No, skip the remaining questions in this section
- Yes - An on-going in-house skills-based training program
- Yes - Training/support services provided through a partnering organization

IBM12.10 Which of the following applies to your workforce development program in the last 12 months? Check all that apply:

- Beyond what is needed for their current job, we have provided all trainees with additional technical/professional training in the last year (e.g. Management skills, technical skills related to the trade but not essential to the job)
- Beyond what is needed for their current job, we have provided all trainees with a formal program to teach life skills or "soft" skills (e.g. financial literacy, conflict management, etc.)
- Formal guidance delivered (not just offered) on job searching / interviewing provided to trainees
- A personal coach or mentor (either another employee or dedicated social worker) actively assists each trainee
- An Open Hiring Program (see definition/example in Need Help) that is explicitly designed to hire workers regardless of their barriers to employment
- Dedicated staff member(s) exclusively focused on coordinating onboarding, mentorship and professional development
- Onsite training facility established with professional certification and accredited program offerings

IBM12.11 What % of your permanent employees are from chronically underemployed populations and participate in the above workforce development program?

- IBM12.12 This is a calculated question based on your answer from IBM2.9: Which of the following applies to your workforce development program? And, question IBM2.10: What % of your permanent employees are from chronically underemployed populations and participate in the above workforce development program?
- IBM12.13 How many individual workers from chronically-underemployed communities participated in workforce development programs by the company during the last 12 months?
- IBM12.14 During the last 12 months, on average how many total hours of training were provided to individuals that participated in the workforce development program?
- IBM12.15 During the last 12 months, what % of chronically-underemployed workers that went through your company's workforce development program "graduated", and have moved on to other gainful employment?
- IBM12.16 Do you track workers that have completed your workforce development program to gauge their "success" post-program/intervention?
- No
 - Yes - for less than 12 months
 - Yes - for 1-2 years
 - Yes - for 3-5 years
 - Yes - for more than 5 years
- IBM12.17 What % of workers are gainfully employed in full-time permanent positions 3 years after completing the program? This includes employment within and outside of your company.
- IBM12.18 Is there something different or innovative about the company's workforce development or job creation model that has changed the industry? Is this something replicable, unique at the time that it was created, and that has been emulated by other organizations? Please explain.

Supply Chain

- IBM13.1 Does your company's supply chain-focused model support income generation through:
- Ensuring fair wages are paid to suppliers in low-income, poor or very poor markets (If Yes, complete IBM13.2 - IBM13.12)
 - Investing and sourcing from small-scale suppliers (fewer than 50 employees) (If Yes, complete IBM13.13 - IBM13.21)
 - Neither - If neither, skip to the next section of questions
- IBM13.2 Fair Wages: Which of the following statements best reflects how you ensure that fair wages are paid to suppliers in low-income, poor or very poor markets: (Check only one)
- Suppliers have been verified/reviewed by your company for fair wages and labor practices in the past 2 years, or company is a member of a fair trade organization and commits to adhering to a 3rd party standard around fair trade and labor practices
 - Suppliers have had a third-party on-site verification of fair wages and labor practices in the past 2 years
 - Suppliers have a current third-party certification that ensures fair wage standards are met
 - None of the above (skip to IBM13.13 or skip the remaining questions in this section)
- IBM13.3 What % of your cost of materials is from products that have the potential to be fair-trade or fair-wage certified?

IBM13.4 What % of those materials are certified fair-trade or verified to pay a fair wage?

IBM13.5 This is a calculated question based on your answer from IBM13.2: Which of the following statements best reflects how you ensure that fair wages are paid to suppliers in low-income, poor or very poor markets? And, question IBM13.4: What % of those materials are certified fair-trade or fair-wage?

IBM13.6 What is the total cost of materials sourced through channels that are certified or verified to pay fair wages?

IBM13.7 Does your company primarily source directly from individual suppliers or groups of individuals, i.e. cooperatives?

Yes No

Supplier Individuals

Businesses

IBM13.9 Do you track the premium paid to suppliers?

Yes No

IBM13.10 If yes, what is the average premium paid to suppliers in the last year (either on product or wage)?

IBM13.11 Describe in the text box the methodology your company uses to calculate producer price premium.

IBM13.12 Is there something different or innovative about the company's approach to fair-trade sourcing that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

IBM13.13 Small-scale Suppliers: Which of the following statements are true about your supply chain? Check all that apply.

- Work with suppliers to evaluate how their product or production process can be improved/strengthened to provide a better product
- Training or technical assistance is provided to a majority of suppliers (suppliers that have fewer than 50 employees)
- Input materials come from a relationship where the contract price was partially or fully paid in advance to significant suppliers (including loans through a partner organization)
- Input materials come from a relationship where contracts are signed and executed for the next year with significant suppliers.
- Company's suppliers are fair-trade certified
- None - If selected, skip the remaining questions in this section

IBM13.14 What is the value of payments to small-scale suppliers that sold to the company during the past fiscal year?

\$0.00 Not tracked / unknown

IBM13.15 What % of your total cost of materials (excluding labor) are sourced through small-scale suppliers highlighted in IBM13.13 above?

IBM13.16 This is a calculated question based on your answer from IBM13.13: Which of the following are true about your supply chain? And, question IBM13.15: What % of your total cost of materials (excluding labor) are sourced through small-scale suppliers (i.e. suppliers or cooperatives with supplier members that have fewer than 50 employees)?

Supplier Individuals

Businesses

IBM13.18 Are any of the following statements true?

- Our company tracks the number of jobs that have been created through the small-scale suppliers we work with
- Training or technical assistance provided by our company has resulted in a quantifiable increase in productivity/efficiency of small-scale suppliers (must be demonstrable)
- Our company has supported a majority of our suppliers to obtain fair-trade (or similar) certification
- None of the above

IBM13.19 Does your company track the impact of your work with small-scale suppliers on the lives of suppliers' employees?

- Yes No

IBM13.20 If yes, please explain how.

IBM13.21 Is there something different or innovative about the company's approach to sourcing from small-scale suppliers that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

Microfranchise/Microdistribution Introduction

IBM14.1 Does your company sell products or services through a microfranchise (sales through the creation of branded, owner-operated micro-businesses with fewer than 10 employees) or microdistribution (sales through a distribution network of independent sales representatives/agents) model that provide income generation opportunities for low-income individuals or individuals from chronically underemployed communities? Check only one. Based on your response to this question, complete either the Microfranchise section (IBM15) or the Microdistribution section (IBM16).

- Microfranchise - My company uses a microfranchise model to distribute its products/services (If Yes, complete IBM15.1 - IBM15.9 below)
- Microdistribution - My company uses a microdistribution model to distribute its products/services (If Yes, complete IBM16.1 - IBM16.8 below)

Microfranchise

IBM15.1 Does your microfranchise model include the following:

- On-going product and operations training provided for all franchisees
- Training goes beyond basic operational/financial skills needed to operate the franchise
- At least 50% of franchisees are located in rural or urban poor areas
- Cost-sharing or inventory structure of branded product offerings
- Franchisees are micro- or small-businesses (fewer than 50 employees)
- Franchisees are low income, poor or very poor individuals, or individuals from chronically underemployed communities
- The franchisee must have at least 50% ownership stake in their business

IBM15.2 Did you select at least 5 of the 7 above statements?

- No (less than 5 statements selected) - Skip the remaining questions in this section
 Yes, 5 or more statements selected (If Yes, complete IBM15.3 - IBM15.9)

IBM15.3 How much (in currency terms) is generated from sales through microfranchisees highlighted in IBM15.1 above?

IBM15.4 What % of total business is generated through microfranchisees highlighted in IBM15.1 above?

- 0% 1-15% 16-30% 31-50% 51%+

Micro-entrepreneur Individuals

Microenterprises

IBM15.6 Are pricing / financial agreements intended to lift microfranchises out of poverty through any of the following approaches:

- Cost-sharing for start-up expenses or inventory
 Royalties/pricing for all products for all microfranchises <4% of sales or <15% of franchisee margin (use the higher of two numbers)
 Royalties/pricing for all products for all microfranchises <6% of sales or <30% of franchisee margin (use the higher of two numbers)
 None

IBM15.7 Is there something different or innovative about the company's approach to micro-franchises that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

IBM15.8 Do you track how income levels change over time for microfranchisees?

- Yes No

IBM15.9 If yes, by what % did household or personal income rise during the last year for franchisees?

Microdistribution

IBM16.1 Does your microdistribution model include the following:

- Microdistributors are small and independently-owned businesses (fewer than 50 workers) or smaller (including sole proprietors)
 Microdistributors are low income, poor or very poor individuals, or individuals from chronically underemployed or underserved communities
 Income from distribution of your company's product or service comprises at least half (50%) of microdistributors' total business income
 Microdistributors receive training in order to effectively sell product/service
 None of the above

IBM16.2 Did you select 3 of the 4 statements above?

- No (less than 3 statements selected) - If no, skip the remaining questions in this section.
 Yes, 3 or more statements selected (If Yes, complete IBM16.3 - IBM16.8)

IBM16.3 What amount of total revenues is generated from sales through microdistributors highlighted in IBM16.1 above?

IBM16.4 What % of total business is generated through microdistributors highlighted in IBM16.1 above?

- 31-50% 0% 1-15% 16-30% 51%+

Micro-entrepreneur Individuals

Microenterprises

IBM16.6 Do you track how income levels change over time for the microdistributors in your network?

- Yes No

IBM16.7 If yes, by what % did household or personal income rise during the last year for the average microdistributor

IBM16.8 Is there something different or innovative about the company's approach to micro-distribution that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

Producer Cooperative

IBM17.1 Is your company a producer cooperative where owners are small (<50 workers) supplier members who organize production? (e.g. an agriculture or artisanal cooperative)

- Yes No

IBM17.2 If yes, what % of cooperative members are from low income, poor and very poor populations?

- <39%
 40-49%
 50-59%
 60-69%
 70-79%
 80%+

IBM17.3 Are any of the following provided to members of the cooperative?

- Specialized training to boost productivity (at least 1x per year)
 Benefits for cooperative members such as health insurance, retirement/401k plans
 Additional training that focuses on life skills - financial literacy, professional development
 Specialized training related to social and environmental impact
 None

IBM17.4 What is the amount of total cost of materials purchased from co-op members in the last fiscal year?

IBM17.5 What % of cost of materials was purchased from small (<50 workers) co-op members in the last fiscal year?

- <39% 40-49% 50-59% 60-69% 70-79% 80%+

IBM17.6 How many cooperative members currently have an ownership interest in the company?

IBM17.7 Do you track change in household income or price premiums paid to cooperative members?

Yes No

IBM17.8 If yes, what is the compound annual year over year increase in household or price premiums paid to cooperative members?

IBM17.9 Is there something different or innovative about the company's approach to being a producer cooperative that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

Charitable Giving

IBM18.1 Are any of the following statements true? 1. More than 20% of the company is owned by a non-profit. 2. The company has a formal written commitment to annually give greater than 20% of its profits to charitable partners (including pro bono or in-kind donations) or it has a requirement to give at least 2% of revenues to charitable partners, and/or has an associated non-profit/foundation.

Yes
 No - Skip the remaining questions in this section

IBM18.2 How much was donated during the last fiscal year? Please respond with the currency selected in GV1.2.

IBM18.3a If yes, what % of the company is owned by a non-profit, or what % of profits or revenues did the company donate to charity (including in-kind donations or pro bono time) last fiscal year? Please select the lesser of % of profits or % of sales that the company donated last fiscal year in each answer.

0-19% profits/ownership or 1-1.9% sales
 20-29% profits/ownership or 2-2.9% sales
 30-39% profits/ownership or 3-3.9% sales
 40-49% profits/ownership or 4-4.9% sales
 50%+ profits/ownership or 5%+ sales
 My company established a non-profit/foundation that is associated with the business through on-going activities to which we are mandated to provide a majority of funding and we donate at least 10% of profits (or 2% of sales) annually.

IBM18.4 Does your company do any of the following?

Play a leadership role with recipient charitable organizations (e.g. board or advisory board participation)
 Use a 3rd party screen to ensure that recipient organizations are values aligned
 Use a 3rd party screen to ensure that recipient organizations are efficiently allocating resources (i.e. Guidestar, Charity Navigator)
 None of the above

IBM18.5 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM18.6 Has your company defined the outcomes (separate from the outputs) it seeks through your donations? Defined outcomes include specific targets that are based on existing literature (improved quality of life, ancillary benefits for customers/clients) that can be measured.

Yes No, not at this time

IBM18.7 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM18.8 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

- Yes No, not at this time N/A

IBM18.9 Is there something different or innovative about the company's approach to charitable-giving that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

Local

IBM19.1 Is your company a community based business, focused on serving your local economy?

- Yes No

IBM19.2 If yes, please indicate which of the following statements below are true.

- More than 75% of the company's ownership is located locally (within 200mi / 322km) to at least 2/3 of the workforce
- Company's headquarters or main production facility is located locally to where 75% of end product is used
- More than 75% of the company's significant suppliers are independent companies located locally to the company's headquarters or main production facilities
- More than 50% of the company's significant suppliers are independent companies located locally to where the end product is used
- More than 50% of company's raw materials (in dollar value) are grown or harvested within 200mi / 322km of where end product is used
- The company banks with a local and independent institution or a local institution that has at least 50% of their loans/deposits coming from or to local sources (within 3 states if in The U.S. and within 300km if in another country)
- The company contributes 5% of profits or more to local charities

IBM19.3 How many of the above statements in the above question are true about your business?

- 3 or fewer of the 7 statements above
- 4 of the 7 statements above
- 5 of the 7 statements above
- 6 of the 7 statements above
- 7 of the 7 statements above

IBM19.4 During the last fiscal year, how much did your company source (in currency terms) from local, independent suppliers?

IBM19.5 During the last fiscal year, how much in revenues was generated through sales to local consumers?

IBM19.6 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM19.7 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to your client base? Defined outcomes include specific targets that are based on existing literature (e.g. improved quality of life, ancillary benefits for customers/clients, etc.) that can be measured.

Yes No, not at this time

IBM19.8 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g. randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM19.9 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No No, not at this time

IBM19.10 Is there something different or innovative about the company's approach to local economic development that has changed the industry? Is this something replicable, unique at the time it was created, and that has been emulated by other organizations? Please explain.

Environmental Business Models - Practices

Manufacturing: Environment

IBM27m.1 Is your business model designed to benefit the environment in the way your product is manufactured?

Yes No

IBM27m.2 Which of the following statements are true about your environmental manufacturing practices? (Check all that apply)

- Company annually measures and publicly reports energy usage, water usage, carbon emissions and waste output
- Company has reviewed life cycle impact of 50%+ of products in terms of dollar volume
- At least 25% of manufacturing facilities (by square feet) are LEED (or equivalent) certified or meet comprehensive green building standards
- At least 15% of energy from onsite renewables or 75% of energy derived from purchased renewable sources (including RECs)
- Core manufacturing process substitutes a critical energy intensive manufacturing step that is of concern in your industry (i.e. steam recycling, sun drying vs. gas oven heating, etc.)
- Core manufacturing process substitutes a critical water intensive manufacturing step that is of concern in the industry (i.e. water recycling, water reuse, and water substitution)
- Core manufacturing process substitutes a critical chemical intensive manufacturing step that is of concern in the industry (i.e. toxic chemical elimination)
- Efficiencies from a core manufacturing process can demonstrate a significant source-reduction in inputs (per unit basis) compared to industry average
- >50% solid wastes from manufacturing process are recycled, reused or composted
- Majority of liquid wastes from manufacturing process are recycled, reused, or treated and returned to water table at same quality diverted (confirmed by testing on temperature, ph levels, bio-chemical oxygen demands, etc)

IBM27m.3 How many above the above statements are true about your environmental manufacturing practices?

- 3 or fewer of the 10 statements above
- 4 of the 10 statements above
- 5 of the 10 statements above
- 6 of the 10 statements above
- 7 of the 10 statements above
- 8 or more of the 10 statements above

IBM27m.4 If tracked, what was the number of metric tons of carbon (CO₂) off-set by your environmental practices?

IBM27m.5 What were your total revenues last fiscal year from products grown using the above selected environmental agricultural practices?

Environmental Business Model - Products & Services Introduction

Environment P&S Introduction

No

- Provides or is powered by renewable energy or cleaner-burning energy than market alternatives (e.g. solar panel manufacturers/installers, hybrid vehicles)
- Conserves resources (e.g. water recycling systems, energy efficient appliances)
- Reduces waste (e.g. recycling technology/services, products made of recycled or compostable input materials)
- Conserves land or wildlife (e.g. land protection or reforestation services, sustainably harvested agricultural products)
- Reduces or is made of less toxic/hazardous substances (e.g. brownfield remediation services, organic food, non-toxic cleaners)
- Educates, measures, researches, or provides information to solve environmental problems (e.g. environmental consulting or auditing)

IBM20.2 Does your product or service have any third-party certifications? If so, please list certifications. To meet the definition of a qualified third-party certification, the certification must be independently verified, be standards-based, and have those standards be transparent.

Environmental Business Models - Products & Services

Renewable or Cleaner-burning Energy

IBM21.1 Tell us more about how your product or service provides or is powered by renewable energy or cleaner-burning energy than market alternatives.

IBM21.2 Which of the following product or service descriptions apply?

- Product/service is self-powered by fossil fuel-based energy that is cleaner-burning than market alternatives (e.g. LPG-powered car; natural gas burning heater)
- Product/service is self-powered by non-fossil fuel renewable energy (e.g. solar-powered lantern)
- Product/service provides or contributes to the provision of fossil fuel-based energy that is cleaner-burning than market alternatives (e.g. LPG distribution)
- Product/service provides or contributes to the provision of non-fossil fuel renewable energy (e.g. solar panel installation or manufacturing; wind turbine manufacturing)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM21.3 Which of the following renewable energy types are provided by product/service?

- Solar
- Wind
- Biodiesel/biomass (please specify type)
- Small-scale hydro
- Other

IBM21.4 Has the company's renewable energy products/services received a third-party verification or certification for carbon offsets?

- Certified emission reduction credits (verified and registered by United Nations)
- Verified emission reductions credits ("unofficial" carbon credits, not allocated by the UN)
- Renewable energy credits or local equivalent (third-party verified units of renewable energy)
- None of the above

Metric tons of CO2 saved/off-set

kWh generated with cleaner alternative

Liters of water saved/off-set

Metric tons of waste saved from landfill or incineration

IBM21.6 What were your total revenues last fiscal year from the above products or services?

IBM21.7 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM21.8 This is a calculated question based on your answer from IBM21.2: Which of the following product or service descriptions apply? And, question IBM21.7: What % of your revenues last fiscal year were from the above products or services?

IBM21.9 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM21.10 Amount of the product sold in the last fiscal year.

IBM21.11 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM21.12 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

- Yes No, not at this time

IBM21.13 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM21.14 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM21.15 Is there something different or innovative about the product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Energy & Water Efficiency

IBM22.1 Tell us more about how your product or service reduces energy and/or water use.

IBM22.2 Which of the following product or service descriptions apply?

- Product or services uses less energy and/or water than market alternatives but is designed for another purpose (e.g. EnergyStar/energy-efficient appliances; low-flow shower heads)
- Product/services contributes to the general conservation of energy and/or water (e.g. energy/water use assessment consulting or software; water recycling systems)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM22.3 What is the average % energy reduction achieved by the product or service?

IBM22.4 What is the average % water reduction achieved by the product or service?

Metric tons of CO2 saved/off-set

kWh generated with cleaner alternative

Liters of water saved/off-set

Metric tons of waste saved from landfill or incineration

IBM22.6 What were your total revenues last fiscal year from the above products or services?

IBM22.7 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM22.8 This is a calculated question based on your answer from IBM22.2: Which of the following product or service descriptions apply? And, question IBM22.7: What % of your revenues last fiscal year were related to the above products or services?

IBM22.9 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM22.10 Amount of the product sold in the last fiscal year.

IBM22.11 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM22.12 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

Yes No, not at this time

IBM22.13 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

IBM22.14 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM22.15 Is there something different or innovative about the product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Waste Reduction

IBM23.1 Tell us more about how your product or service reduces waste output.

IBM23.2 Which of the following product or service descriptions apply?

Product/services uses recycled, used, or compostable input materials (e.g. recycled paper; used furniture; compostable bags)

Product/service directly reduces overall waste (e.g. recycling programs, services, and technologies; composting)

These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM23.3 What is the % of recycled input materials (by weight or volume) in product or offered through service?

IBM23.4 What is the average % waste reduction achieved by the product or service?

Metric tons of GHG/CO2 equivalent

kWh saved/off-set

Metric tons of waste saved from landfill or incineration

Liters of water saved/off-set

IBM23.6 What were your total revenues last fiscal year from the above products or services?

IBM23.7 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM23.8 This is a calculated question based on your answer from IBM23.2: Which of the following product or service descriptions apply? And, question IBM23.7: What % of your revenues last fiscal year were related to the above products?

IBM23.9 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM23.10 Amount of the product sold in the last fiscal year.

IBM23.11 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM23.12 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

Yes No, not at this time

IBM23.13 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM23.14 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM23.15 Is there something different or innovative about the product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Land/wildlife Conservation

IBM24.1 Tell us more about how your product or service conserves natural resources

IBM24.2 Which of the following product or service descriptions apply?

- Product/service requires specific practices to ensure the sustainable harvesting or use of natural products and materials (i.e. FSC certified paper; MSC seafood; shade-grown coffee)
- Product/ service directly prevents environment/ecosystem degradation (i.e. protected parks; wildlife management services)
- Product/service improves natural environments previously damaged by degradation (i.e. reforestation; endangered species repopulation)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM24.3 What were your total revenues last fiscal year from the above products or services?

IBM24.4 What % of your revenues last fiscal year were from the above products or services? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM24.5 This is a calculated question based on your answer from IBM24.2: Which of the following product or service descriptions apply? And, question IBM24.5: What % of your revenues last fiscal year were related to the above products or services?

Metric tons of GHG/CO2 equivalent

Number of hectares protected

Number of wildlife species protected/saved

Metric tons of waste saved from landfill or incineration

Liters of water saved/off-set

IBM24.7 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM24.8 Amount of the product sold in the last fiscal year.

IBM24.9 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM24.10 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

Yes No, not at this time

IBM24.11 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

IBM24.12 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM24.13 Is there something different or innovative about the product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Toxic/hazardous Substance Reduction, Pollution Prevention & Remediation

IBM25.1 Tell us more about how your product or service reduces use of toxic or hazardous substances, prevents pollution or remediates discharges to air, land or water

IBM25.2 Which of the following product or service descriptions apply?

- Product/services uses less toxic/hazardous chemicals or materials than market alternatives but is designed for another purpose (i.e. non-toxic cleaners, organic/non-GMO food, integrated pest management for agriculture)
- Product/service directly prevents pollution or hazardous discharge (i.e. pollution management technologies)
- Product/service remediates environmental damage after discharges to air, land or water (i.e. brownfield remediation, oil spill clean-up)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM25.3 What is the average % toxic/hazardous material reduction or pollution prevention (by weight or volume) achieved by the product or service?

IBM25.4 What were your total revenues last fiscal year from the above products or services?

IBM25.5 What % of your revenues last fiscal year were related to the above products?

IBM25.6 This is a calculated question based on your answer from IBM25.2: Which of the following product or service descriptions apply? And, question IBM25.6: What % of your revenues last fiscal year were related to the above products?

Metric tons of GHG/CO2 equivalent

kWh saved/off-set

Metric tons of waste saved from landfill or incineration

Liters of water saved/off-set

IBM25.8 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM25.9 Amount of the product sold in the last fiscal year.

IBM25.10 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM25.11 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

- Yes No, not at this time

IBM25.12 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

- N/A
- There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)
- The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) - e.g., customer surveys, stakeholder feedback forums, qualitative interviews/case studies.
- The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).
- Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference
- None of the above

IBM25.13 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

- Yes No, not at this time N/A

IBM25.14 Is there something different or innovative about the company's basic product or service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Education, measurement and consulting

IBM26.1 Tell us more about how your product or service educates, quantifies, or provides strategic advise to solve environmental problems

IBM26.2 Which of the following product or service descriptions apply?

- Products or services that offer or promote access to general knowledge about environmental sustainability and resource use for individuals or organizations (e.g. books, environmental resource guides, carbon credit platforms)
- Products or services that offer access to highly specialized information on environmental science topics or pursue rigorous scientific inquiry (e.g. environmental research labs)
- These descriptions do not apply to our company's product/service (Skip the remainder of this section)

IBM26.3 What were your total revenues last fiscal year from the above products or services?

IBM26.4 What % of your revenues last fiscal year were related to the above products? This % is automatically calculated by clicking the Refresh Calculation button below.

IBM26.5 This is a calculated question based on your answer from IBM26.2: Which of the following product or service descriptions apply? And, question IBM26.5: What % of your revenues last fiscal year were related to the above products or services?

Metric tons of GHG/CO2 equivalent

kWh saved/off-set

Metric tons of waste saved from landfill or incineration

Liters of water saved/off-set

Number of hectares protected

IBM26.7 What is the unit of measure for reporting the units sold, produced, exported or installed by the company?

IBM26.8 Amount of the product sold in the last fiscal year.

IBM26.9 Please describe how desired outcomes have been defined, measured and/or met by your company. If no formal outcomes measurement, select N/A below.

IBM26.10 Has your company defined the outcomes (separate from the outputs) it seeks through the provision of this product/service to its client base? Defined outcomes include specific targets that are based on existing literature that can be measured.

Yes No, not at this time

IBM26.11 If you answered yes above, select all of the relevant options regarding evidence on ability to meet desired outcomes.

N/A

There is credible secondary research that supports the link between the company's desired output(s) and the targeted societal outcome(s)

The company has conducted or participated in its own primary research to 'support' the link between its output(s) and the target societal outcome(s) e.g. customer surveys, stakeholder feedback forums, qualitative interviews/case studies.

The company has participated in a study that is scientifically designed to support the link between its output(s) and the target societal outcome(s) (e.g.- randomized controlled trial (RCT) or longitudinal study).

Company's innovation or product is too early stage to have conducted primary research or have a body of secondary research to reference

None of the above

IBM26.12 If Option 3 or 4 are selected, did the results affirm that a desired outcome is being achieved?

Yes No, not at this time N/A

IBM26.13 Is there something different or innovative about the product/service that has changed the industry? Is this something that is replicable, unique at the time that it was created, that has been emulated by other organizations?

Disclosure Questionnaire

Disclosure Questionnaire

Industries

Yes	No
<input type="radio"/>	<input type="radio"/> Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
<input type="radio"/>	<input type="radio"/> Alcohol (excluding beer and wine)
<input type="radio"/>	<input type="radio"/> Commercial logging and logging equipment
<input type="radio"/>	<input type="radio"/> Drift net fishing in the marine environment using nets in excess of 2.5 km in length
<input type="radio"/>	<input type="radio"/> Firearms, weapons or munitions
Gambling	
<input type="radio"/>	<input type="radio"/> Genetically modified organisms
<input type="radio"/>	<input type="radio"/> Mining
<input type="radio"/>	<input type="radio"/> Nuclear Power
<input type="radio"/>	<input type="radio"/> Fossil fuel-based oil or coal utility
<input type="radio"/>	<input type="radio"/> Ozone depleting substances subject to international phase-out
<input type="radio"/>	<input type="radio"/> Persistent organic pollutants (POPs) that are banned or scheduled to be phased out of production
<input type="radio"/>	<input type="radio"/> Pesticides/herbicides subject to international phase-out or bans
<input type="radio"/>	<input type="radio"/> Pharmaceuticals subject to international phase-outs or bans
Payday lending	
Pornography	
<input type="radio"/>	<input type="radio"/> Radioactive materials
<input type="radio"/>	<input type="radio"/> Tobacco
<input type="radio"/>	<input type="radio"/> Unbonded asbestos fibers
<input type="radio"/>	<input type="radio"/> Wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

DQ1.2 If you selected "Yes" above, please provide a detailed explanation of the company's involvement here.

Practices

True	False	Yes	No
<input type="radio"/>	<input type="radio"/>		
<input type="radio"/>	<input type="radio"/>		
Company is transparent in reporting corporate financials to government	<input type="radio"/>	Company formally registered in accordance with domestic regulations	
<input type="radio"/>	<input type="radio"/>	Company has not reduced or minimized taxes through the use of corporate shells or structural means	
<input type="radio"/>	<input type="radio"/>	Company facilities are not located adjacent to or in sensitive ecosystems	
Company provides clean drinking water to employees at all times			
Company workers, company contractors, company subcontractors or day-workers are paid minimum wage or above			
Company keeps a signed contract of employment with each worker			
<input type="radio"/>	<input type="radio"/>	Company or company supplier does not employ workers under the age of 15 (or other minimum work age covered by the International Labour Organization Convention No. 138) and company keeps personnel records that include evidence of the date of birth of each	
<input type="radio"/>	<input type="radio"/>	Overtime work for hourly workers is voluntary (not compulsory)	
Company provides payslips or equivalent to all workers to clearly show how wages are calculated and any deductions made			
<input type="radio"/>	<input type="radio"/>	Company or company suppliers do not use any workers who are prisoners	
<input type="radio"/>	<input type="radio"/>	Company allows workers to freely associate and to bargain collectively for the terms of one's employment	
Company allows workers to freely leave the site during non-working hours or at the end of their shift (including workers who live on site)			
Company does not keep workers' original Id Cards/Passports			
<input type="radio"/>	<input type="radio"/>	No animal testing conducted	

DQ2.2 If you selected "False" above, please provide a detailed explanation of the company's engagement in these practices here.

Outcomes

- | True | False | Don't know | |
|-----------------------|-----------------------|-----------------------|--|
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Company and Significant Suppliers have not had an operational or on-the-job fatality |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Company and Significant Suppliers' sites have not experienced any accidental discharges to air, land or water of hazardous substances |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No construction or operation of company and Significant Suppliers' facilities resulted in physical resettlement or economic displacement involving 5,000 or more people near your facility |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No material recalls due to quality control issues |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No material litigation against company |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Company has not filed for bankruptcy |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No construction or operation of company and Significant Suppliers involved large scale land acquisition |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No construction or operation of company and Significant Suppliers involved large scale land conversion and/or degradation |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | No construction or operation of company and Significant Suppliers involved the construction or refurbishment of dams |

DQ3.2 If you selected "False" above, please provide a detailed explanation of the company's experience related to the above statement here.

Penalties

Yes	No	
<input type="radio"/>	<input type="radio"/>	Diversity and equal opportunity
<input type="radio"/>	<input type="radio"/>	Employee safety or workplace conditions
<input type="radio"/>	<input type="radio"/>	Environmental issues
<input type="radio"/>	<input type="radio"/>	Financial reporting
<input type="radio"/>	<input type="radio"/>	Geographic operations or international affairs
<input type="radio"/>	<input type="radio"/>	Investments or Loans
<input type="radio"/>	<input type="radio"/>	Labor issues (internal and supply chain)
<input type="radio"/>	<input type="radio"/>	Marketing
<input type="radio"/>	<input type="radio"/>	Political contributions
<input type="radio"/>	<input type="radio"/>	Product safety
<input type="radio"/>	<input type="radio"/>	Taxes
<input type="radio"/>	<input type="radio"/>	Animal welfare
<input type="radio"/>	<input type="radio"/>	Bribery, fraud or corruption

DQ4.2 If you selected "Yes" above, please provide a detailed explanation of the complaint/fine/sanction here.