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Positively deviant: Identity work through B Corporation certification

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ABSTRACT

Despite widespread and growing public interest in sustainability certifications, many social entrepreneurs have opted not to obtain such certification. Drawing on recent studies highlighting the salience of both gender and context in shaping differences among social enterprises, we develop an identity-based framework for explaining heterogeneity in the adoption of sustainability certification. We test our ideas using a sample of 1251 U.S. firms obtained from B Lab, the organization responsible for assessing Certified B Corporations. Our results show that woman-owned businesses are twice as likely to qualify for certification and more than three times as likely to certify. Moreover, this propensity to certify is amplified in contexts where sustainability norms are weak, mimetic pressure to obtain sustainability certification is low, and woman-owned businesses are less prevalent. These findings support our central theoretical argument that certification differences are due to actors' efforts to engage in identity work, strengthening their sense of self-coherence and distinctiveness by way of this authentication process. We conclude by highlighting our contributions to existing scholarship on social entrepreneurship, identity work, and certification adoption, as well as strategic implications for B Lab.

1. Introduction

Launched in 2007, the B Corporation (B Corp) certification offers one of the most noteworthy societal attempts to increase the awareness and credibility of social entrepreneurship (Gehman and Grimes, 2017; Honeyman, 2014; for a review, see Cao et al., 2017). Although this certification has grown in popularity and prominence, many social entrepreneurs have opted not to certify. Such variation in social entrepreneurs' adoption of the B Corp certification suggests the need for further attention to the differences between social entrepreneurs that might help explain this variation.

Scholars have only begun to examine the differences between social entrepreneurs, highlighting evidence of both identity and contextual factors that might shape social entrepreneurs' values and thus their varied choices and actions (Dimitriadis et al., 2017; Gehman and Grimes, 2017). Prior findings reveal how identities grounded in societal gender expectations can affect one's orientation toward pro-social and pro-environmental causes (Dietz et al., 2002; Eagly, 2009; Hyde, 2014; Zelezny et al., 2000). The contemporary gendered stereotypes and expectations that characterize the United States, for instance, often encourage values-based differences that lead to more proactive engagement by women with such causes. Recent studies suggest that contemporary values-based differences between genders lead to greater representation of women among social entrepreneurs (Hechavarria et al., 2012), as

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well differences in the degree to which women social entrepreneurs forego the use of commercial activities to support their growth (Dimitriadis et al., 2017).

Beyond this potential for values-based differences stemming from gender expectations, social entrepreneurship spans different industrial and regional contexts, which also vary in their support (or lack thereof) for social and environmental values (Dacin et al., 2011; Gehman and Grimes, 2017; Moroz and Hindle, 2012). Such differences regarding sustainability values are likely to render the adoption of the B Corp certification as more or less deviant (i.e., non-conforming) relative to a social enterprise's regional and industrial context. Accordingly, in this paper, we build on these studies of identity and contextual differences among social entrepreneurs to address the following research question: *Why and under what conditions do businesses choose to obtain sustainability certification?*

Our study relies on data originally collected by B Lab, the organization directly responsible for establishing and issuing the B Corporation certification. Specifically, we test our hypotheses using data from a sample of 1251 U.S.-based social enterprises which had completed the extensive B Impact Assessment, an audit covering nearly 200 questions about their businesses' environmental, social, and governance practices. These data provide a unique opportunity to observe a large sample of businesses, some of which obtained certification and others of which did not. We further supplemented these data with measures from MSCI ESG KLD STATS, which enabled us to examine the extent to which sustainability norms are contextually prevalent, as well as data from the U.S. Census Bureau Survey of Business Owners on the contextual prevalence of woman-owned businesses.

Overall, we find that woman-owned businesses are not only more likely to qualify for the B Corp certification, but once qualified, are more likely to obtain the certification. More notably, we find that this effect is amplified within region-industry contexts where sustainability norms are weaker, mimetic pressure to become a B Corp is lower, and woman-owned businesses are less prevalent. These findings offer support for our central theoretical argument that actors pursue certifications not as a means for overcoming legitimacy deficits but rather as a form of identity work that affirms those actors' values which are contextually distinctive. Identity work refers to “people being engaged in forming, repairing, maintaining, strengthening or revising the constructions that are productive of a sense of coherence and distinctiveness” (Sveningsson and Alvesson, 2003:1165). In developing these theoretical arguments, we also link with prior research on *positive deviance*, defined as “intentional behaviors that significantly depart from the norms of a referent group in honorable ways” (Spreitzer and Sonenshein, 2004: 841). Perhaps most notably, our theorization and results offer insight into the ways that women, acting as positive deviants, may play an integral role in helping “jumpstart” organizational communities associated with positive social change.

2. Theoretical development

To understand organizational action, we must understand the values that underpin such action. Drawing on Selznick's (1957, 1949) prolific work on the topic, Kraatz and Flores (2015: 356) argued that values can best be understood as “human beliefs about the things that are worth having, doing, and being (i.e., normative goods or ‘ends’).” The founders and owners of entrepreneurial businesses are especially likely to infuse their values into their organizations (Baker and Pollock, 2007; Cha and Edmondson, 2006; Schein, 1992). This infusion process is achieved by way of values practices, “the sayings and doings in organizations that articulate and accomplish what is normatively right or wrong, good or bad, for its own sake” (Gehman et al., 2013: 84).

Among the different values practices that shape organizational action, some prominent contemporary examples relate to environmental, social, and governance-related (ESG) aspects of sustainability (Ansell, 2011; Etzion and Ferraro, 2010). Although many of the practices that guide organizational action relate primarily to technical or efficiency concerns, a select group of individuals and their organizations have demonstrated a growing commitment to move beyond such concerns to use their organizations to address social and environmental problems (Bansal and Clelland, 2004; Etzion and Ferraro, 2010). As these demonstrations have increased, third-party advocates have sought to galvanize the credibility of such efforts by championing new labels (e.g., social entrepreneurship) and certifications (e.g., B Corp). Recently, the B Corporation certification has emerged as a widely celebrated means for owners and founders to effectively certify their values practices, adding a “stamp of approval” that validates their unique set of values (Cao et al., 2017; Gehman and Grimes, 2017; Honeyman, 2014).

2.1. How gender affects the proclivity of actors to certify their values

While B Corp certification has been celebrated frequently in the media, adoption of the certification remains a relatively rare occurrence. This raises questions about individual differences among entrepreneurs which might affect the propensity to certify an organization's values practices. Our theorization begins by drawing on the burgeoning women's entrepreneurship literature (for reviews, see Fischer et al., 1993; Jennings and Brush, 2013). Prior research on gender, for instance, has documented differences not only in how men and women entrepreneurs are perceived by others but also how they evaluate potential entrepreneurial opportunities (Baron et al., 2001; Gupta et al., 2014, 2009; Thébaud, 2015). There is now mounting research evidence from diverse settings—e.g., small businesses, corporate intrapreneurship, large cities, and online crowdfunding—that gender has a salient influence on entrepreneurship decisions and outcomes (e.g., Greenberg and Mollick, 2016; Kalnins and Williams, 2014; Lofstrom et al., 2014; Parker, 2011).

Gender might be expected to affect certification in two equally important ways. On the one hand, given that women social entrepreneurs face liabilities or legitimacy discounts associated with gender stereotypes, patriarchy, and institutionalized segregation (Thébaud, 2015; Zhao and Wry, 2016), they might view certifications as a means for overcoming such liabilities and discounts. This argument would be consistent with a signaling perspective on certification—that certifications provide instrumental value through

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