

Research Sketch

Opportunities and Obstacles for Innovation in B. Corps and Other Social Enterprises:

A Mixed Methods Study

A mixed method, exploratory/sequential study regarding the development of a culture for innovation in social enterprises will allow for a deeper understanding of the special constraints and solutions that may be seen in businesses that have both a social impact and profit motive. The pragmatic approach of a preliminary qualitative phase (conducted in the summer of 2019) will serve as a grounding for this quantitative phase.

The TBL sector is comprised of a variety of business models that have a range of governance issues and/or objective measurements of social impacts that may affect the cultural framework for innovation. The purpose of this study is to understand the processes and rationale that TBL leaders use to address opportunities and constraints, to allocate resources (such as cash, assets and human resources) across their profit and social motives, and to develop innovative cultures that help their businesses thrive. This study is likely to identify some gap in needs, as well as best practices for success.

Qualitative Phase

This mixed methods study seeks to develop and validate concepts based on participants' experiences, and to develop a theory through coding interview data and interpreting shared

experiences. Charmaz (2006) acknowledged that this mode of theoretical development is somewhat subjective, and the interpretation can be imaginative.

CEOS and innovation leaders from a representative sample of B. Corporations and/or benefit corporations and other TBL enterprises will be recruited for group discussion, one-to-one interviews and on-site observational research. A convenience sample in the Midwest will be used.

The ethnographic observations and in-depth interviews, said Creswell and Creswell (2018), will allow the shared behaviors, language and actions of a representative set of innovators to be studied for a prolonged period of time. This information will help mitigate the difficulty of leaders having to describe innovation-related behavior or relevant social norms in the quantitative survey.

To ensure clarity around key survey terms, the pragmatic, qualitative phase will establish agreed-upon definitions of the commonly used, inter-related constructs that seem to significantly impact the level of business success: “innovation”, “radical innovation”, “culture” and “disruption”.

Special attention will be given to exploring the practical meaning of concepts of successful innovation leadership, as identified by Hill, et al. (2014): organizational creative agility, creative abrasion and creative resolution and leader behaviors around having a balance of idealism with pragmatism, holistic thinking with action, generosity with demands, and humility and resilience.

Context and Setting

Given normal business cycles and effects from external disruption, it may be difficult for TBL leaders to allocate resources (and presumably, profits) consistently across both social and

profit motives. Some TBL leaders might be determined to continue or grow their social impact, since they have pledged or are legally bound, to do so. If some of these leaders have had success over the long run in supporting both their social and profit motives through periods of disruption, their policies and practices would be instructive to other organizations.

Population and Sample – Quantitative Phase

To maintain consistency and clarity, separate samples of CEOs or innovation leaders from “certified B. Corporations”, “benefit corporations”, “certified B. Corporation/benefit corporations” (for companies that hold both designations) and “other TBL enterprises” will be recruited. No companies headquartered outside of the United States will be included, to ensure a consistent context.

A list of certified B. Corporations and their impact ratings will be gathered from the publicly available B. Corporation directory published by B. Lab. Benefit corporations will also be selected from a separate, dedicated directory of benefit corporations that is published by B. Lab. Benefit corporation status will be verified through state public records.

Participants from “other TBL enterprises” can be recruited through the online community available through Conscious Capitalism® regional chapters, the ©Conscious Company Media membership directory, Social Enterprise Alliance, CSR Newswire® and corporate social responsibility and social enterprise LinkedIn groups. To understand their focus, “other TBL” participants will be asked to specify whether their company is social mission-driven (with/without the product/service as the mission) or if they have a product/service that is unrelated to their social impact objective.

Qualified participants will be self-identified as CEOs or innovation leaders of product/service launches, new customer development or internal change management. Both of

these roles will carry significant responsibility for either strategy or its implementation. These individuals will be well-informed about their company's historical and current successes and struggles. Employment tenure with the company (in years and months) will be recorded.

Participants will receive a small incentive for completing the survey: a small donation to one of several nonprofits listed that supports social ventures. Participants will be told that the donation from their help will be part of a significant cumulative donation from all survey respondents.

Gehman, Grimes and Cao (2019) pointed out that the smallest and youngest B. Corporations appear to pay the biggest growth-related penalty from having pursued certification and called for more research into the maturity of the organizations' category, rather than of the organizations alone. Although this study does not include businesses less than two years old, attempts to help address this knowledge gap will be made. The sample will be split between product and service-based businesses, since the cost structure may be different. The North American Industrial Standardized Classifications (NAISC) will be used to identify the participants' designated category. Start-up businesses with less than five years in business will be eliminated from the sample, to avoid the confounding growth penalty variable.

No more than 150 qualified, completed responses will be accepted from each form of business, for the purposes of budgeting of the charitable donations.

Procedures – Quantitative Phase

An email survey will be distributed to email lists compiled and coded according to the business form. The survey content will be housed on the Survey Monkey web site. A two-week deadline will be allowed for completions. A reminder notice will be sent after one week. An email link for questions will be provided.

Variables

In order to provide a description of the sample from which data will be collected, independent variables will include descriptive information on business form (B. Corporation, benefit corporation, B. Corporation/benefit corporation or other TBL enterprise), company maturity (years in business), company size (number of employees), category (industry classification), category maturity (years), and geographic location. For B. Corporations, B impact assessment scores for employees, community, environment and customers will be included with the independent variables. Organizations will further be classified as social mission-driven (with/without the product/service as the mission) or as having a product or service that is unrelated to a social impact objective.

To identify current practices, the dependent variables are those derived from the preceding qualitative phase and that explain actions that participants take to ensure success with innovation and social impact: the process/rationale for addressing TBL opportunities and constraints, the criteria used make to allocate resources across profit and social motives and the actions taken to develop innovative cultures. These variables will be compared with the independent variables to determine the business form that has the greatest success with innovation and to identify the methods used to attain that success (and to determine whether these methods explain the success).

Instrumentation - Quantitative Phase

The present study will examine innovation effectiveness as measured quantitatively by the number and type of profitable, sustained, radical innovations and the relationship of innovation success to leader and follower actions (i.e., the dependent variables). Questions to identify a culture of innovation will be designed or drawn from several well-known cultural

assessments and references: Competing Values Framework (Cameron and Quinn, 2011), the Burke-Litwin Model of organizational change (Blokdyk, 2018), the Keys® to Creativity and Innovation assessment (Center for Creative leadership, 2019), the Organizational Culture Inventory® and/or the Organizational Effectiveness Inventory® (Human Synergistics, 2019), the B Impact Assessment® and the Trust Index© Employee Survey (Great Places to Work).

Measures on positive worker impact, including culture, are included in the B Impact Assessment and are publicly available. These data will be included for participants from certified B. Corporations.

Ethical Concerns - Quantitative Phase

Institutional Review Board approval will be obtained before conducting each phase of the study. Since many discussion and survey issues touch on sensitive strategic issues for a company, and personal leadership practices, confidentiality and anonymity will be ensured.

Analysis – Quantitative Phase

Companies who have been in business less than two years will be excluded from the sample, to avoid data variances caused by start-up status.

Participants will be asked to estimate the number of profitable, sustained and radical innovations the company introduced more than two, but less than five, years ago. These data will help determine the relationship between the independent variables and the dependent variables that lead to innovation success, the participants will refer to the definitions for “radical innovation” developed from the qualitative research. Innovations that are unprofitable, less than two years old or that do not fit the description of “radical” will also be excluded because they do not fit the definitions of this study.

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