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THE DOUBLE-EDGED SWORD OF PURPOSE-DRIVEN BEHAVIOR IN SUSTAINABLE VENTURING

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THE DOUBLE-EDGED SWORD OF PURPOSE-DRIVEN BEHAVIOR IN SUSTAINABLE VENTURING

Highlights

- We explore the relationship between purpose and purposeful organizing in 14 Latin American B Corps
- We apply a novel process-tracing methodology and logical testing for process-based theorizing
- Our analyses reveal three types of imprinting sequences for purpose-driven venturing
- Scope of purpose, timing of purpose formalization and shifts in the source of feedback are identified as critical sensitive windows, playing a pivotal role throughout the venturing process
- Variations trigger situations of productive and counterproductive path development
- It provides a fine-grained understanding of the relationship between purpose and purposeful organizing and the imprinting sequences and critical periods enabling and constraining such relationship

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Abstract

This paper examines the relationship between purpose and purposeful organizing and how such arrangements influence the entrepreneurial journey as sustainable ventures move from idea to markets. We leverage an iterative multi-stage process-tracing design to understand the mechanisms whereby 14 different B Corp certified organizations embed purpose before, during and after the certification process. Our analyses reveal three types of venture paths for purpose-driven entrepreneurs, which are shaped by distinct imprinting sequences with three critical sensitive windows playing a pivotal role: the definition of scope of purpose, timing of purpose formalization through B Corp Certification and shifts in the source of feedback. Different imprinters occurring within the critical sensitive windows shape particular imprinting sequences triggering situations of both productive and counterproductive path development. Our results challenge the assumed linear relationship between purpose and purposeful organizing and more specifically the belief that seeking (purposeful) B Corp certification at firm foundation is necessarily productive for society and for the ventures themselves regardless of when the certification is achieved.

Key words: Purpose, sustainable entrepreneurship, B Corps, Imprinting, Sensitive windows; Process-tracing research

Executive summary

In recent years, we have witnessed a growing interest in purposeful organizations where a purpose beyond profit maximization represents the remit and scope of the business activity. However, to date, little attention has been paid to the timing of, and the process by which, entrepreneurs embrace purpose into their organizations. Instead, purpose has been widely assumed to be binary and static over time (Estrin et al. 2016; Stevens et al. 2015). However, it has been argued that purpose may go well beyond the reason for which a venture is created and may be decoupled with the formation of purposeful organizations. Given the salience of purpose and the many critical (and so far, unknown) events connecting it to purposeful organizing, our work focuses on how the former becomes embedded through a process of imprinting, shaping the latter.

Consequently, in this study we address three interrelated research questions: does purpose always lead to purposeful organizing? Does purpose always precede purposeful organizing? And is the relationship between purpose and purposeful organizing linear or iterative?

To address these questions, we conducted an inductive two-stage process-tracing research of 14 certified B Corp entrepreneurs from Latin America. This method allowed us to delineate the processes by which entrepreneurs embedded purpose into their organizations, resulting in the identification of three venturing paths comprising unique imprinting sequences and three critical sensitive windows for purposeful organizing: the definition of scope of purpose, timing of purpose formalization through B Corp Certification and shifts in the source of feedback. We show how these have a long-term and distinct effects on the entrepreneurial process of B Corps. Previously it had been assumed that from a societal perspective, it may be useful to require, perhaps through regulation, that all new enterprises imprint purpose at firm foundation. For

example, McMullen and Warnick (2016) provocatively asked the question "Should we require every new venture to be a hybrid organization?" It turns out, the answer to this question is not so definitive as many have thought. In fact, premature imprinting of purpose, before a business model has been validated with the market, can be detrimental to the organization, reducing the potential success of the venture and the societal benefit the firm could have otherwise achieved. Our study, therefore contributes to prosocial theorizing by disentangling purpose from purposeful organizing and reveals how specific organizing choices influence the evolution of purpose over time, which rectifies the prevailing assumption that purpose is stable and given before organizing begins. In so doing, we discovered a substantial variation in how the relationship between purpose and purposeful organizing works, opening an unexplored area of inquiry, which is now necessary to facilitate the pursuit of a world of prosocial organizing, beyond benefit.

1 Introduction

For more than a decade, entrepreneurship scholars have explored alternative orientations and motivations for entrepreneurs beyond profit maximization. Sub fields have emerged such as social entrepreneurship (Dees 1998), sustainable entrepreneurship (Cohen and Winn 2007), community-based entrepreneurship (Peredo and Chrisman 2006) and civic entrepreneurship (Cohen and Muñoz 2015) among others. While the aforementioned streams of research have sought to distinguish each sub field of "do-good" or pro-social entrepreneurship (Shepherd 2015), others have sought to provide a unifying framework –going from divergence to convergence- for exploring beyond profit entrepreneurship. Across these subfields several studies (e.g. Hollensbe et al. 2014; Cohen and Muñoz 2015; Doherty et al. 2014; Battilana et al. 2015) seem to suggest that the journey to redefine what entrepreneurs can be or can do for society begins with the creation of *purposeful organizations* – where purpose represents the remit and scope of business activity.

Although sustainable entrepreneurship literature is already familiar with the relevance of values and purpose that motivate venture formation (e.g. Parrish 2010; Muñoz and Dimov 2015), it has paid relatively little attention to understanding how entrepreneurs elaborate and integrate their sense of *purpose* into the forming business over time. First, so far most of this literature has treated purpose as a binary and static construct (Estrin et al. 2016; Stevens et al. 2015). This implicit assumption suggests that entrepreneurs choose to be driven primarily by either purpose or profit, presumably at founding, and that choice stays stable throughout the process of venture development (Dacin et al. 2011; Mair and Marti 2006). For example, literature on hybrid organizing has mainly focused on the tensions between such pre-determined purpose and commercial logics, without questioning the actual emergence of purpose and its stability

throughout the process of venture formation (McMullen and Warnick 2016). In addition, even when purpose precedes the founding of the business, evidence suggests that subsequent organizing choices may trigger repeated revisions or substantial deviations from its original form or purpose (Battilana and Dorado 2010)

In consequence, a focus on purpose may go well beyond the reason for which a venture is created or exists and requires the appropriate selection of behaviors and practices in building the character of an organization that serves the common good (e.g. Daly et al. 1994). In other words, the pursuit of "beyond profit" entrepreneurship cannot be simply encapsulated in the declared values of a business but has to be enacted through the process of organizing. Moreover, purpose may also be emergent so that different kinds of (purposeful) organizing may yield unanticipated destinations (e.g. Mair et al. 2012). In some cases, the way the venture organizes around purpose may not even reflect its members' principal interest or values (Mair et al. 2016).

New categories of purposeful organizations, such as B Corps, suggest that purpose matters. However, in light of this discussion, purpose by itself it may simply not warrant the development of purposeful organizations, which suggests that the concepts of purpose and purposeful organizing may exist decoupled from each other, calling for a serious rethinking and revision of the implicit assumption underlying this relationship. Accordingly, this paper aims to more precisely delineate the nature of this relationship. By disentangling purpose from purposeful organizing, we are able to address three interrelated research questions: does purpose always lead to purposeful organizing? Does purpose always precede purposeful organizing? And is the relationship between purpose and purposeful organizing linear or recursive? In doing so, we seek to challenge the theoretical assumption that purpose is always pre-determined and works as the main imprinter of future organizing (Mathias et al. 2015). In answering these questions, Certified

B Corps, as a new category of purposeful organizations, offers an interesting context that allows us to further examine the pre-determination of purpose. B Corps represent a new form of prosocial enterprising that requires to incorporate the purpose of serving the common good into the legal fabric of the business (Branzei et al., 2016). While the nature of these organizations suggests that purpose by itself is central to the development of (truly) sustainable ventures, it also proves that it is not sufficient, in the sense that purpose needs to be formalized and constantly updated to legally meet the financial, social, and environmental standards that guarantee the pursuit of beyond-profit enterprising. Thus, by exploring our research questions in the context of B Corps we can more carefully understand the linkages and causal relationships between purpose and purposeful organizing.

To address our research questions, we engaged in an inductive two-stage process-tracing research of 14 certified B Corp entrepreneurs from Latin America. We depart from traditional cross-case pattern-finding strategies towards a mechanistic conception of causality, where, by combining life story research (McAdams 2008), graphic elicitation (Bagnoli 2009) and process tracing methodology (Beach and Pedersen 2013), we are able to examine how purpose and purposeful organizing are related to each other and evolve over time as part of several B Corp entrepreneurial journeys. This approach allows us to move away from the definition of purpose as pre-startup event, and move towards an examination of purpose as a sequence of 'stops along the train" of purposeful organizing.

Through our iterative analyses, we identify salient critical events occurring within particular sensitive periods in the life of the venture, which seem to have a long-term and distinct effects on the entrepreneurial process. In consequence, our inductive work led us to focus on how purpose becomes embedded through a process of imprinting (Marquis and Tilcsik 2013; Boeker 1989)

before, during and after B Corp certification. We identified three different purpose-based sustainable venturing paths, which are shaped by distinct imprinting sequences with three key sensitive periods playing a pivotal role: definition of scope of purpose, timing of B Corp Certification or purpose formalization and shifts in the source of feedback. Our results suggest that what occurs within the three periods, through alternative imprinting instances (e.g. getting B Corp certified early or late in the venturing process), is what actually changes the way purposeful organizing happens. Different imprints trigger unique individual and venture level responses that either open or confirm the journey, creating fluctuations in commitment to purpose over time, which can either be beneficial or detrimental to the venture´s evolution. In this way, we show that purpose and purposeful organizing are decoupled and their relationship (e.g. whether or not purpose lead to purposeful organizing) depends on the presence of intermediating imprints occurring precisely during these sensitive periods.

We make three primary contributions. First, we disentangle purpose from purposeful organizing, showing that indeed purpose-based venturing fluctuates over time depending on how the organization is imprinted during three sensitive windows. Different imprinting sequences and imprinting timing demonstrate that purpose, depending on how and when is integrated and formalized, can either be beneficial or detrimental to the venture evolution. Since purpose can unfold differently over time, our results also challenge the underlying assumption of purpose being static and binary. By uncovering three distinct imprinting sequences and sensitive windows for purposeful organizing, our research reveals how specific organizing choices influence the evolution of purpose over time, which rectifies the prevailing assumption that purpose is given before organizing begins. This is done by showing links between imprints within and across venturing paths, demonstrating causality, and the role of order and timing of

imprinting events, which has proven central to explaining the iterative relationship between purpose from purposeful organizing. Second, we contribute to imprinting theory in sustainable venturing and entrepreneurship more broadly. Our findings show what lies beyond the net impact of salient imprinting sources, highlighting the role of imprinting timing and imprinting sequences in venture development, as well as what sensitive periods are and how can these enable sequences of key imprinters, some of those turning points and points of no return, confirming or (re)opening the venture paths. Finally, given their unique "purpose-centric" organizational forms and legal commitments, our research uncover how B Corps can constitute a new testing ground for a new generation of theories on purposeful organizing. Unlike traditional non-binding certifications (e.g. Fairtrade or Rain Forest Alliance), B Corp certification demands companies to formalize purpose in a way that may affect the relationship between individual sense of purpose, the emergence of pro-sociality in enterprising activities and the actual organization of and around purpose.

2 Theoretical grounding

2.1 Purpose and purposeful organizing

The creation of purposeful organizations is the way forward to cure the dysfunctional effects of profit maximizing behavior for society (Hollensbe et al. 2014). Therefore, understanding purpose and how it operates in the development of purposeful organizations is fundamental for developing businesses that are intrinsically beneficial for society (e.g. Daly et al. 1994). Purpose in business is defined as the tendency to derive meanings from the venturing process and to possess a sense of intentionality and goal directedness that (presumably) guides (positive)

behaviors (Hollensbe et al. 2014). As the venture develops, purpose can be turned enabling frameworks leading purposeful organizations and a subsequent set of benefits for society.

Notwithstanding this attempt to circumscribe purpose to the activation of values, the development of purpose into purposeful organizations remain a subjective experience. Because of the prevailing notion of *deriving meanings* in its definition (see Hollensbe et al. 2014: 1228), purpose emerges from the entrepreneur's experience of the context within which her or his life is embedded (McAdams 2001). Thus, the nature of this experience has to be found in the entrepreneurs' interactions with themselves, the others and the world around them (Debats et al. 1995). These interactions shape the sense of purpose, which directs the entrepreneur towards the development of a venture for the accomplishment of the common good. This suggests that purpose operates as a personalized intention to doing good, and a commitment to it depends on the entrepreneurs' motivation to redesign the connection between business and society. This, while positive in principle, is highly ambiguous and susceptive to the entrepreneur's view of the world, which counterintuitively may end up "intensifying and perpetuating social tensions, conflicts and acrimony rather than [create] harmony and prosperity" (Zahra et al. 2009:529).

In response to this challenge, new forms of purposeful organizing have emerged that reduce arbitrary purpose-based venturing by allowing the formalization of purpose in the legal fabric of the venture. The purpose to transcend financial value to include environmental or social value (Margolis and Walsh 2003) is not only at the core of their existence, but is also a legal requirement. B Corp certification is particularly relevant here, as it intends to create a framework for entrepreneurs to transform their purpose into purposeful ventures that effectively materialize their intentions. Although existing literature has already discussed reasons for engaging in this new form of prosocial venturing (e.g. McMullen and Warnick 2016), we know very little about

the relationship between purpose, as initial "beyond profit" motivator, and purposeful organizing, as the ultimate materialization of such intentions. Given the lack of adequate explanation, we have been left to assume that this relationship is simply linear and works as intended.

We identify two intertwined shortcomings. Research and practice alike have treated purpose as, first, a binary construct and, second, a stable feature of the entrepreneur guiding his or her behavior and the subsequent development of the firm. Under this logic, founders can decisively choose to be driven by either purpose or profit, leading them to characterize themselves as either "purpose-based" or "traditional" entrepreneur. This presumably occurs distinctively at the founding stage imprinting the journey in a way that, whatever they chose, it will remain stable throughout the venturing process. This means that the inevitable consequence of purpose is a purposeful organization, evermore so if such purpose is stamped into the legal structure of the firm, as in the case of Certified B Corporations. However, when viewed through a process lens (McMullen and Dimov 2013), purpose actually operates through a number of discrete events that collectively explain the history of the entrepreneur and the efforts to turn purpose into some form of purposeful organization. As dependent on distinct events, the latter suggests that the arrangement, order and timing of critical events will engrave the journey differently, producing alternative forms purposeful (or eventually purposeless) organizing.

Therefore, we can speculate that purposeful organizing will depend not only on purpose, but also on a greater articulation of these events. This makes purpose emergent and its effect become contingent upon past and future event, making its destination unforeseeable. As such, purposeful organizing may no longer be possible to attribute solely to a set of values declared at the genesis of the process. Addressing these shortcomings requires taking a closer look at the purpose-based

process of venture emergence, and its relationship with purposeful organizing, which requires a deep examination of how discrete events imprint the journey creation and how commitment to purpose varies over time and influences the direction and pace in the creation (or not) of purposeful organizations.

2.2 Imprinting in purposeful organizing

Imprinting theory (Stinchcombe 1965) offers a robust basis for observing and analyzing the effect of discrete events along the relationship between purpose and purposeful organizing. Imprinting is the "process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods" (Marquis and Tilcsik 2013:199). In organizational contexts, this definition identifies three fundamental components: 1) the existence of sensitive periods in discrete windows of time where the organization is more susceptible to being imprinted from external influences; 2) the disproportionate impact of imprinting caused by exposure of the firm to an external influence in a highly sensitive period; and 3) the tendency for imprinted characteristics resulting from 1 and 2 to persist over time. Imprinting is, therefore, an evolutionary process which develops amongst the source of imprints (i.e. imprinters) and the target of the imprinter (i.e. imprinted) through a series of three successive elements: *genesis* (the initial imprint), *metamorphosis* (the persistence, transformation or decline of the imprint) and *manifestations* (the influence of the imprint on the imprinted over time).

In entrepreneurship research, imprinting theory has been utilized to explain the long-term and enduring effect that the early actions of key actors (e.g. founders or investors) or salient

events (e.g. investment allocation) have on the future shaping of the venture (e.g. Burton and Beckman 2007; Detienne and Cardon 2010; Fauchart and Gruber 2011; Mathias et al. 2015). Most of our understanding of the role of imprinting has revolved around the founder of the enterprise, who has proven to be a key imprinter shaping the firm even through successive generations (Pieper et al. 2015). For example, Fauchart and Gruber (2011) show that social or political values, which make up the social identity of some entrepreneurs, imprint the firm differentially from profit-driven entrepreneurs in ways that significantly alter the firm´s actions and performance. These formative sources of imprinting, shaped by the salience of the founder's a priori experiences and values, impact entrepreneurial decision-making and persist over time (Mathias et al. 2015).

Building on these ideas, one can argue that the entrepreneur's sense of purpose, which encapsulates the values of the business, will necessarily impact the future purposeful organizing of the venture. Although the relationship between purpose and purposeful organizing resonates within the basic tenets of imprinting theory, there is no evidence that the assumed linear and persistent effect of purpose on purposeful organizing actually exist. In light of recent evidence suggesting unintended endings of good intentions, we have reasons to suspect that some imprinting events can create deviance from rather than reinforcement of values, which may dilute the intended purpose over time. While imprinting is clear on the cumulative role of imprints over time, it does not tackle the tensions derived from the varying potency and directionality of imprints in general and entrepreneurship in particular. Moreover, new imprints resulting from early responses can overwrite profound ones, such the effect of the founders' personal values. This means that despite its prominence, the centrality of the founder's values and identity cannot be taken for granted. In consequence, we argue that the narrow emphasis on

the founder's characteristics and early events is limiting our understanding of the nature and actual effects of imprinting.

Imprinting has so far focused on sources, process, recipient and consequences of imprinting, assuming that these happen while undergoing through sensitive periods, which so far have remained as black boxes (Marquis and Tilcsik 2013; Simsek et al. 2015). Sensitive periods may appear again later in the process, opening up new windows during the enterprise journey to the influence of both internal and external imprinters. The venture can indeed be "resensitized" to ongoing or new contextual and component influences (Marquis and Tilcsik 2013). These may include team changes, discontinuities in products, market changes, career shifts and periods of poor performance or crisis (Simsek et al. 2015), which have been surprisingly overlooked in our efforts to understand the transformation of purpose into purposeful organizing. Our study focuses on these elements in an effort to clarify and explain the relationship between purpose and purposeful organizing.

3 Methodology

3.1 Research approach

In understanding the relationship between purpose and purposeful organizing, our research draws on an inductive multi-stage process-tracing design (Collier 2011). We adopted this strategy for two main reasons. First, our examination of the stories whereby individual sense of purpose evolves into purposeful organizing demands a detailed examination of events and circumstances occurring over a certain period of time. This inductive process-based approach using multiple sources of evidence enables us to capture and uncover entrepreneurial (life) stories and areas of experience difficult to grasp through traditional case-based research. Second, drawing on unique data, process-tracing analysis allows us to understand the causal mechanisms whereby purpose

can (or cannot) lead to purposeful organizing, as well as the key events (e.g. B Corp certification) influencing this process and the causal forces connecting both ends (Beach and Pedersen 2013; Bengtsson and Ruonavaara 2016; Collier et al. 2010). By doing so, we expect to detect and test a systematic and relatively simple mechanism and its key parts that contribute to producing an outcome across our already bounded context of cases (Beach and Pedersen 2013). In the following sections, we provide a description of our research context, strategy for sample selection, data collection and data analysis.

3.2 Research context

Our context of interest is B Corporations (B Corps). These are for-profit companies that meet a set of standards of social and environmental performance, accountability, and transparency, certified by the NGO B Labs. Practices are evaluated through the *B Impact Assessment*, which is a self-administered test that provides a judgment and comprehensive rating on how significant a company's current impact is[1]. After meeting those standards and in order to protect the purpose driving action, prospective B Corps are required to amend their governing documents, or adopt benefit corporation status where available, so the legal requirements for certification are also met. Our interest stems from the fact that they represent a new form of prosocial enterprising, sharing a purpose-based organizational model (Appendix A), which materializes when the entrepreneurs integrate purpose into the legal fabric of their own venture (Branzei et al., 2016). Such commitment offers "legal protection to directors and officers to consider the interests of all stakeholders, not just shareholders, when making decisions"[2], ensuring that the intended purpose can better survive new management, new investors, or even new ownership. This goes far beyond signaling a personalized intention to doing good, as it guarantees the pursuit of a venture

that accommodates multiple, even conflicting, criteria within a single entity (McMullen and Warnick 2016). Because of its legal power, B Corp certification represent an important event able to interfere with the integration of purpose into the business practices of these ventures, which is central to our examination of the relationship between purpose and purposeful organizing.

3.3 Sample selection

Taking our context of interest as an area of homogeneity, our sample selection draws on a purposive sampling strategy and is guided by two key criteria: context and venture diversity, and maturity in the venturing process. Consequently, we selected 14 certified B Corps from Argentina, Colombia and Chile, operating across Latin America (Table 1), which have been required to amend the governing documents and legal structure[3]. All of the firms have been certified for more than two years, and have already gone through a recertification process. This is a diverse group of firms, representing 14 different industries, and are in pursuit of a variety of purposes and ambitions. Five of the B Corps have been active for four years or less and an equal amount for more than seven years, with a median of six years of activity for the entire sample. Since purpose is deeply connected to individual values and value orientation in the context of social and environmental concerns is gender-sensitive (Stern et al. 1993), our sample is purposively gender-balanced comprising six female entrepreneurs and eight male entrepreneurs.

--- Insert Table 1 about here ---

3.4 Data collection

Process-tracing focuses on the unfolding of events or situations over time (Collier 2011). Consequently, we selected appropriate data collection methods that allowed us to capture "key steps in the process", through which a personalized sense of purpose unfolds as part of a sustainable venture. Hence, to collect the descriptive components of this process, we used two complementary data collection methods: life story research (McAdams 2008), and graphic elicitation methods (Bagnoli 2009). In the following we provide a detailed description of each method and its application.

Life story interviews (Atkinson 2001) are a type of semi-structured interview about the story of the participant. These are used to elicit autobiographical recollections including time-bounded actions, contexts, feelings and key events in the life of the participant (McAdams 2001).We began the interviews asking the participants to provide an overall plot outline of their journey as entrepreneur (normally starting one year prior to foundation of the venture until the day of the interview) and his/her particular connection to purpose, as it were divided into chapters. Once the chapters were established in the timeline (see below), the researcher started with open questions such as: "Tell me about your business", "How did everything start?" "What was the main motivation for starting this business?" "What opportunity do you think triggered this business idea?" "What did you want to achieve?". Founding team, places, key events and particularly how these are related to purpose were also explored during the interview, since stories have characters, time-bounded actions and scenes. The interview protocol included questions such as: "What does purpose mean to you?" "What is the purpose of your business?" "At which stage did purpose become a priority?" "How has this purpose been embedded in your business?". Given the interest of our study in understanding the relationship between purpose and purposeful

organizing, we explicitly inquired about the process of getting certified as a B Corp, reasons for doing so, its meanings, and perceived impacts.

To enhance entrepreneurs' reflexivity, we included two complementary graphic elicitation techniques: relational maps and timelines (Bagnoli 2009). These two visual methods involve drawing and producing diagrams which facilitate a more comprehensive and time-bounded conversation between the researcher and the participant, and a deeper examination and representation of more profound layers of experience, normally absent in verbal accounts. For both timelines and relational maps, we used the collaborative sketching platform *Scribblar,* where both the researcher and the interviewee had access to visualize and edit the sketches at any time during the interview.

Relational maps are used in studies of social care and human relationships to examine how people see themselves in relation to other important people or things in their lives (Bagnoli 2009). Because entrepreneurs also shape their sense of purpose through interactions with others and the world around them (Debats et al. 1995), we used this technique to gain deeper understanding of how central or peripheral the internalized sense of purpose and manifestations of purposeful organizing are to the entrepreneur and his or her business throughout the venture development process. In our study, map drawing started with three concentric circles where the entrepreneur is requested to situate him or herself in relation to the venture and the purpose under pursuit. Other people, objects and notions are placed in order of importance within the set of concentric circles, with the intimate relationships being in the inner circles, and least important fading towards the edges. As such, relational maps were integral to the interview as they were not only a source of evidence but also an enabling tool for moving the verbal interaction between the researcher and participant one step further to explore other areas of experience.

Timelines, as a graphic elicitation method, enable a deep reflection on the temporal dimensions of the entrepreneurial journey as well as elicit biographical data about time. Inspired by recent studies in social care and nursing research (Bagnoli 2009), this method allowed us to gather the most important turning points and biographical events from the entrepreneurs' perspective. Timelines were developed collaboratively throughout the interview. After agreeing on a timeframe and start and end dates (normally one year prior to foundation of the venture until the day of the interview), we asked the participants to start recording the key events along the two axes of the timeline, as they emerged during the conversation; i.e. temporal (horizontal) and purpose intensity (vertical), and also to make clear whether the event related to an internalization of purpose (using black color) or a perception of impact resulting from the practice of purpose (using grey color). While the temporal axe allows mapping of the process through which a sense of purpose unfolds into purposeful organizing, the intensity axe is used to identify the relevance of events in their connection to purpose. The identification of key events was triggered by discussing past, present and future challenges, and whether those challenges were positive or negative, and related to feelings or external circumstances, which were also registered in the timeline.

Life story interviewing tangled with graphic elicitation is an inherently iterative data collection process. For example, the drawing of relational maps was repeated several times during the interviews, as participants kept reflecting on the different stages of their entrepreneurial journey and populating the timeline with key events. Similarly, when doubts about specific dates and events emerged through the interview the interviewer stopped the session to corroborate their occurrence through external informants (e.g. business partners, suppliers and B Labs staff who were either interviewed or called for consultation) and relevant

documentation (e.g. media articles announcing awards, invoices to customers, Twitter and Facebook posts and crowdfunding campaigns). In this sense, real-time editing in *Scribblar* proved central to our inquiry because both timelines and maps were expected to change (and indeed changed) during the interview, as the participant retrieves and reconfirms evidence and amends dates and key events in the timeline or rearranges the elements according to their level of importance within the relational map, in line with how those actually changed over the years. Once the key events were clearly aligned with dates and the intensity moderated based on a final comparison of key events, we asked the participants to connect the events with lines to identify links between relevant events based on their own experience.

The main data collection effort spanned over 11 months, between April 2015 and March 2016. This process was anteced by two key activities, which were central to understanding the role of B Corps in Latin America and their functioning and main challenges: *The B Corp Regional Strategy Meeting* that took place in Chile in January 2014 and a 2-day *Regional Challenges Meeting* organized by the first author with representatives from 22 Latin American B Corps in August 2014[4].

The interviews with B Corp entrepreneurs in 2015-2016 lasted between two and three hours. Building the life story and recollecting dates, context, feelings, characters, actions and events took us on average 60 minutes. The remaining interview time was used to organize and make sense of the key elements of the life story in the timeline and relational map. This two-step procedure was key to minimizing retrospective and memory biases. Verbal accounts were recorded and transcribed and visual data digitalized and later standardized and prepared for coding. Following our initial life story interviews, we conducted several short follow-up interviews over the course of one year with the founders and key informants, until early 2017.

The aim was threefold: to be able to triangulate data and corroborate the stories in different points in time after the initial life story account; record new key and critical events; and complete missing pieces of evidence needed for the causal inferences and process tracing tests. In addition, to minimize self-reporting and retrospective biases, we triangulated our interview data with archival data (e.g. internal reports), publicly-available data (e.g. media articles and crowdfunding profiles) and secondary sources (other informants).

4   Data analysis

Our data analysis draws on process-tracing (PT) techniques (Collier 2011) and is divided into three iterative stages, including two inductive analyses (descriptive and causal inferences) and one logical consistency test of early process-based findings. PT data analysis requires a departure from the traditional within-case / cross-case pattern-finding approach, which simply focuses on emerging commonalities across cases and causal inferences based on what is common and/or different between them. Therefore, our analyses elaborate on a mechanistic conception of causality, focusing on uncovering the causal forces moving towards the outcome (Collier et al. 2010). This entails elaborating on the theoretical process(es) whereby sequences of causes lead to alternative outcomes and more the transmission of causal forces from causally interlinked events to outcomes. As such, our analyses look at how several outcomes are imprinted by events that result from actors' actions, interactions and various contextual factors (Bengtsson and Ruonavaara 2016).

4.1 Stage 1 descriptive inferences

The first stage focuses on sorting and coding life story and autobiographical evidence, comprising both visual and verbal data. This part of the analysis focuses first on recognizing empirical regularities that are part of a temporal sequence of events to then derive and elaborate on descriptive inferences in relation to how purpose is experienced by the entrepreneur and the temporal sequence of events through which purpose is integrated into purposeful organizing. This is divided into three analytical activities: pattern-finding across relational maps, coding of timelines and pattern-finding of inter-locking events.

4.1.1 Pattern-finding across relational maps

Initially, we focused on examining patterns across relational maps. This allowed us to infer the scope, nature and relative importance of purpose to the entrepreneur, which was considered as the main input for the elaboration of timelines. Through our examination, we recognized three types of ventures paths and one inner mutation, which we label broad purpose (group 1), narrow purpose (group 2) and circular purpose (group 3), inferred from the most central declared purpose at the inception stage. We also observe a mutation of purpose in group 2 from narrow in early stages of the process to broad in late stages, which becomes more prominent in a subset of cases we label group 2b. This marks a significant turning point in the life of purpose group 2, which splits halfway through, leading to two alternative outcomes. Figure 1 shows four relational maps as an illustration of the three different types (and one mutation) of purpose relationships emerging from the data. The results from the relational maps were considered as the main input for the development and interpretation of timelines, which we explain in detail below.

<center>--- Insert Figure 1 about here ---</center>

4.1.2 Coding of timelines

Following, in a first attempt to uncover causal mechanism, we combined life stories narratives and timelines to detect relevant pieces of information that helped us understand the relationships between purpose and purposeful organizing. This is done by coding the critical events identified by the interviewee (and confirmed through triangulation), which in their view marked the story of their ventures.

Since process tracing is an "analytic tool for drawing descriptive and causal inferences from diagnostic pieces of evidence that are part of a temporal sequence of events" (Collier 2011:824), our coding procedure of life stories and timelines differs from the traditional content-based coding. Although codes were developed inductively, the specific terms were not meant to be representative words that summarize the meaning of a particular piece of text, but rather abstractions of key events. While labeling and coding was done by the research team, it was the interviewee who defined the nature, intensity and meaning of the event in her or his life. In enhancing the validity of this coding, two researchers evaluated the life story narratives and timelines collectively, based on previous agreement on how each key event should be recognized and treated in the timeliness. Disagreements were resolved through discussion.

Drawing on comparative process tracing methods (Bengtsson and Ruonavaara 2016) and the notion of path dependency (Mahoney 2000), our coding of life stories and timelines focuses on those key events where the paths (depicted in the timelines) are imprinted, with two potential outcomes: path opening or path confirmation, which in PT language constitute critical junctures and focal points respectively. While the former type of imprinter are transitional situations in which actors have the possibility to make choices that would open up a new path, the latter demonstrate, manifest, and consolidate the path dependence of a direction taken before.

Interestingly, actors may not realize at a critical juncture that they are actually making history. This is central to our examination of imprinting, since at times, purpose-related decisions may have more far-reaching consequences for purposeful organizing than what the decision-makers themselves realized (Bengtsson and Ruonavaara 2016). While key events were defined by the interviewee while completing the exercise, the role of the research team was to evaluate the timelines and maps collectively to detect critical junctures, focal points and empirical regularities across life stories and derive descriptive inferences. As a result, we identified 21 codes representing key events in the life of the venture, which are shown in Figure 2.

--- Insert Figure 2 ---

In Figure 2, the horizontal axe shows the normalized life story period, which ranges from nine years in the case of Newspaper to four years in the case of Food and Crowdfunding, as well as the perceived degree of internalization (black lines) and impact (grey lines) of the stated purpose. Internalization represents how vivid or intense the stated purpose was felt and experienced by the entrepreneur and his or her team. In the case of Food, for example, the significantly broad internalized purpose derived from a life-changing experience of two of the founders who lived for several months in one of the most deprived areas of the country, doing social service. The desire to eliminate the *punishment to poverty* imprinted their journey and stuck with them unchanged over a long period of time, despite several rejections from market actors, financial struggles and relatively poor performance. The *impact* of the stated purpose, on the other hand, shows whether, and the extent to which, the entrepreneur's ambitions were delivering results, either inside or outside the venture. In the case of crowdfunding, for example, the first key external imprinting event, recognized as highly impactful and linked to purpose, was the first big contract which involved securing equity-based investment for another B Corp. In most cases,

obtaining the B Corp certification is recognized by the entrepreneurs as a highly impactful internal event.

4.1.3 Pattern-finding of interlocking events

In examining sequences of codes across timelines we identified patterns in the relationships between interlocking events showing empirical regularities across cases. Sequences of several critical events were shared by cases, which most notably were also aligned with the original grouping of ventures resulting from the analysis of relational maps based on scope of purpose. In other words, cases sharing a particular scope of purpose also share sequences of critical events. These relationships can be seen in Figure 3, where cases sharing broad, narrow and circular purposes (black boxes) are connected to eight types of critical events (marked with symbols) appearing in distinct sequences (shown as vertical dotted lines). These distinct sets of events, imprinted the venture during sensitive stages by either confirming or changing the paths, yielding three distinct purpose-based venturing paths and uncovering three unique purpose-purposeful organizing relationships.

--- Insert Figure 3 ---

As seen in Figure 3, purpose group 1, characterized by broad purpose (BP), is aligned with a distinct sequence of seven critical events and two alternative outcomes shared by four cases, which we label *Path 1*. We also noticed that purpose group 2, comprising six cases sharing a narrow purpose (NP), is aligned with two unique sequences of events yielding *Path 2a* and *Path 2b,* with seven and eight critical events respectively, one outcome for *Path 2a* and two alternative outcomes for *Path 2b*. The latter follows a similar logic as the outcomes of *Path 1*. Uniquely in *Paths 2a* and *2b*, the definition of (narrow) purpose is not the main trigger of the

venturing process, it rather follows from the business idea (green triangle). Finally, the group 3 sharing circular purpose (CP) is aligned with a distinct sequence of eight critical events and one common outcome shared by two cases, which we label *Path 3*.

4.2   Stage 2 Causal inferences

"The principle difficulty in your case lay in the fact of there being too much evidence. What was vital was overlaid and hidden by what was irrelevant. Of all the facts which were presented to us we had to pick just those which we deemed to be essential, and then piece them together in their order, so as to reconstruct this very remarkable chain of events." – *Sherlock Holmes in the The Adventure of the Naval Treaty* (Doyle, 1893)

Uncovering such a *remarkable chain of events,* as Sherlock Holmes emphasizes, requires moving from description to causality, where the descriptive inferences from life stories are transformed into prospective causal mechanisms, and each part of the mechanism is presented as a statement of regularity (George and Bennett 2005). In order to do so, we engaged in a recursive process to give causal structure to the empirical regularities by means of theorizing on the causal mechanisms underlying the relationship between purpose and purposeful organizing.

Drawing on the tenants of PT methods, in this second stage, verbal and visual data are turned into evidence, at the time descriptive inferences and empirical regularities are turned into structured statements of regularities or causal mechanisms, which is central to process-based theorizing. In structuring our causal inferences, we focused on causal process observation (CPO), which is the main unit of analysis in PT studies, understood as an insight, extant knowledge or piece of data that provides information about the mechanism, process or context and enables causal inference (Collier et al. 2010). In PT, observations are not strong or weak evidence per se. Evidence is always a combination of observations and other factors, such as timing or previous knowledge of the phenomenon, which has proven central for uncovering the role of timing of B

Corp certification in our study, revealed below. This means that observations can become evidence depending on what other observations have been made in previous steps of the process or in other parallel processes and what other contextual information is available (Befani and Mayne 2014). In this sense, PT evidence is bounded as the same observation made in different contexts can have very different levels of inferential leverage (Befani and Mayne 2014).

4.2.1 Towards a theorized system of purposeful organizing

In uncovering the causal mechanism underlying our process of interest, we use the X->Y centric PT theory building variant, where we theorize the X->Y process in the form of a number of interlocked components that are all necessary for the causal mechanism to exist (Befani and Mayne 2014). In PT theory building, the conceptualization of causal mechanisms and their parts draws on two analytical conceptions of path dependency, which is methodologically and theoretically central to imprinting theory: points of no return and historical narrative (Milanov and Fernhaber 2009). In moving from descriptive to causal inferences, our analysis does not pay particular attention to the uncovering of regular associations, as the mechanisms can be infrequent. The focus of causality here is on the dynamic and interactive influence of causes on outcomes and in particular how causal forces are conveyed through the series of interlocking events (Beach and Pedersen 2013). The inferred causal mechanisms and identified imprinters (in brackets) for the three paths are presented in Table 2. Since the causal mechanisms consist of sequences of events that are the product of actors' actions and interactions, the table conceptualizing the inferred causal mechanisms and their parts highlight both actors (underlined) and activities (in italics).

--- Insert Table 2 about here ----

4.3 Stage 3 Iterative logical tests

Inductive process-based theory building is normally completed once the individual causal relationships are inferred from the data. However, this says little about whether the inferred chain of events is actually causally interlinked, the strength of each causal relationship, and whether and how each event and chain of events are necessary and/or sufficient for the outcome to occur (George and Bennett 2005; Mahoney 2012). Therefore, the aim for this stage is to deductively evaluate the logical consistency and strength of the inferred causal mechanisms elaborated in Stage 2. This is assessed by using necessity and sufficiency tests regarding the interlocking events moving causal forces from purpose to purposeful organizing, i.e. from the origin of the venture and formalization to its final disposition as either a small business or a venture at the brink of failure. We do so by means of three logical tests: hoop test, smoking gun test (Van Evera 1997), and trivial necessity and tautological sufficiency (Mahoney 2004).

Hoop tests permit assessing the extent of necessity within a given causal relationship. Passing a hoop test increases the confidence on and the subjective probability that a CPO is correct (Mahoney 2012) and that the specific causal relationship being tested exists, as it disproves other alternative causes. *Smoking gun tests* permit assessing the extent of sufficiency within a given causal relationship, i.e. that the condition X is sufficient but not necessary for Y. Based on the notions of unobserved events and causal proximity, we adhere to the principle of quasi sufficiency, because despite the weight of evidence, we cannot establish for certain that the observed event was alone and proximate enough to be sufficient for the subsequent event. In order to minimize the skepticism towards arguments of necessity and sufficiency in the social sciences, we conducted complementarily logical tests for trivial necessity and tautological sufficiency. While the former refers to those causes in which the cause is present in all cases of

the universe of analysis irrespective of the value on the dependent variable (e.g. humans are necessary for entrepreneurship), the latter refers to causes embedded in outcomes with no clear definitional distinction or temporal separation between the two (Mahoney 2004) (e.g. entrepreneurship is sufficient for new venture creation). In Appendix B we provide further details of our logical consistency tests.

Table 3 presents the inferred relationship (X→Y) reported in Table 2, the theorized causal inferences to be tested and the analysis for both hoop and smoking gun tests. In this deductive exercise, causal inferences are treated as expectations or hypothesized causal mechanisms that have been derived inductively and requiring strength testing against evidence. Mirroring the conceptualization of causal mechanisms (Table 2), process expectations are broken down into a feasible number of parts.

--- Insert Table 3 about here ---

Despite their post-hoc nature, in our analyses we used these tests recursively. While testing the logical consistency and strength of our inductive reasoning, we were able to refine the inferred causal mechanisms and also discover patterns of salience of three sensitive periods across the three paths given the almost sufficient relationships between events observed within those periods, namely: definition of scope of purpose, timing of B Corp certification -as unique formalization of purpose- and changes in source of feedback. These are considered as critical sensitive windows that explain variance in the relationship between purpose and purpose organizing.

In refining the process model and strengthening the logical consistency of our theorizing, we increased our level of confidence on that 1. the inferred causal mechanisms (three path types) actually occurred as theorized; 2. the three paths begin with distinct initial conditions; 3. all the

events within the paths are causally interlocked and necessary for the next one to occur; 4. causes are not present in all cases in the universe of analysis, 5. there are no embedded causes, 6. the three critical sensitive windows (i.e. scope, timing and source of feedback) are actually central, given the quasi sufficient relationships between the events observed within them, the irreversible effect of those events shaping both the following events and the continuation of the path; and 7. the three chains of events are sufficient as a whole for each identified final outcome.

5 Research Findings

5.1 Imprinting sequences from purpose to purposeful organizing

Our analyses reveal three remarkable paths explaining distinct relationships between purpose and purposeful organizing. *Path 1* is characterized by a broad problem-based purpose (black square located in the upper part of the timelines, along the black line) and low perceived impact in early stages. We consider *broad purpose* to be an all-encompassing ambition of achieving a social and/or environmental impact without having tangible indicators and objectives clearly identified, for example "reduce punishment to poverty" (Food) or "contribute so that people, businesses and communities can live in harmony" (Communications), which can be evidenced in both the description of purpose (Table 1) and the relational maps (Figure 1). Idea stage is relatively long and purpose is recognized and rewarded by non-market actors (e.g. media) before the business idea or business model are refined, although market actors (e.g. investors, clients) reject the nascent venture several times.

[Purpose] So, we wanted to tackle an important social problem, because I graduated with the desire to change the world (Health)

[Recognition] Having a traditional investor, at the beginning, it can cost us a lot… versus having 57 small investors who are fans of our business, they all have stickers in their cars,

they follow us on Facebook and retweet everything we post… you do not need to discuss the purpose and focus of this business every minute (Food).

Path 1 ventures also receive B Corp certification early in the process before having a business model and clear value proposition, which leads to new instances of recognition and media attention, increasing the sense of external recognition and feasibility, despite the evident low performance.

[Recognition] We were interviewed, people invited us to their homes. All that was like the fuel we needed. "we have to continue" and that helped us in 2014, even though things were a little complicated, we would continue to make progress (Health).

[Early certification] Basically, we got certified because one of my partners knew someone at B Labs… we said oh cool…this is sort of what we are dreaming of doing. We needed that sort of external legitimacy for the first meetings (Headhunting).

Based on apparent success due to external validation, venture decisions are oriented towards growth and expansion. Purpose formalization occurs once the venture achieves certified B Corp status. For Path 1 ventures, purpose formalization through B Corp certification seems premature because the business model has not been fully developed and validated by market actors. Due to the apparent sense of external recognition and feasibility, purpose cannot be narrowed down and the business model corrected, despite market (negative) feedback.

Broad-purpose low-performing Path 1 ventures inevitably face financial problems leading to team and purpose conflicts and, in all observed cases, organizational crisis. We identified two divergent outcomes; on the one hand (Y_1 in Table 2) internal changes trigger a new orientation where the entrepreneurial team regains control of the venture (if and when) by focusing on specific tasks, business planning and realistic forecasting, and more importantly by narrowing down the scope of the venture's purpose. In an alternative, still open-ended outcome (Y_2 in Table 2), purpose is not called into question, low performance continues and risk of failure increases as the entrepreneur maintains biased behavior and assumed perception of success.

[Reorientation and control] 2014 was the worst, it hit the team, hit the confidence, hit the friends, hit the dirt, then I left. We loved each other and we were the best, when I came back there were three people who did not look at each other, they did not talk to each other, with broken trust…We decided to focus on search and selection, that changed our model. Clients did not understand what we were doing. We did not attend the B Corps festival, and focused on gaining maturity in the market, positioning and opportunities (Headhunting)

[Purpose is sustained] When there are moments of uncertainty I believe that the purpose can even be questioned; in our case, it did not change, thank God. (Food)

[Continuation] In 2014 (it was hard) we were almost all without pay. I believe that (purpose) is one of the most solid things we have had as a team… We are competing against Walmart, but we have a tremendous advantage and we will have it for several years, we are super small and we have time to learn how to grow. We are now in 280 shops and we are going for 3,000 shops (Food)

Path 2 is characterized by absence of purpose and unintended impact in early stages (black square located in the lower part of the timelines, along the black line). Idea stage is short in comparison to Path 1, and the venturing process is triggered by a business idea that may or may not respond to social or environmental problems. In Path 2 ventures, narrow purpose is built into the business as the sustainable practices implemented start paying off. We consider *narrow purpose* to be a specific ambition of achieving a concrete social and/or environmental impact on a particular group of people with tangible indicators and objectives clearly identified, for example "improve our labor practices" or "optimize the projects of our clients towards a better environmental impact", as declared by Recycled Bags and Green Building respectively. Market actors recognize and value the business idea and practices, but unlike Path 1, the venture is rewarded on business merits only. Path 2 adapts to comply with market demands if necessary, formalizing their business model by implementing sustainable business practices.

[Idea development] We started as a merchandise business, well I wanted to brew my own beer but that did not work, entrepreneurship was my thing so merchandise it is. Small margins, so we needed to change, the (2008) crisis changed the market and that was the opportunity… the day that Lehman Brothers collapsed in September, we were in China and my other partner, resigning from her old job, and that was the beginning of the world of reusable bags (2b)

[Rewarded on business merits] We went from 9,000 to 30,000 bags of certified coffee beans in 3 years, which has enabled us to do great work with the farmers…we are convinced of the (relevance of) the certification processes (i.e. Fairtrade), the impacts that we have achieved through the certifications, in the farming communities, through the purchase of certified coffee, through a higher income. A certified coffee today represents an additional 35% in income for the farmer compared to non-certified coffee (Fairtrade Coffee)

[Response to markets] There was a lot of trial and error, of experimenting. We started growing, little by little, attending sustainable fashion shows, the Ethical Fashion Show in Paris, Ethical Fashion Forum, Green Show… we opened new luxury markets in Europe, slowly. It was difficult but there was some willingness to pay for sustainable fashion…the trend was growing… then we received investment and opened our first small shop in Paris… then the crisis in Europe, purchasing decisions changed and we moved part of it to USA, with e-commerce, marketing, many things (Ethical Fashion).

[Response to markets] Alongside financing and cash flows, etc. consolidating our internal process is now central to us, this means consolidating our team… how many new people do we need, which partners, allies do we need… internal consolidation is the key to continue creating value (Fairtrade Coffee)

Path 2 ventures apply for and receive B Corp certification comparatively later in the process, mostly to reflect the interaction between business practices and sustainability aspirations, and to make sense of the narrow purpose already delivering positive impacts.

[Late certification] B Certification was about simplifying the narrative, our purpose. Instead of explaining what we do as a firm every time, we just say we are a B Corp (Entrepreneurship). Somehow, we are a company with social and environmental impact. B Corps was our place, we were very happy, it was the same as when we joined the Ethical Fashion Show. So, it's like, support for your model, what you are doing, it's like strengthening your wings too, being part of the Ethical Fashion Show, being part of the Fashion Forum, being part of the B Corps. It is a way of empowering those people who are doing business like you (Fashion).

[Late certification] Two years ago we decided to get B certified, we are B by nature, everything we were doing was very B, so we connected very easily with the certification. We did not have to make a big effort to become a B (Coffee).

As the venture gains maturity, narrow purpose is expanded to cover a wider range of sustainability challenges, yet unlike Path 1, market as well as non-market actors are perceived to be reliable sources of feedback. Confidence is then built into the business as the entrepreneur

focuses on both gaining maturity and purpose expansion. Returns increase as the venture leverages external recognition while evolving the business model in response to demands.

> [Purpose expansion] We started exporting organic food products… while we were growing, we detected massive inequalities in the industry's purchasing model where the farmers are left behind. Then we developed a new purchasing model ("co-responsibility"), to empower coffee producers (Coffee).

> [Purpose expansion] Before, the focus (of our program) was the entrepreneur, the training program…then we changed to focus also on the "fellow" who works with us delivering the program. He/she is the "social leader". Now we are also focused on the locality and local development (Entrepreneurship).

At this stage, purpose broadening triggers a major critical juncture. While Path 2a ventures consider the increasingly broad purpose to be relevant only if it serves the objectives of the business, Path 2b ventures begin to deviate and believe that the increasingly broad purpose is relevant by itself. In the former, the pursued impact remains under control bounded by the scope of the venture (shown in brackets in Figure 3), whereas in the latter the pursued impact grows broader surpassing the scope of the firm (shown as a forward-facing arrow in Figure 3).

> P2a [path continuation] We have also used the B Corp networks for new business partners and growing in Latin America (Entrepreneurship).

> P2b [path deviation] Then it is like when you are about to lower your arms, suddenly there is good news about (the company), it is like an adrenaline injection that gets you back convinced that we will get there (Recycling).

As a result, B Corp certification begins to play a dual role. In Path 2a, it sits along other practices and standards, whereas in Path 2b the certification becomes the main source of external recognition capturing the attention of media and other non-market actors. Path 2 ventures also diverge in the final outcome after that critical juncture. The 2b variant enters into a similar spiral and biased behavior as Path 1 (Part 5 onwards in Table 2), with similar dual endings. Path 2a ventures, in contrast, retain an increasingly ambitious, yet still narrow purpose, which remains

bounded by the scope of the business, creating and delivering value as the ventures consolidate

their business model and enter a formal planning stage.

> P2b [Recognition] With regard to awards, I always saw it as a way of posing you in front of potential clients, in a much better way, when you arrive with a medal, so to speak, it is because your idea is not so crazy, if it has been awarded it is because you really are seeing something … First two years, all good (as a business) … then the prizes, more than anything, are a "pat to the soul" that tell you that you are doing things well, though the company is not taking off as one wants, or your target has not taken off as you want it to take off (Recycling).

> P2b [Financial struggle] It is like getting a medal, helps a lot. But it comes with some stress, because you have to do a lot of other stuff and forget the finances, and then frustration if you do not win the next one. Then it gets complicated because you cannot pay the bills, and need to start getting money from other places to cover the costs (Recycling)

> P2a [Business-bounded purpose] Our company is facing new challenges every year, first we needed to consolidate a good client portfolio, and we already have a good portfolio of clients; then the suppliers, we have built a very good base of suppliers that are very close to us and very committed; we now have the challenge of balance the operation from the financial point of view, in order to continue to grow and evolve…coffee is expensive, we are growing and there will always be cash flow challenges (Coffee).

Path 3 is characterized by a change initiative and an unintended emergence of a social movement

in early stages. Purpose and the business idea are not immediately visible, and the business

model only surfaces as a vehicle for change. While interpreting that 'wanting to change

something' is indeed purposeful, Path 3 founders perceive it differently, based on their own

definition of purpose (Table 1). Based on interviews, Path 3 founders seek to change the status

quo, while purpose, as defined by scholars and B Corps, came much later in the process. The aim

of Path 3 ventures is to challenge the way other social enterprises and B Corps for that matter

operate. In this sense, the business functions as a "challenging" artefact, where purpose is

circular or recursive as it seems to serve the purpose of the case for change.

> [Purpose as change initiative] Solidarity, we say "hey, we all have to move in this direction" and hopefully we have been a small grain of sand for the movement, and that the entrepreneurs, those who are starting, they have to start with this…You know, this did not start by identifying a business opportunity, it is the other way around, it started because we

wanted something to happen, force a change, and we were willing to put resources in it (Water).

External actors react to anecdotal information (e.g. first LLC in the country to donate 100% of its profit), but both market and non-market actors do not engage further as motives and mechanisms are not clearly understood. The business model and product portfolio are changed several times to remain in line and serve the change initiative. The latter grows to become the purpose of the venture, which is legitimized through B Corp Certification.

> [Business model aligns with change initiative] So, no one owns this company (Water), we founded a charity whose role is to create and support these kind of companies… (An LLC cannot donate 100% of its profit), it has a "taxation role", that allows us to do what we want, legally.

> [Change initiative legitimized through B Corp certification] We seek to create effective processes of social reintegration…that is why we decided to open a solar panel factory inside the prison… (this) and our defense of sustainable production have driven us to pursue B Corp certification (Solar).

Purpose is formalized, but deemed operationally redundant as the venture is already acting upon the change idea. While retaining business model flexibility, commercial, social and environmental objectives are coupled with purpose-based change objectives. In fact, referring to the operational approach as a business model may in itself be insufficient as the founders of Path 3 ventures do not necessarily consider their project to be a business at all, but rather a vehicle for change.

> [Business as a vehicle for change] We wanted to give back with a labor-intensive product, that was the only objective. On the way, this was transformed into a commodity-based company targeting consumer markets…the idea was to put the solidarity factor in the face of the consumer, and we needed a product with the largest coverage possible (Water)

Unlike Paths 1 and 2, the change initiative becomes the most important source of feedback, followed by market and non-market actors (i.e. circular purpose), which means that business model and business portfolio remain relevant to the extent they serve the objectives of the

change initiative. The latter enables the venture to continuously realign purpose and financial decisions with the change idea. B Corp certification is still used as a source of legitimacy but only deemed relevant if it serves the change purpose, while the change narrative gets closer to the market. Value creation and delivery is therefore bounded by change narrative, which informs a new business model change but now within a general planning framework. In doing so, the venture moves to SME phase.

> [Continuous realignment] Nowadays, everyone is importing (panels) from Turkey, much cheaper, we could have closed the factory down the next day and started importing, we could have done the same. The prison was our natural environment… so we reconverted the factory (late 2015) and we now produce kitchen furniture (Solar).

> [Continuous realignment] By donating 100% of our profits we are now helping other charities, but that is not enough, that is why we are now starting a cleaning company, to bring dignity back to labor and fight inequality. Cleaning companies are massive and pay really low salaries, so we are creating this company where employees will make more than the owners, so we need to make them owners, we are still trying to figure that out. Why cleaning services? Because currently there is no dignity in cleaning someone else's toilet. We just want to give an example to the business people, this is like being an employee, with a salary, but being a business owner (Water).

> [Certification serves change purpose] No one is wearing the "B" badge in the office. We did it because I saw that the union makes you stronger, and if there are people out there who think like us, this a way of expressing what we felt (Solar).

> [Change-based growth] This already worked out, for a while now, now the challenge is to keep growing, and this is an example that you can (Water).

5.2   Critical sensitive windows in purposeful organizing

As inferred and theorized through our inductive analyses and then refined by means of logical tests, the long-term effect of certain imprinters on the venture path seems to depend on the qualities of some critical sensitive windows. In looking for patterns across paths that can potentially explain the observed variance, we noticed the existence of three critical sensitive

windows or periods where certain things happen in a way that systematically change the course of the journeys and therefore modifying the relationship between purpose and purposeful organizing across paths. These sensitive periods are identified as: definition of scope of purpose, timing of B Corp certification -as unique formalization of purpose- and shifts in source of feedback.

The definition of scope of purpose occur during a certain period in the life of the venture, where purpose can be defined in different ways: broad, narrow or circular in our observations. Likewise, the time it takes to get certified as a B Corps also involves the presence of a susceptible period, where purpose formalization can happen early or late in the process, for example before or after strategizing the business, developing a business model or writing a business plan. Finally, prioritizing sources of feedback also represent a critical decision space, where the feedback to consider can be either come from market or non-market actors. We argue that these constitute critical spaces operating as unique sensitive windows in purposeful organizing and playing a pivotal role in the venturing process, since the choices made by the entrepreneur during the three sensitive periods make it almost impossible to return to the discarded alternatives.

The elaboration of broad, narrow or circular types of purposes imprints the venture differently as world-saving, venture-centered or system-changing, which leads to differing - supportive and unsupportive - responses from market (e.g. investors) and non-market actors (e.g. media). While feedback from market and non-market actors tend to be available to all firms, it is up to the entrepreneur to select the one that better suits his or her interests during the opening of that sensitive period, which, as seen, is mostly influenced by reactions to the delineation of scope of purpose. Market actors tend to react negatively facing world-saving ventures despite their

good intentions, due to inoperability and restricted possibility of measuring achievement against the declared purpose. Negative responses move broad purpose ventures closer to non-market actors, who recognize and reward their actions early in the process due to the attractiveness of the very same world-saving narrative. Market actors, on the contrary, respond positively to narrow purpose, given its concreteness and business-based boundaries.

The decision to formalize purpose early or late in the process, tangled with scope, also influences the venture evolution by enabling or constraining flexibility within business development. Early formalization restricts action, while augmenting if it is preceded by a broad definition of purpose. Late formalization enables action since it operates as a conveyor of practices already in place. Certification arrives after the business idea has developed but remains open to refinement, when flexibility is required. The venture can legally commit to purpose as it is bounded by the reality of a running business (e.g. refined business model, active customers, supplier, etc.).

While relevant, the non-appealing nature of their purpose delay external recognition, much needed in early stages. These reactions trigger individual and firm-level responses altering the timing of purpose formalization and selection of the most appropriate source of feedback. While purpose seems to be necessary for purposeful organizing, the selection of scope during that critical sensitive period seems radically change how purposeful organizing evolves out of internalized purpose. In Figure 4, we provide a summarized view of the final theorized imprinting sequences extracted from the timeliness (left column) and the identification of the three key sensitive periods in purposeful organizing (right column).

--- Insert Figure 4 ---

6 Discussion

We began this study motivated by the need to examine the relationship between purpose and purposeful organizing. In so doing, we aimed to examine three interlinked issues; whether purpose always leads to purposeful organizing; whether purpose always precedes purposeful organizing, and whether the relationship between purpose and purposeful organizing is linear or recursive. The answer emerges from a two-stage process-tracing inductive research based on 14 certified B Corp entrepreneurs from Latin America. We find that B Corp certification interferes with the process of venture emergence by triggering different types of decisions affecting how purposeful organizing occurs. However, we find that this influence can vary given alternative imprinting sequences with three distinct sensitive periods playing a pivotal role: scope of purpose, timing of purpose formalization and shifts in the source of feedback.

Our analysis shows that the articulation of these alternative imprinting sequences in a process-oriented perspective results in three venture path types. Path 1 entrepreneurs rely on broad purpose, formalize purpose prematurely, and tend to rely on non-market actors as confirmation of legitimacy and confidence. Path 2 entrepreneurs (2a and 2b) establish a narrow purpose, rely primarily on market feedback and business model validation prior to embracing purpose formalization via B Corp certification. Path 3 entrepreneurs on the other hand, are driven primarily by a change initiative, receive minimum feedback from the market and media and formalize purpose later in the firm´s evolution via B Corp certification, at which time they realign the organization, business model and product portfolio to their commitment to change.

We observe an integration continuum from Path 1 to Path 3, where Path 1 practices are detached from purpose and Path 3 practices are fully integrated. Interestingly, Path 1 appears to be the most sustainable given the high commitment to resolving serious social and environmental

problems, when in reality our observations suggest that not to be the case, but instead just a world-changing narrative that drives attention. Incremental integration in Path 2 is facilitated by the narrowness and concreteness of the purpose. Broad purpose, as seen in Path 1, is appealing and enables faster recognition of (assumed) relevant non-market actors, yet constraints translation into practice. Broadness enables exploration of different alternatives, but once the venture is certified and legally committed to such broad scope, the lack of concreteness triggers responses during subsequent sensitive periods that imprint the journey in a way that it constrains the natural evolution of the venture.

Timing of certification is instrumental as it defines the when purpose becomes formalized, legally bounding the venture to it. Whether the time of certification is chosen by the entrepreneur, driven externally or some sort of combination of the two seems to depend on preceding imprinters and is confirmed by the following ones. With the entrepreneurs we interviewed, it appears they were drawn to B Corp certification when they felt committed to do so. We argue that in general there is a relative amount of external pressure or encouragement perhaps perceived by some entrepreneurs. For Path 1 entrepreneurs this seems even more possible because they need to leverage external validation to counteract unexpected market reactions, however, we also notice endogenous factors playing a central role, which we can attribute to the values leading Path 1 entrepreneurs to conceive the broad purpose in the first place. In Path 2, timing of certification seems also the result of previous imprinters because the certification alternative only becomes visible once sustainability-related practices have been integrated into the venture's practices. Drawing on these findings, we stress even more the need to move beyond net effects when observing and drawing inferences around entrepreneurial processes and decisions.

From a relatively deterministic point of view, path dependent stories are typically born at critical junctures (Bengtsson and Ruonavaara 2016), or situations in which two or more alternative paths are open, but where after the choice is made, it is nearly impossible to return to the discarded alternative. Formalizing purpose by assuming B Corp status, we argue, opens or confirms a path dependent trajectory, depending on the timing. When this is initiated in absence of a formalized or operational business model, the path forces the actions of the entrepreneur to observe and attend to those whose feedback is considered aligned with the initiated trajectory. This new path can be seen as creating a legacy, a new path dependence, "as it becomes progressively more difficult to return to the initial point when multiple alternatives were still available" (Mahoney 2000:513).

The broad purpose that attracts attention ends up decoupling values from practices. In this sense, we observe a fundamental problem with disentangling purpose from practice, as the entrepreneurs inevitably turn their attention to alternative feedback sources, transforming purpose as an endpoint. Actions are oriented to sustain an extremely broad purpose-based narrative (e.g. change the financial system), rather than turning such purpose into concrete business practices. Entrepreneurs putting forward a broad purpose are expected to engage in a heroic narrative (e.g. fighting inequality) and play a heroic role (e.g. we are those who fight…), which is rewarded by external actors. In Path 1, the entrepreneur is recognized in line with the heroic role he/she is supposed to play (Anderson and Warren 2011). Narrow purpose, on the contrary, facilitates integration of practices but delays external recognition because the purpose-driven entrepreneur is not the big dreamer or hero he/she is supposed to be. The portrayal of purpose-driven entrepreneurs as heroic individuals "changing the world" has emerged in the narrative and inquiry of supporting institutions and scholarly work (e.g. Light 2009; Nicholls

2010; Dacin et al. 2011). We notice that the images of passionate and altruistic individuals have begun to permeate the decisions and behaviors and perhaps even the self-image of those trying to solve social or environmental problems, affecting their actual capacity to do so.

6.1   Theoretical contributions

We believe this study contributes to sustainable venturing and prosocial organizing literatures in three ways. Firstly, our findings uncover previously undiscovered phenomena, showing that purpose is disentangled from purposeful organizing. Results suggest that purpose-based venturing fluctuates depending on the decisions made within three critical sensitive windows (i.e. definition of scope of purpose, timing of B Corp Certification or purpose formalization and shifts in the source of feedback), and throughout specific imprinting sequences. This create alternative paths and produce significant impacts on decision-making, practice deployment and the overall recognition of the venture. This is central to advancing our knowledge of purpose and purposeful organizing, in that it is what happens within those three sensitive periods what actually changes the way purposeful organizing happens and let the process evolve in distinct ways out of an initial delineation of individual sense of purpose. As such, purpose and purposeful organizing appear as decoupled from each other, requiring intermediate imprinters to give a B Corps a certain purposeful shape.

Relatedly, we show how different causal paths are shaped by decisions made within three particular sensitive periods trigger distinct individual and firm level responses, with accumulative and irreversible effects. These different imprinting sequences and imprinting timing prove that purpose, depending on how and when is integrated and formalized, can either be beneficial or detrimental to the venture development. Since purpose can unfold differently

over time, our results also challenge the underlying assumption of purpose being static and binary. While enabling external recognition, purpose also constraints business modelling and refinement, if formalized prematurely, having a negative impact on performance (McMullen and Warnick 2016). In this vein, with this research we discovered two often conflicting sources of feedback and support at play in the development of purpose-driven enterprises. The selection of source of feedback leads the entrepreneur to frame different scenarios (sometimes unrealistic, idealistic or exacerbated) for the subjective evaluation of the attractiveness of the sustainable venture, leading to productive and counterproductive perceptions of confidence and eventual performance. Market-related feedback is associated with tangible evidence (i.e. narrow purpose) of user acceptance and business model validation. This strengthens the business while constraining sustainability impacts. On the other hand, non-market feedback is associated with broad purpose (i.e. dreaming big) which is celebrated and rewarded as the lighthouse of hope. This reinforces the confidence of the entrepreneur in an otherwise impossible dream while constraining business formation.

Although market and non-market feedback and acceptance are needed, they rely on opposite sides of the purpose-scope spectrum. Shifting the scope and source of feedback proves problematic, as seen in Path 2b, and even more so when both of them are formalized. While traditional hybrid literature focuses on tensions and conflicts between social and commercial logics (Battilana and Lee 2014), our findings stress the relevance of "within social logics" tensions and conflicts. This duality along the purpose scope and feedback source continuums sheds light on a new dimension of purpose and purposeful organizing amongst sustainable ventures. Our findings, in this sense, have important theoretical implications, as we bring to light a new causal mechanism where the subjective assessment is on the feedback from non-market

actors and an imagined future *world*, affecting much more than purely commercial frameworks, which sometimes even remain untouched despite the feedback. What is being enabled or constrained, in the case of B Corps (i.e. sustainable ventures), transcends a distinct economic activity. It is about human purpose fighting back or being carried forward, which has been completely absent from our discussion of purposeful organizing in entrepreneurship.

Secondly, in uncovering different imprinting sequences, critical sensitive periods in purposeful organizing and the relevance of timing in imprinting, our work also makes a contribution to imprinting theory in purposeful organizing and "beyond profit" entrepreneurship more specifically. So far, we have relied on the salience of different imprinting sources (e.g. family and friends) to explain the lasting effect of certain early events (e.g. participative decision making with family and friends) on entrepreneurial decision making (Mathias et al. 2015). However, imprinting theory in entrepreneurship has not yet explained how different timings and sequences (when and in what order) of imprinting events occurring during sensitive periods can turn into critical junctures and focal points, which have alternative effects on the direction of the entrepreneurial journey, either confirming or (re)opening the path.

The recognition of these three distinct sensitive periods in purposeful organizing also enables us to make inferences about what those sensitive periods are and when they occur along early stages of sustainable venture development, which contributes to our theoretical understanding of imprinting in entrepreneurship. Imprinting has so far focused on sources, process, recipient and consequences of imprinting, assuming that these happen while undergoing through sensitive periods, which so far have remained as black boxes (Marquis and Tilcsik 2013; Simsek et al. 2015). Interestingly, those periods are the ones enabling imprinting to happen, and recognizing what they are, when they happen, and why they open or close the path the way they

do, seems central to better understand not only the formation of pro-sociality but also the entrepreneurship phenomenon more broadly. In consequence, we argue that discussion of key imprinters and imprinting sequences should happen alongside the distinct sensitive periods that allow them to play their unique role in purposeful organizing.

The process of defining what purpose is and how it should be put in practice is particularly sensitive for entrepreneurs, as during these periods individual values are made sense of, socialized and materialized, giving the venture a sense of direction, regardless of whether this occurs prior to or after business modelling. Relatedly, deciding whether to legally commit to purpose constitutes the ultimate materialization of individual values and motivation, as constitutive parts of something else, which goes well beyond the individual impact of the entrepreneur. Regardless of the stage in which this is done, the process of assessing whether purpose should be written down and perpetuated in the legal documents of the venture is in itself a sensitive period, where the decision made will significantly affect the direction and pace of venture development. In prosocial purpose-based venturing, the judged artifacts are not just the business idea, products, services and alike, but also the individual values of the entrepreneur, which are likely to be put under scrutiny. Although judged in the context of a forming venture, they carry within a set of moral principles upon which entrepreneurs make decisions and take responsibility for their actions (Muñoz and Cohen 2017). Purpose, within sustainable enterprise, operates as a powerful source of external recognition (O'Neil and Ucbasaran 2016), which is conferred by external actors based on the perceived value of the enterprise as a whole. The selection of feedback mechanisms in the search for acceptance also seems to constitute a sensitive period, since acceptance or rejection from market and non-market actors can affect significantly the entrepreneur's confidence. Prioritizing one over the other (through convergent

or reactionary responses) has proven critical in shaping the direction of the journey, as both market and non-market acceptance are needed to support the development of sustainable ventures. Reflecting on the wider population of entrepreneurs and the many different forms thereof, it is possible to infer that relationships between early motivators at the genesis of the venture and the final organizing form as the ultimate manifestation will result from not just imprinters, but imprinters playing their role during sensitive periods, unique to that form of entrepreneurship, being social, commercial, international, corporate, communal, etc.

As we were completing this research, McMullen and Warnick (2016) asked a very timely question: "Should we require every new venture to be a hybrid organization?" essentially compelling us to consider whether all businesses should adhere to blended values such as those required of certified B Corps. What we discovered is that requiring purpose too early, while purpose is at the broad stage and the business model has not been sufficiently validated, could be detrimental to the survivability of the business. We demonstrate that purpose formalization by itself is not sufficient for purposeful organizing, and that it must be combined with a certain narrow purpose achieved at a certain point in time to improve the likelihood of success of the venture by occurring post business model refinement.

Finally, our final contribution pertains the role of B Corps as a testing ground for a new generation of theories on purposeful organizing. B Corps have received significant attention amongst media actors, academics, practitioners and policy makers, since as purposeful organizations they may hold the key to unlock solutions for a more sustainable world. B Corps as a movement, model and certification seem to operate differently, which will require new theories around purposeful organizing and normative work to advance their efforts. In our effort to examine the purpose-purposeful organizing relationship we discovered a substantial variation in

how this relationship works, with two (and perhaps three) edges of the sustainable sword, which raise hopes and concerns while opening up an unexplored area of inquiry, which is necessary as we move ahead in pursuit of a world of prosocial organizing, beyond benefit.

6.2   Methodological implications

We believe our work also makes a methodological contribution. By observing the cases through life story and process-tracing lenses, we push the boundaries of traditional qualitative methods (Poldner et al. 2017), contributing to the underdeveloped examination of entrepreneurship as a journey, in particular regarding the role timing and event sequences play in the life of sustainable ventures (McMullen and Dimov 2013). The analysis of life stories through a process tracing perspective permits visualizing sequences of interlocking events, and how they can be uncovered, structured and empirically and logically tested. It permits explaining how causal forces move purpose to market, distinctively. This is not merely descriptively inferential. Our analysis demonstrates the necessity of proximate events, increasing the certainty of the inferred mechanisms. At the same time, it shows the sufficiency of the different causal mechanisms as a whole -and several nearly sufficient relationships within them- for the exposed outcomes, revealing the uniqueness of the causal mechanisms discovered. By incorporating a process-tracing two-stage approach into the examination of venture paths and critical events, followed by confirmation of the strength of causal inferences and mechanisms, we not only push the boundaries of "traditional" qualitative methods in sustainable entrepreneurship scholarship and beyond (Poldner et al. 2017), but also offer the entrepreneurship community refined language and methodological tools to better deal with causality and causal inferences in qualitative, process-oriented case-based research.

6.3   Practical implications

We believe there are some interesting potential implications of this research for purpose-driven entrepreneurs as well. For example, our results suggest that it can actually be counterproductive to formalize purpose too early in the venture formation process. Specifically, we would caution entrepreneurs to avoid seeking B Corp certification (and thus formalizing purpose) prior to validating the business model with the market place. While we did not specifically capture firm performance data over time, our sustainable venturing paths suggest that premature formalization can lead to limited capability for adapting business models and, at times, results in distractions as entrepreneurs pursue the fame associated with their commitment to purpose prior to assuring they have a replicable business model in place. Relatedly this result should matter to the B Corp organization as well. Our findings lead to legitimate questions regarding the efficacy of advocating for committing to purpose at the nascent stage of a venture, and even challenge the underlying value of B Lab's new "B Corp Pending" [5] initiative for startups. Perhaps it is not a good idea to offer the opportunity to formalize purpose too early in the process and a rethinking of their new initiative may be in order.

Another relevant insight for aspiring and practicing entrepreneurs may be associated with clarifying the difference between perceived legitimacy obtained through media interest in the story of the founder and venture versus recognition accrued to the venture due to its repeatable, viable business model that also achieves social, economic and environmental impacts which are measurable, and formalized via their participation in B Corp certification. As Fisher et al. (2017) recently demonstrated, the way entrepreneurs choose to position their venture with various relevant stakeholders can influence the viability of the venture itself.   We believe many entrepreneurs, especially those who seek B Corp certification are at risk of falling into the trap

we observed in our sample of treating legitimacy in the eyes of the media as a powerful indicator of success. Yet, if success, and even the full impact of the purpose the entrepreneur has committed to, is to come to fruition, validating the business model and having legitimacy within the eyes of the firm´s customers should take priority.

6.4   Concluding remarks

In this research, we discovered a substantial variation in how B Corps move from purpose to purposeful organizing. Purpose is central yet insufficient for the development of purposeful organizations. They are decoupled from each other and their relationship depends on the presence of intermediating factors. When, in what order and under which circumstances these events occur can change the process leading to productive and counterproductive outcomes, bringing to light the double-edged sword of purpose-driven behavior in sustainable venturing. As the movement expands and the world of sustainable enterprises gains maturity, new challenges emerge, both theoretical and practical. The study of purposeful organizations is in its beginnings. We hope that this paper will help advance its development.

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7.1 Tables and Figures

Table 1. Ventures' profiles and purpose

Venture	Meaning of purpose*	Narrated purpose*	Declared purpose	Life story period / Certification date
Food (Chile)	Purpose in the end is like the vision, mission and everything together, like, why you were born, as if you lost in the middle, as you lose the purpose and there the company is going to be left abandoned. The purpose is what I want to have an impact on, where I want to go and why I want to get there.	Our purpose is for families to actually pay an adequate price and not be punished for a condition that was not their decision to make. We work to reduce purchasing prices (of produce) in a sustainable way so families pay a fair price for what they are consuming.	We are those who fight for equality and social justice, we are motivated by fair prices and that we can all access for produce.	2012-2016 Q1 2014
Ethical fashion (Argentina, France)	What is the motivation for, why we carry this company forward.	It is a pure social and purely environmental enterprise, because it protects species, it appreciates them. That, plus the union with handcrafting, with all of this cultural heritage, and also the integration of people. Each of our products have their own wisdom, a message, well-being for the developed world.	We need to understand and experience the gigantic role fashion plays in society. Our goal is to create a social business, and in this to introduce an alternative productive process together with a variation in consumption for the fashion industry.	2008-2016 Q3 2014
Entrepreneurship support (Chile, Argentina and Mexico)	For me, is about identifying your passion and then see how you can live your passion, how you can make it profitable and that is a purpose of life. For me, my passion was to interact person to person and to make other people able to fulfill what they really like; that is by far what makes me happy, seeing happiness in another person and being a facilitator of this process. This is how we started…	Our purpose is to create social leaders, through a life-changing experience. We want it to be like an incubator for social leaders. There has to be a before and after our program. That is what we are trying to do and they are telling us the same.	We seek to promote and develop entrepreneurship in communities through the transfer of innovation tools and methodologies.	2011-2016 Q1 2013
Reusable Bags	Let me put it in a different way, back	Our purpose is connected with the	We introduced the concept of reusable	2008-2015

(Chile)	in 2009 we had no idea about B corps, I did not know that they existed either, we had no idea of those things, but we had a hunch because the bags market was growing. We could have brought bags from China, but there was an ethical issue, you never know what happens over there. We wanted to do it right, we had to act in good faith. That is purpose.	objectives, with the mission, to be the best green packing company. That is our purpose.	bags in Chile and to this day, we have helped eliminate more than 1.5 billion disposable plastic bags. We want to change the world with small acts day by day. For this, we design, manufacture and distribute the best reusable bags, of all colors and sizes.	Q3 2013
Solar panels (Chile)	(To me) it is about developing solutions to social or environmental problems; if my work does not create a solution and I am misaligned with the environment in which we move, the province, the region, the commune, the country, to me personally that does not satisfy me. If our business does not solve a problem, we are not interested.	The purpose of (solar panels) is effective social reintegration. We seek to create effective processes of social reintegration. People who are deprived of freedom, in prison, should have the possibility of finding a job that, first, it will help solve the family's expenses so that their children do not have to resort to crime and, second, that work allows them to develop, once released, and to live comfortably. That is why we decided to open a solar panel factory inside the prison.	Our company has a solar collector factory in Chile within the Colina 1 Penitentiary Center, generating added value to copper, working on labor reinsertion and sustainability. Our social commitment and our defense of sustainable productivity have driven us to pursue B Corp certification, which proudly and deeply commits us to develop businesses where social profitability is above financial income.	2007-2016 Q4 2012
Crowdfunding (Chile)	I imagine that in some way the purpose is like I am going for something, I am somehow based on my motivation to reach a goal. That I believe is the purpose, the basis of the motivation for why I do what I do today.	Create financial alternatives for businesses and people who have no access to it on a daily basis. This by closing the gap and building bridges between realities.	Change the financial system by building bridges between purpose-driven individuals and a new system (old purpose) We are the first platform of Equity Crowdfunding in Latin America and one of the largest entrepreneurship networks in the region. We seek to give the opportunity to all entrepreneurs, free of charge, to show their ventures, to have greater visibility, to obtain potential mentors, clients or suppliers and even investors (new purpose)	2012-2016 Q1 2014
Green building (Colombia)	The purpose, in general terms, is like the motivation by which some	Our purpose is to create or design a world where we do not need to protect	We are a sustainability and construction consulting company in which we	2010-2015 Q3 2013

	process is done or some activity is performed.	the environment. Redesign things taking the environment into account.	optimize the projects of our clients towards a better environmental impact from all aspects, to then take the project to obtain LEED certification.	
Health (Chile)	Purpose, I understand, is what moves you, what do you want to do	We, within the health sector, want to improve the quality of life of people, and we do this by solving the communication that exists in public health, but our purpose above all is to improve the life of each person, where we can have an impact.	Since 2014, we are committed to society and well-being. We are fighting for a positive change in public health in Chile and very soon in Latin America.	2011-2016 Q4 2014
Water (Chile)	Motivation, motivation, justification why do it, why.	Introduce the solidarity variable into the purchase decision.	We are crazy people who came up with a company that donates 100% of its profits to charities that support the most vulnerable people in our country (Yes, 100% of the profit, no small print).	2007-2015 Q2 2013
Fairtrade Coffee (Colombia)	It is about being responsible, transparent, but also (about) generating profits and the return over investments for the shareholders.	For us, strategically, we want to consolidate (our business) as the main trader of Fairtrade certified and differentiated coffee in the country.	To transform the way Colombian producers sell their coffee, through a co-responsible, transparent and visible platform, positively impacting the lives that we touch and the environment as well.	2012-2016 Q4 2014
Communications (Chile, Bolivia)	Purpose is the place where what we are, our identity, our strengths and weaknesses, and our talents get connected.	Contribute so that people, businesses and communities can live in harmony; broadly speaking, with yourself, with others and with the planet.	Our company is an invitation to live in harmony with oneself, with others and with the planet, with the support of our communication consulting and training services.	2009-2015 Q4 2012
Newspaper (Argentina)	Why we do what we do	Communicate propositions, solutions and good practices, to inspire change; connecting actors is very important as well, so we can contribute to Argentina.	We are the first news channel in Argentina specialized in producing and disseminating information on social, environmental and economic models that adhere to the parameters of sustainability and the new economy.	2006-2016 Q3 2014
Headhunting (Chile, Colombia)	It is basically what we seek as a company and how we define ourselves in the company through our skills, our experiences and our capabilities, so we can help change	I feel that it is basically putting change agents in a job position where they can make an impact on society.	We seek a society mobilized by the culture of purpose. We want to push towards a society where professionals work for a positive economic, social and environmental impact. We do so by	2009-2016 Q2 2012

	the world		building links between professionals and institutions that seek to be protagonists of a new culture of sustainability, thus managing talent for a new economy.	
Recycling (Argentina)	It is what I have to, so I do not go through this world without transcending.	First, this was about recycling only. South America is a complicated market. So, then super recycling and reusing everything. That is my objective, but not sure if that is also a business idea.	We seek to reduce electronic waste in the provincial and national territory, to contribute to the improvement of the environment, generating an alternative to the current disposal of electronic waste contributing to the overall wellbeing of society.	2008-2016 Q2 2013

*Narrated and meaning of purpose at the time of the interview, as told by the entrepreneur

Table 2. Conceptualization of causal mechanisms and their parts for Paths 1, 2 and 3

Part of the Mechanism	Path 1	Path 2	Path 3
Initial condition X	Entrepreneur *starts* venture with a highly broad purpose [**Imprinter 1**], mostly as a reaction to social/environmental issues. Business idea emerges in response to problem-based purpose [**Imprinter 2**].	Entrepreneur *starts* venture with a business idea [**Imprinter 1**], purpose is not yet visible.	Entrepreneur *starts* venture with a change initiative [**Imprinter 1**], mostly as a reaction to social/environmental issues. Purpose and business idea are not yet visible.
Part 1 ($n_1 \rightarrow$)	Impact of purpose is fuzzy, not evident to market stakeholders provoking rejection [**Imprinter 3**]. Entrepreneur *makes emphasis* on the broad mission of the business and the problem it solves. Business model has not been fully developed at this stage.	Entrepreneur *commits* to a particular set of practices building up narrow purpose into the business [**Imprinter 2**]. Impact of narrow purpose is bounded by the scope of the venture, is articulated in line with business model and can be measured [**Imprinter 3**].	Entrepreneur *articulates* business idea, which emerges in response to change initiative, and does not solve the social/environmental issue directly [**Imprinter 2**]. Business model and return expectations are aligned with both the change initiative and business idea [**Imprinter 3**]. Business pays off [**Imprinter 4**], but only makes sense as a vehicle for change.
Part 2 ($n_2 \rightarrow$)	Media and other non-market actors *recognize* and *value* the purpose of the business, rewarding the intention and mission [**Imprinter 4**].	Market actors recognize and value the business model and sustainable practices. Business is rewarded only to the extent it is competitive [**Imprinter 4**].	Market actors, media and other non-market actors *do not understand* motives and mechanisms. Attention and rewards are relative to anecdotal evidence [**Imprinter**

			5].
Part 3 (n₃ →)	Reward and recognition *boost* confidence of the <u>entrepreneur</u> in terms of perceived feasibility of business.	Entrepreneur's *attention* to market feedback and business model and sustainable practices *enable* the <u>venture</u> to adapt to new requirements and obtain return over decisions	Once the business is in operation, <u>entrepreneur</u> *changes* the business model (if needed) in response to change initiative, market demands and the feedback from the social movement initiated [**Imprinter 6**]. New product development follows the same logic.
Part 4 (n₄ →)	Entrepreneur *formalizes* highly broad purpose, perceived as main source of advantage, by getting B Corp certification [**Imprinter 5**], which enables legitimacy.	Entrepreneur *formalizes* business model, as main source of advantage, by demonstrating consolidation of sustainable business practices [**Imprinter 5 – most prominent in Path 2a**].	Entrepreneur *formalizes* change purpose. B Corp certification is operationally irrelevant and only initially used as reflection of principles [**Imprinter 7**].
Part 5 (n₅ →)	Despite rejection in Part 1, purpose is *not narrowed down* and business model is *not corrected* by <u>entrepreneur</u>. When highly broad, purpose is formalized, the necessary flexibility of business modeling is reduced, and impact is increasingly difficult to measure.	When business model is formalized and the ventures moves into a consolidation stage, <u>entrepreneur</u> *starts expanding* purpose from narrow to broad in a step-wise process.	After formalizing change purpose, the <u>entrepreneur</u> *rearticulates* the business model to enable economic growth and performance to be coupled with purpose-based change objectives.
Part 6 (n₆ →)	Entrepreneur *disregards* market actors as reliable sources of feedback. <u>He/she</u> *turns its attention* back to media and other non-market stakeholders for continued legitimacy. Purpose is not narrowed down and business model is not corrected.	To reflect the interaction between principles and already existing business model and practices, <u>entrepreneur</u> *formalizes* purpose by getting B Corp certification [**Imprinter 6**].	Change idea is the primary source of feedback. The <u>entrepreneur</u> *confirms* both market actors (familiar and not familiar with the B Corp concept) as reliable sources of feedback, as his/her attention is focused on change and economic success simultaneously [**Imprinter 8**].
Part 7 (n₇ →)	Selective perception, and confirmation and plan continuation biases *affect* the capacity of the <u>entrepreneur</u> to detect lack of impact and poor performance. Purpose is not narrowed down and business model is not corrected.	The <u>entrepreneur</u> *confirms* market actors (B and non-B) as a reliable source of feedback, as <u>his/her</u> attention *keeps focused* on consolidating the sustainable business. Purpose broadens as the business model is corrected when necessary.	Business model and product portfolio remain relevant to the extent they serve the objectives of the change initiative and purpose. Logic is still alien to <u>market, media and non-market actors</u>, yet resonates with social movement.
Part 8 (n₈ →)	Venture *faces* financial struggle/team conflicts [**Imprinter 6**]. Broad purpose is called into question, as impact is still intractable. B status is immutable as it is forged in articles.	**Path 2a** Entrepreneur *defines* that increasingly broad purpose is relevant to the extent it serves the objectives of the business. Impact is broader but still bounded by the scope of the venture.	<u>Entrepreneur</u> *remains committed* to change initiative but specific purpose is open to adaptation. It uses B Corp certification as source of legitimacy facing market actors, media and other non-market actors,

		Path 2b Increasingly broad purpose becomes relevant by itself. Impact is broader surpassing the scope of the venture.	bringing the change narrative closer to the market [**Imprinter 9**]. The latter confirms the path taken.
Part 9 (n_9 →)		**Path 2a** Entrepreneur *positions* B Certification along other practices and standards. It is a source of legitimacy but deemed useful to the extent it enables the venture gain access to markets and business networks [**Imprinter 7**].	
		Path 2b Media and other non-market actors recognize and value the broad purpose of the business, rewarding the intention and mission.	
Part 10 (n_{10} →)		**Path 2b** Selective perception, and confirmation and plan continuation biases may *affect* the capacity of the entrepreneur to detect eventual lack of impact and poor performance.	
Part 11 (n_{11} →)		**Path 2b** (if and when) venture *faces* financial struggle/team conflicts, broad purpose is called into question, as impact becomes intractable [**Imprinter 7**].	
Outcome (Y)	Y_1 (if acted upon) entrepreneur *regains control* of business by changing the scope of purpose and adjusting the business model following market expectations [**outcome**]. BIA scores tend to decrease affecting legitimacy, performance increases [**outcome**] and business survives. Y_2 (if non-acted upon), entrepreneur *perpetuates* biased behavior, based on external recognition [**outcome**] and assumed perception of success. Low performance continues [**outcome**] and risk of failure increases.	**Path 2a** Y Entrepreneur *escalates* bounded purpose. This is increasingly ambitious, but bounded by the scope of the business. It creates and delivers value as the venture consolidates its business model and enters formal planning stage. Venture moves to SME phase [**outcome**]. **Path 2b** Y_1 (if acted upon) entrepreneur *regains control* of business by refocusing and adjusting the business model following market expectations [**outcome**]. **Path 2b** Y_2 (if non-acted upon), entrepreneur *perpetuates* biased	Y Venture *promotes* change narrative while creating and delivering value, mutating business model within a general planning framework. Specific purpose evolves but the change initiative remains relatively immutable, the scope of the business and product portfolio keep changing in response to change initiative and aligned with social movement initiated. Venture moves to SME phase [**outcome**].

behavior, based on assumed perception of success. Low performance continues and risk of failure increases [**outcome**]. ***Non-observed inference***

Table 3. Robustness tests: strength of causal inferences

(X→Y) *Inferred relationship*	Deductive reasoning and evidence	Hoop Test Y, only if X	Smoking Gun Test If X then Y
PATH 1			
Initial condition X → Problem-based purpose *The chain of events in Path 1 begins with a broad purpose-based venture responding to social and/or environmental problems.*	All Path 1 ventures declare "solving a social and/or environmental problem" as the main driver and focal point of the venture. Problem is stated broadly to accommodate unfolding solution. Products and services make sense in the context of the problem as they are used to solve it. Other entrepreneurial preconditions (e.g. intention) are assumed to be in place. The chain of events in Path 1 cannot begin without a venture in pursuit of broad purpose.	Pass	Pass
Emphasis on broad purpose → Market rejection *Market actors reject venture idea because the purpose has not yet been translated into a business model and impact is unclear.*	All Path 1 ventures suffer market rejection during early stages. Feedback from investors emphasize lack of clarity and measurability. Purpose is not entirely understood and market actors recommend a more robust business approach to improve investment prospects. Emphasis on broad purpose in early stages seem necessary for market rejection, yet insufficient as other arguments are also provided.	Pass	Fail
Emphasis on broad purpose → External legitimacy *External non-market actors legitimize venture's action because of the highly broad purpose tackling global social and/or environmental problems.*	In dealing with market rejection and convinced that the venture is capable of tackling the problem through the stated solution, all Path 1 firms move their attention to other external non-market actors (e.g. media) who provide early awards and recognitions. Media always highlight and legitimize the value of highly broad purpose and the fact that the venture is tackling global social and/or environmental problems. No other factors (e.g. sales, investment, innovativeness) seem to be needed to capture media attention, however, evidence is not compelling enough to argue for full sufficiency.	Pass	Almost Pass
External legitimacy → Improves confidence and emphasis *Entrepreneur increases its confidence in feasibility of business because of gained external legitimacy*	All Path 1 ventures made growth decisions after initial awards and recognitions based on original plan, despite investors' recommendations. Since no other achievements are on record, external recognition of broad purpose seems to be a necessary trigger to boost confidence, enabling a misleading conviction of feasibility. Motivation is also required and assumed to be present as desirability remains unchanged.	Pass	Fail
Premature broad purpose formalization → Reduced business model flexibility *The necessary flexibility required to adjust the business model in early stages is reduced once the venture formalizes purpose by getting B Certification.*	All certified B Corps are required to amend their governing documents, legally binding the declared (still broad) purpose to the venture's plans and actions. All Path 1 ventures assumed B Corp status before business modelling stage (i.e. premature purpose formalization), forcing the business to commit to a broad, difficult to measure purpose; constraining the space to eventual and/or necessary changes required by market actors. Given legal bonding, early broad purpose formalization is necessary and almost sufficient to reduce business flexibility.	Pass	Almost Pass
Reduced business model flexibility → low	All Path 1 ventures remain committed to the broad purpose, continuing with the original plan aimed at solving social and/or environmental problems. The unchanged	Pass	Fail

performance *Venture enters into a low performance stage as a result of the continuous rejection of the purpose-based business model that remains unchanged overemphasizing broad scope of purpose.*	purpose-based business model is continuously rejected by market actors, despite the demands. The subsequent key event are no sales or contracts, which, connected to previous growth and expansion decisions, lead <u>all</u> Path 1 ventures to enter a low performance stage. While reduced business model flexibility due to premature broad purpose formalization proves to be necessary for low performance in sustainable ventures, other factors are known to be required to trigger such outcome.	
Need for legitimacy * market rejection → search for and focus on non-market actors attention *Entrepreneur disregards market actors as reliable sources of feedback due to market rejection, turning attention back to non-market actors in search for legitimacy.*	At this stage, Path 1 ventures have been rejected several times by market actors, yet rewarded by non-market actors. Engagement strategies inadvertently change to focus on media and others who recognized the value and legitimize the business. Some market actors are also considered "enemies" of purpose-based ventures as they emphasize profit over purpose, which is also considered a reason for changing the source of feedback. Need for legitimacy is necessary, but insufficient for the active pursuit of non-market attention. The combination with market rejection, however, not only increases the confidence on the necessity argument, but supports partial sufficiency.	Pass Almost Pass
Biased behavior → low impact and performance undetected *Entrepreneur cannot detect lack of impact and poor performance due to selective perception, and confirmation and plan continuation biases.*	Selective perception and confirmation bias come to light after changing the source of feedback. All Path 1 ventures only consider non-market actors as reliable, building legitimacy and confidence. Decisions rely on original plan and broad purpose, decreasing the capacity of the venture to detect lack of impact and poor performance. Biased behavior is necessary to constrain the capacity of the entrepreneur to perceive trouble, however it also requires continuous media attention and market rejection to enact full effect.	Pass Fail
Y_1 Refocus * change to business model → regain control *Entrepreneur regains control by narrowing purpose down and refocusing on business-related modelling and practices.*	Four out of five Path 1 ventures regained control after financial struggle, purpose conflict and organizational crisis, despite media attention. Team change and planning are possible causes for regained control, but evidence is not compelling enough, reinforcing the centrality of narrowing down purpose. Sales and contracts follow as purpose is more tangible and measurable.	Almost Pass Fail
Y_2 Biased behavior * perception of success → low performance and eventual failure *Low performance continues and risk of failure increases as the entrepreneur maintains biased behavior and assumed perception of success.*	*Food* is not willing to change. Food secured an award that has enabled them to avoid major financial struggle, despite low business performance This has built an assumed perception of success and confidence. Biased behavior and perception of success are necessary, but low performance is also the result of an unsuccessful product, mostly connected to lack of flexibility and purpose formalization, proven previously.	Pass Fail
PATH 2		
Initial condition X → Business idea *The chain of events in Path 2 begins with a business idea, that may or may not respond to*	Unlike Path 1, all Path 2 ventures start with a business idea, which may or may not be influenced by social and/or environmental problems or purpose. The intensity of purpose is lower than perceived impact. As with any venture, business idea is a necessary condition to initiate action. In the context of our sample, business idea	Pass Pass

social and/or environmental problems.	becomes more prominent than purpose in Path 2 (a/b), yet it is barely sufficient for starting the chain of events, given the array of accompanying factors required to trigger the process, e.g. suppliers, partner, change in market conditions, in the case of *Reusable Bags*.		
Sustainable practices → narrow purpose *Implementation of sustainability-related practices leads to the recognition and integration of narrow purpose which is bounded by scope of business model.*	In the context of Path 2 (a/b), purpose is not inherent to the emergence of the venture, it is built into the business once it is functional after sustainability practices are put in place, which are the result of either market demands, responsible management or realizing that the business can do more. Sustainability practices are necessary for the integration of narrow purpose because they are the main vehicle leading to recognize the dual role the business can play towards improving social/environmental circumstances. Despite its prominence and potential sufficiency, we observed one case where the emergent practices acted in conjunction with team change, which may have influenced the decision.	Pass	Fail
Narrow purpose → Recognition from market actors *Market actors recognize the value of the venture because of a combination of narrow and measureable purpose and evolving business model.*	Path 2 purpose, like improve own labor practices or reduce plastic waste, is narrow and measurable. It is easily recognizable by market actors, who value purpose as it translates into immediate practice. While necessary other variables are observed to act in combination. Narrow purpose requires a business model to enable such translation, which has most likely evolved from its previous "non-purposive" state. Evidence leads us to believe that narrow-purpose is almost sufficient, since the BM*practices*narrow-purpose conjunction is likely to be sufficient for Path 2 sustainable ventures to be recognized by market actors as such.	Pass	Almost Pass
Recognition → Early returns *Returns increase as the venture leverages external recognition while evolving business model in response to demands.*	While market recognition (of narrow purpose) may be necessary for early returns, we observe cases where this needs to be combined with BM flexibility responding to market feedback.	Pass	Fail
Early business model formalization → consolidation of business *Consolidation of business derives from locking-in business model ahead of purpose.*	Early returns lead to recognizing that the business, based on narrow purpose, is capable of delivering results. Venture formalizes business model as source of future stability and legitimacy. In all Path 2 ventures, this happens before B Corp certification and purpose formalization. In the context of sustainable ventures, we infer that early business model lock-in, ahead of purpose formalization, is necessary for consolidation of the business. Business model lock-in derives from prior financial success and market recognition. While prominent, we found another key variable, i.e. team building, that is required in some cases to trigger business consolidation.	Pass	Fail
Consolidation of business → purpose expansion from narrow to broad *The consolidation of business and practices through sales and contracts leads the venture to expand purpose from narrow to broader and*	As narrow purpose delivers value and sustainable practices get more embedded in the business, all Path 2 ventures begin to expand their purpose to cover other areas mainly because they realize that the business can do more, which requires creating new layers of meaning to accommodate this "diversification" of purpose. These new layers are required to be increasingly broader. While purpose expansion requires the sense of security enabled by business consolidation, it also requires willingness and team	Pass	Fail

increasingly challenging.	agreement to move in that direction		
Purpose formalization post BM → **integration of purpose, BM and practices** *The successful integration of purpose, business model and practices is the result of focusing on market feedback and B Certification post business model.*	As the increasingly broader purpose continues delivering value, all Path 2 ventures formalize purpose by getting B Corp certification, which operates as a source of legitimacy and a way of bringing practices, BM and purpose together. While purpose formalization post business model (through B Certification) is necessary for legitimizing integration of purpose, practice and BM, the latter is only almost sufficient as it also requires maintaining a clear market focus, as demonstrated by sales and contracts and new product development driving the last stages.	Pass	Almost Pass
Scope of increasingly broad purpose → **change source of feedback** *Variance in the scope of broad purpose influences the focus of attention of the venture.*	The less broad (T2a), the focus of venture remains on market actors as it opens gradually to incorporate the views of media and other non-market actors. B Corp certification proves helpful in facilitating such gradual expansion. On the other hand, the broader (T2b), focus moves from market to non-market actors, who become the main source of feedback and legitimacy, which is normally connected to loss of measurability and in some cases market rejection. This critical juncture is necessary to divide Path 2 into two venture paths, yet requires in some cases to be accompanied by market support (2a) / rejection (2b).	Pass	Almost Pass
2b Need for legitimacy → focus on non-market actors' attention *Entrepreneur disregards market actors as reliable sources of feedback due to market rejection, turning attention back to non-market actors in search for legitimacy.*	The purpose in Path 2b grows broader beyond the scope of the business. The entrepreneur is rewarded by non-market actors, improving business legitimacy. Engagement strategies inadvertently change to focus on media and others who recognize the value and legitimize the business, with detrimental effect facing market actors who see less value in new business proposition. In Path 2b, the focus on non-market actors' attention needs to be preceded by need for legitimacy, yet the latter is insufficient for the former.	Pass	Fail
2b Biased behavior → low impact and performance undetected *Entrepreneur cannot detect lack of impact and poor performance due to selective perception, and confirmation and plan continuation biases.*	Selective perception and confirmation bias come to light after changing the source of feedback. Path 2b ventures tend to focus more on non-market actors as reliable sources of feedback, building legitimacy and confidence. Decisions rely on increasingly broad purpose and misleading feedback, decreasing the capacity of the venture to detect lack of impact and decreasing performance. Biased behavior is necessary to constrain the capacity of the entrepreneur to perceive trouble, however it also requires continuous media attention and some market rejection to enact full effect.	Pass	Fail
2a Y Business-bounded purpose → SME *Venture moves to SME stage as a result of planning and maintaining purpose within the scope of business.*	In all Path 2a ventures, purpose remains connected to the business and requirements of market actors. In the context of sustainable ventures, business-bounded purpose is necessary for transitioning to SME stage, however insufficient as most Path 2a focus simultaneously on planning and new product development to facilitate growth and expansion.	Pass	Fail
2b Y₁ Refocus * change to business model → **regain control**	Both Path2b ventures regained control after financial struggle, purpose conflict and organizational crisis, despite media attention. As in Path 1 Y₁, Team change and	Pass	Fail

Entrepreneur regains control by narrowing purpose down and refocusing on business-related modelling and practices.	planning are possible causes of regained control, but evidence is not compelling enough, reinforcing the centrality of narrowing the purpose down. Sales and contracts follow as purpose is more tangible and measurable.		
2b Y$_2$ Biased behavior → low performance and eventual failure **(non-observed inference)** *Low performance continues and risk of failure increases as the entrepreneur maintains biased behavior and assumed perception of success*	Since Path 2b enters in a similar spiral of Path 1, we can expect to see in those ventures unwilling to change a similar set of cause-effect relationships. Firm will remain focused on non-market actors as source of legitimacy and monetary rewards to avoid major financial struggle, despite decreased business performance, which should build an assumed perception of success and confidence. As in Path 1, biased behavior and perception of success would be necessary, but low performance is also the result of an unsuccessful product, mostly connected to lack of flexibility and purpose formalization, proven previously.	Pass	Fail

PATH 3

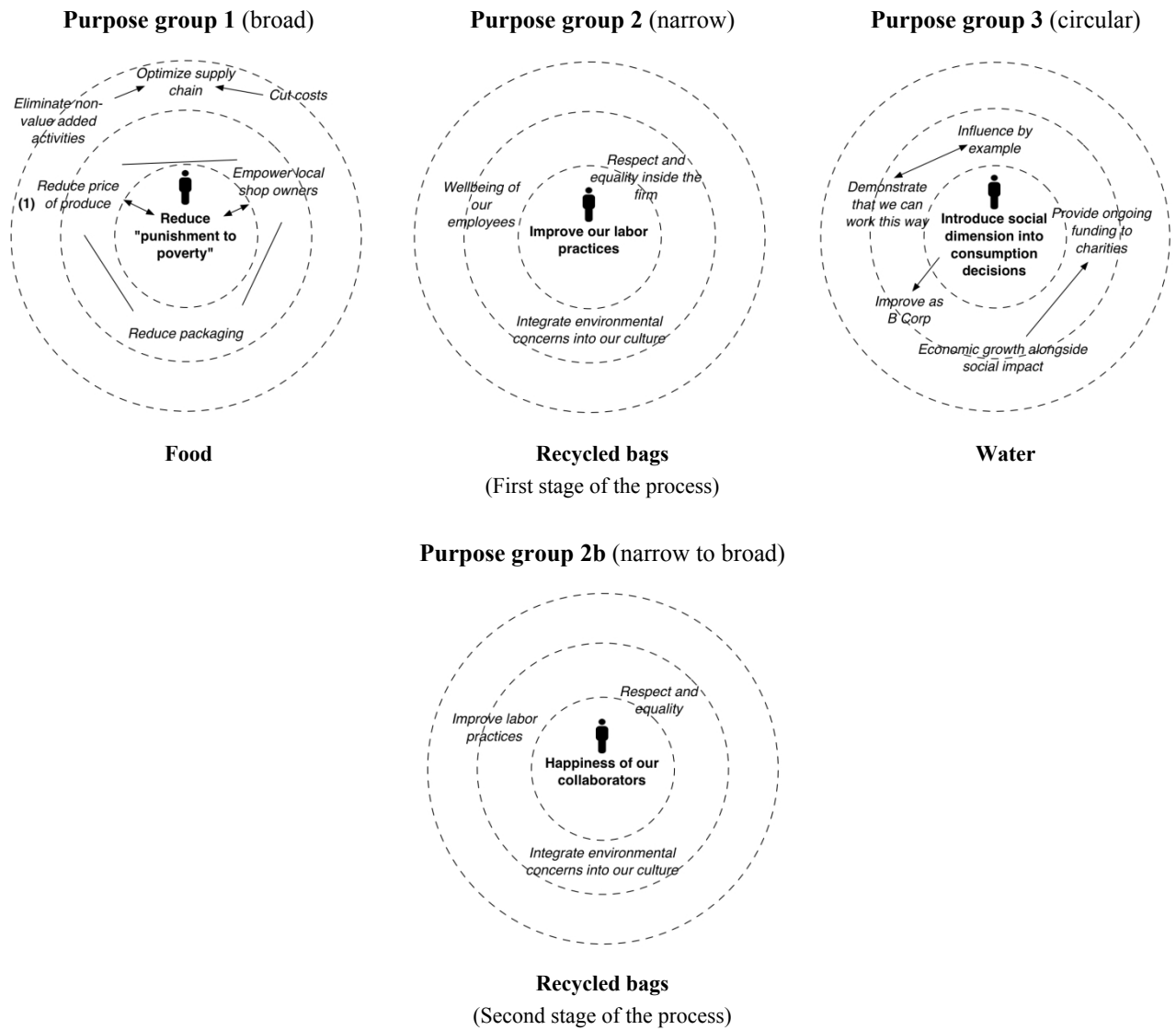|			
Initial condition X → change initiative *The chain of events in Path 3 begins with change initiative responding to social and/or environmental problems.*	As Path 1, Path 3 start by responding to social and/or environmental problems. However, the business does not attempt to solve it directly (as in high food prices → low cost food delivery), but rather through a system change initiative that is not yet a business idea. Entrepreneurial change-oriented initiative is necessary but only partially sufficient for the surge of Path 3 ventures.	Pass	Almost Pass
Emphasis on change initiative → social movement (SM)-based business idea *Business idea is the market-based result of a change initiative, the proposed idea channels social movement narrative and may or may not solve the social and/or environmental problems directly.*	For Path 3 ventures, the business idea does not derive from a market gap or solution to a particular problem, it appears to be the simplest way of bringing a change initiative closer to the market. *Water* decides to sell water because everyone needs to drink water. Solar decides to produce and sell solar panels because prisoners were already working with copper. Neither water nor solar panels (as products) derived from a market opportunity. Change initiative is what it frames the business idea, making it necessary and sufficient for the outcome.	Pass	Pass
(SM)-based business idea → change purpose formalization *Emphasis on change initiative frames change purpose, initiating a social movement that accompanies the development of the venture, which in turn formalizes change purpose*	Purpose is recognized once the change idea is translated into a business idea. Since the business idea is connected to a change initiative loosely accompanied by social movement, purpose is formalized to make sense of this union. In Path 3 ventures, SM-based business idea is necessary for purpose formalization, yet insufficient as the venture, despite its radical approach, needs to demonstrate that the business idea can adequately respond to the change purpose.	Pass	Fail
Change purpose formalization → business is ignored *Market and non-market actors ignore venture because motives and mechanisms are not clearly understood*	Path 3 ventures are ignored as their offer is simple, yet with a complicated organizational and legal structure. The products do not solve a problem, which is not attractive to non-market actors (as Path 1), nor they are attractive from an investment point of view (as Path 2). Simple product with complex model is the norm for change-based ventures, as no other alternative model is observed. While change purpose is necessary, the reaction from both a market and non-market actors is also	Pass	Fail

due to the way change purpose is articulated.

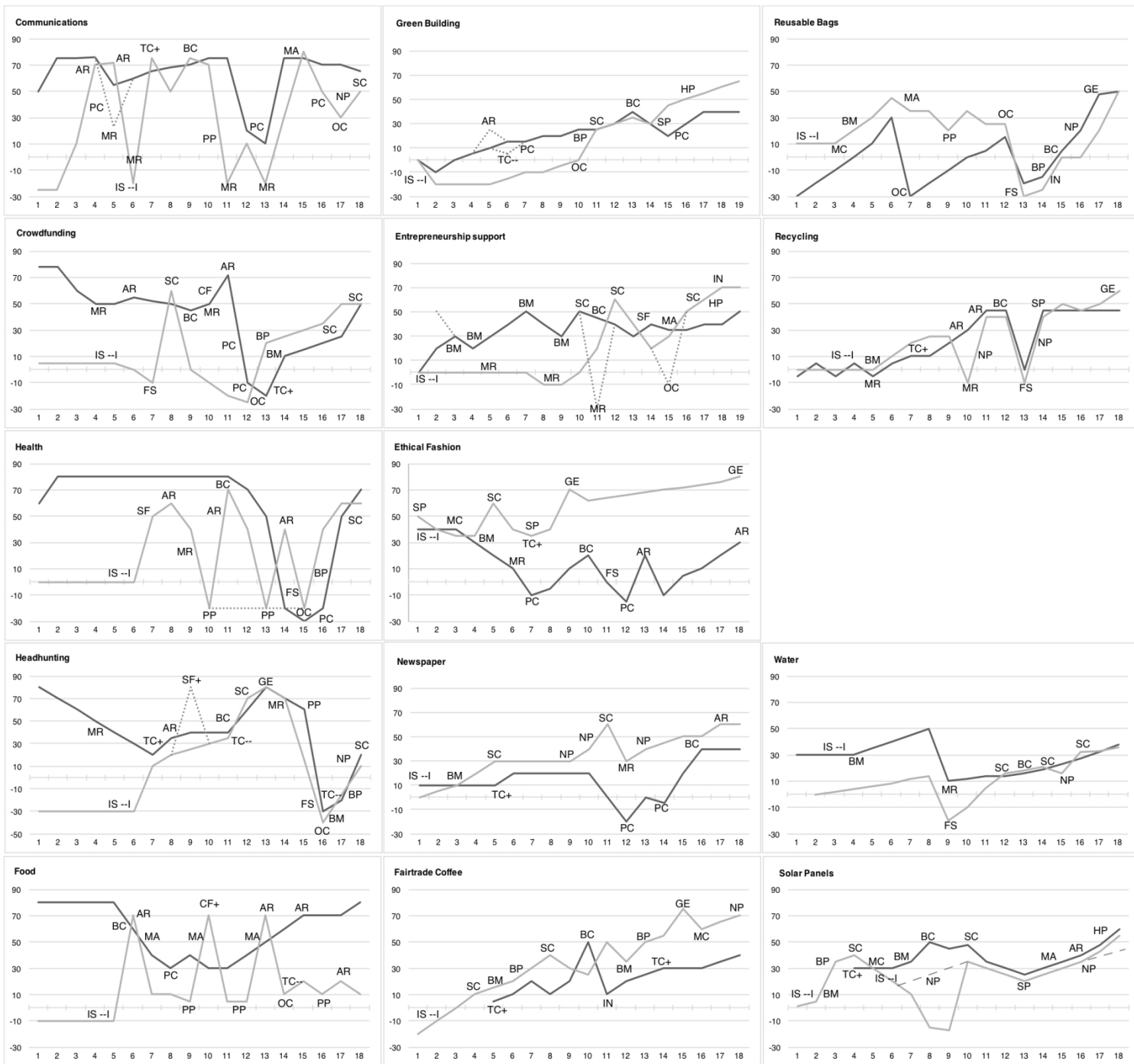|			
Market demands*change purpose → **Changed-based BM adaptation** _Business proposition and model are evolved in response to a combination of market demands and feedback from social movement_	In Path 3 ventures, market demands are considered provoking changes to the business model and portfolio to the extent it serves the change purpose, which remains immutable. The combination of market demands and change purpose is necessary for BM adaptation, however, a successful shift requires context, resources and skills which were available to _Water_ and _Solar_.	Pass	Fail
Change-based BM → tangled, blended objectives _Business models based on flexible change purpose enables economic growth and performance objectives to be coupled with social change objectives_	One of the most salient features of Path 3 relates to its capacity to combine performance and purpose, as the former does not depend on the latter; unlike P1 where performance depends on purpose and P2 where purpose depends on performance. Change-based business model enables and is sufficient for the combination of tangled, blended objectives.	Pass	Pass
Tangled, blended objectives → dual feedback sources _Venture can focus on both market and non-market actors as sources of feedback because of a combination of tangled, blended objectives_	Despite being ignored by market and non-market actors, Path 3 ventures can easily interact and receive feedback from both of them, due to the fact that objectives are consistent and combined with practices in a way that they are simpler to understand. Despite being necessary, tangled, blended objectives require the firm to maintain its focus on a change-based business model and a complementary source of legitimacy	Pass	Fail
Change purpose formalization → B Corp certification _Already formalized change purpose is legitimized by means of B Corp certification_	As change purpose reflects more understandable, yet still unseen tangled, blended objectives, B Corp certification is used to make sense and communicate more easily how those things are combined. Change purpose being formalized is necessary but insufficient for B Corp certification, the venture needs to demonstrate that it is capable of meeting economic and governance standards as well.	Pass	Fail
Dual feedback sources* Change-based BM → **responsiveness of business model and portfolio** _Responsiveness of business model and product portfolio is due to a combination of focus on change purpose and high attention to market and non-market actors and social movement demands._	Path 3 BM and product portfolio remain flexible and open to change. This proved successful in the past for the two observed cases. Responsiveness is suggested to be the result of an immutable change purpose and model and the fact that the ventures remain open to receive feedback from different actors. While _Water_ is opening cleaning services (alongside milk), _Solar_ is in the process of launching a food service (alongside kitchen furniture). While necessary, we suspect that responsiveness of product portfolio may also (in some cases) depend on market category and development capacity.	Pass	Almost Pass
Y Responsiveness of business model and portfolio → transition to SM-based SME _Venture transitions to SM-based SME because of the responsiveness of the business model, that consistently creates and delivers value_	While change-based responsiveness has proven to be the main driver of success for Path 3 ventures, transitioning to SME also requires a strong change narrative, planning and the context, resources and skills to set the basis for maintaining a flexible portfolio.	Pass	Fail

Hoop test (certainty): every time Y is present; X is also present. _Smoking gun test_ (uniqueness): every time X is present; Y is also present.
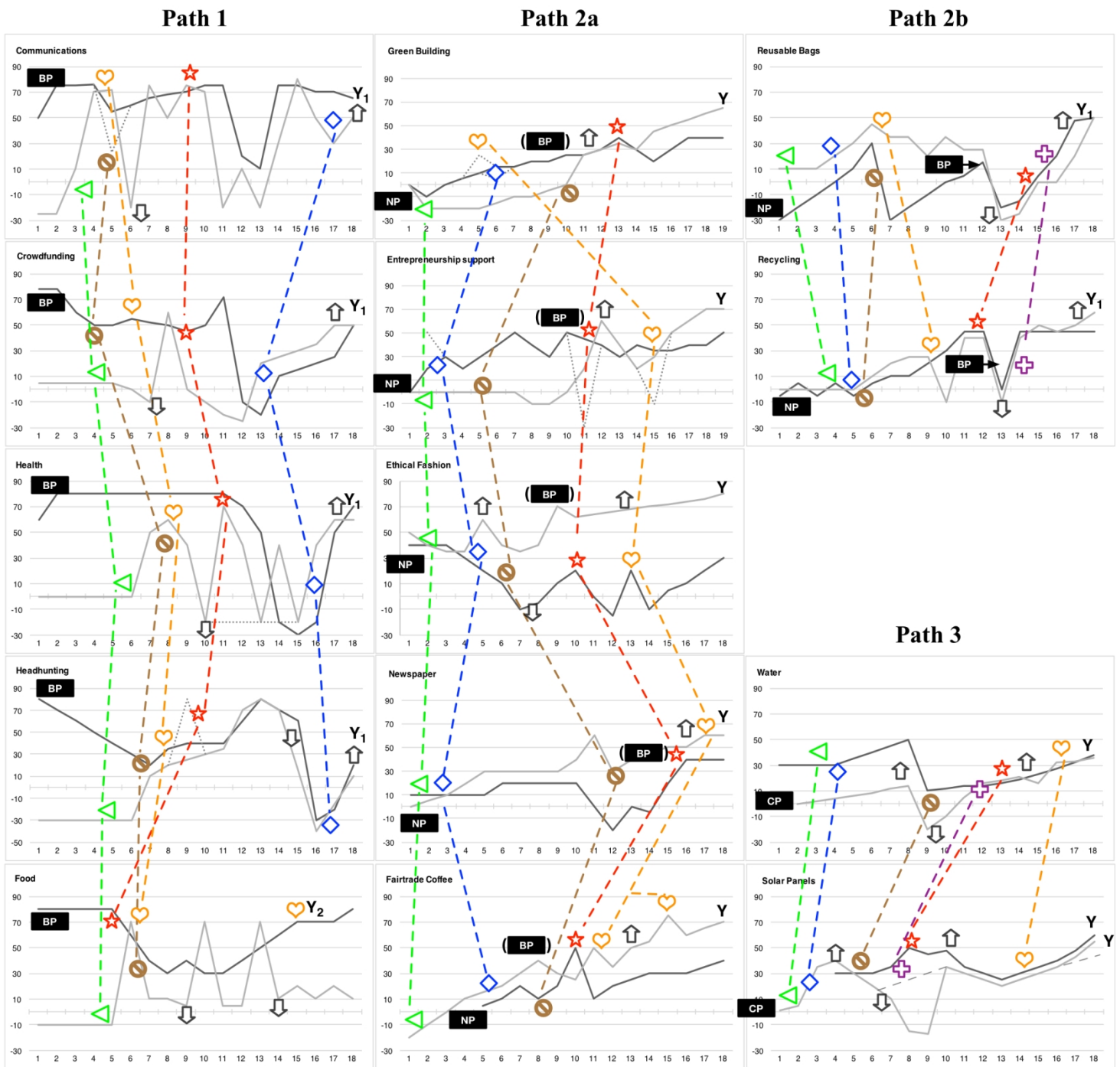
Figure 1. Illustration of relational maps

Purpose group 1 (broad)

Optimize supply chain

Eliminate non-value added activities

Cut-costs

Reduce price of produce

(1)

Empower local shop owners

Reduce "punishment to poverty"

Reduce packaging

Food

Purpose group 2 (narrow)

Respect and equality inside the firm

Wellbeing of our employees

Improve our labor practices

Integrate environmental concerns into our culture

Recycled bags

(First stage of the process)

Purpose group 3 (circular)

Influence by example

Demonstrate that we can work this way

Introduce social dimension into consumption decisions

Provide ongoing funding to charities

Improve as B Corp

Economic growth alongside social impact

Water

Purpose group 2b (narrow to broad)

Respect and equality

Improve labor practices

Happiness of our collaborators

Integrate environmental concerns into our culture

Recycled bags

(Second stage of the process)

Figure 2. Life stories – standardized and coded

Code	Description	Code	Description	Code	Description	Code	Description
AR	Award or public recognition	FS	Financial struggle	MC	Market change	PP	Poor performance
BC	B Certification	GE	Growth or expansion	MR	Market rejection	SC	Key sale or contract
BM	Business modeling	HP	High performance	NP	New product or service	SF	Seed funding
BP	Business planning	IN	Investment	OC	Organizational crisis	SP	Strategic partnership
CF	Crowdfunding	IS--|	Idea stage	PC	Purpose conflict	TC	Team change
		MA	Media attention				

+/--: Consistent / inconsistent with current purpose

Figure 3. Life stories: imprinters and empirical regularities across cases

Figure 4. Theorized imprinting sequences and critical sensitive windows

Path	Imprinting sequences	Critical sensitive windows
1		
2a		
2b		
3		
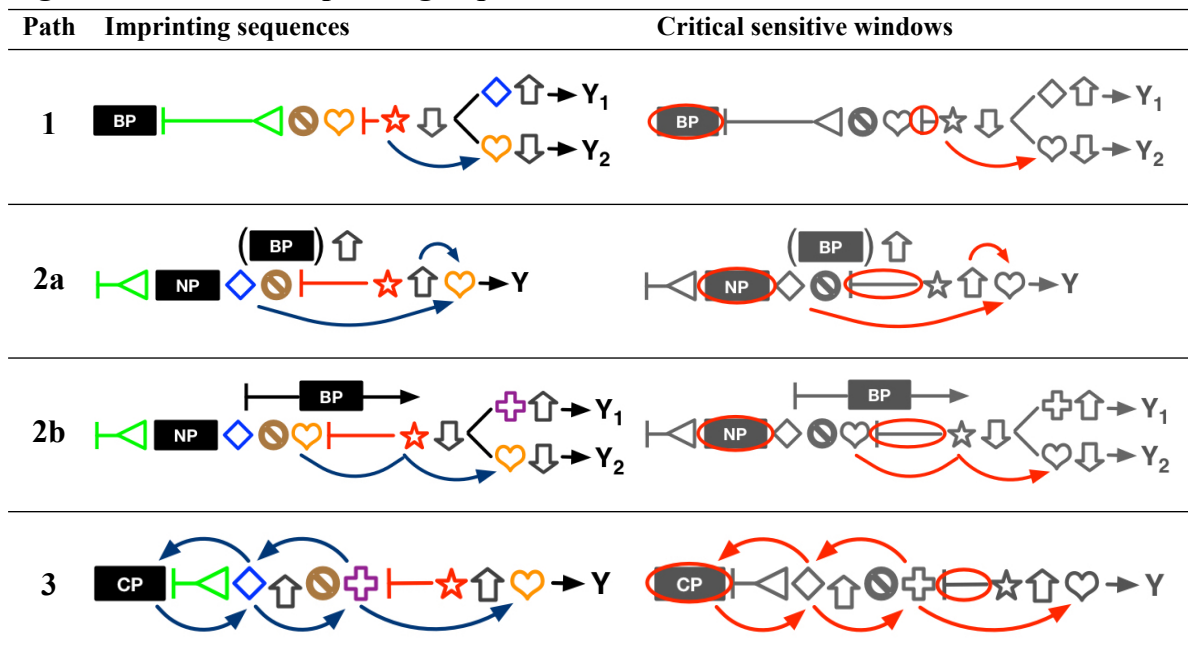
Notes

[1] B Impact Assessment. http://www.bimpactassessment.net

[2] https://www.bcorporation.net/become-a-b-corp/why-become-a-b-corp/protect-your-mission

[3] In line with B Labs guidelines, Latin American B Corps are required to amend their articles as a pre-requisite for certification. The type of amendment will depend on the particular legal structure of the company. B Labs and their representatives around the globe offer guidelines for companies incorporated in the different countries including corporations, LLCs, benefit corporations and sole proprietors. Legal requirements for each particular country can be found in the following websites:

- Argentina: http://www.sistemab.org/espanol/la-empresa-b/6-pasos-para-ser-b/modificaciones-legales-argentina
- Chile: http://www.sistemab.org/espanol/la-empresa-b/6-pasos-para-ser-b/modificaciones-legales
- Colombia: http://www.sistemab.org/espanol/la-empresa-b/6-pasos-para-ser-b/modificaciones-legales-colombia

[4] The resulting **2015 Latin American B Corp Sustainability Challenges Report** was released in collaboration with the Network for Business Sustainability. Available at: goo.gl/W9S4th. A special interest article and four case stories were written along the report. These are available as related resources at the bottom of the report site.

[5] Pending B Corps are start-ups on the path to full certification that have been in operation for less than twelve months. Pending status is normally used to communicate to all stakeholders that the venture is on the path to meet the highest standard for socially responsible businesses. https://www.bcorporation.net/become-a-b-corp/how-to-become-a-b-corp/steps-start-ups.

Appendices

Appendix A. B Corp Model, practices and standards

B Corporation is purpose-driven and creates benefits for all stakeholders, not just shareholders. It is a type of for-profit organization (first introduced in the United States) that considers society and the environment in addition to profit in their decision-making process. It differs from traditional corporations in its purpose, accountability, and transparency.
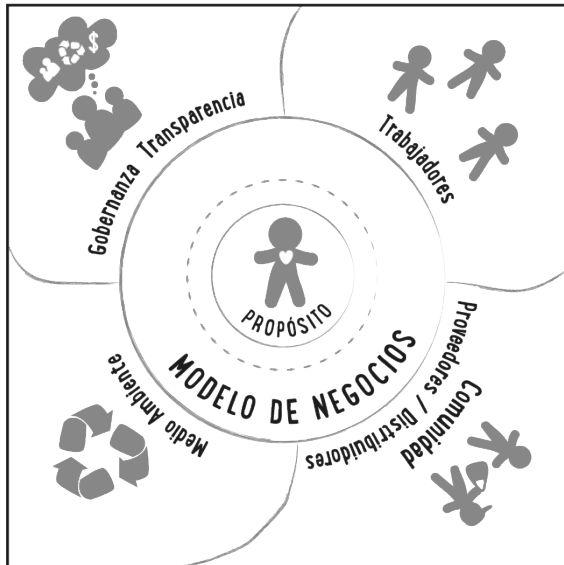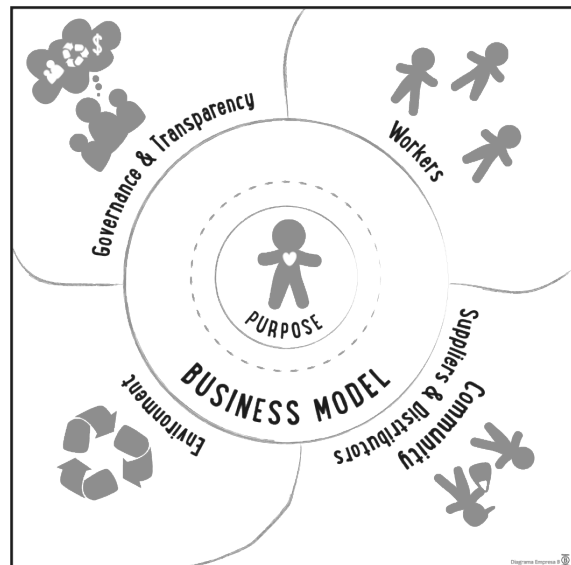
Spanish version   English version

Appendix B. Data analysis

Causal inferences

A causal mechanism is a theorized system that produces outcomes through the interaction of a series of parts that transmit causal forces from X to Y. The conceptualization of causal mechanisms and their parts draws on two analytical conceptions of path dependency, which is methodologically and theoretically central to imprinting theory. Firstly, a narrow one that focuses on points of no return, where the choice made by the entity makes it almost impossible to return to the discarded alternative. Secondly, a broader one that focuses on the historical narrative whereby a final outcome can be tracked back to an initial condition or set of conditions, without necessarily each part being required for the next one to occur. In doing so, we allow for key explanations to be tangled as part of a larger flow of events constituting the historical narrative. In the elaboration of causal inferences, the same evidence shown as descriptive inferences is subsequently used to test whether there are causal inferences capable of explaining the different ways in which purpose is integrated into a forming enterprise as well as its consequences and leading (if) to purposeful organizing.

Logical Tests

Logical tests aim to empirically test whether the events theorized actually took place, the different events occurred after the initial events, and the former was a cause of the latter. emphasize that this is the most important tool of causal inference in qualitative and case-study research. Logical tests are based on the principles of certainty and uniqueness; i.e. whether a specific condition is necessary and/or sufficient for the next outcome based on the evidence available. The main objective is to evaluate whether a causal connection exists between the events within the processes and, if so, to also assess the strength of the connection. Logical tests seek to greatly increase confidence in the validity of the inferred causal links and causal mechanism as a whole. For each part of the causal mechanism the evidence collected in the interviews, prior knowledge and additional data collected for testing purposes is weighed in the attempt to establish a case that increases the degree of confidence that each part of the mechanism exists (or not) in each particular path type. In Hoop tests of necessity, the evidence collected will prove that without the condition X the outcome Y is not possible, increasing certainty by disproving alternative causal explanations, but cannot prove that the sole presence of X produces the outcome Y. In this sense, although not yielding a sufficient criterion for accepting the explanation, hoop tests establishes a necessary criterion. *In smoking gun tests* the evidence is compelling enough to give high confidence that the causal relationship exists and that the sole presence of X produces the next outcome Y. While in our inferences we try to locate the most proximate mechanism, we can only be certain about its proximity in light of other (sometimes unobserved or co-occurring) events. Ideally, hoop tests will convincingly eliminate alternative explanations, whereas smoking gun tests convincingly confirm that the inferred causal relationship actually exists. If both are corroborated by the evidence, we can establish that the causal relationship is certain and can only happen (or could have happened) in such a way, which is referred to in PT language as passing a *double decisive test.* In real-world social sciences, however, passing a *double decisive test* where a single condition is both necessary and sufficient for the outcome is a near impossibility. Finding and accessing all the necessary evidence to be able to formulate causal inferences in such a manner is highly unlikely. We can only make arguments of necessity and quasi-sufficiency by looking at the effect of the most proximate mechanism while acknowledging the potential effect of both observed and unobserved accompanying factors.

In the assessment of logical consistency, the mechanism can only be accepted if necessity relationships between each part are demonstrated, from X to Y. If the mechanism is accepted, this means there is sufficient evidence to prove that the initial condition X led to the outcome Y through the process described in each path type. It, therefore, provides evidence about how and why change occurred within that particular path. However, if the mechanism is not accepted, this does not imply that initial condition X did not yield Y. It simply means that there is insufficient evidence to prove that it did so through the specified mechanism. X may have led to Y in a completely (or slightly) different way.

The development of process-tracing tests is at the same time an analytical and a contextual process. It is only possible to resolve whether evidence is relevant and decisive to pass or fail a test based on a deep knowledge of the context.

Logical consistency tests use both confirmatory and disconfirmatory types of evidence, which stems from the interviews, observations and extant evidence and enables us to either accept or reject the causal mechanism as a whole. Confirmatory evidence is an observation that could not have been made, or is extremely unlikely, under alternatives to the causal mechanism, while disconfirmatory evidence is an observation that could not have been made if the causal mechanisms being tested were realized.