



Values and Motivations of B Corp Entrepreneurs and Social Entrepreneurs

Abstract This chapter addresses the values and motivations that drive B Corp entrepreneurs and social entrepreneurs. Drawing on prior research, it shows that the literature emphasizes the central importance of personal values and motivations of B Corp entrepreneurs in B Corps. However, unlike the adjacent field of social entrepreneurship, the particular values and motivation of B Corp entrepreneurs have only been addressed to a very limited extent. Therefore, the chapter turns towards social entrepreneurship to learn about the self- and other-oriented motives of social entrepreneurs. This in turn enables us to better understand why people run a social business.

Keywords B Corp entrepreneurs • Social entrepreneurs • Values • Self-oriented motives • Other-oriented motives

VALUES AND MOTIVATIONS: DEFINING TERMS

Schwartz and Bilsky (1987) determined five features of values, stating that “values (1) are concepts or beliefs, (2) pertain to desirable end states or behaviors, (3) transcend specific situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance.” Additionally, Schwartz (1992) defines ten basic values recognized in all societies that express distinctive motivational goals: self-direction, stimulation, hedonism, achievement, power, conformity, tradition, security,

benevolence, and universalism. Together these values represent a “continuum of motivations” whose motivational differences overlap between values (Schwartz, 1992, p. 45). The ten basic values are the focus in a later chapter of this book.

Values transcend situations and objects and turn into attitudes once applied to a certain context. Behavior is consequently a manifestation of applied values (McCabe, 2012). As values influence most if not all motivated behavior (Schwartz, 2006) in that they consciously and unconsciously weigh choices of action, they form an important basis in the understanding of motives of B Corp entrepreneurs. In other words, human values are the source attitude that motivates behavior (McCabe, 2012). Value-relevant contexts activate respective values which stimulate motivation and cause behavior (McCabe, 2012). The act of creating and maintaining a B Corp is thus assumed to be significantly influenced by the personal values that B Corp entrepreneurs possess.

VALUE AND MOTIVATIONAL RESEARCH ON B CORPS

All studies conducted on B Corps conclude that B Corps embody emerging economic actors with a high potential for economic change towards a more sustainable future in Latin America and the world in general. Extant literature can be found on how B Corp entrepreneurs operate their B Corps and the influence of the B Corp certificate on a company’s performance (e.g. Wilburn & Wilburn, 2014; Hiller, 2013; Coral, 2016; Stubbs, 2014; Troncos Campos, 2014; Chen & Kelly, 2015; Apruzzese, 2015). However, these authors have not empirically determined why entrepreneurs operate B Corps in the first place.

Research on motivations of B Corps has been very limited to date and almost exclusively restricted to self-reported motives for the adoption of the B Corp certification and concomitant joining of the B Corp movement (Stubbs, 2014; Kim, Karleshy, Myers, & Schifeling, 2016; Coral, 2016). The main drivers found are the desire for an alignment and an expression of values, a formal validation of business philosophies and approaches to stand out against profit-driven companies, the connection with like-minded businesses leading to a strong voice in society and a sense of belonging within the B community, as well as the potential for inter-B Corp business development.

Stubbs (2014) finds that Australian B Corp entrepreneurs pursue financial results for the purpose of making social and environmental contributions

that help to create a better world. It is their strong belief that businesses must serve the need of either the planet or its people and that economic activity is indeed a powerful tool for societal change. These beliefs generate the desire to create a business model that serves as a role model and operating proof for a changing role of business in society. Even though Stubbs (2014) did not investigate specific values, the author identified the alignment of values is identified to be the main driver for obtaining the B certificate.

Abramovay, Correa, Gatica, and Van Hoof (2013) find B Corp entrepreneurs to be strongly driven by the search for alternative, more legitimate ways of generating prosperity in alignment with their values and ethics. Pressure from society plays a pivotal role for B Corp entrepreneurs to find new ways of doing business. By offering products and services that do neither harm society nor the environment and further produce a triple value for society, environment, and the economy, the license to operate is protected and talent attracted (Abramovay et al., 2013). In alignment with the concept of shared value of Porter and Kramer (2011), B Corp entrepreneurs recognize a social innovation potential that could open new markets and business opportunities. Recognizing this opportunity and the rise of networks to support and facilitate the creation of social businesses are additional drivers for B Corp entrepreneurial activities.

Most of these studies, regardless of their geographical areas in scope, have recognized the central importance of personal values and motivations of B Corp entrepreneurs in B Corps, but have not explicitly studied these. The motivations identified up to date still lack additional empirical evidence. Scholars have, thus, left a research gap in the determination of personal values and motivations of B Corp entrepreneurs in B Corps responsible for forming socially hybrid organizations in the first place. Probable hybrid models of entrepreneurs who are assumed to be mixing socially and profit-oriented interests have been also suggested by McCabe (2012).

VALUE AND MOTIVATIONAL RESEARCH IN SOCIAL ENTREPRENEURSHIP

Although value and motivational research has been limited in the field of B Corp entrepreneurs and B Corps, scholars in the adjacent field of SE recently started to be interested in motivational drivers of social entrepreneurs. The latter will therefore provide the background to the

inquiry questions for the research of this study. Nonetheless, it is worth mentioning that despite many calls for research exploring the why of SE (Austin, Stevenson, & Weiskillern, 2006; Haugh, 2005; Miller, Grimes, McMullen, & Vogus, 2012), little empirical research has yet addressed social entrepreneurial motivation, and the focus has predominantly been lying on North American and Western European perspectives (Ruskin, Seymour, & Webster, 2016; Miller et al., 2012). The book focuses on Chile, the key player of the B movement in South America, and thus aims at contributing to entrepreneurial motivational research in the so far rather neglected market.

The Concept of Social Entrepreneurship

SE is characterized by its use of business knowledge, that is, market-based methods, to solve social problems faced by society (Boluk & Ziene, 2014). Social entrepreneurs recognize business opportunities and leverage resources like commercial entrepreneurs, with the focus on the provision of social goods or services for target communities that fill market-based gaps (Austin et al., 2006). The fundamentals of SE highlighted by scholars are the social mission as a focus and driver of business activities (Sherman, 2014; Braun, 2010), the commitment to providing social value (Braun, 2010), and the entrepreneurial behavior motivated by the need to help others rather than by making profit (McCabe, 2012). In this book, B Corp entrepreneurs are hence assumed to be an adjacent type of social entrepreneur due to similarities in conceptualization and have even been described as such by various scholars (e.g. McCabe, 2012; Chen & Kelly, 2015; Coral, 2016).

In current literature, commercial and social entrepreneurs are commonly distinguished based on a perceived profit-social dichotomy. Social entrepreneurs are commonly depicted as heroic, virtuous, and selfless human beings with tendencies to take on roles as pathbreakers, pioneers, and activists (Boluk & Ziene, 2014; Braun, 2010), whereas commercial entrepreneurs are depicted as ambitious self-interested profit-driven personalities (Ruskin et al., 2016). However, the combination of market-based methods and the provision of solutions to social problems has been described as the marriage of “ostensibly competing organizational objectives” (Miller et al., 2012, p. 616). The fact that profit can be perceived as a means rather than an end for a business to be sustainable seems to often be neglected (Braun, 2010). Social entrepreneurs are found

to be profit-driven in the sense that financial gains support their ideals and increase their intended social impacts while making the solution self-sustaining (Boluk & Ziene, 2014; Braun, 2010). It is rather a desire to fulfill one's destiny than attain financial security (Ruskin et al., 2016).

Social entrepreneurs are described as hybrids expressing their combined interests (Boluk & Ziene, 2014). These hybrid interests make the concept theoretically problematic as it does not fit the current understanding of entrepreneurship motivation (Miller et al., 2012; Boluk & Ziene, 2014). As Yunus (2007) expresses: "While everyone is familiar with traditional entrepreneurs, [and] we feel we understand their values and motivations [...] the same is not true for the founders of the social business" (p. 37). The fact that social entrepreneurs are faced with a simultaneous focus on social, environmental, and financial missions may lead to a complex coexistence of self-oriented and other-oriented motivations (Miller et al., 2012). Accordingly, scholars have started to focus on the variety of motives of social entrepreneurs going beyond altruism by recognizing additional self-oriented motives like personal interests and the need for achievement (Boluk & Ziene, 2014).

Current Motivational Research in Social Entrepreneurship

Altruism is the most commonly cited motivator for SE in literature. Although recent studies apply distinct theoretical frameworks such as among others transformative learning theory (Braun, 2010), content theory (Braga, Proenca, & Ferreira, 2015), or the original value theory (McCabe, 2012), their findings all confirm explicitly or implicitly the coexistence of self-oriented and other-oriented motivations among social entrepreneurs (Boluk & Ziene, 2014; Braun, 2010; Ruskin et al., 2016; Braga et al., 2015; Yitshaki & Kropp, 2016; Sherman, 2014). Based on the research assumption that B Corp entrepreneurs will likewise be motivated by a mix of self- and other-oriented motivations, the central research findings in SE will be elaborated based on a classification of self- and other-oriented motives to facilitate their comparison.

Self-oriented Motives in Social Entrepreneurship

Social entrepreneurs exhibit a *need for achievement* demonstrated in a desire to challenge themselves to find and create solutions for social problems (Ruskin et al., 2016; McCabe, 2012). This self-oriented motivation has long been related to traditional entrepreneurial motivation (e.g.

McClelland, 1965). However, according to the definition of achievement for social entrepreneurs, it seems to differ from traditional entrepreneurs. Whereas the latter generally measure their achievement in short-term profit increase, social entrepreneurs have reported to measure success related to long-term social impact generation (Ruskin et al., 2016; Yitshaki & Kropp, 2016). Also, the need for accomplishment is associated with goals to provide security for the family and health (McCabe, 2012). The need to achieve can thus be satisfied by achieving something of importance to an individual independent of what that is (Boluk & Ziene, 2014). This motivation is key as it gives at least partly reason to why social entrepreneurs create their own social ventures instead of joining organizations that share similar values and missions (Boluk & Ziene, 2014).

The *desire for public acknowledgment* of their work is related to the need for achievement. Interviewees of recent studies confirm the interest in receiving some type of acknowledgment based on their social and/or environmental reputation (Boluk & Ziene, 2014). Joining a body that reaffirms, acknowledges, and publicizes the social contributions might indicate for public acknowledgment-seeking of a social entrepreneur. Informants report to consider themselves role models, which also accounts for the desire of public reputation (Boluk & Ziene, 2014) and is related to the self-oriented need for influence (see below). Empirical contradictions exist regarding the desire for acknowledgment among social entrepreneurs. For instance, Braga et al. (2015) find that Portuguese social entrepreneurs are not motivated by public recognition as opposed to traditional entrepreneurs.

The *need for autonomy*, defined as the freedom to determine how to manage a social business, is another self-oriented motivation of social entrepreneurs that includes choices on personal lifestyle and the social impact one desires to have (Ruskin et al., 2016). The creation of a social business can enable an entrepreneur to enjoy their chosen lifestyle and change the everyday life of the entrepreneur him-/herself according to their own preferences (Boluk & Ziene, 2014). Social entrepreneurs are, for instance, drawn to different geographical areas due to their interest in that culture or the possibility to establish their personal and professional life in close relation to nature (Boluk & Ziene, 2014). Bornstein (2004) and Barendsen and Gardner (2004) also identify social entrepreneurs not to treat their private and professional lives as separate the way commercial entrepreneurs do and, in some occasions, use a social venture as a means to resolve tensions existing between their personal and professional lives

(Boluk & Ziene, 2014). Lifestyle motives can also be triggered by health limitations, like a disabled child that needs special attention or a product/service that has not been invented yet (Ruskin et al., 2016).

The *need for influence* or power, defined as the desire to alter others' behaviors and attitudes, is another motivator driving social entrepreneurial behavior (Ruskin et al., 2016). Based on their personal values, social entrepreneurs attempt to shape the actions of others in their target community such as promoting cultural understanding and encouraging community engagement (Ruskin et al., 2016; Yitshaki & Kropp, 2016). This is congruent with the behavior of power-motivated individuals that choose their careers according to related legitimate authority enabling them to guide the behavior of others (Winter, 1992). Demeanor directed at catalyzing social change congruent to their preferences is another indicator for the need for influence (McCabe, 2012).

Relatedness, defined as the drive for warm, close relationships with others, was confirmed to be a motivator for social entrepreneurs when observing their time and energy devoted to seeking companionships and building social networks (Ruskin et al., 2016). Although the informants of the study of Ruskin et al. (2016) have not started their social ventures to increase their social network, they act on designing solutions for social problems identified in personal relationships. This self-oriented motive is closely connected with the other-oriented motive nurturance (see below).

The *search for meaning* in life as an intrinsic desire is often caused by a *disorienting dilemma* that triggers change in a person's life. This dilemma can vary from crises like the state of inconvenience to the death of a loved one (Braun, 2010). In order to satisfy that need, social entrepreneurs report to have created social ventures giving them the ability to make positive life changes (Braun, 2010; Barendsen & Gardner, 2004; Ruskin et al., 2016).

Accordingly, scholars find social entrepreneurs to have a *strong belief in their personal destiny and ability* to induce change, the human potential for social change creation, as well as the power of entrepreneurship and social change (Braun, 2010; McCabe, 2012). These beliefs are deeply rooted as no disruptive surroundings can change those thought constructs and meanings. These findings are in accordance with literature stating that social entrepreneurs have strong *faith-based or philosophical values* and the resilience to act differently than their surroundings (Bornstein, 2004; Elkington & Hartigan, 2008). Drayton (2006) states that social entrepreneurs share common positive visions for transformative change and act on these (Braun, 2010).

Social entrepreneurs are further found to be either drawn towards creating a social venture due to *personal passion* or pushed away from traditional businesses due to *personal frustration* with the latter (Ruskin et al., 2016). Passion, the feeling of being drawn towards something one enjoys, engages social entrepreneurs in meaningful social venture activities (Ruskin et al., 2016). Frustration, on the other hand, which emerges from a working context that constraints the satisfaction of needs for achievement and the search for meaning, can epitomize social venture creation into a means to address that source of frustration (Ruskin et al., 2016; Yitshaki & Kropp, 2016).

Other-oriented Motives in Social Entrepreneurship

Altruism, the central SE motivation in literature (e.g. Ostrander, 2007), is defined as the voluntary, intentional desire to help others without the expectation of receiving external rewards (Bar-Tal, 1985). Behavior driven by altruism is directed at helping individuals dealing with personal crises. The motive of altruism has been evident in social entrepreneurs as they declare to be working to achieve social benefits for their target communities and/or social changes that do not affect themselves but others who do not contribute (Ruskin et al., 2016). McCabe (2012) identifies tendencies among social entrepreneurs to act imaginatively for the sake of achieving social equality for others. Informants of Yitshaki and Kropp's study (2016) describe their social awareness shaped during childhood, due to transmitted values from their parents or grandparents, as decisive for their altruistic motivations today. Parents' altruistic behavior had been incorporated into their own value system.

Nurturance, the desire to care for, stimulate, and support the development of others (Ruskin et al., 2016), has further been reflected in participants' comments. Thus, caring for known others and future generations on the planet is the focus of social entrepreneurs. Nurturance is linked to altruism, might however include personal benefits. Yitshaki and Kropp (2016) find social entrepreneurs with present or past life events to develop a motivation of nurturance, that is, the drive to want to help people in similar circumstances in order to alleviate their suffering to prevent them from the pain they had to go through themselves. The motivation is therefore initiated by personal situations but extended towards the desire to help others in similar situations. Although not self-oriented, many social entrepreneurs confirm to have gained the benefit of personal rehabilitation through helping others (Yitshaki & Kropp, 2016). Participants in Braun's

(2010) study reveal that children influence their motivation to work on something that matters in order to be able to justify their own actions and make these children feel proud about their parents. Although social entrepreneurs seem to be less focused on meeting their family needs than commercial entrepreneurs, it is still a side motive for the maintenance of the social venture (Ruskin et al., 2016).

Social justice, the equal access to resources and opportunities (Ruskin et al., 2016), is another central other-oriented motivator for social entrepreneurs. Most social entrepreneurs interviewed purport driving social change by seeking to eliminate the disadvantages for particular target groups. It motivates behavior directed at alleviating systemic disadvantages and might lead to personal benefits if the target group is their own (Ruskin et al., 2016).

The repetitive use of expressions, like fulfilling one's destiny or calling due to a feeling that draws people to a specific type of work, gives evidence for a *sense of obligation*. Also, the desire to give back to society based on the idea of reciprocity drives individuals to engage in prosocial behavior and the active support of their communities (Ruskin et al., 2016). Braun (2010) interprets related comments as a *spiritual connection* felt by social entrepreneurs, which relates higher power like God, nature, or energy to an individual's understanding of one's own purpose and place in the world. Yitshaki and Kropp (2016) also identify a "career calling" (p. 555) to SE described through spiritual components like mystical messages and guidance from God.

Empathy and *sympathy* are emotional motivations for prosocial activities (Yitshaki & Kropp, 2016). Sympathy and empathy towards the target community foster the desire to help others and are therefore the emotional basis for other-oriented motives to create a social business (Ruskin et al., 2016; Braga et al., 2015; Miller et al., 2012). Compassion is identified as an emotion that increases other-oriented motivations to commit to creating a social venture (Miller et al., 2012). Ruskin et al. (2016) integrate compassion in the broader feeling of empathy which includes the experience of positive as well as negative emotions found in others. Individuals that experience empathy are more prone to integrative thinking and solution finding, reshaping their weights in the cost-benefit analysis favoring prosocial decision-making due to perceived higher benefit of helping others and commitment to alleviating the suffering of others due to a formed prosocial identity (Miller et al., 2012). It is worth mentioning, however, that the fact that compassion serves as an emotional other-

oriented motivator does not preclude the coexistence of self-oriented and other-oriented motivation. The other-oriented motivation emerging from compassion may lead to an enhanced self-image or social power and consequently result in a prosself benefit (Miller et al., 2012).

Environmental value creation within SE has been addressed very little, which leads to the assumption that there is still untapped potential for the definition of self- and other-oriented motivations of social entrepreneurs and, specifically, the type of B Corp entrepreneurs who happens to focus on environmental value creation next to social value creation (B Lab, 2017).

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