

## HIDDEN BADGE OF HONOR: HOW CONTEXTUAL DISTINCTIVENESS AFFECTS CATEGORY PROMOTION AMONG CERTIFIED B CORPORATIONS

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Why would an organization pursue membership in an organizational category, yet forego opportunities to subsequently promote that membership? Drawing on prior research, we develop a theoretical model that distinguishes between basic and subordinate categories and highlights how organizations may differ in their promotion of the same subordinate category. We hypothesize that a subordinate category's contextual distinctiveness within different basic categories increases promotion, and that these effects are amplified in relatively larger subordinate category peer groups. To test our hypotheses, we developed a proprietary web-based software toolset and gathered textual and graphical data regarding B Corporations' web-based promotion of their certification. We supplemented our statistical analysis with interviews of Certified B Corporation entrepreneurs and executives. Our findings challenge prior assumptions about the causes of promotional forbearance, while extending our understanding of category distinctiveness within contexts as well as sources of intra-category variation.

*B Corp status has become a badge of honor.*

– *Entrepreneur* magazine

*I'm not sure our clients know that we are a B Corp. It's just not something that we bring up.*

– 2015 Interview with a B Corp executive

Why would a company obtain membership in an organizational category—the “meaningful conceptual systems” that group organizations on the basis of

shared attributes (Navis & Glynn, 2010: 440)—but then refrain from promoting their association with that category? Although organization theorists have examined the strategic value organizations derive from their category memberships (Granqvist, Grodal, & Woolley, 2012; Weber, Heinze, & DeSoucey, 2008), few scholars have examined category promotion, which we define as members' efforts to champion the labels or cultural artifacts signifying the category. Instead, researchers have primarily focused on how organizations “self-categorize” by way of claims that seek to convey legitimate membership in a category and further solidify identity-based understandings of “who we are” as an organization (Kennedy, 2008; Pontikes, 2012). Given evidence that members may forego opportunities to promote such memberships, it would appear that the motivations for category promotion could differ from those that underpin initial membership claims. Although studies have shown that membership claims can vary over time due to category leniency (Pontikes & Barnett, 2015) and category legitimacy (Navis & Glynn, 2010), scholars have largely ignored the important distinction between membership claims and category promotion.

Third-party certifications provide a context for disentangling the processes associated with membership claims and subsequent category promotion

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(King, Lenox, & Terlaak, 2005; Reinecke & Ansari, 2015). When membership is sanctioned by a third party, an actor's efforts to promote the category would appear to indicate something more than mere self-categorization. Yet prior research on certifications has similarly struggled to explain *promotional forbearance*, wherein an organization voluntarily restrains from publicizing associations it is legitimately entitled to make. For instance, despite widespread scholarly agreement that certifications can offer important legitimacy or promotional benefits (Rao, 1994; Terlaak & King, 2006; Wade, Porac, Pollock, & Graffin, 2006), recent research has puzzled over the fact that companies routinely abstain from promoting associations that they have gone to great efforts to obtain (Carlos & Lewis, 2017; Delmas & Grant, 2014). In sum, in existing research on certifications specifically and categories more broadly, scholars have focused on membership rather than the phenomenon of category promotion. As such, extant research offers little theoretical basis for understanding promotional forbearance among category members.

How might we resolve this puzzle related to situations in which membership and promotion diverge? One starting point is to consider the different potential benefits offered by each. On one hand, extant findings indicate that category membership enables organizations to more clearly define aspects of their identities (Glynn & Navis, 2013), and thus establish similarities with other organizations (which, by definition, are also members). In contrast with this "fitting in" argument, we argue that the degree to which categories offer a means for distinctiveness or "standing out," especially vis-à-vis non-members, drives subsequent decisions regarding category promotion. Although overlooked as a basis for understanding promotional forbearance, distinctiveness lies at the heart of research on categories (Hannan, Pólos, & Carroll, 2007; Negro, Hannan, & Rao, 2010). For example, researchers have examined how distinctiveness is particularly important within categories, as organizations strive to differentiate their organizations from other category members (Paolella & Durand, 2016; Wry, Lounsbury, & Jennings, 2014). Others note the importance of inter-category distinctiveness, suggesting that greater affinity among members can contribute to increased contrast between categories (Negro et al., 2010). Yet despite these advances, few scholars have considered how the need for distinctiveness might affect category members' strategic actions (e.g., promotional forbearance).

We argue that to better understand a category's distinctiveness and its ability to affect members' actions requires further attention to the contexts within which categories are embedded, or more particularly the relationships within category hierarchies. Our arguments draw inspiration from earlier research that has differentiated "basic" categories from "superordinate" and "subordinate" categories (Hunn, 1975; Rosch, Simpson, & Miller, 1976). Whereas basic categories are cognitively "in the middle" of a general-to-specific hierarchy (e.g., dog is the basic category in the animal-dog-retriever hierarchy), subordinate categories attempt to further delineate the referenced object from the basic category (Markman & Wisniewski, 1997). For instance, although kitchen chairs share many features with chairs in general thereby challenging their distinctiveness, such chairs are characterized by a few attributes that are not shared, thereby offering a potential means for distinction (Lakoff, 1987; Rosch et al., 1976). To the extent that this contrast between subordinate and basic categories is pronounced, this may create an opportunity for promoting membership in that subordinate category.

Viewed in light of this research, we theorize that members' category promotion is a strategic response to their need for distinctiveness within basic categories (Deephouse, 1999; Jennings, Jennings, & Greenwood, 2009; Zhao, Fisher, Lounsbury, & Miller, 2017). Specifically, we introduce the concept of *contextual distinctiveness*, defined as the degree to which a particular subordinate category offers its members technical, material, and/or symbolic resources to distinguish themselves from organizations that are not members of the subordinate category yet belong to the same basic category. A category's contextual distinctiveness is high, for example, when the features, criteria, or practices that define a subordinate category are not shared by otherwise similar organizations that comprise an organization's wider regional or industrial contexts. Specifically, we theorize that differences in promotional forbearance among subordinate category members are attributable to differences in the subordinate category's contextual distinctiveness. Namely, we expect increased category promotion when the subordinate category provides organizations with a means of differentiating themselves from basic category members. Additionally, we argue that these effects are amplified by membership size. The existence of more category peers helps increase the familiarity and credibility of the subordinate category within a given basic category, amplifying the

effect of contextual distinctiveness on category promotion.

We draw our data from the emerging domain of social entrepreneurship and corporate sustainability (Garud & Gehman, 2012; Grimes, McMullen, Vogus, & Miller, 2013; Wry & York, 2017). Since 2007, the B Corp certification has emerged as a popular way for companies to affirm their commitments to positive environmental, social, and governance (ESG) practices. At the time of our study, there were nearly 1,700 Certified B Corporations globally. Given the substantial effort required to become a B Corp, it stands to reason that companies would seize every opportunity to promote their certification. Yet prior to conducting this study, we noticed considerable variation. Whereas many B Corps promoted their certification, some made little or no mention of it. Because the B Corp certification provides a cross-industry, cross-geography sample of organizations, this setting offers an ideal context for studying how a subordinate category's contextual distinctiveness might affect members' promotional forbearance. Our analysis of promotional forbearance is based on a unique web-scraped dataset of B Corp websites that enabled us to capture and analyze all text- and image-based promotional efforts from these organizations across some 650,000 web pages. To further validate our theorized causal model and associated mechanisms, we supplemented our statistical analysis by interviewing B Corp entrepreneurs and executives.

Collectively, our findings offer several contributions. First, we challenge and extend the current understanding of promotional forbearance among category members. Prior research has focused on the relationship between stigma and promotional forbearance, furthering the assumption that only members of less stigmatized or more celebrated categories actively promote their memberships (Durand & Vergne, 2015; Hudson & Okhuysen, 2009). Our findings challenge this assumption, suggesting that promotional forbearance is more common than might be expected, even among generally celebrated categories. Notably, our concept of contextual distinctiveness significantly explains this outcome. Second, scholars have highlighted the importance of identity focus and member similarity in driving membership claims and category growth, yet our study suggests that category promotion represents a fundamentally different process characterized by members' responses to a subordinate category's contextual distinctiveness. By highlighting the importance of category hierarchies to this process, we extend prior conceptualizations of category

distinctiveness that have viewed such distinctiveness as simply the average typicality of members' features. Finally, researchers have argued that within-category differences can be explained by members' needs to distinguish themselves from other category members or by general features of the category (e.g., boundary leniency) (Navis & Glynn, 2011; Pontikes & Barnett, 2015). Extending this research, our findings suggest that intra-category variation can also result from context-specific differences between basic and subordinate category members.

## THEORETICAL BACKGROUND

In this section, we discuss existing scholarship on organizational categories. Whereas past research has emphasized the role of membership claims in conveying organizational similarities relative to other members, we highlight the potential role of category promotion in conveying distinctiveness relative to organizations that belong to the broader context. To address the theoretical puzzle of why organizations might choose to associate with a particular category, yet forego opportunities to promote it, we develop a theoretical framework that highlights the importance of category hierarchies for understanding the extent to which organizations promote their categorical associations.

### Disentangling Category Membership from Category Promotion

Management scholars have long studied organizational categories to better understand how organizations relate to one another (see Porac, Thomas, & Baden-Fuller, 2011; Vergne & Wry, 2014 for reviews). Within this research stream, an organizational category—the “meaningful conceptual systems” that group organizations on the basis of shared attributes (Navis & Glynn, 2010: 440)—is understood as a socially constructed partitioning of organizations based on a “mutual understanding of the material and symbolic resources that serve as a basis to assess membership” (Vergne & Wry, 2014: 68). Certification, for instance, serves as a salient example of a symbolic resource that denotes category membership.

Recently, Kennedy, Lo, and Lounsbury (2010) proposed that organizational categories vary in their “currency,” or the extent to which they have clear meaning and positive appeal. They suggested that organizations are more likely to become members of categories in which both attributes are high. First, as

consensus about the meaning of a category label (what they called coherence) increases, the uncertainty associated with becoming a member of the category decreases, making the category more attractive to organizations. Second, as the degree of positive versus negative appeal of a category (what they called valence) increases, its currency increases, and with it the legitimacy associated with category membership. Membership in an organizational category with high currency is important to organizations in that it provides a basis for deriving legitimate organizational identities and making inter-organizational comparisons that guide competitive and cooperative strategies (Porac, Wade, & Pollock, 1999). Similarly, studies of certifications emphasize the role of third parties in constructing and sanctioning the meaning and appeal of particular categories (Sine, David, & Mitsuhashi, 2007). Some certifications become valuable to organizations by establishing conformity to particular societal standards or authenticating extraordinary achievements (Grimes, Gehman, & Cao, 2017; Rao, 1994; Rindova, Williamson, Petkova, & Sever, 2005).

While researchers have considered variation in membership claims over time as a function of the waxing and waning currency of the category (Navis & Glynn, 2010) or the leniency of the category (Pontikes & Barnett, 2015), scholars have largely overlooked the potential for differences in the alternative act of category promotion across different members. Several studies have highlighted how differences in categories (Negro et al., 2010; Pontikes & Barnett, 2015) can lead to differences in category members' interactions with the category (e.g., joining and then leaving); however, these studies did not sufficiently reveal why organizations would obtain membership in a category and yet subsequently forego promoting it. This puzzle is rendered more acute by evidence suggesting that category members may not only differ in their level of category promotion, but may in some cases forego category promotion altogether. For instance, a recent study of eco-labeling strategies in the wine industry showed that while many wineries make significant efforts to achieve organic certification, some wineries opt not to label their products as such (Delmas & Grant, 2014).

Taken together, this accumulating evidence has led scholars to realize that "opportunities abound to explore the ways in which organizations strategically signal their affiliation(s) within an existing category system" (Vergne & Wry, 2014: 78). One possibility, which we consider in the following

section, is that while membership claims serve as a means of establishing similarities with category peers, category promotion alternatively serves a means of signaling distinctiveness relative to organizations from the broader context. Additionally, given that category members are likely embedded in different contexts, or what Durand and Paoletta (2013) called situational circumstances, the "same" membership might offer organizations more or less distinctiveness, depending on contextual differences.

### **The Contextual Distinctiveness of Subordinate Categories**

To understand how categories might offer varying degrees of distinctiveness in different settings first requires attention to the ways that categories can relate to one another hierarchically. In other words, categories may not only overlap with other categories, but they can also be embedded within and thus subordinate to other categories. Basic categories, therefore, refer to the broad contexts within which organizations are most frequently clustered and labeled. Such basic categories are also characterized by a high degree of "internal distinctiveness," wherein the attributes that are perceived to characterize the category are likely perceived as present among all members of the category, but absent from non-members (Markman & Wisniewski, 1997). Distinctiveness is, therefore, often self-evident (e.g., dogs versus cats), rendering external efforts to promote such distinctions unnecessary. Subordinate categories, however, share features of the basic category yet are additionally characterized by a subset of features that may distinguish to some degree the subordinate member from other basic category members (Lakoff, 1987; Rosch et al., 1976), for instance, attributes that distinguish golden retrievers from dogs in general.

Consequently, given similarities in terms of a basic category, promoting one's membership in a subordinate category would be an effective way of establishing distinctiveness within a basic category. Whereas membership in basic categories often provides foundational answers to the question "Who are we?," subordinate categories can additionally provide organizations with a basis for answering the question "How are we different?" (Sahlin & Wedlin, 2008). In this way, subordinate categories provide organizations with the cultural resources for signaling alterity (Czarniawska, 2008; Elsbach & Bhattacharya, 2001; Lévinas, 1999) relative to basic category members.

More specifically, we propose that category promotion is driven by a subordinate category's contextual distinctiveness, or the degree to which a particular categorical association provides an organization with technical, material, and/or symbolic resources for distinguishing itself from other members of the basic category.<sup>1</sup> However, because subordinate categories can at times span multiple basic categories, the same subordinate category may offer more or less distinctiveness depending on context. Such is often the case with certifications. For instance, depending on its context, the ISO certification may offer a company the means for distinguishing itself with regard to material or technical qualities and practices (Delmas & Montiel, 2008; King et al., 2005). In addition to offering a basis for material or technical distinctions, subordinate categories might also offer organizations symbolic or cultural distinctiveness (Giorgi, Lockwood, & Glynn, 2015; Glynn & Abzug, 2002). Given that values have long been considered to constitute the core of an organization's identity (Albert & Whetten, 1985; Selznick, 1957), a subordinate category can thus offer its members critical ways for highlighting the distinctiveness of those constitutive values and the associated practices that enact those values (Gehman, Treviño, & Garud, 2013; Giorgi et al., 2015; Wright, Zammuto, & Liesch, 2017). Yet because the value practices that characterize a particular subordinate category may factor prominently among members of some basic categories and less so in others (Lee & Lounsbury, 2015; Navis & Glynn, 2011), the capacity to invoke a particular subordinate categorical association as a point of differentiation is likely to vary.

Recent scholarship has reinvigorated attention to the importance of the contexts in which organizations operate (Garud, Gehman, & Giuliani, 2014; Low & Abrahamson, 1997). From a basic categories perspective, physical (i.e., regions, cities) (Lounsbury, 2007; Marquis, Davis, & Glynn, 2011) and virtual

(i.e., industries, fields, professions) contexts (Greenwood, Suddaby, & Hinings, 2002; Grimes et al., 2017; Micelotta & Raynard, 2011) are two important vectors that have been shown to influence organizational action. Subordinate category members then may differ on the extent to which they promote the category depending on the values practices salient among members of the broader basic categories—such as different industry sectors (e.g., coffee roasting vs. coal mining) and geographic communities (e.g., Vermont vs. Texas). When the values practices that might otherwise distinguish a particular subordinate category are already broadly diffused among the non-members within an organization's regional and industrial contexts, the category's contextual distinctiveness is low. In this case, an organization stands to gain little distinctiveness relative to the other basic category members by promoting its association with the subordinate category. For instance, distinguishing commercial farms from organic farms is only meaningful to the extent commercial farms do not share the same practices (Weber et al., 2008). In sum, category promotion provides a means by which organizations might distinguish themselves by region and industry; however, the extent of this distinction may vary across these contexts. As such, we propose that differences in a subordinate category's contextual distinctiveness with regard to the extant regional and industrial practices among non-members can explain why members engage in category promotion. This leads us to our first and second hypotheses:

*Hypothesis 1. The greater a subordinate category's contextual distinctiveness within a particular region, the greater the category promotion by members.*

*Hypothesis 2. The greater a subordinate category's contextual distinctiveness within a particular industry, the greater the category promotion by members.*

### **Subordinate Category Peer Groups: The Contextual Familiarity of Subordinate Categories**

So far, we have argued that a subordinate category's contextual distinctiveness within a basic category explains the extent to which members promote their associations with the category. Here, we further develop our understanding of a subordinate category's contextual distinctiveness by drawing attention to the role of subordinate category peer groups in amplifying or attenuating an

<sup>1</sup> In addition to offering resources for differentiation *within* a specific context, organizations may promote their association with a subordinate category as a result of its overall legitimacy or currency *across* multiple contexts (Kennedy et al., 2010; Wry, Lounsbury, & Glynn, 2011). Although the need for contrast and collective legitimation represent different potential mechanisms, we expect that both are likely to work in concert with one another, encouraging members' promotion of the subordinate category. We investigate this possibility as part of our robustness checks.

organization's responsiveness to these effects. Although drawing on subordinate category associations to claim distinction within broader industrial and regional contexts may offer members certain strategic advantages, this is likely conditioned by the extent to which such associations are contextually familiar or recognizable.<sup>2</sup> Existing research suggests that categorical coherence, or consensus of meaning, depends partly on the number of category members (Kennedy, 2008; Kennedy et al., 2010). While scholars have argued that this is true for a category as a whole, here we argue that such consensus and the associated familiarity is likely to be contextually derived. In other words, to fully understand the extent to which a subordinate category might serve as a credible basis for distinctiveness we must additionally consider the subordinate category's size and consequent familiarity within these respective contexts. A larger subordinate category peer group is thus likely to amplify the effects of a category's contextual distinctiveness on members' category promotion by increasing the degree to which the associated subordinate category is deemed credible.

Another mechanism whereby a larger peer group can amplify the effects of a subordinate category's contextual distinctiveness on members' category promotion is by increasing the extent to which there is a strong collective identity that might compel promotion (Wry, Lounsbury, & Glynn, 2011). For instance, as the collective presence of organizations associated with a subordinate category grows, it constitutes a cultural resource that affords members of that collective greater discretion to deviate from other conventions or pressures of conformity that might be imposed by the wider basic categories (Navis & Glynn, 2010; Swidler, 1986; Wry et al., 2011). Although such a mechanism is no doubt important in general, it is likely all the more potent in the case of emerging subordinate categories, where the strategic value of such deviance is likely in question. Accordingly, we theorize that in a region or industry with more subordinate category peers, an organization's sensitivity to any given level of a subordinate category's contextual distinctiveness

increases. In short, as subordinate category membership increases, the effect of a subordinate category's contextual distinctiveness on members' promotion is amplified. As such, we hypothesize:

*Hypothesis 3. More subordinate category members within a region amplify the positive effect of a subordinate category's contextual distinctiveness on category promotion.*

*Hypothesis 4. More subordinate category members within an industry amplify the positive effect of a subordinate category's contextual distinctiveness on category promotion.*

## METHODS

B Lab introduced the Certified B Corporation accreditation in 2006 as part of its strategy of fostering and promoting companies that use market-based approaches for addressing social and environmental problems (for a review, see Cao, Gehman, & Grimes, 2017). As of 2015, over 16,000 businesses had been assessed and over 1,700 from 42 countries had been certified.<sup>3</sup> This context offers several noteworthy advantages for addressing the proposed research question. First, the B Corp certification provides an ideal setting for disentangling category membership from category promotion. By setting evaluative thresholds and accrediting particular organizations and not others, B Lab acts as a powerful categorizing agent, granting category membership to organizations that uphold the category's standards (Grimes, 2010). As such, the extent to which a member promotes the category can be observed as a means of differentiation from non-certified basic category members. Second, given the effort and positive

<sup>2</sup> A category's familiarity is related to yet different from its saliency, a concept Verne and Wry (2014: 73) defined as "how much attention audiences devote to a particular category within the broader classification hierarchy." Although a category's salience is likely sufficient for predicting an increase in its familiarity, it is not a necessary cause in that other factors might similarly increase familiarity.

<sup>3</sup> Companies interested in becoming a Certified B Corporation start by taking the B Impact Assessment, which rates their sustainability using environmental, social, and governance criteria. To be eligible for certification, a company must score at least 80 out of 200 possible points in these areas. Documentation is required for B Lab's review and organizations are subject to random audits (10 percent of companies reportedly are visited annually). Certification is valid for 2 years, at which point a company must be re-certified. Companies legally organized as corporations or LLCs (as opposed to sole proprietorships) must amend their governing documents "to take into consideration the interests of all stakeholders, not just shareholders." Finally, companies must sign the B Corp "Declaration of Interdependence" and a corresponding legal term sheet, and pay an annual fee ranging from \$500 to \$50,000 or more, depending on annual sales.

regard associated with becoming a member of the category, this setting enables us to rule out the possibility that promotional forbearance is merely indicative of a stigmatized category (cf. Vergne, 2012). Third, the B Corp certification offers an example of a subordinate category that can be found in a host of different industries and geographies, enabling us to examine how differences across basic categories shape organizations' promotion of a subordinate category. Finally, each of the companies maintained websites geared toward promoting themselves to their various stakeholders, providing us with an extremely conservative setting for testing our ideas. Specifically, promoting the B Corp certification online is virtually costless, adding to the puzzle of why a firm would forego promoting this category.

### Sample Construction

Our sample for this study is comprised of the 526 B Corps located in the United States that were certified as of December 2013 and remained certified as of November 2015. This sample enabled us to examine how conditions at an earlier date affect members' category promotion at a later date. Using Amazon's Mechanical Turk service (MTurk), we had three separate raters provide us with the street addresses and phone numbers for each B Corp. When raters disagreed, the co-authors independently verified a company's location. Using this information, we then appended data from Dun and Bradstreet regarding each company's primary Standard Industrial Classification (SIC) code, annual revenue, and number of employees. Of the 526 companies, we were able to match 484 (or 92%) of our sample to Dun and Bradstreet records.

### Dependent Variables

As scholars have recently highlighted, "most texts encountered in and around organizations are multimodal" (Meyer, Jancsary, Höllerer, & Boxenbaum, 2017: 8), encompassing both verbal and visual elements. However, "despite a prominent line of research that addresses discourse (for an overview, see Phillips & Oswick, 2012), the visual mode of meaning construction has remained largely unexplored in organization and management research" (Meyer, Höllerer, Jancsary, & van Leeuwen, 2013: 490). This gap is particularly salient within the context of studies on categories, given their emphasis on the construction and diffusion of meaning. With the rise

of organizational websites and social media, organizations make prolific use of visual artifacts, and such artifacts have been shown to be powerful in their capacity both to influence meaning construction and diffusion, and to persuade audiences.

Accordingly, we designed our dependent variables to capture differences in category promotion—the extent to which a B Corporation promoted (or not) its certified status—both textually and graphically. We calculated *category text promotion* as a count of the number of B Corp terms that appeared within the first three "levels" of a company's website (i.e., any page on or within 2 clicks of the home page).<sup>4</sup> To develop the dictionary of terms, we manually reviewed the B Lab website. The resulting dictionary includes references to the B Corporation certification as well as related distinguishing phrases such as "The Change We Seek." Similarly, we calculated *category image promotion* as a count of the number of B Corp images that appeared within the first three levels of a company's website. We created the library of images by manually reviewing all pages on the B Lab website. These images included the Certified B Corporation logo, B the Change logo, and Declaration of Interdependence image (see Figure 1 for the dictionary and images).

We collected the data necessary to construct these variables by developing *CULTR*, a suite of web-based applications specially designed to crawl websites and capture information about category promotion (<http://www.cultrtoolkit.com/>). The *CULTR* text and image scrapers started on the internet home page of each company in our sample and then followed all internal links, ultimately traversing more than 650,000 B Corp web pages. These scrapers captured and reported each instance of the text and images on a given page, along with metadata such as the size and location of these instances. The results reported are based on category promotion data collected in late October and early November 2015, at which time

<sup>4</sup> During a pilot study, we evaluated multiple constructions of our dependent variables, ranging from using only website home pages to using all pages on a website. We also used MTurk to manually collect data regarding category promotion for comparison and validation purposes. On the one hand, we found that being too restrictive, such as using the home page only, resulted in false negatives; we undercounted the true extent of category promotion. On the other hand, we found that being overly broad, such as using the entire website, produced artificially high counts in a few cases. For this project, using the first three levels provided the best balance between these two extremes.

**FIGURE 1**  
**B Corporation Dictionary and images**

B Corp\*  
 Certified B Corp\*  
 B Lab  
 benefit corp\*  
 B Impact Assessment  
 B Impact Report  
 Declaration of Interdependence  
 Global Impact Investing Rating System  
 GIIRS  
 The Change We Seek



\* denotes a wildcard search character

we succeeded in gathering data for 507 of the 526 (96%) websites in our sample.<sup>5</sup> Figure 2 is a screenshot of a B Corp showing the one image and nine text promotions captured by our measures for this particular page.

### Independent Variables

First, to assess Hypotheses 1 and 2 regarding contextual distinctiveness by region and industry, we sought a measure capable of indicating the extent to which a member's promotion of the B Corp certification would distinguish it from the non-B Corps in these same two contexts. Because companies qualify for B Corp certification based on their ESG practices, we looked for a way to measure the extent to which non-B Corps were committed to or deviated from comparable ESG practices. These considerations led us to collect data from MSCI ESG KLD STATS (hereafter MSCI STATS), "an annual data set of positive and negative environmental, social, and governance performance indicators applied to a universe of publicly traded companies" (MSCI, 2015: 10).<sup>6</sup> Specifically, we used MSCI STATS for 2012, providing us with meaningful temporal separation between this key independent variable and our dependent variables. These data provided us

with ESG ratings on the MSCI USA Investable Market Index. With approximately 2,500 constituents, this index covers 99% of the US stock market, including large, mid, and small cap segments. Given the salience of publicly traded firms, a measure that accounts for the ESG-related practices of these firms by region and industry provides an ideal means for assessing the contextual distinctiveness afforded by promoting the B Corp category.

Using these data, we calculated *regional contextual distinctiveness* as the mean number of ESG concerns among publicly traded companies within a focal organization's state.<sup>7</sup> For instance, our measure of regional contextual distinctiveness for Pennsylvania was based on ratings of 109 companies headquartered in the state, ranging from Air Products in Allentown to Urban Outfitters in Philadelphia. Similarly, we calculated *industry contextual distinctiveness* as the mean number of ESG concerns among publicly traded companies within a focal organization's industry, as defined by its SIC division, a widely accepted classification of 10 industrial groups (e.g., [https://www.osha.gov/pls/imis/sic\\_manual.html](https://www.osha.gov/pls/imis/sic_manual.html)). Examples of ESG concerns include toxic emissions and waste, which assesses the severity of controversies related to a firm's non-greenhouse gas (GHG) emissions; product quality and safety, which assesses the severity of controversies related to the quality and safety of a firm's products and services; workforce diversity, which assesses the severity of controversies related to a firm's workforce diversity; and controversial investments, which assesses the severity of controversies related to the social and environmental impact of a firm's lending, underwriting, and financing activities (MSCI, 2015). In addition to the theoretical appropriateness of our measures, it has been demonstrated in prior research that the MSCI STATS concerns data (i.e., negative indicators) have greater historical accuracy and better predictive validity than the strengths data (i.e., positive indicators) (Chatterji, Levine, & Toffel, 2009; Mattingly & Berman, 2006).

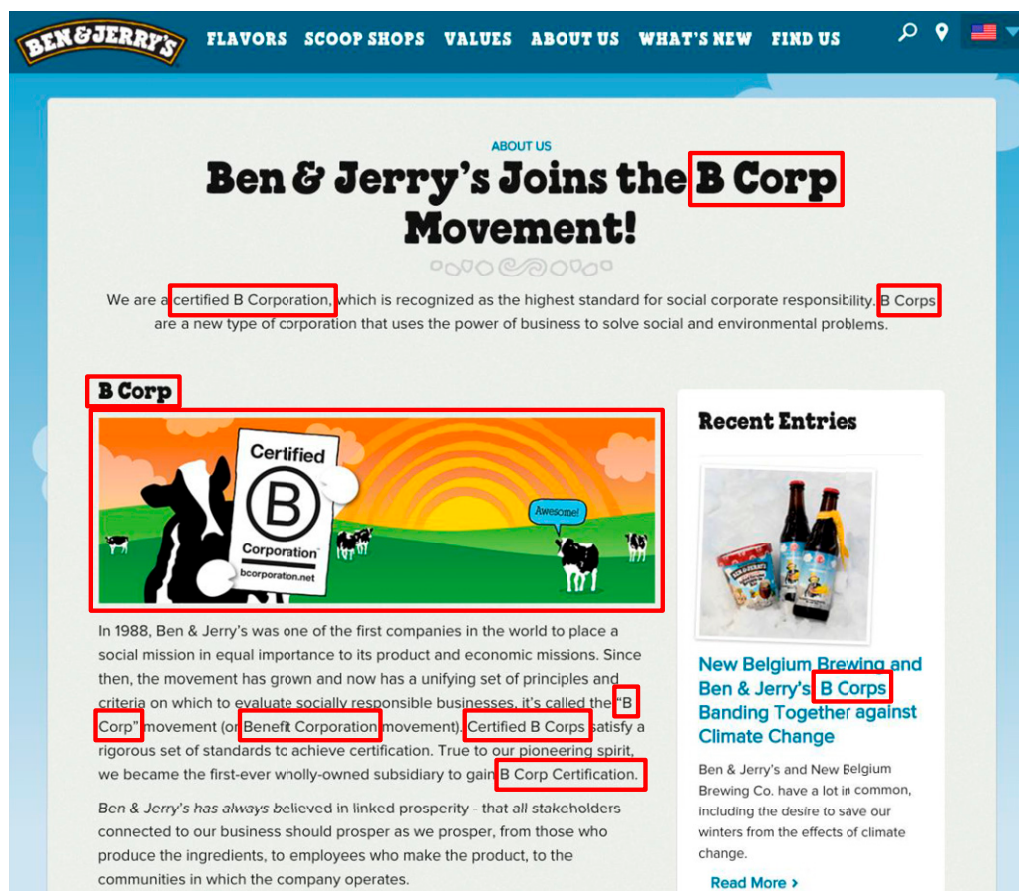
<sup>5</sup> Errors typically resulted when websites did not permit access to our web crawler or the website design made text inaccessible (e.g., Adobe Flash-based websites).

<sup>6</sup> Over the past 25 years, these data have become the most widely used and critically evaluated source of sustainability ratings among management scholars (for assessments, see Chatterji, Levine, & Toffel, 2009; Delmas, Etzion, & Nairn-Birch, 2013; Hart & Sharfman, 2015; Mattingly & Berman, 2006).

<sup>7</sup> We chose to delimit a B Corp's region by its state for several reasons. First, laws regarding incorporation vary by state, suggesting this is likely an important institutional boundary for B Corps when making inter-organizational comparisons. Second, state is a common unit of analysis, with sources as diverse as the *Fortune* 500 annual rankings, the US Bureau of Labor Statistics and management studies (e.g., Ruef & Patterson, 2009) all aggregating and comparing data at the state level. We test the robustness of this choice using a narrower definition of region.



FIGURE 2  
Example of B Corp Category Promotion coding



Our web crawler searched the text and image filenames of Certified B Corporation websites for the following terms: B Corp\*; Certified B corp\*; B Lab; benefit corp\*; B Impact Assessment; B Impact Report; Declaration of Interdependence; Global Impact Investing Rating System; GIIRS; The Change We Seek. \* is a wildcard search character.

In sum, these variables enabled us to assess contextual distinctiveness between B Corps and non-B Corps by measuring the difference between the average ESG concerns of public companies and the essentially negligible ESG concerns of the prototypical B Corp member within particular regional and industry contexts.

Second, to assess Hypotheses 3 and 4 regarding the interactive effects of a category's contextual familiarity on category promotion, we constructed measures of B Corp peer membership by region and industry. We measured *regional category peers* as a count of the number of Certified B Corporations within a focal organization's state. Similarly, we measured *industry category peers* as a count of Certified B Corporations within a focal organization's industry. Data for these measures were derived from

the Certified B Corporation directory, together with address information gathered using MTurk and SIC codes gathered from Dun and Bradstreet. Both variables were observed as of December 2013, providing clear temporal separation from our dependent variables. We mean centered all four independent variables to facilitate interpretation of our interaction terms (Echambadi & Hess, 2007).

We also evaluated whether these variables provide evidence of discriminant validity (i.e., whether measures that are supposed to be unrelated are in fact unrelated).<sup>8</sup> Our measures of *regional category peers* and *regional contextual distinctiveness* are correlated at  $-.01$ , while our measures of *industry*

<sup>8</sup> We thank an anonymous reviewer for suggesting this evaluation.

*category peers* and *industry contextual distinctiveness* are correlated at  $-.25$ . Additionally, the measures are derived from entirely different kinds of data. Taken together, the evidence indicates that our key variables are conceptually and empirically discriminant.

### Control Variables

To help rule out alternative explanations of category promotion, we controlled for a number of other factors. To control for the effects of company size on category promotion, we used data from Dun and Bradstreet to measure *annual sales* as the natural log of sales volume in US dollars, and *employees* as a company's total number of employees. To control for the possibility that *company age* affects category promotion, we calculated how old a company was, in years, based on its founding date. These data came primarily from Dun and Bradstreet, and were supplemented with data from the B Lab website, MTurk, and internet searches. To control for differences in opportunities to promote, we used data derived from our web-based crawler to calculate *website words* (*website images*) as the natural log of the total number of words (images) within the first three levels of a company's website, thereby controlling for differences in website size and complexity. To control for the possibility that some companies are simply better at internet marketing than others, we calculated *social media presence* as a variable ranging from 0 to 3, depending on whether a company had active accounts on Twitter, Facebook, or LinkedIn. This measure is based on data collected from the B Lab website and supplemented by data from MTurk and internet searches.

Evidence from prior research suggests that category members can vary in their prototypicality, and that such differences can affect how members relate to the category (Jones, Maoret, Massa, & Svejenova, 2011; Rindova, Petkova, & Kotha, 2007). We control for this possibility in three different ways. First, we measured *category founder* as a binary variable coded as 1 for any companies that were listed as founding members on the B Lab website. Second, we measured *best in class* as a binary variable coded as 1 for any companies that obtained B Impact Assessment scores in the top 10% in any year until 2013. Third, we measured *born B* as a binary variable coded as 1 for any company that was certified within 1 year of its founding. Additionally, to control for inconsistent temporal separation between some independent and dependent variables, we measured

*months certified* as the number of months elapsed between a company's certification and the date we collected the data for our dependent variable (i.e., late October to early November 2015).

To control for differences in the presence of public companies by region and industry, we used data from MSCI STATS to measure *regional public companies* and *industry public companies* as a count of the number of publicly traded companies within these respective contexts.<sup>9</sup> Because the correlation between *regional public companies* and *regional category peers* was .96, we partialled out their common variance by regressing *regional category peers* on *regional public companies* and then used the residuals in our analysis (Cohen, Cohen, West, & Aiken, 2003; Pollock & Gulati, 2007). Doing so reduced the correlation between these variables to .17, and enabled us to control for any influence *regional public companies* had on category promotion that was unrelated to *regional category peers*. We tested the robustness of this choice in two ways: by excluding the *regional public companies* control variable completely, and by using the original untransformed control variable instead of the residuals. In all cases, we found the same pattern of results reported below. To control for broader regional and industry differences that might influence category promotion, we coded regional dummy variables based on US Census regions: *midwest-mountain region*, *south region*, and *west region* (leaving *northeast* as the omitted reference category); and a *services industries* dummy variable for any companies with SIC codes 7000–9999. In two cases, these variables were strongly correlated with other measures: *west region* and *regional category peers* (.74), and *services industries* and *industry category peers* (.88). These correlations are not surprising: approximately 40% of the sample is located in the *west region*, and approximately 51% of the sample is categorized in *services industries*. To determine whether these correlations influenced our results, we tested models without the region and industry control variables and found the same pattern of results reported below.

### Model Estimation

Our dependent variable is a discrete count variable. Not only are these data skewed left with long right tails, they also contain excess zeroes, meaning

<sup>9</sup> We thank an anonymous reviewer for proposing these control variables.

there are more zero counts than would be predicted (Cameron & Trivedi, 2013). Hurdle models are now considered one of the foremost methods for dealing with such data (Cameron & Trivedi, 2013; Hilbe, 2014).<sup>10</sup> This method assumes that data reflect a two-part process in which positive counts are generated only after first crossing a hurdle. Typically, hurdle models partition the data into a zero component, generating a binary response (0 or 1), and a count component, generating positive counts (1 and higher). These models have been used to research diverse phenomena ranging from website surfing behavior (Bucklin & Sismeiro, 2003) to commercial fertilizer demand (Ricker-Gilbert, Jayne, & Chirwa, 2011). In short, hurdle models are the preferred approach for dealing with excess zeroes when only the “at risk” population can generate zeroes.

In addition to meeting these general parameters, two other features of our context suggest the appropriateness of hurdle models. First, because the B Corp accreditation is actively championed by B Lab, hurdle models enable us to control for the possibility (without imposing a requirement) that the initial binary decision regarding whether to promote is driven by a different process than the subsequent strategic decision regarding how much to promote. Second, because websites can vary dramatically in size, hurdle models enable us to control for the possibility (again, without imposing a requirement) that the opportunity to promote might differentially affect these decision processes. Thus, we model category promotion as a two-part process in which the zero and count generating processes are not constrained to be the same. In the first part, we model zeroes using a binomial model with a logit link. In the

second part, we test our hypotheses using a truncated Poisson model with a log link. We estimated all parameters based on maximum likelihood using the hurdle command in the R statistical package.

## RESULTS

### Hurdle Models of Category Text Promotion

In Table 1, we report descriptive statistics and correlations for the dependent, independent, and control variables used in this study. In Table 2, we present the results of the models that test our hypotheses related to *category text promotion*. Model 1 is the zero model. It is a binomial regression predicting whether a B Corp promotes its category affiliation using the control variables, together with our independent variables.

Model 2 is provided for diagnostic purposes. Its specification is identical to Model 1, except it is estimated as a zero-truncated Poisson regression. It shows that whereas the variables underlying our hypotheses are non-significant predictors of the binary promotion decision (Model 1), they are significant predictors of the extent of promotion (Model 2). This result supports our choice to model category promotion as a two-part process.

Model 3 is the baseline control model. In the first part of the regression, we include the zero model exactly as described in Model 1. In the second part, we enter the complete array of control variables. They are all highly significant. *Annual sales, employees, website words, social media presence, category founder, best in class, services industries, regional public companies, and industry public companies* significantly increase *category text promotion*. By comparison, *company age, born B, months certified, midwest-mountain region, south region, and west region* significantly decrease *category text promotion*.

In Model 4, we add the *regional contextual distinctiveness* variable, which is positive and significant ( $p < .001$ ), providing support for Hypothesis 1. In Model 5, we add the *industry contextual distinctiveness* variable, which is positive and significant ( $p < .001$ ), providing support for Hypothesis 2. Model 6 includes both contextual distinctiveness variables simultaneously; they are positive and significant, providing further support for Hypotheses 1 and 2. As the category's contextual distinctiveness increases by region and industry, category promotion increases. Stated vernacularly, B Corps embedded in “dirtier” regional and industrial contexts increase their category promotion.

<sup>10</sup> Zero-inflated models are the other alternative for modeling count data with excess zeroes (Cameron & Trivedi, 2013; Hilbe, 2014). Whereas hurdle models are two-part models, zero-inflated models are finite mixture models in which two data-generating mechanisms are assumed: one generating only zeroes (so-called bad zeroes), and the other generating the full range of counts (including so-called good zeroes). “To appropriately employ a zero-inflated model on data with excess zero counts, the analyst should have a theory as to why there are a class of observations having both observed and expected zero counts” (Hilbe 2014: 196). For instance, when counting birdcalls, zero counts can occur because birds were quiet during the observation period (“good” zeroes), and because the analyst failed to observe birdcalls that actually occurred (“bad” zeroes). In our case, there are not two zero-generating processes; because we scraped each B Corp's entire website, no promotions (birdcalls) went unobserved.

TABLE 1  
Summary Statistics

Variable	Mean	SD	min	max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1 Category text promotion	154.97	460.28	0	4,929																						
2 Category image promotion	137.69	990.07	0	15,871	.53																					
3 Regional contextual distinctiveness	0.00	0.20	-0.75	0.88	.07	.06																				
4 Industry contextual distinctiveness	0.00	0.44	-0.40	1.64	.08	-.03	.05																			
5 Regional category peers	0.00	77.31	-81.52	115.48	-.01	-.02	-.01	.00																		
6 Industry category peers	0.00	114.89	-148.08	125.92	-.08	-.02	-.03	-.25	-.01																	
7 Annual sales (log)	12.07	4.68	-2.30	18.52	.00	.06	-.05	-.64	-.08	.18																
8 Employees	29.25	100.14	0	1200	.06	.04	.05	-.05	-.01	-.07	.14															
9 Category founder	0.09	0.09	0	1	.10	.05	.01	-.07	.07	-.01	-.03	.02														
10 Best in class	0.32	0	0	1	.04	-.04	.01	.03	-.02	-.05	.02	.03	.04													
11 Website words (log)	9.84	3.08	-2.30	16.69	.27	.16	.03	-.05	.00	-.08	.09	.08	.05	-.01												
12 Website images (log)	6.53	3.12	-2.30	14.12	.18	.23	.03	-.11	-.05	-.11	.15	.10	.00	-.02	.67											
13 Social media presence	2.32	0.77	0	3	.08	.04	.03	-.01	.04	.00	.03	.06	-.06	.03	.15	.19										
14 Months certified	31.03	21.89	1	80	.03	.03	-.04	-.04	.09	.00	-.02	.00	.56	.08	.02	.01	.04									
15 Company age	12.27	16.41	1	224	.04	.02	-.02	-.10	-.01	-.03	.17	.28	.13	.03	.10	.12	-.04	.12								
16 Born B	0.27	0	0	1	-.05	.01	-.02	.10	-.01	-.02	-.14	-.12	.06	.04	-.16	-.18	.08	.20	-.32							
17 Regional public companies (residual)	-0.22	1.03	-3.30	2.37	-.05	.06	.20	-.02	.17	.07	.00	-.06	.03	-.01	-.02	-.06	-.01	.00	-.15	-.01						
18 Industry public companies	352.00	261.59	4	920	.03	.00	.04	-.35	.05	.03	.23	.14	-.11	-.01	.11	.13	.02	-.07	.12	-.14	-.09					
19 South region	0.16	0	0	1	-.04	-.04	.15	-.02	-.37	.05	.03	-.05	-.08	.03	.02	-.02	.12	-.04	-.08	.08	.07	-.02				
20 Midwest-mountain region	0.15	0	0	1	.02	-.01	.28	.05	-.35	-.03	.02	.03	-.09	.06	.03	.04	-.03	-.11	-.01	.02	-.11	.00	-.19			
21 West region	0.40	0	0	1	-.04	-.08	-.30	-.01	.74	-.03	-.07	-.02	.02	-.03	.01	-.02	.05	.08	.00	.02	-.22	.03	-.37	-.35		
22 Services industries	0.51	0	0	1	-.05	-.03	.00	.21	-.01	.88	-.16	-.12	-.03	-.03	-.13	-.19	.00	-.02	-.08	.03	.07	-.20	.05	-.01	-.03	

TABLE 2  
Hurdle Models of Category Text Promotion

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Constant	-3.323 (1.781)	-1.295*** (0.050)	-0.697*** (0.036)	-0.627*** (0.036)	-1.064*** (0.038)	-1.002*** (0.037)	-1.420*** (0.040)	-0.033 (0.057)	-0.493*** (0.059)
South region	-1.192* (0.604)	-0.819*** (0.016)	-0.820*** (0.015)	-0.783*** (0.015)	-0.733*** (0.015)	-0.687*** (0.015)	-0.687*** (0.016)	-0.596*** (0.016)	-0.596*** (0.016)
Midwest-mountain region	0.716 (0.685)	-0.317*** (0.014)	-0.149*** (0.013)	-0.201*** (0.013)	-0.191*** (0.013)	-0.229*** (0.013)	-0.237*** (0.014)	-0.150*** (0.013)	-0.166*** (0.014)
West region	0.259 (0.733)	-0.146*** (0.016)	-0.575*** (0.011)	-0.441*** (0.011)	-0.575*** (0.011)	-0.424*** (0.011)	0.287*** (0.021)	-0.376*** (0.012)	0.301*** (0.021)
Services industries	0.466 (1.825)	0.200*** (0.052)	0.198*** (0.009)	0.155*** (0.009)	0.114*** (0.009)	0.067*** (0.009)	0.099*** (0.009)	-0.508*** (0.059)	-0.425*** (0.059)
Employees	0.016 (0.010)	0.000*** (0.000)	0.000*** (0.000)	0.000 (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000* (0.000)
Best in class	0.124 (0.358)	0.118*** (0.008)	0.201*** (0.008)	0.213*** (0.008)	0.112*** (0.008)	0.118*** (0.008)	0.125*** (0.008)	0.125*** (0.008)	0.132*** (0.008)
Social media presence	0.342 (0.197)	0.171*** (0.006)	0.197*** (0.006)	0.178*** (0.006)	0.188*** (0.006)	0.171*** (0.006)	0.171*** (0.006)	0.161*** (0.006)	0.162*** (0.006)
Website words (log)	0.494*** (0.074)	0.474*** (0.002)	0.487*** (0.002)	0.485*** (0.002)	0.469*** (0.002)	0.466*** (0.002)	0.471*** (0.002)	0.448*** (0.002)	0.454*** (0.002)
Annual sales (log)	-0.061 (0.058)	0.060*** (0.001)	0.009*** (0.001)	0.008*** (0.001)	0.059*** (0.001)	0.058*** (0.001)	0.057*** (0.001)	0.065*** (0.001)	0.064*** (0.001)
Category founder	0.473 (0.769)	0.349*** (0.016)	0.550*** (0.015)	0.477*** (0.016)	0.439*** (0.016)	0.366*** (0.016)	0.393*** (0.016)	0.307*** (0.016)	0.341*** (0.016)
Months certified	0.003 (0.009)	-0.006*** (0.000)	-0.008*** (0.000)	-0.003*** (0.000)	-0.007*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.005*** (0.000)	-0.005*** (0.000)
Company age	-0.017 (0.013)	-0.007*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)	-0.006*** (0.000)
Born B	-0.09 (0.394)	-0.029** (0.010)	-0.136*** (0.010)	-0.107*** (0.010)	-0.059*** (0.010)	-0.037*** (0.010)	-0.039*** (0.010)	-0.028** (0.010)	-0.029** (0.010)
Regional public companies (residual)	0.145 (0.240)	0.061*** (0.005)	0.162*** (0.005)	0.090*** (0.006)	0.149*** (0.005)	0.070*** (0.006)	0.003 (0.006)	0.013* (0.006)	-0.047*** (0.006)
Industry public companies	0.041 (0.081)	0.045*** (0.002)	0.055*** (0.002)	0.045*** (0.002)	0.052*** (0.002)	0.042*** (0.002)	0.047*** (0.002)	0.020*** (0.002)	0.025*** (0.002)
Regional category peers	-0.002 (0.004)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.004*** (0.000)	-0.004*** (0.000)	-0.004*** (0.000)
Industry category peers	0.001 (0.008)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.000* (0.000)	0.006*** (0.000)	0.006*** (0.000)
H1: Regional contextual distinctiveness	-1.598 (1.175)	1.148*** (0.024)	0.894*** (0.023)	0.894*** (0.023)	0.969*** (0.024)	0.969*** (0.024)	4.197*** (0.104)	1.024*** (0.105)	4.068*** (0.105)
H2: Industry contextual distinctiveness	-1.054 (0.900)	0.752*** (0.028)	0.794*** (0.013)	0.794*** (0.013)	0.783*** (0.013)	0.794*** (0.013)	0.800*** (0.013)	6.298*** (0.160)	6.037*** (0.160)
H3: Regional contextual distinctiveness x regional category peers									
H4: Industry contextual distinctiveness x industry category peers									
Zero count model									
AIC	312.4	122943.5	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Log likelihood	-136.2	-61431.8	129206.7	127673.5	125254.2	123550.2	122023.6	122115.8	120724.2
			-64567.3	-63799.8	-62590.1	-61737.1	-60971.8	-61017.9	-60320.1

Notes:  $n = 465$ ; standard errors in parentheses.

\*  $p < 0.05$

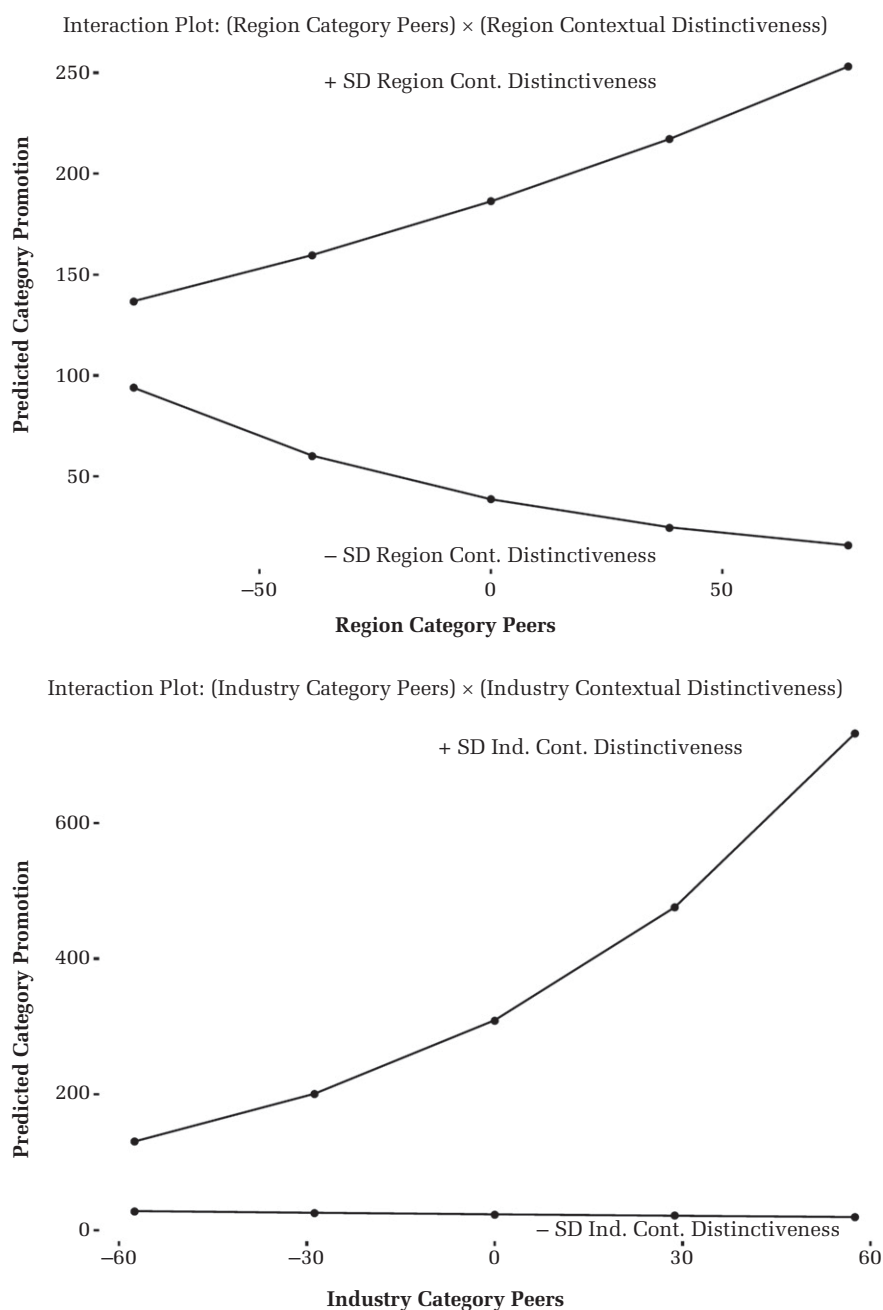
\*\*  $p < 0.01$

\*\*\*  $p < 0.001$

In Model 7, we add the interaction term *regional contextual distinctiveness*  $\times$  *regional category peers*, which is positive and significant ( $p < .001$ ). In Model 8, we add the interaction term *industry contextual distinctiveness*  $\times$  *industry category peers*, which also is positive and significant ( $p < .001$ ). Given the non-linearity of our models, in Figure 3 we have plotted

the effects of these interactions graphically. Model 9 is a fully saturated model; both interaction terms are positive and significant. In addition to evaluating the significance of the interaction terms, we compared the Akaike Information Criterion (AIC) in Models 6 and 7, Models 6 and 8, and Models 6 and 9. In all three cases, the improvements in model fit are

**FIGURE 3**  
**Interaction Plots**



considered “very strong” (Raftery, 1995). Additionally, because our models are estimated using identical data and nested within each other, they can be formally compared using the deviance statistic (Singer & Willett, 2003). In all three pairs of models, the differences in deviance statistics far exceed the  $p < 0.001$  critical values of a  $\chi^2$  distribution on 2 and 4 *df.*, respectively. Taken together, these results provide strong support for Hypotheses 3 and 4. An increase in regional and industrial category peers amplifies the effect of contextual distinctiveness on category text promotion.

### Hurdle Models of Category Image Promotion

Table 3 presents the results of the models that test our hypotheses on *category image promotion*. The variables in this table directly mirror those already discussed, with two exceptions. The dependent variable is *category image promotion*, enabling us to test our hypotheses using a completely different measure of category promotion. In parallel with this change in dependent variable, we now control for *website images*.

Model 10 is the zero model and Model 11 is the diagnostic count model. Model 12 is the baseline count model. In Model 13, we add the *regional contextual distinctiveness* variable, which is positive and significant ( $p < .001$ ). In Model 14, we add the *industry contextual distinctiveness* variable, which is positive and significant ( $p < .001$ ). In Model 15, both variables are again positive and significant ( $p < .001$ ). These results provide strong support for Hypotheses 1 and 2.

In Model 16, we add the interaction term *regional contextual distinctiveness*  $\times$  *regional category peers*, which is positive and significant ( $p < .001$ ). In Model 17, we add the interaction term *industry contextual distinctiveness*  $\times$  *industry category peers*, which also is positive and significant ( $p < .001$ ). Model 18 is a fully saturated model with both interaction terms. As with the category text promotion models, we also evaluated improvements in model fit using the AIC and by calculating differences in deviance statistics. In all cases, the results provide strong support for Hypotheses 3 and 4. An increase in regional and industrial category peers amplifies the effect of contextual distinctiveness on category image promotion.

### Robustness Checks

We also performed a variety of robustness checks, which are described below but not otherwise

reported. First, we constructed two alternative dependent variables. We measured *category page promotions* as the number of pages within the first three levels of a company’s website that contained any B Corp terms, and controlled for *website pages*, calculated as the natural log of the total number of pages within a website’s first three levels. We measured *category pixel promotions* as the pixel area (i.e., graphical area) within the first three levels of a company’s website that contained any B Corp images, and controlled for *website pixels*, calculated as the natural log of the total pixel area devoted to images of any kind within the website’s first three levels. We collected data for these measures using the same scraping procedures described earlier. Using these new variables, we then repeated our analysis. With both dependent variables, the results support all four hypotheses ( $p < .001$ ); thus, our results are robust to alternative measures of category promotion.

Second, we introduced lagged versions of our text and image promotion dependent variables. We collected the data for these variables in late March and early April 2014 using the same data collection procedures described earlier for our dependent variables. By including these variables, we control for two different alternative explanations. First, we have argued that category promotion is a function of contextual distinctiveness *within* specific contexts (e.g., region, industry). However, an alternative possibility is that such promotion is the result of collective legitimation *across* multiple contexts (Navis & Glynn, 2010; Wry et al., 2011).<sup>11</sup> For instance, in our case it could be that category promotion is simply a function of the national-level legitimacy of the B Corporation category, whereas the context specific effects we observed are epiphenomenal. A second possibility is that our analysis suffers from an omitted variable problem, such that category promotion observed in late 2015 was influenced by factors unobserved in our analysis. By including these lagged versions of our dependent variables, we are able to control for both possibilities. As would be expected by prior research on collective legitimation, higher levels of category promotion in

<sup>11</sup> Although we would have preferred to test this possibility using repeated observations of the total number of B Corp members over time, given the limited panel structure of our data, such a test was not possible. Instead, we use prior promotion as an indicator of prior legitimacy. That said, understanding the dynamics between collective and contextual category legitimation is an area ripe for future research (Deephouse, Bundy, Tost, & Suchman, 2017).

TABLE 3  
Hurdle Models of Category Image Promotion

	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16	Model 17	Model 18
Constant	-2.533* (1.165)	1.455** (0.084)	-2.401*** (0.044)	-2.646*** (0.047)	-2.279*** (0.045)	-2.493*** (0.048)	-2.703*** (0.050)	1.484*** (0.074)	1.894*** (0.077)
South region	-1.015* (0.426)	-1.299*** (0.025)	-1.598*** (0.023)	-1.566*** (0.023)	-1.288*** (0.025)	-1.263*** (0.025)	-0.959*** (0.027)	-1.230*** (0.024)	-0.825*** (0.025)
Midwest-mountain region	0.03 (0.431)	-0.710*** (0.017)	-0.641*** (0.016)	-0.637*** (0.016)	-0.603*** (0.017)	-0.595*** (0.017)	-0.566*** (0.017)	-0.642*** (0.017)	-0.608*** (0.017)
West region	-0.17 (0.433)	-0.419*** (0.027)	-0.793*** (0.016)	-0.785*** (0.016)	-0.472*** (0.019)	-0.470*** (0.019)	0.563*** (0.031)	-0.638*** (0.018)	0.585*** (0.032)
Services industries	1.254 (1.446)	-7.574*** (0.140)	0.764*** (0.013)	0.789*** (0.013)	0.629*** (0.013)	0.649*** (0.013)	0.639*** (0.013)	-5.502*** (0.118)	-6.279*** (0.120)
Employees	-0.001 (0.001)	0.001*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Best in class	0.076 (0.241)	-0.248*** (0.012)	-0.155*** (0.012)	-0.158*** (0.012)	-0.146*** (0.012)	-0.149*** (0.012)	-0.083*** (0.012)	-0.227*** (0.012)	-0.104*** (0.012)
Social media presence	-0.057 (0.146)	0.017 (0.010)	-0.069*** (0.009)	-0.050*** (0.009)	-0.099*** (0.009)	-0.082*** (0.009)	-0.058*** (0.009)	0.044*** (0.010)	0.072*** (0.010)
Website images (log)	0.390*** (0.051)	0.752*** (0.003)	0.755*** (0.003)	0.759*** (0.003)	0.734*** (0.003)	0.739*** (0.003)	0.704*** (0.003)	0.746*** (0.003)	0.701*** (0.003)
Annual sales (log)	0.005 (0.034)	0.094*** (0.002)	0.092*** (0.002)	0.104*** (0.002)	0.093*** (0.002)	0.103*** (0.002)	0.094*** (0.002)	0.091*** (0.002)	0.075*** (0.002)
Category founder	0.472 (0.472)	-0.053* (0.027)	0.330*** (0.023)	0.383*** (0.023)	0.211*** (0.023)	0.266*** (0.023)	0.381*** (0.023)	0.035 (0.026)	0.195*** (0.026)
Months certified	-0.008 (0.006)	-0.008*** (0.000)	-0.010*** (0.000)	-0.011*** (0.000)	-0.009*** (0.000)	-0.010*** (0.000)	-0.010*** (0.000)	-0.009*** (0.000)	-0.012*** (0.000)
Company age	0.019 (0.011)	-0.010*** (0.000)	-0.008*** (0.000)	-0.008*** (0.000)	-0.008*** (0.000)	-0.009*** (0.000)	-0.008*** (0.000)	-0.010*** (0.000)	-0.007*** (0.000)
Born B	-0.205 (0.280)	0.497*** (0.014)	0.553*** (0.012)	0.570*** (0.012)	0.647*** (0.013)	0.654*** (0.013)	0.670*** (0.013)	0.511*** (0.014)	0.514*** (0.014)
Regional public companies (residual)	0.254 (0.152)	-0.357*** (0.008)	-0.151*** (0.007)	-0.155*** (0.007)	-0.315*** (0.008)	-0.315*** (0.008)	-0.457*** (0.009)	-0.371*** (0.008)	-0.550*** (0.009)
Industry public companies	0.029 (0.056)	-0.111*** (0.003)	-0.027*** (0.002)	-0.023*** (0.002)	-0.039*** (0.002)	-0.035*** (0.002)	-0.024*** (0.002)	-0.105*** (0.003)	-0.112*** (0.003)
Regional category peers	-0.003 (0.002)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.005*** (0.000)	-0.005*** (0.000)	-0.005*** (0.000)
Industry category peers	-0.004 (0.006)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)	0.035*** (0.001)
H1: Regional contextual distinctiveness x regional category peers	-0.462 (0.743)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)	2.335*** (0.046)
H2: Industry contextual distinctiveness x industry category peers	0.137 (0.732)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)	1.872*** (0.042)
H3: Regional contextual distinctiveness x regional category peers									
H4: Industry contextual distinctiveness x industry category peers									
Zero count model									
AIC	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Log likelihood	546.0 -253.0	55992.4 -27956.2	62501.7 -31214.9	62212.7 -31069.4	60982.3 -30454.2	60777.5 -30350.7	59000.3 -29460.1	55375.1 -27647.6	52559.2 -26237.6

Notes:  $n = 465$ ; standard errors in parentheses.

\*  $p < 0.05$

\*\*  $p < 0.01$

\*\*\*  $p < 0.001$



early 2014 lead to higher levels of category promotion in late 2015. Specifically, the lagged variables are positive and significant predictors of the binary decision to promote ( $p < .05$  for text;  $p < .001$  for images), and of the extent of promotion ( $p < .001$  for both text and images). However, even after controlling for these effects, our four hypothesized effects remain significant ( $p < .001$ ) predictors of category text and image promotion. Thus, these results test the alternative explanations described above, and provide further support for the robustness of our findings and the overall causal logic of our hypotheses.

Third, to test whether our results are sensitive to the way in which we defined industries and regions, we constructed alternative measures for both. We recalculated *industry contextual distinctiveness*, *industry category peers*, and *industry public companies* using the industry definitions proposed by Waddock and Graves (1997). This change had the effect of doubling the number of industry categories used in our analysis. We then repeated our original analysis. Results show significant support ( $p < .001$ ) for all four hypotheses, using both our *category text promotion* and *category image promotion* dependent variables. Similarly, we geocoded the latitude and longitude of each B Corp, and then recalculated *regional contextual distinctiveness*, *regional category peers* and *regional public companies* using a 75-kilometer radius around each Certified B Corporation. We then repeated our original analysis. Results show significant support ( $p < .001$ ) for all four hypotheses, using both our *category text promotion* and *category image promotion* dependent variables. Thus, our results are robust to alternative definitions of industry and regional boundaries; contextual distinctiveness significantly predicts category promotion whether using coarser or more granular contextual boundaries.

Finally, we performed several additional tests regarding the effects of social media on category promotion.<sup>12</sup> To do so, we began by collecting data on the number of Twitter followers, if any, for all of the B Corps in our sample. We then calculated a firm's *Twitter followers* as the natural log of these data. Next, we checked the robustness of our reported results by testing two new specifications: models in which we added *Twitter followers* in addition to *social media presence*; and models in which we

substituted *Twitter followers* for *social media presence*. For both specifications, results show significant support ( $p < .001$ ) for all four hypotheses using both our *category text promotion* and *category image promotion* dependent variables.

We also made use of this new variable in a more substantive way. Specifically, we substituted this variable for our measures of category peer members, enabling us to test the robustness of our moderating effects using a more audience-centric measure. The results of these new models show that *regional contextual distinctiveness*  $\times$  *Twitter followers* and *industry contextual distinctiveness*  $\times$  *Twitter followers* are positive and significant predictors ( $p < .001$ ) of both *category text promotion* and *category image promotion*. Thus, our results regarding the moderating effects of the contextual meaningfulness of a category are robust to a measure of audience attention. In sum, we tested the robustness of our results in 14 additional sets of models finding support for our four hypotheses using measures of both text and image promotion in all cases.

### Qualitative Analysis of B Corp Membership and Promotion

To further understand and validate the mechanisms underlying our results, we conducted semi-structured interviews with B Corp entrepreneurs and executives.<sup>13</sup> Our interviews focused on understanding why organizations opted to become Certified B Corporations, yet differed in their promotion of the certification. We were concerned primarily with surfacing whether the individuals within these organizations who were responsible for both membership- and promotion-related decisions actually perceived and were influenced by the subordinate category distinctiveness afforded by B Corp certification relative to non-certified companies within their basic categories, as well as contextual familiarity in the form of subordinate category peer group size. The analysis below is based on 49 interviews—29 conducted by the co-authors between July and October 2015, and 20 interviews previously published in *The B Corp Handbook* (Honeyman, 2014). Our interviews averaged 29 minutes in length, and ranged from 20 to 48 minutes. With one exception, the interviewees gave us permission to record their interviews,

<sup>12</sup> We thank two anonymous reviewers for their respective comments, which inspired these two different tests.

<sup>13</sup> We thank associate editor Martine Haas and two anonymous reviewers for encouraging us to perform these interviews as part of the revision process.

which we had transcribed. To identify potential interviewees, we relied primarily on theoretical sampling of B Corps that were significant promoters or non-promoters, and embedded in a mix of different contexts (Lincoln & Guba, 1985; Patton, 2002). Using the 231 pages of transcripts from our interviews, our interview notes, and the secondary interviews, we performed a theme analysis (Miles & Huberman, 1994). The themes that emerged are discussed below, and examples of supporting quotes are summarized in Tables 4 and 5.

Based on our analysis of the interview data, the most common reason for pursuing B Corp certification was because it was aligned with the organization's pre-existing mission, purpose, values, or identity (see Table 4), a finding that is consistent with prior literature (Navis & Glynn, 2010; Wry et al., 2011). In addition to this "internal" alignment, interviewees reported that B Corp membership provided important "external" third-party validation and legitimation of their organizations' sustainability commitments. Quite a few interviewees also reported that they were motivated to become and remain B Corp members because they believed the assessment process yielded new innovations and practice improvements. Finally, many interviewees described membership in the B Corp community as a benefit in its own right, enabling them to learn from and occasionally transact with other B Corps. In sum, our interviewees reported that their companies became B Corp members largely for identity enactment and validation.

Our analysis of the interview data also clarified that the motivations underpinning members' promotion of the B Corp certification differed substantially from their motivations to become certified. The most common explanation provided by interviewees for why their companies touted the B Corporation certification related to differentiating themselves from non-certified companies (see Table 5). For instance, in the case of industries such as office supplies and business insurance, the B Corp certification was seen as offering companies a way of standing out in an otherwise commodified landscape. Alternatively, in the case of cities and states where sustainability considerations were perceived as being of broad interest, our respondents reported feeling that the B Corp certification sometimes "got lost in the crowd," thereby mitigating the opportunity to achieve distinction by way of promotion.

Additionally, our interviewees revealed that other B Corp members influenced their category promotion activities. Whereas some regions have a growing network of B Corps, which was reported as buoying category promotion, other regions have only a few B Corps, which was perceived as stunting category promotion. More generally, most of our interviewees talked specifically about the presence (or absence) of other B Corps in their states (e.g., Colorado, Vermont, Massachusetts, California, Illinois, Montana were all specifically invoked by our interviewees) and, to a lesser extent, their cities

**TABLE 4**  
**Drivers of B Corp Membership**

Theme	Example quotes
Alignment with a company's mission, purpose, values or identity	<p>"We were founded in 1982 with the sole purpose of incorporating environmental, social and governance factors into the investment process. We consider ourselves to have been a B Corp long before there was a name for it." Interview No. 27</p> <p>"The principle benefit to Patagonia from B Corp certification . . . is the mechanism it provides to protect the company's core values during succession." Interview No. 33</p>
Validating and legitimating a company's sustainability commitments	<p>"Achieving B Corp certification also provides validation of a company's efforts to manage for sustainability, and the quality of the B Impact Assessment enhances the legitimacy and value of this third-party review." Interview No. 48</p> <p>"Our co-founder really believed that we needed third-party criteria to validate our own internal business practices, so we could speak confidently and with authority on our mission. At that point in time we certified ourselves." Interview No. 7</p>
Innovation and practice improvement	<p>"It's been a good tool for us to improve our practices and improve our organization. Honestly, we get more benefit out of it in that way than we have externally. It's not something that a lot of people seem to understand." Interview No. 21</p> <p>"Internally, the B Corp framework helps us track our progress and hold our feet to the fire. It's a way of making sure we are progressing against the journey we set out for ourselves." Interview No. 31</p>
Membership as community	<p>"At the end of the day we chose to become certified because we felt that we were going to become a part of a really intentional learning community that would just frankly make us better." Interview No. 3</p> <p>"[Our biggest surprise has been] the powerful fellowship among certified B Corps." Interview No. 48</p>

**TABLE 5**  
**Drivers of B Corp Category Promotion**

Theme	Example quotes
Conveying distinctiveness vs. category non-members	<p>"We're in the office supply industry. Office supplies just appear on your desk. It's not something that people are very cognizant about. So having something else to lead with has been game changing for us. Now I talk about us being a B Corp; office supplies is a secondary conversation. It's helped us to make a traditional industry a lot more interesting. To really show the impact that you can have is great." Interview No. 23</p> <p>"We are different from most traditional mainstream businesses, and proudly wearing that badge." Interview No. 20</p> <p>"The certification provides us with positive competitive differentiation . . . If you're a purpose-centered business, this is a great way to distinguish yourself." Interview No. 47</p>
Size of membership breeds contextual familiarity	<p>"At the time there were not as many B Corps so it didn't mean as much. I think there weren't as many people familiar with it as certainly they are now. Maybe the value then wasn't as strong just because it's like, 'Oh, we're B Corp,' and people are like, 'What is that?'" Interview No. 20</p> <p>"The size of the B Corp community influences promotion quite a bit. Chicago is probably a bit bigger than some, but we're much smaller than New York or San Francisco. In general, I don't think there's a huge awareness in Chicago. That's part of what we're trying to do. I think the biggest differentiator is a company like Method has the resources to come into a community and really cement change, and really make themselves known." Interview No. 18</p> <p>"There are four of us in Montana. Montana's a big area, so regionally it is hard to have that kind of vibe that I've heard other B Corps having in the bigger cities." Interview No. 28</p>

(e.g., interviewees mentioned Santa Barbara and Chicago). In terms of industry effects, several of our interviewees worked for businesses that provided internet marketing and related services, and each was clearly familiar with other B Corps in that industry. In another case, a business owner reported that the number of other B Corps in his industry (coffee roasting) directly influenced his category promotion.

In sum, what we have conceptualized as a category's contextual distinctiveness provides an apt explanation for differences in category promotion as reported by our interviewees. Similarly, the presence and absence of other B Corps, whether within a region or industry, appears to have been salient and influential to these category promotion activities in ways that are consistent with our theorization. Thus, our interviews confirmed the core thesis of this research: decisions regarding category membership and promotion are driven by different processes. Category promotion in particular is driven by the distinctiveness of the subordinate category within the wider basic category and subordinate category peers amplify or attenuate such category promotion.

## DISCUSSION

Our paper was motivated by both a theoretical and an empirical puzzle: Why would organizations become members of a category (e.g., obtain B Corp

certification), but then abstain from promoting that category? We theorized that such category promotion, and, conversely, promotional forbearance, could be explained as a function of the subordinate category's contextual distinctiveness. Organizations promote their subordinate category memberships as a way of standing out from organizations that share their basic category. Conversely, we argued that when association with a particular subordinate category fails to provide such distinctiveness, its members forego promotion opportunities. We also theorized that the effects of a subordinate category's contextual distinctiveness are amplified by the size of the subordinate category peer group within that context. By increasing the contextual familiarity of the category, a larger peer group increases members' likelihood to leverage the subordinate category's distinctiveness by way of promotion. In the case of B Corps, our mixture of statistical and qualitative evidence provides strong support for our theoretical model of a subordinate category's contextual distinctiveness and promotional forbearance, as well as the micromechanisms underlying this relationship. A further strength of our study was our use of both textual and visual data, the latter being especially novel relative to prior research on categories and institutions (Meyer et al., 2013, 2017). Notably, our findings suggest that organizations may not perceive strong qualitative distinctions between verbal and visual modes, using these different semiotic modes interchangeably or as substitutes for one another.

Below we discuss how our findings contribute to scholarship on categories.

### **Promotional Forbearance: Beyond Stigmatization**

Prior research has noted a relationship between stigma and what we have conceptualized as promotional forbearance. Hudson and Okhuysen (2009), for example, showed how men's bathhouses purposefully avoided promoting prototypical category features as a means of restricting negative attention to themselves and their partner organizations. Durand and Vergne (2015) reinforced these findings, noting that within the arms industry, organizations not only avoided publicizing their membership, but also engaged in divestment as a means of further distancing themselves from a stigmatized category. Given this evidence, the implicit assumption has been that a lack of stigma would eliminate promotional forbearance. As a corollary, when a category has broad societal appeal, such as in the case of the B Corp certification, prior research suggests we should expect a high degree of promotion.

The findings from this study challenge these assumptions. We found that organizations actively pursue the B Corp certification, a time consuming and lengthy process, yet some opt to forego promoting it. In other words, the choice to obtain membership in a particular category and the choice to subsequently promote that category are driven by different factors. Prior research has noted that category membership provides a basis from which organizations establish their identities while simultaneously asserting their affinity to other category members, enabling a shared collective identity (Navis & Glynn, 2011; Wry et al., 2011). Our theorization and findings suggest that members' subsequent promotion is driven by a different logic: a desire to promote distinction rather than similarity. And, in this case, the primary reference group underpinning this choice appears to be basic category members rather than other subordinate category members. In short, members of subordinate categories promote their certification to signal distinctiveness relative to those organizations that belong to the same basic categories (e.g., industry, region), but not to the same subordinate categories. Thus, even in cases wherein a subordinate category is highly celebrated, members may engage in promotional forbearance if the subordinate category fails to offer opportunities for distinctiveness vis-à-vis the wider basic category. Additionally, our findings reveal that a limited peer group further diminishes members'

promotion. This suggests that decreases in peer group size can challenge a subordinate category's status as familiar or recognizable, thereby resulting in reduced promotion. This effect is likely most apparent within the context of emerging subordinate categories.

Taken together, these two findings also complement and extend Delmas and Grant's (2014) findings that wineries with organic certifications often do not promote such certifications. Additionally, they found that while the organic certification increased production costs, the subsequent act of promoting this certification on the wine label reduced the price consumers were willing to pay. In discussing these findings, the authors flagged their inability to explain the variation in promotion and called for future research to do so. Our study addresses this puzzle by providing a theoretical framework that highlights the role of a category's contextual distinctiveness and contextual familiarity in driving category promotion. Compared to our multi-region, multi-industry study, Delmas and Grant studied a single state (California, in which they nested 160 appellations within seven larger regions) and a single industry (approximately 1,500 *Wine Spectator*-rated wineries). Viewed through the lens of our study, this context was characterized by low category distinctiveness, a small category peer group, and extremely low category promotion (only 16 wineries out of 1,495 wineries in their sample included an 'eco-label'). First, in a region such as California, eco-certifications are likely to provide low distinctiveness, given many firms may be committed to similar practices whether certified or not. Second, the eco-certifications in question appeared to have very low familiarity (e.g., only 314 out of 13,111 wine-year observations had either of the two certifications). Thus, our theoretical framework appears to provide a potential explanation for the extremely low category promotion over which Delmas and Grant puzzled.

### **Category Distinctiveness: The Contrast Between Subordinate and Basic Categories**

To date, organization theorists who have explored the notion of category distinctiveness have focused on the extent to which similar features and identities among category members enable greater contrast (McKendrick, Jaffee, Carroll, & Khessina, 2003; Negro et al., 2010). These researchers have assumed that greater consistency among category members yields stronger category boundaries, and thus that

members differ substantively from non-members in their core features by definition (Glynn & Navis, 2013; Zuckerman, 1999). This assumption, however, ignores the empirical reality that, in many cases, membership and non-membership in categories is not so clear-cut. For example, in many cases of certifications, organizations that forego certification can fully resemble organizations that pursue certification. In these cases, category distinctiveness cannot merely be defined by the similarities between members, since an evaluation of member to non-member differences would in fact reveal no differences at all.

This study addresses these conceptual deficiencies by drawing on earlier work from social psychology that highlights the importance of category hierarchies (Hunn, 1975; Lakoff, 1987; Rosch et al., 1976). Whereas the perceived contrast between basic categories is often apparent by definition (e.g., dogs versus cats), the potentially distinctive features underpinning subordinate categories may or may not be salient outside the subordinate category. As such, our study suggests that assessments of a category's distinctiveness must acknowledge the differences between the core features or practices that define the subordinate category and the features and practices that are already prevalent among other organizations within the relevant basic category. We have done so in this study, thereby extending existing conceptualizations of category distinctiveness, as well as our understanding of how such distinctiveness can affect important organizational actions such as category promotion. Moreover, by recognizing category distinctiveness not as an internal feature of the category, but as a situated and relational feature that accounts for differences between a subordinate category and its context (i.e., basic category), we contribute to research which has proposed a "categorization by association" perspective (Garud, Gehman, & Karnøe, 2010), in which categories and their members are seen as embedded in a matrix of institutional environments (Douglas, 1986; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011).

We believe these findings regarding the effects of a subordinate category's contextual distinctiveness on members' promotion open potential opportunities for future research. We focused on organizations' decisions to promote their certification and specifically how characteristics of both non-certified organizations and certified organizations affect those decisions. The proposed mechanism, which was further substantiated through our qualitative data

collection, was the extent to which member versus non-member differences shaped the perceptions of organizational members responsible for promotion decisions. In the future, however, researchers might also incorporate measures of audience evaluations (i.e., valence or reputation) of the respective subordinate category as an outcome variable, such that one could then test the actual derived value (versus the perceived potential for such value) over time from promotion or non-promotion. For example, although category promotion appears to increase in contexts where there is a noticeable difference between the category and the non-member reference group, such contexts may be the least likely to reward category promotion, given the potential for more negative valence. In other words, while some categories may provide differentiation, they may not be culturally valued. Investigating the strategies firms use to respond to such tensions appears to be another fruitful avenue for future research.

These findings from our study also highlight an interesting theoretical tension between the diffusion of subordinate categories and those categories' contextual distinctiveness to be considered in future research. On the one hand, prior studies of diffusion suggest that in later stages of a category's maturity, increases in membership size may be accompanied by increases in isomorphic pressures that compel non-members to adopt similar affiliations or practices (Guler, Guillén, & Macpherson, 2002). Thus, it may be at these later stages that an accompanying increase in isomorphic pressure will reduce the contextual distinctiveness of the subordinate category relative to the other organizations within the respective basic category. In such cases, we might expect an inverse U-shaped relationship if considered longitudinally, such that a growing membership size (and hence contextual familiarity) would initially bolster the effects of category distinctiveness on members' promotion (as predicted and evidenced in this paper), yet over time attenuate these effects when coupled with isomorphic pressure. Although this might be the expected pattern over time and across contexts, a number of recent studies question the implied causal relationship between practice diffusion and isomorphism (Ansari, Fiss, & Zajac, 2010; Colyvas & Jonsson, 2011; Raffaelli & Glynn, 2014). In line with these studies, our model suggests the possibility of an extreme situation in which a subordinate category sustains a high degree of distinctiveness relative to other organizations in the respective basic category despite the presence of an exceptionally high degree of contextual

familiarity. In such cases, our model would predict a very high degree of promotion. These extreme cases might offer an intriguing context for future qualitative research to disentangle the diffusion and institutionalization of categories (Colyvas & Jonsson, 2011).

### Enriching our Understanding of Intra-Category Variation

By conceptualizing subordinate categories as intersecting with potentially divergent basic categories, we also contribute to and extend existing research on organizational differences within categories. To date, intra-category variation (i.e., differences in the identities and actions of the members comprising a particular category) has been explained either as a function of members' desire to distinguish themselves from other category members (Navis & Glynn, 2011) or more generally as a function of the respective category's leniency (Pontikes & Barnett, 2015). For example, an organization that is focused on using commercial methods to address social problems might initially seek to establish alignment with the codes that typify the "social entrepreneurship" label, yet subsequently seek ways to differentiate from other organizations using that same label. Here our research extends prior research on "optimal distinctiveness" (Deephouse, 1999; Zhao et al., 2017) to the domain of categories, showing how distinctiveness within a particular category contributes to differences in category members' strategic actions. For categories such as social entrepreneurship, which currently have less well-defined boundaries, existing research findings would suggest that such diffuse boundaries would naturally attract and allow for members that differ substantively in their features (Pontikes & Barnett, 2015). In that case, any observed intra-category variation is attributable not to organizations' efforts to achieve optimal distinctiveness but an outcome of a loosely defined category.

Our findings and arguments, however, provide an important extension to both positions, establishing that organizational variation is driven not only by intra-category rivalry and structural characteristics of the category, but also by the intersecting relationships between subordinate and basic categories. Specifically, our findings demonstrate how organizations can be simultaneously embedded in multiple categories (Garud et al., 2010). For instance, a subordinate category may offer opportunities for distinction within one basic category (e.g., the organization's regional context), while offering no such

opportunities within another basic category (e.g., its industrial context). We show then that these different intersecting and hierarchical category relationships are important in that they help to explain intra-category variance.

In this study, we focused on intra-category variation in terms of promotional forbearance, explaining this outcome as a function of the category's contextual distinctiveness within different regions and industries. Yet in doing so we open several opportunities for future research that might consider the effects of a category's contextual distinctiveness on other types of intra-category variation. For instance, how does a category's contextual distinctiveness affect the extent to which organizations seek to align their identities to category codes or engage in category spanning? Moreover, since the B Corp category is highly value-laden, we operationalized the distinctiveness of this category in terms of the differences between the values practices emphasized by the category and those that defined the salient non-members. As such, future research could also compare intra-category variation in less normative categories, wherein contextual distinctiveness is defined more in terms of technical and material differences rather than symbolic distinctions (e.g., Delmas & Montiel, 2008).

### Practical Implications

Although the contributions of this study extend well beyond the context of B Corporations, social entrepreneurship, and certifications more generally, we see an opportunity to clarify how policymakers and practitioners might apply our insights. First, within the context of Certified B Corporations and social entrepreneurship, organizations are often characterized by multiple motivations (Miller, Grimes, McMullen, & Vogus, 2012) and identities (Wry & York, 2017). Together scholars have noted how these factors can create potential organizational tensions (Besharov & Smith, 2014; Jay, 2013; York, Hargrave, & Pacheco, 2016). Certifications (such as the B Corp) are one way to codify the practices and routines associated with otherwise ambiguous and complex undertakings, thus providing legitimacy for certified organizations. Indeed, as the B Corp entrepreneurs and executives we interviewed attested, becoming certified helped them to resolve many of the perceived tensions associated with trying to employ commercial methods to solve social and environmental problems. While certification helped these companies address one set of challenges, in its

wake was a more generic challenge of achieving contextual distinctiveness relative to non-certified firms embedded in their various regional and industrial contexts. In other words, our research suggests that an exclusive emphasis on internal tensions between purpose and profits may be misplaced. For policymakers and advocates of sustainable organizations, the challenge uncovered by our research has to do with the increasing competitive dynamics between social enterprises and more traditional organizations that have begun to similarly employ sustainable values practices. Given social enterprises' presumed *raison d'être* of creating social value, future research should seek to further understand how social enterprises respond to the potential opportunity or challenge associated with increased competition.

Second, for organizations providing certifications (e.g., B Lab, FairTrade) our findings suggest a paradox. Whereas certification providers may find it easier to attract new members in contexts that share the values of the certification, our theory and findings suggest such members are least likely to promote the certification, owing to the lack of distinctiveness to be gained by promoting the certification in such contexts. Instead, our research suggests that certification providers may do well to focus on recruiting and supporting new members within regions and industries wherein the corresponding labels provide greater cultural value as tools for differentiation (Garud, Schildt, & Lant, 2014; Lounsbury & Glynn, 2001).

## CONCLUSION

Category promotion is a critical means by which members assert their distinctiveness. This study is a first attempt at understanding variance in member-based category promotion and helps explain why an organization might opt into a category and yet subsequently forego opportunities to promote it. Our theory and findings contribute to and extend scholarship on promotional forbearance, the contextual distinctiveness of categories, and intra-category variance. We hope our study fosters future work in this area. For instance, we believe that social media (e.g., Twitter, Facebook) offers a particularly rich context for examining the dynamics of category promotion, as organizations use these new channels to convey their distinctiveness. Perhaps more notably, opportunities exist to study how differences in category promotion affect important outcomes such as resource acquisition, organizational survival, and social impact. Given the growth in organizations'

efforts to directly engage and influence stakeholders through a multitude of different information channels, studying how and why organizations exert that influence is clearly important and largely underexplored. This study on category promotion lays a foundation for advancing such research.

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## APPENDIX

### Companies Interviewed

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Actuality Media	Lightspan Digital
Ben and Jerry's	MightyBytes
Beyond Green Partners	Mills Office Productivity
Cabot Creamery	Net Balance
Cascade Engineering	New Belgium Brewing Company
The Change Creation, Inc.	Orbit Media
Channel Islands Outfitters	Patagonia
Compass(x) Strategy	Preserve
Cook Trading	The Redwoods Group
Dansko	Seventh Generation
Ecovations	South Mountain
Etsy	Southern Energy Management
GoLite	StoryStudio Chicago
Green Engineer	TerraCarbon
Growers Secret	TMI Consulting
The Ian Martin Group	TriCiclos
Juhudi Kilimo	Trillium
JustNeem Body Care	Veris Wealth Partners
King Arthur Flour	West Paw Design
Larry's Coffee	Zullos

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Our analysis is based on 49 interviews with entrepreneurs and executives from 44 companies; the authors conducted 29 interviews, and 20 interviews were published in *The B Corp Handbook* (Honeyman, 2014). The companies listed above either consented to be mentioned, or were mentioned in Honeyman (2014).