

6-10-2017

HOW DO NOVICE AND EXPERT ENTREPRENEURS DEVELOP RESOURCE NETWORKS? (SUMMARY)

Congcong Zheng

San Diego State University, USA, czheng@mail.sdsu.edu

Mujtaba Ahsan

San Diego State University, United States

Alex F. DeNoble

San Diego State University, United States

Recommended Citation

Zheng, Congcong; Ahsan, Mujtaba; and DeNoble, Alex F. (2017) "HOW DO NOVICE AND EXPERT ENTREPRENEURS DEVELOP RESOURCE NETWORKS? (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 37 : Iss. 6 , Article 6.
Available at: <https://digitalknowledge.babson.edu/fer/vol37/iss6/6>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

≈ INTERACTIVE PAPER ≈

**PUBLIC BENEFIT CORPORATIONS:
HOW ORGANIZATIONAL FORMS INFLUENCE
STAKEHOLDER RELATIONSHIPS**

Jessica Jones, University of Colorado, USA
Sharon Matusik, University of Colorado, USA

Principal Topic

Public benefit corporations (PBC) were formed to provide a legal framework for companies seeking to address social and environmental goals in tandem with shareholder profits. Current research involving benefit corporations focuses on clarifying definitional elements as either a form of corporate social responsibility (Hiller, 2013) or as part of a typology included in hybrid organizations or social enterprises (Lee & Battilana, 2014). Some authors have argued the potential benefits of new legal form (Clark & Vranka, 2012), while others have expressed skepticism regarding sustainability of benefit corporations (Andre, 2012). Accordingly, PBCs provide an interesting context in which to evaluate the effect of organizational form to meet needs beyond those of financial stakeholders.

Specifically, our study aims to explore whether legal form enhances the ability of young ventures to acquire resources by attracting stakeholders with shared values, or present challenges due to legal obligations to attend to this larger group of stakeholders. In a survey built from unique data of PBC founders, we focus on theory building (Eisenhardt, 2009) as to how and why organizational form impacts relationship quality of both financial and non-financial stakeholders.

Method

We constructed a unique dataset of 658 public benefit corporations in Colorado through the use of publicly available legal documents, company websites, ReferenceUSA, Business Insights Global and Privco. From these data points, we distributed a survey focused on stakeholder relationships and resource acquisition (Yin, 2003). We sampled 112 PBCs and received 74 responses. We then collected qualitative data from PBC founders to understand how and why founders chose the Public Benefit Corporation organizational form. The surveys were supplemented with 8 interviews with PBC founders, lawyers, and employees.

Results and Implications

Our study aims to build theory related to the legal organizational form of public benefit corporations and stakeholder theory. Preliminary results suggest that newness and ambiguity of PBCs have heterogeneous effects on potential stakeholder partnerships with PBCs, depending on alignment of shared values. Our study clarifies when and how PBC founders can leverage uncertainty to forge partnerships with different stakeholders. Understanding how PBCs navigate stakeholder relationships and acquire resources have important implications for hybrid organizations, and for entrepreneurs considering how to pursue both financial and nonfinancial goals.

CONTACT: Jessica Jones; jess.jones@colorado.edu, UCB 419, Boulder, CO, 80309, USA.