Toward “Generative” Corporate Governance for Responsible Innovation: The Case of a French Mission Committee

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ABSTRACT
To foster responsible innovation, corporate governance lacks mechanisms that provide accountability for stakeholders on the companies' innovation strategy, despite the radical uncertainty associated with grand societal challenges. A legal corporate form recently introduced in France, the société à mission, requires the creation of a specific governance body, a mission committee, which is expected to monitor the company’s execution of its purpose beyond profitability. This paper examines whether this new body introduces original governance mechanisms that are appropriate for innovative companies. It builds on participant observation in the mission committee of a French medium-sized company over seven years. This study opens a new avenue for responsible governance besides the reliance on deliberative
capacities: a “generative governance” model which demands accountability on the firm’s efforts to explore knowledge gaps and alternative strategies that mobilize innovation capabilities to find improved solutions to current societal challenges.

**KEYWORDS:** Responsible Innovation, Corporate Purpose, Corporate Governance, Profit-with-Purpose Corporation, Corporate Social Responsibility

**JEL CODES:** D22, G38, K20, L21, M14

As awareness is growing that current grand social, environmental, and economic challenges will require major transitions (George et al., 2016), increasing attention is being paid to the mechanisms that can be designed to foster the engagement of business companies toward responsible innovation (RI) (Lee, Petts, 2013), that is, innovation that both limits potential harmful consequences and promotes a potentially positive contribution to societal challenges (Voegtlin, Scherer, 2017). “Sustainable” corporate governance is, to this end, a major area of focus, both for policymakers – as the recent European Commission consultation¹ on this topic demonstrates – and for researchers (Goergen, Tonks, 2019; Naciti et al., 2022). Research has indeed shown the detrimental effects of dominant shareholder-oriented models of corporate governance both on social and environmental issues (Sjåfjell et al., 2015) and on the innovation capabilities of companies (Lazonick, 2014).

Building sustainable corporate governance frameworks however raises a thorny scientific issue: the very nature of RI is questioning the fundamentals of corporate governance (Scherer, Voegtlin, 2020). Both traditional regulatory mechanisms and the “soft law” approaches have for now failed to engage corporate governance in a deliberative, participative, and reflexive way, which is thought necessary to foster companies’ responsibility (Ferraro, 2019; Scherer, Voegtlin, 2020).

The creation of profit-with-purpose corporate forms, hereafter PPCs (Levillain, Segrestin, 2019; Prior et al., 2014), such as benefit corporations, are aimed at providing a new governance framework that would protect companies’ responsible initiatives, especially innovative ones, from the pressures related to the pursuit of short-term financial interests (Clark, Vranka, 2013; Mac Cormac, Haney, 2012). Their main feature is the introduction of a social or environmental purpose into the articles of incorporation alongside the usual for-profit motive, which legally obliges the corporation and its shareholders to pursue sustainability-driven objectives (Hiller, 2013). Yet their

¹. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance_en
The actual capacity to deliver satisfactory accountability and balance in governance mechanisms to ensure the appropriate consideration of stakeholders’ interests and prevent greenwashing is being thoroughly debated (Bandini et al., 2022).

In this article, we aim to study an original governance mechanism introduced by the société à mission, a recent French form of PPC: the “mission committee”, a new kind of governance body dedicated to assessing the company’s response to its purpose. By adding this innovative governance body to the accountability mechanisms of other PPC forms (such as self-reporting or self-assessment on external standards), the French legislators aimed to strengthen the accountability of sociétés à mission toward their purpose (Notat, Sénard, 2018), while preserving a “soft law” approach to RI. Will it live up to its expectations, though?

We contribute to the following research question: how do mission committees work, and to what extent do mission committees make it possible to overcome the limitations of existing governance bodies in terms of RI? To do so, we conducted a longitudinal case study from 2015 to 2021 of a French company that has been prominent in the international humanitarian sector for several decades for its engagement in innovation that contributes to solving current grand challenges, and which has experimented with the functioning of a prototype of mission committee since 2015, before the law actually passed in France. Using the data gathered during interviews conducted throughout the period of the case study, as well as the participation of one author in the mission committee of the company, we examine the progressive implementation of its formal organization as well as the structure of the discussions it enables about RI issues.

We find that, in our case, the mission committee was an original form of “deliberative capacities” (Voegtlin et al., 2022) because it did not aim at evaluating the company’s strategy by gathering various stakeholders’ viewpoints, in the way “agoras” are expected to work to deal with conflicting goals and uncertain performance expectations. On the contrary, it relied on a rather small team of experts, which refused to use grids of evaluation criteria but focused on revealing the issues on which the company needed to focus its innovation capabilities in order to design original strategies. We describe three properties of the committee enabling control of the efforts made by the company to reopen strategies and research areas, which is consistent with the concept of RI, implying that solutions to current great challenges do not exist and must indeed be designed.

Overall, our paper contributes to delineating an original approach to corporate governance, that we call “generative governance”, and which
compliments existing recommendations to improve companies’ responsible behaviors.

The paper is structured as follows: after a brief literature review on the challenges raised by RI to the corporate governance field, we describe our research setting and methodology. We then present our main findings, separating the implementation phase from the “cruising” phase of the mission committee. Lastly, we discuss the contributions of a “generative governance” model for responsible innovation.

Literature Review: The Challenges of Corporate Governance for RI

The Challenges of Governing RI at the Corporate Level

The concept of “Responsible Innovation” (Voegtlin, Scherer, 2017) refers to the need to assess the potentially harmful effects more systematically, as well as the potential positive contribution of all types of innovations, including corporate ones. As today’s pivotal providers of innovation, firms have an unprecedented capacity to impact societies, and therefore should not only be expected to mitigate the negative impacts of their activities – the “avoid harm” perspective – but also to contribute positively to the considerable social and environmental challenges of our time – the so-called “do good” perspective of corporate social responsibility (Stahl, Sully de Luque, 2014).

To deal with this tension between the need for innovation on the one hand and the heightened risk of harmful impacts on the other, Voegtlin and Scherer have suggested that processes and mechanisms should effectively be put in place to systematically assess innovations, which they call “responsible governance” mechanisms. At the level of the corporation, however, the development of such responsible governance mechanisms is a particularly thorny issue.

Indeed, classic regulatory mechanisms such as sector agreements, legal liability, financial penalties, reporting obligations, or bans are well used in contexts where knowledge is sufficient to grasp the potential impacts of a company’s activities. However, these mechanisms fall short when radical innovation implies unknown and undocumented consequences, the blurring of sector boundaries and legal categories, the soaring complexity of the causality chain, and disagreement over the perception of the values of partly unknown objects (Aggeri, 1999; Beck, 1992; Lee, Petts, 2013; Muniesa, Lenglet, 2013). They struggle to hold businesses liable for the damage their
innovation process will produce in the future, or to which they will contribute only in an indirect way. These regulatory approaches cannot deal with the occurrence of unintended consequences (Lee, Petts, 2013) and of “unknown unknowns” which accompany most radical innovations (Loch et al., 2011).

**Profit-with-Purpose Corporations: Innovation with Limited Accountability?**

The premise behind the adoption of new forms of “profit-with-purpose corporations” in several countries2 was that the transformation of corporate behavior toward sustainable practices would be faster if driven by the most engaged companies. A necessary condition, however, was to provide these companies with a legal means to curb the pressure of shareholders’ financial interests that jeopardize responsible initiatives engaged in by the management (Clark, Babson, 2012; Mac Cormac, Haney, 2012). Introduced as an option for all business corporations, PPC forms require the introduction of a social or environmental purpose into the articles of incorporation, as well as several governance mechanisms designed to control the fulfillment of this purpose (Levillain, Segrestin, 2019).

Through this purpose, PPCs create a commitment from shareholders as well as directors over an objective that is not limited to profitability, and that is legally binding (Hiller, 2013; Mickels, 2009; Reiser, 2011). When used to write particularly innovative purposes – such as “to increase productivity in life science R&D while also reducing its impact on living systems and the environment” for BioCellion in the U.S. – these corporate forms display a priori interesting features to deal with the issue of responsible innovation (Segrestin et al., 2020). Such a purpose does indeed define boundaries for acceptable decisions within the company (Levillain et al., 2019), potentially enabling a reflexive stance on the future impacts of current strategies (Scherer, Voegtlin, 2020), and requiring managers to dedicate resources to designing unprecedented responses to achieve the stated objectives.

We stress the term “potentially”, though, as these corporate forms have sparked recurring debates in the academic field (Bandini et al., 2022). Indeed, several authors (e.g. André, 2012, 2015; Ebrahim et al., 2014) question whether the legal statute offers new, credible means to ensure heightened accountability for corporate actions, for instance against greenwashing, or to ensure the consideration of non-shareholder stakeholders’ interests. Though

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2. For instance, the benefit and social purpose corporations in the United States, Società Benefit in Italy, Société à Mission in France, sociedades de beneficio e interés común in Spain, or colectivo in several South American countries.
legally binding, the adoption of a purpose does not always require prioritizing the purpose over other profitable motives, or changing the accountability schemes in use, therefore creating a “potential for abuse” (Bandini et al., 2022). There was also criticism that such forms do not grant new rights to stakeholders themselves, as they are not directly included in monitoring the company (Greenfield, 2015).

In the end, while potentially useful for corporate governance for RI, there is a lack of an empirical study of actual PPCs to assess the capacity of their governance mechanisms to ensure that promises of responsible behavior are indeed met.

**Participatory Governance: Accountability with Limited Innovation?**

The creation of a “mission committee” as a new governance body for sociétés à mission is a means to supplement the functioning of PPCs with a control mechanism dedicated to ensuring respect for the purpose throughout the day-to-day activity of the firm (Notat, Sénard, 2018). Although new, at first glance this committee resembles the “stakeholder panels” (Spitzeck, Hansen, 2010) that have been championed by some companies (Morrissey, 2020; Scherer et al., 2013) for more than a decade to better represent stakeholders’ interests in the governance processes. Yet, while stakeholder panels have been criticized for having a limited impact because they were given no specific governance rights (Spitzeck, Hansen, 2010), the legal nature of the mission committee in France3 might draw the société à mission closer to another promising avenue for sustainable corporate governance: the creation of deliberative and reflexive governance mechanisms (Dryzek, Pickering, 2017; Voegtlin et al., 2022).

The focus on deliberative governance mechanisms inspired by deliberative democracy (Scherer, Voegtlin, 2020) has indeed been thought to provide a collective organizational response to the possibility of unintended consequences. In this approach, all parties that are potentially affected by the decision-making process should have access to open participation, balanced decision-making, and transparency (Voegtlin, Scherer, 2017). In practice, Scherer and Voegtlin (2020) suggest several innovative corporate governance practices to implement these mechanisms, such as fostering stakeholder

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3. “A mission committee, distinct from the corporate bodies […] and which must include at least one employee, is exclusively responsible for monitoring the execution of the mission and presents an annual report, attached to the management report, to the meeting responsible for approving the company’s accounts. This committee carries out any verification it deems appropriate and receives any document necessary to monitor the execution of the mission” (Art. L210-10 Code de Commerce, France).
participation in the governance process and favoring open discourse about decision-making.

However, while certainly desirable conceptually, this approach presents difficulties in terms of implementation, especially when the organization is simultaneously confronted with high levels of uncertainty and potentially conflicting goals, as is the case when relating RI to current grand societal challenges (Voegtlin et al., 2022). The use of “corporate governance to build deliberative capacities”, for instance by “establishing the stakeholder network, providing the arenas for regular exchanges, and accumulating social capital and trust” (Voegtlin et al., 2022, p. 15) is likely to face classic limitations of stakeholder representation. For instance, “How can stakeholders be reliably and correctly identified? Precisely which rights should they have? […] Can there be social responsibility without (identifiable) stakeholders, i.e. the general interests of the firm or of society about which no specific stakeholder cares?” (Grandori, 2019b). The preservation of innovative capabilities is further compromised by knowing that diverse goals make it a challenge to find and leverage common ground and adjudicate on remaining tensions (Markman et al., 2016) and that gathering such irreconcilable stakeholders into a governance board creates a substantial risk of stifling action by failing to achieve consensus.

**Research Gap**

In the end, the capacity to exert appropriate accountability at the corporate governance level when dealing with innovation issues appears to be a relevant research gap. As summarized in Figure 1, existing mechanisms are either efficient to ensure accountability in situations of known impacts and value or performance criteria, or to ensure communication, enlightenment, or deliberation in the realm of radical uncertainty, but fail to provide convincing control. Overall, the actual processes of corporate governance devices aimed at dealing with responsible innovation are not described in the existing management literature.
If mission committees are to succeed in overcoming the lack of appropriate accountability mechanisms for profit-with-purpose corporations dealing with innovative purposes, then their functioning would necessarily involve interesting and potentially new mechanisms alleviating the shortcomings of deliberative governance when it comes to radical uncertainty. This is why we focused in this research on understanding how mission committees work in practice, with a particular interest in the governance mechanisms we might observe, that would make them overcome the limitations of existing governance bodies in terms of responsible innovation.

**Research Setting: Participant Observation within a Mission Committee**

**Method and Choice of Case Study**

To address our research question, one of the authors had the opportunity to take part in the meetings of the mission committee of a medium-sized French company over seven consecutive years from 2015 to 2021. Although a single case study reduces the scope of potentially original governance mechanisms one would observe in the practice of mission committees, this choice was justified by several elements.

First, this firm is, to our knowledge, the first company to have experimented with the creation of a mission committee related to the introduction of a purpose in the by-laws in France. The long period of observation ensures that the peculiarities linked to the launch of a new governance body receded
over time, therefore enabling researchers to witness the “cruising speed” of this committee. Such a perspective would have been more difficult to access with recently created sociétés à mission, having at most two years of history on the topic.

Second, the company is renowned for developing innovative products that shape humanitarian action at the heart of a complex ecosystem, whose actors (including public partners and NGOs) publicly acknowledge the company’s significant positive contribution. Thus, it provides useful examples of various challenges related to RI processes. Since the firm changed its form of corporate governance to that of a PPC intending to preserve its determination to contribute to social issues through innovation, this case also illustrates the process of implementing a change in governance to preserve the capacity to innovate responsibly in the face of challenges, which goes to the heart of our research questions.

Third, thanks to collaborative research conducted before 2015, the authors had a fairly good understanding of the history and specific challenges of the company, therefore enabling a fine-grained analysis of the debates that occurred within the mission committee. It also enabled us to run a series of semi-directed and open-ended interviews between March 2018 and October 2019, as well as participate in informal discussions with shareholders and executives of the company over the period of data collection, thanks to which we obtained feedback on the impact of the changes. Table 1 presents a summary of the data we collected during this study.

Table 1 – Structure of the data collected

| Access to newly created committee | 2015–2021 | Participation in 7 meetings of the committee (3h15 average length)  
5 confidential pre-reports sent by the executive committee (210 p.)  
Field notes during the 7 meetings  
7 final confidential reports (66 p.)  
Informal discussions with members of the committee, shareholders, and top executives |
|----------------------------------|-----------|------------------------------------------------------------------------------------------------------------------|
| Interviews for feedback on the new model | March 2018 | CEO delegate (2 h)  
Shareholders (2 h) |
|                                   | April 2019 | President and founder (1 h 30 min) |
|                                   | Fall 2019  | CSR manager (30 min)  
CEO (45 min) |
| Legal and administrative documents | 2015–2021 | Final version of the by-laws (purpose writing and governance mechanisms)  
Two suggested assessment grids by the shareholders  
Explanatory notes sent by shareholders to members of the committee |
**Brief Presentation of the Case**

To provide understanding for the reader about the main responsible innovation challenges faced by the company, this section aims first at outlining the firm’s history.

The company was founded in the 1980s by an entrepreneur who, from the beginning, imprinted a social orientation on the company through the formulation of what was termed a “mandate” to “feed children”. Although this mandate had no formal effect on the company’s governance mechanisms, it served as a reference point for most employees in the company. During the company’s early years, several radical innovations were developed combining the founder’s experience in the milk industry and the needs of local humanitarian actors.

The newly developed products gained international recognition through recommendations by UNICEF and the World Food Programme. After developing its own production facility, the number of the firm’s workers increased tenfold between 2000 and 2010, while revenue quintupled from 2005 to 2010.

The rapid growth of the company as well as criticism over its patenting strategy started to question the firm’s legitimacy in the context of humanitarian action. Meanwhile, the founding family began to doubt the capacity of the company to continue to achieve the innovative breakthroughs of their early years, fearing that a focus on internationally recommended products was stifling the exploration of alternatives that significantly enhanced the fight against malnutrition. The future of the company’s governance was also at stake, with the founder wondering whether opening up the share register to external investors or appointing non-family members to senior executive positions would shortly become inevitable.

Between 2013 and 2015, the company examined possible changes to its governance model, intending to create the level of commitment that would secure its capacity to innovate responsibly. This resulted in a change to the company’s by-laws early in 2015 involving the introduction of a purpose and the creation of a specific governance committee dedicated to evaluating whether the company was indeed pursuing its purpose in its daily activities. Although the company has not formally adopted the form of a société à mission –these changes having occurred before the PACTE law was passed – this committee prefigured the mission committee introduced into law in 2019. A significant transformation of the management structure ensued, producing satisfactory results in terms of relationships with humanitarian actors and the prototyping of a new range of products. The content of the purpose is detailed in Box 1.
Box 1 – The company’s purpose included in the by-laws (our translation)

Purpose: To bring effective propositions to the problems of nutrition/malnutrition.

9 specific commitments:
1. To be the reference on nutrition issues related to malnutrition in vulnerable populations, and to be recognized as such;
2. To develop their activities by commercializing products and services that provide improvements, particularly those stemming from the company’s research carried out on its own or in collaboration;
3. To work with distribution systems that do not compromise the company’s values or independence;
4. To make all necessary efforts to meet the needs of humanitarian and social aid actors in terms of quantity and quality of products and services;
5. To research while reconciling collaboration with intellectual, financial, and industrial independence;
6. Maintain its corporate culture, some of whose characteristics are respect for people, sharing, the search for difference, the culture of risk and challenge, and curiosity for the unknown: pushing, expanding, exploring knowledge and skills beyond those existing in the company, and questioning as a performance tool;
7. Conducting pioneering strategies;
8. Weighing risk-taking with strict and consistent management;
9. Be an actor in civil society.

Data Analysis

As can be seen from the structure of the collected data (Table 1), we relied on mixed qualitative methods to investigate our research questions. The collaborative research setting that was chosen, which involved interactions with the company over several years, provided a substantial amount of strategic and confidential data as a result of the level of trust that was built over time with the various actors and their heterogeneous nature (Ahlström, Karlsson, 2016). We interacted with numerous actors in various governance positions within the company (shareholders, the chairman, the CEO, top managers, and members of the mission committee). However, this required us to pay attention to the risk of “going native”, and thus becoming blind to the specificities of some events (Ahlström, Karlsson, 2016) and changes over time, as well as the risk of feeling “drowned” (Suddaby, 2006). This explains why we supplemented these rich interactions with written material in the form of official documents including the by-laws, two suggested assessment grids provided by the founding family, annual reports, and PowerPoint presentations by the CEO to members of the committee, and annual reports written by the committee and sent to shareholders after each of these meetings.
We followed a grounded theory approach (Glaser, Strauss, 1967) based on a longitudinal case study (Eisenhardt, Graebner, 2007; Yin, 2009) as this approach seemed appropriate to uncover the various mechanisms adopted over time to reach a satisfactory level of accountability within the corporate governance system under experiment. The data gathered were not specifically coded, as our participant observation enabled us to obtain a rich contextual understanding that was not suitable for strict structuration. The same goes for our “feedback” interviews, which were intertwined with informal discussions (for instance during lunches organized after the meeting of the mission committee). In this context, coding only the formal interviews would have masked the previous interactions that helped choose the relevant questions. Instead, we focus in this paper on two specific dimensions of the governance processes we observed.

First, we recount the progressive adoption of formal processes leading to the recurring organization of the mission committee, with particular attention paid to the novelties and changes introduced (see for instance, Jay, 2012; Langley et al., 2013), especially when the topics that were discussed involved a high level of uncertainty and radical innovation. Here we aim to compare the formal mechanisms that were adopted to recommendations of the literature regarding accountability for PPCs or deliberative governance processes.

Second, we analyze the structure of the discussion contents, to pinpoint how the formal mechanisms influence the nature of the accountability that is sought by the members of the committee, and to assess whether they address the specific challenges of corporate governance when faced with responsible innovation. We will illustrate this point by taking concrete examples of discussions that happened during the meetings of the mission committee.

Findings of the Case Study

Implementation Phase: Exploration of Appropriate Governance Functioning

To provide a control mechanism guaranteeing that the company is meeting its commitments, the shareholders decided to create a specific governance committee separate from existing committees that was dedicated to “ensuring the monitoring of the results and performances of the company” (quote from the by-laws) regarding its purpose and to provide an “objective and consultative report” (idem.) that would serve as a basis for the shareholders’ annual general meeting.
**Composition and Frequency of Meetings**

The committee’s composition is proposed by the company’s chairman and accepted by shareholders; that is, in practice, by the founding family. According to the by-laws, the committee must meet at least once per year, and it did meet once per year for a half-day each time, from 2015 to 2021.

The founding family stated that the members of the committee were specifically chosen based on their expertise concerning the commitments stated in the by-laws, as well as for their knowledge of the company through previous interactions. Their independence is only defined as the requirement to be “free of any current contractual relationship with the company” (by-laws) but does not prevent them from being paid in attendance tokens. The combined expertise of the committee members covered a significant proportion of the areas included in the company’s commitments: humanitarian action, through a former president of an international NGO; political and financial support for local development through an expert from a development aid agency; employees’ welfare and development, as well as innovation management through researchers on these topics; and local entrepreneurship through a start-up founder from the target geographical area. These committee members participated in every meeting from 2015 to 2021.

The by-laws provide that the members of the Commission are elected for a term of two years, renewable without limitation, but may be dismissed at any time, on the proposal of the chairman and by decision of the shareholders. In practice, the composition of the committee was very stable over time, with only one member being replaced by another person with a similar competency profile. This point is particularly worth noticing, knowing that at the same time, several changes occurred at the top executive level of the company, the CEO having chosen to go on sabbatical leave in 2018, therefore leaving the reins to two deputy general managers for one year. This reinforced continuity in the firm’s engagement.

**Preparation of the Meetings**

The functioning of the purpose committee was determined by the committee members themselves. The founding family insisted that, as an evaluation body, the committee remains all-powerful in terms of the choice of topics to be addressed, the information to be provided to assist its activities, and the writing of the annual report.

During the first meeting, in which the CEO presented her summary of the year’s activities regarding the company’s purpose, it became clear that having a meaningful monitoring role based on the sole presentation of the CEO, and without prior preparation or discussion, was unrealistic. The
members concluded that the committee should have, before the meeting, a report summarizing the company’s main activities and issues during the past year prepared by the CEO, but also rely on their own external sources of information and require, if necessary, supplementary indicators on the company’s activity.

In addition, the report of the first meeting states that the objective of the committee is both to “identify any deviations or obvious discrepancies between the commitments made in the by-laws and the actions actually undertaken during the year under review”; and to “evaluate and promote the adequacy between these commitments and the strategic developments that are expected for the year to come” (our translation). The committee also intends to be a force for proposal when certain points of debate emerge or are likely to emerge concerning respect for certain commitments, or in the face of ethical problems.

**Assessment Criteria**

The founding family expressed their discomfort with the fact that the functioning of the committee does not aim to “objectify” (a term used by the shareholders) the evaluation using stable and representative criteria, such as impact measurement methods. Although the shareholders presented several proposals over the years involving indicative grids using both quantitative and qualitative evaluation criteria with the explicit aim of objectifying the process, the members of the committee considered that a flexible and regularly enriched diversity of lenses was preferable to a small selection of indicators. In practice, only a brief part of the meeting is formally dedicated to monitoring indicators of the company’s impacts on its purpose (for instance, number of beneficiaries, market share by customer, percentage of demand met by the company, and number of publications). The CEO also remarked that it challenged the executive team in sometimes unpredictable ways, which led to strategic questions being regularly revisited.

**Proceedings of the Meetings**

Starting from the second meeting, the report sent in advance by the CEO enabled the committee members to raise specific issues by email that they wanted to discuss during the meeting, and to request additional information to be presented by the top executives. Despite not being driven by a formal agenda the subsequent meetings followed a similar format, summarized in Table 2, and detailed thereafter. The presentation of the humanitarian context by the CEO at the beginning of the meeting each time sparks a
debate on the dilemmas it creates for the company’s strategy and therefore serves as a good introduction to the committee’s discussion.

**Table 2 – Proceedings of the meetings of the purpose committee**

<table>
<thead>
<tr>
<th>Before the meeting: Identification of potential issues in relation to the purpose</th>
<th>Review of the pre-report, sending a list of questions to the CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>First sequence: Presentation of the company’s activity over the past year</td>
<td>Needs and demands of the humanitarian actors, current crises. Quantified indicators of the firm’s activity and forecast for the year ahead.</td>
</tr>
<tr>
<td>Second sequence: Identification of the relevant design space for evaluating strategies to meet the purpose</td>
<td>Based on questions sent by the committee, identification of the lack of strategies to address the risks and dilemmas associated with the statutory commitments Design and review of possible alternative strategies based on the committee members’ knowledge of the field</td>
</tr>
<tr>
<td>Third sequence: Assessment of efforts regarding innovation capabilities</td>
<td>Review of new R&amp;D projects and prototypes, new research partnerships, number and types of new scientific publications, part of the budget linked to exploration of radical innovations.</td>
</tr>
<tr>
<td>Remaining topics</td>
<td>Employees’ welfare, revision of the governance framework (role of the purpose for managers and employees, functioning of the committee), issues not directly related to a specific commitment but deemed relevant by the committee</td>
</tr>
<tr>
<td>After the meeting</td>
<td>Writing and sending of the final report to the shareholders</td>
</tr>
</tbody>
</table>

Cruise Phase: Specificities of an Innovative Purpose-Oriented Governance Process

**Not to Discuss Strategic Choices but to Identify Where New Strategies Must Be Designed**

Most of the committee’s work before the meeting involved the identification of potential issues in relation to the stated purpose based on the CEO’s report. The CEO report systematically provided a list of strategic choices and investment decisions made during the year with the observable and expected outcomes for which they were aiming. Instead of assessing the decisions concerning predefined objectives, or their impact on existing stakeholders’ interests, the members of the committee opted to raise open questions addressed at the CEO. These questions were aimed at collecting knowledge on topics where the members suspected they would discover a dilemma that the decisions made could not solve.
Based on the CEO’s answers, the committee members delineated the issue that was presenting a design problem for the company. For instance, when the report announced that the product composition was adapted to new specifications stemming from an international organization coordinating humanitarian aid, several members asked for information about the performance change that was expected, knowing that the company was historically the most knowledgeable actor about the appropriate composition for these products. The discussion revealed that the company was reluctant to accept a change in the specifications decided by funding bodies because internal research was hinting that such a change would not just cut costs but also reduce the product’s capacity to treat the disease.

This work by the committee did not then aim to choose the right strategy but to reconstitute the design space for innovative strategies requiring the firms’ innovation capabilities to face issues that available knowledge could not solve.

**Not Evaluate Impacts but Request the Exploration of Knowledge Gaps and Alternative Strategies**

The next step was to reflect on contrasted potential solutions to deal with the identified issue, so that a strategic response of the company could be evaluated against a whole range of possible actions, rather than adopting a binary go/no go stance based on quantified evaluation criteria. The presentation of quantitative and qualitative descriptors of previous activities was certainly essential to understanding the strategic context of the company, and thus to assessing the company’s room for maneuvering. However, this is just a minor element of the committee’s work. Most of its time is spent gathering members’ knowledge relating to issues in the field and questioning the scope of possibilities regarding the firm’s actions, rather than checking measurable results against quantified targets.

As the committee could obviously not explore the emerging design spaces by itself, it requested the company’s management to investigate before the next meeting, in order to adopt responses that are deemed to be more robust by exploring a larger portfolio of strategies and their potential negative and positive impacts.

For instance, one CEO presentation suggested an apparent contradiction between the firm’s use of the classic beneficiaries clustering method used by NGOs in the field – representing degrees of urgency for the treatment – and the focus on other descriptors of health (e.g. pregnancy, or diseases). The former NGO director explained that using the usual clusters risked creating a bias in the design of the company’s strategy, hence reducing the range of
other fruitful approaches to tackle the purpose. He then gave several examples of how questioning the traditional way, for instance by differentiating opportunistic infections, local cultures, or even giving up the prioritization mechanism entirely in some cases, would be more useful for the beneficiaries.

As such a change could contradict the most legitimate global humanitarian actors in the field, this could only mean that further exploration and in-depth research work was required on the part of the company on the committee’s opinion. The committee’s role was therefore to pinpoint the knowledge gaps and alternative strategies to be explored, even if, in rare cases, it could in the end show that the traditional approach was preferable.

**From Controlling That Objectives Are Met To Following the Breadth of Explored Strategies**

As soon as part of the committee’s demand is that the company should launch research efforts, explore new strategies, or create new tools given the uncertain nature of the activity and its impacts, the “controlling” part could not focus on whether management targets are met or not, strictly speaking. This led, in the committee’s report, to writing a list of points of attention on which such a design effort was expected, because otherwise there may be fear of a loss of legitimacy or mission drift. The committee then asked in the following years for updates on these points of attention to assess whether the exploration or strategic choices made showed a proper exploration of the topic.

**Fostering Innovation Capabilities through the Valuation of Innovative Concepts**

On topics where the first phase did not reveal an issue requiring additional specific design efforts, a more classic approach was adopted, in which the committee examined whether the company was making its best efforts in innovation processes. This amounted, among other things, to a systematic review of current R&D projects, new research programs, and attention to weak signals to the best knowledge of the company’s executives or of the committee members. This contributed to the company’s ability to conserve innovation activities even at times when they were somewhat disregarded by the organization because they were failing to have an immediate effect on the range of products.

In conclusion, as a result of this functioning, the members of the committee were able to review each commitment and point out knowledge gaps and potential alternative strategies to tackle current issues or dilemmas rather than merely measuring the outputs of the year’s activity. Our examples show
that this avoids the fixation of the executives on specific strategies to pursue the purpose and sometimes even questions the interpretation of the purpose itself. This arguably requires a wide range of expertise on the part of the committee members, as well as a very high degree of confidentiality about the exchanges that occur, while decreasing the ability to objectify the evaluation compared with the use of fixed indicators.

**Feedback through the Interviews**

The implementation of these governance changes provoked some questioning, and our feedback interviews dug into the strengths and limitations of this functioning, on which the founding family was still reflecting five years after the journey began.

**Control and Accountability**

Regarding control and accountability, it transpires that the mission committee was mostly useful to management teams themselves as a tool to control their own potential drifts from the stated purpose and reopen alternative strategies on dilemmas that were difficult to solve. The executive team said that these teams feared the committee’s assessment and therefore consented to a high level of preparation. As the mission committee’s report is discussed in the annual general meeting, this sanctioning role probably stems from the fact that shareholders are mostly the founding family, who are the first advocates of the company’s mission.

When the new minority shareholders joined the corporation, the report of the committee was used as a way to train these new owners regarding the purpose of the company and its evaluation. As external investors were interested in understanding the functioning of a PPC, it was important to the founder that the committee remained intransigent in terms of its assessment.

Nevertheless, the committee’s final report is not made public at present, given the confidential and strategic nature of the exchanges. As such, the CEO regrets that the committee’s report cannot be sent directly to the workers, and the founding family is currently considering asking the committee for a second report, dropping a few confidential elements, but presented by the committee members themselves to answer some questions of the employees. Finally, the committee’s inquiry into how the purpose was cascaded back to proximity management hinted that it was used as a resource for employees rather than “yet another” performance indicator.
Knowledge and Interpretation of the Company’s Commitment

Another limitation is the lack of knowledge by external stakeholders of the legal functioning of the PPC framework, which currently limits the true strength of its legal commitment, at least pending any external challenge. The CEO actively publicizes the rights it provides to humanitarian actors. But the fact that the committee is built on expertise rather than representation of stakeholders adds to the challenge: interlocutors of the NGO, whose former president participated in the committee, did not know about the legal nature of the firm’s commitment.

Paradoxically, evidence of the impact of the committee on the firm’s activity is particularly visible at times when it questioned the interpretation of the written purpose itself. For instance, should the company’s actions prioritize the needs of the humanitarian organizations or those of the ultimate beneficiaries? Depending on the answer the company’s expected behavior is potentially very different. In practice, the exploratory approach aimed at developing strategies that satisfy both interpretations.

Role of the Committee in the Governance

Finally, the founding family expressed concerns that the committee might overstep its mission by adopting a strategic role in place of the executive committee. They also fear that the refusal by the committee to use stable evaluation criteria might prevent them from detecting a long-term drift. However, ultimately, the purpose committee never adopted the role of decision-maker. It undertook specific explorations and focused on specific issues to enrich knowledge about potential alternative strategies and their expected future impacts.

Discussion: A Model of “Generative Governance” for Responsible Innovation

The Mission Committee: An Original Governance Body to Support Purpose Commitment

Our case study demonstrates the pivotal importance of the governance mechanisms that accompany or support the adoption of a purpose by a PPC. Our case shows how the creation of a specific governance body scales up the scope of the company’s commitment by impacting future decisions and strategies in the direction of the purpose. This hints at the fact that introducing
a purpose in the bylaws is insufficient to provide satisfactory governance processes for responsible innovation. The mission committee has, however, several properties that make it an original governance body compared to paths explored in the literature.

**Not a Stakeholder Panel**

The mission committee is a specific type of deliberative governance mechanism. As highlighted earlier, the usual deliberative processes have limitations concerning innovation, as they rely on the choice of parties representing societal concerns, or “right-holders” (Grandori, 2019a), which presents difficulties both in defining who should participate and in reconciling diverse interpretations of the value of the firm’s strategies, especially in the unknown.

Interestingly, here the committee was not built as a typical stakeholder panel, “agora” or forum. It lacks major critical stakeholders, such as employees, trade unions, users, public authorities… (Scherer et al., 2013; Spitzeck, Hansen, 2010). The composition rather aimed at gathering the expertise necessary to challenge the company’s strategic orientation in relation to its commitments. This also suggests differentiating this functioning from the governance bodies aiming to represent stakeholders through advisory boards (Morrissey, 2020; Murray, 2017), or by schemes of codetermination (Jäger et al., 2022), which give direct governance rights to stakeholders. On the contrary, the purpose of the mission committee here is to challenge the relevance of the chosen strategies by requesting exploration of a whole range of possible alternatives, guided by the purpose.

**No Stable Impact or Performance Indicators**

Another originality of this committee is its right, granted by the shareholders and chairman, to self-determine its assessment mechanisms, so that its members choose those they deem the best to follow the execution of the mission. Because defining a “purpose” in the bylaws does not fit the usual procedural nature of corporate governance rules, the organization of its accountability seems to necessarily rely on a kind of flexibility. It is further strengthened by the reaction of the committee to the insistent suggestion of shareholders to use an “objectifying” assessment grid, showing that they were not convinced that issues related to innovation, and especially RI, are appropriately reducible to stable indicators.

In this case, the goal is not to measure ex-post outputs or to collect expressions of stakeholders’ interests and critical issues, an approach that has been referred to as materiality in relation to sustainability reporting (see e.g. Eccles
et al., 2012) and which is well-known to measure a firm’s social and environmental performance and impact, but which is less and less efficient when the context is more and more unstable and uncertain.

The Structure of “Generative” Governance: Opening Up Possible Future Strategies

We posit that the peculiarities observed in our case underline an alternative model of governance, potentially more suited to the challenge of responsible innovation and the limitations of the PPC forms. In this section we therefore identify the properties of what we suggest calling “generative” governance, in the sense of Le Masson et al. (2019), which builds on our case, but would require further research to be assessed in the general case.

Letting Go of Evaluation Criteria

Studies on accountability systems about social and environmental issues provide numerous frameworks that can be used to extend traditional accounting mechanisms, such as the triple bottom line approach (Norman, MacDonald, 2004), integrated reporting (Eccles, Krzus, 2010), or various evaluation standards and labels measuring performance based on environment, society, and governance (ESG) criteria, such as the certified B corporation label (Gehman et al., 2019). However, the exploration required by companies’ innovative purpose makes traditional assessment standards partly inoperable. Assessing the performance of the company using known criteria might prove to be restrictive given that in the future, innovations might change perceptions of the social and environmental issues that we face, as well as of the most efficient responses. In the worst-case scenario, this might also reinforce the fixation effect, which will stifle the firm’s innovation effort. In other words, the value-laden nature of most responsible innovation challenges denies the capacity to use stable evaluation criteria (Voegtlin et al., 2022).

Three Properties of a “Generative” Approach for a Governance Body

In our case, while a set of indicators is still useful to describe the evolution of the company’s activity (number of beneficiaries, the volume of products sold, market share, etc.), a functioning with three properties replaces the attention given to a dashboard of quantified criteria.

First, the content of the purpose provides guidelines to identify the latent strategic dilemmas faced by the company. Instead of focusing on the most significant contributions, it enables us to focus on the most critical design
problem, i.e. the area in which the innovation capabilities of the company are the most likely to be useful given the current challenges faced in the field. Such an open mechanism does not aim to provide a comprehensive overview of the firm’s impact based on the assessment standards. However, through this mechanism, management’s actions are carefully reviewed based on ad hoc dimensions that follow the specific formulation of the corporate purpose, not only in terms of past performance but also in relation to current strategies, the impacts of which are yet to be seen. It sheds light on the chosen design orientations, and on the ones that are potentially – until proven otherwise – missing. This enables the company to regularly reflect on not only its responsibility for the damage caused by potentially negative impacts but also the desirability of positive future impacts (Stahl, Sully de Luque, 2014) as a result of the company’s activities.

Second, based on identified “missing” strategies, or design problems, a generative governance process leads us to reveal knowledge gaps and to pre-structure the space of possible alternative strategies for the firm to explore. Arguably, as highlighted in our case study, conducting this step requires a high level of expertise about the firm’s field of activity and area of responsibility – while remaining relatively independent of both shareholders and the company’s executives. To achieve this, the second mechanism we observed abandons the ideal of broad public consultation ensuring appropriate democratic representation. Instead it relies on a specialized committee that is based on technical expertise in the fields related to the company’s purpose. These experts are not supposed to advocate for the interests of each class of stakeholders in the same way as some stakeholder governance models require to retain a balance between financial and non-financial interests (see e.g. Greenfield, 2007). They bring expertise that helps to identify knowledge gaps and explore a landscape of potential strategic alternatives to which the current strategy can be compared.

Third, the “controlling” part of this generative governance process is dedicated to assessing the efforts made by the company to explore the variety of possible strategies between two meetings. While such an evaluation remains in large part subjective, pending any rigorous way of structuring a design space, for instance by using a frame of reference (Agogué et al., 2013), it better reflects the dynamic nature of responsible innovation processes than existing reporting approaches that conceal the uncertainty behind a visible varnish of objectification.
A Complimentary Approach to Other Impact Measurement Methods

For the company, this might entail higher research costs (to investigate the knowledge gaps), the revision of business strategies because of their potential future consequences in relation to the purpose, and abandoning some decisions if they contradict the rules specified in the commitments. However, it also enables the company to focus on exploring possible game-changing alternatives, a role that greatly exceeds that of mere evaluation, and helps the top executives to situate the company’s strategy within a broader perspective. Despite the obvious limitations of relying on the specific expertise of committee members compared with broad public consultation, this also extends the company’s attention to social expectations beyond the commitments supporting the purpose and therefore contributes to reflecting on various interpretations of how to define the responsible nature of the company’s activities.

Theoretical Perspectives: Contributions of a “Generative” Model to the Governance of RI

Coming back to the fundamental challenges of corporate governance when confronted by the specificities of responsible innovation, our case highlights another perspective on how to conceptualize the expected properties of a “sustainable” corporate governance framework.

From “Evaluative” to “Generative” Governance Mechanisms

The global scale and complex nature of grand challenges plunge collective action, including business activities, into the unknown (Ferraro et al., 2015). At the governance level, the strategies underlined by Ferraro et al. (2015) to ensure robust action, that is, an action that keeps future lines of action open in contexts where the challenges evolve unpredictably, suggest promoting a “participatory architecture”.

However, our case shows that beyond the divergence of evaluation between stakeholders, the definition of ambitious purposes might require designing and exploring new paths in situations where previous activities have had an insufficient impact. In this case, relying on the diversity of expression in a representative model of stakeholder panels might conversely reinforce a fixation effect associated with the expression of private interests (which often leads to thinking in terms of a compromise between known alternatives), the diffusion of existing taken-for-granted representations of legitimate corporate action, and dependence on the cognitive framing of the decision-makers.
We therefore contend that exploring a complementary approach adds interesting properties to the governance models for responsible innovation. We suggest a “generative” governance approach defined by the following features:

- Generative corporate governance is guided by a corporate purpose requiring the use of the company’s innovation capabilities to address social and environmental challenges.
- Generative corporate governance aims to reopen strategic alternatives to meet the purpose instead of assessing past decisions against an absolute evaluation framework.
- Generative corporate governance focuses less on the distribution of control or decision rights to constituencies (including stakeholders) than on the description of the nature and finalities of the companies’ activity and its relationship with the specific challenges of corporate social responsibility at each point in time.

As such, generative governance, though arguably not able to take in every stakeholder’s voice, contributes to the challenge of RI by using expertise to identify where companies lack robustness in their exploration of solutions to current challenges. RI implies a shift in the role of corporate governance (Levillain, Segrestin, 2019). Instead of only focusing on the relational aspect consisting in distributing rights to constituencies independent of the action itself to be undertaken, the purpose, describing the nature and finalities of the activity within corporate law, also helps to determine the relevant knowledge and the relevant design spaces that members of the governance should map, to be able to assess the quality of chosen strategies.

**Contributions to the Limitations of the PPC Framework**

Compared to the shortcomings identified in the literature on PPCs, our case suggests that the focus on downward accountability (Bandini et al., 2022; Ebrahim et al., 2014) should be reappraised, by examining whether the existing governance mechanisms enable a representation of the range of possible strategies to reach a stated purpose, rather than by only making available data on the rate of quantified objectives that a company has managed to reach.

Conversely, the limitations identified by this literature should inform existing mission committees, for instance on the necessity to make information available to stakeholders as broadly as possible to ensure, first, that the conclusions of the committee could help these stakeholders exert their rights, and civil society to exert pressure on the company, and second that the functioning of the committee itself could be assessed by external eyes.
This opens avenues for further research on the work of mission committees in other mission-driven companies.

**Conclusion**

While the corporate form has been a vehicle for innovation throughout the twentieth century, its governance mechanisms display major limitations not only in the face of the extreme uncertainty stemming from its own processes but also from current global challenges such as climate change. While a type of corporation emerges in various countries to urge companies to commit to a purpose beyond profitability, this article demonstrates that inventing new mechanisms of “generative” governance, taking into account the unknown nature of grand challenges, can reconcile the possibility of credible and evaluable commitments with the generativity necessary to develop new models of collective action in situations where existing activities fail to meet current needs. The mission committee, therefore, proves useful to the sustainability of the organization as well as inspiring the strategy and need for innovations.

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