

## **The hybridization movement of business through B Corp certification**

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### **ABSTRACT**

Based on a new reflection about the role of business, new hybrid organizations seek to create a bond between profit and socio-environmental interest. The B Corp Movement is often cited as one of the main examples, becoming a rich object of study as they seek to differ themselves from approaches of sustainability and corporate responsibility, standing up for redefining the notion of success. Although it is gaining more attention, there is still room to investigate the whole picture of B Corps. This study provides a panoramic overview of the movement based on the profile and secondary data analysis of 45 Brazilian B Corps. The results suggest a larger scope on hybridity levels, not exactly an ideal type. The certification can be perceived as an evolution of social performance accountability, placing more emphasis in the way businesses are conducted, but not necessarily their core business guided by a social mission.

**Key words:** B Corps, Hybrid Organizations, Social Enterprises, Hybrid Spectrum

## **1. Introduction**

Businesses, as key actors in the capitalist model, are being questioned about their roles in the resolution of society's problems and their traditional focus mainly on financial results. Although capitalism has been effective in creating prosperity and to improve the standard of living for many, its current form goes through questions and propositions of transformation (Sabeti, 2011). New organizational forms, financing alternatives and legal models begin to gain greater expressiveness, both in academic and managerial circles, pointed out as part of broader tendency for redefining the way business is conducted in current society (Battilana, Lee, Walker, & Dorsey, 2012; Lee & Jay, 2015; Sabeti, 2011; Santos, Pache, & Birkholz, 2015; Schmitz, 2015; Waddock & McIntosh, 2011; Yaziji, 2008).

As an evolution of approaches such as sustainability, corporate social responsibility, corporate social performance, much more than working the concept as peripheral activities, the social-environmental exercise of organizations have moved to the center of the companies' decisions and strategies, causing an expansion of their activities. As the theme evolves, new concepts arise changing the focus on organizational activity inevitably affecting its definition (Blowfield & Murray, 2008). Based on a progressive vision related to the social role of organizations (Bakker, Groenewegen, & Den Hond, 2005), as can be seen in Figure 1, organizational hybridity arises as a concept of a larger scope and complexity (Battilana & Lee, 2014; Battilana et al., 2012).

***Figure 1 about here***

Regarded as an unusual way of doing business (Waddock & McIntosh, 2011), the concept of hybrid organizations is gaining momentum to describe these new organizational forms that converges social and economic logics, with goals of positive socio-environmental impacts, but obeying the logic of market (Battilana et al., 2012; Chen & Roberts, 2013; Fischer, 2014; Haigh & Hoffman, 2012; Haigh, Walker, Bacq, & Kickul, 2015; Pache & Santos, 2013; Schmitz, 2015). They combine, in a challenging and unprecedented manner, different institutional logics (Battilana & Dorado, 2010; Battilana & Lee, 2014; Battilana et al., 2012; Dufays & Huybrechts, 2015; Lee & Battilana, 2013; Schmitz, 2015).

The concept is still in consolidation with a variation of understandings (Schmitz, 2015; Schröer & Jäger, 2015), but the phenomenon is drawing attention to the point of supporting the proposition of the existence of another sector in the economy. Nomenclatures such as sector 2.5 (Souza, 2015) or fourth sector (Sabeti, 2011) seek to denominate these kind of enterprises as the intermediary between profitable organizations (second sector) and organizations of civil society (third sector). They differentiate themselves by establishing mechanisms to balance their hybrid characteristics, such as the prioritization of social purpose in relation to profit maximization and limits to the distribution of profits (Souza, 2015).

To advance the field, there is room to study hybrid organizations from practical examples and their relationships with current conceptual approaches (Battilana & Lee, 2014; Dufays & Huybrechts, 2015; Schmitz, 2015). B Corps are often mentioned as an expressive illustration of hybrid organizations, (Battilana et al., 2012; Haigh & Hoffman, 2012), becoming a rich object of study to explore the concept and to understand the alternatives for reviewing organizational practices and their role to solve social and environmental problems. The B Corp Movement has started in 2007 in the United States with declared objectives of “using business force for good”

and promoting new business models. It differs from others similar movements by offering a self-regulation mechanism and measurement of the social performance.

The focus of this paper is on certified B Corps in Brazil. This movement of organizations has officially arrived in the country in 2013 emphasizing their action on the certification as an innovative and pragmatic way to distinguish the practices of companies which have the goal of generating social value. In Brazil, it was quickly associated with social and inclusive enterprises due to its high integration with social entrepreneurs. However, when Natura, a big cosmetic company known by its sustainability approach, was certified it was possible to note that B Corps are not only social enterprises, but a set of organizations that adopt practices of social responsibility and sustainability – related and still different constructs. This raises the question if and how B Corps are an ideal type of organizational hybridity, main topic of this research aimed to make sense of the heterogeneity of this group of enterprises.

One of the ways to better understand what they really mean is through the profile of the certified enterprises, that is by analyzing the ones approved by the process. Although B Corps are often mentioned as an example of hybrid organizations, few studies seek to investigate them extensively and comparatively. We found this a way to produce a first and broad understanding of what they stand for and how they differ from business as usual facing society pressures. This paper aims to contribute with a panoramic view from an emerging country perspective, providing a more comprehensive picture in a quasi-census study based on secondary data. In this way, it intends to contribute both to the understanding of B Corps and to the development of the concept of hybrid organizations as a new profile of the business activity.

## **2. Theoretical Background**

The term “hybrid organizations” has been picking up in the academic setting to describe a new type of organization that combines different institutional logics in a challenging and unprecedented manner, like generating economic value and social value – aspects of nonprofit and for-profit organizations – hitherto considered apart (Battilana & Dorado, 2010; Battilana & Lee, 2014; Battilana et al., 2012; Dufays & Huybrechts, 2015; Lee & Battilana, 2013; Schmitz, 2015). Social enterprises are emblematic examples of hybrid organizations, combining social welfare and market logic (Alter, 2006; Battilana et al., 2012; Doherty, Haugh, & Lyon, 2014; Dufays & Huybrechts, 2015; Haigh & Hoffman, 2012; Santos et al., 2015). In the ideal hybrid extreme, a hypothetical organization would be fully integrated, producing both social value and commercial revenues from all of its activities. They seek to integrate both goals in an interconnected and synergistic manner, maintaining the duality of social impact alongside financial sustainability (Haigh et al., 2015), instead of adding a stream of business income to a non-profit model or adding a charitable program or social service to a profit- model (Battilana et al., 2012).

In many cases the logic is precisely to promote a profitable activity that will ensure a greater social purpose. Therefore, they have a clear social mission and a definition for the desired social value generated by the business (Austin, Stevenson, & Wei-Skillern, 2012; Barki, Comini, Cunliffe, Hart, & Rai, 2015; Colby, Stone, & Carttar, 2004). Articulating mission and vision via “*theory of change*” is one current practice to identify and differentiate a relevant social impact from basic outputs as immediate results of activities (Austin et al., 2012; Brandão, Cruz, & Arida, 2014; Brest, 2010; Colby et al., 2004). For instance, Portocarrero & Delgado (2010) identified four main categories of positive social value generation for social enterprises dedicated

to social inclusion: (1) increased income; (2) access to products and services; (3) citizenship building and (4) social capital development.

But there are some challenges for the hybrid organization to produce social and economic outcomes in a sustainable and simultaneous way. As they are outside the traditional scope, hybrid organizations raise new questions about accountability, control and legitimacy (Brandsen & Karré, 2011), as well as governance, business models and strategies (Battilana et al., 2012; Haigh et al., 2015; Schmitz, 2015). Participatory modes of governance, innovation transparency, and core values build connection in this kind of organizations. The ability to create a business model that sustains the duality of goals is of vital importance, as some hybrid organizations have drifted from its original mission by acquisitions, leadership changes, or by fierce competition from traditional for-profit companies (Battilana et al., 2012; Ebrahim et al., 2014; Haigh et al., 2015; Santos et al., 2015).

In this way, economic value and social value are interconnected, but not always on the same level. Alter (2006, 2007) commented on different degrees of interrelationship between market and social impact activities according to the orientation of the business model to the social mission, i.e. the relevance of the social purpose to the core activities. Santos et al. (2015) consider that this challenge is strongly influenced by central axes that impact the business model of the hybrid organizations: (1) expansion of value creation, if automatic (direct consequence of commercial activity) or contingency (whether through additional interventions); and (2) degree of overlap between client and beneficiary. The closer the socio-environmental mission of the organization's core and profitable activities, the less will be the risk of conflict between multiple interests. For Santos et al. (2015), the intersection of these two axes can generate a typology of

four types of hybrid social businesses, as shown in Table 1, with different degrees of risk mission-drift.

***Table 1 around here***

Therefore, social enterprises with a high level of integration between social value and market logic can be regarded as an extreme hybridization case of what can be seen as a “hybridization movement” (Battilana & Lee, 2014). Many authors have already discussed that the convergence between social and market logics should be seen as a blurred area, presented more as a continuum than a dichotomous distinction (Austin et al., 2012; Battilana & Lee, 2014; Comini, Barki, & Aguiar, 2012; Dees, 1998), even though it is still a topic of inconclusive debate among scholars (Schröer & Jäger, 2015). In the long run, organizations will inevitably be, to some degree, hybrid (Schmitz, 2015). Because of commercial pressures, companies need to relate to social movements or need to gain legitimacy in relations with stakeholders (Schmitz, 2015). On the other side, many organizations of civil society face the challenge of ensuring financial independence and sustainability, creating forms of generating revenue from products and services. (Fischer & Comini, 2012). The full hybrid organization would be at a central location of a spectrum, as seen in Figure 2, varying according to the original intention and purpose of the enterprise: traditional for-profit companies and purely commercial business or traditional non-profit making organizations and purely philanthropic and social organizations (Alter, 2007).

***Figure 2 around here***

Alter (2007) also admits that some socially responsible companies could be considered social enterprises, depending on the approach taken and integration among the goals. In fact, a review of different perspectives, concepts and approaches that seek to incorporate social and environmental dimension in business management can help to indicate stages of organizations towards the hybridization movement. After reviewing major concepts that seeks to discuss the social role of organizations it was possible to recognize three main roots of origin of concepts that bring out these same concerns and concepts: (1) Management roles and responsibilities; (2) Business strategy; (3) New organizational models, as summarized on Table 1. The figure 3 shows how these concepts can be related to the movement of organizations along of the hybrid spectrum (Alter, 2007).

*Table 2 around here*

In the hybrid spectrum (Alter, 2007) the organizations originating within a clear social mission and purely philanthropic, such as NGOs, migrate to degrees of hybridity as they incorporate commercial activities. In the first stage, are the **non-profit organizations with revenue-generating activities**, which can be more discreet, for cost coverage, or more permanent, as revenue generating activity and surplus for reinvestment. In the second stage, they become **social enterprises**, combining social purpose, market approach and property, with greater emphasis on social or commercial (Comini et al., 2012).

On the other side of the spectrum, the for-profit traditional companies have gradually included concern for the social and environmental value. In the first stage, **organizations incorporate social responsibility practices**. At this level, activities may also be conducted to



complement the organization's practices, even if the impact is measured on stakeholders' demand. This level corresponds to the role and responsibility of management and approaches of Corporate Social Responsibility (CSR) (Aguinis & Glavas, 2012; Bakker et al., 2005), Corporate Social Performance (CSP) (Griffin, 2000; Wood, 2010), Sustainability (Schoolman, Guest, Bush, & Bell, 2012), and Theory of Stakeholders (Freeman, 1984) are routes in this direction.

***Figure 3 around here***

Due to the evolution of these themes, newer approaches to management practices have tried to address the development of the next level of the spectrum; that is, the **socially responsible enterprises**. They are profitable companies that incorporate social proposal in their strategy and positioning. The assessment about a profitable traditional business being able to reach a level of hybridity considered ideal is not extensively covered in literature. Examples of business units of a non-profit organization or a traditional company might fall into this gray area. It is also in line with advanced approaches of CSR, CSP and Sustainability, tending to include these issues into the core of business strategy (Ramachandran, 2011), or with strategic approaches such as Creating Shared Value (Porter & Kramer, 2006, 2011) and Management for Stakeholders (Harrison, Bosse, & Phillips, 2010), or even the advocacy for a conscious capitalism (Mackey & Sisodia, 2014). Examples mentioned by Alter (2007) are Ben & Jerry and Body Shop, very much in line with the companies also mentioned by Porter & Kramer (2006, 2011) as cases of creating shared value such as Ben & Jerry's, Patagonia and Whole Foods. It is interesting to note that some of them are certified B Corps.

### 3. B Corps

The B Corp Movement was launched with the foundation of B Lab in the US in 2007. It is now in 50 countries with nearly 2.000 certified enterprises supported by global partners around the world. It operates in three main areas: **Legislation**, supporting the creation Benefit Corporations in the US; **B Corp Certification**, establishing high common standards to distinguish firms committed to social and environmental value and “a new type of company that uses the power of business to solve social and environmental problems” (B-Lab, 2015); **Information for impact investment** (B-Analytics), using the same tool of the certification, the B-Impact Assessment (BIA), to stimulate the impact investment industry by the GIIRS Ratings.

Sistema B is the official partner of B-Lab in South America with the aim of accrediting firms that align economic and social goals representing a new way of doing business. The main focus in the country is the certification, because there is not a defined strategy for a new legal format yet. The certification is not, admittedly, a classification for social enterprises, although the whole logic of its communication and positioning is linked to similar ideas. In their website there is an explanation to distinguish B Corp from other kind of businesses:

**Ordinary Businesses** – Whose primary objective in business is to generate high financial returns. They may be interested in the possibility of using their business to serve a higher purpose, but are not actively pursuing this objective.

**Sustainable Businesses** – Whose primary objective is to both pursue positive impact and generate returns. They may be actively pursuing their impact objectives, but may or may not have taken the steps to measure and evaluate how their business impact society and the environment.

**B Corporations** – Businesses that are primarily trying to solve a social or environmental issue through their enterprise. All B Corps measure their impact and achieve at least 80pts on the B Impact Assessment to validate that they have achieved a significant threshold of impact. They also expand their corporate duties to include the consideration of the interests of all stakeholders, not just shareholders. B Corps are typically focused on improving and sustaining their impact over time and generating profit simultaneously. (B-Lab, 2016).

As a means of ensuring objectives, to gain the certification, the organization must change their formal and legal documents including stakeholders' interests at the same importance level as the maximization of financial return. The inclusion of such clauses add a symbolic character and also represent the legal obligations of the firm, formalizing the hybrid character of the firm in uniting social and financial goals, albeit it does not characterize a new legal form.

If B Corps go beyond CSR approaches and if they really represent a new organizational type, that is, a hybrid organization model, are central questions that permeate the discussion (Bilgili, Worrell, Ellstrand, & Johnson, 2015; Stubbs, 2015, 2017). The certification provides an identification mechanism for organizations and entrepreneurs who incorporate socio-environmental impact as part of the main goal, therefore sharing similar values of business philosophy (Stubbs, 2015). However, the absence of a formal legal status represents a greater fragility to be considered for the legitimization as a new hybrid organizational form that actually protects duality in mission (Bilgili et al., 2015).

#### **4. Method**

Although B Corps have gained increased interest, few studies provide a broader comprehension of the organizations that shape the movement. This descriptive-exploratory and qualitative study aims to better understand B Corps according to the concept of hybrid organizations exploring an emerging country experience in Latin America. To answer the research question “if and how B Corps are a model of hybrid organization”, the chosen path was to observe the enterprises approved by the certification process.

Based on the assumption that language helps to create meaning and is an objectification of reality (Berger & Luckmann, 1976), the study is based on secondary data about how certified

enterprises present themselves, their activities and the certification, consequently, how they explain their social impact and hybridity. It is worth emphasizing that it is the intention expressed in the content of the organizational discourse, not a measurement of its practices. It is a first step to provide a map of this territory (Maanen, 1979) and, for that, the Brazilian B Corps will be analyzed in a distance in order to provide this comprehensive overview and it does not constitute a closer look of particular case studies.

The collected data includes the information provided by B Corps on their websites and in the profile available in the B Corp Community both on the global ([www.bcorporation.net](http://www.bcorporation.net)) and regional websites ([www.sistemab.org](http://www.sistemab.org)). The contents refer to the institutional presentation, desired social impact (“*the change we seek*” section), organizational mission, vision, core activities and other relevant data to understand the main profile and activities. As the information on the global B Corp website was critical to the proposed analysis, only 45 companies whose profiles were available were included in the study even though during the data collection period, in June 2016, a total of 53 companies were certified in Brazil according to Sistema B. One can question the sole use of websites’ declarations to support the analysis, but this is exactly the starting point to provide a panoramic and preliminary picture of the phenomenon.

The first stage of analysis was descriptive regarding year of certification, BIA scores, business segment, client, beneficiaries, location, among others. The analysis was then performed following the codification process as described by Strauss & Corbin (2008) using these steps as a rigorous analytical method but without the intention of generating theories (Bandeira-de-Mello & Cunha, 2003). The analysis was based on selective coding analysis by themes (Spradley, 1979) and assigning pre-established categories in closed grid according to the core meaning of the content (Vergara, 2012). The codification process was also conduct in three rounds of

reading providing a gradual refinement of the classifications and a deeper understanding about each B Corp in Brazil. At the final stage the authors reviewed the codification on a consensus meeting.

The first reading of the material was conducted in order to detect the mission, whether explicitly or implicitly, and a brief map of the business model. About half of the group (22) presented a specific and named mission statement on their websites. Other 18 companies had the mission implicitly declared in their institutional presentations texts. Only five companies did not have the mission statement detected. Alternatively, the mission and desired social impact could be identified through the profiles posted on the global and regional B Corp websites. The complementation of the information obtained from the organizations websites allowed us to elaborate a synopsis of each enterprise.

The second reading round sought to apply the analytical framework composed by the combination of multiple topics related to hybrid organizations as an alternative to bring different perspectives to map out the desired social impact (adapted from Portocarrero & Delgado, 2010), the tension of mission-drift according to the Hybrid Social Enterprise Typology (Santos et al., 2015), Mission-orientation (Alter, 2006, 2007) and Hybrid Spectrum (Alter, 2007). The classifying process has also demonstrated a need to identify when the beneficiary is not in a state of vulnerability distinguishing inclusive business from other propositions. Environmental enterprises also deserve special attention, as the beneficiary is the whole society.

As both hybrid organization concept and B Corps are relatively new in the academic investigation set, the combination of various analytical lenses to compose this classification system enabled the researchers to get a deeper understanding of the certified enterprises and their models and core activities to make sense of the heterogeneity of the B Corps groups considering

their organizational hybridization. This interpretative-qualitative study does not intend to make generalizations or comparisons, although it is possible to assume a level of transferability to similar B Corps contexts.

## **5. Analysis of Results**

B Corps officially arrived in Brazil in October 2013, but two companies were already certified since 2012. The timeline of certification of the 45 enterprises studied is presented on Figure 4. Despite the two years recertification period, only four companies with the expired term presented the updated BIA reports (Abramar, CDE Plan, Ecoservice and Turbo Social Business). Although Aoka's and Maria Farinha Filmes' recertification period have expired, only 2013 data were available.

*Figure 4 around here*

The highest concentration is of services enterprises, including administrative services (17 companies) such as consulting, communications agencies, technology, as well as basic services on health and education (7 enterprises). Among other business segments, it is possible to find industry sectors (6), culture and entertainment (5), civil construction (4), banking & finance (3), sales (2), and food (1). The target client, considering who pays for the product or service, is mostly composed by organizations in general (28), including for-profit business, corporations but also social enterprises and NGOs. Few examples also have government and schools as clients. 13 businesses were consumer oriented, but only 4 directed to low income communities and 1 to people with disabilities.

It is worth mentioning that although the B Corp Community websites try to bring relevant information about the company and social impact, in most cases it is only possible to capture how the business works, the client who pays and the beneficiary, the main core activities, and how these propositions become tangible through the own website of the enterprises. The texts available in the “The Change We Seek” section do not follow a standard and do not always make clear what the change will look like and what are the tangible data of the desired transformation logic. The main indicative of the enterprises practices is the BIA indicators, although it is not clear if adherence and consistency between the proposed theory of change and the actions of the organization is a criterion for granting the certification.

The cases were then organized according to the hybrid social enterprise typology (Santos et al., 2015) as displayed on Table 3. In the majority of cases the enterprises generates an indirect impact as 27 enterprises fall into the dimension of contingent value spillovers while in 18 enterprises social value spillovers happen automatically as result of the commercial activities. This represents a different understanding from the initial perception about B Corps, strongly influenced by the origin linked to social entrepreneurs in Brazil. Less than half could be considered as emblematic social enterprises (including social and environmental impact) as market and bridging hybrids, since the automatic value expansion is clearer and more tangible. However, this alignment does not reflect high B Scores, being only three of them with total scores above 110 points in the BIA.

***Table 3 around here***

**Market Hybrid Organizations** are the second smallest group and the 4 cases can be considered as social enterprises on the hybrid spectrum combining social and market logic precisely by balancing the view of the consumer and the beneficiary in the core activities (Battilana et al., 2012). They are also part of the small group that presented tangible social value proposition to promote access to goods and services (Portocarrero & Delgado, 2010). Targeting people in vulnerability makes evident the generation of value and social inclusion as an end-activity – 4YOU2, Avante, Policlínica Granato, SOS Dental and The Products. No organization with an environmental focus was detected in this type group.

To make the analysis clearer we provide a detailed example of one enterprise for each category of hybrid organization in this typology<sup>1</sup>. 4YOU2, for example, is a language school that operates in partnership with NGOs in peripheral regions in São Paulo where low-income populations predominate, offering language courses at affordable prices. The teachers are foreigners that come to the country as part of a social and voluntary exchange. The entire value chain seems to have been built to promote long-term impacts of social capital building, promoting relationships between the community, foreign teachers, social businesses, and civil society organizations.

In Brazil, only 2% of the population declare that speak English. Despite being the biggest market in the world for language schools, few people become full proficient of English and other languages. Besides losing opportunities for study and work because of this, major events such as World Cup and Olympics have highlighted the need to speak English. The people at the bottom of the pyramid suffer even more with this, because there are no accessible courses appropriate to their reality, in price, location and content. (4YOU2 Profile in *Sistema B*, translated by the authors)

The social immediate results of 4YOU2 are configured as access to basic services of education for BoP consumers, i.e. creating automatic value spillover to a beneficiary who is also

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<sup>1</sup> The full classification of the studied BCorps in Brazil can be provided upon request or as an Appendix.



the client. Additionally, it seeks to generate the development of social capital by building networks, capacity building and local relationships, both for the communities and for the foreign teachers. It can be classified as social enterprise with emphasis in market by selling services with social purposes (Comini et al., 2012). It is interesting to note that the "customers" dimension is the highest grade of 4YOU2's BIA, with a score of 63. As stated by Santos *et al.* (2015), in market hybrid organizations the risk of mission-drift and the tensions for financial sustainability are lower. The business model is centered in the social mission and the thesis of change is part of the core-activity and the value chain, configuring a mission-centric social.

**Bridging Hybrids** are the second largest group with 14 enterprises being 11 of them identified as mission-centric social in the hybrid spectrum. This classification was possible because this category covers business models that promote the inclusion of people in vulnerability and low income communities in an effective way in the value chain and cross subsidy model. The combination of value generation with socio-environmental focus also stands out in this category, with concrete examples of action that take into account both waste reuse and community involvement – Asta, Instituto Muda and Recicladora Urbana.

Rede Asta, for example, is a social enterprise that delivers design products (accessories and corporate gifts) made by production groups in low-income areas and reusing waste materials. Its social mission is to promote the inclusion of productive groups, focusing on the empowerment of women artisans and their small business and cooperatives providing training, networking of production and creation of sales channels. The products are sold online or in the physical stores in Rio de Janeiro for consumers and organizations, as well as corporate gifts. Various financial indicators and the compensation of the productive groups are transparent and openly available in the website.

Rede Asta seeks to see a society where consumption means social and economic inclusion. (The Change We Seek, Profile of Rede Asta in Bcorporation.net)

Rede Asta acts in the income increasing by incorporating low-income people and communities in the productive chains, increasing productivity with training and technical assistance, as well as marketing channels alternatives. There is still a second tangible value related to environment by the reuse of waste materials. The contribution to the community is emphasized by noting that this dimension is the BIA highest score (46). The counterpoint as socio-environmental business is strengthened, since the "environment" dimension is the second highest score (35). The value spillover is automatic for beneficiaries who are different from the clients/customers. The social-market emphasis of this social enterprise is justified because the main objective is to contribute directly to poverty reduction, but applying market logic of supplying consumer goods. The social mission is embedded in the value chain and centered in the business model.

**Blending hybrids** are the smallest group formed by only 3 enterprises. Avante, for instance, is a microfinance bank and clearly a social enterprise. As a microfinance solutions provider (microcredit, prepaid card, consortium, and payroll loan, insurance), the value spillover is conditional for customers who are also the beneficiaries. They offer financial education and inclusion of low-income people, through a cost-free online and offline service. The model of free financial guidance as a first step is highlighted in Avante's profile, as well as the relationship with employees, attracting people who believe in the same purpose.

According to Data Favela, 53% of favela inhabitants in Brazil participate in the banking system by holding either a checking or savings account. While half of favela residents still lack access to financial services, those who open a bank account also increase the risk of going into debt. Avante believes that developing a humane and responsible relationship with money is more important than just granting people's access to the banking system, and that it is possible to create social impact by "bringing the bank to the favela." (The Change We Seek, Profile of Avante in Bcorporation.net)

The main desired social value is tangible related to access of goods and services by physical presence in poor urban areas and flexible access to financial mechanisms. There is also the potential of intangible impact related to the promotion of citizenship through financial education and inclusion in the banking system. The business model is mission-centric, also noted by the highest score in the customer dimension of the BIA (59).

**Coupling hybrids** is the biggest group, composed by 24, that is over half of the studied enterprises. In this type the risk of mission-drift is also the highest (Santos et al., 2015) particularly when social impact is not incorporated into the value-chain or it is intangible. Among the analyzed group there is a high concentration of enterprises that most likely cannot be perceived as social enterprises. Only two organizations were classified as social enterprises promoting clear cause services for people at the Base of the Pyramid (BoP) and elderly. The vast rest majority are business that incorporate social responsibility or shared value strategies.

As a big and diverse group, it is possible to notice a subdivision inside the group under coupling hybrids type. The first subgroup has the intention to promote social enterprises, as is the case of investment funds and accelerators for social enterprises and NGOs– Criando Consultoria, Din4mo, Plano CDE, SER, Turbo Negócios Sociais, and Vox Capital. Din4mo, for example, is a post-acceleration consultancy to social entrepreneurs and social enterprises providing services related to capacity building, access to capital and networking. The direct client is the social enterprise, but the final beneficiary is the beneficiary of the client. Therefore, the value spillover is also contingent.

Din4mo believes that entrepreneurs change the World. Empowering this specific agent of change creates several opportunities to innovate and tackle the World's main issues. Din4mo supports purpose-driven businesses committed in transforming their communities. The thesis of impact tackles essentially businesses models that address solutions that alleviate poverty by generating income and reducing vulnerability; raise

families' assets and reduce transaction costs (The Change We Seek, Din4mo's profile in Bcorporation.net)

The second subgroup is composed by for-profit companies that incorporate in a smaller or larger degree, strategic social responsibility. This second subgroup is an even more diverse regarding target client (businesses or consumers) or in the level of the incorporation of social impact in the value proposition or just as practices reinforced on communications positioning. Some of them clearly assume an active role in their relations with society by recognizing their systemic interaction with the surrounding social system, in line with arguments about corporate social responsibility (Fischer, 2002) but still more peripherally as efficient externalities management. They are closer to the right end in the hybrid spectrum, from traditional for-profit companies in the process of evolution in their CSR levels. In these cases, the certification justification appears as an efficient CSP measurement mechanism within business models unrelated to a social mission. Cases such as Baluarte Cultura, Feitiços Aromáticos, Grupo Gaia, Grupo Unite, and Indi.us, appear as companies with robust CSR practices. Feitiços Aromáticos, for instance, is a cosmetics industry located in Itaquera, a low-income neighborhood in São Paulo city. Their profile highlights its integration and influence in the community, as an argument for an effective implementation of CSR (Dahlsrud, 2008). It is also adherent to specific stakeholders enterprise strategy in the Stakeholder Theory (Freeman, 1984), but cannot be seen as a social enterprise.

Feiticos Aromaticos is a cosmetics company with “sustainable DNA.” Embedded in the company culture is a consideration for wellness, the quality and care deserved by each consumer and the future of the planet. Their internal and external activities have always been concerned about the social and environmental effects of their activities (Feitiços Aromáticos' profile in Bcorporation.net)

Other cases are closer to hybrid spectrum center by incorporating the social role at the core strategy and positioning reflected in its value proposition and value chain based on strategic CSR and sustainability approaches – Natura is an illustrative example. It is one of the largest companies in Brazil recognized by its sustainability strategy, especially in the value chain and highlighted in its practices of relationship with the community and the environment. Other cases are Abramar, and NewInc. They are coupling hybrids that could fit into the levels of enterprise strategy focused on specific stakeholders, unrestricted stakeholder (Freeman, 1984). Somehow they are also aligned with the ideas of Porter e Kramer (2006) about creating benefits for society by implementing changes on the value-chain.

More than contributing to society with the adoption of sustainable practices, we wish to promote a growing movement of awareness and search for solutions to a more balanced and fair future with a social, economic, and environmental perspective. Being part of the B Corp movement strengthens our belief that we indeed must seek profit, which is the basis of our operation, but this should not be the sole purpose of our existence. (Natura's profile in Bcorporation.net)

## **6. Discussion**

Heterogeneity, in several dimensions, is one of the main characteristics of this small group of enterprises. It is not only that organizations in general vary; the heterogeneity of the group goes far beyond the characteristics of size, segment and target audience. As shown in Figure 5, B Corps also vary a lot in how central is the social mission in the business model, reaching all levels of the hybrid spectrum, varying even between mission-centric models and unrelated to mission cases.

*Figure 5 around here*

Cases such as CIS and even SOS Dental demonstrate the potential scope of certification for organizations closer to the activities of NGOs with revenue-generating activities, or the social business model proposed by Yunus (2000). At the other end of the spectrum, cases such as Feitiços Aromáticos, Grupo Gaia, and Grupo Unite, show the certification as an efficient mechanism for CSR accountability and CSP.

As a possibility to give meaning to the profile of certified companies, the process of analysis and interpretation of the enterprises allowed us to observe the heterogeneity also according to the type of central activity. We organized them into the following main groups: **social-environmental enterprises, ecosystem of social enterprises, modern society issues initiatives, business services providers, and for-profit business**, all of them achieving high levels of social performance standards.

**Social or environmental enterprises** constitute a large group and give meaning to the main statement of the movement. They generate impact by their core-activity as part of the value proposition, that is, by offering products and services or by structuring their model in such a way that the value chain depends on the inclusion and empowerment of excluded groups or on the incorporation of environmentally sustainable inputs. They are emblematic examples of hybrid organizations as social enterprises focused on inclusion or direct environmental impact, varying in a continuum of social and commercial emphasis (Comini et al., 2012), such as 4YOU2, Geekie, Asta, Avante, Policlínica Granato, Raízes, *The Products*, among others. Still in this group there are ecological businesses in line with the discussion on sustainability and review of production models and waste management. Names as Combio, Courrieros, Fazenda Mãe D'Água, Okena, Ecoservices, and Casa do Futuro, exemplify this aspect. A few rare cases

combine a social and environmental impact, Instituto Muda, Recicladora Urbana, and Asta, are examples of socio-environmental enterprises.

There is also a group of companies that are focused on promoting the development of the social enterprises field, as part of what it is known as the **ecosystem of social enterprises**. Accelerators, consultants and impact investment managers reinforce the perception of certification linked to the social enterprises movement in Brazil, for instance, Criando Consultoria, Din4mo, SER, Turbo, and Vox Capital.

Another group also has innovative proposals, but not necessarily aimed at meeting inclusive or environmental needs. They adopt flexible management forms and place co-creation and creativity as essential elements of the work philosophy, such as consultancies focused on innovation, facilitation, dialogue, audiovisual production, among others. They are companies focused on promoting **awareness related to causes that afflict modern society**, like Maria Farinha Filmes (child advertisement, for example), Mayra Alimentação Infantil (healthy food), 99jobs (recruitment), and Via Gutemberg (elderly), but not necessarily to underserved communities. Likewise, it is possible to highlight **business services providers** with similar purposes, such as Araruna Filmes, Baluarte Cultura, Cause, and ZEBU, and services focused on social responsibility and sustainability for corporations, like Oficina da Sustentabilidade or Courrieros.

As mentioned earlier, it is also worth noting the recognition of traditional for-profit companies that assume a more effective social performance, either through CSR and Sustainability practices (Gonçalves-Dias, Teodósio, & Barbieri, 2007), or by evolving in their insertion in the strategic center (Aguinis & Glavas, 2012; Dahlsrud, 2008; Porter & Kramer, 2006; Ramachandran, 2011). The organizations in this profile vary from an example such as the

Grupo Gaia, which appears to have a good management of impacts, but not related to the final activity, to Natura, a recurrent example of a sustainable business with the generation of socio-environmental value as a central element of its strategic positioning.

One possible understanding about the B Corp certification is precisely as a way for companies to differentiate their social performance from others. In addition to already existing accountability mechanisms such as the GRI, the certification becomes an evolution and a proof of social and environmental practices because it has external guarantee and established criteria. For example, Grupo Gaia, and Feitiços Aromáticos, use the certification as an evidence of sustainability positioning in their websites, in line with CSP speech. They are still among the select group that present general B Scores above 110 points, 113 and 143 respectively.

O Grupo Gaia has the B Corp certification that proves our compliance with rigorous standards of social and environmental performance, accountability and transparency. (Website Grupo Gaia, Translation provided by the author.)

We are a company with a DNA of Sustainability. [...] We are part of a group of companies whose main focus is not to be the best in the world, but that insist on being the best for the world. We are a B Corp! (Website Feitiços Aromáticos, Translation provided by the author.)

However, not all certified companies use certification explicitly in their communications or as an element of positioning. In fact, it is worth noticing the amount of companies where the seal it not even visually displayed on their website: in 13 enterprises websites the seal was not found or mentioned. The incorporation of certification as part of the company's communications is an important point of analysis, as it demonstrates how the certification is used as an element of the positioning and to stand out for a new kind of business. The absence and superficial use of the seal in its own communications, as well as the number of companies without a profile in the B Corp and Sistema B websites, raise questions about the use of the certification as part of the ideological positioning as hybrid organizations generating social and environmental value.



## **7. Final Considerations**

“B Corps are a new type of company that uses the power of business to solve social and environmental problems” (B-Lab, 2015). At the homepage of global certification website, this is the first statement about what a B Corp is. The strong and eloquent discourse has led to an initial understanding that B Corp was a synonymous of an ideal type of hybrid organization. However, from the results of this research, it is perceived that it encompasses a larger range of levels of organizational hybridity, as Figure 6 shows, therefore recognizing a path of hybridization. B Corps can be either organizations closer to an ideal hybrid organization model, such as social enterprises (Battilana & Lee, 2014; Battilana et al., 2012), or at initial levels of hybridism, such as CSR practices (Dahlsrud, 2008; Schmitz, 2015) or even organizations from the Third Sector with more robust income generation activities (Fischer & Comini, 2012). Thus, they are at different levels of integration of the organizational hybridity dimensions (Battilana & Lee, 2014), especially how central is the socio-environmental value in strategic positioning, value chain, workforce composition and core activities of the enterprise.

*Figure 6 around here*

Heterogeneity is one of the main characteristics of B Corps, and, at the same time, one of the great challenges for building a unique identity and distinguished reputation for the B Corp brand among other socio-environmental performance measurement tools. Although the discourse is of differentiation from other practices of sustainability and social responsibility, just as it happens with the concept of shared value (Crane, Palazzo, Spence, & Matten, 2014; Dembek,

Singh, & Bhakoo, 2016), it lacks a more rigorous evaluation of its precepts and arguments. Since the understanding and image of the movement is strongly based on the image of the certified ones, the existence of enterprises near the extremes in the hybridism spectrum weakens their recognition. It weakens the very own definition of B Corporations as a way to differentiate it from "ordinary business" and "sustainable business" as displayed on the website (B-Lab, 2015), that is, to consider them as emblematic hybrid organizations.

Many of studied B Corps are “primarily trying to solve a social or environmental issue through their enterprise”, but not exclusively. There are many examples of certified ones that are more adherent to the definition used by B Lab of "sustainable business" when the main objective is both to have a positive impact and to generate financial returns, what can be seen as coupling hybrids is the biggest group in the social hybrid typology.

In summary, the main difference between a company practicing good social responsibility and a B Corp is their disposal to obtain the certification, measure practices, change legal documents and pay a fee for it. In this sense, the B Corp certification represents a method for measuring socio-environmental practices and stakeholder’s management, more in line with CSP concept than social enterprise and inclusive business. It can be considered an evolution of accountability mechanisms precisely because it gives the seal granted by a third party responsible for proving established criteria and monitoring. B-Lab's co-founder, Jay Colbert, reaffirms this perception by recognizing the movement as a consolidation of several current approaches in business:

"All of these disruptive movements already existed, but there wasn't one unifying language or set of standard that could help bring together all these disruptive movements into one much more powerful collective voice for using business as a force for good" Jay Colbert, co-founder B-Lab (Araruna Filmes, 2015)<sup>2</sup>

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<sup>2</sup> Film produced by the Brazilian B Corp Araruna Filmes to explain the movement. Film available at <https://vimeo.com/121395040>. The passage in question appears around minute 01:33.

In this sense, although the idea of B Corps has been framed as hybrid organizations, it is seems to be more connected to a bigger picture of CSR and CSP including for-profit businesses that are taking their impacts into account and considering this externalities management as a way to create social and environmental impact. The certification emerges as an alternative to reinforce the expansion of the organization's objective function by broadening the focus of the businesses from financial returns to shareholder/owners to creating value for stakeholders (Boaventura & Cardoso, 2009; Clarkson, 1995). However, distinguishing *outcomes* as positive social impacts from *outputs* of practices and process is still a challenge (Griffin, 2000).

It is not possible to say that an enterprise recognized as a B Corp would mean a new type of organization or a new sector in the economy as the movement' messages suggest. The measurement mechanism does not seem to privilege social enterprises adhering to the discourse of directly generating socio-environmental value through their core-activity. That is, the assessment tool addresses much more "how it is done", but not so much "what is done". The Benefit Corporation as a new legal enterprise constitution in the United States represents a more promising avenue to evidence the ideal type of hybrid organization. The distinction between the two initiatives, certification and legislation, becomes fundamental for the movement to gain more legitimacy (Bilgili et al., 2015).

This study does not exhaust the knowledge about the subject, but it provides a map of the territory of B Corps looked from a distanced perspective to get a better sense of the whole movement, It serves as a starting point to further investigations, the main contribution of this paper, since till now there are few studies on the subject. Therefore, as it is an extensive view, it does not bring the in-depth analysis of any specific case or dilemma, since case studies were not

part of the research method. The evaluation of certified B Corps, based on secondary data of their institutional communications, is also exposed to a degree of subjectivity in the interpretation of the contents. According to the chosen method, the analysis was based exclusively on the information available, that is, the content disclosed by the companies. Limiting to the available information in the defined data sources can lead either to overvalue or to undervalue certain impact or the understanding of the operations model. The choice for this method also assumes that the enterprises' profile texts may not represent their practices and do not affect their results. Since this is a qualitative study based on the communications content, it is difficult to assure the practice, and the BIA indicators can be considered as an indicative of the real performance of the enterprises.

The combination of different sources and sequential steps of coding and analysis were measures to meet the criteria of authenticity and plausibility for the credibility of the research considering a bigger picture. The composition of multiple conceptual lenses for the analytical framework enabled the exploration of the data in an integrated way to open space for reflection, as well as to stimulate the recognition of differences and specificities.

For future studies, it is recommended to go further in the understanding about B Corps with comparative in-depth, comparative and longitudinal case studies to explore how the B Corps demonstrate these different patterns and levels of organizational hybridity. The systematic study on the evaluation tool is possibly the main study to be carried out next, since it is important to ascertain the criteria used, the comparison with other measurement mechanisms, and the distinction of value, impact, and performance definitions.

These are definitions that can bring more consistency to achieve the desired recognition and reputation of being a certification and a movement capable of identifying and promoting a

new business paradigm. After all, in many ways, any initiative towards sustainable development will address some facet of the myriad problems of the current system, “simply because moving in this direction necessitates that multiple considerations be built into enterprises of all sorts” (Waddock & McIntosh, 2011, pp. 322). The analysis provided by this study does not diminish the value of the B Corp contribution to the evolution of organizations towards a more positive performance for society, but provides a better location for the understanding of the movement as part of the already ongoing development of organizations. The certification can become an antecedent institutional pressure and a demand for a proven social and environmental posture by organizations (Aguinis & Glavas, 2012).

The audacious goal of redefining success in business represents an attempt to create mechanisms and a worldview that promotes an evolution of the traditional business model. But it is important to acknowledge its limits and risks in order to increase the contribution of private sector in the society in a coherent and consistent manner. The B Corp movement has been gaining prominence precisely because they propose a review on the way business can create value. Understanding, therefore, what it really represents is fundamental to advance both the development of hybrid organizations concept and the practice of generating socio-environmental value through business activities.

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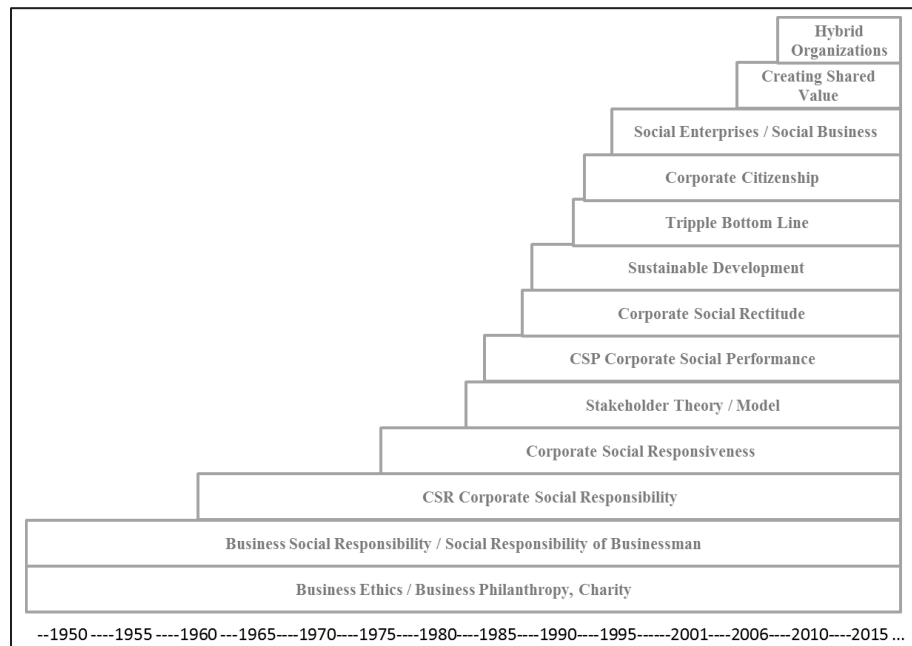
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**FIGURE 1**

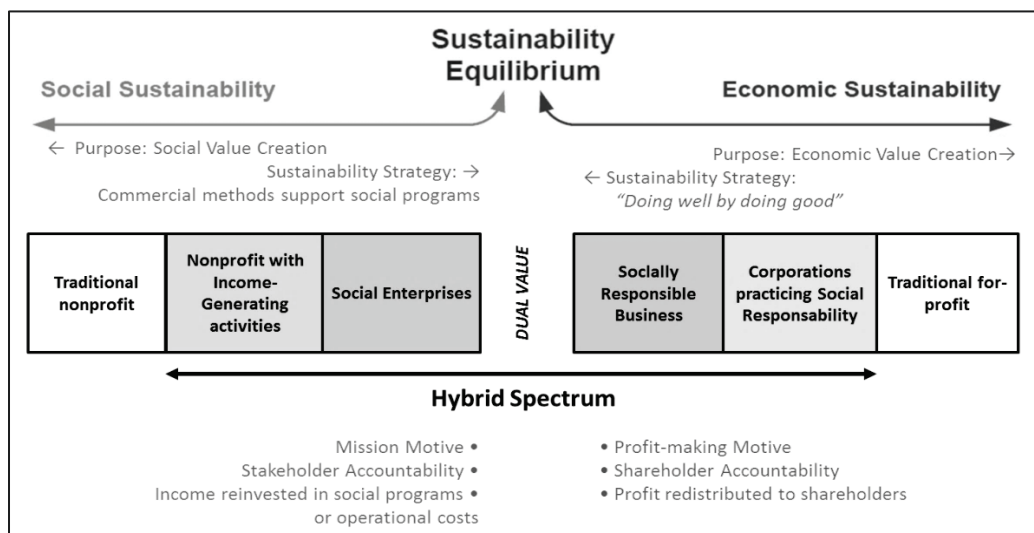
**Evolution of concepts related to the social role of companies and organizations**



Source: adapted from Mohan (2003) *apud* Bakker et al. (2005)

**FIGURE 2**

**Hybrid Spectrum**

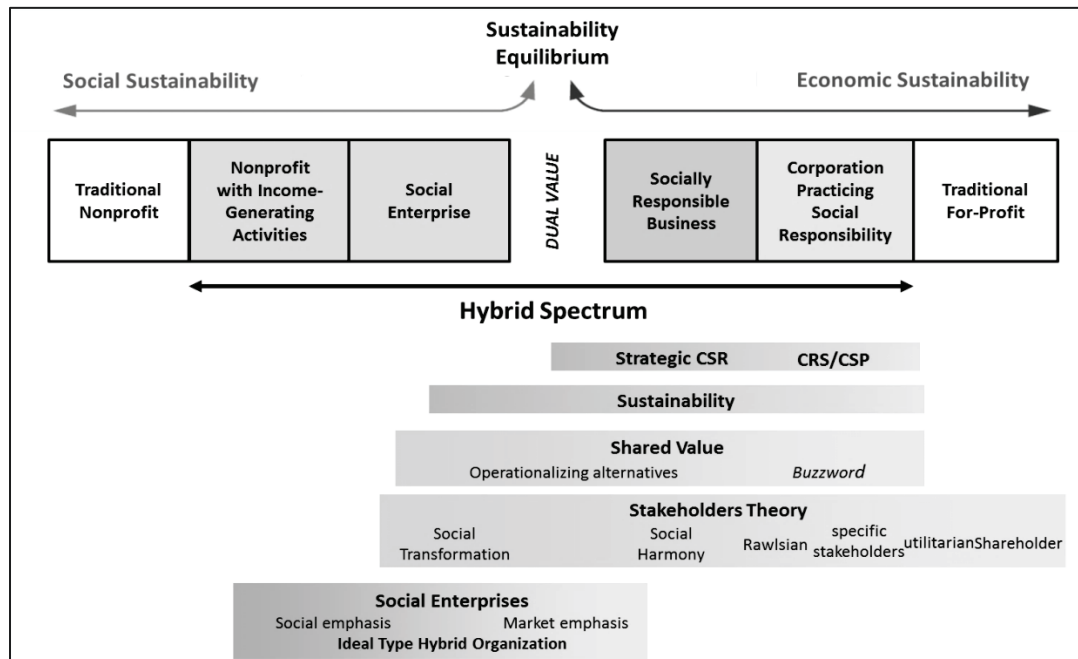


Source: adapted from Alter (2007)



**FIGURE 3**

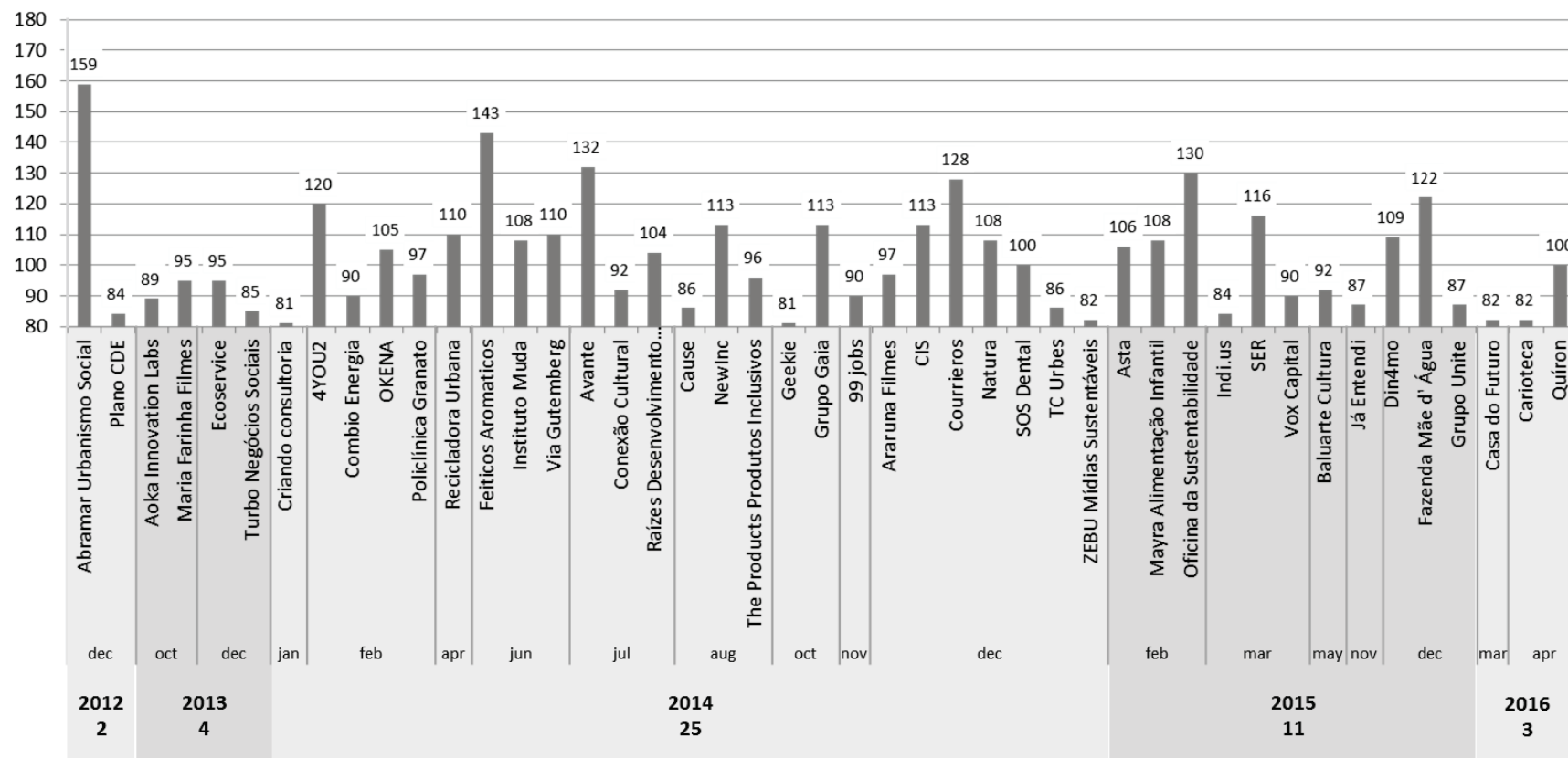
**The relation between Hybrid Spectrum and social role of organizations concepts**



**Source:** the authors adapted from Alter (2007)

**FIGURE 4**

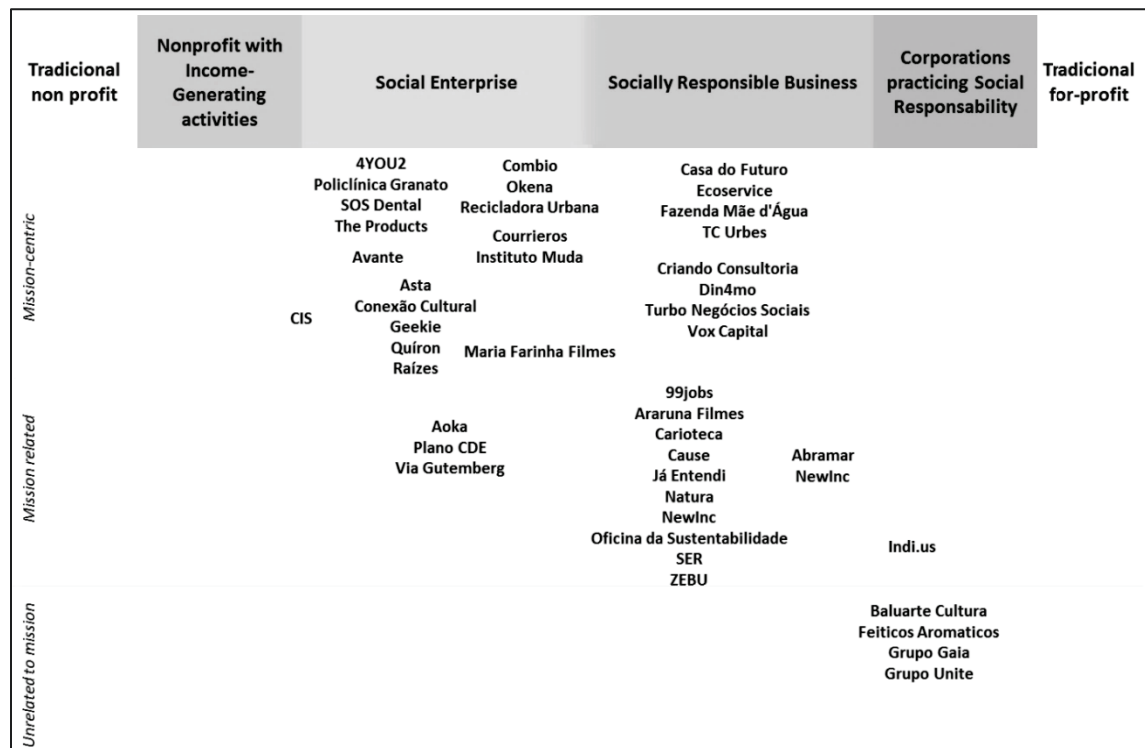
**Brazilian B Corps Certification Timeline**



Source: the authors

FIGURE 5

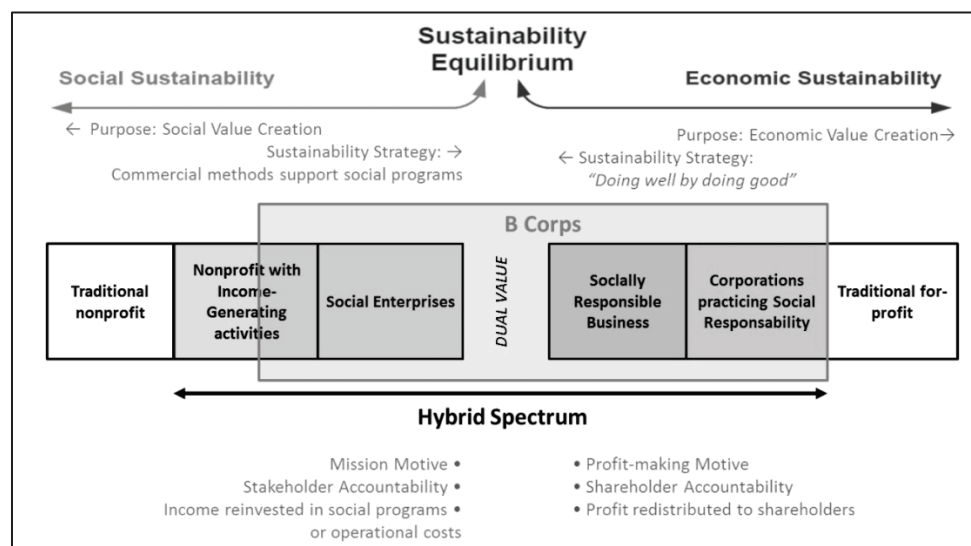
### Brazilian B Corps located on the Hybrid Spectrum



Source: the authors

FIGURE 6

### Hybrid Spectrum of B Corporation Certification



Source: authors, adapted from Alter (2007)

**TABLE 1**  
**A Typology of Social Business Hybrids**

Dimensions	Clients = Beneficiaries	Clients ≠ Beneficiaries
Automatic Value Spillovers	<b>MARKET HYBRID</b> <i>Examples: BOP initiatives for access to basic services (energy, health)</i>	<b>BRIDGING HYBRID</b> <i>Examples: integrated business model with job matching for people with disabilities</i>
	<b>Risk of Mission Drift:</b> Low	<b>Risk of Mission Drift:</b> Intermediate (lower risk for more integrated models)
	<b>Financial Sustainability:</b> Easy	<b>Financial Sustainability:</b> Moderately Difficult
Contingent Value Spillovers	<b>BLENDING HYBRID</b> <i>Examples: Microfinance, integration models that require regular support or change of behavior for value to be created</i>	<b>COUPLING HYBRID</b> <i>Example: Work integration social enterprises that require a dual value chain that serves both clients and beneficiaries</i>
	<b>Risk of Mission Drift:</b> Intermediate	<b>Risk of Mission Drift:</b> High
	<b>Financial Sustainability:</b> Moderately Difficult	<b>Financial Sustainability:</b> Difficult

Source: Santos et al. (2015, p. 45)

**TABLE 2: Theoretical approaches of the Social role of organizations**

Perspectives	Concepts	Definitions	Main propositions	Critics	Main references
<b>Management roles and responsibility:</b> This perspective has its origins within the theory of organizations. The approach is centered on externalities management and how organizational practices and activities impacts other stakeholders. It varies from initial levels that are focused on diminishing or compensate negative impacts to more advanced levels as part of the core of business strategy.	<b>Corporate Social Responsibility (CSR)</b>	The origin is focused on social needs and it is already part of the corporate jargon (Angelo, Amui, Caldana, & Jabbour, 2012). It is centered on the responsibility of the organizations for its practices and impacts. Five dimensions are more commonly used to define CSR: Environmental, Social, Economic, Stakeholders and Voluntariness and including description of the processes to established CSR. However, in general, the definitions do not provide descriptions of the optimal performance or how to balance the impacts against each other (Dahlsrud, 2008).	<ul style="list-style-type: none"> <li>Context and interface with stakeholders.</li> <li>Instrumental Motivators: reputation, competitiveness, license to operate and risk management.</li> <li>CSR Precursors: institutional and stakeholder pressures, standards and certification, standards, mission and values, corporate governance, commitment.</li> <li>Strategic CSR differs by putting social issues inside in core business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Albeit the existence of classic definitions, and of efforts in forging a clear and impartial definition, the field is still highly fragmented and lacks consensus, being studied and defended through different theoretical orientations and levels of analysis.</li> <li>Critique of normative vision as moral obligation (Mackey &amp; Sisodia, 2014; Porter &amp; Kramer, 2006)</li> <li>Competition and the paradox between economic interests and social interests</li> </ul>	(Aguinis & Glavas, 2012; Angelo et al., 2012; Bakker et al., 2005; Blowfield & Murray, 2008; Carroll, 1979, 1991, 1999; Dahlsrud, 2008; Fischer, 2002; Lantos, 2001; Ramachandran, 2011)
	<b>Sustainability and Triple Bottom Line (TBL)</b>	The term sustainability was coined with the focus on preserving the environment, but outlined below as a more complex construct covering a wide range of components of social life (Fischer & Comini, 2012; Schoolman et al., 2012). It has become a significant central idea nowadays assuming multiple senses. It is also seen as an evolution of the concept of social responsibility, broadening the understanding of the diversity of issues involved in the theme.	<ul style="list-style-type: none"> <li>Reputation and the risk control of operation are important drivers (Gonçalves-Dias et al., 2007).</li> <li>Sustainable Triple Bottom Line (economic-social-environment value) has been considered as one of the main references.</li> <li>The idea of interconnectivity is central and enables a notion of interdisciplinarity from theories, concepts, techniques and sources of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Other approaches, although criticized, expand the dimensions to encompass the territoriality, culture and politics, showing the complexity of the subject.</li> <li>Difficult to operationalize the concept in management</li> <li>Different approaches – wide (strong) and instrumental (weak)</li> <li>Greenwashing</li> </ul>	(Cajazeira & Barbieri, 2009; Elkington, 2001; Gonçalves-Dias, 2014; Gonçalves-Dias et al., 2007; Schoolman et al., 2012; Veiga, 2013)
	<b>Corporate Social Performance (CSP)</b>	CSP has a bigger emphasis on the results of the CSR actions and measured performance bringing reliable measurement model for the performance of social and environmental practices of	<ul style="list-style-type: none"> <li>Emphasis on performance, CSP models involves practices and processes that lead to multidimensional measurable performance.</li> </ul>	<ul style="list-style-type: none"> <li>Challenge of differentiating the outcomes (consequences of activities) and outputs (results and impact)</li> <li>Greater attention on studies on</li> </ul>	(Boaventura, 2012; Carroll, 1979; Clarkson, 1995; Griffin, 2000; Langrafe

Perspectives	Concepts	Definitions	Main propositions	Critics	Main references
		the organization to its stakeholders and society in general, supplying the need for measuring CSR as both business sustainability	<ul style="list-style-type: none"> <li>• Approximation to stakeholders Theory, being often used as a way to measure these relationships, and vice versa.</li> </ul>	potential impact on financial performance, but not on systemic assessment of models for the evaluation of social results.	& Oliveira, 2014; D. Wood, 2010; D. J. Wood, 1991)
<b>Strategy:</b> contemporary propositions for business positioning. The need to integrate social and environmental value as a central part of the organizations' performance led to the proposal of new approaches rooted in the organizations strategy line.	<b>Stakeholders Theory</b>	The basic definition as "all those groups or individuals that can affect, or are affected by, the accomplishment of organizational purpose" has gained popularity (Freeman, 1984). The concept has becomes a new approach in strategy and business management being also considered an alternative and broadening of the focus on the objective-function of the organization.	<ul style="list-style-type: none"> <li>• The enterprise strategy must seek the interconnection between social issues and stakeholders. Types of strategies evolve from focus on shareholders to engage specific stakeholders, until reaching the level of agent of social transformation. The strategy must also reflect the values of the organization, leaders, stakeholders, social context and present and future issues</li> </ul>	<ul style="list-style-type: none"> <li>• Further suggestions for this model seek to include environmental issues (Stead &amp; Stead, 2000).</li> <li>• The approach varies from broader to narrow view of stakeholders, leading to the need for prioritization and salience models. (Mitchell, Agle, &amp; Wood, 1997)</li> </ul>	(Donaldson & Preston, 1995; Freeman, 1984; Freeman, Harrison, & Wicks, 2007; Harrison et al., 2010; Mitchell et al., 1997)
	<b>Creating Shared Value (CSV)</b>	CSV as an alternative to the failures of the current capitalist model, seeking new joints capable of creating a link between the profit results and the social and environmental interest, based on the belief that the situation for the business is better the more prosperous is the community in which it is inserted. CSV criticize the emphasis to the disparity between society and companies made by traditional CSR	<ul style="list-style-type: none"> <li>• CSV models: (1) re-conceive products and markets; (2) redefine productivity in the value chain; e (3) put up sector clusters of support in company locations.</li> <li>• “Many of the shared value pioneers have been those with more-limited resources—social entrepreneurs and companies in developing countries” (Porter; Kramer, 2011: 15)</li> </ul>	<ul style="list-style-type: none"> <li>• The idea is not exactly original, ignores tensions inherent in business (Crane et al., 2014)</li> <li>• Use of CSV as a buzzword. There is a lack of a more rigorous assessment of theoretical precepts and it presents a vague application and discrepancies in its operation. (Dembek et al., 2016)</li> <li>• Use of CSR and other sustainability established metrics (Pfitzer, Bockstette, &amp; Stamp, 2013).</li> </ul>	(Porter & Kramer, 2006, 2011)

Perspectives	Concepts	Definitions	Main propositions	Critics	Main references
<p><b>New organizational models:</b> From the convergence between business and social activities, new types of organizations begin to appear, bringing to light social and environmental value as part of mission and center of activities.</p>	<p><b>Social Enterprises (SEN)</b></p>	<p>Business with a focus on generating social value, including not-for-profit and for-profit alternatives. Different nomenclatures emphasize impact centered on the core mission or along the value-chain. They are characterized by social and/or environmental purpose in order to positively influence social and economic transformations, aligning these goals to the market logic</p>	<ul style="list-style-type: none"> <li>Typically involve innovation either by the originality of the solution or by adopting new business models, management or fundraising.</li> <li>European, North American and Perspectives of developing countries leads to social enterprise continuum, varying from a more emphasis on the market or on social.</li> <li>Intentionality and social mission is a fundamental identification feature.</li> </ul>	<ul style="list-style-type: none"> <li>Wide diversity of definitions: broader approaches (geared to innovation and different formats) to more restricted (focus in market skills in the third sector to generate income)</li> <li>Focus on low-income communities just as market target</li> <li>Need for measurement, and challenge of defining value, and differentiating impact and outcomes</li> </ul>	<p>(Austin et al., 2012; Barki &amp; Aguiar, 2013; Brandão et al., 2014; Comini et al., 2012; Fischer, 2014; Fischer &amp; Comini, 2012; Oliveira Filho, Kiyama, &amp; Comini, 2013)</p>
	<p><b>Hybrid Organizations (HO)</b></p>	<p>Organizations that combine different institutional logics, for example, aspects of nonprofit and for-profit – hitherto considered apart.</p>	<ul style="list-style-type: none"> <li>Social enterprises are emblematic examples, and can be considered an ideal of hybrid organization.</li> <li>As HOs are outside the traditional scope, it raises new questions about accountability, control, legitimacy, governance models and strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Risk of restricting the concept to SEN once it can represents other alternatives of convergence between government, private and third sector.</li> <li>Discussion if HO is an ideal type or a continuum with different levels (Schröer &amp; Jäger, 2015).</li> <li>Risk of mission-drift due to market pressures</li> </ul>	<p>(Alter, 2007; Battilana &amp; Lee, 2014; Battilana et al., 2012; Doherty et al., 2014; Dufays &amp; Huybrechts, 2015; N. Haigh &amp; Hoffman, 2014; Lee &amp; Battilana, 2013; Santos et al., 2015; Schmitz, 2015)</p>

Source: The authors



TABLE 3

## Brazilian B Corps according to the Typology of Social Business Hybrids

Clients = Beneficiaries		Clients ≠ Beneficiaries	
Automatic Value Spillover	<b>Market Hybrid</b>	<b>Bridging Hybrid</b>	
	4YOU2 Policlínica Granato SOS Dental The Products	Aoka Asta Conexão Cultural Geekie Quíron Raízes Desenvolv. Sustentável TC Urbes	Combio Casa do Futuro Courrieros Ecoservice Instituto Muda Okena Recicladora Urbana
Contingent Value Spillover	<b>Blending Hybrid</b>	<b>Coupling Hybrid</b>	
	Avante CIS Maria Farinha Filmes	99 jobs Abramar Urbanismo Social Araruna Filmes Baluarte Cultura Carioteca Cause Criando Consultoria Din4mo Fazenda Mãe d' Água Feiticos Aromaticos Grupo Gaia Grupo Unite Indi.us	Já Entendi Mayra Alimentação Infantil Natura NewInc Oficina da Sustentabilidade Plano CDE SER Turbo Negócios Sociais Via Gutemberg Vox Capital ZEBU Mídias Sustentáveis

Source: The authors based on Typology of Social Business Hybrids proposed by Santos et al. (2015: 45)

**Supplementary Material:** The full table of codification of the studied enterprises can be provided upon request or as an Appendix.