



***Corporate Social Innovation as a Transformative Concept:
An Institutional Perspective***

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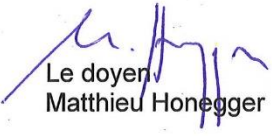
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ABSTRACT

There is increasing global urgency to attend to the grand challenges of our time, such as climate change, inequalities, poverty or unemployment. Social innovation has been considered a relevant notion to address these challenges by providing creative solutions from a constellation of multiple actors. Multilateral institutions such as the United Nations (UN) or the Organisation for Economic Co-operation and Development (OECD) have advocated using social innovation to find new solutions to meet social goals. Moreover, social innovation goes beyond instrumental significance. Recent research has highlighted the transformative character of social innovation as a tool for changing social relations as it is highly related to the context in which it is developed and the actors who implement it. Therefore, the questions of how social innovation unfolds and how it changes society has become key in politics and academia alike.

Despite abundant research on social innovation, little has been explored at the corporate level. When observed from the business perspective, social innovation is known as *Corporate Social Innovation (CSI)*, which consists of introducing new products, services, or processes that solve a social problem and improve an organisation's performance in parallel. Scholars from diverse disciplines have focused on CSI as a concept that allows the private sector to fulfil institutional voids, address social needs and gain competitive advantages, very aligned to *status quo* organisations and mainstream approaches to social innovation. These studies reflect a dominance of the economic perspective of CSI, while other multidisciplinary studies have emphasised social innovation as a transformative concept that leads to the alteration, replacement or challenge of leading institutions.

The dissertation follows this discussion and shall be understood as contributing and continuing these debates. The overall goal of this dissertation is thus to contribute to an understanding of CSI and the process of systemic change. Building on institutional theory, the study draws upon the relevance of context-related institutions, centring on the prominence of CSI, which occurs in a market context in the process of institutional change.

CSI is conceptualised as the implementation of new products, services, processes, or practices that change social relations embedded in market structures that alleviate social problems in a particular context while benefiting an organisation's performance. Thus, an understanding of CSI as a business strategy to change the social context is put forward. Literature on CSI, business model and sustainable development build the basis to analyse systemic change and interpret societal transformation.

Empirically, this dissertation is based on a multiple case study of hybrid organisations in Colombia. Hybrid organisations have been considered outstanding actors to provide solutions to the so-called grand challenges while increasingly delivering innovations that benefit society and pursuing systemic changes. Hybrid organisations capacity to address CSI makes it an interesting case study object. The empirical

analysis focuses on a particular type of hybrid organisation, Certified B Corporations (B Corps), a label-derived business model that aims to balance profits and purpose.

The analysis unveils that CSI can reproduce systemic changes from the lenses of hybrid organisations by addressing sustainable development issues — centrally focusing on the Sustainable Development Goals (SDGs). Notably, an organisation's business model is a crucial element to reproduce systemic change, in which CSI is used as a mechanism to provide novel solutions to social problems and change social relations in market contexts. The study offers recommendations for policy-makers to reconfigure and analyse the National Policy for Social Innovation in Colombia and gives suggestions to exploit hybrid organisations capacity to reproduce systemic changes.

Keywords. Corporate Social Innovation, Hybrid Organisation, Sustainable Development, Sustainable Development Goals (SDGs), B Corps, Systemic Change, Institutional Theory

RESUMÉ

Il est toujours plus urgent de relever les grands défis de notre époque, tels que le changement climatique, les inégalités, la pauvreté ou le chômage. L'innovation sociale a été considérée comme une notion pertinente pour relever ces défis en apportant des solutions créatives à partir d'une constellation d'acteurs multiples. Des institutions multilatérales telles que l'Organisation des nations unies (ONU) ou l'Organisation de coopération et de développement économiques (OCDE) ont préconisé le recours à l'innovation sociale pour trouver de nouvelles solutions permettant d'atteindre des objectifs sociaux. En outre, l'innovation sociale va au-delà de l'aspect contributif. Des recherches récentes ont mis en évidence le caractère transformateur de l'innovation sociale en tant qu'outil de changement des relations sociales, car elle est fortement liée au contexte dans lequel elle est développée et aux acteurs qui la mettent en œuvre. Par conséquent, la question de savoir comment l'innovation sociale se déploie et comment elle change la société est devenue essentielle dans le monde politique et universitaire.

Malgré l'abondance des recherches sur l'innovation sociale, peu de choses ont été explorées au niveau des entreprises. Observée de ce point de vue, l'innovation sociale est connue sous le nom d'innovation sociale d'entreprise (ISE), qui consiste à lancer de nouveaux produits, services ou processus qui résolvent un problème social et améliorent parallèlement les performances d'une organisation. Des théoriciens de diverses disciplines se sont focalisés sur l'innovation sociale des entreprises en tant que concept permettant au secteur privé de combler des vides institutionnels, de répondre à des besoins sociaux et d'obtenir des avantages concurrentiels, ce qui est très proche des organisations «statu quo» et des approches courantes de l'innovation sociale. Ces études reflètent la prédominance de la perspective économique de l'innovation sociale des entreprises, tandis que d'autres études pluridisciplinaires ont mis l'accent sur l'innovation sociale en tant que concept transformateur qui conduit à la modification, au remplacement ou à la remise en question des institutions dirigeantes.

La thèse poursuit cette discussion et doit être comprise comme une contribution et une continuation de ces débats. L'objectif global de cette thèse est donc de contribuer à la compréhension de l'innovation sociale des entreprises et du processus de changement systémique. S'appuyant sur la théorie institutionnelle, cette recherche s'appuie sur la pertinence des institutions liées au contexte, en se concentrant sur la prééminence de l'innovation sociale des entreprises, qui se produit dans un contexte de marché dans le processus de changement institutionnel.

L'innovation sociale des entreprises est conceptualisée comme la mise en œuvre de nouveaux produits, services, processus ou pratiques qui modifient les relations sociales intégrées dans les structures du marché et qui atténuent les problèmes sociaux dans un contexte particulier tout en améliorant les performances d'une organisation. Ainsi, une compréhension de l'innovation sociale des entreprises en tant que stratégie commerciale visant à changer le contexte social est proposée. La littérature sur

l'innovation sociale des entreprises, le modèle d'entreprise et le développement durable constitue la base pour analyser le changement systémique et interpréter la transformation sociétale.

Empiriquement, cette thèse est basée sur une étude de cas multiples d'organisations hybrides en Colombie. Les organisations hybrides ont été considérées comme des acteurs privilégiés pour apporter des solutions aux grands défis, tout en proposant de plus en plus d'innovations qui profitent à la société et en poursuivant des changements systémiques. La capacité des organisations hybrides à aborder l'innovation sociale des entreprises en fait un objet d'étude de cas intéressant. L'analyse empirique se concentre sur un type particulier d'organisation hybride, Certified B Corporations (B Corps), un modèle d'entreprise dérivé d'un label qui vise à équilibrer les profits et les objectifs.

L'analyse montre que l'innovation sociale des entreprises peut reproduire des changements systémiques du point de vue des organisations hybrides en abordant les questions de développement durable — en se concentrant sur les objectifs de développement durable (ODD). Notamment, un modèle d'entreprise est un élément clé pour reproduire un changement systémique, dans lequel l'innovation sociale des entreprises est utilisée comme un mécanisme pour fournir des solutions nouvelles aux problèmes sociaux et changer les relations sociales dans les contextes de marché. L'étude fournit des recommandations aux décideurs politiques pour reconfigurer et analyser la politique nationale d'innovation sociale en Colombie et donne des suggestions pour exploiter la capacité des organisations hybrides à reproduire les changements systémiques.

Mots-clés. Innovation sociale des entreprises ; organisation hybride ; développement durable ; objectifs de développement durable (ODD) ; B Corps ; changement systémique ; théorie institutionnelle.

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ABBREVIATIONS

ANDI	National Business Association of Colombia (Asociación Nacional de Empresarios de Colombia)
ANSPE	National Agency for the Overcoming of Extreme Poverty (Agencia Nacional para la Superación de la Pobreza Extrema)
ACOIPI	Colombian Association of Small and Medium Industries (Asociación Colombiana de Pequeñas y Medianas Industrias)
BIC Societies	Benefit and Collective Interest Societies (Sociedades de Beneficio e Interés Colectivo)
CBD	Convention on Biological Diversity
CECODES	Colombian Business Council for Sustainable Development (Consejo Empresarial Colombiano para el Desarrollo Sostenible)
COMFAMA	Family Compensation Fund of Antioquia (Caja de Compensación Familiar de Antioquia)
CIAT	International Center for Tropical Agriculture
CONPES	National Council for Economic and Social Policy (Consejo Nacional de Política Económica y Social)
DPS	Department for Social Prosperity (Departamento de Prosperidad Social)
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
EEA	European Environmental Agency
EU	European Union
FENALCO	National Federation of Merchants (Federación Nacional de Comerciantes)
GRI	Global Reporting Initiative
GCI	Global Competitiveness Index
HDI	Human Development Index
ILO	International Labour Organization

<i>INDEPAZ</i>	Institute for Development and Peace Studies (Instituto de Estudios para el Desarrollo y la Paz)
<i>iNNpulsa</i>	Entrepreneurship and Innovation Agency of the National Government
<i>MDGs</i>	Millennium Development Goals
<i>MCIT</i>	The Ministry of Commerce, Industry and Tourism
<i>NPD</i>	National Planning Department (Departamento Nacional de Planeación)
<i>MinCiencias</i>	Ministry of Science, Technology, and Innovation of Colombia
<i>OECD</i>	Organisation for Economic Co-operation and Development
<i>SDGs</i>	Sustainable Development Goals
<i>SENA</i>	National Training Service (Servicio Nacional de Aprendizaje)
<i>STI</i>	Science, Technology and Innovation Policy
<i>SMEs</i>	Small and Medium-sized Enterprises
<i>SSE</i>	Social and Solidarity Economy
<i>UN</i>	United Nations
<i>UNDP</i>	United Nations Development Programme
<i>UNRISD</i>	United Nations Research Institute for Social Development
<i>WBCSD</i>	World Business Council for Sustainable Development
<i>WEF</i>	World Economic Forum

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PART I - INTRODUCTION

CHAPTER 1

1. WHY IS THE STUDY OF CORPORATE SOCIAL INNOVATION OF RESEARCH INTEREST?

This chapter is essentially introductory. It starts by displaying the academic relevance of this doctoral research, followed by the key concepts used across the study. Posteriorly, the research questions are presented and how they aim to be answered. At the end of the chapter, the thesis structure is outlined.

1.1. Rationale for the Study

The 21st century has witnessed the emergence of complex social problems such as financial crises, global pandemics, poverty, inequalities, hunger, social exclusion, or climate change as issues that raise concern at a planetary level. Referred to as “grand challenges” (Ferraro et al., 2015) or “wicked problems” (Rittel & Webber, 1973), many of these issues have been claimed to result from an unbalanced economic system in which society must further implicate and contribute to its solution (WCED, 1987).

Social innovation has become a discussed topic with excellent policy and scholarly interest driven by trends such as citizenship engagement, a decline in public expenditure, narrow outlooks in dominant business models, or solving the needs of developing countries, where innovation is a source for the solution of social problems (Van der Have & Rubalcaba, 2016). Social innovation refers to new products, services or activities motivated to fulfilling unmet social needs driven by organisations whose purpose is primarily social (Mulgan, 2006; Phills et al., 2008). Similarly, social innovation has also been related to a change in social relations, how things are done or the way society is organised (Cajaiba-Santana, 2014; Howaldt & Schwarz, 2010). Despite the usefulness that social innovation offers to generate creative solutions to the challenges of our era, this concept has been little explored at the corporate level (Canestrino et al., 2015; Dionisio & de Vargas, 2020).

When developed by business actors, social innovation receives the denomination of *Corporate Social Innovation (CSI)* (Dionisio & de Vargas, 2020). CSI was coined by Kanter (1999), suggesting that firms could use social problems as a learning laboratory to leverage economic activities. Also labelled as *Doing Well by Doing Good Innovations* (Varadarajan & Kaul, 2018)

or *Social Innovation in Business* (Martinez et al., 2017), CSI has been framed as an evolutive term of Corporate Social Responsibility (CSR) (Kanter, 1999), integrating elements of sustainable development and innovation (Pol & Ville, 2009; Roszkowska-Menkes, 2018). CSI aims to create both social and shareholder value (Baltazar-Herrera, 2015) and has been acknowledged for its potential to alter the structure of innovation systems (Mirvis et al., 2016), enhance employee engagement (Mirvis & Googins, 2018b), increase competitive advantages (Baltazar-Herrera, 2016), or serve as an innovation strategy for establishing relationships with local governments (Chin et al., 2019) while bringing solutions to social needs (Varadarajan & Kaul, 2018). CSI involves deeper collaborations with external parties of a firm to co-create new and sustainable solutions to social issues (Mirvis et al., 2016), engaging in socially-oriented R&D and corporate knowledge creation (Holmström et al., 2018). The literature highlights CSI capacity to address society's greatest challenges (Gafni & Wirtenberg, 2020), unveiling the transformative nature of social innovation (Pel, Haxeltine, et al., 2020), interpreted from a corporate level setting (Morisson & Panetti, 2020).

To date, research in CSI has primarily concentrated in multinationals (MNCs) in an attempt to balance a corporate reputation, strategy and purpose with the realities of the social needs to achieve social and corporate objectives (Carberry et al., 2019; Dionisio & de Vargas, 2020; Holmström et al., 2018; Mirvis et al., 2018). With the emergence of a new generation of companies resembling hybrid organisations (Dionisio & de Vargas, 2020), CSI has started to be analysed in these types of entities (Grueso-Hinestroza et al., 2021; Vrontis et al., 2021).

Hybrid organisations are well-known because they aim to address social or environmental problems through commercial operations (Battilana & Lee, 2014; Haigh & Hoffman, 2012; Hoffman et al., 2012). The growth of interest in such organisations lies in their capacity to solve social challenges, promote systemic change and transform institutional contexts (Defourny & Nyssens, 2017; Mair & Rathert, 2020; Naranjo-Valencia et al., 2020).

Although hybrid organisations are traced back to the 19th century with the emergence of cooperatives and associations (Santos et al., 2015), new hybrid organisations are emerging (Rawhouser et al., 2015). Such hybrids give more attention to social and environmental issues in parallel, address sustainability from a net-positive approach, develop activities that reflect on the needs of future generations, and consider the repercussions of businesses on the global socio-ecological system (Hestad et al., 2020a). These new configurations of hybrid organisations are more oriented to sustainability issues and focused on the triple-bottom-line (TBL) approach on jointly social, environmental, and economic dimensions (Elkington, 1998).

Despite the enormous literature on hybrid organisations, there is little understanding of how these entities drive social innovation (Candi et al., 2019; Komatsu Cipriani et al., 2020; López-Navarro et al., 2018; Tortia et al., 2020), and a particular vacuum remains relating to their capacity to deliver systemic change (Ganz et al., 2018; Teasdale et al., 2020; Zhao, 2020). Similarly, the literature ought to better understand how profit-oriented organisations and corporations adopt social innovation (Carberry et al., 2019; Varadarajan & Kaul, 2018) and how it can bring about institutional change (Morisson & Panetti, 2020).

This dissertation concentrates on a *sui generis* type of hybrid organisation, the so-called Certified B Corporations (B Corps). B Corps are profit-oriented organisations that adopt rigorous social and environmental performance standards under the certification of the US-based non-profit organisation, B Lab. Research in B Corps has gained attention in the literature during the last decade (Diez-Busto et al., 2021) as an alternative business model to achieve triple-impacts through the implementation of social innovation management-based practices (Zebryte & Jorquera, 2017). Although traditional hybrids combine multiple logics between charity purposes and market mechanisms (Dees, 2012), B Corps adopt for-profit, non-profit and social movement logics. B Corps aim to “accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy” by using the power of business (B Lab, 2022b). Among their goals, B Corps aim to build a “New Economy” by incorporating practices that combine an approach of stakeholder capitalism (Marquis, 2020), which implicates integrating the needs and interests of the various stakeholders of an organisation (e.g. suppliers, employees, customers, etc.).

To explore this rich and uncharted topic of CSI with scarce documentation in hybrid organisations (Vrontis et al., 2021), this dissertation centres on the unique setting of a developing country in Latin America, Colombia. Two compelling reasons make the study of CSI in hybrid organisations in Colombia significant. On the one hand, CSI research in developing countries is still understudied (Colovic & Schruoffenegger, 2021; Vrontis et al., 2021), while the topic is gaining momentum in the Colombian literature (Grueso-Hinestroza et al., 2021; Morisson & Panetti, 2020). On the other hand, research in new hybrid organisations, such as B Corps, is a recent phenomenon (Bianchi et al., 2020), while most of the research has focused on traditional social enterprises (Battilana & Lee, 2014)

Although studies have investigated B Corps in Colombia (Largacha-Martínez, 2020; Muñoz et al., 2018), much is still unexplored in topics such as social innovation (Zebryte & Jorquera, 2017) and institutional change (Naranjo-Valencia et al., 2020), from developing countries, and particularly in Latin America (Dahlmann et al., 2019; Diez-Busto et al., 2021). Besides, to the

authors' knowledge, there are no studies on B Corps performing social innovations in Colombia, while systemic change is at an initial stage. This is particularly interesting since the researcher has identified a number of activities that B Corps develop that are aligned with CSI (see Varadarajan & Kaul, 2018).

To address this exploratory topic, this study draws on neo-institutional theories to gain a deeper understanding of the role of CSI compelled by hybrid organisations when pursuing systemic changes through business activities. The neo-institutional theory has been claimed in seminal studies in social innovation (Cajaiba-Santana, 2014; Foroudi et al., 2020; Turker & Altuntas Vural, 2017) and hybrid organisations (R. Hahn & Ince, 2016; Littlewood & Holt, 2018b; Pache & Santos, 2013; W. Smith et al., 2013), as it allows identifying the role of actors in institutional change processes. This dissertation primarily explores the institutional pillars (Scott, 2013), institutional isomorphism (DiMaggio & Powell, 1983), and institutional work (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006) to understand how the stages of institutional change unfold (Greenwood et al., 2002). These combined theories allowed the researcher to understand the role that CSI plays as a tool for systemic change and the process of institutional change.

Taking the umbrella concept of CSI as a starting point, this interdisciplinary research combines backgrounds in sociology, management, and transition studies, covering key topics such as hybrid organising, systemic change, sustainable development, and business models research. Four original contributions can be highlighted in this doctoral endeavour:

(i) This study contributes to a better understanding of CSI as an independent subfield of social innovation and a better alternative than CSR for organisations with transformative endeavours. This is done by envisioning how businesses pursue systemic change and contribute to the solution of pressing societal problems while changing social relations and structures in the market system. It provides examples and observations of CSI, enlarging explanations beyond those already explored in literature. The CSI concept, which is analysed as a tool to reproduce systemic changes, is debated across this research, centrally discussing the role of business actors in the resolution of grand challenges and their contribution to the SDGs.

(ii) The dissertation attempts to broaden the academic discussion in hybrid organisations by providing observations on the functioning of their business model, focused on their capacity to deal with external tensions in a developing country setting. The study is empirically built upon new hybrid legal forms and business model literature by observing B Corps as a *sui generis* hybrid entity that combines charity, commercial and social movement logics. The research

provides a business model archetype for B Corps and discusses research on hybrid and sustainable business models.

(iii) The study extends on the neo-institutional theory by discussing the role that CSI plays in the process of institutional change. By engaging in sustainable development as the mainstream debate that guides current actors to pursue systemic change in society, the researcher links CSI and the SDGs interpreted from the institutional change lenses. Although the current global institutional change towards a more sustainable society is promoted from a macro-level of aggregation, the study contributes to the meso-level, from the B Corps point-of-view, and refines on isomorphic theories of institutional work literature.

(iv) This study contextualises the phenomenon under research, depicting a developing country setting in the unique case of Colombia. This context-driven and context-sensitive study in Colombia addresses policy issues for social innovation and SDGs in Latin America and the overall Global South from a post-colonialist approach.

1.2. Definition of Key Concepts Used for the Study

Before discussing the research purpose and questions, theoretical framework and methodology used for this PhD thesis, it is essential to clarify the main concepts used in this research. These concepts are Social Innovation, Corporate Social Innovation, Sustainable Development, Systemic Change, Hybrid Organisations, and Business Model, which are explained below.

1.2.1. Social Innovation

Social innovation is a cross-sectoral and transdisciplinary field driven by various societal actors such as governments, non-profit organisations, investors, citizens, and even private organisations (Milley et al., 2018). Although the concept has been in use since the second half of the 19th century, in practice, the term is traced in the seminal works of Robert Owen on social entrepreneurship and his experiments in cooperative production, and subsequently extended in the publications of Joseph Schumpeter (1934), Max Weber, and Richard Cantillon (Mulgan et al., 2007). From this period up to the 1970s, social innovation was studied by the so-called *old social change theorists* (Jessop et al., 2013) since most of the research on the topic was linked to social change (Foroudi et al., 2020). The peak in the use of the modern concept of social

innovation relates as a counter-reaction to the positivist approach of technological innovation that emerged in the 1940s, through authors that aimed to emphasise the relevance of social change to pursue economic progress (Marques et al., 2018).

The re-emergence of social innovation is situated towards the end of the 1980s, marking a renewed awareness of social innovation as a “more discipline-bound and practice-oriented” field (Jessop et al., 2013, p. 111); centrally after its appearance in the French Journal *Revue Autrement* (Edwards-Schachter & Wallace, 2017). Since then, the topic has had its roots in liberalism in the context of modernisation theory, stressing the process and responses to change (Zapf, 1991). After 2000, social innovation has been progressively considered as a primary subject of civil institutions discourse, in part, due to the accelerated changes in the contemporary economy, culture, and society (Howaldt & Schwarz, 2010). As an academic field, its research has been exponentially growing since 2003, and it is becoming more related to practice domains (Van der Have & Rubalcaba, 2016). According to Murray et al. (2010), social innovation is recently moving towards a centre stage due to public policies aiming to solve main issues such as climate change, world inequalities, poverty, worldwide chronic diseases, and other grand challenges (Ferraro et al., 2015; George et al., 2016). Social innovations are both the means and end in the process to answer contemporary societal challenges (Grimm et al., 2013). Its interest is growing due to its positive effects on well-being (Dawson & Daniel, 2010), its capacity to transform society (OECD/Eurostat, 2005) and to drive sustainable development (Eichler & Schwarz, 2019; Periac et al., 2018).

There are two approaches to social innovation. The *sociological approach*, which considers social innovation a transformative concept to understand systemic change in society. It focuses on social practices, social transformation, and the creation or introduction of new institutions and social systems (Cajaiba-Santana, 2014; Edwards-Schachter & Wallace, 2017; Hochgerner, 2011; Howaldt & Schwarz, 2010). The German sociologist Wolfgang Zapf (1989) defined social innovation as “new ways to achieve goals, especially new organisational forms, new regulations, and new lifestyles, which trigger the direction of social change and solve problems better than former practices; therefore, these practices are worthy of being imitated and institutionalised” (Schmitz, 2015, p. 26). This perspective understands social innovation as the solution to social problems, and its actions are intentionally designed tools pursuing specific goals (Phills et al., 2008). This approach is also akin to Phills et al. (2008), which defines social innovation as a “novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals” (p. 39). The sociological perspective is aligned with

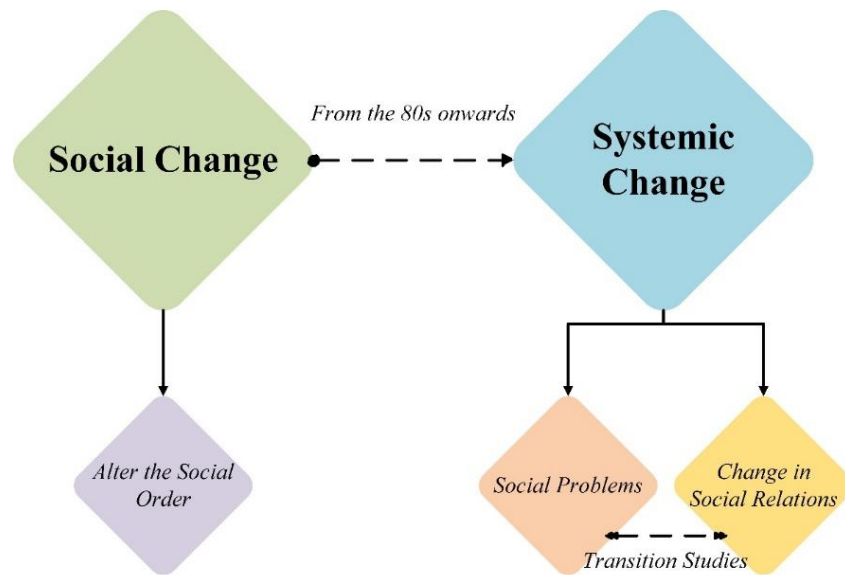
Yunus et al. (2010) based on the idea that social problems can be addressed through business activities (Candi et al., 2019).

The *economic approach* suggests that social innovation is an instrumental term associated with social impact (Dawson & Daniel, 2010; Dayson, 2017; Mulgan et al., 2007; Pol & Ville, 2009). Here social innovation is regarded as a novel output, a process, or a product that fulfils unsatisfied societal needs emerging from market failures (Nicholls & Murdock, 2012). This paradigm suggests introducing novel ideas or new goods/services, aiming to solve social issues, and is presented to respond to market and government failures (Dayson, 2017). This approach is also known as outcome-oriented, principally promoted by institutions such as the OECD or the EU, which refer to social innovation as new ideas, new services, new systemic transformations, new service solutions, and social impacts (OECD, 2021c).

The re-emergence of social innovation also reflects a *transition* in the field (see **Figure 1.1**). Moving from an understanding of *social change* as the transformation of human relationships, cultural interactions, and changes in social institutions (Moulaert et al., 2013); to date, social innovation is more oriented to a *systemic* interpretation of society in which change results from interdependencies and collaborations (van Wijk et al., 2019). In both the sociologist and economical approach, current understandings of social innovation reflect a fundamental interest to change how the system functions. Such comprehension is more focused towards systemic change, slightly aligned to Westley and Antadze (2010) definition of social innovation as “a complex process of introducing new products, processes or programs that profoundly change the basic routines, resources and authority flows, or beliefs of the social system in which the innovation occurs” (p. 2). This extension of social innovation research relates to “transition studies” (Avelino, 2017), more aligned on long-term processes and structural changes based on new patterns of consumption, production and commercialisation which at the same time solve structural failures in the system (see Avelino et al., 2017, 2019; Haxeltine et al., 2016; Pel et al., 2020; Westley et al., 2014).

Social innovation is not only a concern of governments, non-profits, scholars, think-tanks or social movements (Edwards-Schachter & Wallace, 2017); this debate has also permeated the role of private organisations and businesses (OECD, 2021a). The literature suggests that the relationship of the business sector with society requires the creation of new relationships, products, services, or processes, which take place primarily in a field of reference (van Wijk et al., 2019). Notably, the interest of this dissertation is to delve into this social innovation from the perspective of business and corporate actors. In this effort, the concept of CSI has shown important academic support; therefore, this notion is explored as follows.

Figure 1.1. Evolution of the Field of Social Innovation



Source: Compiled by the Author

1.2.2. Corporate Social Innovation

By the end of the 80s, authors such as Peter Drucker (1984) and Michael Porter (1991) made popular the need to shift the traditional business sector mindset, encouraging corporations to introduce innovative practices to transform social problems into economic opportunities. In an article published in the Harvard Business Review, Rosabeth Kanter (1999) coined the notion of Corporate Social Innovation (CSI) by compelling companies to build a reputation capable of bringing solutions to unmet needs in society. For Kanter, social problems should be considered economic problems, highlighting the need to move the debate from CSR to CSI. As well as introducing the concept of *shared value*, Porter and Kramer (2011) pointed out the adverse effects that corporations brought at the expense of social progress, highlighting the need for companies to perform into societal issues as the core and not the periphery.

Authors such as Pol and Ville (2009) had earlier distinguished between **a) pure social innovations**, those that are not developed by the market and therefore do not generate income, **b) business innovation**, referred to as a profit-seeking innovation, aiming to improve a firm's performance, and **c) bifocal innovations**, in an interception between pure social and business innovations. While social innovation looks for a common good (e.g. social insurance), social-economic innovations (bifocal innovations) appear when economic innovation emerges as a means for social innovation (e.g. Fair Trade or Microcredit) (Schmitz, 2015).

Between the spectrum of pure social innovations and business innovation, the streamline of CSI fits well with the description of a suitable approach for organisations aiming to improve business performance by delivering activities that benefit society (see **Figure 1.2**). CSI also emerges in the middle ground between the sociological and the economic approaches described by Ruiz and Parra (2013), which define social innovation as the “implementation and dissemination of new social practices and policies to promote change in the social organisation of people to promote economic ends” (Van der Have & Rubalcaba, 2016, p. 1925).

CSI emerges as an answer for the challenges businesses, managers, and practitioners face to find solutions that alienate social well-being and business performance (Martinez et al., 2017). CSI has also been labelled as *Doing Well by Doing Good Innovations* (Varadarajan & Kaul, 2018) or *Social Innovation in Business* (Martinez et al., 2017), as a denomination received when profit-oriented actors or those of the corporate level adopt social innovation to create both social and shareholder value (Canestrino et al., 2015; Dionisio & de Vargas, 2020). CSI implies the configuration of new social practices derived by businesses in social contexts through targeted goals aiming to drive social change, satisfy social needs, and solve social problems considering collective participation of actors and stakeholder involvement (Kanter, 1999).

Figure 1.2. Corporate Social Innovation: The Interception between Pure Social Innovation and Business Innovation



Source: Compiled by the Author based on Baltazar-Herrera (2015), Kanter (1999), Martinez et al. (2017), Mulgan et al. (2007), Pol and Ville (2009), Schumpeter (1949)

Existing definitions of CSI integrate essential social innovation concepts and involve the primary literature on business, stakeholder theory, CSR, and innovation (Baltazar-Herrera, 2015; Canestrino et al., 2015). CSI is defined as “*the implementation by a firm of a new product, process or practice, or a modification of an existing product, process or practice that benefits society by aiding in the alleviation of a social problem, and benefits the firm by enhancing its performance*” (Varadarajan & Kaul, 2018, p. 226). Social problems are defined as undesirable situations that threaten the quality of life and well-being of a certain number of people (Lauer, 1976). Six major types of CSI are highlighted in **Table 1.1** (see Chapters 2 and 8 for more detail).

Table 1.1. Types of CSI and Examples

Doing good innovations...	Definition	Examples
“...premised on the expectation of the firm doing well.”	Products/services that alleviate or contribute to the alleviation of social problems	• Products/services that promote health, hygiene, or well-being
“...following doing well innovations.”	Processes based on the expected social impact of a commercial transaction. Contribution to a social cause in exchange for a customer’s purchase	• Promotion coupons designated to a major cause
“...that are also inherently doing well innovations.”	Reduce the amount of non-renewable and renewable resources used in the different stages of the life cycle of a product. Related to environmental solutions or alternatives that alleviate ecological concerns.	• Materials that pursue ecological concerns through consumption/post-consumption
“...based on analysis of the external environment.”	Results from the analysis of the environment and the externalities that compromise the interest of society. Results from regulations that prohibit certain business activities.	• Safer/faster payment systems that improve the quality of life of employees • Procedures that diminish carbon emissions
“...based on analysis of the firm’s internal environment”	New processes, policies, practices, or value chain activities. Business policies/procedures that enhance employees’ well-being.	• Processes/facilities that diminish unsafe working conditions • Practices that triggers employees’ innovative behaviours
“...for product affordability by BOP ¹ customers versus raising income levels of BOP customers”	Innovations focused on the affordability of the services or goods acquired by BOP customers. Awareness, access, affordability, and availability in products and services.	• World-class quality products and services at low prices

Source: Compiled by the Author based on Varadarajan and Kaul (2018) and Prahalad (2012)

¹ Bottom-of-the-Pyramid or Base-of-the-Pyramid (BOP): Consist of the largest market composed of low-income socio-economic groups of the population around the world. Estimates range to 9.2 per cent of the global population who live on less than \$1.90 a day. This group is considered the fastest-growing new market on the planet, with the potential of becoming middle-class consumers in the future

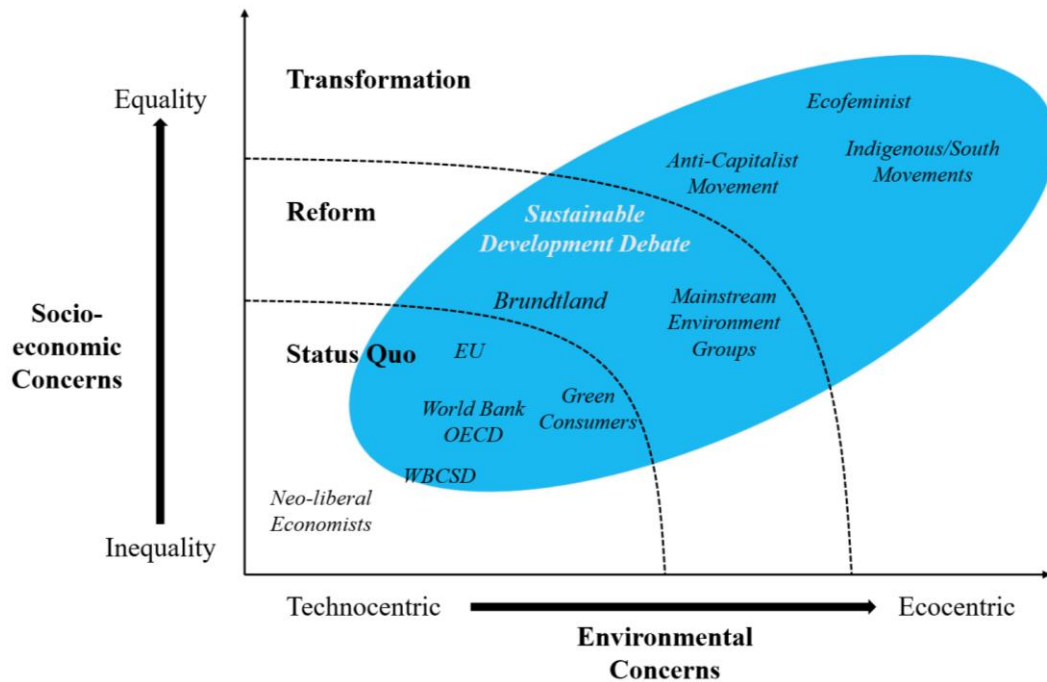
1.2.3. Sustainable Development

Sustainable Development is a concept that resulted from a growing awareness of environmental issues and socio-economic problems as concerns that danger the future of humanity (Hopwood et al., 2005). The modern concept of sustainable development is derived from the World Commission on Environment and Development (WCED) in 1987, through a published report entitled *Our Common Future*, defining it as “**development that meet the needs of the present without compromising the ability of future generations to meet their own needs**” (WCED, 1987). Although the report initially focused on the environmental factor, sustainable development has slowly integrated social and economic dimensions as they are intertwined concerning future generations (Holme & Watts, 2000).

The common understanding of sustainable development relates to social, environmental and economic issues (Elkington, 1998); however, there is a growing concern about comprehending the three concepts integrally (Giddings et al., 2002), understanding sustainable development from a systemic perspective. The debate on sustainable development is situated at the frontier of environmental and socio-economic concerns regarding the attitude of different actors struggling in a spectrum of technocratic and ecologic perspectives (O’Riordan 1989). Three differing views regarding the nature of the changes required at social, environmental and economic scales are classified as *status quo*, *reformists*, and *transformationists*, balancing socio-economic and ecologists concerns (Hopwood et al., 2005).

The socio-economic perspective regard sustainability as an effort to move towards a more equitable society, while the ecological approach reflects a preoccupation to move from technocentrism to ecocentrism (**Figure 1.3**). The debate on sustainable development is pictured in the central blue shaded area, giving evidence of the position adopted by different actors and its interests to contribute to the sustainable development discussion. *Status quo* institutions such as the World Bank or the OECD are well-known for adopting a technocentric position, maintaining a principal interest in economic efficiency and the supremacy of a neo-liberal economy. *Reformist* debates—such as the one developed in the Brundtland Report—focused on modifications to the market, recognising the government as a key actor to move towards sustainable development based on good use of information, science, and technology. Finally, *transformation* looks for higher adoption of equality and ecological measures.

Figure 1.3. Mapping the Sustainable Development debate



Source: Adapted from Hopwood et al. (2005)

By 2015, the sustainable development debate had become a more concrete and pragmatic concept, as the UN promoted the 2030 Agenda, a transformative plan that includes 17 Sustainable Development Goals (SDGs) (**Table 1.2**). The SDGs integrate 169 Targets and 232 Indicators in social, environmental, economic and dimensions (United Nations General Assembly, 2015). Since then, the SDGs have been considered *a global plan for change*. The SDGs cover an extensive range of sustainability issues (Rosati & Faria, 2019), becoming the most broadly accepted approach to interpret sustainable development (Hacking, 2019).

2015 was a decisive year, as new insights into the sustainable development debate were revealed. Happenings such as the 2030 Agenda, the Paris Agreement COP21 in 2016, a reach of the threshold for the Paris Agreement 55/55, a positive stabilisation of CO² global emissions, and the increase in the number of sustainable-oriented initiatives revealed a potential for systemic change (UNRISD, 2017). Framed by the UN as an *eco-social turn*, public policies, environmental regulations and initiatives for innovation have been called to be integrated into a multidimensional and universal perspective of sustainability. Thus, systemic change became a frequent topic to reach sustainable development by actors of multiple levels.

Table 1.2. Overview of the SDGs

SDG	Main Objective
Goal 1. No Poverty	End poverty in all its forms everywhere
Goal 2. Zero Hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3. Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages
Goal 4. Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5. Gender Equality	Achieve gender equality and empower all women and girls
Goal 6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all
Goal 7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable, and modern energy for all
Goal 8. Decent Work and Economic Growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
Goal 9. Industry, Innovation, and Economic Growth	Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
Goal 10. Reduced Inequalities	Reduce inequality within and among countries
Goal 11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable
Goal 12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns
Goal 13. Climate Action	Take urgent action to combat climate change and its impacts
Goal 14. Life Below Water	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
Goal 15. Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16. Peace, Justice, and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
Goal 17. Partnerships for the Goals	Strengthen the means of implementation and revitalise the global partnership for sustainable development

Source: United Nations (2015)

In the last years, institutions such as the UN, the OECD, the European Environmental Agency (EEA), or the EU have continuously launched policy programs and reports calling for systemic change supporting sustainability transitions (Loorbach et al., 2020). Such institutions argue that achieving a sustainable future can be reached through systemic changes due to this era's persistent complex global challenges (Loorbach et al., 2017). The EEA (2019) suggests that

societal transformation is embedded in the logic of SDGs, which can be considered a new form of innovation in the case of innovation policies (Schot & Steinmueller, 2018).

Although sustainable development was thought of as a political agenda to boost economic development, contributions from private actors and corporations have become more relevant (Moon, 2007). The business sector engagement with society has been traditionally approached from notions such as CSR and corporate sustainability (Dyllick & Hockerts, 2002); however, the SDGs have become nowadays more accepted and implemented by profit-oriented organisations (Ike et al., 2019; van der Waal & Thijssens, 2020; van Zanten & van Tulder, 2018). This dissertation interprets B Corps contribution to sustainable development through the lenses of the SDGs framed by the UN (2015) as a potent tool to pursue systemic changes. The following subsection explores with greater depth the notion of systemic change.

1.2.4. Systemic Change

Systemic change describes the “transformation in the structure, dynamics and relationships of a system” (Thorpe, 2014, p. 54), relating changes in relations and social structures in a particular context.² Three leading approaches of this notion were identified: *a)* within the sociologist tradition, *b)* a political agenda, and *c)* the result of the intervention of market actors. Each approach will be briefly explored.

- ***Systemic Change: The Sociological Approach.*** An overall conception of systemic change relates to an “intentional process designed to alter the status quo by shifting and realigning the form and function of a targeted system” (Foster-Fishman et al., 2007, p. 197). This approach considers systemic change from a bigger picture in which complex societal systems are submitted to a transformation; thus, it is the “result of an interplay of a variety of changes at different levels and in different domains that somehow interact and reinforce each other to produce a fundamental qualitative change in a societal system” (Loorbach et al., 2017, p. 605). By challenging, altering or replacing dominant institutions in a particular socio-economic context (Pel, Haxeltine, et al., 2020), systemic change in practice resorts to “new

² This dissertation refers to systemic change and transformative change as homologous terms (Waddock, 2020) as suggested by Clarke and Crane (2018), differences between both concepts are not yet demarcated

ways of thinking, creating new formal structures and, ultimately, transforming relationships” (Senge et al., 2007, p. 51).

A *system* designates a group of interrelated and unified entities in which change occur, or the “set of actors, activities, and settings that are directly or indirectly perceived to have influence in or be affected by a given problem situation” (Foster-Fishman et al., 2007, p. 198), while *change* results from an alteration in time determined by constraints of what has occurred and continues in a determined situation (Barth, 1967). Systemic change is considered the “result of actions that lead to a significant alteration within a system, potentially leading to substantial impacts” (Clarke & Crane, 2018, p. 308). Systemic change initiatives are expected to improve the conditions of a targeted group or a population (e.g. addressing the causes that generate poverty or leading to a more equitable society), an outcome that will only occur if the neighbouring system accommodates such goals (Foster-Fishman et al., 2007). Therefore, this vision of systemic change implies an intentional restructuring of social structures and their relationships within a targeted system.

- ***Systemic Change: A Political Debate.*** From the 2010s onwards, systemic change has become a persuasive target from the perspective of dominant global organisations in several political agendas (Grin et al., 2010). The core argument in this line is based on the idea that “systemic change is necessary to achieve just and sustainable futures within ecological boundaries before 2050” (Loorbach et al., 2020, p. 251). This approach suggests that systemic change allows addressing grand challenges through sustainable development (Loorbach et al., 2017). From this perspective, social/ecological problems are systemic; thus, when dealing with them, systemic change is possible to be achieved.

Systemic (or transformative) change has been central in the recent discussions in Science, Technology and Innovation Policies (STI) (Mazzucato, 2016; Schot & Steinmueller, 2018). In this framing, governments recognise a need to align social and environmental challenges with innovative approaches to ensure the right direction towards planetary socio-technical transitions (e.g. contributing to a more inclusive economy or generating a shift towards low carbon) to solve “wicked problems” through “grand challenge” thinking (Mazzucato, 2018). Instruments of this approach are the Horizon 2020 initiative, the Paris Agreement on Climate Change, or the SDGs.

The UN developed one of the most distinctive approaches to systemic change, particularly exposed in the 2030 Agenda, labelled as an “Agenda for change”. The United Nations Research

Institute for Social Development (UNRISD), in a publication entitled “Policy Innovations for Transformative Change: Implementing the 2030 Agenda for Sustainable Development”, provided a guide on how to implement the SDGs in practice, suggesting that world leaders need to focus on systemic change as it allows centring and focusing on root causes rather than its symptoms. Systemic change is referred to as the “qualitative changes in different policy domains that are necessary to achieve the SDGs” (UNRISD, 2017, p. 3). In a broader sense, systemic change:

“involves changes in social structures and relations, including overcoming patterns of stratification related to class, gender, ethnicity, religion or location that can lock people (including future generations) into disadvantage and constrain their choices and agency. It also means changing norms and institutions, both formal and informal, that shape the behaviour of people and organisations in the social, economic, environmental and political spheres” (UNRISD, 2017, p. 39).

According to the UN, systemic change “involves changes in all three dimensions of the 2030 Agenda for Sustainable Development: economic, environmental and social” (UNRISD, 2017, p. 3). In *economic structures*, it requires policies that lead to macroeconomic stability and policy space through intensive employment promotion. It must be *environmentally sustainable*, guided by legislative and regulative changes in consumption and production patterns, and must follow changes in *social dimensions* that improve the capabilities and opportunities of people in their different social niches. Examples of systemic change relate to the empowerment of vulnerable and disadvantaged groups, the creation of mechanisms that encourage gender equality and greater agency of the civil society, the equal distribution of income, the empowerment of small businesses, informal workers, rural producers, or the involvement of multiple actors through democratic processes, among others (UNRISD, 2017).

Utting (2018), for instance, highlights that hybrid organisations can carry out activities that can be developed through sustainable development dimensions: *Economic* (through the generation of employment, promoting local economic growth, fair production or ensuring local territories), *Social* (promoting work integration, social care, or decent work), *Environmental* (reducing greenhouse gas emissions, encouraging nature stewardship, encouraging environmentally-oriented lifestyles, or supporting community-based natural resource management), *Cultural* (promoting solidarity, social and distributive justice, well-being, or encouraging Buen Vivir principles), or *Political* (promoting citizenship and collective action or empowering

disadvantaged populations). Therefore, systemic change from a policy debate approach is deeply linked to sustainable development, currently related to the achievement of the SDGs.

- ***Systemic Change: The Role of Market Actors.*** The third interpretation of systemic change focuses on market-oriented and purposive actors through business activities. This conception is based on the idea that markets are systems that integrate economic, political, social and even cultural concerns (Thorpe, 2014). Systemic change is, thus, referred to as what Vexler (2017) calls “addressing root causes”, for instance, by considering poverty or unemployment as symptoms of deeper problems. Market actors can reach systemic change through inclusive business ecosystems or engaging various stakeholders; thus, their intervention will imply changes that impact people’s behaviour or material conditions (Thorpe, 2014). Here, systemic change is based on the idea of developing changes in a society’s culture, implementing new practices or structures, and integrating novel modes of production and consumption (Lahtinen & Yrjölä, 2019). According to Thorpe (2004), systemic change:

“Is about transformation in the structure, dynamics and relationships of a system. Where business and development initiatives target systemic change this implies delving behind immediate problems or symptoms and tackling underlying causes to deliver tangible and enduring benefits with significant impacts on the material conditions or behaviours of large numbers of people, going beyond those directly involved in the initiative” (Thorpe, 2014, p. 5)

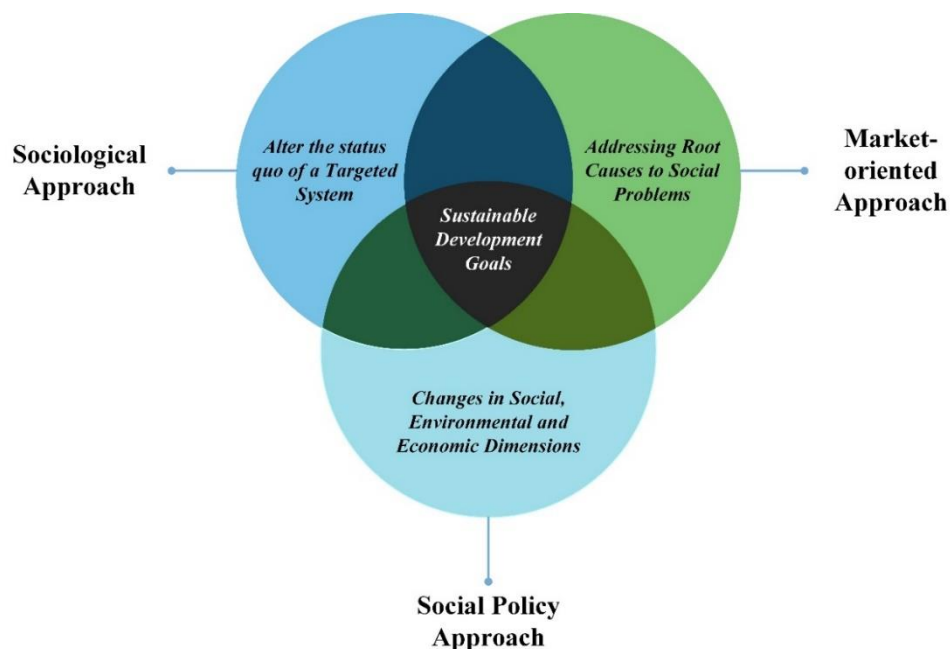
From this perspective, systemic change consists of “a collective process designed to alter the elements and the inter-element relationships of an extant system related to a social problem” (Zhao, 2020, p. 2); therefore, an appropriate conceptualisation of social problems (Mair & Rathert, 2020) is the basis to approach systemic change from a market actors perspective (Trivedi & Misra, 2018). Mapping a society’s problems is central since it determines its “ecology” (Trivedi & Misra, 2015) and how to better address its life cycle (Lauer, 1976).

From an external view that a large part of a society’s problems is based on market failures or that the configuration of the economic system is flawed in its definition, market actors such as hybrid organisations have a role to play. According to Nicholls (2008), hybrid organisations contribute to enhancing market failures and reproducing systemic changes. These entities aim to “provide goods and services that the market or public sector is either unwilling or unable to provide, to develop skills, create employment and foster pathways for the integration of socially excluded people” (Trivedi & Misra, 2015, p. 38). From this perspective, hybrid organisations

are more willing to “alter elements of the status quo of a given system” by addressing the root causes of social problems.

- **Systemic Change: The Convergence.** Certain convergences can be highlighted after exploring the three perspectives of systemic change (**Figure 1.4**). Following these approaches, and to nurture a holistic definition, this dissertation understands systemic change to as: ***The alteration, replacement, challenge or change of social structures, behaviours, ways of thinking, or relationships in a broader social system related to a social problem or more considerable global challenges.***

Figure 1.4. Systemic Change: A Convergence of Approaches



Source: Compiled by the Author

1.2.5. Hybrid Organisation

Hybrid organisations have become an interesting object of scholarly inquiry since they pursue multiple and sometimes conflicting goals (Blau & Scott, 2003), mixing social and market logics in their business model (Battilana & Lee, 2014; Pache & Santos, 2013). As large-scale social and environmental challenges have continued to grow, hybrid organisations have been enacting sustainable development as a dominant belief in their “raison d’être” (Haigh & Hoffman, 2014).

Hybrids have been defined as “organisations that run commercial operations with the goal of addressing a societal problem, thus adopting a social or environmental mission” (Santos et al., 2015, p. 35). Given their interest in addressing social problems, hybrid organisations seek to pursue change by transforming institutional contexts, improving the condition of disadvantaged societal groups or providing tools to empower various populations (Defourny & Nyssens, 2017; Mair et al., 2016; Mair & Martí, 2006).

However, the understanding of hybrid organisations has endured various interpretations in their conceptualisation and implementation in practice (Defourny & Nyssens, 2010a). Two philosophical approaches stand out. One is the European model, which has its origins in cooperative models and organisations that complement public sector services, and the other is the Anglo-Saxon model, which has prioritised a mixture between commercial and motivations, highlighting as well the role of entrepreneurs and change-makers (Kerlin, 2006). The debate on hybrid organising (Battilana & Lee, 2014), which appeared in the late 70s (Defourny & Nyssens, 2008), have been evolving as new legal forms of hybrids have emerged (Ebrahim et al., 2014; Rawhouser et al., 2015). Additionally, significant knowledge of today’s challenges has resulted in broader adoption of sustainable development notions for these organisations purposes (Hoffman et al., 2012). This discussion, which is presented more extensively in Chapter 2, provides the following definition: ***Hybrid organisations consist of profit and mission-oriented entities that focus on giving solutions to social, environmental, and/or economic problems through systemic relations with multiple stakeholders considering the fate of future generations to pursue systemic change.***

1.2.6. Business Model

A business model is considered as the “architecture of the firm’s activity system” (Zott & Amit, 2010, p. 2018), which centrally refers to how business is done and “how a firm is able to earn money” (Boons & Lüdeke-Freund, 2013, p. 9). A broad and accepted definition of a business model consists of “the combination of resources and activities that allow an organisation to create, deliver, and capture value” (Santos et al., 2015, p. 39). However, these definitions of a business model do not capture the different institutional logics that characterise the hybrid organisation (Laasch, 2018). For instance, Yunus et al. (2010) introduced the social business model concept to refer to value propositions, value constellations and profit equations that resembles the idea of business model innovation.

Organisations implementing sustainable development issues, *Sustainable Business Models* have emerged as a novel trend in the business model literature (Evans et al., 2017) to examine how firms adapt their architecture to create economic, social, and environmental values (Bocken et al., 2014). Sustainable business models or business models for sustainability “explicitly consider, jointly, economic with social and/or ecological value contributions” (Schneider & Clauß, 2020, p. 384).

Sustainable business models are associated with sustainability issues, such as eco-efficiency, circular economy, social enterprises, TBL firms, green enterprises, or environmental ventures (Bocken et al., 2014; Comin et al., 2019), to name a few. A sustainable business model is defined as “a business model that creates competitive advantage through superior customer value and contributes to a sustainable development of the company and society” (Lüdeke-Freund, 2010, p. 23).

Sustainable business models have gained relevance by introducing the concept of sustainable development by the UN in practice (Boons & Lüdeke-Freund, 2013); therefore, the notion implies that organisations utilising this approach will behave and perform considering the needs of future generations. Although sustainable business models have been mostly approached from business and management scholarship (Bocken et al., 2014; Morioka et al., 2017); they call attention to other fields of knowledge, giving their capacity to provide solutions to complex sustainability challenges (Dentchev et al., 2016; van Bommel, 2018) or to cope with government programs for BOP societies (Bittencourt Marconatto et al., 2016) — particularly relevant in developing countries.

Sustainable business models adapted to hybrid organisations have been discussed by authors such as Haigh and Hoffman (2012) and Hoffman et al. (2012), who utilised the term *Sustainability-driven Hybrid Business Models (SHBMs)*, as a model “configured to address explicit social/ environmental issues” (Haigh and Hoffman, 2012, p. 127). SHBMs is a multidisciplinary term situated in the streamlines of hybrid organisations (Battilana & Lee, 2014) and sustainable business models (Stubbs & Cocklin, 2008) (see Chapter 7 for more detail). However, to date, there is not a clear definition of SHBMs. Therefore, this research defines SHBMs as a ***conceptual tool oriented to create, deliver, and capture value by resolving social, environmental and economic issues, considering the needs of future generations while engaging the interests, needs, and participation of multiple stakeholders.***

1.3. Research Purpose and Questions

The primary purpose of this doctoral dissertation is to *improve the understanding of Corporate Social Innovation as a mechanism to pursue systemic change, taking as reference B Corps in Colombia*. The main research questions in this dissertation therefore are:

RQ1. *What are the contributions, discussions and trends in the literature driving the research agenda in CSI?*

RQ2. *How do hybrid organisations face the tensions of operating in an emerging economy context through their business model attributes?*

RQ3. *How do hybrid organisations contribute to the Sustainable Development Goals (SDGs) through CSI?*

RQ4. *To what extent and how does CSI contribute to systemic change? How can this phenomenon be explained through the institutional theory lenses?*

1.4. Thesis Structure

This thesis contains ten chapters. This first chapter introduces the rationale for the research and the contribution to knowledge, research aim and questions, and thesis structure (**Figure 1.5**).

Chapter 2, “*Insights from Corporate Social Innovation: A Research Agenda*”, integrates a stand-alone, comprehensive and systematic literature review in CSI, following previous studies in social innovation (Edwards-Schachter & Wallace, 2017; Van der Have & Rubalcaba, 2016) and CSI (Dionisio & de Vargas, 2020), to update knowledge of this emerging topic (Torraco, 2016). The chapter incorporates an academic discussion, salient topics, and emerging research themes in peer-review and grey literature in CSI. It sets a research agenda and presents a debate about the future of CSI as an emergent field.

Chapter 3, “*Hybrid Organisations: A Holistic and Evolutionary Concept*”, aims to develop an enhanced understanding of hybrid organisations approached in this dissertation. The chapter examines different concepts on hybrid organisations and explores their similarities and convergences in the light of seminal literature. Then, it moves to a historical contextualisation, comparing European and North American schools of thought. New legal forms of hybrid

organisations are revisited in the light of sustainable development debates. The chapter finishes by examining B Corps as a *sui generis* type of hybrid organisation.

Chapter 4, “*Corporate Social Innovation and Hybrid Organisations: The Local Context in Latin America and Colombia*”, provides an overview of CSI in Latin America and Colombia. As the emergence of this concept is still recent across the continent, other notions adopted by hybrid organisations and private companies are reviewed, such as the Social and Solidarity Economy (SSE), Corporate Social Responsibility (CSR), and sustainable development. The chapter examines the socio-economic situation in Latin America and Colombia and reviews the literature on hybrid organisations and new types of hybrids and B Corps in the region.

Chapter 5, “*Theoretical Framework*”, outlines the theoretical underpinnings that guide this dissertation. By focusing on the new institutional theory, the chapter reviews the institutional pillars (Scott, 2013), isomorphic institutional change (DiMaggio & Powell, 1983), and institutional work (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006) to depict the various stages of institutional change (Greenwood et al., 2002) in which the research phenomenon is interpreted. The chapter concludes with the development of a comprehensive approach to guide the lecture of the research based on the revisited literature.

Chapter 6, “*Methodology*”, sets out the rationale behind the choice of the research design. Based on a multiple-case study approach (Yin, 2009), this chapter presents the methods of data collection and analysis, the validity and reliability criteria for case study research (Gibbert et al., 2008), and the limitations during the course of the study whilst detailing how they were addressed. Ethical considerations related to this dissertation are discussed.

Chapter 7, “*Certified B Corporations: An Approach to Tensions of Sustainable-driven Hybrid Business Models in an Emerging Economy*”, discusses tensions that hybrid organisations face when operating in an emerging economy context. The chapter explores the sustainable-driven hybrid business model construct (Haigh & Hoffman, 2012, 2014) to provide an analytical framework of reference that guides the empirical work of this chapter. By exploring the neo-institutional theory and the three pillars of institutions (Scott, 2013) to identify external tensions, the chapter suggests an archetype of the B Corp model utilising the business model elements: value proposition, value creation, and value capture.

Chapter 8, “*Do hybrid Organisations Contribute to Sustainable Development Goals? Evidence from B Corps in Colombia*”, presents an original discussion building on the research gap illustrated by Varadarajan and Kaul (2018), suggesting the need to explore an opportunity framework of CSI related to the alleviation of social problems highlighted by the UN in the

SDGs. Building on sustainable-driven hybrid business models literature (Haigh & Hoffman, 2012) and the B Corp model (Stubbs, 2017a), the chapter maps SDG-related activities of B Corps in Colombia.

Chapter 9, “*Exploring Institutional Change through Corporate Social Innovation: A Multi-Level Analysis Embedded in the Sustainable Development Debate*”, elaborates the theoretical discussion that ties the dissertation from the empirical observations to interpret them from the neo-institutional theory. The chapter discusses the CSI construct to interpret how B Corps achieve systemic changes in the more extensive debate of sustainable development globally. The chapter presents a multi-level model that considers micro, meso and macro-level actors to understand B Corps’ attempt to pursue institutional change.

Chapter 10, “*Conclusions: Contributions and Implications for Future Research*”, draws upon the findings to respond to the research questions and discusses the various contributions of the study, notably theoretical, empirical and methodological. The chapter also presents theoretical, practical and political implications, making recommendations for further research.

Figure 1.5. Thesis Structure



Source: Developed by the Author

1.5. Presentation of the Thesis by Articles and Choices

Some differences can be identified regarding the published articles and the chapters in this dissertation. First, the dissertation was written in English (British), but some publications were submitted to journals that utilise American English grammar rules. In that cases, the originality of the publications was prioritised. Second, the colours and font of the publications were modified to maintain homogeneous designs across the dissertation. And finally, data that was part of the articles' appendixes were integrated into the main text, facilitating understanding for readers. To provide publications' transparency, the DOI of each paper is presented across the chapters.

PART II - THEORETICAL FOUNDATIONS

CHAPTER 2

2. INSIGHTS FROM CORPORATE SOCIAL INNOVATION: A RESEARCH AGENDA

Published in:

Journal of Cleaner Production

Purpose – The purpose of this study is to analyse the contributions, major discussions and trends in the literature driving the research agenda in corporate social innovation (CSI). This is done through a systematic review on CSI publications in an open time span. Salient themes and emerging research topics in this literature, as well as research questions and limitations, are identified, culminating in a discussion of what is next for CSI research.

Design/methodology/approach – A systematic review was undertaken from academic and grey literature. Results were analysed following a bibliometric and interpretative content analysis.

Findings – The study provides novel insights on CSI research by drawing attention to discussions around the consensus on a definition of CSI, its disciplinary origins, and the denominations referring to this field. Although CSI struggles to gain independence as a research field, the evidence shows that CSI is a cross-disciplinary concept nourished by multiple disciplines.

Research limitations/implications – Analysis in this paper has implications for research by highlighting the state of scholarship on CSI. Given the use of multiple denominations of CSI, several studies using low diffused denominations could be discarded.

Originality/value – This research contributes to the body of knowledge in the field of CSI by bringing clarity to former discussions and by suggesting how the field can move forward to a more advanced and mature state in research.

Keywords Social innovation (SI), Corporate social innovation (CSI), CSR, sustainable development, review, research themes

Paper type Literature review

DOI. <https://doi.org/10.1108/SEJ-08-2019-0057>

2.1. Introduction

Enterprises have increasingly become more active in the solution of social problems during recent decades (Pol & Ville, 2009). Drucker (1984) denoted the role of enterprises as actors capable of transforming social problems into economic opportunities. Social innovation (SI) provides answers to businesses with social purposes developing innovative activities (Dawson & Daniel, 2010); however, in the case of for-profit organizations, the configuration of new relationships between firms and society must be considered (Nicholls & Murdock, 2012). Rosabeth Kanter (1999) departed from this idea by introducing a new paradigm in business the opportunities for innovation of which were conceived as ‘learning laboratories’ to solve problems or unmet needs in society, by labelling this topic as corporate social innovation (CSI). It refers to new products, processes and practices that benefit society by providing an answer to social problems while providing economic benefits and better firm performance (Varadarajan & Kaul, 2018).

As CSI relates a new and unexplored concept in the literature (Caroli et al., 2018), controversies with SI have been at the centre of the debate. While there is ample research on SI (Van der Have & Rubalcaba, 2016), CSI presents the lowest number of studies on the aims or ends in the generation of values in this field (Edwards-Schachter & Wallace, 2017). Certainly, research on CSI has remained absent in literature (Martinez et al., 2017) because SI studies have been mostly focused on activities developed by governments, non-profit organizations, civil society, or social enterprises (businesses with exclusive social purposes). Despite this, CSI has gained relevance since peer-review literature is slowly starting to emerge (Chin et al., 2019).

Considering that CSI belongs to the tradition of business and management (Martinez et al., 2017), scholars and practitioners urge a deeper understanding on how to integrate this model into the business strategy (Alonso-Martínez et al., 2019; Saul, 2011). The field of CSI has been struggling to establish the scientific bases for becoming an independent academic field (Dionisio & de Vargas, 2020; Idowu et al., 2013; Maines da Silva, 2017; Mirvis et al., 2012; Popoli, 2017; Pyszka, 2013; Steiner & Risopoulos, 2009). Although these studies present useful insights to CSI, they provide limited knowledge on the future trends and emerging themes.

The study of Dionisio and de Vargas (2020) explores how CSI is conceptually distinct from similar constructs; nevertheless, their study focuses on corporations delivering CSI, compared with topics, such as corporate social responsibility (CSR), creation of shared value (CSV), and hybrid organizations. As well, Foroudi et al. (2020) present the theoretical perspectives used in

social innovation literature in business and management, however, the research focuses on 22 highly cited papers not specifically concentrated in CSI. Given the call for the advancement of research in the field of CSI, this study considers that it is useful to examine the themes and contributions reflected in the existing literature, as well as explore future direction.

The paper contributes to the literature of CSI in a novel way by providing a reference to the extant literature to scholars in the field. Based on a systematic literature review, this study focuses on peer-review and grey literature on CSI in an open time span, guided by two research questions:

RQ1. *What are the contributions and major discussions that have been driving the research agenda in CSI?*

RQ2. *Which trends in the literature are likely to set future research in CSI?*

The paper pursues the following structure. After this introduction, the **Section 2.2** describes the methodology; the **Section 2.3** presents findings and thematic analysis of the documents under reference; the **Sections 2.4** ends with the discussion, followed by the conclusions, limitations and avenues for the future in **Section 2.5**.

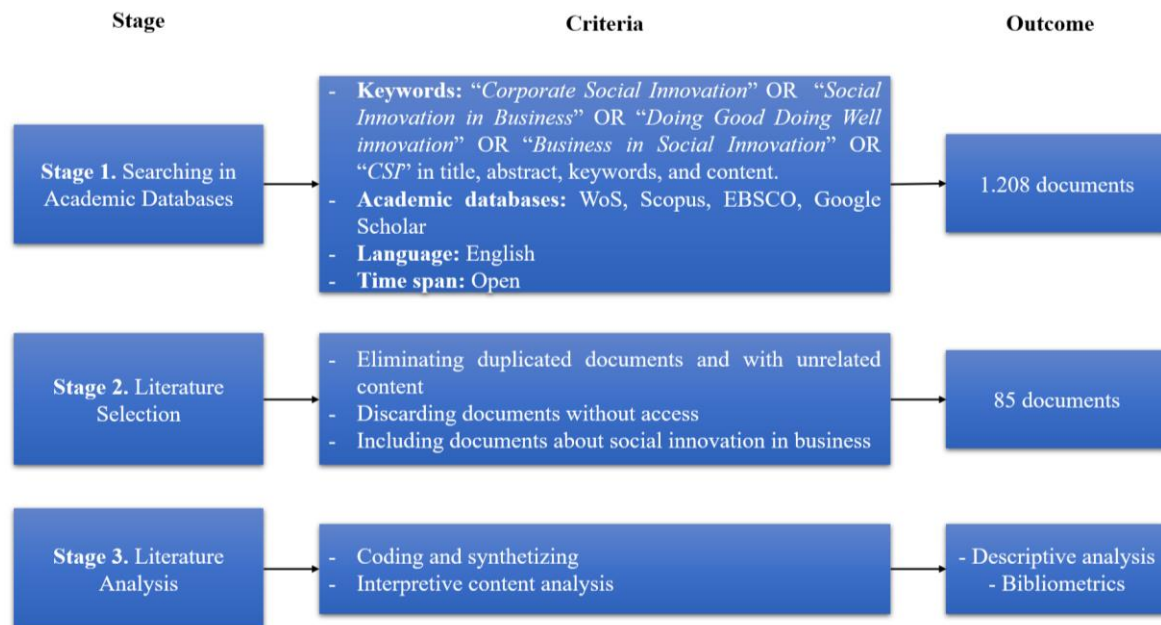
2.2. Methodology

A systematic literature review was developed to generate a database of documents from peer-review and grey literature. Systematic reviews allow adopting a transparent, replicable, and rigorous scientific method to reduce bias through in-deep comprehensive literature research (Mallett et al., 2012). The review was developed according to Tranfield et al. (2003), and the process is summarized in three stages (**Figure 2.1**). During the first stage, a search in academic databases was carried out by using the keywords “*corporate social innovation*”, “*social innovation in business*”, “*doing good doing well innovation*”, “*CSI*”, and “*business in social innovation*” in an open time span. Only documents in English were included.

Peer-reviewed literature was retrieved from Scopus, ISI Web of Science, and EBSCO, databases that contain reliable indicators on the existing scientific debate on a topic (Fink, 2010; Mongeon & Paul-Hus, 2016). Another group of documents was retrieved from Google Scholar, a database that does not limit the references of journals, and that includes sources that are more likely to be cited and read (Martinez et al., 2017). The search was performed from March 2019 to April 2020. The search covered 151 documents from Scopus, 21 documents from Web of

Science, 81 documents from EBSCO, and 955 documents from Google Scholar containing the related keywords in the title, abstract, keywords, and content.

Figure 2.1. Research Stages for Systematic Literature Review



In the second stage, documents were manually reviewed. Only those developing a discussion in CSI were selected; those where CSI were simply mentioned in the body of the documents were discarded. Documents were classified as papers, books, book chapters, reports, and conferences. Book reviews, essays, dissertations, and master and doctoral theses were not considered. The final database comprised N = 85 documents published between 1989 and April 2020 (**Table 2.1**). Once the documents were retrieved, a database was developed containing bibliometric characteristics, such as year, author, source, type of source, keywords, and research method. With the aid of the qualitative data analysis software Atlas.ti, (Hwang, 2008), an interpretative content analysis was carried out during the third stage (Hsieh & Shannon, 2005).

The operationalization of the categories was determined according to the research questions and the research outline (Bos & Tarnai, 1999). Data analysis was conducted in an iterative process of identifying, labelling, classifying, and relating information (Charmaz, 1996). An inductive approach was chosen without any previously existing coding frames (Hsieh & Shannon, 2005). Categories were established through a process of open coding to capture data by grouping phrases in the process of continuous adjustment (Charmaz, 1996). The authenticity of the themes that emerged from the analysis of the constructs was led by their analysis and/or

enhancement. After the achievement of a satisfactory degree of convergence on the key arguments, conceptual reasoning was developed on the main theoretical tenets of the field and discussed in the results.

Table 2.1. Sample Distribution Containing CSI Publications and Source Type

Type of document	N (%)
Scopus, EBSCO, and WoS documents	40 (47.05)
Academic papers (non WoS & Scopus)	18 (21.17)
Book and Book Chapters	14 (16.47)
Conference Proceedings and Working Papers	8 (9.41)
Reports, Policy Reports and Research Documents	5 (5.88)
Total	85

2.3. Findings

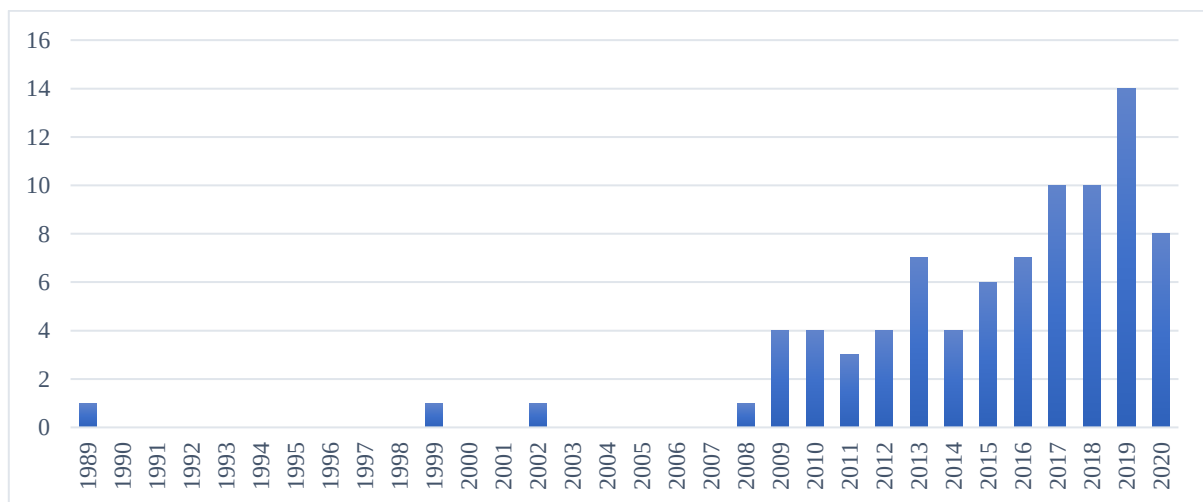
2.3.1. Bibliometrics

As **Table 2.1** depicts, a significant part of the debate in CSI is published in grey literature (56.32 per cent of the analysed literature). **Table 2.2** shows that the scientific debate on CSI has been carried out in 26 peer-review journals; however, the main discussion is developed three journals: *Journal of Business Research*, *Sustainability (Switzerland)*, and *Corporate Social Responsibility and Environmental Management*. A substantial proportion of academic discussion on CSI is mostly taking place in business and management journals and specialized social enterprise, sustainable development, and corporate social responsibility (CSR) journals. Despite the debate is still incipient, future CSI scholars should turn to these types of journals when approaching this topic.

Table 2.2. Number of CSI Articles Published in Peer-review Literature

Journal Name	No. of articles
Journal of Business Research	6
Sustainability (Switzerland)	4
Corporate Social Responsibility and Environmental Management	3
Business and Society, Harvard Business Review, Industrial Marketing Management, Journal of Business Ethics	2
California Management Review, Critical Perspectives on International Business, European Planning Studies, International Business Review, International Journal of Entrepreneurship and Innovation Management, International Journal of Learning and Change, International Journal of Technology Management, Journal of Business Strategy, Journal of Business Venturing, Journal of Contemporary Management Research, Journal of Innovation and Entrepreneurship, Journal of Management Development, Journal of Service Management, Journal of Social Entrepreneurship, OECD Observer, Procedia Economics and Finance, Resources, Social Responsibility Journal, SSRN	1

Regarding the number of published articles, **Figure 2.2** shows that CSI gained significant academic interest from 2009 onwards. Only four documents were published between 1989-2008, while the important peaks are presented between 2013 and 2019. The proliferation of publications in the last decade reflects that the interest in CSI is recent; moreover, the gradual growth of publications is expected in the coming years. Of the analysed documents, 83.52 per cent were based on qualitative methodologies, 14.11 per cent were quantitative studies, and 2.35 percent used mixed methods. In the overall documents, 58.82 per cent were empirical publications (68 per cent were case studies), while 41.17 per cent consisted of theoretical/conceptual publications.

Figure 2.2 Annual Distribution of CSI Publications

Although Kanter's (1999) publication is the first historical reference and the most-cited article in CSI with 274 citations in Scopus and 960 in Google Scholar (April 2020), a precedent document was published by Jean Pasquero (1989). Though CSI research is well-known since Kanter and afterwards, most of the publications are concentrated in one decade (2009-2019). Regarding the authors, although 133 scholars have been publishing in CSI, three authors mostly dominate the debate. Bradley Googins and Philip Mirvis have made further contributions (with seven and six documents correspondingly), while Maria Baltazar-Herrera presented three publications. Ten authors published at least two publications, while the rest published no more than one.

2.3.2. *Contributions and Major Discussions on CSI*

This section focuses on answering the first research question. First, the main discussions developed in the literature will be addressed, followed by the most dominant topics on the research agenda. Among the main discussions in CSI, three aspects attract attention, namely the disciplinary origins of CSI, the achievement of a consensus on its definition, and the denominations referring to this field.

2.3.3. *Major Discussions in CSI Literature*

2.3.3.1. *Epistemological Origins of CSI: Borders and Scope*

On a general interpretation of the origins of CSI, literature elucidates that the cross-disciplinary roots of CSI emerge from two paradigms in SI (Martinez et al., 2017). The sociological perspective stresses that SI consists of a 'transformative' concept that aims to understand systemic changes in society. SI is considered as the solution to social problems through intentional goals in aspects, such as 'social practices' and 'social transformation' (Cajaiba-Santana, 2014). The economic perspective suggests that the nature of SI is 'instrumental' and that transformations are correlated to 'social impacts', and the introduction of novel ideas (outputs, processes or products) that fulfil unsatisfied needs emerging from the failure of conventional paradigms (Dawson & Daniel, 2010).

Although this debate has transferred to CSI, studies in management and businesses have turned towards a more instrumental interpretation, since the concept is focused on the need to innovate to achieve both economic and social results. However, determining the origins of CSI has an extensive debate on CSI, leading to different interpretations in the literature. Apart from its closeness to SI and social entrepreneurship (Cacciolatti et al., 2020), and innovation in general (Baltazar-Herrera, 2016), the roots of CSI have been also linked to sustainable development (Christensen & Wells, 2016; Schmiedeknecht, 2020), marketing (Gopaldas, 2015), strategic partnerships (Colaner et al., 2018), and mostly CSR (Hanke & Stark, 2009).

Particularly, the debate between CSI and CSR is the one that received major attention. The take-off discussion underlining this relationship was developed by Kanter (1999), by arguing that corporations must evolve from CSR to CSI. Multiple studies have been committed to giving a ‘how’ to this question, a discourse that has dominated CSI literature (Dalcher, 2018; Domanski & Kaletka, 2017; Roome, 2013). However, this discussion is more significant for CSI than for CSR since most of the literature in CSI makes efforts to highlight its differences, but not the other way around. For instance, the studies of Steiner and Risopoulos (2009), Pyszka (2013), Popoli (2016, 2017), Jali, Abas and Ariffin (2017), Maines da Silva (2017), Portales (2019), and Canöz and Çerçi (2019) exclusively focus on showing the differences between CSI and CSR.

Publications also struggle between the idea that CSI can be either a strategic way for driving CSR (Gupta & Gupta, 2019), a discourse of CSR at the civil society level (Hanke & Stark, 2009), a type of CSR (Carberry et al., 2019; Poret, 2019), incorporation of SI to CSR (Googins, 2013), a tool for achieving CSR (Christensen & Wells, 2016; Harazin & Kósi, 2013; Szegedi et al., 2016b), a CSR-driven innovation or a mix between CSR and innovation (Als, 2010; Ditlev-Simonsen & Midttun, 2011; Idowu et al., 2013; Păunescu, 2014; Vilké, 2015). **Table 2.3** summarizes the main differences between CSI and CSR highlighted across the systematic review.

Table 2.3. Differences between CSR and CSI

Category	CSR	CSI
Motivations	Philanthropy, charity or compliance (Mirvis et al., 2012, 2016)	Strategic intent (Chin et al., 2019; Mirvis et al., 2012, 2016; Szegedi et al., 2016b)
	Obligation with the environment of operation (Jali et al., 2017)	Business and strategic investment (Chin et al., 2019; Kanter, 1999; Mirvis et al., 2016)
	Firm responsibility toward societal issues and corporate governance (Hanke & Stark, 2009)	Response to the needs of society and stakeholders (Djellal & Gallouj, 2012; Molina, 2009; Roszkowska-Menkes, 2018)
	Voluntary integration of business operations in a unilateral way (Steiner & Risopoulos, 2009)	Company and society impacted either way (Steiner & Risopoulos, 2009)
	Business ethics and moral dilemmas (Pyszka, 2013)	Transparent intent to benefit the business (Saul, 2011), performance and efficiency (Pyszka, 2013)
	Policies and practices of the company tends to an incremental improvement (Jupp, 2002)	Policies, practices and organizational impact at a fundamental level (Jupp, 2002)
Resources	Specific assets, contributions of money, and manpower (Mirvis et al., 2012, 2016)	Engages core skills, know-how, corporate assets, and societally-relevant R&D (Kanter, 1999; Mirvis et al., 2012, 2016)
	Engage employees as volunteers (Mirvis et al., 2012)	Consider employees as leaders and involves strategic work (Mirvis et al., 2012)
	Flexible and discretionary allocation of the resources of the firm (Mirvis et al., 2016; Varadarajan & Kaul, 2018)	Deliberated and intentional allocation of resources (Mirvis et al., 2016; Varadarajan & Kaul, 2018)
	Responsibility and decision-making falls on one department (Christensen & Wells, 2016)	Involves the firm strategy, values, mission, business model and corporate mind-set (Baltazar-Herrera, 2015, 2016)
Results	Labour practices and environmental impact following standards (Jupp, 2002)	Radically different labour practices and environmental waste-minimization (ex. product cycle) (Jupp, 2002)
	Social good (Mirvis et al., 2012) and small impact in the bottom line (Saul, 2011)	Sustainable/positive social change (Kiser et al., 2017; Mirvis et al., 2012)
	Voluntary contributions towards community development unrelated with the corporate mission (Jupp, 2002)	High impact, innovative programs towards community investment linked to the core business (Jupp, 2002)
	Social welfare, environmental sustainability and reputation (Jali et al., 2017)	Social, economic and technological payoffs (Jali et al., 2017)
Collaborations and alliances	Contracts with non-for-profit organizations or community groups (Mirvis et al., 2012)	Co-creation and deeper collaboration with external parties (Auriac, 2010; Mirvis et al., 2012)

	Stakeholders benefited by the firm (Steiner & Risopoulos, 2009)	Active and bilateral involvement with stakeholders and win-win cooperation (Harazin & Kósi, 2013; Mirvis et al., 2012; Steiner & Risopoulos, 2009)
Business goals	Social and eco-services (Mirvis et al., 2012)	Co-creation of social and eco-innovations (Mirvis et al., 2012)
	Business reputation and goodwill (Domanski & Kaletka, 2017; Mirvis et al., 2016; Popoli, 2016)	New source of revenues, market-based solution, new logics of competition and market share growth (Christensen & Wells, 2016; Jupp, 2002; Mirvis et al., 2016)
	Not all CSR programs have potential benefits to the firm (Varadarajan & Kaul, 2018)	Part of the firm innovation portfolio (Varadarajan & Kaul, 2018)

Despite CSI is profoundly connected with CSR (Doi, 2020), it is not the next CSR (Domanski & Kaletka, 2017), nor is it a replacement term (Carberry et al., 2019). The literature agrees on the perspective that CSR is not enough to answer modern social challenges (Pyszka, 2013), a principal reason for which CSI can be assumed as an alternative practice for businesses in order to provide a much more complete answer to the current needs of modern society. From this point, comparisons between CSR and CSI have saturated the academic scholarship of CSI. Future research is expected to establish new synergies and correlations between these terms in order to create new debates for research and practice.

2.3.3.2. *Towards a Definition of CSI*

Derived from the above discussion, the definition of CSI is also subdued to an epistemological duality. As in the case of SI, CSI presents divergent interpretations in the literature (Foroudi et al., 2020). Even Kanter (1999) did not provide a concrete definition of CSI; she highlighted that social problems are business opportunities and learning laboratories. After this publication, the interpretation of CSI has undergone multiple variations. Derived from this systematic literature review, 50 definitions were extracted and grouped in categories suggesting four main strands or areas thoroughly related to a) definitions interpreted as a part of the business strategy, business model, the development of market-based solutions, and the identification of business opportunities; b) CSI as a response to social problems, functional needs, and social challenges through business solutions; c) CSI understood as innovative activity, and d) CSI as a result of co-creation between the organization and different actors in society. **Table 2.4** summarizes this classification.

Table 2.4. Main Strands on the Definition of CSI

Category	Authors	Orientation	Parameters
Corporate strategy	(Kanter, 1999), (Moingeon & Lehmann-Ortega, 2009), (Djellal & Gallouj, 2012), (Mirvis et al., 2012), (Googins, 2013), (Googins & Escudero, 2014), (Mirvis & Googins, 2017), (Mirvis, 2017), (Mirvis & Googins, 2018a), (Canöz & Çerçi, 2019), (Szegedi et al., 2016a), (Szegedi et al., 2016b), (Mirvis et al., 2016), (Christensen & Wells, 2016), (Jayakumar, 2017), (Kiser et al., 2017), (Domanski & Kaletka, 2017), (Roszkowska-Menkes, 2018), (Li et al., 2018), (Moingeon & Lehmann-Ortega, 2019), (Chin et al., 2019), (Candi et al., 2019), (Cacciolatti et al., 2020), (Dionisio & de Vargas, 2020), (Doi, 2020)	Focused on both process and outcome	Economic performance and growth
Solution	(Jupp, 2002), (Krull, 2008), (Ditlev-Simonsen & Midttun, 2011), (Harazin & Kósi, 2013), (Mirvis et al., 2012), (Googins, 2013), (Googins & Escudero, 2014), (Mirvis & Googins, 2017), (Mirvis, 2017), (Mirvis & Googins, 2018a), (Canöz & Çerçi, 2019), (Schmitt, 2014), (Vilkè, 2015), (Canestrino et al., 2015), (Ulinski, 2015), (Baltazar-Herrera, 2016), (Martinez et al., 2017), (Jali et al., 2017), (Popoli, 2017), (Kiser et al., 2017), (Varadarajan & Kaul, 2018), (Caroli et al., 2018), (Li et al., 2018), (Alonso-Martínez et al., 2019), (Esen & Maden-Eyiusta, 2019), (Carberry et al., 2019), (Candi et al., 2019), (Antonioni, 2020), (Schmiedeknecht, 2020), (Dionisio & de Vargas, 2020), (Doi, 2020), (Foroudi et al., 2020), (Crisafulli et al., 2020)	More focused on outcomes	Issues of poverty, well-being, quality of life, sustainability (social, economic, and environmental)
Novelty	(Pasquero, 1989), (Idowu et al., 2013), (Rexhepi et al., 2011, 2013), (Schmitt, 2014), (Baltazar-Herrera, 2015), (Popoli, 2016), (Martinez et al., 2017), (Jali et al., 2017), (Maines da Silva, 2017), (Varadarajan & Kaul, 2018), (Mirvis & Googins, 2018b), (Carberry et al., 2019), (Franco-Leal et al., 2020), (Foroudi et al., 2020)	Focused on both process and outcome	Behavior, idea, concept, procedure, or process
Co-creation	(Steiner & Risopoulos, 2009), (Hanke & Stark, 2009), (Auriac, 2010), (Hilb, 2013), (Pyszka, 2013), (Ulinski, 2015), (Mirvis et al., 2016), (Esen & Maden-Eyiusta, 2019), (Chin et al., 2019)	More focused on process	Alliances, partnerships, collaborations

The definition with a higher number of mentions across the literature was introduced by Mirvis, Googins and Kiser (2012), defining CSI as “a strategy that combines the unique set of corporate assets (entrepreneurial skills, innovation capacities, managerial acumen, ability to scale, etc.) in collaboration with the assets of other sectors to co-create breakthrough solutions to complex social, economic, and environmental issues that impact the sustainability of both business and society” (p. 3). Indeed, this definition covers the four aspects highlighted in **Table 2.4**, with particular emphasis on the first two categories.

Naturally, the distinction between categories is not straight and some topics overlap, e.g. CSI can be interpreted as the result of a firm multiple-party collaboration, aiming to give solutions to unmet needs in society, although, few publications referred to more than one area

simultaneously. Overall, studies give evidence that a holistic definition of CSI includes more or less these four categories; however, CSI as a business strategy and as a business response to current social problematics are characteristics that stand out. Specifically, the generation of profits is a central issue. While economic value is not an imperative for social enterprises, the generation of profits is a must for commercial firms, albeit profit-making is an integral part of CSI, and not an intended goal or an end in itself.

2.3.3.3. *Denominations of CSI*

Finding a common denomination to CSI or through terms referring to the same issue has been one of the most difficult tasks in literature. Even though the CSI denomination has achieved certain consensus, scholars have recurred to the denomination of “social enterprise” to refer to for-profit organizations developing SI (Cacciolatti et al., 2020). The study of Nicholls and Murdock (2012) provides insights into this debate establishing clear differences; however, the terms may overlap in practice. As well, CSI is also known as SI in business (Ciesielska & Iskoujina, 2017; Djellal & Gallouj, 2012; Harazin & Kósi, 2013; Hrušovská & Matušovič, 2016; Martinez et al., 2017), Doing Well While Doing Good innovations (Varadarajan & Kaul, 2018), CSR-driven innovations (Als, 2010; Vilké, 2015), company-based SI (Schartinger et al., 2019), or innovation with social intent/purpose (Cacciolatti et al., 2020; Candi et al., 2019). Unfortunately, even in recent research, the scholarship is divided. Future studies are expected to achieve greater consensus in the denomination of this topic.

2.3.4. *Major Themes and Future Research Directions*

This section focuses on answering the second research question by highlighting the trends in the literature that are likely to set the future research agenda in CSI.

2.3.4.1. *Salient Themes of CSI Research*

To examine dominant themes in CSI, the keywords of the documents were analysed and categorized. **Table 2.5** summarizes the most salient topics revisited in three decades of CSI.

Table 2.5. Major Themes in CSI Research and their Frequency Distribution

Coded Categories	Total N=85 f (%)
A. Outcomes and generation of value in CSI	
CSR / CSR implementation-impact / Corporate social performance / Social responsibility / Corporate social opportunity / Corporate social issue / Corporate citizenship / Business ethics / CSR-Driven innovation	40 (47.06%)
Social innovation / Social innovation initiatives	38 (44.71%)
CSI / Doing Well by Doing Good innovations	32 (37.65%)
Sustainability / Environment and climate change / Sustainability labels / Environmental impact / Pro-environmental Behaviour / Sustainable Development Goals (SDGs) / Corporate Sustainability / Green Information Systems / Sustainable Development / Responsible supply-chain / Eco-Innovation / Environment / Innovation for sustainability / Business sustainability	19 (22.35%)
Innovation / Responsible innovation / Innovation with social intent / Innovation behaviour / Open innovation / Sustainable innovation / Innovations for sustainability / Innovation for impact / Business model innovation / Collaborative innovation / Shared innovation / Eco-Innovation / Innovation imitative / Service innovation	17 (20%)
Entrepreneurship / Entrepreneurial Ecosystem / Social Entrepreneurship / Social Enterprise / Intrapreneurship	13 (15.29%)
Competitive advantage	10 (11.76%)
Shared Value / Creating Shared Value (CSV /)	9 (10.59%)
Economic value / Economic growth / Inclusive growth / Beyond GDP	4 (4.7%)
B. CSI processes: Sources and interrelationships	
Metrics / Measurement / ISO	15 (17.5%)
Strategy / Strategy and innovation / Firm strategy / Resources & Capabilities / Organization development / Business model innovation / Sustainable model of business / Organisational mechanisms / Sustainable strategic management / Business paradigms / Corporate culture	15 (17.5%)
Cross-sector alliance / Partnerships / Strategic alliances / Joint ventures / Collaboration / Private-public partnerships / Creative collaboration / Social capital / Networks / Brand alliances	14 (14.47%)
Co-creation	9 (10.59%)
Stakeholder engagement / Stakeholder management	8 (9.41%)
Knowledge / Knowledge sharing-resource / Tacit knowledge / Knowledge transfer / Learning / Intellectual structure	6 (7.06%)
Community engagement / Corporate community involvement	3 (3.53%)
Investment / Financial performance / Corporate governance	3 (3.53%)
Typology / Taxonomy	2 (2.35%)
C. Institutional change, power, and external environment in CSI processes	
Institutional context / Normative commitment / Socio-political perspective / Public good / Institutional theory / Normative commitment / Social context / Institutional change / Socio-ecological transition / Evolutionary theory / Socio-political perspective / Environmental policy / Legitimacy	12 (14.12%)
Discourse metaphor / Transaction costs / Cost of society / Incumbents / Fundraising / Process dynamics	7 (8.24%)
Social license / Public policy / Public sector / Public relations	4 (4.71%)
Culturalist perspective / Culture / Cultural diversity / Hofstede's model	2 (2.35%)
External threats / Non-market triggers	2 (2.35%)

D. Actors in CSI	
Corporations / MNCs	23 (27.06%)
Academic Spinoffs / Accelerators / Start-ups / SMEs / Family-business	13 (15.29%)
Human resources / Business manager / Employees / Leadership models	12 (14.12%)
Governments / Countries	5 (5.88%)
Corporate university / Hybrid organizations	4 (4.71%)
NGOs / Social movements	3 (3.53%)
E. Marketing, consumer behaviour and supply-chain management	
BOP / Quantity-quality in public goods	4 (4.71%)
Supply-chain	3 (3.53%)
Positive marketing / Cause marketing / Green marketing / Social marketing / Customer acceptance / Exclusiveness	3 (3.53%)
Competence / Warmth / Purchase intentions / B2B	1 (1.18%)

N= number of studies, f=frequency

The areas of research were organized into five categories. Themes related to the outcomes and generation of value are mostly related to CSR and SI issues. Indeed, according to the keywords, and content, it is most likely that CSI content is found in CSR and SI publications than specialized CSI literature. Moreover, studies exclusively devoted to CSI are gaining relevance. As well, sustainability and innovation-related topics are of great applicability in CSI. Regarding processes related to CSI sources and interrelationships, the dominant topics focus on CSI measurement (Aksoy et al., 2019; Alonso-Martínez et al., 2019; Păunescu, 2014), strategy (Als, 2010; Christensen & Wells, 2016; Ciesielska & Iskoujina, 2017; Kiser et al., 2017), cross-sector collaborations and alliances (Colaner et al., 2018; Poret, 2019; Pressentin, 2017), and stakeholder engagement (Baltazar-Herrera, 2016; Mirvis et al., 2016; Segarra-Oña et al., 2016). Concerning external pressures on CSI, studies are mostly focusing on theories depicting the influence of the institutional environment (Antoniou, 2020; Carberry et al., 2019; Chin et al., 2019; Ciesielska & Iskoujina, 2017).

Regarding the actors, there is a prevalent interest on the study of Multinational Corporations (MNCs); besides, literature is placing more interest in the articulation of new actors, such as corporate universities, spin-offs, SMEs, or start-ups (Chin et al., 2019; Franco-Leal et al., 2020). Gopaldas (2015) identified four types of actors: individuals, organizations, national, and transnational actors, giving evidence that businesses are not the sole performer of CSI. Indeed, the analysis of CSI has also included research results from governments (Jupp, 2002; Matei & Drumasu, 2015; Pasquero, 1989), industries (Christensen & Wells, 2016), employees (Mirvis & Googins, 2018b), and managers and executives (Geradts et al., 2019). Finally, marketing, consumer behaviour, and supply chain management-related topics are marginal in CSI research.

Overall, the identification of the most salient research topics in CSI helps to identify those with major academic interest and, therefore, it shows trends for future studies.

2.3.4.2. *Emerging Research Themes*

To identify emerging issues on the CSI agenda, research questions were analysed in publications developed from 2016 onwards that have not yet been solved in the literature. These questions are summarized in **Table 2.6**.

Table 2.6. Future Research Themes and Questions

Themes	Research Questions	Relevant Studies
Descriptive factors	What are the alternative forms of CSI? (e.g., alleviating the quantity/quality gaps in public goods, or alleviating gaps in the firm's value chain) How does CSI contribute to the SDGs? Which elements of CSI makes greater influence on economic, social and sustainable value creation? How CSI in the B2B context contributes to the value? What is the best opportunity exploiter for problem-solving in CSI?	(Varadarajan & Kaul, 2018), (Schmiedeknecht, 2020), (Crisafulli et al., 2020), (Foroudi et al., 2020)
Measurement	What are the tools to measure the social impact of CSI activities? How is the measurement of CSI connected to the company's strategies? How can the relationship between CSR and firm performance be measured? How can realized social value in CSI be measured? What can customers and other stakeholders contribute to the measurement of realized social value? What models can delineate the antecedents (organizational and environmental) and outcomes (economic, environmental, and social) of CSI? What are the mediators and moderators of the antecedents?	(Roszkowska-Menkes, 2018), (Candi et al., 2019), (Varadarajan & Kaul, 2018), (Dionisio & de Vargas, 2020)
Organizational aspects of CSI: strategy, business model, and internal factors	What are the strategies for achieving successful CSI? What contributions can provide the business strategic alignment, performance metrics and processes, and firm leadership to CSI success? What are the critical factors of entrepreneurial managers collaborating with governmental agencies that affect the successful introduction of the SI in services? What are the enablers and catalysts of innovation, and the barriers that can obstruct the process of SI in services? How can the strategic alignment and competitive strengths fit with the business context of SI in services? How can an individual's resistance, mistrust, conflict of interest, resource limitations, established norms, culture and biases be overcome to develop SI in services? What is the role of communication and transparency within the firms delivering SI in services? What are the critical success factors of engaging employees in CSI? What are the idiosyncratic characteristics that allow a major understanding of CSI in Corporate Universities?	(Geradts et al., 2019), (Aksoy et al., 2019), (Chin et al., 2019), (Mirvis & Googins, 2018b), (Caroli et al., 2018), (Alonso-Martínez et al., 2019), (Dionisio & de Vargas, 2020)

	What are the tasks that should be developed through creative thinking and multi-party collaboration on project management involved in CSI? What is the taxonomy of CSI/SI in terms of inter-organizational or intra-organizational components? What are the differences of CSI in different geographies? What are the economically sustainable drivers and the financial lifecycle of SI initiatives? What are the firms' internal factors that would allow greater knowledge about CSI? How can CSI be institutionalized? What is the influence of international organizations on institutional change in CSI?	
Capabilities	What are the instrumental capabilities for the co-creation of SI between companies and governments? What are the strategic capabilities required for managing Open Innovation processes concentrated on CSI? How can the abortive capacity be measured in SI and how can it be applied to CSI? What are the scales and sub-dimensions of CSI capabilities? What are the capacities that need to be built for managers and employees for SI services in the organizations?	(Roszkowska-Menkes, 2018), (Aksoy et al., 2019), (Esen & Maden-Eyiusta, 2019), (Chin et al., 2019)
MNCs	How does MNC replicate successful lessons on operational activities to different markets? How does innovation mediate the relationship between CSR and organizational performance? Why, when, and how can MNCs involve themselves in SI? What is the role of MNCs in SI? How are the circular economy principles applied in both developing and developed countries? How can the categories and mechanisms of MNCs delivering SI be operationalized?	(Holmström et al., 2018), (Moingeon & Lehmann-Ortega, 2019)
Relationship with stakeholders	How is NGO governance interpreted in the light of developing CSI in partnerships with MNC? What new evidence can be developed to avoid the risk that NGOs handle on the communicative tensions with MNC? How can the possible stakeholders of specific CSI projects be identified? And, how can co-creation and SI co-deliver be understood for CSI projects? How can new insights from institutional theory elucidate the role that social movements play in fostering CSI? How do social movements directed by social entrepreneurs promote CSI differently? How are multi-stakeholder networks involved in CSI processes in relation to the management of conflicting interests into governance mechanisms? What are the challenges, drivers, and mechanisms of knowledge exchange in CSI partnerships, as opposed to traditional corporate innovation arrangements?	(Mirvis et al., 2016), (Roszkowska-Menkes, 2018), (Carberry et al., 2019), (Chin et al., 2019), (Poret, 2019)
Other topics	What gender aspects can be addressed in business to promote responsible innovation in business? How can responsible innovation generate solutions to aspects, such as employment, education and social inclusion through SI? What is the influence of the entrepreneurial ecosystem on different types of Academic Spinoff innovations? What is the quality of marketing activities related to customer acceptance in businesses delivering SI? How can customers contribute or co-create SI in services?	(Candi et al., 2019), (Franco-Leal et al., 2020), (Antoniou, 2020)

A review of the research questions posed by CSI scholars suggests that: (1) research sees ongoing analysis of major themes of CSI research areas (e.g. organizational aspects of CSI, measurement, capabilities, the role of MNCs, stakeholders engagement, and partnerships); and (2) CSI research needs to develop new theories to explain emerging phenomena (e.g. detailed organizational characteristics of firms developing CSI, the required skills and competences to develop and leverage CSI, new models and methods of measurement, the role of specific internal and external stakeholders, such as employees or social movements). Indeed, the identification of these research gaps illustrates that there is much research potential in CSI.

The analysis suggests that considerable work in CSI can be classified as an extension of previous research. In this case, significant scholarly studies in the literature, except few publications, does not necessarily advance new theories for CSI. This situation may be explained because either research may lack a rigorous analysis of the review process in the development of new theories or to biases on the part of the scholars. This situation can also emerge because coexisting topics (e.g., sustainability or CSR) has received more attention for practical aspects. Finally, as in any other emerging discipline, it takes time to reach the significance of publications to be recognized by the academic community.

2.4. Discussion

This study explored the contributions, major discussions, and trends in the literature in the CSI research agenda. Regarding the first research question, major discussions on CSI have been deployed on topics, such as the disciplinary origins of the field, its definition, borders and scope; as well as some controversies derived from its denomination. Major themes are linked to CSR, SI, sustainability, innovation and entrepreneurship, topics that usually go along with CSI research.

Although CSI is a new and under-explored topic, there are multiple efforts towards its consolidation as an independent research field (Baltazar-Herrera, 2015; Chin et al., 2019; Dionisio & de Vargas, 2020; Varadarajan & Kaul, 2018). The lack of empirical studies, the abundance of conceptual papers, and the scarcity of scientific publications show that CSI keeps struggling to establish its own basis; however, the growth in the number of publications in the last decade reveals that the subject is gaining scientific relevance. Particularly, a number of topics garnered primary importance, and there is a clear focus on the persistence of dominant CSI issues. Topics, such as the role of MNCs, partnerships, alliances, stakeholder engagement,

co-creation, or the influence exerted by the external environment in CSI processes, remain central to CSI scholars. In contrast, concepts with which the CSI has been associated (e.g. competitive advantage, hybrid organizations, or CSV) remain marginal in the overall publications. On the other hand, while exclusive studies on CSI rest on conceptual discussions, this trend is most common in older publications. In publications from 2016 onwards, CSI research has been developed along with other disciplines, revealing that future research will be guided by multidisciplinary approaches in which CSI, CSR, SI, and sustainability collaborate and co-exist.

CSI is avid of new theories and the interpretation of different aspects that involve the role of the firm in society. Although some studies recommend more in-depth case studies (Baltazar-Herrera, 2016; Dionisio & de Vargas, 2020; Mirvis & Googins, 2018b), the evidence shows that the field is mostly covered with qualitative, theoretical/conceptual, and case studies. The introduction of quantitative/mixed methodologies, as well as the proposal of new measurement mechanisms, are expected. Although 2019 has been the best year for CSI research, there is a risk for it to become a *buzzword* if research keeps using this term in a subsidiary way and not as a primary research focus. CSI scholarship faces the challenge of developing further discussions around unsolved research problems, as well as promoting new approaches and evidence that reflect practical solutions for practitioners.

CSI also has some weaknesses. One of the principal flaws of CSI research is the absence of a unified debate. Although qualitative research has been predominant, and a large number of literature reviews and conceptual papers on CSI have been published, these conceptualizations have failed to achieve extant consensus due to the lack of rigor (mainly non-peer reviewed literature), referencing similar cases studies and examples on multiple occasions. A large group of conceptual documents strives to establish the differences between CSR and CSI, a discussion that has remained stagnant around analogous arguments. CSI urgently needs to transcend this discussion and to focus on examining the applicability of the constructs in practice. Second, the employment of multiple denominations of CSI has led to confusion, keeping research fragmented and isolated. This research suggests that future studies must concentrate in one denomination, with CSI having received greater diffusion.

Inspired by the findings, some aspects of future research are suggested. First, since some mainstream CSI topics have remained underexplored, future studies are encouraged to study the relationship between CSI and CSV, or to provide evidence of the differences between firms delivering CSI and hybrid organizations. It would be interesting that future studies document successful practices of CSI, an aspect that could validate much of the conceptual contributions,

supporting its authenticity and originality. Second, studies on the measurement of CSI open an opportunity for quantitative-mixed methodologies to provide an authentic way to contribute to its ongoing conceptual development; for instance, by delving deeper into the relationship between CSI and sustainable development. Third, there is a strong focus on the organizational aspects of CSI, while the study of external factors is still underdeveloped. Finally, given the big emphasis on MNCs, new types of actors are encouraged to be analysed.

This research presented some limitations. First, considering the limited number of studies published in peer-reviewed journals, this research included grey literature, a decision that yielded a high volume of documents from unreliable sources. This plurality led to fragmented discussions, driving imprecise and contradictory arguments. Second, the search excluded academic documents, such as master and doctoral theses, a sector that has been consistently dabbling in CSI scholarship. Third, studies referring to CSI could be excluded regarding the multiple denominations that are still hidden in literature. Finally, using English search terms biased the results, particularly with the exclusion of articles in French, Spanish or German, languages in which SI publications are common.

2.5. Conclusions

This paper provides a glance at the current nature of topics in CSI and reveals research themes and questions that warrant attention from SI scholars. This research contributes to the body of knowledge in the field of CSI by bringing clarity to recent discussions and by suggesting how the field can move forward to a more advanced and mature state in research. The findings provide an opportunity to assess the field of CSI in terms of its influence of publications, dominant topics, and emerging themes, making CSI a field full of opportunities for scholars. The efforts of this paper are expected to set up a new phase of studies in CSI, allowing new themes for discussion in the scientific agenda. As well as contributing to the advance of CSI research, this research has implications for practitioners. Different types of enterprises can find inspiration to turn intention into behaviour. Firms are called to integrate insights derived from this study by interpreting how to transcend from CSR or philanthropy-oriented strategies towards the integration of a business model that contributes to alleviating the needs of modern society. In this sense, companies should analyse aspects such as their business model, social impact measurement tools, organizational capabilities, among other aspects that contribute to a better commitment to society. The research outcomes are a call for firms to advocate for a new

look towards CSI, which has the potential to offer alternatives to address persistent complex problems in modern society.

CHAPTER 3

3. HYBRID ORGANISATIONS: A HOLISTIC AND EVOLUTIONARY CONCEPT

3.1. Introduction

This chapter examines the importance of studying hybrid organisations and the emergence of new hybrid legal forms. To develop an enhanced understanding of these organisations, and particularly, B Corps as a *sui generis* type of hybrid, it is important to depict an overview of the highly contested notions of “hybrid organisation” and “social enterprise”. This chapter firstly examines the various definitions of hybrid organisation developed in seminal literature, its discrepancies, and its characteristics. Secondly, the analysis explains the evolution of the concept of hybrid organisations from a historical perspective, positioning the debate between European and Anglo-Saxon schools of thought. Thirdly, new debates on hybrids organisations are presented regarding novel approaches to the notion of hybridity in the framework of sustainable development. Fourthly, the chapter provides a graphic synthesis of the spectrum of hybrid organisations, including characteristics and examples among the range of non-profit organisations and traditional private businesses. Subsequently, a review of B Corps as a voluntary certification that combines elements of a hybrid organisation and social movement is developed, giving evidence of its uniqueness as a case. The chapter adopts a constructionist approach to define hybrid organisations from a renowned and holistic perspective.

3.2. Hybrid Organisations: Definitions and Characteristics

Although the prevailing logic of the business sector has been the creation of commercial value (Osterwalder et al., 2005), hybrid organisations are focused on addressing societal problems while relying on commercial activities (Haigh & Hoffman, 2014). Hybrid organisations incorporate diverse institutional logics from business and charity (Battilana & Dorado, 2010), integrating public, private, and non-profit sector elements (Billis, 2010; Jay, 2013; Pache & Santos, 2013). The term *hybrid* originates in biology to refer to a blend between two different species of animals or plants; therefore, hybrid organisations unveil their propensity to combine multiple organisational approaches from social and business sectors (McMullen, 2018). Hybrid organisations blur the boundaries between business and charity (Ebrahim et al., 2014), carrying

out multiple, dual, and conflictive institutional logics (Pache & Santos, 2013). This explanation reconsiders why hybrid organisations have also been called *sustainable hybrid organisations* due to their need to make further efforts to balance their combination of multiple logics (Battilana & Dorado, 2010). Their hybridity consists of configuring multiple organisational identities (Battilana & Dorado, 2010) and pursuing dual business objectives linked to social and environmental issues (Battilana & Lee, 2014).

Achieving a homogeneous conceptualisation of hybrid organisations has been a contested debate in the literature. Indeed, various studies reflect a continuous refinement of the notion, even in the most recent publications. **Table 3.1** summarises seminal studies that have introduced a definition of a hybrid organisation and other homologous approaches, notably “hybrids”, “hybrid organising”, “social enterprise”, and “social business”, to name a few. The table presents a chronological overview of conceptualisations developed by leading authors in the field.

Table 3.1. Seminal Literature in Hybrid Organisations: Definitions and Concepts

Author	Concept	Definition
Dees (1998)	Social Enterprise	“Mission related impact becomes the central criterion [...] Making a profit, creating wealth, or serving the desires of customers may be part of the model, but these are means to a social end, not the end in itself” (p. 4)
Young (2001)	Social Enterprise	“commercial ventures that address social missions” (p. 140) “undertakes entrepreneurial projects and commercial activities to advance a social cause or contribute to the public good” (p. 151)
	Corporate Philanthropist	“The social enterprise can be a for-profit business that decides to use some of its resources to advance social causes or promote the public good in a particular way” (p. 152)
	Social Purpose Organisation	“Alternatively, a social enterprise can consider itself to be a (private) organization devoted to achieving some social good” (p. 152)
	Hybrids	“have dual objectives: to make a profit for their owners and to contribute to the broader social good” (p. 153) [Hybrids] “constrain their level of profit-making to accommodate social criteria such as environmental conservation (using only recyclable materials, producing environmentally friendly or healthful products) or social justice (perhaps using hiring and pro- motion practices favourable to minorities or handicapped workers); or they give away a substantial portion of their profits to support social causes rather than distribute them to owners” (p. 153)
Alter (2007)	Social Enterprise	“any business venture created for a social purpose—mitigating/reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business” (p. 12)

Battilana and Dorado (2010)	Hybrid Organisation	“organizations that combine institutional logics in unprecedented ways” (p. 1419)
Yunus et al. (2010)	Social Business Model	“a self-sustaining company that sells goods or services and repays its owners’ investments, but whose primary purpose is to serve society and improve the lot of the poor” (p. 309) “This new form of business is basically the same as profit-maximizing businesses: it is not a charity, but a business in every sense” (p. 310)
Battilana et al. (2012)	Hybrid (model)	“produces both social value and commercial revenue through a single, unified strategy” (p. 51)
Smith et al. (2013)	Social Enterprise	“Social enterprises seek to solve social problems through business ventures. They combine the efficiency, innovation, and resources of a traditional for-profit firm with the passion, values, and mission of a not-for-profit organization” (p. 408)
Wilson and Post (2013)	Social Business	“represent an intermingling of the traditional values associated with both for-profit and non-profit activity” (p. 716)
Ebrahim et al. (2014)	Social Enterprise, Hybrid Organisation	“Social enterprises are neither typical charities nor typical businesses; rather, they combine aspects of both. Their primary objective is to deliver social value to the beneficiaries of their social mission, and their primary revenue source is commercial, relying on markets instead of donations or grants to sustain themselves and to scale their operations” (p. 82)
Battilana and Lee (2014)	Hybrid Organising, Social Enterprise	“activities, structures, processes and meanings by which organizations make sense of and combine aspects of multiple organizational forms” (p. 397)
Haigh and Hoffman (2014)	Hybrid Organisation or Hybrid	“organizations that combine elements of for-profit and non-profit domains; maintaining a mixture of market- and mission-oriented practices, beliefs, and rationale (Battilana & Dorado, 2010; Smallbone, Evans, Ekanem, & Butters, 2001) to address social and ecological issues” (p. 224)
Doherty et al. (2014)	Hybrid Organisation, Hybrid Organisational Form, Social Enterprise	“We define hybrid organizational forms as structures and practices that allow the coexistence of values and artefacts from two or more categories. Hybrid organizational forms therefore draw on at least two different sectoral paradigms, logics and value systems” (p. 418)
Mair et al. (2015)	Hybrid Organisation	“(1) involve a variety of stakeholders, (2) pursue multiple and often conflicting goals and (3) engage in divergent or inconsistent activities” (p. 418)
Santos et al. (2015)	Social Business Hybrids	“organizations that run commercial operations with the goal of addressing a societal problem, thus adopting a social or environmental mission” (p. 37)
Hockerts (2015)	Hybrid Organisation	“Organizations pursuing an explicit social mission through business-inspired earned-income strategies, with the express goal of creating market disequilibria” (p. 86)
Haigh, Walker, et al. (2015)	Hybrid Organisation	“enterprises that design their business models based on the alleviation of a particular social or environmental issue. Hybrids generate income and attract capital in ways that may be consistent with for-profit models, non-profit models, or both” (p. 5)
Haigh, Kennedy, et al. (2015)	Hybrid Organisation, Hybrid	“enterprises that mix aspects of for-profit and non-profit realms to solve specific social or environmental issues while striving to remain economically sustainable” (p. 60)

Holt and Littlewood (2015)	Hybrid Organisation	“are typically identified by two key characteristics. The first is that they exist at the interface between non-profit and for-profit business models. The second is that they adopt a mission-driven business ethos associated with addressing a social and/or environmental goal, giving primacy to that mission over their economic returns” (p. 107)
Rawhouser et al. (2015)	Social Hybrid Organisations	“Rather than two organizations with separate but complementary purposes collaborating on an area of shared interest, single social hybrid organizations have properties (and purposes) of both private and non-profit entities” (p. 13)
Olofsson et al. (2018)	Social Enterprise	“pursue and sustain their social and environmental missions in addition to their economic mission” (p. 72)
Weerawardena et al. (2021)	Social Purpose Organisations	“include all types of organizations established to achieve a social mission, including conventional non-profits and nongovernment organizations that have traditionally relied on philanthropy and grants but increasingly rely on earned revenue, and for-profit social enterprises and hybrid legal forms” (p. 762)

Source: Compiled by the Author

An initial debate on a hybrid organisation’s definition was developed in the late 90s with James Gregory Dees, also called “the father of social entrepreneurship education”, with his seminal paper “Enterprising Non-profits”, published in the Harvard Business Review. Dees (1998) introduced the *social enterprise spectrum*, highlighting that hybrids are in the middle of pure philanthropic and pure commercial logics. The spectrum suggested that hybrid organisations are driven by mission and market motivations and focus on social and economic values. The author also described the role of key stakeholders through characteristics such as beneficiaries, capital, workforce and suppliers. Posteriorly, Young (2001) introduced new insights by providing a characterisation of four classes of non-profit organisations; moreover, the author moves forward the understanding of the notion, presenting variations of social enterprises, such as corporate philanthropy organisations or social purpose organisations.

Some differences arise in the employment of the notions: hybrid organisation and social enterprise. To illustrate, authors such as Young (2001) suggests that hybrids are a subcategory of social enterprises. Here, social enterprise is the umbrella term of any other organisational form derived from the mission-oriented versus the market-oriented spectrum. Another is the case of authors such as Alter (2007), Battilana et al. (2012) and Battilana and Lee (2014), who suggest that social enterprises are considered as “the ideal type of hybrids”, implying that social enterprises are a subcategory of hybrid organisations. Doherty et al. (2014) follow this same approach by suggesting that “by pursuing financial and social aims, SEs [social enterprises] are thus a classic example of hybrid organisations” (p. 419). A final approach suggests that both concepts are analogous. Such is the case of Haigh, Kennedy et al. (2015), which manifest that

“hybrids are also labelled social enterprises... we use the terms interchangeably” (p. 60), or Weerawardena et al. (2021), which call Social Purpose Organisations to all types of organisations with a social mission, including “for-profit social enterprises and hybrid legal forms” (p. 762).

Other divergences arise, for example, with the definition of hybrid organisations’ structure and organisational form. Authors such as Battilana and Dorado (2010), Pache and Santos (2013), Battilana and Lee (2014), Doherty et al. (2014), or Mair et al. (2015), for instance, highlighted how hybrids are characterised by the combination of various institutional logics, referring them to as “organisations”. In contrast, other definitions such as those of Young (2001), Alter (2007) or Yunus et al. (2010), hybrid organisations are directly defined as “businesses”, i.e. Yunus et al. (2010) stated, “it is not a charity, but a business in every sense” (p. 310). In both cases, hybrid organisations must reflect their capacity to generate incomes: “the primary distinction here lies in which funding model is adopted concerning achieving a social objective, namely social enterprises look to move away from grant dependency towards self-sufficiency via the creation of income streams” (Nicholls, 2008, p. 12).

A final remark, which is more a complementarity than a divergence, is an interpretation of hybrid organisations capacity to generate positive societal impacts. While authors such as Alter (2007), Smith et al. (2013), Santos et al. (2015) or Hockerts (2015) reflect hybrid organisations capacity to provide solutions to social problems and market disequilibria, scholars such as Haigh and Hoffman (2014), Santos et al. (2015) or Holt and Littlewood (2015) associate these organisations with the implementation of a social and environmental mission. Although certain elements have higher prominence in some definitions of hybrid organisations than others, as presented in **Table 3.2**, there is some uniformity and consensus of its conceptualisation as an entity that mixes multiple logics (Spieth et al., 2019). In this sense, a hybrid organisation is an overarching concept that refers to organisations that move in a broad spectrum between profit and non-profit realms, motivated by a mission that can be social and/or environmental while being financially sustainable.

3.3. Evolution of a Concept

3.3.1. First Debates

Although there is not a universal approach to the origins of hybrid organisations, knowledge on the topic can be traced back to the 19th century with the emergence of cooperative banking, created by Friedrich Wilhelm Raiffeisen, posteriorly referred to as an *early social entrepreneur* for introducing this type of organisation (Santos et al., 2015). In the 1950s, the relevance of hybrid organisations became higher in Europe with the emergence of third-sector organisations, mostly integrated by cooperatives, mutual societies, and other non-profit organisations intended to provide social services. While in the 1960s–1970s period, hybrid organisations were led by civil society movements to promote democracy and equality; in the 1970s–1980s, their emergence was related to governmental efforts to find mechanisms for integrating the third sector in the solution of structural problems, such as unemployment or economic slowdown (Defourny & Nyssens, 2010a). By the time, adequate public policy frameworks to tackle issues of labour exclusion were missing, which in the long-term affected society with other related problems such as unemployment, inequalities, or poverty (Defourny & Nyssens, 2010b). However, hybrid organisations characteristics vary according to the context and geography, as these organisations appeared, to a certain extent, to fulfil the role of failing institutions in society. The following subsection delves into this discussion.

3.3.1.1. The European Approach

European oncoming's to hybrid organisations varied across the continent. To illustrate, in countries such as Belgium, France, Germany, and Ireland, the so-called “countries with a Bismarckian tradition” (Defourny & Nyssens, 2010a), hybrid organisations were mostly non-profit private organisations regulated and financed by public institutions in social services provision, to support the social integration of unemployed populations. In France and Belgium, hybrid organisations were integrated as actors of the *Économie Solidaire* (Social Economy), known as a system of principles of conduct that integrate four popular organisations: cooperatives, associations, mutual societies and foundations (Chaves & Monzón, 2012).

Nordic countries, characterised by a high welfare expenditure and a clear division of activities between the government (Kuhnle & Hort, 2004), the business sector, and civil society, focused on the participation of worker cooperatives to deliver health and childcare services (Defourny & Nyssens, 2008). Mediterranean models, characteristic of south-European countries such as Italy, Portugal, and Spain, in which welfare spending is lower than the rest of Western Europe (Scaratti et al., 2018), challenges centrally relied on religious and charitable organisations, characterised by the participation of cooperative initiatives focused on issues of labour exclusion (Defourny & Nyssens, 2010a). The Anglo-Saxon model, also defined as a *mixed model*, approached hybrid organisations in light of the liberal economy, characterised by a lower level of government social expenditure (Defourny & Nyssens, 2010b). The UK, for instance, adopted a new public management approach by mixing quasi-market mechanisms, providing new roles to local authorities, and encouraging an independent sector that integrated private actors commercial and non-profit organisations.

The overall contextualisation of hybrid organisations in the European framework emerged in the 90s under public programs to provide work integration solutions. The dominant type across Europe was the *Work Integration Social Enterprises* (WISEs) (Nyssens, 2014), whose purpose was to integrate low qualified and disadvantaged individuals and groups of people into productive activities (Nyssens, 2006). This strategy adopted by governments aimed to remove legal barriers, consolidate relations between the public and the private sector, and boost these enterprises' capacity to attract resources. Such public policies, understood as a legal framework regulating taxes, credit, training, or infrastructure, were explicitly designed to support the Solidarity Economy in Europe (Defourny & Nyssens, 2010a). To illustrate, in the case of the UK, hybrid organisations were strongly endorsed by welfare system reforms that led to the creation of markets for the supply of general interest services in society (Galera & Salvatori, 2015).

Moreover, to date, there is not a universally extended regulative model for hybrid organisations (Ebrahim et al., 2014), while there are still countries without a legal definition in national legislation, i.e. in Norway, there is not yet a legal definition for social enterprises (see EPR & EASPD, 2018). In the mid-90s, before the spread of legal structures for hybrids, a group of scholars in the EU emerged in the form of an international research association known as the EMES-European Research Network. EMES was created in 1996 by a group of 15 countries of the EU (at the time of its foundation) that specialises in “SE issues”, that is, *social enterprises*, *social economy* and *solidarity economy*, *social innovation*, and *social entrepreneurship*. This group pushed a more generalised idea of hybrid organisations as “social enterprises” in different

EU countries. The EMES school emphasises the relevance of participatory and democratic governance models, called by Schmitz (2015) as “democratic enterprises”, characterised by high participation of stakeholders and closely attached to social movements.

3.3.1.2. *The North American Approach*

The US notion of hybrid organisations is more business-focused and centred on income generation than in other countries, incorporating concepts of corporate philanthropy, CSR, dual-purpose businesses, or social purpose organisations (Defourny & Nyssens, 2010a). This conceptualisation was developed in the late 70s to refer to business activities carried out by non-profits as an alternative to providing work opportunities to vulnerable populations through business solutions (Kerlin, 2006). Unlike Europe, scholars in the US focused on conceptualising social enterprise and social entrepreneurship, a trend that gained momentum in the early 80s to describe entrepreneurial initiatives with social aims mainly focused (but not exclusively) in the third sector. These first types of hybrids appeared under denominations such as: “social-purpose business”, “non-profit entrepreneurship”, “non-profit venture”, among others (Defourny & Nyssens, 2010a).

The North American approach was centrally developed by management and business academics, highlighting Dees and Anderson’s (2006) work by proposing two Schools of Thought. The first and dominant School is the so-called *Earned Income School of Thought*, which defines social enterprises as non-profit organisations that utilise earned-income strategies to carry out commercial activities to support their mission. This School focused on social-purpose ventures, including for-profit companies, corporate philanthropists and responsibly oriented organisations (Young, 2001). Prominent authors in this line are Alter (2007), Nicholls (2006) and Young (2001), which referred to social enterprises as “fully self-funded organisations” (Defourny & Nyssens, 2010a, p. 41). Two trending approaches characterised this School: an early version called the *commercial non-profit approach* (focused on non-profits) and the *mission-driven business approach* (which integrated all forms of business entities) (Schmitz, 2015).

The second school, known as the *Social Innovation School of Thought*, emphasised the relevance of social entrepreneurs, a figure derived from the definition of innovation of the Schumpeterian tradition. The non-profit organisation Ashoka was a leading institution of this School of Thought, defining entrepreneurs as change-makers, focusing on generating social

impacts and social change (Dees & Anderson, 2006), through the well-known movement “Everyone a Changemaker”. Social entrepreneurs were thus expected to deliver “new services, new quality of services, new methods of production, new production factors, new forms of organisations or new markets” (Defourny & Nyssens, 2010a, p. 42). Dees (1998) and Mulgan et al. (2007) were prominent contributors to this School, enlarging on knowledge on social innovation as a source of social change. Other prominent figures of this school relate to the contributions of Muhammad Yunus, founder of the Grameen Bank, and his studies on microfinance as a financial inclusion strategy for the poor (Yunus et al., 2010).

Considerable differences are worth underlining when comparing social enterprises between Europe and the North American tradition. Europe and the US faced different socio-economic challenges in the late 70s and the early 80s that influenced the emergence of hybrid organisations. While European countries faced structural unemployment, a lack of adequate public policy schemes, high rates of social groups excluded, the US faced a downturn in the economy, cutbacks in federal funding and overall welfare retrenchment. Therefore, in Europe, hybrid organisations were linked to the provision of welfare services in the context of the social economy (Galera & Salvatori, 2015), while the US mainly focused on revenue generation and entrepreneurial initiatives in a market economy context (Kerlin, 2006).

These historical events laid the foundations for an understanding of hybrid organisations; however, over time, the debate has been refined, particularly in the process of their adoption as a legal figure. The following subsection describes the emergence of new hybrid legal forms and how this event has led to new derivations of hybrid organisations.

3.3.2. *New Legal Hybrid Forms*

3.3.2.1. *Motivations and Leading Discussion*

To date, there is no universal framework or overarching definition that integrate the different variations of new legal hybrid forms, to the extent that the emergence of normative concerning their enactment has been referred to as “legislative experiments” (Ebrahim et al., 2014). These new legal forms include a variety of For-Benefit Models which includes Cooperatives, Limited Liability Companies, Social Purpose Companies, or Flexible Purpose Corporations, among others (Brakman Reiser, 2011; Hiller, 2013; Rawhouser et al., 2015; Sabeti, 2011; Wilburn &

Wilburn, 2014). These new legal figures have implied consequences not only for hybrid organisations but also for other firms that embody profit-oriented and non-profit legal structures in terms of their legal structure, governance, decision-making, and profit-sharing (Rawhouser et al., 2015).

Although the reference points are the European and Anglo-Saxon traditions, the new legal forms of hybrid organisations vary between countries. However, the advancement towards an institutional framework that allows hybrid organisations to respond to organisational challenges and policy objectives in parallel has been relevant for understanding this discussion (Rawhouser et al., 2015). The emergence of new hybrid legal models appeared during a period in which academics raised growing critiques of the capitalist system, highlighting the appropriate role that private and large corporations should embody for the well-being of society (Elkington, 1998; Porter & Kramer, 2006, 2011). This debate was seriously embraced by hybrid organisations, highlighting the importance of their role in society. For instance, Sabeti (2011) argued about the need to create a fourth sector that integrated concepts such as philanthropic capitalism, blended value, shared value, or new economy, among others:

“With new legislation granting legal status to for-benefits, those barriers are falling. Specialized law and accounting practices and other resources are focusing on the challenges of blending financial and social value. Indeed, for-benefit enterprises are emerging as a whole new sector of the economy—one powerful enough to change the course of capitalism” (Sabeti, 2011, p. 5).

The upsurge of legal structures for hybrid organisations gained relevance due to various limitations existing in the performance of their core activities (Munch, 2012). According to Rawhouser et al. (2015), in choosing a legal form, hybrid organisations could relieve some tensions of operating in two institutional categories. The first group of limitations was the lack of an *adequate legal framework* that allowed hybrid organisations to attend to the needs of impact related to their business model (Brakman Reiser, 2013). Legal barriers centrally affect aspects such as the redistribution of capital, the declared source of revenues for the business functioning, or social mission’s protection (Brakman Reiser, 2013). Cases in the literature have pointed out, for example, that some companies with purpose-driven missions, after being acquired by larger companies, have lost the focus of the business model because they were not legally protected.

Other limitations were related to the *access of resources and capital* for the organisation’s functioning. Under the corporation structure, hybrid organisations have limited access to financial resources or loans, mainly because they are considered riskier and less profitable

business models (Battilana & Lee, 2014). On the contrary, hybrid organisations with non-profit legal status could not develop certain economic activities, as their financial income depends on donations and fundraising (Munch, 2012). These legal dualities were more marked in the US, where there was a stronger tendency to support social entrepreneurship as a change-making mechanism in society.

Several legal structures have been proposed and enacted regarding the different geographies to overcome the dualities faced by hybrid organisations. The following subsection outlines some of these legal variations worldwide.

3.3.2.2. *Legal European Models*

As mentioned by Esposito (2013), “Europe is the birthplace of modern social enterprise” (p. 671). The first new legal hybrid forms appeared in Europe under social cooperatives and social purpose societies. These entities focused on providing services for disadvantaged populations, particularly on work integration services. The WISE structure has been one of the most popular legal hybrid forms adopted across geographies. Italy has been a world pioneer in this figure (Defourny & Nyssens, 2010a). In 1991, Italy introduced the *Social Solidarity Cooperative* (Cooperazione di Solidarietà Sociale) and the *A- and B-types of Social Cooperatives* (Cooperative Sociali di Tipo A-B), as organisational forms that allowed performing on health, education, labour integration and social services for disadvantaged populations (Borzaga et al., 2017). In 2006, the Italian Parliament approved the *Social Enterprise* (Impresa Sociale) figure, expanding the range of organisations that could qualify under this structure.

Since the 90s, a plethora of novel legal forms became popular in Europe, echoing the entrepreneurial approach implemented by various non-profit organisations (Ebrahim et al., 2014). These legal forms were divided into two categories, on the one hand, the aforementioned social cooperatives, and on the other hand, the social purpose companies, which also integrated environmental initiatives. To name some cases, Belgium created the *Social Purpose Company* (Société à Finalité Sociale) in 1995, Portugal introduced the *Social Solidarity Co-operative* (Cooperativa De Solidariedade Social) in 1997, Greece included the *Limited Liability Social Cooperative* (Koinonikos Syneterismos Periorismenis Eufthinis, KoiSPE) in 1999, Spain introduced the *Social Initiative Co-operatives* (Cooperativa de Iniciativa Social) in 1999, or France with the *Collective Interest Co-operative Society* (Société Coopérative d’Intérêt

Collectif, SCIC) in 2001 (Battilana et al., 2012; Battilana & Lee, 2014; Defourny & Nyssens, 2008; Haigh, Kennedy, et al., 2015).

3.3.2.3. *North American Models*

New legal hybrid forms in the US also introduced a paradigm shift. New variants include “Benefit Corporations”, “Low-Profit Limited Liability Companies”, “Social Purpose Corporations”, and “Flexible Purpose Corporations” (Rawhouser et al., 2015). A conceptualisation that encompasses these legal categories of hybrid organisations is the so-called Benefit Corporations. According to Hiller (2013), “the primary distinction of a BC [Benefit Corporation] is that it is legally obligated to pursue a public benefit in addition to its responsibility to return profits to the shareholders. It is legally a for-profit, socially obligated, corporate form of business, with all of the traditional corporate characteristics but with required societal responsibilities” (p. 287). Kirst et al. (2021) highlight that the Benefit Corporation “is a legal structure, available in specific countries, that aims to provide legal protection for companies to balance financial and non-financial interests when making decisions and to protect the social mission, even in the case of ownership change” (p. 1). Therefore, it should be distinguished between the generic term Benefit Corporation as a category of for-benefit models and the Benefit Corporation legislation.

While in Europe, social cooperatives aimed to address social issues, the Anglo-Saxon model of the Benefit Corporation mainly was related to topics such as “corporate social responsibility, sustainability, cause-oriented marketing and purchasing, venture philanthropy, social investing, microfinance, civic and municipal enterprise” (Wilburn & Wilburn, 2014, p. 12). Benefit Corporations are often referred to under the “Ben & Jerry dilemma” to relate to the Ben & Jerry’s ice-maker case, in which the company felt forced to sell their business to the highest bidder to avoid compromising their social and environmental purpose. By implementing the Benefit Corporation model, enterprises can legitimise their social and ecological mission from lawsuits and refuse offers that are not considered ethical or aligned with the business values (André, 2012).

An early adopter of for-benefit models was the UK with the introduction of *Community Interest Companies* (CIC) in 2004, a legal framework looking for community benefits and limited dividends for investors (Brakman Reiser, 2011). This legislation was followed in the US with the Vermont Legislation in 2008, introducing *Low-profit Limited Liability Corporations* (L3C)

(Rawhouser et al., 2015). A second form appeared in the US in 2010 with the introduction of *Benefit Corporations* through Maryland's legislature (Senate Bill 690) by Governor Martin O'Malley. Novel variations of *Limited Liability Companies* have been created, such as *C-Corporations* and *Benefit Limited Liability Companies* (BLLC) (Haigh, Kennedy, et al., 2015) in the US, while different states have incorporated legal forms such as *Flexible Purpose Corporations* in California (2011), *Special Purpose Corporations* in Washington (2012), *Social Purpose Corporations* in Texas (2013) (Rawhouser et al., 2015), or the *Community Contribution Company* (C3) in Canada.

Among these legal forms, the Benefit Corporation form has achieved greater success and popularity (Rawhouser et al., 2015). The *Benefit Corporation* Maryland legislation was supported by B Lab, the non-profit organisation that created the B Corp Certification. Organisations following the Benefit Corporation legislation create a new entity that considers profits as well as social and environmental interests. To comply with this legislation, the corporate form must integrate the three elements: purpose, accountability, and transparency. **Table 3.2** summarises the elements that must integrate enterprises complying with the Benefit Corporation legislation.

Table 3.2. Elements of the Benefit Corporation Legislation

Element	Characteristic
Purpose	• Declare a commitment to creating a general public benefit which means “a material, positive impact in society and the environment”. • Contribute to specific public benefits: products or services that benefit individuals or communities; generating job opportunities beyond the ordinary course of business; preserving the environment; improving people health; promoting science, arts or advancement in knowledge, among others. • Reach consensus based on votes of 2/3 of the shareholders • Assess business activities on behalf of a third-party standard in corporate social and environmental performance
Accountability	• Directors of Benefit Corporations must consider decisions that have effects on stakeholders, employees, customers, communities and society in general, and the local and global environment
Transparency	• Annual reports including the ways in which the enterprise pursue a general public and specific benefit • Reports should be published on the organisations' website or provide a copy on demand.

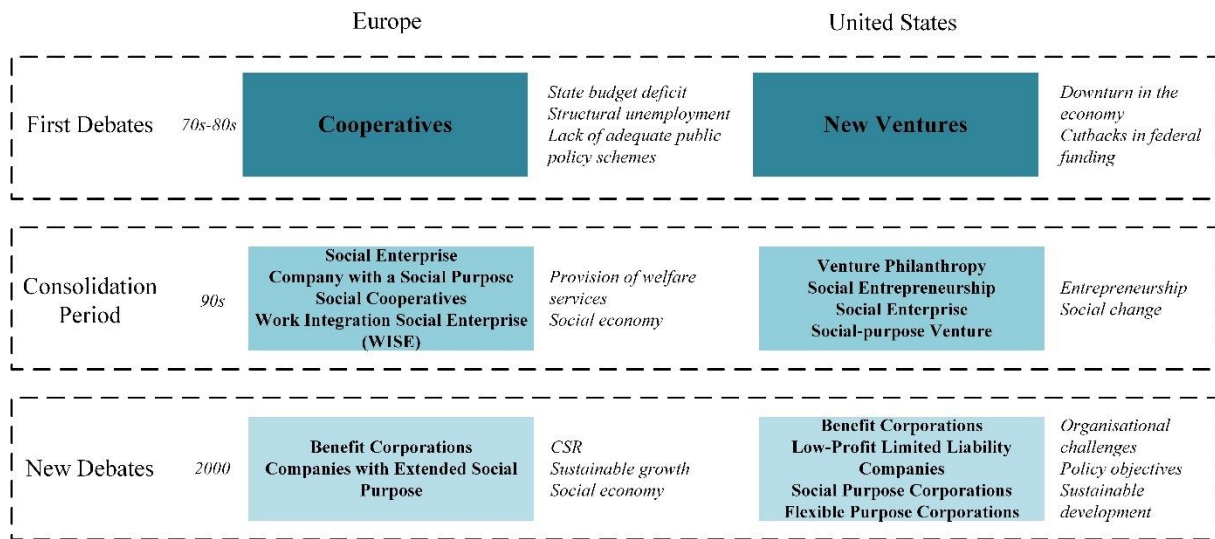
Source: Compiled by the author based on Senate Bill 690 (2010)

A central obligation of Benefit Corporations is the creation of an annual report approved by a third-party audit. Among the standards accepted by this legislation are the B Impact Assessment (BIA), Ceres Roadmap to Sustainability, Food Alliance Certified, the Global Reporting Initiative (GRI), Green America Business Network, Green Seal Business Certification, ISO 26000, MultiCapital Scorecard, People 4 Earth Business Framework, Sustainability Quotient, and the Sustainable Farm Certification (Benefit Corporation, 2021).

The Benefit Corporation legislation has also been adopted in Europe, linked to efforts to widespread CSR issues. Following Riolfo (2019), Benefit Corporations were “a first experiment on the long road towards the ‘socialisation’ of corporate business activity. It falls within the EU movement on ‘corporate social responsibility’, or CSR (promoting society’s interests and sustainable growth) and is part of the wider action plan to promote the growth of social enterprises and a social economy” (p. 280). Italy became the first European country to implement this model with Law No. 208/2015 (Gazzola et al., 2019) with the adoption of the *Benefit Company* (Società Benefit), or in France with the *Company with Extended Social Purpose* (Société à Objet Social Étendu, SOSE).

As the model has continued to grow, countries worldwide have started to institutionalise for-benefit model structures. Known as *Collective Benefit and Collective Interest Companies* (Sociedades de Beneficio e Interés Colectivo, hereafter BIC Societies), this legislative project was initially presented in Argentina and Colombia in 2016, in Chile and Uruguay in 2017, and posteriorly in Peru and Ecuador in 2018 to promote legal structures adapted to triple-impact enterprises (particularities of BIC Societies in Latin America is presented in Chapter 4). Both Benefit Corporations and BIC Societies were encouraged by B Lab (this topic will be discussed in **Subsection 3.6**). **Figure 3.1** summarises the central debates that historically resort to the emergence of hybrid organisations.

Figure 3.1. Hybrid Organisations: Evolution of a Concept



Source: Compiled by the Author

3.4. New Debates: Hybrid Organisations and Sustainable Development

In addition to the reasoning that pushed on the emergence of new legal hybrid forms, from 2000 onwards, the traditional concept of hybrid organisations has started to be linked to debates on sustainable development. The starting point is the well-known Brundtland Report (1987), *Our Common Future*, which highlighted humanity's dependency on the environment to survive as species. Although sustainable development was initially a political agenda to boost the global economy and encourage growth in a rhythm more alienated with the needs of the coming generations, sustainable development from its origins has been conceived as a concept that requires effort and the commitment and cooperation of various actors (World Commission on Environment and Development, 1987).

The UN has played a relevant role in the diffusion and understanding of sustainable development (Salvia et al., 2019). The UN role has been notorious, principally promoting the global agenda "*Transforming our world: the 2030 Agenda for Sustainable Development*" and the SDGs, which are now taken as a reference point for implementing sustainable development in practice. Actors at multiple levels worldwide are engaging the SDGs in different ways, and literature draws attention to the private sector as key actors in contributing to the SDGs (Salvia et al., 2019), in which hybrid organisations are driving relevant efforts (Chaves-Avila & Gallego-Bono, 2020; Dhahri et al., 2021; Horne et al., 2020). Concern in sustainable development has influenced the understanding of novel hybrid organisations with the growth

of organisational forms such as sustainability venturing, triple impact enterprises, TBL businesses, ecological sustainability entrepreneurship, green start-ups, and even benefit corporations (Hestad et al., 2020a).

This subsection discusses a new variant of hybrid organisations, with a stronger focus on sustainable development at the core of their business model.

3.4.1. Sustainable-oriented Hybrid Organisations?

The approach to hybrid organisations and sustainable development that appeared in the last years of the first decade of the 2000s suggests that hybrids are centrally concerned with simultaneously solving social and environmental problems (Schaltegger & Wagner, 2011). They deviate from standard notions of sustainability, avoiding trade-offs among economic, ecological and social issues (Haigh & Hoffman, 2012). This line has been particularly strong in sustainable ventures (Muñoz & Cohen, 2017) and sustainable entrepreneurship (Hörisch et al., 2017). Although the visionary definition of hybrid organisations developed by Young (2001) already integrated aspects of “environmental conservation” or “social justice” (constitutive elements of sustainable development), it was with the studies of authors such as Dean and McMullen (2007) and Cohen and Winn (2007) that popularised the use of the concept by highlighting market failures as opportunities for sustainable entrepreneurs to achieve profits through both ecologic and social solutions.

Hestad et al. (2020a) suggested the umbrella category “sustainability-oriented hybrid organisations”, defined as “organisations that unite commercial, social, and environmental logics, beliefs, and practices through aiming to tackle social and environmental issues while generating a sufficient amount of their income from trading in goods or services, so as to make them economically viable and self-sustaining” (p. 648). Although this conceptualisation does not differ much from the notions previously summarised in **Table 3.1**, the authors state that this variant of hybrid organisations is characterised by simultaneously implementing the three logics of sustainable development (social, environmental and commercial), seeking impacts through net-positive sustainability,³ generating products/services or processes that consider future generations and global socio-ecological systems.

³ Net-positive sustainability is defined as a need to shift the conception that consuming, producing, building, or commercializing patterns has a negative consequence to one where value is added (Robinson & Cole, 2015)

Under this debate, hybrid organisations are giving more relevance to preserving nature, supporting communities, or developing processes, services or products that generate economic and non-economic gains to society (Shepherd & Patzelt, 2011). This approach to hybrids considers the ecological system in which all living entities (including humans, animals, or nature) are interrelated and implicated in sustaining and pursuing well-being and healthy life (Mang & Reed, 2015). Regenerative approaches are also associated with the natural cycles of life, synchronising socio-economy and ecologic cycles and reconnecting human and biophysical contexts (Muñoz & Cohen, 2017). These characteristics derive from a primary focus on creating long-term business activities that benefit both present and future generations (Hestad et al., 2020a). Haigh and Hoffman (2012) highlight the role of sustainability-oriented hybrid organisations with communities and local people, i.e. by promoting reforestation and low impact agriculture practices, providing generous health benefits, or developing sustainable farming practices. This aspect shows their capacity to empower people, promote human development, or regenerate trust within communities — primary outcomes associated with social innovation (Jessop et al., 2013).

In addition, the clear focus of these hybrid organisations on sustainability goes beyond an interest in maintaining a balance between social, environmental and economic dimensions. The emergence of the sustainable development debate in the context of hybrid organisations reflects a call to focus on solutions to social or environmental problems that address the root causes of these challenges. In other words, new hybrid organisations are not only called to manage tensions in their business model by protecting their mission or managing unsolved mission issues but also to integrate and commit to a more transformative vision of their commercial activities. In other words, to couple with a more comprehensive and collaborative effort to change the current system.

The spectrum of hybrid organisations, its articulation with new legal forms and its relationship with the debate on sustainable development is discussed as follows.

3.5. Drawing New Spectrums between Hybridity and Traditional Businesses

The developed discussion illustrates the evolutionary process that has influenced the emergence of hybrid organisations in different contexts. This dissertation suggests that the concept and spectrum of hybrid organisations need to be broadened (see Alter, 2007) to provide more accurate discussions and contribute to the knowledge frontier of these entities.

Thus, this dissertation identifies that hybrid organisations can be divided into two categories (see **Figure 3.2**). First, **traditional hybrid organisations** are those integrated by non-profit with income-generating activities and traditional social enterprises (Box B). These hybrid organisations are profit and non-profit oriented (Box A) and both mission-centred and mission-related (Box D). Examples are typical social ventures, social business and green social cooperatives (Box C).

Second, **for-benefit hybrid organisations** can be localised (Box B), integrating new legal forms of hybrids such as Benefit Corporations and BIC Societies, including socially responsible businesses (Box C). Although mixtures between profits and non-profits can be found, their focus is closer to profit-maximising than the opposite (Box A), characterised for being mission-related (Box D). In the middle point between traditional and for-benefit hybrid organisations (Box B), sustainability-oriented or sustainability-driven hybrid organisations incorporate structures such as sustainable ventures, triple impact enterprises, TBL businesses, or green start-ups (Box C).

As previously mentioned, the introduction of sustainable development concepts and Public Policies focused on eco-social transitions have pushed the debate beyond the role of hybrid organisations, involving the participation of corporate and private sector organisations. Therefore, it can be seen that For-Benefit Models are integrating hybrid and non-traditional corporation characteristics (Box B), being characterised for their pursuit of profits (Box A) and governed by a mission-related logic (Box D). **Box I** below summarises the four characteristics used in this dissertation to propose broadening the spectrum of hybrid organisations based on the literature and the new and emerging debates.

Box I. Conventions for *Figure 3.2*

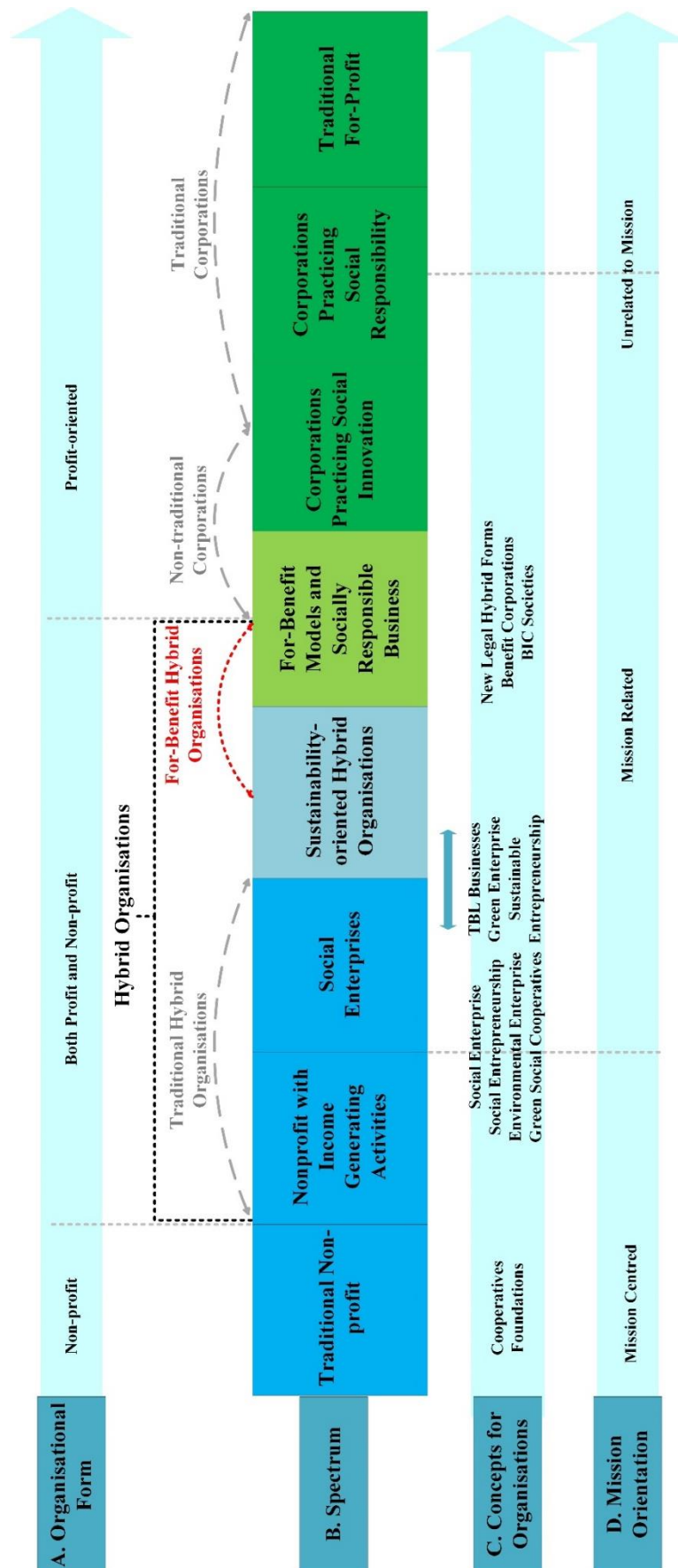
Box A. *Organisational Form* relates to the organisations' orientation to pursue profits. If the type of organisation moves to the right of the graph, there is a greater orientation towards profit maximisation. The opposite is the case when moving to the left.

Box B. *The Hybrid Spectrum* refers to different types of organisations defined by Alter (2003), from the typical corporation structure on the right to the typical non-profit form on the left.

Box C. *Concepts for Organisations.* Manifest examples that are presented across the literature, giving ideas of the hybrid organising spectrum in practice.

Box D. *The Mission Orientation* category was also discussed by Dees (1998), Alter (2003), and Young (2001), which presents the limits of the hybrid spectrum regarding an entity that intends to focus solely on its mission, mixing mission with business activities, or not relating activities with an organisations mission.

Figure 3.2. Drawing the Spectrum between Hybridity and Traditional Businesses



Source: Compiled by the Author based in Alter (2003)

3.6. B Corps: On the Boundaries of Multiple Logics

Benefit Corporations tend to be confused with Certified B Corporations (B Corps). Despite their close history and similar names, Benefit Corporations and B Corps are not the same entity. Benefit Corporation is a legal status that allows the enterprise to protect and adjust a firm mission, while the B Corp certification consists of a third-party label issued by the non-profit organisation, B Lab. This section first presents the emergence of sustainability standards and then focuses on the emergence of the B Corp certification.

3.6.1. *Sustainable Development and Voluntary Sustainability Standards*

Voluntary sustainability standards are “private standards that require products to meet specific economic, social or environmental sustainability metrics” (UNCTAD, 2021). Standards are used by manufacturers, producers, retailers or service providers to demonstrate the implementation of practices that refer to attributes or quality, production, processing or transportation methods that comply with social, environmental, or ethical practices. A trend towards adopting sustainability standards started in the late 80s and early 90s with the introduction of Ecolabels and organic food certificates, mainly promoted by schemes developed by the United Nations Food and Agriculture Organization (FAO) in the areas of fisheries, forestry and agriculture. Currently, most standards relate to the TBL in one or multiple dimensions of sustainable development. A vast majority of voluntary sustainability standards are designed by non-profit organisations and private firms (Lambin & Thorlakson, 2018). Because there is a growing interest in contributing to sustainability, organisations seek to rationalise their efforts in this field by utilising labels, evaluations, and measures; thus, certifications emerge as an effective strategy (Gehman et al., 2019).

This section focuses on the B Corp Certification, a label that profit-oriented organisations voluntarily implement to comply with accountable and transparent standards in their decision-making processes in their legal statutes.

3.6.2. A Third-Party Certification

Certified B Corporations, “B Corporation”, “B Corps”, or “Certified B Corps”, consist of a certification granted by B Lab, a North-American non-profit organisation founded in 2006 in Berwin, Pennsylvania, by Andrew Kassoy, Jay Coen Gilbert, and Bart Houlahan (Huang et al., 2019). B Lab aims to create public goods while encouraging responsible business standards (Hiller, 2013) by addressing change through three initiatives: (a) to promote the Benefit Corporation legislation, (b) to build a community of B Corps to facilitate business practices, and (c) to accelerate the growth of impact investing (Wilburn & Wilburn, 2014). Unlike other industry-specific certifications, ecolabels, and other audits, B Corps are not centred on a single business activity but concentrates on providing solutions to society and the environment through triple impacts (B Lab, 2022b). B Corps aim to build a more sustainable and inclusive economy, focusing on redefining the concept of “business success” and promoting a “New Economy” (B Lab, 2022b).

To become a B Corp, enterprises must reach a minimum of 80 out of 200 points in B Labs’ Benefit Impact Assessment (BIA), in which firms must validate impact with their closest stakeholders in five areas: *Communities, Workers, Environment, Customers, and Governance*. The BIA tool allows integrating sustainability into the day-to-day decision-making of B Corps (Nigri & Del Baldo, 2018) and is utilised to report compliance in Benefit Corporation models. In addition to the BIA, B Lab offers alternative impact measurements such as GIIRS (Global Impact Investing Report System) and the IRIS+ (Impact Reporting and Investment Standards). In 2020, B Lab partnered with the United Nations Global Compact, a non-binding pact promoted by the UN that encourages businesses to adopt sustainable policies, to introduce the SDG Action Manager. The tool consists of a web-based impact management solution that allows firms to report their progress in the SDGs.

The B Corp certification aims to provide reputational benefits compared to traditional and non-certified Benefit Corporations. **Table 3.3** lists the main differences between B Corps and Benefit Corporations. Despite these differences, when an enterprise commits to becoming a B Corp, the organisation must integrate the Benefit Corporation legal structure, depending on the existing national legislation of the country of operation. Thus, B Corps and Benefit Corporations are not competing but “complementary paradigms” (Nigri et al., 2020, p. 4).

Table 3.3. Differences between B Corps and Benefit Corporations

Element	Certified B Corporations	Benefit Corporations
<i>Accountability</i>	Impacts must be considered for all stakeholders	
<i>Transparency</i>	Publish a report with social and environmental performance drawn up in an independent standard	
<i>Performance</i>	Focused on five areas: Communities, Workers, Environment, Customers, and Governance. A minimum of 80 points in the BIA	Self-declared
<i>Availability</i>	Global certification	Corporations in the US
<i>Cost</i>	US\$ 1,000–50,000	Fees range from US\$ 70 – US\$ 200
<i>Assistance</i>	B Lab partners and global community	Self-developed
<i>Checks and Renewal</i>	Every three years Use of the B Corp brand and logo	One verification relating transparency requirements

Source: Compiled by the Author based on Gazzola et al. (2019) and B Lab (2021c)

B Lab provides a global ecosystem that supports the B Corps mission through publications, conferences, and training while engaging a community of legislators, lawyers, policymakers and academics (Han & Shah, 2020) (see **Figure 3.3**). Some B Lab Global Partners are B System (Sistema B) Chile, founded in 2011; B Lab UK, Australia, and New Zealand, founded in 2013; European partners in Italy, Spain, France, Portugal, Benelux, Switzerland, and Denmark. There is also the B Market Builders status which works in three regions in Asia, Singapore, Malaysia, Japan, and China.

Figure 3.3. B Lab Global Ecosystem



Source: Own elaboration based on B Corporation (2021)

B Lab aims to discourage business competing practices, changing the focus of the best companies in the world, but defining them as “the Best Companies for the World”. To

incentivise B Corps' impact on society and the environment, B Lab introduced *The Best for The World Honorees*, classified in seven categories.

- The *Best for The World Honorees: Overall*, which rewards enterprises that create an inclusive economy, delivering value to the different enterprise's stakeholders.
- The *Best for The World: Workers*, which recognise the development of B Corps inclusive hiring practices, employee ownership, and workforce prioritisation.
- The *Best for The World: Environment*, awarded for enterprises that promote sustainable and regenerative practices.
- The *Best for The World: Customers*, which centres on enterprises that provide services in healthcare, education, finance management or other services that add value to customers' lives.
- The *Best for The World: Community* awards B Corps investing in communities and focuses on shared and sustainable prosperity. Practices in this category integrate charity, social engagement of communities, or diversity and inclusion.
- The *Best for The World: Governance*, centred on enterprises that build a vision or values through a legal agreement, ensuring transparency and accountability processes.
- The *Best for The World: Changemakers* award specialises in enterprises whose BIA score improved among the top 20% of all certified B Corps.

The Honorees are delivered annually by country and category and published on the B Lab website. The B Corp Annual Certification Fee ranges from US\$ 1,000–50,000, and they must legally agree to consider the impact on all their stakeholders in their business activities (B Lab, 2022a).

3.6.3. B Corps Hybridity

B Corps receive various influences derived from former hybrid organisational forms and debates. **Figure 3.4** summarises the main ideas emerging from the above discussion. As formerly stated, the first references of hybrid organisations date back to the late 70s in Europe, serving as a complement of services of the welfare state. Thus, most of their activities aimed to solve labour exclusion, poverty, and financial crisis problems. With the divergent model that emerged in the US in the early 80s, the appearance of hybrid organisations was close to the

third sector but with an approach of income generation based on ideas of entrepreneurship as a source of innovative behaviour. Since 2000, the world has witnessed the emergence of multiple organisational structures that aim to solve new challenges that endanger the current system's stability.

New concerns relate to social problems such as poverty and inequality and dismay about the sustainability of environmental ecosystems and the crises generated by the rapid development of the preceding years. B Corps appeared in a period with a different scope to social problems, drawn under the framework of grand challenges, which emphasise the need of giving attention to marginalised sectors in society, promote a change of lifestyles, provide solutions to climate change, or focus on the fundamental changes required by society (Hedlund-de Witt, 2014).

Figure 3.4. Historical Influences of B Corps as a Hybrid Organisation

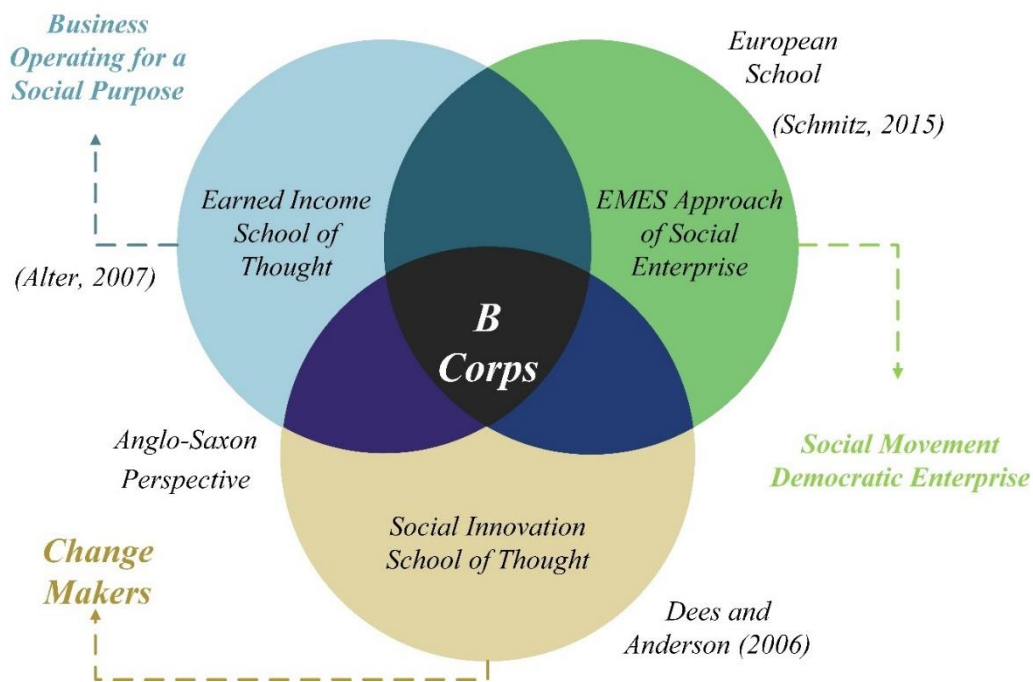


Source: Compiled by the Author

In addition to these influences, B Corps are inclined in their organisational structure towards different tendencies. B Corps are influenced by different Schools of Thought as they bring together elements of **(i)** the European discussion (EMES), focused on democratic governance, closely attached to social movements and the integration of diverse stakeholders (Schmitz, 2015); and **(ii)** elements from the Anglo-Saxon perspective, from the *Earned Income School of*

Thought, referring to hybrid organisations as a business entity with a social purpose (Young, 2001), and **(iii)** from the *Social Innovation School of Thought* when defining B Corps as change-makers that carry out new combinations to bring about social impact (Dees and Anderson, 2006). **Figure 3.5** describes and graphs the convergence of these ideas.

Figure 3.5. Influences of Schools of Thought on Hybrid Organisations in B Corps



Source: Compiled by the Author based on Alter (2007), Dees and Anderson (2006), and Schmitz (2015)

B Corps are a continuation of the North American Benefit Corporation legislation adapted to profit-oriented organisations aiming to be more committed to societal challenges. Although the B Corp certification was not created to turn organisations into hybrid entities, studies have shown that adopting the certification triggers business model changes, leading to a hybrid organisation's structure (Rawhouser et al., 2015; Sharma et al., 2018; Villela et al., 2019). The B Corp model has been assimilated as a tool for change to build a community of certified B Corps, promoted domestic legislation, encourage impact investing, and boost the movement by sharing the stories and domestic cases (Cao et al., 2017; Stubbs, 2017b).

These aspects highlight that B Corps embody multiple logics in their organisational structure. On the one hand, the commonly described duality that combines non-profit, third sector or charity elements and aspects of profit-maximising businesses. B Corps fit in what Yunus et al.

(2010) explain: “this new form of business is basically the same as profit-maximising businesses: it is not a charity, but a business in every sense” (p. 210). On the other hand, B Corps operate under the B Lab movement structure, making the certified enterprise’s active social movement participants. Social movements “represent change-oriented struggles by groups who have unequal access to power or who oppose the *status quo*” (King & Pearce, 2010); thus, their actions are oriented to oppose, challenge or complement government bodies. Although suffering the multiple institutional logics that characterises hybrid organisations (Battilana & Lee, 2014; Pache & Santos, 2013), B Corps aim to avoid tensions and gain legitimacy in the market (Cao et al., 2017; Harjoto et al., 2019). Derived from the above contextualisation, this dissertation states that B Corps is a *sui generis* hybrid organisation that integrates multiple institutional logics from profit, non-profit, and social movement logics.

3.7. Concluding Remarks

Economic crises, extreme poverty, hunger, growing inequalities, global pandemics, climate change, and other grand challenges have affected the rationale of hybrid organisations. Ban Ki-moon, Secretary-General of the UN, highlighted itself in 2016 about the “importance of addressing the root causes of problems, and of rebalancing the social, environmental and economic dimensions of sustainable development” (UNRISD, 2017, p. III), while new trends in the STI Policy outlines a global tendency that aims for the transformation of socio-technical systems in modern societies (Grin et al., 2010; Schot & Steinmueller, 2018). Thus, the conception of social problems, which are originally designated in a particular context (Lauer, 1976), has become universal, inspiring and at the same time biasing the way social actors perceive them. This chapter outlined the political, social and academic context in which hybrid organisations have emerged. Therefore, this chapter introduces new legal hybrid forms such as B Corps, which are set up as *sui generis* hybrid organisations, in the extensive debate of hybrid organising. Beyond the B Corp phenomenon, this chapter intended to extend a debate where the challenges that generate the birth of hybrid organisations are becoming more transnational in pursuit of a global planetary transformation. To enlarge on the understanding of contemporary hybrids, this dissertation defines these entities as follows: ***Hybrid organisations consist of profit and mission-oriented entities that focus on giving solutions to social, environmental, and/or economic problems through systemic relations with multiple stakeholders considering the fate of future generations to pursue systemic change.***

CHAPTER 4

4. CORPORATE SOCIAL INNOVATION AND HYBRID ORGANISATIONS: THE LOCAL CONTEXT IN LATIN AMERICA AND COLOMBIA

“Underdevelopment is not a stage of development. It is its consequence.”

Eduardo Galeano

4.1. Introduction

This chapter aims to gain a general understanding of the contextual factors on CSI and hybrid organisations in Colombia and Latin America. To achieve this, the chapter is divided into two parts. The first part examines social innovation and CSR in Latin America, providing information on socio-economic and political contexts to understand how both notions have been utilised to provide solutions to challenges in the continent. A brief explanation of the socio-economic context in Colombia is presented, positioning the debate on CSR and social innovation in the setting under research. Special attention was paid to examining the National Policy for Social Innovation which has been integrated notably in the different National Development Plans since 2010 and complemented with the National Policies for Sustainable Development.

The second part briefly explores hybrid organisations in Latin America and Colombia. This section starts by introducing the Social and Solidarity Economic (SSE) sector in Latin America and the subsequent appearance of BIC societies in the continent, particularly from a Public Policy perspective. The section later moves to the appearance of the B Corp movement in Latin America and finishes with a review of hybrid organisations in Colombia. Although the researcher acknowledges that hybrid organisations in Latin America and Colombia are strongly linked to the SSE sector, this dissertation emphasises new legal forms of hybrid organisations such as B Corps or BIC Societies than in other hybrid types, as they are closer to the object of study of this dissertation (see Chapter 2).

4.2. Social Innovation and CSR as a Solution to Social Challenges

Latin America has been shifting towards more sustainable and equitable development during the last decade. The region shows a broader understanding of the relevance of a balanced approach to providing solutions to social and environmental problems and the need to include civil society and the private sector in these efforts (R. Robinson, 2016). The Economic Commission for Latin America and the Caribbean (ECLAC) highlights high levels of inequality and poverty at the top of the socio-economic factors that most heavily affect the region's progress.

According to ECLAC, during the period 1990–2020, the 18 Latin American countries experienced poverty figures of 52.2% at the beginning of the decade and extreme poverty of 15.5%, reaching a minimum poverty percentage of 27.8% and 7.8% of extreme poverty in 2014 (CEPAL, 2021b). Although these indices stabilised from 2014, the Covid-19 health crisis led to the region experiencing the most significant GDP contraction since 1900 (6.8%), with poverty figures of 33.7% and extreme poverty at 12.5% in 2020. The most recent data from 2021 show that approximately 78 million people live in extreme poverty, while 209 million are extremely poor (CEPAL, 2021a). Apart from the high levels of economic precariousness, the region also suffers from a high Gini coefficient⁴ with an increase of 2.9% by 2020 (CEPAL, 2021a).

Paradoxically, in 2020, global wealth increased by 7.4%, particularly in the US (12.4%), Europe (9.2%) and China (4.4%), while in developing countries, the opposite occurred. Wealth decreased in Latin America by 11.4% and India by 4.4% (CEPAL, 2021a). The almost zero growth in Latin America before the Covid-19 outbreak, coupled with the economic contraction of 2020 and the weakness of the welfare state (e.g. health, social protection, and employment systems), led to increases in unemployment rates, rising poverty and inequalities, the bankruptcy of SMEs, and destruction of productive and human capacities, exaggerating structural social problems (CEPAL, 2021a). Given Latin America's development patterns, economic growth through high GDP rates could help redistribute inequalities; however, the economic issue alone is insufficient to reduce poverty and other structural problems in tandem.

⁴ The Gini coefficient is a measure that demonstrates a degree of inequality of income or wealth within a country

4.2.1. CSR in Latin America

It is not easy to describe the evolution of CSR homogeneously across the continent for several reasons. Firstly, the marked socio-economic, political and cultural differences between the regions and sub-regions have led to various issues addressed and their complexity in terms of the social and environmental challenges. Secondly, the differences between economies, income levels and degree of industrialisation have determined the scope and impact of CSR programs. For instance, in less industrialised and poorer economies such as Ecuador or Colombia, CSR has achieved a higher development momentum than middle-income economies in Mexico, Argentina or Chile (Amini & Dal Bianco, 2017). Finally, the different levels of CSR adoption unveil peerless institutional qualities. To illustrate, while Chile shows a competitive economy characterised by a high degree of government efficiency and transparency and high institutional quality, countries such as Mexico and Colombia present a lower institutional quality, where public policies are not very transparent, legal frameworks are inefficient, and the government involvement is scarce (Aranguren Gómez & Maldonado García, 2020).

Following an overall concern with corporations' social performance in the 1970s (Aras & Crowther, 2008), the region did not escape this trend. In Latin America, CSR has evoked trendy topics worldwide such as human rights, environmental degradation, labour conditions and child and forced labour. Despite the strong international influence on CSR issues, Latin America presents significant gaps between the region's most and least advanced economies compared to North America. While countries such as Canada and the US are pioneers and forerunners of CSR in the Americas, the more industrialised countries (Argentina, Chile and Mexico) have shown significant CSR activity, "catching up" with international practices. On the contrary, the rest of South America has followed a slower adoption, while Central America and the Caribbean have had a more stagnant approach (Haslam, 2004). Such is the case of Brazil, a leader in the region, characterised by a high level of CSR engagement, whose performance is closer to Canadian regulations than those in the rest of the continent (R. Robinson, 2016).

Despite the already noted differences, it is possible to identify a cross-cutting theme across Latin America. CSR has been characterised by a corporate philanthropic tradition whose social action is based on religious and moral-ethical beliefs. This trend has been mainly influenced by the large share of family businesses where ownership and management go hand in hand. Low investment, unrelated CSR to business activities and low impact on social issues have been characteristics of CSR in Latin America, a practice mostly issued to improve a corporate image and reputation (Vives & Peinado-Vara, 2011). The overall absence of legal support on labour

issues, growing poverty, and the high level of income inequality have been the main catalysers for CSR adoption to contribute to the poorest and most vulnerable sectors (Casanova & Dumas, 2010).

Still, the adoption of CSR practices in Latin America is recent, dating back to the 90s, following three trends (Vives & Peinado-Vara, 2011). First, the leadership of MNCs is concerned with financial, social, and environmental sustainability to maintain the parent company's standards. Secondly, companies whose irresponsible behaviour had negative consequences due to labour disputes, boycotts, ecological disasters, community conflicts, or litigations. This trend was mainly characterised by legal and multi-stakeholder pressures. And thirdly, the efforts of civil society, business organisations and multilateral institutions, mainly through the activism of visionary leaders. The latter trend was characterised by the arrival of various international organisations promoting CSR, such as the Swiss non-profit organisation, World Business Council for Sustainable Development (WBCSD) or the North American NGO, Business for Social Responsibility (BSR). Additionally, a network of Latin American NGOs was created with initiatives such as the *Ethos Institute* in Brazil, *IARSE* in Argentina, *AccionRSE* in Chile, *Peru 2021* in Peru, *RSE* in Chile, *Fenalco Solidario* in Colombia, or *Fundemas* in El Salvador.

In an overall observation of the CSR climate in Latin America, it is possible to highlight elements such as a weak institutional capacity, a lack of government incentives for its implementation, and a scarce involvement from the civil society (Peinado-vara, 2006). In terms of adoption, Latin America has assumed the posture of the “good student”, incorporating philosophies and methodologies inspired by international NGOs, multilateral institutions and MNCs, revealing the lack of a critical position adapted to national contexts (Haslam, 2004). These aspects reflect the challenges faced by the region, especially by countries with a lower engagement in CSR in South and Central America.

4.2.2. Social Innovation in Latin America

Historically, Latin America has confronted social problems from assistentialism, based on hierarchical organisational schemes in which the community has played a passive role (Domanski et al., 2017). Since colonialism, the region has exhibited a marked inequality, maintaining a low Gini coefficient comparable only with Sub-Saharan African countries and some regions of Southeast Asia. This dynamic demonstrates that the solution to social problems linked to inequality has not had a significant effect from a welfare approach (Domanski et al.,

2016). The relevance of social innovation as a response to the challenges of the 21st century is increasingly recognised worldwide, gradually influencing science and policy-makers (Moulaert et al., 2013).

Social innovation is a recent topic in Latin America, being strongly considered a public management approach and a tool to solve social, economic and environmental problems of citizens and communities (Caicedo & Frías, 2016). It appeared in Latin America one decade later than CSR, notably interpreted as a tool to provide solutions to common issues across the continent, notably poverty or inequality. Social innovation thus emerged as a derivation of the notion of “inclusive innovation” to reduce growing inequalities. Its implementation derives from the National Innovation System (NIS) approach, resulting from the interaction between scientific institutions and public agencies. Although innovation as a public policy has been traditionally linked to competitiveness and business development strategies to increase productivity and business competitiveness, institutions such as ECLAC initiated a process of identifying innovative experiences in the social sphere, recognising social innovation as a resourceful mechanism to contribute to the Millennium Development Goals (MDGs).

ECLAC has been one of the leading institutions promoting social innovation in Latin America (Rey de Marulanda & Tancredi, 2010), encouraging the development of initiatives that give solutions to challenges in the areas of community health, basic education, rural and agricultural development, food security, youth programmes, social responsibility and volunteerism; areas in which sustainable development and gender equality have been central themes (Rodríguez & Alvarado, 2008). Since the 2000s, Latin America has experienced “an explosion of innovations” (Rey de Marulanda & Tancredi, 2010, p. 45), resulting from the search for more efficient solutions than those provided by the welfare paradigm. In this way, social innovation has been gradually mainstreamed into Public Policies and initiatives for inclusive innovation, with the predominant participation of international cooperation funding and civil society initiatives to address social and economic asymmetries (Sleiman et al., 2016).

From 2004 onwards, with the impetus of ECLAC, innovation has been considered a cross-cutting mechanism to contribute to social development policy objectives in Latin America. In a global research project on social innovation called SI-DRIVE, which involved partners from all world continents, social innovation initiatives in Latin America were revisited, identifying that 77% of these projects addressed poverty and sustainable development concerns, followed by education and employment (52%), and health and social care (31%) (Domanski et al., 2017). The thematic categories most addressed by social innovation initiatives in Latin America show

that the continent's social problems are primarily focused on socio-economic rather than ecological issues.

An obstacle to the development of social innovation in Latin America has been the lack of knowledge and understanding of its practical application (Romeu Aldaya et al., 2017). This has led to a lack of linkages between economic, social and political support institutions that would allow the consolidation of an innovation ecosystem. Although there has been greater academic and practical interest in social innovation in the last decade, leading to a more favourable scenario for its development, its implementation is still isolated from influencing policymakers (Domanski et al., 2016). Other setbacks relate to public policy, lack of supporting services and insufficient community participation. Social innovation has not been considered a priority in the development plans of most of the countries in the region, and in those where it is mentioned, they have deficient instruments for its implementation. Likewise, scarce citizen participation weakens the scope of social innovation, preventing its appropriation and empowerment by communities (Romeu Aldaya et al., 2017).

These flaws in developing a National Policy for Social Innovation in Latin America reflect a dearth of participation from actors from the commercial sector. From a social innovation perspective in profit-oriented organisations, Domanski et al. (2017) highlight that “the role of business companies usually tends to be described through activities in Corporate Social Responsibility”, while in Latin America, the “most visible and well-known social innovations have emerged from communities or from the civil society” (p. 308). Indeed, CSR has had strong empirical and academic support regarding businesses and their contribution to the country's social problems, which is less evident in private firms and organisations. This, to some extent, explains why CSI studies in Latin America have been scarce.

The following section contextualises the Colombian case, examining social innovation and CSR perspectives.

4.3. Colombia as the Research Context

4.3.1. *Colombia: A Country with Multidimensional Challenges*

Colombia is a country located in the northern part of the southern hemisphere of Latin America. Despite its privileged geographical position and natural resources richness, the country is

characterised by profound disparities, wide-ranging inequalities, and high poverty levels. Colombia is classified as an *upper-middle-income* (World Bank, 2021) and as a *developing country* (United Nations, 2020b). In figures of the Human Development Index (HDI) (UNDP, 2020), which summarises the average achievement of three human development dimensions — health, education, and standard living — Colombia ranks in the 83rd position out of 189 countries; presenting lower scores than other countries in Latin American such as Chile (42th), Panama (67th), Cuba (72th) or Mexico (76th). Colombia depicts a historical regression in the HDI during the last decades regarding that between 1990–2000 and 2000–2010, the country presented scores of 0.99 and 0.96, while for the period 2010–2018, the score decreased to 0.54. Despite its conditions of high-income inequality, low productivity, economic informality (OECD, 2019a), Colombia has been the 37th country to become a member of the Organisation for Economic Co-operation and Development (OECD) since April 2020 (OECD, 2020). Although it is widely recognised that countries that join the OECD must comply with rigorous requirements and have a stable economy, Colombia presents significant disparities compared to other countries. To illustrate, Colombia stands for the highest inequality across households among all the OECD members and holds one of the highest inequalities in GDP per capita compared to other countries in the region (OECD, 2019b).

Colombia ranks the 65th position out of 141 economies in the Global Competitiveness Index (GCI), a report compiled by the World Economic Forum (WEF) that compares the evolution of countries in issues of economic growth, competitiveness, prosperity, and environmental sustainability (World Economic Forum, 2020). The socio-economic environment is one of the weakest factors as the country ranks 64th in work opportunities, 67th in workers in vulnerable employment, 68th in inclusive institutions, 70th in political stability and protection from violence, 75th in working conditions, and 76th in education quality and equality, to mention a few. The country also represents relevant threats for businesses, such as a lag in skilled human capital, high barriers to starting a business, protecting minority investors, paying taxes, or obtaining credits (World Bank, 2020). Corruption represents a relevant concern in Colombian society, as the country faces high corruption rates, ranking in the 92nd position out of 180 on a global scale (Transparency International, 2020).

This condition highlights an institutional environment characterised by significant social problems and urgent needs to be fulfilled, notably poverty, unemployment, economic informality, and low labour productivity (OECD, 2019b). Colombia presents a myriad of challenges highlighted in reports developed by leading institutions such as the UNDP (2018), ECLAC (2021b) or FAO (2017), among others. This section synthesises a contextualisation of

the different challenges facing the Colombian society in the following categories: *a)* poverty, *b)* education, *c)* working conditions, *d)* education, *f)* consumption, *g)* public service provision, *h)* innovation and industry, and *i)* peace, security and social justice. These categories are presented as follows:

a. Poverty. According to ECLAC, Colombia presented poverty figures of 31.7% and 12.8% in extreme poverty in 2019 (CEPAL, 2021b). There are an estimated 2.3 million people in need of food assistance, 4.9 million people need humanitarian aid due to violence, armed conflict, and natural disasters, revealing an 8.8% of the total population undernourished (4.4 million inhabitants) (FAO, 2017). In health and well-being, relevant challenges are related to high teenage pregnancy rates (17.4%) and maternal mortality in indigenous women. Also, 30% of the country's total deaths (150 deaths per 100,000 inhabitants) are caused by heart diseases, correlated with poverty and nourishment (UNDP, 2018).

b. Education. Regarding challenges in education, it is calculated that only 50% of the total number of university students in the country can finish their bachelor's degree, and more than 22% of the students do not receive middle education. Similarly, public and rural schools show the lowest educational performance, while only 48.4% of children attend an early childhood care program (UNDP, 2018). Regarding figures related to gender equality, it is previewed that the percentage of unemployed women (12.3%) is 70% higher than that the rate of unemployed men (7.2%), also reflected in the political sphere, with low levels of female participation. Notably, young women have a higher unemployment rate than any other group in the population (21.2% in 2017). Sexual aggression has also been a relevant aspect to highlight in this category as 80% of the victims of murders by couples or ex-partners are women, while Colombia stands as the only country in Latin America where it is known the existence of female genital mutilation. In 2016, 21.399 reports of alleged sexual crime were girls and adolescents, of which 85% were women (UNDP, 2018).

c. Working Conditions. Urgent challenges can also be highlighted in terms of work and economic growth. In 2017 was estimated that 50% of the working population works informally, while it reports among the 10th countries in the world with higher rates of violation of human rights in the workplace (ITUC, 2020). Colombia ranks the 73rd position in the Workers' Rights Index (World Economic Forum, 2020) relating violence against trade unionists and violations of freedom of association. Child labour is estimated at around 14.7% in rural areas and 4.4% in urban areas, while only 41.3% of urban households have basic social security guarantees and only 9% coverage in rural households. Other figures illustrate significant wage gaps and inequalities, as the wealthiest population receives 3.4 times higher income than 40% of the

poorest population. The GINI coefficient is 0.571, showing significant disparities in land distribution (OECD, 2019a). Colombia is also one of the most unequal economies of the OECD (OECD, 2021b); it occupies a similar position in the region, below Brazil, Uruguay, Peru and Mexico (UNDP, 2018).

d. Environment. Further efforts must be reached in climate action as deforestation in the country continues to be the most comprehensive source of greenhouse gas emissions, which is 27% of the annual emissions (UNDP, 2020). Such emissions mainly come from industry, mining and energy, and transport sectors. According to the UNDP (2018), the emission of the agricultural industry is a primary generator of greenhouse gases, determined by variables such as deforestation, the increase of head of cattle and the use of fertilisers (258.8 million tons of CO² in 2012). Similarly, Colombia is one of the most vulnerable regions to climate change. It occupies 10th place with the highest economic risk due to disasters in the world (84.7% of the population and 86.6% of assets are located in areas exposed to natural hazards). Colombia also presents the highest rate in Latin America for disasters caused by natural phenomena (more than 600 events reported each year) (Ministerio de Ambiente y Desarrollo Sostenible, 2017).

Despite the wealth of water resources, statistics reveal a reduction from 22% to 2% between 2002 and 2011 of the total Caribbean aquaculture productions due to overexploitation of the main species (OECD, 2016). Overfishing generates environmental and economic impacts such as reducing production, resistance and collapse of the local supply system (OECD, 2016). This situation is presented by the utilisation of inadequate solid waste management methods and excreta disposal of coastal municipalities, which results in maritime water quality deterioration (United Nations, 2019a). Life on land presents challenges related to deforestation and a lack of protection of sensitive areas. Around 178,597 hectares were reported in Colombia in 2016 to suffer from deforestation caused by land grabbing (expansion of the agricultural frontier) and illegal economies (coca crops, mining and timber trafficking). Similarly, 1,354 species are critically threatened by biological invasion, and of the 284 species of wildland animals, 15% are in critical status, 39% in a threatened state and 46% in a vulnerable state (García et al., 2017).

f. Consumption. These numbers reveal a need for higher awareness regarding responsible consumption and production. To name some figures, the recycling rate is less than 10%. In contrast, Colombia wasted 9.8 million tons of food in 2015 in production and processing, distribution, retail, and household consumption processes. The country wastes food every year, which could feed 8 million people, being food loss and waste amounted to 34% of total production. Colombia produces 13.8 million tons of solid waste annually and could reach 18.74

million by 2030 (321 kilograms per person per year). Chemical contact causes 25% of poisonings and 5% of diseases such as cancer, while statistics suggest Colombia is among the countries with higher mercury releases per capita (1.6 kg. per person) (García et al., 2017).

g. Public Services Provision. Further threats are related to public services provision. Regarding the supply of water, the UNDP (2018) indicated that universal access to the aqueduct service is historically lower than the percentage of coverage in Latin America, which is on average 94%. Thus, approximately 27.2% of the population does not enjoy the provision of clean water and basic sanitation, while 84.4% of national territory is supplied with water that represents risks for human consumption (24 of the 32 departments of the country). Similarly, only 20% of the total population has sustainable management for basic sanitation, distributed as 0% in the rural area and 16% in the urban area.

This has also become a problem for the primary sector, as the country stands for an incipient and rudimentary scheme of agricultural production and waste of water in the industrial sector (UNDP, 2018). Significant challenges are also highlighted in the energy sector, as to date, there are no formal proposals for alternative energy production, and 48% of rural households cook with firewood. In comparison, 12% of the population uses firewood, coal, and other highly polluting fuels, affecting their health and the environment. Regarding the supply and infrastructure for energy services, 11.7% of the energy produced is lost during the transmission and distribution process due to illegal connections, lack of meters and inadequate billing (Departamento Nacional de Planeación, 2018b).

h. Innovation and Industry. Further efforts must be developed regarding R&D investment and technology access in industry, innovation, and infrastructure. From 2017 to 2018, the national budget for research was reduced by 10.8%, this last year being 0.14% of the total federal budget (Departamento Nacional de Planeación, 2018b). Significant efforts must be developed to reach sustainable cities and territories. By 2035, Colombia will have 58 million inhabitants, of which 48 million will live in urban centres, equivalent to 83% of the population. There will be 10 million inhabitants in the rural sector who currently have higher urban poverty rates and significant needs for public goods (36.6% rural poverty vs 11.4% urban poverty). Besides, 83% of Territorial Planning Plans by the departments are overdue. High levels of socio-economic segregation and inequality are elucidated, with more than 7.1 million people displaced by the armed conflict (1985–2016) and 49 habitants living in conflict zones (45% of the population) (Departamento Nacional de Planeación, 2018b).

i. Peace, Security and Social Justice. Colombia has been framed as a territory in conflict since the mid-20th century, characterised by the emergence of rebel insurgencies, paramilitary groups

and escalating violence. The conflict dates back to a period called *La Violencia* (the violence) from 1946 to 1966 (Vargas, 2012), characterised by the confrontation of two political parties, Liberals and Conservatives, who represent different Colombian social classes (the bureaucracy versus the people, respectively) (Restrepo et al., 2004). *La Violencia* in Colombia started with the well-known event called “El Bogotazo”, which consisted of the assassination of a popular leader, generating riots in the country’s capital. By the 1960s, insurgent self-defence groups were formed, initially aligned with the Liberal Party (Vargas, 2012). In 1964, two groups were founded, the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), which survive today as leading guerrillas’ organisations. Both groups played leading roles during the Colombian civil war; however, their expansion and aggression to the population started in the 80s, as their functioning is financed with activities such as extortion, kidnappings, illegal mining and principally, drug trafficking (J. Morales, 2017).

In the 80s, a series of paramilitary groups emerged known as the United Self-Defence Groups of Colombia (AUC), which acquired relevance because of their links with narcotrafic cartels (Restrepo et al., 2004). Several attempts at peace agreements have taken place in Colombia over the decades, leading to the demobilisation of a few groups and the extermination of others. Notably, with the demobilisation of paramilitary groups, novel organised crime groups appear, commonly referred to as criminal bands (*bandas criminales*, in Spanish) or BACRIM (Ince, 2013). Colombia faces significant peace and security challenges. As a result of the conflict and the emergence of various insurgent groups, the country faces high levels of human rights violations resulting from massacres, forced recruitment of children, bombings and attacks on civilians (Morales, 2017).

With the signing of the most recent peace agreement between the Colombian government and the FARC in 2016 and until July 2020, 971 social leaders and human rights defenders have been assassinated in Colombia (INDEPAZ, 2020). Between January and September 2021, 70 massacres have left more than 252 victims, principally in the department of Cauca (13 massacres, 43 murders), Antioquia (10 massacres, 36 murders), Cauca Valley (8 massacres, 35 murders) (INDEPAZ, 2021). Murders have been linked to the claim of land, collective property, and substitution of illegal crops. Territories where the FARC exercised social control have shown an increase in the number of homicides and entry of new armed groups (Fundación Ideas para la Paz, 2018). This situation has led to the intervention of international actors in Colombia’s social issues. To illustrate, in 2017, 69% of the cooperation received was allocated for peacebuilding issues, 24% for sustainable rural development, and 3% for conservation of

the environment. To date, Colombia presents a strong dependence on international cooperation, principally from the US (33%), the EU (24%) and Canada (12%) (APC-Colombia, 2016).

Problems as complex and interconnected as those in Colombia cannot be tackled with single solutions. It requires multiple actors from different sectors and interests to assume commitments towards generalised well-being. Since this study focuses on the role of hybrid organisations, the context of CSR in Colombia and social innovation is presented below.

4.3.2. CSR in Colombia

CSR originated in Colombia at the beginning of the 20th century with the Social Group Foundation (Fundación Grupo Social, in Spanish) in 1911, an organisation that supports social development programmes for underprivileged populations in Colombia, and with the subsequent creation of national institutions such as the National Association of Industrialists (Asociación Nacional de Industriales, ANDI) in 1944, the National Federation of Merchants (FENALCO) in 1945, and the Colombian Association of Small and Medium Industries (Asociación Colombiana de Pequeñas y Medianas Industrias, ACOPI) in 1951 (Ibarra Padilla, 2014). By the 1950s, the leading social actors promoting CSR principles were the Catholic Church and business unions, and the subsequent creation of the Family Compensation Funds in 1954, which promoted the creation of family subsidies to improve the welfare of workers (Gutiérrez et al., 2006).

In the 60s, CSR took off in Colombia, partly due to the entry into force of novel legislation that allowed tax deductions derived from business activities. In this period, many foundations arose derived from large Colombian business groups such as Grupo Corona or Mario Santo Domingo (Ibarra Padilla, 2014) — a type of corporate strategy still widely used in the country from the bureaucratic classes. According to Valenzuela (2005), CSR became representative in Colombia in 1987, when several private companies started to develop corporate social and political balance reports, implementing methodologies developed by the International Labour Organization (ILO) and ANDI. With the creation of the National Constitution of Colombia in 1991, the country was defined as a Welfare State, incorporating the principles of social justice and solidarity in private enterprises (Ibarra Padilla, 2014).

This decade saw the emergence of a series of national associations seeking to strengthen CSR in Colombia, such as the Council of National Trade Unions (Consejo Gremial Nacional), a deliberative forum integrated by the most representative trade unions of the country's economic

sectors — notably the service, agricultural, industrial, financial and commercial sectors, and the Colombian Business Council for Sustainable Development (CECODES) — a think tank integrated by a group of companies from the most relevant sectors of the country's economy (Valenzuela, 2005). New institutions were created, such as the Family Compensation Fund of Antioquia (COMFAMA) in 2004, in charge of the elaboration of standardisation documents for Social Responsibility in Colombia, as well as new CSR management and reporting mechanisms such as the Colombian Technical Guide (GTC) in 2008, which provides guidelines for implementing and improving CSR management.

From 2000 onwards, CSR trends in Colombia focused on giving solutions to unmet social needs, promoting economic growth, and providing solutions to the armed conflict (Gutiérrez & Dario Lobo, 2007). This last issue has been of particular relevance for CSR in Colombia, as the country, being a post-conflict territory, has implied that private companies play a role in social integration, reparation and conflict resolution by implementing pro-peace practices (Perdomo-Ortiz et al., 2017). Indeed, the implementation of CSR practices in peacebuilding has been highly institutionalised, inspired by the principles of the Global Pact of the UN, the GRI, and ISO:

“Pro-Peace practices in Colombia, namely businessmen becoming involved in Colombia's violent conflict, have been made more visible and have been promoted with greater vigour and relevance since companies have bet and learnt through models or certification or verification of administrative processes. This is exemplified from the adoption of the ISO 9,000 to the ISO 26,000 norms [...] Companies have become more aware of their productive doings in a conflicted business environment and violence; the foregoing since adopting strategies betting on putting CSR models into practice” (Perdomo-Ortiz et al., 2017, p. 41).

However, as mentioned above, CSR in Colombia has been mainly characterised by philanthropic activities from the business sector, which has also converged with sustainable development efforts. Concern in Colombia for sustainable development began with environmental concerns; nevertheless, with the integration of the MDGs and subsequent implementation of the SDGs, sustainability in Colombia has become an issue of business ethics (Jacqueline et al., 2020; Vives & Peinado-Vara, 2011).

Several conclusions can be drawn from CSR in Colombia. Firstly, it refers to the high institutionalisation of CSR, inspired by the emerging global trends of the 1960s and supported by national institutions and mechanisms for its implementation (Ibarra Padilla, 2014). Second,

CSR in Colombia has been predominantly oriented towards human rights (Roy Grégoire & Monzón, 2017) and community involvement (Lindgreen et al., 2010) as the cornerstones of its implementation. Besides, CSR has been mainly implemented in specific sectors and industries. Finally, despite its diffusion and long history, CSR remains a topic with little clarity in the Colombian business sector, which has been slowly displaced by a greater interest in sustainable development.

After a historical overview of CSR in Colombia, social innovation is outlined below.

4.3.3. Social Innovation in Colombia: An Emerging Notion

Social innovation is a young and emerging notion in Colombia; it appeared in practice in 2010 when the country was considered a potential member of the OECD (Jaillier Castrillón et al., 2017). Although social innovation was supposed to be integrated into the National Agenda since 2007, the topic was introduced during the presidency of Juan Manuel Santos Calderón through the *National Development Plan 2010–2014: “Prosperity for All”* (Departamento Nacional de Planeación, 2010). This Plan conceived social innovation as the solution of social, economic or environmental problems through the interaction between various actors and projects that create effective, efficient and sustainable alternatives to existing solutions (Departamento Nacional de Planeación, 2010).

One of the most outstanding achievements for social innovation developed across the *National Development Plan 2010–2014* was the creation of the National Agency for the Overcoming of Extreme Poverty (ANSPE) and the Center for Social Innovation in 2012 (Doria García, 2017). ANSPE’s goals were to support vulnerable families in Colombia in overcoming poverty and exclusion in alliance with territorial agencies, social organisations, and the public and private sectors. The Center for Social Innovation target was to gain insights into the social innovation capability in the country and generate innovative, sustainable, and scalable solutions for improving the quality of life of the population living in extreme poverty (DNP/Colciencias/ANSPE, 2013). The National Public Policy for Social Innovation is linked with the STI Policy articulated from a systemic perspective with the various public policies of the country (Villa & Melo, 2015). As a supporting instrument, the Social Innovation National Node (NNIS) was created to enable the design and implementation of the National Policy for Social Innovation. The NNIS defined social innovation as:

“a process through which value is created for society through practices, management models, and innovative products or services that satisfy a need, take advantage of an opportunity and resolve a social problem in a more efficient and effective way than the existing solutions, producing a favourable and sustainable change in the system in which they operate” (Pulford et al., 2014, p. 17).

However, it was until April 2012 in which the first Public Policy for Social Innovation was created within the Policy in Science, Technology and Innovation (STI) formulated by the National Planning Department (NPD), the Administrative Department of Science, Technology and Innovation (COLCIENCIAS), and ANSPE.

In August 2013, the National Policy for Social Innovation in Colombia was set out in the document named after: ***Conceptual Basis for a Social Innovation Policy*** (DNP/Colciencias/ANSPE, 2013). This policy was created from a territorial perspective to overcome the country’s challenges and achieve social and economic objectives conceived under four approaches: systemic-sociological, pragmatic-economic, managerial and political science approach (DNP/Colciencias/ANSPE, 2013). These approaches aimed to achieve systemic social change, emphasise the role of social entrepreneurs, provide a novel solution to social problems, and promote economic efficiency.

The Policy has been considered one of the most important milestones of social innovation in Colombia, given its construction process through participatory mechanisms, collecting contributions from a bottom-up perspective that included the contribution of various societal actors (Caicedo & Frías, 2016). The idea of including a National Policy for Social Innovation was to structure the “Social Inclusion and Reconciliation Strategy”, looking for alternatives to accelerate the development of the country’s poorest sectors.

Social innovation was thus initially interpreted as a mechanism to find novel solutions to the country’s social problems, fighting against extreme poverty and improving citizens’ quality of life. The creation of these instruments and their support through the founding of institutions such as the ANSPE or the Centre for Social Innovation attracted the arrival in Colombia of various international organisations such as Acumen, B Lab or Socialab because of the favourable policies and the socio-economic context for developing social innovation initiatives (Villa & Melo, 2015).

The *National Development Plan 2014–2018: “All for a New Country”*, implemented by the second presidency of Juan Manuel Santos Calderón, included social innovation policies that

contemplated the identification and institutionalisation of novel solutions to public problems (Departamento Nacional de Planeación, 2014). Its bases reflect a social approach to centralise public institutions around three main goals: Peace, Equality and Education (Villa & Melo, 2015). The National Development Plan focused on using information and communication technologies to coordinate social strategies to generate solutions to extreme poverty problems. With the introduction of several reforms in the National Policy for Social Innovation, ANSPE was disintegrated in 2015 and absorbed by the Department for Social Prosperity (DPS), becoming the governmental institution in Colombia in charge of coordinating social innovation. The DPS sets policies, programs and projects for assistance and reparation to violence victims, excluded, and vulnerable groups.

The *National Development Plan (2018–2022)*: “*Pact for Colombia, the Pact for Equalities*”, implemented by Iván Duque Márquez, aimed to lay the foundations for legality, entrepreneurship and equality. During Duque Márquez presidency, the National Policy for Social Innovation in Colombia was integrated into the STI Policy (2021–2030) (MINTIC/DNP, 2020). The 2021–2030 STI was created by the Ministry of Science, Technology, and Innovation of Colombia (MinCiencias) and co-created with a group of 47 national and international experts, named the *International Mission of the Wise Men of 2019* (Vicepresidencia de la República de Colombia/Minciencias, 2020).

Following the recommendations of the *International Mission of the Wise Men of 2019*, the **2021–2030 STI Policy in Colombia** takes into account the transformative change framework of innovation (Schot & Steinmueller, 2018), the developing-country capability method of the World Bank (Cirera & Maloney, 2017), and the mission-oriented innovation policy approach (Mazzucato, 2018). The STI Policy defines three *Missions* to address Colombia’s economic, social and environmental challenges:

- a. The *First Mission*, called “Biodiverse Colombia”, seeks to develop innovation models based on natural and cultural diversity focused on bioeconomy and creative economy and a mission to face climate change by protecting water resources.
- b. The *Second Mission*, called “Colombia Productive and Sustainable”, is based on growth based on science, which seeks to double the participation of the manufacturing industry.
- c. The *Third Mission*, called “Equitable Colombia”, is based on knowledge and education for social inclusion, using tools to reduce social inequality and poverty through cooperation and social innovation, and education for growth and human development.

Social innovation is one of the three pillars of the 2021–2030 STI Policy as a strategy to achieve social equality and overcome poverty. **Table 4.1** below summarises the different approaches to the National Policy for Social Innovation in Colombia.

Table 4.1. Institutional Framework for Social Innovation in Colombia

Year	Policy	Orientation
2010–2014	- National Development Plan: Prosperity for All - Creation of ANSPE and the Center for Social Innovation	Social Inclusion, overcome extreme poverty
2013	Conceptual Basis for a Social Innovation Policy	Systemic-sociological, pragmatic-economic, managerial and political science approach
2014–2018	- National Development Plan: All for a New Country - Creation of the Department for Social Prosperity	Peace, equality and education Overcome extreme poverty through ICT
2015	ANSPE became part of the Department for Social Prosperity (DPS)	Overcome extreme poverty
2018–2022	National Development Plan: Pact for Colombia, the Pact for Equality	Legality, entrepreneurship and equality
2021–2030	- National Science, Technology and Innovation (STI) Policy - International Mission of the Wise Men (2019)	Developing country capabilities, transformative change, mission-oriented

Source: Compiled by the Author

4.3.4. Other Approaches to Social Innovation and CSI in Colombia

Colombia (as well as Brazil) has been highlighted as one of the most advanced countries in Latin America in terms of intersectoral initiatives and social innovation policies (Frías et al., 2013; Pulford et al., 2014). This is mainly because public institutions have utilised social innovation as a complementary economic and Social Policy instrument. However, other actors have also played a leading role in social innovation in Colombia, not exclusively linked to the public sector (Villa & Melo, 2015). These actors include national universities, international organisations and private actors.

The educative sector has played a significant role, notably with the participation of Catholic universities since 2012 (Jaillier Castrillón et al., 2017). One of the most notable cases is the involvement of the Minuto de Dios University Corporation (Corporación Universitaria Minuto de Dios, UNIMINUTO) with the *Social Innovation Science Park*, the University of the North

(Universidad del Norte) with the *Experimental Design Laboratory for Social Innovation in the Caribbean* (DESYS), Jorge Tadeo Lozano University with the incorporation of a social innovation *Consultancy Office*, Metropolitan Technological Institute (ITM) with the creation of the *Social Innovation Laboratory*; Antioquia University (Universidad de Antioquia) with the *Social Innovation Incubator*, or the National University of Colombia with the *Bank of Social Innovation Projects* (Villa & Melo, 2015). Notably, in the city of Medellín, a network of Catholic universities such as UNIMINUTO and the Pontifical Bolivarian University (Universidad Pontificia Bolivariana) have developed conferences and symposiums on social innovation, resulting in the creation of the *Social Innovation Network for Higher Education* (RISES) (Jaillier Castrillón et al., 2017).

The participation of private actors has been significant since several organisations have developed programmes with a close relationship with social innovation to promote inclusive business and shared value creation (Villa & Melo, 2015). Remarkable examples have been through entities such as *Corporación Somos Más*, dedicated to designing innovative processes of collective construction based in Spain, Belgium and Colombia; *Minka-dev*, an online tool that seeks to develop sustainable business models to solve social/environmental problems; or *Impact Hub* (Medellín and Bogotá), a community that connects and manages value creation in the entrepreneurial ecosystem for social innovation promotion (Doria García, 2017). Exceptional cases refer to the *Young Foundation* and the *Social Innovation Exchange* (SIX), in collaboration with the Inter-American Development Bank (IDB) through the development of workshops and practical sessions to transfer knowledge, helping to build a community for social innovation in Colombia (Inter-American Development Bank, 2016). Another example is *Instiglio*, a non-profit organisation with a presence in Kenya, Morocco, Peru, the US, and Colombia, working with governments and global practitioners on international development issues to support better public spending on social programmes. Finally, one of the most recognised actors related to social innovation in Colombia is the *National Association of Colombian Entrepreneurs* (ANDI), a non-profit organisation that aims to disseminate political, economic, and social principles to promote free enterprise.

From the private sector perspective, social innovation in Colombia has a growing and emerging academic coverage. In particular, case studies on associations and foundations (Alcaide Lozano et al., 2019; Bernal-Torres et al., 2021; Blanco-Mesa et al., 2021; Santamaría-Ramos & Madariaga-Orozco, 2019), social enterprises and entrepreneurship (Calvo & Morales, 2021; Naranjo-Valencia et al., 2020) are highlighted. Just as state-of-the-art in CSI on a global scale is emerging and unexplored (see Chapter 2), Colombia is no exception. However, some recent

studies are highlighted in CSI (Grueso-Hinestroza et al., 2021; Morisson & Panetti, 2020), which shows the growing interest in the topic.

4.3.5. Sustainable Development: A National Strategy

Since the last decades, Colombia has shown a high institutionalisation of sustainable development. The country embraces the well-known notion described by the Brundtland Commission in *Our Common Future*. Colombia's first reference to sustainable development started with the MDGs Summit in 2010 and the United Nations Conference on Sustainable Development (Rio+20) in 2012, serving as frames for envisioning an adequate structure to address this issue. In 2011, the Ministry of the Environment (previously created in 1993) was renamed "Ministry of the Environment and Sustainable Development" through Law 1444, as the governing body for the management of the environment and renewable natural resources as well as the policies for its implementation (Departamento Nacional de Planeación, 2021).

In 2015, through Decree 280, it was created the *High-Level Inter-institutional Commission for the Enlistment and Effective Implementation of the 2030 Agenda and its SDGs*, whose purpose is to effectively accomplish the SDGs through public policies, plans, actions and programs; conformed by a technical committee that monitors compliance with the objectives. Towards 2016, a development plan was created at the territorial level in Colombia, which contained the incorporation of the SDGs in the Territorial Development Plans for the different regions of the country (Departamento Nacional de Planeación, 2016). The National Development Plan 2014–2018 incorporated 92 of the 169 targets stipulated in the SDGs. The goals reconciled education issues, inequalities reduction, peace construction, o responsible consumption, environment protection, action against climate change, hunger eradication and access to public goods (such as water, energy or sanitation) (Chavarro et al., 2017).

Iván Duque Márquez (2018–2022) government shows a compelling approach towards sustainable development its Government Agenda. Under Duque's presidency, the country has incorporated the SDG framework into Public Policy endeavours and actively participates in international meetings to monitor its implementation (Chavarro et al., 2017). The present National Development Plan (2018–2022) indorses in its introductory paragraph that its objective is: "to lay the foundations of legality, entrepreneurship and equality that allow achieving equal opportunities for all Colombians, under a long-term project in which Colombia achieves the Sustainable Development Goals by 2030" (Departamento Nacional de Planeación,

2018a). The Plan includes 15 pacts, within which the first is called “*Pact for Sustainability: Produce while Conserving and Conserve Producing*”, focused on aspects such as climate change, biodiversity and natural wealth, knowledge and prevention for disaster risk management, and modern environmental institutions. The Plan incorporates elements of each of the SDGs in accordance with the most pressing needs of each of Colombia’s regions. Similarly, as stated by MinCiencias, the STI Policy (2021–2030) focuses on designing a national innovation plan that focuses on social, environmental, and economic sustainability, ascribed to the transformative change agenda promoted by the UN.

4.3.6. Preliminary Remarks

In a comparison between CSR and social innovation in Colombia, as well as in Latin America, challenges and dynamics have been divergent. On the one hand, while CSR has relied on international guidelines and references and the subsequent creation of national institutions, social innovation has been mainly supported by regional institutions such as ECLAC or the creation of public agencies for its implementation. On the other hand, while the government shows strong institutional support for social innovation as a springboard concept towards social transformation, extreme poverty eradication, social equality and sustainable development in an engagement of several actors, CSR has been institutionalised as a philanthropic strategy, mainly practised by large companies. In general, while CSR has lost momentum due to a lack of incentives and official support, social innovation has remained stagnant due to a lack of knowledge about its potential usefulness. Although both concepts have great potential to mitigate numerous challenges from different perspectives, their relevance has been overshadowed by the growing interest in sustainable development issues. In fact, despite the recent implementation of the SDGs globally, Colombia reflects a high institutionalisation of this concept, which has had more political attention than the previously reviewed concepts of CSR and social innovation.

Up to this point, social innovation, CSR, and sustainable development have been reviewed as notions that have emerged in both political and private actor discourses as emerging solutions to social problems. The following section focuses on the configuration and existence of hybrid organisations in Latin America and Colombia.

4.4. Hybrid Organisations in Latin America and Colombia

4.4.1. *The Social and Solidarity Sector in Latin America*

Understanding the large picture of the social enterprise in the international context allows for interpreting social enterprises' emergence in Latin America, particularly Colombia, where this study situates. In Latin America, the concept of social enterprise is used informally since hybrid organisations blend market attributes such as cooperatives, labour societies, or unions and other organisations that mix non-traditional attributes such as associations and foundations. These variations have been related to the *informal economy*, *labour economy*, *popular and solidarity economy*, and *social economy* (Cueto Fuentes et al., 2018). The informal economy was the dominant discourse in the 1970s, integrated by actors such as autonomous workers, migrants, artisans, and domestic workers; populations associated with poverty and marginality, becoming the concern of institutions of the third sector. In the 1980s, the discourse was labelled as *popular economy*, relating to economic practices of the working class and associated with themes of precarious labour and systemic insecurity, being addressed by solidarity economy practices by worker cooperatives, associations, and community-work initiatives (Gaiger et al., 2019).

In Latin America, the notion of SSE is commonly used to describe the activities delivered by collective organisations oriented to generate profits for the sake of social benefits. In Europe, Social Economy was a dominant notion as a response to Welfare state policies; moreover, in Latin America, this concept was rooted in the popular economy, in a context characterised by precarious social protection systems and rejection of capitalist practices (Monzón, 2006). The Latin American version of the concept is presented as an alternative project to capitalism that re-evaluates the means of circulation, distribution, and consumption while linking democratisation processes of people not only as economic actors (Quiroz-Niño & Murga-Menoyo, 2017). It proposed an economic regeneration by ensuring subsistence for all citizens with dignity and a regional economy reconstruction (Coraggio, 2011).

4.4.2. *BIC Societies in Latin America*

The emergence of BIC Societies in Latin America is closely linked to the expansion of the B Corps and B System; however, each country has followed different pathways in terms of its

legal adoption. Effectively, the legal model of BIC Societies is derived from the legal form of the Benefit Corporation legislation created in the US (Chapter 3). The Latin American figure of BIC Societies is a free adaptation of the model drafted by William Clark, Jr., which varies according to the legal system of each of the countries in which the law is in force, adapting to the different local circumstances (Connolly et al., 2021). Currently, the BIC Society concept is understood as a Latin American response to the Benefit Corporation model, which has been incorporated and modified according to the particular circumstances of each region.

BIC Societies are for-profit legal entities whose structure aims to distribute profits between their shareholders. Through this model, a legal mandate is assigned whereby shareholders and directors seek a public benefit through the generation of profits. BIC Societies in Latin America replicate three elements of the Benefit Corporations model:

- a)** the implementation of a social and environmental purpose linked to economic activity,
- b)** the variation of the corporate responsibility regime, and
- c)** the creation of a transparency and disclosure system.

The *purpose* must be specific, concrete and measurable; managers and/or directors will have an *accountability regime* with the business activity, and enterprises must show *transparency* by presenting a publicly available annual report following the standards of a third party.

The diffusion of BIC societies is concentrated in South America, except for Venezuela, Bolivia and Paraguay. The first country to promote this legislation was Colombia in September 2016, followed by Argentina in November 2016, Chile and Uruguay in 2017, and finally Ecuador and Peru in 2018. Currently, BIC Societies show a conceptual cohesion in Latin America with specific alterations to the Benefit Corporation model and differences among countries. For example, the adoption of the legal company does not create or constitute an additional type of company and does not provide tax benefits for BIC societies. The latter is mainly because Latin American countries do not have fiscal surpluses, making the legislative process difficult. According to Connolly et al. (2021), one of the main differences between BIC Societies in Latin America and the US Benefit Corporation model concerns the interpretation of the corporate purpose. While in countries such as Ecuador and Uruguay, the regulation of the purpose must be linked to a positive social and environmental impact on the community, in countries such as Argentina, Chile, Colombia and Peru, the purpose must be concrete and evidence the responsibility of the managers of the company and their duties of transparency. **Table 4.2** summarises the implementation of BIC societies in Latin America.

Table 4.2. Approval of the BIC Society Legislation in Latin America

Country	Name	Legislation	Implementation
Argentina	Benefit and Collective Interest Societies (Sociedades de Beneficio e Interés Colectivo)	Law No. 2498-D-2018	Pending, April 27, 2018
Chile	Collective Interest and Benefit Society Law (Ley de la Sociedad de Beneficio e Interés Colectivo)	Law No. 31072, approved by Supreme Decree No. 004-2021-PRODUCE	February 23, 2021
Colombia	Collective Interest and Benefit Society (Sociedad de Beneficio e Interés Colectivo)	Law No. 1901, Decree 2046 of 2019	November 12, 2019
Ecuador	Commercial Companies of Collective Benefit and Interest (Sociedades Mercantiles de Beneficio e Interés Colectivo)	Resolution No. SCVS-INC-DNCDN-2019-0021	December 6, 2019
Peru	Collective Interest and Benefit Society (Sociedad de Beneficio e Interés Colectivo)	Law No. 31072	November 23, 2020
Uruguay	Collective Interest and Benefit Society (Sociedad de Beneficio e Interés Colectivo)	Folder No. 2469 of 2017	Pending, September 15, 2017

Source: Compiled by the Author

As previously mentioned, BIC Societies are linked to the B System movement, which were created after introducing the B Corp certification in Latin America. The following section presents an overall description of B Corps in Latin America.

4.4.3. B Corps in Latin America: The Emergence of a Social Movement

The B Corp Certification appeared in Latin America in 2012 by the efforts of four business leaders: Pedro Tarak (Argentina), Maria Emilia Correa (Colombia), Juan Pablo Larenas and Gonzalo Muñoz (Chile). The certification was introduced through the social movement B System (Sistema B), a private foundation headquartered in Chile. B System develops high-level dialogues between governments, universities (B Universities), opinion leaders, and business conglomerates (Sistema B, 2022a). The success of the B System model in Latin America has inspired other geographies; since other B Lab movements have emerged in different countries in Europe, Africa, and Asia.

B System is also characterised by the development of lobby activities, highlighting the promotion and advocacy of BIC Societies in Latin America. The movement integrates regional

activities and local dialogues with *B Ambassadors*, public opinion leaders and promotes a global movement called *Cities+B*, aiming to build sustainable, resilient, prosperous, and inclusive cities worldwide. The overall activities of B Corps — beyond transforming the traditional forms of making business — is to take part in larger global agendas, deepening on creating solutions to topics related to the Covid-19 sanitary crisis, racism, sexism, labour exclusion, climate change, corruption, and contributing to the 2030 Agenda.

4.5. Hybrid Organisations in Colombia

4.5.1. Social and Solidarity Economy Sector in Colombia

The SSE sector in Colombia integrates practices that emerged in the 19th century with a combination of indigenous collective practices and new solidarity economic activities (Calvo et al., 2019). The birth of the SSE sector in Colombia is related to the gradual introduction of cooperatives, with the Cooperative *Law 134 in 1931*, operating in sectors such as worker, retail, and services, following the dynamics of the liberal government (Fajardo Rojas, 2003). It was until the 60s in which the cooperative sector increased significantly, due in part, to the support of the Catholic Church to enhance socio-economic development in rural areas (Álvarez, 2010). Later, in 1986, the Solidarity Economy National Council was created in parallel with the adoption of the solidarity economy concept with the 2636 Decree, while *Law 79 of 1998* categorised the solidarity economy in four groups: Cooperatives, Associations, Mutuals, and Employee Trusts. This law, posteriorly institutionalised in the Constitution of 1991 during the economic opening era and the entry of the neoliberal model, highlighted the relevance of the SSE sector as the most relevant principle in the country (Ortiz-Ledesma, 2019).

The SSE sector is described in two spheres in Colombia. One from a non-profit economy or *Solidarity Development Organisations* uses private and/or government goods and services to provide social benefits. Organisations of this sphere include charities, voluntary organisations, social development organisations such as Community Action Boards, Corporations, or Social Militancy Organisations. The second sphere corresponds to *Solidarity Economy Organisations*, whose purpose is to conduct socio-economic activities to satisfy associates economic needs through community services. It includes Cooperatives and Pre-cooperatives, Employee Funds, Mutual Associations, Solidarity Health Companies, Community Companies, and Service Companies in the form of Cooperative Public Administrations (Cueto Fuentes et al., 2018).

Regulations on the cooperative and SSE sector in Colombia have continued to develop. For example with *Decree 4588 of 2006*, which regulates associated collaborative work; *Law 1233 of 2008*, which determines the elements of social security contributions in Cooperatives and creates exceptional contributions to be paid by worker cooperatives and pre-cooperatives; *Law 1391 of 2010*, which modifies the regulations of employee funds; or the recent *Law 1955 of 2019*, which consist of the first National Development Plan that contemplates the cooperative model for the business strengthening of solidarity economy organisations. The SSE sector in Colombia not only has a long tradition but also a representative number of entities participating in its endeavours. To name a few figures, by 2017, the country had approximately 20,000 registered foundations, 8,000 cooperatives, 11,000 corporations, 3,000 agricultural associations, and 404 mutuels (Departamento Nacional de Planeación, 2018a).

As presented in this contextualisation, hybrid organisations integrate a community perspective where concepts such as “solidarity”, “charity”, or “assistance” are fundamental. In this sense, hybrid organisations incorporate a social and humanistic perspective rooted in acts of solidarity, support and sharing (Cueto Fuentes et al., 2018). Despite the differences between the Latin American and European models, it is possible to highlight similarities between them compared to the Anglo-Saxon model, as in Latin America, hybrid models are more socially than market-oriented solutions to the growing structural problems of the continent. The arrival of new social movements and novel governance structures replicated from other latitudes — principally the US, Latin America and especially Colombia, influenced the emergence of new hybrid models and novel legislation, i.e. BIC Societies. The following subsection discusses this topic.

4.5.2. BIC Societies in Colombia

Colombia became the first country in Latin America to implement the BIC Society legislation and the third country globally with a law regulating the Benefit Corporation model in its normative system (Connolly et al., 2021). BIC Societies in Colombia were introduced with *Law 1901 of 2018* and implemented with *Decree 2046 of 2019*, which any type of organisation can adopt. *Law 1901* created the BIC Societies to enable enterprises to align their business practices with the SDGs, in line with national commitments and strategies related to human rights, the environment, and respect for workers’ rights. The Colombian legislation defines BIC Societies as:

“Companies of a commercial nature, which voluntarily intend to combine the benefits of their commercial and economic activity with concrete actions to the welfare of their workers, contribute to the country’s social equality and contribute to the protection of the environment” (MCIT/Confecámaras, 2020).

According to MCIT and Confecámaras (2020), BIC Societies must pursue three objectives: *i)* Incorporate a social and environmental purpose that goes beyond the benefit and interest of their shareholders; *ii)* Fulfill compliance to maximise the social and environmental impact; and *iii)* Develop a report on its business impact in the dimensions: business model, corporate governance, labour practices, environmental practices, and community practices. **Table 4.3** below summarises the characteristics of these dimensions.

Table 4.3. Dimensions and Characteristics of BIC Societies

Dimension	Definition
Business Model	Goods or services from locally sourced, women-owned and minority-owned businesses; giving preference to suppliers that implement fair and environmental standards or implementing fair and inclusive trade practices.
Corporate Governance	Creating an employee handbook; expanding diversity in the composition of the executive team and suppliers to include groups from different cultures, ethnic minorities, diverse religious beliefs, sexual orientations, physical abilities and gender diversity; disclosing the company’s financial statements to employees; and expressing the company’s mission in company documents.
Labour Practices	Establishing reasonable wage remuneration and analysing pay differentials to develop standards of fairness; creating subsidies to train their workers and offering retraining programmes; generating options for workers to have a stake in the company through the acquisition of shares, or providing flexibility in working hours and creating teleworking opportunities.
Environmental Practices	Conducting annual environmental audits on energy, water and waste efficiency and disseminating the results to the general public; monitoring greenhouse gas emissions generated by business activity and implementing recycling or waste reuse programmes; and using energy-efficient lighting systems and providing incentives for employees to use environmentally sustainable means of transport for work commuting.
Community Practices	Creating job options for the structurally unemployed population; encouraging volunteer activities; and creating alliances with foundations that support social works in the community’s interest.

Source: Compiled by the Author

Under *Law 1901* of 2018, the Superintendence, a technical body attached to MCIT, is the competent authority to declare compliance with the standards chosen by the company to report the progress of its activities. Under the premise of formalisation, the BIC Societies legislation highlights the following incentives in Colombia:

- a) A preferential portfolio of industrial property services,
- b) Preferential access to credit lines,
- c) Income tax treatment of profits distributed through shares to workers, and
- d) Tax treatment of profits distributed through shares to workers.

The commercial name of companies adopting this legislation shall consist of the company name followed by the abbreviation of the type of company with the expression “Collective Interest and Benefit Society” or the acronym “BIC”. Some of the benefits that the government expects from adopting the BIC legislation is an increase of the reputational value of the firm in the marketplace, customer and supplier loyalty, attraction and retention of human talent and private investment, engagement of communities with similar values and adequate management of business tensions. By February 2021, 323 enterprises were registered under the BIC Societies legal framework in Colombia (Vita Mesa, 2021), showing a growing appropriation of the norm.

4.5.3. B Corps in Colombia

Although the standard international requirements of becoming a B Corp is to adopt the Benefit Corporation legal structure within two years of certifying, Colombian B Corps have the option to remain within its foundational legal entity or to adopt the BIC Society legal form, in both cases adding a paragraph in the business legal documents with the following information (B Lab, 2022d):

- **Addendum 1** - Included at the end of the corporate purpose clause of the articles of association. The corporate purpose should include a commitment to seek a positive material impact on society and the environment.
- **Addendum 2** - Included in the clause of the articles of association describing the managers’ responsibilities. The company’s managers should consider in any of their decisions the effects on shareholders, employees and pensioners, interests of customers and consumers, the community, the local and global environment, and the long- and short-term expectations of the company and its shareholders, and the community at large.

By January 2022, Latin America has 792 certified B Corps (Sistema B, 2022a). Colombia occupies the 11th global position below Chile, Brazil, and Argentina in Latin America (Paelman et al., 2020).

4.6. Concluding Remarks

This chapter has clarified the contextual factors within social innovation and hybrid organisations in Colombia necessary for analysing CSI in hybrids. The chapter suggests that social innovation is still an emerging topic in Latin America and Colombia, with scarce (but growing) evidence from profit-oriented organisations. The chapter also highlights the differences between social innovation and CSR by examining the main characteristics of the continent. Besides, the section documents the evolution of social innovation from a Public Policy perspective, situating it in a debate of public interest. The author has also contextualised and discussed the construction and development of the SSE sector, BIC Societies and B Corps.

The author will use this contextualisation to analyse CSI in Colombia in chapter 8, where the SDGs are revisited, and Chapter 10, where the implications for a National Policy in Social Innovation are presented. The following chapter presents the research methodology for this dissertation.

CHAPTER 5

5. THEORETICAL FRAMEWORK

*“If the modern actor is constructed out of materials from the wider social environment,
it has them built into its internal structure”*

John W. Meyer

5.1. Introduction

This chapter sets out the conceptual framework used to examine this research phenomenon. This chapter draws upon the neo-institutional theory as it has become enormously influential and a suitable framework for understanding hybrid organisations related studies (Battilana, 2006; Pache & Santos, 2013; W. Smith et al., 2013). According to the institutional theory, an organisation is influenced by the environment in which it is embedded, constraining its behaviours and determining the appropriate responses to succeed (Greenwood et al., 2010). Mainly, neo-institutional theories offer the possibility of understanding individuals and organisations' role in institutional change (de Oliveira Miranda & Calmon, 2018), unveiling their agentic capacity (Battilana, 2006).

The chapter begins by presenting the main theoretical perspectives that have been discussed in the institutional theory, drawing the limits between old and new institutional theories. Secondly, the various influences of the neo-institutional theory are discussed, focusing on the three pillars of institutions (Scott, 2013), isomorphism (DiMaggio & Powell, 1983), institutional change (Greenwood et al., 2002), and institutional work (Lawrence & Suddaby, 2006), using them as the framework that guides the research. Then, a comprehensive approach is presented at the end of the chapter to illustrate how the selected analytical framework is utilised as the backbone of this research to interpret CSI as a mechanism of systemic change inside a larger process of institutional change.

5.2. Institutional Theory

The institutional theory finds its roots in the social sciences, ranging from economics, sociology, political sciences, ethnography, and anthropology. Interest in institutional theory appeared from the desire to understand institutions' role in the evolution of societies throughout history (Scott, 2013). **Institutions** “are the humanly devised constraints that structure political, economic and social interaction” (North, 1991, p. 97). Institutions can be formal; it means regulations, laws, norms, or government agreements, and can be informal, related to habits, beliefs, perceptions, attitudes, traditions, sanctions, or codes of conduct. Institutions “provide stability and meaning to social life” (Scott, 2013, p. 56) and are transmitted by different types of carriers, such as symbolic or relational systems, artefacts or routines. Institutions exist to the extent that they exert power and affect individuals, organisations, and societies' beliefs, conducts, or behaviours (Lawrence and Buchanan, 2017).

Institutional theory has been a dominant approach over the past decade to address organisational studies (Greenwood et al., 2017), as it provides “a rich, complex view of organisations” (Zucker, 1987, p. 443). The institutional theory became a common approach in management studies since the late 70s and early 80s with the publications of Meyer and Rowan (1977) and DiMaggio and Powell (1983, 1991). Insights of the sociological school of institutional theory expose that individuals, organisations and society are ‘open systems’ that stimulate and influence each other, unveiling unconscious processes such as habits, routines, or values (Scott, 2001). By making conscious the unconscious, the institutional theory allows understanding how society enact new values and meanings (Scott et al., 1994).

According to institutional theory, individuals and organisations survive in a highly institutionalised context (Meyer & Rowan, 1977) by conforming with the environment (DiMaggio & Powell, 1983), which imposes a socially constructed world of norms, rules, standards, or values. The theory explains how institutions influence societies, how they are structured and how they change (Lounsbury & Crumley, 2007). The institutional theory argues that cultural and cognition-based structures guide individual and collective action, highlighting institutions' role in introducing new social systems and ideas and proposing insights on how new practices become standardised through legitimation and diffusion (Scott, 2013). The institutional theory focuses on common belief systems and cognitive frameworks, explaining the way societies are structured and how they evolve (Hollingsworth, 2000).

March and Olsen (1984) note that the heart of the institutional framework lies in complex and interactive processes of action of social life such as social contexts, human activities and institutions. According to the authors, “institutional thinking emphasises the part played by institutional structures in imposing elements of order on a potentially inchoate world” (March & Olsen, 1984, p. 743). However, the institutional analysis does not aim “to expose the inefficiency of organisational practices” (Jepperson, 1991, p. 33) but to explain how institutions incorporate experiences into rules and logics. To this debate, Dacin et al. (2002) add that institutions forcefully drive change and shape the essence of change; moreover, they transform themselves in potency and character over time.

There are two streams of institutional theory: the *old* or *classic institutionalism* and the *new* or *neo-institutionalism*. While the old institutionalism focuses on organisational roles, structures and norms, and the internal setting of an organisation, neo-institutionalism focuses on the interaction from both internal and external organisational environments. Despite considerable differences between old and neo-institutionalism, both approaches are sceptical towards rational-actor models of organisations, regarding institutionalisation as a process that makes organisations less rational and more limited by their options (DiMaggio & Powell, 1991):

“Both the old and the new approaches share a scepticism toward rational-actor models of organization, and each views institutionalisation as a state-dependent process that makes organizations less instrumentally rational by limiting the options they can pursue. Both emphasize the relationship between organizations and their environments, and both promise to reveal aspects of reality that are inconsistent with organizations’ formal accounts. Each approach stresses the role of culture in shaping organizational entity” (DiMaggio & Powell, 1991, p. 12).

An interpretation of the source of constraints on organisational rationality is one of the most notable differences highlighted between old and neo-institutionalists (DiMaggio & Powell, 1991). Old institutionalists emphasise the vesting of interest of an organisation, resulting from political conditions, tradeoffs and alliances. In contrast, neo-institutionalists stress the relationship between legitimacy and stability (Zucker, 1987). Legitimacy and power are the common understandings of such constraints (Lawrence & Buchanan, 2017).

Although authors such as March and Olsen (1984) suggest that the novel approach to neo-institutional theory is not “entirely new”, various scholars recognise a rupture in the understanding of institutions (DiMaggio & Powell, 1983, 1991; Zucker, 1983). One of the criticisms of institutional models has been the lack of an explanation of the role of actors in

changing institutions. The deterministic pressure of institutions on the historical evolution of societies left little room for interpreting the role of actors since they were assumed to be deterministically subordinated to institutions. New institutionalists show that actors have a relevant role in a social system. An actor “compared with the mundane person or group, is understood to have clearer boundaries, more articulated purposes, a more elaborate and rationalized technology, a more clearly defined set of resources, and a much stronger internal control system” (Meyer, 2010, p. 3).

A key distinction in neo-institutional theories has to do with agency, as actors are more capable of taking responsibilities in the collective life of organisations. This approach acknowledges the interactions and tensions between the constraining and/or empowering patterns imposed by institutions and purposive actors (Sewell, 1992). Actors’ capacities within organisations have been documented, for example, by Eisenstadt (1980) and DiMaggio’s (1988) study on institutional entrepreneurship, Barley and Tolbert’s (1997) research on individuals capacity to modify or even eliminate institutions, or Lawrence et al.’s (2009) study on the role of social agents to change dynamics derived from top-down institutional pressures. The following section explores old and neo-institutionalism particularities, suggesting how the latter can better contribute to the understanding of the phenomenon under research.

5.3. Old Institutionalism

Old institutionalism is a theoretical paradigm that resembles the rational school, addressed mainly by economists, political scientists and sociologists. Early institutional theory in economics appeared in the late 19th century in Austria and Germany, inspired by the Romantic movement and led by the German economist Gustav von Schmoller, highlighting that economic processes are part of a social framework shaped by historical and cultural forces. This streamline highlighted the pervasive market power and argued that social institutions shape individual desires (Scott, 2013). Early institutional studies in political sciences appeared in the late half of the 19th century and the first decades of the 20th century, guided by the French philosopher and historian Alexis de Tocqueville, which distinguished between regulative and normative institutions, centrally laws, routines, and habits, including opinions, attitudes and norms. Defining features of this school focused on legal systems and formal structures, emphasising government institutions and political systems. Posterior concerns of this school

also integrated debates on moral philosophy and political science as an empirical science guided by theory (Scott, 2013).

Early sociological institutionalists trace its roots on influential authors such as Berger and Luckmann (1991), Parsons (1991), and Selznick (1949), in which ideas were centred on a political analysis of organisational strategy and group conflict (DiMaggio & Powell, 1991). Old institutionalists give prominence to exogenous patterns in which individuals, groups and societies are rooted (Meyer, 2010). According to this paradigm, organisations are adaptive vehicles shaped as reactions to influences from external environments (Selznick, 1996). Through norms, attitudes, and values, institutions are binding rules that shape individuals and societies' preferences (DiMaggio & Powell, 1991).

One of the central assumptions of old institutionalists suggests that organisational change is driven by rational motives, the need for competition and efficiency (Meyer & Rowan, 1977). This idea was inspired by Max Weber (1952) under the *iron cage* metaphor, arguing that bureaucratisation and the rationalisation of social life were irreversible. Bureaucratisation was conceived as a result of the emerging power of economic markets and centralised states, also known as the *demystification* of the world, a process in which capitalism and technocracy take possession of society. This approach focused on how institutions prevent actors from acting upon their interests (DiMaggio, 1988) and suggested that informal or unconscious interactions influenced an organisation's behaviours and actions through patterns, coalitions, and recruitment or promotion elements (Aldrich, 2008). This view also highlights that institutionalised rules are above social behaviours and are built into society as mutual understandings, which can be taken for granted, forced by law or supported by public opinion (Berger & Luckmann, 1991).

Labelled as a *realist model*, Meyer (2010) pointed out some characteristics of the old institutionalism, which distances from phenomenological and other complex models of thought. Some of these ideas suggested that "people are natural actors" that behave under clearly delimited boundaries regardless of their involvement in an institutional order. However, Meyer (2010) describes such institutional environments as limited and lacking complex relationships or cultural meanings between organisational structures. In this sense, the institutional environment operates as a set of norms and binding rules that affect actors' boundaries without conferring a cultural or transcendental significance.

Although old institutionalists discuss change and progress in institutions, Schott (2013) highlights that most early works presented limited attention to organisations. As revisited, old institutionalists analyses were focused on broader institutional structures such as language and

legal systems, political systems, religious structures, while other authors emphasised the emergence of normative frameworks where social interaction was localised. During the 40s and 50s, new scholars started to acknowledge the existence and relevance of collectivities, notably, individual organisations, as entities that differentiate from larger social institutions and individual's behaviour. Until the late 70s, academics give attention to the organisational field and its importance to institutional theory. After seminal publications from DiMaggio and Powell (1983) and DiMaggio (1988), research in neo-institutional theory took off, bringing ideas from Selznick's conception on organisational commitments, becoming a foundational idea for neo-institutionalists.

The following section explores the characteristics of the neo-institutionalist approach.

5.4. Neo-institutionalism

The neo-institutionalist approach linked to organisational studies is temporarily connected to the year 1977, with John Meyer seminal papers "Institutionalized Organizations: Formal Structure as Myth and Ceremony" and "The Effects of Education as an Institution". This approach was enriched in Meyer's analysis of the world system, influencing posterior studies interpreting the operating context of formal organisations (Meyer & Scott, 1983). Further contributions were developed by Lynne Zucker (1987), introducing notions of the institutional theory concerning the effects of rituals, ceremonies, and culture on organisations. In the late 80s, Richard Scott published "The Adolescence of Institutional Theory", suggesting that institutional theory was just "at an early stage of development" (Scott, 1987, p. 510) with a promising future in academia.

In this period, scholars embraced the notion that much of what occurred inside organisations was centrally linked with the social relationships in which they were surrounded. After these works, the framework of institutional theory in organisations was divided into two strands, the old institutionalists focusing on the internal environment of organisations, and the new institutionalists, with a particular focus on the external environment of organisations, or a combination of both. This represented an academic leap from the engineering view of management that characterised the post-World War II economy (Palmer et al., 2008). Contributions to neo-institutionalism were also reflected in positive theories of institutions, new institutional economics (North, 1991), and sociological approaches to institutions (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Meyer & Scott, 1983).

Roots of phenomenology can be found in new institutionalism. In a divorce from the Weberian approach of the bureaucratisation of societies, DiMaggio and Powell (1983) highlighted that the causes of rationalisation have changed, as a change in organisations were less driven by efficiency and competition but by cooperation. In modern and rationalised societies, different types of symbolic systems (e.g. values or beliefs) become more rationalised as traditional forms of authority were replaced by law systems, the nation-state or professions:

“This version of institutional theory tends to shift attention away from such environmental elements as the market, the location of resources and customers, and the number and power of competitors, to call attention to the role of other types of actors, such as the state and professional associations, that shape organizational life both directly by imposing constraints and requirements and indirectly by creating and promulgating new rational myths” (Scott, 1987, p. 499).

A central notion for institutionalists is the concept of the **organisational field**, which represents the “intermediate level between organization and society and is instrumental to processes by which socially constructed expectations and practices become disseminated and reproduced” (Greenwood et al., 2002, p. 58). Highly structured organisational fields provide a setting in which actors handle rationality, leading to homogeneous structures, output, and culture. According to Meyer and Rowan (1977), an organisational field exist as long as it is “institutionally defined”, a process that relates an increase of interaction between organisations in a field, the emergence of inter-organisational structures of domination, an increase in the exchange of information, and the achievement of mutual awareness and support among organisations.

Organisational rationality is then constrained by **institutionalised rules**, or a process of **institutionalisation** understood as a procedure “by which social processes, obligations, or actualities come to take on a rulelike status in social thought and action” (Meyer & Rowan, 1977, p. 341). Institutionalised rules function as powerful myths, values, and norms, determining organisations structures in a common setting. Organisations “ceremonially” incorporate procedures and practices determined by dominant rationalised concepts of organisational ideas institutionalised in a social system. By doing so, an organisation’s formal structure reflects the institutionalised myths of their environment rather than the demands of their work activities, increasing their survival capabilities and maximising their legitimacy (Meyer & Rowan, 1977). Such adaptation to institutional rules is considered a “ceremonial conformity”, allowing organisations to reduce conflict between their operations and the

demands of the institutional rules (Meyer & Scott, 1983). An organisation's incapacity to incorporate external myths is considered to act under negligent and irrational behaviour. Institutionalisation, as a process, happens over time in an organisation's history, reflecting on its people, embodied groups, and interests and adapting to its environment (Selznick, 1949). Zucker (1983) complements this idea by suggesting that the sources of institutionalisation are rooted in conformity in aspects of everyday life to produce common considerations about what is appropriate and significant behaviour.

For neo-institutionalists, the institutional environment is rich, conformed by complex organisational structures and cultural meanings. The setting is thus integrated on mandates and norms such as belief systems, regulations, social comparison processes, and cultural pressures (DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977). This approach argues that the institutional system legitimates purposive, agentic and autonomous actors' boundaries and internal structures. Here, actors play a relevant role inside organisations, being part of "the theatre", as they are constructed entities that enact scripted action. The environment influence actors beyond their agency, activity and identity, operating as a meaning and cultural system (Meyer, 2010). This discussion suggests that an organisation's compliance with the environment makes them more similar and homogeneous in structure, introducing the notion of *isomorphism*, which is discussed in the following section.

5.4.1. Institutional Isomorphism

The concept of isomorphism is located in the category of sociological institutionalism as outlined by Schmidt (2008) and Scott's (1987) cultural-cognitive pillar. While Schmidt (2008) focuses on specific cultural practices and institutions as the unit of analysis, DiMaggio and Powell (1983) centre on organisations and the organisational field. This approach departs from a neo-institutionalist concern to understand why organisations are similar even when they engage in different activities in different contexts (Palmer et al., 2008). Isomorphism thus occurs as a process of *homogenisation*, defined as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell, 1983, p. 149).

Organisations conform to an environment by incorporating institutional rules and becoming isomorphic by decreasing control and independence to gain legitimacy and enhance survival (Meyer & Rowan, 1977); thus, "organisations compete not just for resources and customers,

but for political power and institutional legitimacy, for social as well as economic fitness” (DiMaggio & Powell, 1983, p. 150). Accordingly, organisational characteristics are modified to be more compatible with the features of the environment. As stated by Boxenbaum and Jonsson (2008), “organizations need a societal mandate, or legitimacy, to operate, and this is gained by conforming to societal expectations” (p. 78).

Institutional isomorphic change theory is suitable for studying institutional change as it relates aspects of the external (organisational field) and the internal environment. Isomorphism relates to three processes in which change occurs: **coercive**, **mimetic**, and **normative** (DiMaggio and Powell, 1983). These forces are not types but mechanisms or processes for isomorphism:

Coercive isomorphism results from a problem of legitimacy and the exerted influence from political institutions in organisations. It relates to the patterns imposed by more powerful and superior authorities. It results from formal pressures, directly from a government mandate, and informal pressures related to cultural expectations in society. Some examples of coercive isomorphism include a contract law system, government mandates, regulatory agencies, or financial reporting that bind organisations to adopt practices or behaviours. It follows Meyer and Rowan’s (1977) argument that rationalised states extend their dominance in the different areas of social life; thus, organisational structures reflect institutionalised rules and are correspondingly legitimated by the state. Although the pressure derived from coercive authority is a potent source of isomorphism, uncertainty is “a powerful force that encourages imitation” (DiMaggio & Powell, 1983, p. 151).

Normative isomorphism is associated with professionalisation, interpreted as “the collective struggle of members of an occupation to define the conditions and methods of their work” (DiMaggio and Powell, 1983, p. 152). It represents the legitimation build upon scientific knowledge, in which university specialists and professional networks produce cognitive bases of action and behaviour. Normative pressures allude to the adoption of patterns that are considered appropriate in the environment, which at the same time are guided by practices judged as a correct moral choice or a moral duty (Boxenbaum & Jonsson, 2008).

Mimetic isomorphism occurs as organisations “model themselves after similar organizations in their field that they perceive to be more legitimate or successful” (DiMaggio & Powell, 1991, p. 70). It arises in scenarios of symbolic uncertainty, ambiguous goals and when organisational technologies are not entirely understood (March & Olsen, 1984). Mimetic isomorphism principally relates to how the organisation responds to the uncertainties of the environment by mimicking, copying, imitating or adopting the behaviours of other organisations. Through

mimetism as a response, the modelled organisation serves as a source of experiences, practices or activities that the copying organisation use.

Enlarging the concept of institutions as distinct societal spheres, Scott (1987) introduced an institutional typology, known as the three pillars of institutions; these pillars are described in the following subsection.

5.4.2. *The Three Pillars of Institutions*

Following Scott (1987), social institutions refer to “relatively enduring systems of social beliefs and socially organized practices associated with varying functional arenas within societal systems, e.g., religion, work, the family, politics” (Scott, 1987, p. 499). In a publication named “Institutions and Organizations: Ideas, Interests, and Identities”, Scott (2013) suggests that institutions operate in multiple levels and are initiated in different settings. Scott states that a new perspective on institutional theory recognises differentiated institutional logics modelled in human activities. The author highlights three ingredients of institutions identified by social theorists: **Regulative**, **normative**, and **cultural-cognitive** systems.

The **regulative** pillar relates how institutions regularise and constrain behaviour, giving relevance to regulatory procedures such as sanctioning, creating rules, or monitoring. In this approach, “regulatory processes involve the capacity to establish rules, inspect others’ conformity to them, and, as necessary, manipulate sanctions — rewards or punishments — in an attempt to influence future behaviour” (Scott, 2013, p. 59). In an institutional environment, the regulatory component reflects the rules, regulations and laws existing in a context that fosters and constrains certain behaviours (Kostova & Roth, 2002). Sanctions are developed through informal mechanisms in social relations, customs, or habits (e.g. shame, dishonour) or through formal, legislative instruments (e.g. police forces and punishment). Even though regulations represent elements of constraint or repression, regulative systems also allow, empower and permit actions through powers or benefits to certain actors (Scott, 2013). Here, the political structures are key as they are legitimate sources of coercion (North, 1991).

The second pillar is **normative**. It alludes to the norms, values, beliefs, and assumptions about the human behaviour of individuals in a society. As suggested by Scott (1987), the emphasis is “placed on normative rules that introduce a prescriptive, evaluative, and obligatory dimension into social life” (p. 64). Normative systems are integrated by two elements: norms and values. *Values* are conceptions that make it possible to compare and evaluate behaviours, while *norms*

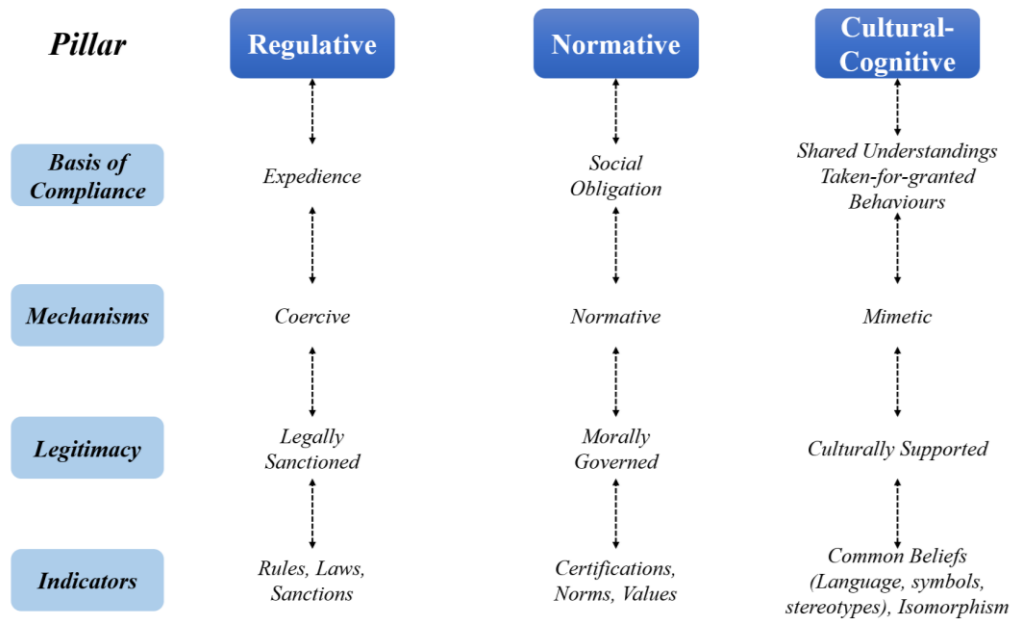
consist of standards that define how things should be done, determining the shared expectations of social behaviours. Normative systems determine the various roles of actors that dictate what goals are appropriate and what activities should carry out particular individuals. Such roles are mere prescriptions of how actors are expected to behave. In addition to defining goals and objectives, normative systems also designate the appropriate mechanisms and pathways to achieve these goals, avoiding instrumental logics or choices guided by self-interest.

The **cultural-cognitive** component relates to different aspects of cognitive categories and social knowledge (such as language, symbols, stereotypes) used by people in a society. Cultural-cognitive systems give special attention to the intellectual dimensions of human existence since symbols such as gestures or words shape meanings given to activities or objects. In this pillar, symbolic processes build the social reality, defining the nature and characteristics of actors and their actions. The culture plays a protagonist role, as this system operates at various levels, from common patterns of beliefs in an organisation's culture, the shared ideologies in a political system or shared understandings in local situations. Conformity occurs in different circumstances because certain behaviours are not accepted, and routines are taken for granted actions as they are usually done (Scott, 2013).

Regulative, normative and cultural-cognitive pillars are rooted in every context, determining and underpinning social routines. The pillars are labels of legitimacy, and they are used by researchers in both theoretical and empirical levels (Deephouse & Suchman, 1995; Suchman, 1995). Institutions vary in the type of combinations of these elements and operate in various levels of analysis (micro, interpersonal or world systems). In this regard, Scott (2008) stated: "although institutional elements are themselves symbolic, they are of interest insofar as they provide a cognitive schema, normative guidance, and rules that constrain and empower social behaviour" (p. 429).

Regulatory, **normative**, and **cultural-cognitive** pillars reflect the different activities and resources that "provide stability and meaning to social life" (Scott, 2013, p. 57) and invoke the isomorphic elements exposed by DiMaggio and Powell (1983): **coercive**, **normative**, and **mimetic**, respectively. **Figure 5.1** presents the main concepts summarised by Scott (2013), referring to the characteristics of the three pillars of institutional theory, which has been considered a relevant theoretical framework for understanding and analysing institutions.

Figure 5.1. Three Pillars of Institutional Theory



Source: Elaborated by the Author based on Scott (2013)

5.4.3. Institutional Change

One of the principal problems of institutional theory is solving the tension between agency and structure (Battilana et al., 2009). Although the neo-institutional theory suggests that organisations can influence the environment in which they operate, rather than limiting themselves to adapting to it (Oliver, 1991), more nuanced theoretical underpinnings are missing to explain institutional change. This gap has paved the way for the emergence of two sub-lines of institutional theory: *institutional entrepreneurship* (Greenwood & Suddaby, 2006; Maguire et al., 2004) and *institutional work* (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006). By putting the role of actors at the centre of the analysis, the *institutional entrepreneurship* approach offers a departing point for understanding the process of institutional change (Beckert, 2010). This approach has been criticised for overemphasising the role of agency, treating agents as “heroes”, placing a central accent on the “Deus ex Machina” paradigm.

On the contrary, *institutional work* extends on an actor capacity to create, disrupt or maintain institutions (Lawrence & Suddaby, 2006). This approach is viewed as an effortful process that involves multiple stakeholders at various levels. Institutional work has been recognised for

avoiding heroic narratives and allowing an interpretation from a multiparty focus (Lawrence et al., 2011).

However, institutional work only elucidates a fraction of the whole process of institutional change. The entire process of institutionalisation (Jepperson, 1991) occurs from the fading of the existing system (Oliver, 1992), to the introduction of new institutional norms (Meyer & Rowan, 1977) and its sedimentation (Tolbert & Zucker, 1996), until the positioning of new institutions. In order to interpret the process of institutional change, this dissertation reviews the stages of institutional change presented by Greenwood et al. (2002) and the categories of institutional work developed by Lawrence and Suddaby (2006).

5.4.3.1. *Stages of Institutional Change*

Greenwood et al. (2002) proposed a six stages model that allows interpreting the process of institutional change, helping to situate the role of innovation and how it becomes part of this process. Greenwood et al. (2002) framework is based on DiMaggio and Powell (1983) conceptualisation of the organisational field, understood as the arena in which society constructs reality. Repeated interactions between organisations lead to the construction of collective beliefs, in which organisations behave under a socially constructed reality to reduce the ambiguities and uncertainties of the environment. Greenwood et al. (2002) compiled an institutional change model based on professional agents to represent the different processes in which institutions changed in society, and is summarised as follows:

- **Stage I.** The process of institutional change starts with “jolts” or destabilising events derived from regulatory changes, technological disruptions, or social upheaval (Greenwood et al., 2002; Zucker, 1986), to name a few.
- **Stage II.** Framed as “de-institutionalisation” by Jepperson (1991) and Oliver (1992), it consists of the weakening and dematerialisation of institutions, leading to the emergence of existing and new players. Actors from multiple levels (macro, meso, and micro) have the potential to disturb the social field by generating new ideas of change (Greenwood et al., 2002).
- **Stage III.** Outlined as “pre-institutionalisation” by Tolbert and Zucker (1996), it is followed by a process called “habitualisation” (Tolbert & Zucker, 1996), which refers to the “development of patterned problem-solving behaviours and the association of such

behaviours with particular stimuli” (Tolbert & Zucker, 1996, p. 181). This stage makes it possible to situate the notion of *innovation*, defined by Greenwood et al. (2002) as a moment in “which organizations innovate independently, seeking technically viable solutions to locally perceived problems” (p. 60).

- **Stage IV.** Framed as “theorisation” (Greenwood et al., 2002) or “semi-institutionalisation” (Tolbert and Zucker, 1996), it is integrated by two processes: *specification*, or a clear definition of an organisational failing, and *justification*, when local innovations become a treatment or a solution to failures. Although Greenwood et al. (2002) and Tolbert and Zucker (1996), in their work only discussed the process of theorising, Lawrence and Suddaby (2006), in their contributions to institutional work, identified various processes in which actors maintain, create, and disrupt institutions. Institutional work — which is presented in the following subsection — elucidates the role of actors in the process before the diffusion of an institutional change is achieved.
- **Stage V.** Although for Tolbert and Zucker (1996), Stages IV and V are unified, Greenwood et al. (2002) called this stage a process of “diffusion” that leads to the objectification of the institutional change. Objectification “involves the development of some degree of social consensus among organizational decision-makers concerning the value of a structure, and the increasing adoption by organizations on the basis of that consensus” (Tolbert & Zucker, 1996, p. 182). Actors’ interventions turn abstract ideas into concrete solutions that enable institutional change, allowing broader societal diffusion through consensus. Diffusion leads to legitimacy and public recognition, following patterns of normative and cultural-cognitive legitimacy (Lawrence & Suddaby, 2006).
- **Stage VI.** This final stage consists of a process of “re-institutionalisation” (Jepperson, 1991) or “full-institutionalisation” (Tolbert & Zucker, 1996), which occurs when ideas are fully institutionalised and expected to survive through time (Suchman, 1995). Tolbert and Zucker (1996) named this stage as sedimentation, “a process that fundamentally rests on the historical continuity of structure, and especially on its survival across generations of organizational members” (Tolbert & Zucker, 1996, p. 184). Therefore, at this stage of institutional change, homogenisation may have taken place as a process in which society accepted the diffusion of the new institutional rules.

The stages of the model are summarised in **Figure 5.2**.

5.4.3.2. Institutional Work

In response to the question, “*what causes institutional change?*” (Kingston & Caballero, 2009), *institutional work* has been defined as the “purposive action aimed at creating, maintaining and disrupting institutions” (Lawrence & Suddaby, 2006, p. 216). This view goes in line with Jepperson (1991), in which institutions are the result of “actions taken to reproduce, alter and destroy them” (Lawrence & Suddaby, 2006, p. 216). Institutional work is demarcated into three categories: creating, maintaining and disrupting institutions (see **Table 5.1**), associated with the three institutional pillars of Scott (2013): regulative, normative and cultural-cognitive.

As seen in Greenwood and colleagues six stages process, institutional change incorporates *innovation* at the core of the model (Stage III); however, it does little to develop this idea, as it jumps from innovation to the institutionalisation of practices, without delving into how this process occurs. Lawrence and Suddaby (2006) categorisation of institutional work allows placing the innovation factor as a more dynamic notion that explains the relationship between the actors and the structure in which it is embedded. As this dissertation focuses on social innovation at the core of the process of institutional change, former studies have suggested institution work as an adequate framework: “The institutional work perspective provides a suitable theoretical lens to study the phenomenon of social innovation because it allows for multiple actors working together purposively to create, disrupt, and transform prevailing institutions” (Venugopal & Viswanathan, 2019, p. 803).

Table 5.1. Forms of Institutional Work

Creating	Maintaining	Disrupting
• Advocacy, defining and vesting • Constructing identities, changing normative associations and constructing normative networks • Mimicry, theorising and educating	• Enabling work • Policing • Deterring, valorising and demonising • Mythologising • Embedding and routinising	• Disconnecting sanctions • Disassociating moral foundations • Undermining assumptions and beliefs

Source: Created from on Lawrence and Suddaby (2006)

B Corps implementation of CSI is very linked with their philosophy of reproducing change through a market-oriented approach, guided by the principle of building a “New Economy”. Between the three categories of institutional work defined by Lawrence and Suddaby (2006),

the process of *creating new institutions* is akin to B Corps premise to “envision a global economy that uses business as a force for good” and “to redefine success in business and build a more inclusive and sustainable economy” (B Lab, 2022b).

Creating new institutions are associated with three processes (**Table 5.2**): first, “the ability to establish rules, rewards and sanctions which preserve these rules” (de Oliveira Miranda & Calmon, 2018, p. 74), which is related to the regulative pillar (Scott, 2013) and centrally deployed by macro-level actors (the state, public agencies and professional bodies). Second, the capacity to change “norms and belief systems, associated with the establishment of standards, institutionalised practices and technologies that pair or complement existing institutions” (de Oliveira Miranda & Calmon, 2018, p. 74–75); centrally linked with the normative pillar (Scott, 2013). And third, the possibility of changing the significance of abstract categories. Activities of this level “focuses on structures and actors in the field that are isolated and peripheral but have great potential for the development of institutional action” (de Oliveira Miranda & Calmon, 2018, p. 75), directly related to the cultural-cognitive pillar (Scott, 2013).

Table 5.2. Institutional Work: Creating Institutions

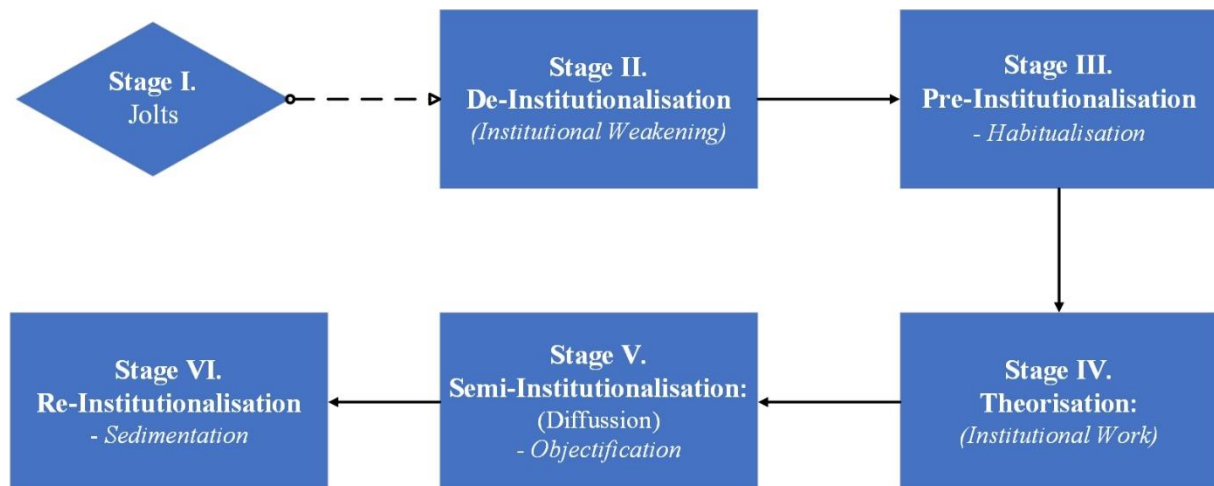
Institutional Logics	Forms of institutional work	Definition
Regulative	Advocacy	Mobilise political and regulatory support to accomplish social persuasion
	Defining	Create rules and systems that confer identity and determine boundaries over hierarchies in a field
	Vesting	Implement rules that confer property rights
Normative	Constructing identities	Define the relationship between an actor and his field
	Changing normative associations	Remake the connection between practices and their moral and cultural foundations
	Constructing normative networks	Construct inter-organisational connections through normatively sanctioned practices
Cultural-cognitive	Mimicry	Associate new practices with former taken-for-granted practices
	Theorising	Develop abstract categories and their chains of cause and effect
	Educating	Educate actors with skills and knowledge of the new institutions

Source: Created from on Lawrence and Suddaby (2006)

Considering that B Corps are organisations that aim to redefine the concept of business success, the analysis of institutional change in this dissertation centres on the cultural-cognitive level: *educating, theorising, and mimicry*, which is in the capacity of performance of meso-level actors (Lawrence & Suddaby, 2006), such as organisations and groups of people. Greenwood

et al.'s (2002) model, therefore, presents a suitable approach to understand the process of change in institutions and is complemented with subsequent literature in institutional work to explain the process of “semi-institutionalisation” (Stage IV).

Figure 5.2. Stages of Institutional Change



Source: Adapted from Greenwood et al. (2002), Tolbert and Zucker (1996) and Lawrence and Suddaby (2006)

Although Greenwood et al. (2002) work was designed to be interpreted from the perspective of regulatory agencies and professional associations, the model itself reveals that institutional change can be examined from a multi-level perspective. In line with the agent-structure debate (Temby, 2015), different levels of analysis should be considered when interpreting the process of change (Cajaiba-Santana, 2014). Three levels can be identified (Lavrakas, 2008): a) the *macro level*, which integrates collectives, governments, public agencies and global institutions, i.e. the UN, the EU, or the OECD (see the sustainable development debate in Chapter 1). b) The *meso level*, composed of organisations and groups, i.e. private sector entities, non-profit organisations, etc. (for more details in hybrid organisations see Chapter 2). And, c) the *micro-level*, integrated by individuals and persons, i.e. consumers, suppliers, or employees.

This research focuses on the meso-level, identifying B Corps as actors that interact with both macro-and micro-level actors in their attempt to carry out systemic change and how, to a large extent, these organisations achieve to change institutions. The thesis uses the neo-institutional theory from an institutional change stage model, notably in Chapter 9, where the theoretical analysis of the dissertation is presented.

5.5. Comprehensive Approach

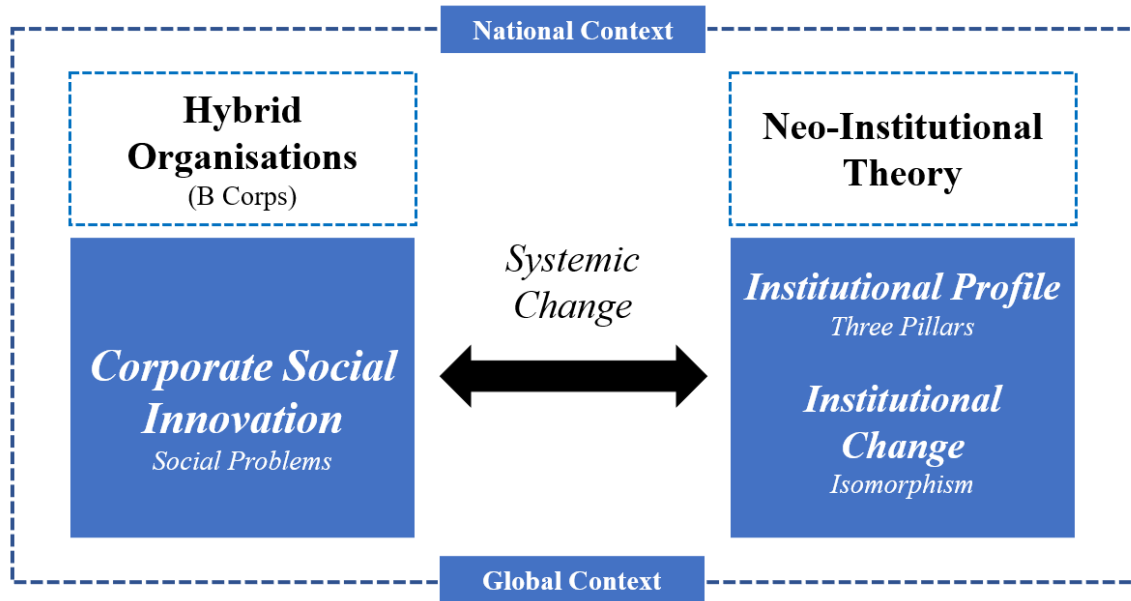
By identifying the key forces that shape B Corps in Colombia, it is apparent that institutions model different forms of hybrid organisations activity, but these at the same time can develop activities that prompt change. The Comprehensive Approach (**Figure 5.3**), is a starting point in understanding B Corps external pressures from the environment in Colombia and provides a framework for interpreting these organisations efforts to change institutions that operate across spatial scales, from national and global levels.

This approach is based on two propositions. On the one hand, hybrid organisations are exposed to multiple challenges that threaten their functioning and represents additional tensions for their operations (Battilana & Lee, 2014; Doherty et al., 2014; Eckert et al., 2020). The increase of hybrid organisations in nowadays society is explained by scholarship referring to a prevalence of complex and pluralistic institutional environments (Pache & Santos, 2010, 2013; Smith et al., 2013). In this regard, the neo-institutional theory provides solid insights to interpret external influence on these organisational forms.

On the other hand, institutional theory has been suggested as a suitable approach to comprehend and understand social innovation as a mechanism to resolve complex problems in society (van Wijk et al., 2019). Similarly, institutional theory has been useful to interpret the process of institutional change (Cajaiba-Santana, 2014; Foroudi et al., 2020; Turker & Altuntas Vural, 2017). Particularly, transition studies have suggested the relevance of utilising institutional theories to understand transformation processes and changes in socio-technical systems (Geels, 2004). Following former discussions on transformative social innovation (Haxeltine et al., 2016), this study interprets CSI from the institutionalist perspective, following Pel, Haxeltine, et al. (2020) discussion of the capacity of social innovation to pursue systemic change, understanding, the latter in terms of institutional change.

In the author's view, this approach synthesises main inputs from the neo-institutional theory and offers guidance to better comprehend CSI in hybrid organisations in Colombia. On the one hand, the three pillars of institutions are particularly useful to understand the institutional environment's influence in hybrid organisations (Littlewood & Holt, 2018b; Rivera-Santos et al., 2015); helpful for guiding **RQ2**. On the other hand, the stages of institutional change (Greenwood et al., 2002) permit identifying the moment in which change occurs through diffusion and consensus because a purposeful intervention of organisation in society through solutions to what are considered failures in the system; helpful for addressing **RQ4**.

Figure 5.3. Comprehensive Approach



Source: Elaborated by the Author

5.6. Concluding Remarks

This chapter has identified the theoretical insights that better allow approaching the hybrid organising phenomena and how CSI can be embedded in this process. The neo-institutionalist approach is thus suitable for various purposes in this dissertation. On the one hand, and following the studies of Kostova and Roth (2002) or Littlewood and Holt (2018b), the neo-institutional theory allows examining “the effects of the institutional environment in a more systematic manner” (Kostova & Roth, 2002, p. 2017). Scott’s (2013) three pillars of institutions illuminates a better understanding of the various pressures from the environment that provoke external tensions in B Corps (Chapter 8).

On the other hand, the neo-institutional theory allows interpreting the question of how organisations change institutions. From the B Corps perspective, and attending the inquiry on how these organisations accomplish to change society from CSI, the Comprehensive Approach presented in this chapter delves into a theoretical and closure discussion, integrating elements from isomorphism (Beckert, 2010; DiMaggio & Powell, 1983), institutional change (Greenwood et al., 2002; Jepperson, 1991; Tolbert & Zucker, 1996), and institutional work (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006) (Chapter 9).

PART III – METHODOLOGY AND RESEARCH DESIGN

CHAPTER 6

6. METHODOLOGY

6.1. Introduction

This chapter outlines the research design, presents the methods adopted and the data analysis strategy utilised across the dissertation. Firstly, the chapter looks closely at the multiple case study design and the protocol, which explains the logical sequence in which the study was carried out. Consequently, details of the sampling, methods of data collection and analysis are presented. The chapter concludes with a discussion of the issues of construct internal and external validity and reliability and the ethical considerations that were made in the empirical work.

6.2. A Multiple Case Study Research

The purpose of this dissertation is to improve an understanding of CSI in hybrid organisations and the process of systemic change within the Colombian context. Given the lack of studies and related theory on the topic, the dissertation implements an exploratory, inductive approach to gain familiarity with the phenomenon under research (Edmondson & Mcmanus, 2007; Flick, 2002; Yin, 1981). An exploratory approach influenced the decision to choose case study research as the most suitable strategy, as it provides the means to examine a phenomenon of which little is currently underexamined (Creswell, 2013). As Yin (2003) states, “a case study is an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 13).

Among the outstanding characteristics of the case study methodology is its flexibility in research, providing a valuable way of comprehending the dynamics and nuances within a given setting (Eisenhardt, 1989). Considering a spatially specific context was essential for this dissertation because the study of hybrid organisations is usually linked with specific contexts (Doherty et al., 2014; Holt & Littlewood, 2015). Regardless of the strengths of case study research, limitations in utilising this research strategy are not ignored. Case study methods have been a source of controversy for being time-consuming and charged with subjective

conclusions and causal determinism (Creswell, 2013). Moreover, most of the critics relies on the dependence of single cases and the lack of a scientific rigour that impedes the generalisation of conclusions. Thus, the advantages of utilising a multiple-case study approach should be acknowledged.

First, multiple-case studies offer the potential for research in cross-case analysis (Ridder, 2017), a method that allows exploring different subjects presenting dissimilarities in characteristics while ensuring generalisations (Eisenhardt, 1989). Multiple cases enable contrasting the emerging findings of single cases, thereby deriving conclusions across them (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). The cross-case analysis permits a systematic comparison revealing similarities and divergences and how such features affect the research findings (Ridder, 2017). Second, it helps researchers gather detailed and rich data that is not easily retrieved from other research methods (primarily quantitative), allowing them to unravel particularities of a context, deep ideas, and a more nuanced perspective of particular phenomena. In particular, case study profundity helps researchers understand a studied context in a phenomenon's natural context (Eisenhardt, 1989; Eisenhardt & Ott, 2017). Finally, case studies strength also resides in the possibility to expand constructs and relationships between different settings, allowing to advance in theory (Ridder, 2017).

Having in mind the research goals, the case study methodology was considered as a suitable approach as it helps answer *how* and *why* questions (Yin, 1981), and is also configured as a reasonable method when researchers have little or no control of the events under research (Ridder, 2017; Yin, 2014). Besides, case studies are considered one of the most appropriate methods to develop theory through constructs (Ridder, 2017). Thus, a multiple-case study design was applied since it allows more generalisable results than single-case studies (Yin, 2014).

These methodological choices were particularly relevant for this dissertation since social innovation is considered a highly contextual phenomenon: “it depends on the time and place of its occurrence, as represented by specific institutional contexts” (Moulaert, 2005a, p. 18). Besides, this study is developed in a rich and heterogeneous context in Latin America where research in societal changes are unexplored, becoming a suitable setting to extend on theory-building:

“The region offers unique opportunities for management researchers to build and test theories with implications for important societal challenges (e.g. climate change, institutional change, technological change and technology gaps, governance, trade and financial integration, discrimination and

inequality, and poverty and income and wealth disparity). Also, because of its unique characteristics, Latin America offers unique opportunities for conducting research that force us to rethink baseline assumptions and theories on individual behaviour, firms, organizations, markets, and institutions” (Aguinis et al., 2020, p. 616).

The selected methodology was appropriate for answering the research questions.

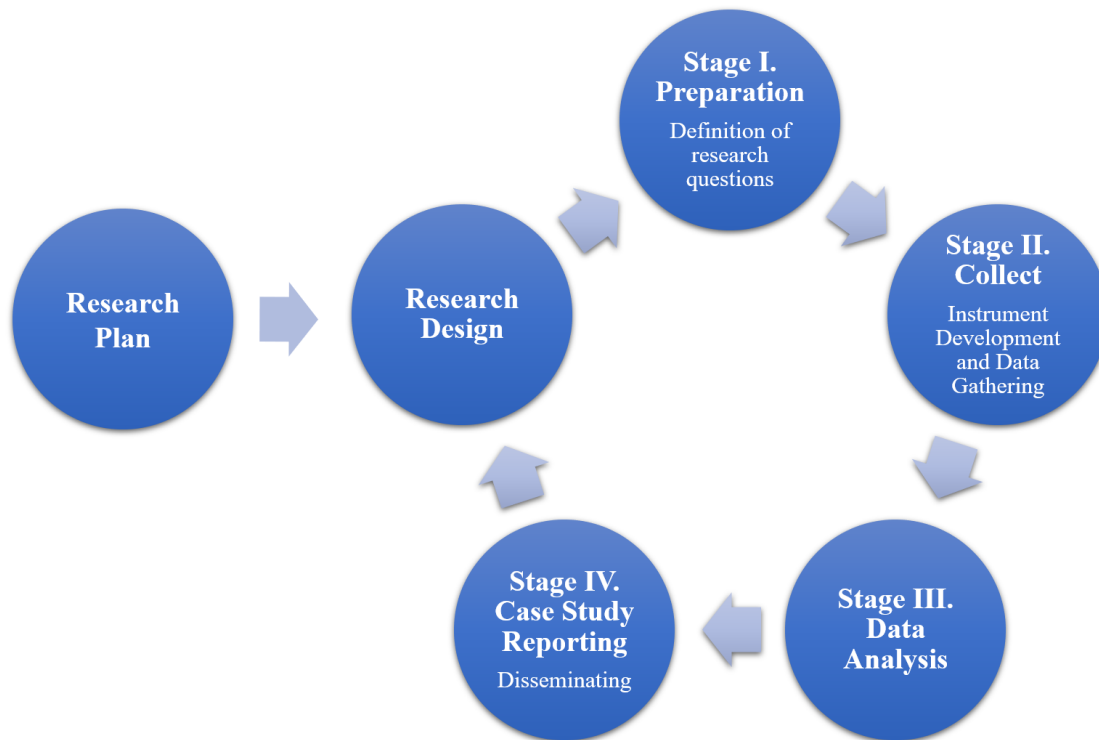
6.3. Case Study Design

In a case study design, researchers must consider logical sequences for carrying out a study. Following Yin (2014), the case study design follows a linear but iterative process that guides empirical research (**Figure 6.1**). Beginning with a plan to define the most suitable research design, *stage I* consisted of preparing and planning the steps to carry out during the doctorate journey, defining the research questions and research rationale (Walle, 2015). *Stage II* focused on developing the research instruments, selecting the cases and collecting data. Once data was retrieved, *stage III* implicated a data analysis process, examining the results in the light of the theory. *Stage IV* consisted of disseminating the research findings and presenting them to different publics. The stages are described below:

6.3.1. Preparation

Following *Stage I*, the design started with defining the research questions and recognising the research problem to be examined (Stuart et al., 2002). Following the former explanation, the case study methodology was selected to reach the overall objectives of the doctoral research. Qualitative methods were chosen as they provide a suitable approach for examining underexplored topics as they are adequate to identify and enlarge knowledge of a real-world phenomenon (Creswell, 2013). Research questions were previously outlined in Chapter 1, in which the research gaps were mentioned, leading to the research problematisation.

Figure 6.1. Stages of the Research



Source: Elaboration based on Yin (2014) and Stuart et al. (2002)

6.3.2. Data Collection

Data collection, which corresponds to *Stage II*, consisted of developing the research instruments, selecting the case studies, and setting the research methods to gather data (Stuart et al., 2002).

6.3.2.1. Protocol Research and Instruments

The data collection process must be guided by a Protocol that allows addressing the diversity of sources, which at the same time indicates the topics under research, and helps to alert the researcher to the type of evidence that is relevant (Yin, 1981). The elaboration of a Research Protocol permits enhancing transparency by clarifying the research procedures and guiding how the entire case will be conducted (Gibbert & Ruigrok, 2010). A Research Protocol describes the research instruments, processes, and general rules that guide the sources where information can be searched (Voss et al., 2002). In order to enhance rigour and to keep a chain of evidence

of the research procedures, a Protocol was developed to provide the necessary focus, ensure a follow-up of the evidence (Stuart et al., 2002) and guarantee reliability in the research decisions (Gibbert & Ruigrok, 2010). The Protocol that guided this thesis is presented in **Appendix I**.

Typically, the central data source in qualitative research is interviews and interactions. Other sources also include observations, informal conversations, surveys, meetings attendance, and archival resources (Voss et al., 2002). Interviews are data sources (Eisenhardt, 1989) and are a “commonly used method of collecting information from people” (Kumar, 2011). Based on a verbal interchange of ideas, interviews main goal is to elicit information, opinions and beliefs of an informant. Primary data was collected from the participating organisations through structured interviews, while unstructured interviews were developed with key informants. While structured interviews are more rigid in structure and content, intending to follow rigorous theories and analytical frameworks, unstructured interviews are usually more flexible in content and design. Examples of the questionnaires to carry out the interviews are integrated within each of the published chapters.

6.3.2.2. *Case Study Selection*

The reasoning for focusing on a particular case has twin objectives: obtaining a representative sample and having variations on the characteristics and dimensions of theoretical interest (Seawnght & Gerring, 2008). Stake (2000) highlights that case studies are considered suitable for research because of their uniqueness and because they reflect aspects that allow outlining or disapproving a theory. Thus, the first criterion for selecting cases is to reveal what can be learned from them, leading to deeper understandings, nuances, and assertions to modify or enlarge the beliefs about a research phenomenon. In case studies, it is also relevant to set out the setting where the case occurs, which involves situating it within several contexts (geographical, socio-economic and historical). B Corps were selected as the “case” in this research, considering them as an underexplored research topic that requires further analysis (see also Chapter 3). Colombia is chosen as the geographical context as there are no existing studies that explore CSI and B Corps in the country (Chapter 4). Case studies provide depth of enquiry, more significant than some other research methods, going beyond superficial assessments, allowing the study of units of analysis in a holistic perspective (Ridder, 2017).

Purposeful sampling strategies allow capturing variations of cases while facilitating comparisons based on representativeness and appropriateness (Eisenhardt, 1989; Patton, 2014;

Yin, 2014). Following a purposeful sampling strategy for case selection, firms were identified in the B Corp Directory, <https://bcorporation.net/directory>, which provided rich information about the companies. From August to December 2019, 45 enterprises were identified as having valid the B Corp certification. After elaborating a database with the names, telephone numbers, addresses, contact and email addresses of the primary contacts, enterprises were firstly contacted by email through a written invitation (**Appendix II** presents the English version). Following a positive e-mail confirmation, telephone calls followed to establish a suitable date for the visits. During these calls, general topics were discussed to filter elements of CSI that would be later consulted during the visit.

Eighteen Colombian B Corps were able to participate. This sample exceeds the expected number of cases (a minimum of four) for developing case studies suggested for theory generation (Eisenhardt, 1989). The sample was constituted of 13 small, three medium-sized, and two large enterprises (according to the Colombian legislation).⁵ Data collection was developed between October 2019 and August 2020. **Table Appendix (II)** shows the names of the participating B Corps, indicating its business description, sector, year of foundation, year of the B Corp certification, geographical location, and size. Narratives of the organisation's main activities, foundation background, achievements, prizes and awards, in-site photographs, and other qualitative details are presented in **Appendix III**.⁶ The depth of the cases depended on the size of the organisation and company background.

6.3.2.3. *Research Methods*

The research questions aimed to be answered in this dissertation were addressed following three processes, summarised in **Table 6.1**.

Table 6.1. Research Method Process

Research Method	Characteristics
Literature Review	Review of secondary data sources
Case study with B Corps	Eighteen cases of B Corps for in-depth study (semi-structured interviews, observations, and secondary sources).
Semi-structured interviews	Six semi-structured interviews with B System informants

⁵ According to Law 1474 of 2011, small enterprises comprise between 11 and 50 employees, medium-sized enterprises between 51 and 200 employees, and large enterprises with more than 200 employees

⁶ Photographs were not used for data analysis in this dissertation

Literature Review. Literature reviews allow presenting an overview of prior knowledge to provide foundations of a research subject (Walle, 2015). They help to assess the *state-of-the-art* on a topic and guide methodological research to provide adequate theoretical contributions. Literature reviews take two forms: a) reviews utilised to give a background of an empirical study and b) stand-alone pieces (Xiao & Watson, 2019). Background literature reviews provide justifications for decisions made in a research design and provide an appropriate theoretical context to identify research gaps. In contrast, stand-alone reviews allow identifying a body of existing literature through interpretation, explanation, and aggregation. Both background literature and stand-alone pieces were approached.

A general overview of the literature was undertaken related to CSI, hybrid organisations and sustainable business models, and sustainable development and systemic change. Secondary sources included books, journal articles, textbooks, and grey literature. A stand-alone piece of literature in CSI was developed to comprehend the topic better (see Chapter 2). A literature review also included hybrid organising topics, which allowed framing a spectrum of the contemporary hybrid organisation, which is more oriented towards sustainable development and systemic change (Chapter 1). A literature review was developed concerning CSI, CSR, and hybrid organisations in Latin America and Colombia, focusing on the policies and the socio-economic context (Chapter 4). Finally, an integrative literature review was developed to gain insights into the state-of-the-art of hybrid and sustainable business models (Chapter 7).

Case Study with B Corps. Before starting the data collection process, the founder and CEO, the Manager and the Sustainability Director of Case 15 in Vevey (Switzerland) were interviewed. The company has a headquarter in this country since most of its clients are in Europe. This interview was carried out in October 2019, allowing the researcher to get closer to the field and better prepare the structure of the data collection instrument. To prepare for the visit to Colombia, a route map was sketched as the organisations are located in different regions: Cundinamarca (Bogotá D.C.), Antioquia (Medellín and Santa Helena), Cauca Valley (Jamundí) and Caldas (Manizales) (see **Map I**).

Data collection with the enterprises started in Bogotá D.C. and followed Antioquia. All the companies located in this region were visited in their facilities. By March 2019, the Covid-19 outbreak presented challenges to continue the research in Colombia, as the borders between Latin America and Europe suffered restrictions. After a rapid return to Switzerland in early March 2020, part of the data collection was retrieved virtually. Technology is a helpful tool for carrying out social interactions and avoiding the hindrances resulting from social distance

measures from the pandemic crisis (Howlett, 2021); therefore, using virtual platforms was a valuable tool to carry out the remaining data collection process of the research.

Map I. Regions where the B Corps selected for the study are located in Colombia



Source: Elaborated by the Author

In-depth, semi-structured interviews were developed with B Corp managers, founders, and senior managers. Interviews with elite informants are reliable data collection methods for ensuring replicability and transparency in qualitative research (Aguinis & Solarino, 2019). Semi-structured questions were adopted for data collection because they enable open questioning while collecting similar information from different respondents (Yin, 2014). Respondents were encouraged to provide narrative storytelling to prompt information-rich statements (see Chapter 7 and 8 for examples of the interviews).

Face-to-face interviews were carried out in Spanish at the enterprises' facilities or by phone when it was not possible and complemented with onsite observations. Interviews lasted between

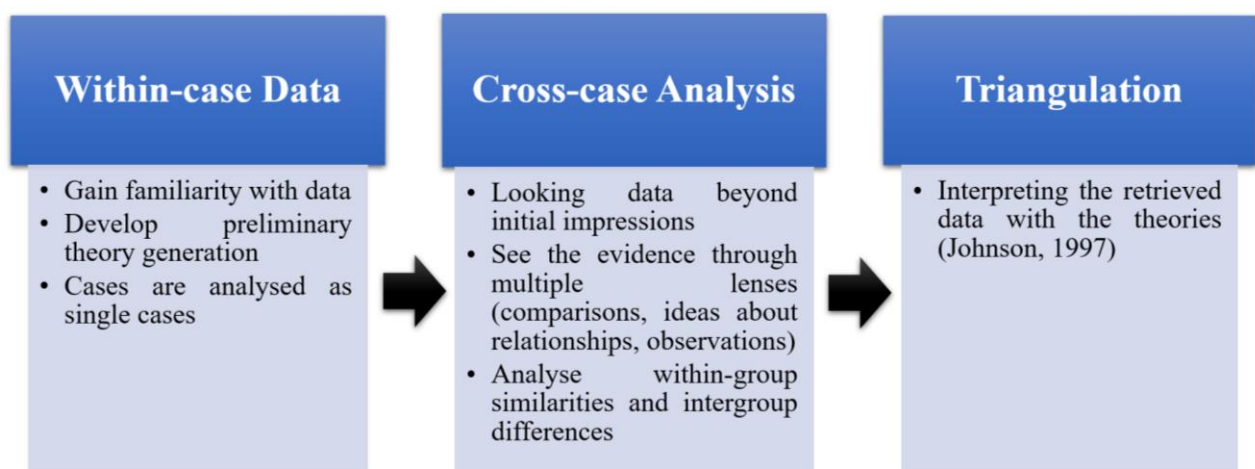
15 minutes to two hours and were recorded (with consent) and fully transcribed, reaching 43 interviews from 42 individuals interviewed. **Appendix IV** summarises the respondents' position and secondary data sources (**Table Appendix II**). The number of respondents varied from firm to firm regarding the size, time availability and openness to share information.

Unstructured Interviews with Key Informants. To complement data collection, B System informants from Latin America were identified through the B System website (<https://www.sistemab.org/en/team/>) and posteriorly contacted via LinkedIn. Six B System informants accepted to participate in the research (see **Table Appendix III**). In-depth, open and unstructured interviews with B System informants were developed via virtual platforms between July 2020 and January 2021. The sketch of the questionnaire is presented in **Appendix V**. These interviews allowed the researcher to better draw on systemic change issues from a different perspective of the enterprises.

6.3.3. Data Analysis

Moving to *Stage III*, this moment consisted of analysing the different data sources. The multiple case study analysis, which includes the transcriptions of the semi-structured interviews, the field notes, observations and documentary sources, was conducted with the support of an academic software (ATLAS.ti 9). **Figure 6.2** below summarises the data analysis process carried out in the dissertation.

Figure 6.2. Data Analysis for the Multiple Case study carried out in the Dissertation



Source: Compiled by the Author based in Eisenhardt (1989)

Secondly, data were classified into categories through pattern matching leading to within-group similarities and intergroup dissimilarities (Eisenhardt, 1989). This process involved a *cross-analysis* where key themes and subthemes were identified and refined as the analysis evolved. As stated by Barratt et al. (2011), “Cross-case analysis is the act of comparing and contrasting the patterns emerging from the detailed case write-ups” (p. 331). The cross-analysis was developed more as a recursive rather than a linear process, involving moving back and forth between the overall data set, extracts from the data, and the data produced (based on the triangulation between primary and secondary sources). This process was done with each case study to draw and discuss the conclusions aiming to build relationships between variables and results (Gibbert et al., 2008).

Third, primary and secondary information was *triangulated*. Following Johnson (1997), data triangulation followed by interpreting the retrieved data with the theories and perspectives used to analyse and explain the data. With this procedure, patterns emerged in light of the literature related to their contributions to the phenomenon under research. **Table 6.2** below summarises the different sources of literature and how they relate to the research questions of this dissertation (from Chapter 1) to develop a more consistent triangulation with theory.

Table 6.2. Thematic Sources of Literature and its relationship with the Research Questions

Themes	Research Question	Sources of Literature
A. Social Innovation and Corporate Social Innovation <i>i.</i> Definition of Social Innovation and Corporate Social Innovation <i>ii.</i> Definition of the Social Problem that the enterprise aims to solve <i>iii.</i> Institutionalising CSI: Business context, institutional elements (stakeholder engagement, operations, organisation), focus areas <i>iv.</i> Typologies of CSI	RQ1 RQ3	Baltazar-Herrera (2015); Phills et al., (2008); Pol and Ville (2009); Varadarajan and Kaul (2018)
B. Hybrid Organisations and Sustainable Business Models <i>i.</i> Core business model elements: value proposition, value creation and delivery, and value capture <i>ii.</i> Characteristics of the B Corp model: dominant objective, stakeholders, measuring success, institutional work.	RQ2 RQ3	Battilana and Lee (2014); Bocken et al. (2014); Haigh and Hoffman (2014); Hestad et al. (2020a); Santos et al. (2015); Stubbs (2017); Stubbs and Cocklin (2008)
C. Institutional Theory <i>i.</i> Institutional pillars: Regulatory, normative and cultural-cognitive <i>ii.</i> Isomorphism: Coercive, normative and mimetic	RQ2 RQ4	de Oliveira Miranda and Calmon (2018); DiMaggio and Powell (1983); Greenwood et al. (2002); Jepperson (1991); Lawrence and

iii. Stages of Institutional Change: Six stages model iv. Institutional Work: Theorising, educating, and mimicry		Suddaby (2006); Scott (2013); Tolbert and Zucker (1996)
D. Sustainable Development i. Definition of Sustainable Development ii. Sustainable Development Goals (SDGs) iii. Indicators and measurements of sustainability iv. Systemic Change v. STI Policy: Transformative and mission-oriented	RQ3 RQ4	Ike et al. (2019); Littlewood and Holt (2018); Mazzucato (2018); Pandey et al. (2019); Schot and Steinmueller (2018); Thorpe (2014); UNRISD (2017); Pel, Haxeltine, et al. (2020); Zhao (2020); WCED (1987)

Source: Compiled by the Author

The last stage of the case study design process consisted of reporting data. This stage is explored as follows.

6.3.4. Data Reporting

Stave IV consists of data reporting and result dissemination. This stage consisted of communicating the research findings (Stuart et al., 2002). This step indicates bringing the results to closure (Yin, 2014); thus, identifying the audience for the report is a previous step to select the adequate dissemination channels (Walle, 2015). Considering that the present dissertation was conceived under the modality of a thesis by articles and looking forward to getting feedback from peers and experts, this decision determined how the results were presented to the scientific community (Yin, 2014).

The identification of academic journals was divided into two thematic areas: *social innovation* and *sustainable development*. According to Yin (2014), case study reporting must be adapted to an audience's needs; therefore, each article was structured according to the guidelines and instructions of the submitted journals. This process allowed validating and reviewing the research procedures in light of peer reviewers and experts in each journal's research field.

As stated in the systematic literature review developed in Chapter 2, CSI is principally discussed in specialised journals in business and management in social enterprises, sustainable development, and CSR. Journals in this field are related to the *Journal of Business Research*, *Sustainability Switzerland*, *CSR and Environmental Management*, *Business and Society*, *Harvard Business Review*, *Industrial Marketing Management*, or the *Journal of Business Ethics*, to name a few. Chapter 2 was submitted in July 2019 to the *Social Enterprise Journal*

after participating in the 11th International Social Innovation Research Conference (ISIRC), held in Glasgow (Scotland) in September 2019.

Chapters 7 and 8 were considered for submission to journals in the thematic field of sustainable development and corporate sustainability, and CSR. Journals that fit this description are the *Journal of Cleaner Production*, *Sustainability Switzerland*, *Procedia CIRP*, *Business Strategy and the Environment*, *Procedia Manufacturing*, *Business and Society*, and *Corporate Social Responsibility and Environmental Management*, which were the most suitable journals for submitting the scientific articles. The *Journal of Cleaner Production* and *Sustainability Switzerland* have the highest trend of publications and the higher number of articles published on sustainable business models (Nosratabadi et al., 2019), suggesting a relevant part of the academic discussion is developed in these journals. Both journals also integrate the more significant number of publications on sustainable entrepreneurship, the most debated topic in the field of hybrid business models (Thananusak, 2019).

Considering that the University of Neuchâtel has an agreement for open access publications with the *Journal of Cleaner Production*, Chapters 7 and 8 were submitted to this journal. After several rounds and exchanges with the reviewers of the journals, both chapters were accepted for publication in 2021. Finally, Chapter 9 was presented to the RC19 Annual Conference, 25–27 August 2021, University of Fribourg, Switzerland, “Drivers and challenges of social policies: Global, regional, national and local perspectives”.

6.4. Methodological Choices and Limitations

6.4.1. Reflexivity

The quality of a case study research design can be assessed through four tests: *construct validity*, *internal validity*, *external validity (or generalisability)*, and *reliability* (Yin, 2003, 2014).

The **construct validity** consists of a procedure that “refers to the extent to which a study investigates what it claims to investigate, that is, to the extent to which a procedure leads to an accurate observation of reality” (Gibbert & Ruigrok, 2010, p. 712). In other words, it refers to the creation of suitable operational measures to analyse the concepts under research (Yin, 2003). Two measurements were considered to improve construct validity in this dissertation.

First, special attention was carried out to establish a *transparent chain of evidence* that allowed the reconstruction of how the researcher went from the definition of the research questions to the conclusions. This research aimed to achieve construct validity by indicating the data collection circumstances, manifesting how data was gathered; explaining the data analysis and its procedure; and reflecting how the course of research affected the data collection process. And second, *data triangulation* allowed adopting angles of the same phenomenon by using different data sources, improving construct validity (Gibbert & Ruigrok, 2010). Data triangulation was supported with archival data such as internal reports of the participating organisations, integrating original interviews carried out by the researcher, integrating direct observations, receiving assessment by peer academics, and supplementing data with key informants.

Internal validity refers to “the causal relationships between variables and results” (Gibbert et al., 2008, p. 1466); it is concerned with providing a causal argument powerful enough to support and defend the conclusions. Following Gibbert et al. (2008), measures were thoroughly followed across this dissertation to pursue internal validity. On the one hand, formulating a *clear research framework* allows demonstrating that one variable leads to the desired outcome. This aspect was addressed by elaborating a diagram (a Comprehensive Approach in Chapter 5) and presenting a description of the relationships between the literature and outcomes. On the other hand, *theory triangulation*, by using more than one theoretical framework in the interpretation of the data, notably from institutional theory, hybrid organisations and business models literature. Similarly, following Eisenhardt (1989), enfolding literature, which compares conflicting and similar pieces of literature, allowed building internal validity and raising the theoretical level. Finally, the data analysis was carried out with the support of a Computer-Assisted Qualitative Data Analysis Software to ensure internal validity (CAQDAS) ATLAS.ti 9 (Hwang, 2008), allowing for a more rigorous and reliable analysis process that lessens human error.

External validity or **generalisability** “is grounded in the intuitive belief that theories must be shown to account for phenomena not only in the setting in which they are studied, but also in other settings” (Gibbert et al., 2008, p. 1468). This study cannot claim generalisability, as it looked at a particular phenomenon (CSI in B Corps) in a specific setting (Colombia), making the case “unique” and difficult to generalise to other situations. However, as Eisenhardt (1989) argues, case studies can be a basis for theory development since the cross-case analysis can provide a good start for analytical generalisation. A strategy suggested by Gibbert et al. (2008) is to provide a *rationale for the case selection* and broad *context* details. This dissertation, for

instance, aimed to provide a suitable explanation of the case selection rationale (Chapter 3) and an adequate contextualisation (Chapter 4), enacted through a multiple case study approach, avoiding the limitations of single cases (Gibbert & Ruigrok, 2010).

To ensure rigour and analytical generalisation, a replication logic was utilised to refine the theory (Eisenhardt & Ott, 2017; Yin, 2014). Each case retrieved for this study was treated as a different experiment (Welch et al., 2011). Taking cases as individual sources of information and proceeding to cross-case comparisons to test a theory, a replication logic is analogous in this dissertation as experimentations (Yin, 2013). The cross-case analysis is often used as an umbrella term for analysing two or more case studies to produce a synthesised result (Cruzes et al., 2015), allowing generalisability and improving external validity (Gibbert & Ruigrok, 2010).

Finally, **reliability** “refers to the absence of random error, enabling subsequent researchers to arrive at the same insights if they conducted the study along the same steps again” (Gibbert & Ruigrok, 2010, p. 715). Reliability centrally resorts to demonstrating that data collection procedures and other operating processes can be replicated by other researchers and will lead to the same results. In this dissertation, a *case study database* with the available documents of the cases, interview transcriptions, and notes was created to support reliability (Yin, 2014). To encourage scholars to replicate this research and provide generalisability with future studies, this dissertation detailed the research design stages and the Research Protocol with comprehensive procedures and explanations, enhancing reliability. Additionally, following Gibbert et al. (2008), organisations were mentioned by their name instead of anonymous, providing transparency for readers.

6.4.2. Methodological Limitations

Despite several efforts to develop a robust methodology, qualitative studies are exposed to potential errors related to biases and subjectivity. Limitations have also been suggested when collecting and analysing data, the subjective influence exerted by the researcher or the research flexibility of qualitative studies, which can be judged as a lack of structure (Silverman, 2000). However, limitations were aimed to be overcome by following rigorous research methods in the light of the literature to ensure a systematic procedure (Tranfield et al., 2003) and ensuring and assessing the four tests of a rigorous case study (Gibbert & Ruigrok, 2010).

Critical limitations of building empirical chapters drawn from the same data must be highlighted, leading to risks such as redundancy and overlapping ideas. To avoid this constraint,

particular attention was paid to the analytical framework; therefore, the interviews were delimited by sections relating to different observations aiming to be retrieved for each manuscript. Considering that empirical cases were built on data gathered from organisations, limitations were related to data availability, obtaining an adequate sample to capture information, and conducting on-site interviews, which conflicted with the calendars and availability of the respondents. Enterprises were twice contacted via personalised e-mails and attaching invitations that provided graphical and descriptive information on the research project. Flexible interview schedules and virtual appointments were also suggested to capture the firms' interest.

Another limitation of this study was related to the type of collected data. Notably, information gathering was retrieved through semi-structured interviews developed directly with B Corps founders and managers. Such methodology can provide limited information to better picture topics such as social innovation, theories of change or sustainable development outcomes. In this case, data from other key informants such as B Lab members, policy-makers and populations benefited from social innovation outcomes would be valuable to collect. Moreover, collecting information from these actors is not that simple and would require a different dimension and approach to the research. Various secondary sources were used to mitigate this limitation, such as indicator reports, podcasts, enterprise and B Corp web pages, blogs, news, as well as contacting B System key informants, among others.

Case studies may suffer from limitations that were not ignored in this dissertation. Specifically, not all case situations are seldom comparable. It is observed as each case under study tells a particular story and a unique narrative depicted in a specific context. Moreover, logical concepts were regarded to identify patterns emerging from the theory in a philosophical interpretation in the light of the evidence and the directions pointed out in the literature. Finally, as previously stated, the number of interviews varied from firm to firm, which in some cases related to one interview. In most of these cases, it was related to small enterprises (3 to 9 people) in which the respondent was a founder of the firm manager which was a knowledgeable informant for the needs of the study. In the cases of larger enterprises and those open to sharing more information, such as Case 12 or Case 18, multiple people from different positions were interviewed (e.g. farmers and employees correspondingly).

Finally, submitting the articles to specialised journals allowed retrieving valuable recommendations and feedback from knowledgeable experts and peer reviewers with expertise on the research topic of each manuscript; moreover, such a modality led to restrictions such as word limitations, article length, style, or data reporting. This modality also implied time

limitations given the submission periods of the manuscripts, their respective corrections, edition, and the publication periods set by the journals.

6.5. Ethical Considerations

When contacting B Corps, each enterprise received an email with an invitation that described the research purposes, a summary of the researcher's profile, length of the interview, contact details, data treatment and ethical issues. The information was provided in Spanish. At the time of the interviews, the respondents received oral information about the research topic and main themes. Enterprises were asked one by one if they preferred to be anonymised or not. Each firm was asked for their consent to record the interview and use the responses as part of public documents (e.g. research articles and dissertation), which everyone consented to.

Finally, respondents were asked to sign a data treatment document. **Appendix VI** illustrates the sample of the written consent shared with the participating enterprises. Only four companies considered it necessary to develop this procedure, and one enterprise requested to keep the name anonymous (Case 4). The confidentiality agreement was subsequently scanned and emailed to the respondents.

6.6. Concluding Remarks

This chapter presented the research design and methods used in this dissertation, explaining why and how they are adopted. A case study research approach was selected as it allows for an understanding of hybrid organisations activities in a particular context and time through considering how they develop CSI. A multiple case study approach is adopted, and it is used as a tool, justified and discussed with solid support in the literature. Several methods are used that include secondary data sources, semi-structured interviews, observations and field notes, as it allows for a better understanding of the development of CSI in Colombia. Reflexivity (*construct validity, internal validity, external validity and reliability*) and limitations and ethical and legal considerations in the empirical work are considered. Further discussion will follow through subsequent chapters regarding the data collected and analysed. The following chapter provides an overview of CSI, which consists of a systematic literature review on the topic. Subsequent chapters include the publications that have been submitted and published.

PART IV – EMPIRICAL ANALYSIS

CHAPTER 7

7. CERTIFIED B CORPORATIONS: AN APPROACH TO TENSIONS OF SUSTAINABLE-DRIVEN HYBRID BUSINESS MODELS IN AN EMERGING ECONOMY

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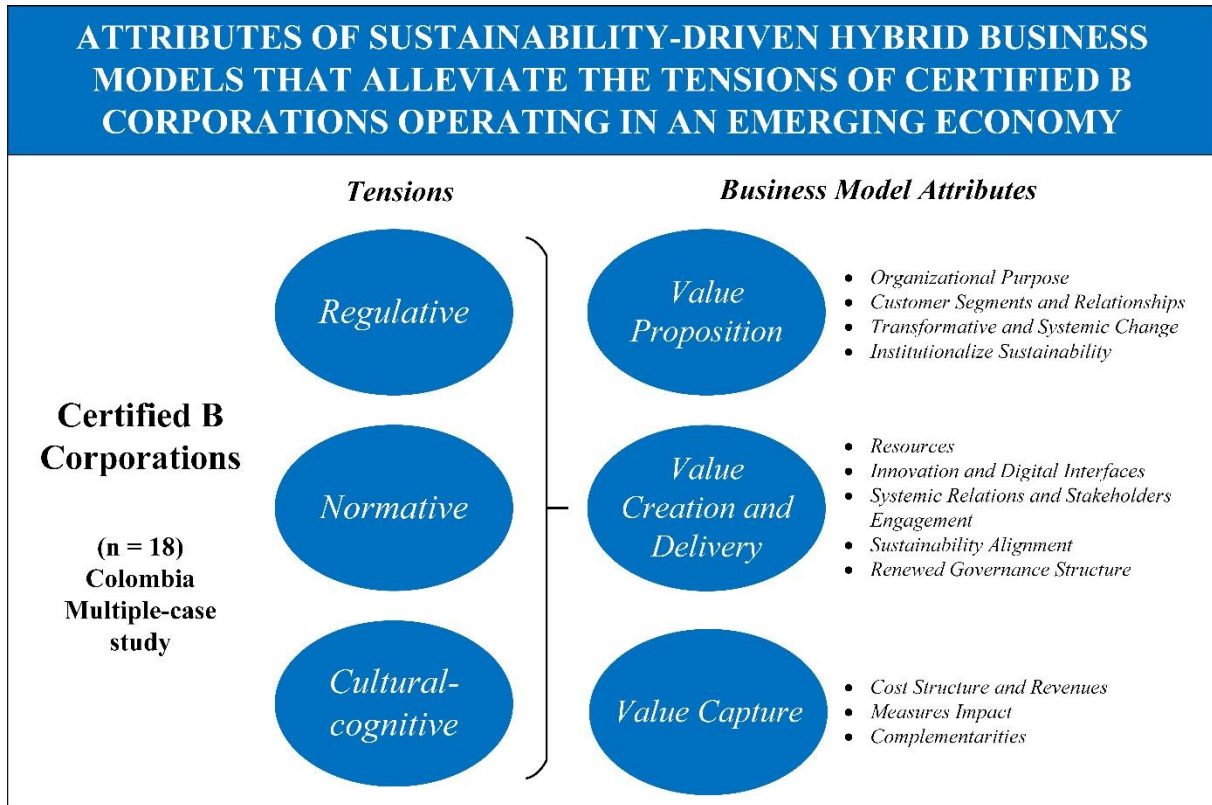
Abstract. New business models have been attracting attention for their capacity to respond to the current society's challenges, maintaining a balance between social, environmental, and economic logics. This paper focuses on the so-called sustainability-driven hybrid business models, which operate in the interception of hybrid organizing and sustainable business models. Considering the dearth of research on the contextual factors that influence organizations implementing this model, this study investigates the attributes that alleviate the tensions of operating in an emerging economy, building on a multiple case study of eighteen Certified B Corporations from diverse sectors in Colombia. The main contribution was to provide a sustainability-driven hybrid business model archetype for Certified B Corporations based on the core business model elements: value proposition, value creation and delivery, and value capture. Drawing on the institutional pillars — regulative, normative, and cultural-cognitive, it is suggested that Certified B Corporations respond to tensions by adapting specific attributes of their business model to the particularities of the operating environment. The paper links the findings to the extant literature and offers recommendations for research and practice.

Keywords. Sustainability-driven Hybrid Business model; Sustainable Business Model; Hybrid Organization; B Corp; Hybrid Tensions; Social Enterprise

Paper type. Research article

Doi. <https://doi.org/10.1016/j.jclepro.2021.128380>

Figure 7.1 Graphical Abstract



7.1. Introduction

In the 21st century, emergent issues — such as financial crisis, global pandemics, or climate change — have prompted enterprises to provide sustainable development solutions. New types of hybrid organizations have been acknowledged to pursue social and environmental change while looking for profits by creating mutually beneficial relationships between stakeholders (Haigh & Hoffman, 2012). These types of hybrid organizations, driven by sustainability motivations, are gaining relevance in a growing body of research given their capacity to create value based on the *triple-bottom-line* (TBL) (social, economic, and environmental impacts jointly) (Elkington, 1998) and the configuration of innovative and sustainable business models (Díaz-Correa & López-Navarro, 2018).

Such hybrid organizations combine market and mission-oriented practices, facing the tension of balancing social, environmental, and economic logics (Hestad et al., 2020a). Research highlights that hybrid organizations respond to tensions through business model components (Davies & Chambers, 2018). Studies provide insights to advance this knowledge; for example, examining successful strategies and practices when managing business model innovation for

sustainability (Stubbs, 2019); analyzing how external environmental tensions led to strategic decisions that manifest on business model changes (Davies & Doherty, 2019); or understanding the mechanisms used by sustainable entrepreneurs to influence the institutional environment of operation (Eckert et al., 2020). A business model that prioritises sustainable development while balancing profits is the so-called *Sustainability-driven Hybrid Business Models (SHBMs)* (Haigh & Hoffman, 2014).

There is a lack of a more holistic analysis of SHBMs literature about how hybrid organizations overcome the tensions of operating in various contexts, particularly where social issues prevail (Hestad et al., 2020b). In emerging economies, tensions arise as social structures differ from those in developed countries, leading to an absence of networks, resources, or institutional support (Sarason et al., 2020). In comparing emerging and developed economies, Morioka et al. (2017) highlighted that sustainable business models are affected by contextual factors such as public policies or potential demand market, providing examples of the business model to remain competitive. Although Eckert et al. (2020) also explored tensions in both settings, the authors do not present differences regarding business model attributes related to contextual elements.

The vacuum in the literature that this study address relates to the fact that little is known about the prominent attributes of SHBMs to alleviate the tensions to balance social, environmental, and economic logics in the context of an emerging economy (Dentchev et al., 2016). Recent calls feature the dearth of empirical evidence depicting the strategies of SHBMs in different contexts (R. Hahn et al., 2018), lacking further exploration on SHBMs attributes (Jabłoński, 2016) when exposed to different institutional factors (Díaz-Correa & López-Navarro, 2018). A theory about what constitutes SHBMs elements, value proposition, value creation, and value capture, is still an ongoing debate (Bocken et al., 2014).

To address this gap, this research concentrates on Certified B Corporations (B Corps), a type of hybrid organization (Stubbs, 2017a) that follows a third-party certification focused on generating positive outcomes for society by balancing profits and purpose (B Lab, 2022b). B Corp tensions have been poorly documented (van Bommel, 2018), and literature suggests a need to understand their functioning from the evidence of different sectors, countries, and sizes (Stubbs, 2019). Based on these gaps, this paper asks and then answers the research question: *What are the prominent attributes of sustainability-driven hybrid business models that contribute to alleviating the tensions of B Corps operating in an emerging economy?*

Evidence is built on the unique context of an emerging economy in Latin America, Colombia, drawing exploratory research based on a multiple-case study of B Corps. This article focuses

on the interplay between SHBMs attributes and its operating environment. SHBMs literature (Haigh & Hoffman, 2012) and the institutional theory (Scott, 2013) provides insights to build an analytical framework to analyze the studied phenomenon. The analysis demonstrates that adapting business model elements can facilitate B Corps' capacity to overcome tensions in complex environments. Challenges of the Colombian context from regulative, normative, and cultural-cognitive tensions are correlated to SHBMs attributes.

This study compiles and refines features that, to our knowledge, were not integrated before, being the first attempt to provide a characterization of the so-called SHBM archetype for B Corps. The B Corp model is highly standardized and presents similarities in different environments. Business model components — value proposition, value creation, and value capture — are depicted, providing ideas for practice. Novel elements in SHBMs are related to regenerative sustainability and systemic change in the value proposition and social innovation-related issues for value creation. Knowledge of the Colombian institutional environment and a deeper understanding of B Corps in Latin America are also of research significance.

The paper proceeds as follows. **Section 7.2** examines the literature review and guiding framework, **Section 7.3** presents the methodology, and **Section 7.4** outlines the results and discussion. Conclusions and prospects are outlined in **Section 7.5**.

7.2. Literature Review

This section defines SHBMs, the tensions associated with their functioning, and the attributes discussed in the literature. The institutional theory lenses are revisited to situate the influence of an emerging economy context, and an analytical framework is outlined to interpret the phenomenon of interest.

7.2.1. Sustainability-driven Hybrid Business Models

The term SHBM was highlighted by Haigh and Hoffman (2012) as a type of business model implemented by organizations that adopt profit and non-profit practices through innovative procedures for achieving sustainable-oriented objectives (Díaz-Correa & López-Navarro, 2018). The topic is situated between the field of hybrid organizations (Battilana & Lee, 2014) and sustainable business models (Stubbs & Cocklin, 2008) (see **Figure 7.2**). Hybrid

organizations adopting SHBMs deviate from traditional approaches to sustainable development since they reject trade-offs of the TBL (Haigh & Hoffman, 2014) and follow a regenerative approach to sustainability (Hestad et al., 2020a).

Figure 7.2. Sustainability-driven Hybrid Business Models: An Interception Between Two Fields



Sources: Battilana and Lee (2014), Bocken et al. (2014), Haigh and Hoffman (2014, 2012), Hestad et al. (2020a), Santos et al. (2015), Stubbs and Cocklin (2008)

Given that hybrid organizations holistically approach sustainable development, they face tensions to balance social, environmental, and economic logics (Hestad et al., 2020a). Although the topic has been a central concern in the hybrid organizing literature (Battilana & Lee, 2014), recent research shows that tensions rely on business model elements (Davies and Chambers, 2018). SHBMs must avoid the trade-offs to address multiple stakeholders' needs, blending value creation, delivering welfare between partnerships (Laasch, 2018), or meeting the various social goals of their mission (Siegnier et al., 2018), leading to tensions in business model elements.

Even a substantial amount of tensions reside within the organization (Eckert et al., 2020), externalities represent relevant threats (Morioka et al., 2017). Tensions can emerge from worldviews (Hestad et al., 2020b) and even digital environments (Gregori & Holzmann, 2020),

provoking changes in SHBMs to balance a sustainability-oriented mission (Davies & Doherty, 2019). To illustrate, Davies and Chambers (2018) identified that external interactions are the most significant sources of tensions for sustainable entrepreneurs when accessing finance and human capital or creating networks.

To delve into tensions, this research focuses on B Corps, an underexplored type of hybrid organization oriented towards sustainability. B Corps follow B Lab third-party audit, a US-based non-profit organization that utilizes rigorous standards to certify that they balance profits and purpose (B Lab, 2022b). Known as “*triple-impact enterprises*”, B Corps focus on five areas: Workers, Customers, Suppliers, Community, and Environment, to attend to various stakeholders’ needs. B Corps provide a *sandbox* for extending research in SHBMs (Stubbs, 2017a). The following section explores SHBM attributes discussed in seminal literature.

7.2.2. *Prominent Attributes of Sustainability-driven Hybrid Business Models*

Haigh and Hoffman (2012) and Hoffman et al. (2012) developed the first approach to the distinguishing factors of SHBMs, stressing that they promote positive environmental and social changes, establish mutually positive relationships with stakeholders, and create new markets for hybrids products/services. Posterior research has advanced on its characteristics (Hestad et al., 2020a), but most evidence has remained descriptive. Research in derived forms of SHBMs — such as sustainable entrepreneurship or social enterprises — centrally focuses on the core business model elements developed by Osterwalder and Pigneur (2010) and Bocken et al. (2014), value proposition, value creation and delivery, and value capture. Following Bocken et al. (2014), value proposition concerns the firm offer to the market, customer target, and relationships; value creation refers to activities, resources, distribution channels, partners and suppliers, and technology adoption; finally, value capture considers revenue streams, cost structure, and non-monetary forms of value.

To identify prominent features of SHBMs, seminal literature combining hybrid organizing and sustainable business models was identified and summarized (**Table 7.1**). From the analysis of the literature, various aspects stand out. First, research in SHBMs attributes is still emergent, characterized by exploratory and qualitative studies. Second, while early studies focus on strategic management issues, from 2017 onwards, there is a significant interest in sustainable entrepreneurship, being the dominant research topic. Third, although marginal, interest in tensions has also attracted attention. Authors such as Davies and Chambers (2018), Davies and

Doherty (2019), and Eckert et al. (2020) suggest that tensions can be addressed by utilizing an approach of business model innovation. Laasch (2018) offers a framework of organizational value logics showing how plural institutional logics shape organizations, while Gregori and Holzmann (2020) center on digital environments. Another relevant part of the literature centers on attributes not necessarily connected to tensions, e.g., Haigh and Hoffman (2012), Haigh and Hoffman (2014), or Stubbs (2017b, 2017a), which addresses attributes from a descriptive approach. Finally, an evolution towards a comprehensive understanding of SHBMs is notorious, as distinctive features become more apparent on recent research (see Hestad et al., 2020a).

Research on SHBMs attributes has remained scattered and fragmented, while evidence on emerging economy settings is limited. The following subsection suggests a theoretical framework to approach the issue of interest.

7.2.3. *Sustainability-driven Hybrid Business Models in an Emerging Economy: An Institutional Approach*

Research on hybrids in emerging economies has highlighted the critical influence of the environment regarding country-level (Littlewood & Holt, 2018b) and contextual factors (Rivera-Santos et al., 2015), suggesting that they are “shaped by country-level institutional factors” (Doherty et al., 2014, p. 421). The institutional theory states that the environment shapes organizational practices (Meyer & Rowan, 1977), being a framework encouraged in hybrids literature (W. Smith et al., 2013) as it provides a suitable approach to interpret sustainable business models (Levänen et al., 2018). This research considers the institutional pillars: *regulative*, *normative*, and *cultural-cognitive* (Scott, 2013), to identify SHBMs tensions. *Regulative* components relate to the rules and laws existing in a national environment that fosters and constrains certain behaviours; *normative* pressures allude to the norms, values, beliefs, and considered appropriate social behaviours; and *cultural-cognitive* pressures relate the social reality perception, based on subjective rather than objective criteria (e.g., language, symbols, or stereotypes). Building on business model elements (Bocken et al., 2014), SHBMs attributes (**Table 7.1**), and the institutional theory (Scott, 2013), an analytical framework was constructed to operationalize SHMBs’ attributes (**Table 7.2**). **Section 7.3** presents the methodology.

Table 7.1. Seminal Literature on the Attributes of Sustainability-driven Hybrid Business Models

Author	Research focus	Methodology	Attributes identified in the literature
Haigh and Hoffman (2012)	Hybrid Organizations, Cultural Creatives and Lifestyles of Health and Sustainability	Qualitative	Organizational Objective: To drive positive social/environmental change Mutually Beneficial Relationships: With various stakeholders (suppliers, employees, and customers) Multiple Market Interactions: Market, competitors, and industry institutions
Haigh and Hoffman (2014)	Strategic Management, Corporate Sustainability, and Hybrid Organizations	Qualitative	Challenges The need for Exponential Economic Growth Subordinate Profits to Mission Internalize Social and Ecological Systems Consider Nature Intrinsic Value Challenge Competitive Practices Enact a Progressive Meaning of Sustainability
Jabłoński (2016)	Hybrid Organizations and Sustainable Business Models Scalability	Qualitative, Literature Review	Stakeholder Network: Seek synergy, symbiosis, and symmetry between various stakeholders Shareholders Structure: Seek the common goal and common values in the functioning shareholders' structure. Resources: Seek optimal configuration mechanisms based on own resources Corporate Governance Factors: Seek a coherent system for the exchange of information, data, and knowledge in the process of mutual reporting and supervision Corporate Social Responsibility Factors: Seek correlations between CSR factors Value-based management factors: Seek correlations between value-based management factors Sustainability Factors: Seeking correlations between sustainability factors Financial Divided: Apply the principle of sustainable dividends Social Divided: Create social capital together with the expectations of the various stakeholders
Stubbs (2017a)	B Corps, Hybrid Organizing, and Sustainable Business Models	Qualitative, Case Study	Dominant Objective. Mission, Purpose, and Leadership: Socially/environmentally embedded mission, profit is not as the dominant objective, short-term financial outcomes, longer time horizons, and institutionalize sustainability leadership and champions Measuring Success: Impacts, Externalities, and Economic Growth. Invest in social and natural capital, internalize social and environmental externalities, and challenge the need for perpetual economic growth and increasing consumption

			Stakeholders: Build mutually beneficial relationships with stakeholders, benefit all stakeholders, value nature, practice environmental stewardship Influencing Sustainability Agenda. Institutional Work: Interact with stakeholders, bring change for sustainability
Stubbs (2017b)	B Corps, Sustainable Entrepreneurship, Sustainable Business Models	Qualitative, Case Study	Self-description: Profits as a means to achieve their social purpose ends Motivation: Alignment of values and certification Business Practices: Blend of social and market logics Measures Success: Profits as a key measure of business success Influences Markets and Government Policy: Engages with societal change. Change market conditions and government policies
Morioka et al. (2017)	Competitive Advantages, Sustainability Performance Goals	Qualitative, Case Study	Value Proposition: Alignment to business-as-usual (products and services), intangible level of the value proposition (entrepreneurial dream and personal beliefs), TBL goals (social and environmental purposes, and TBL synergies and interdependences), and Long term perspective as a strategic view (current and new offerings) Value Creation: Alignment to business-as-usual (Companies organized in processes), People-work connection (Protagonist role of employees, Organizational culture, Alignment between employees' and organizations' values), Proactive problem-solving orientation (Impact and outcome orientation, Companies' problem delimitation, and Technology and new product development) and Systemic thinking and engagement (Inter-dependence to clients/users, suppliers/partners, competitors, government) Value Capture: Alignment to business-as-usual (Revenue source from products and services, traditional stakeholders) and complementary aspects (Financial resource as a mean to achieve impact, financial resource beyond traditional revenue, the inclusion of various stakeholders, and cascaded sustainable value)
Davies and Chambers (2018)	Commercial Stability and Sustainable Entrepreneurship	Qualitative, Case Study	Value Proposition: Product/service, customer segments, and relationships Value Creation and Delivery: Activities, resources, channels, and partners Value Capture: Cost structure and revenue streams
Hahn et al. (2018)	Commercial Logics in Sustainable Entrepreneurship	Qualitative, Case Study	Novelty: Adopt innovative content, structure, or governance Lock-In: Elements to attract/keep customers Complementarities: Activities to generate more value Efficiency: Activities to reduce transactions costs
Laasch (2018)	Institutional Logics, Organizational Value Logics, and	Qualitative, Literature Review	Value Proposition: Blended stakeholder value proposition, organizational purpose, and role, change for sustainability

	Sustainable Business Models		Value Creation: Governance of value creation, sustainability enactment, operations and activities, capabilities, and resources Value Exchange: Exchange of systemic flows, relational dynamics, relating to whom and what? Value Capture: Complex results, reproduction for optimum scale, value governance
Davies and Doherty (2019)	Hybrid Organizations, Sustainable Business Model, and Business Model Innovation	Qualitative, Case Study	Value Proposition: Unique solution, customer relationship maintenance, and customer segment Value Creation and Delivery: New product development, new channels, an augmented business model, and growing sales long-term. Value Capture: Cost and revenues. Differentiated activities on different value capture aims—active management of partners and governance systems.
Eckert et al. (2020)	Business Model Innovation, Social Entrepreneurship, and Sustainable Business Model	Qualitative, Case Study	Value Proposition: Low prices, customers convenience, various stakeholders, foster the sharing of intangible values, educate consumers Value Creation and Delivery: Stakeholders partnerships, ethically and CSR oriented, internet-based, sustainability discussion engagement, transparency Value Capture: Sustainable business strategy, financial balance
Hestad et al. (2020a)	Sustainability-Oriented Hybrid Organizations (SOHOs), and Sustainability Transformations	Qualitative, Literature Review	Wealth Distribution: Shareholder and/or stakeholder Predominant Organizational Form: Non-profit or profit Primary Logic: Holistic/net positive sustainability Scale and Time Considered: Future generations, socio-ecological systems Intended Impact: Transformative/systemic change Tensions: Balancing social, environmental, and commercial logics
Gregori & Holzmann (2020)	Sustainable Entrepreneurship and Digitalization	Qualitative, Case Study	Blended Value Proposition: Catalyze socio-environmental value, merge environmental, social, and financial value Integrative Value Creation: Community building, co-creation, stakeholder integration Multidimensional Value Capture: Enable impact complementarity, facilitate scalability, value spillover Intra- and inter- Componential Logic Tensions: Physical business model tensions and digital aspects
Schoneveld (2020)	Inclusive business, Sustainable Business Model, Social Enterprise	Qualitative, Literature Review	Value Proposition: Value created for income-constrained groups Value Creation and Delivery: Partnerships and value network Value Capture System: Value creation to stakeholders through value capture

Source: Compiled by the Author

Table 7.2. Analytical Framework

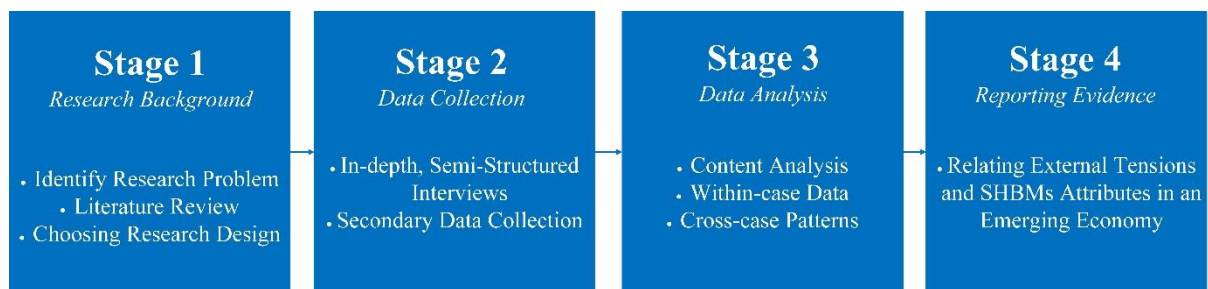
Component	Elements from the literature	Attributes of SHBMs
Value Proposition	- Organizational purpose (Laasch, 2018), socially/environmentally embedded mission (Stubbs, 2017a), subordinate profits to mission (Haigh & Hoffman, 2014), - Customer segments and relationships (Davies & Doherty, 2019), emotional bonds (Davies & Chambers, 2018) - Transformative (Hestad et al., 2020a) and social change (Haigh & Hoffman, 2012), environmental stewardship (Stubbs, 2017a), socio-ecological systems (Haigh & Hoffman, 2014), consider future generations, holistic/net-positive sustainability (Hestad et al., 2020a) - Progressive meaning of sustainability (Haigh & Hoffman, 2014), TBL goals (Morioka et al., 2017), institutionalize sustainability leadership and champions (Stubbs, 2017a), change towards sustainability (Laasch, 2018)	- Organizational Purpose - Customer Segments and Relationships - Transformative/Systemic Change - Institutionalize Sustainability
Value Creation and Delivery	- Resources for sustainability (Laasch, 2018) - Relational dynamics (Laasch, 2018), stakeholder network (Jabłoński, 2016), mutually beneficial relationships (Stubbs, 2017a), community building, co-creation, stakeholder integration (Gregori & Holzmann, 2020), systemic thinking (Morioka et al., 2017) - Technology platforms (Eckert et al., 2020), innovative (R. Hahn et al., 2018) - Sustainability enactment (Laasch, 2018), ethically and CSR oriented (Eckert et al., 2020), sustainability discussion (Eckert et al., 2020), institutional work (Stubbs, 2017a), influences markets/government policy (Stubbs, 2017b) - Governance (Laasch, 2018), transparency (Eckert et al., 2020), challenge competitive practices (Haigh & Hoffman, 2014), alignment of values and certification (Stubbs, 2017b)	- Resources - Systemic Relations and Stakeholders Engagement - Innovation and Digital Interfaces - Sustainability Alignment - Governance Structure
Value Capture	- Cost structure and revenue streams (Davies & Doherty, 2019), reproduction for optimum scale (Laasch, 2018) - Measures success (Stubbs, 2017b), challenges the need for exponential economic growth (Haigh & Hoffman, 2014), financial resources to achieve impact (Morioka et al., 2017), focused on impact (Stubbs, 2017a) - Complementarities (Morioka et al., 2017)	- Cost Structure and Revenues - Measures Impact - Complementarities
Institutional Environment	Regulative, normative, and cultural-cognitive pillars (Scott, 2013)	Institutional Factors Shape Business Models

Source: Compiled by the Author

7.3. Methodology

The research was developed in four stages (**Figure 7.3**). Stage one aimed to identify the research problem and develop the literature review to select a suitable research approach. An exploratory and a qualitative approach were chosen, building on a multiple-case-study design (Yin, 2014). Multiple cases allow further generalizations than single cases and facilitate contrasting and comparing findings that emerge from individual evidence and delving conclusions across cases (Eisenhardt, 1989). The methodology provides in-depth data on complex social phenomena in a specific context, an adequate method for studying business settings. Each case was treated as a different experiment and followed a replication logic based on a holistic multiple-case study (Yin, 2014).

Figure 7.3. Research Stages



Source: Elaborated by the Author

In stage two, the study followed theoretical sampling principles, selecting respondents based on representativeness and appropriateness (Patton, 2014). Firms were identified from the B Corp website: bcorporation.net/directory (45 at the time of the study) and contacted via e-mail and telephone. Eighteen B Corps accepted to participate in the timeframe set for the research. This sample exceeds the expected number of cases (minimum four) in case-study research (Eisenhardt, 1989). The case overview is presented in **Table 7.3**.

Table 7.3. Overview of Cases

Case	Business description	No. of Employees	Year of Foundation	B Corp Since	No. of Interviews
#A	Headhunting, consulting, and smart recruiting	≤10	2015	2017	2
#B	Building design and construction	≤10	2008	2018	2
#C	LEED and environmental consulting	≤10	2010	2013	1
#D	Cane sugar exporting	≤10	2017	2015	2
#E	Coffee and cacao exporting	≤60	2002	2018	3
#F	Commercialization of organic vegetables	≤30	2014	2016	2
#G	Commercialization of organic rice	≥250	1950	2016	1
#H	Innovation consulting and agro-business	≤10	2014	2018	1
#I	Sustainable development consulting	≤50	2005	2012	1
#J	Innovation consulting and design of solutions for communities	≤20	2009	2016	3
#K	Consulting and environmental strategies	≤10	2005	2018	2
#L	Consulting, human training, and corporate volunteering	≤10	2013	2019	4
#M	School field trips and summer camps	≤50	2001	2017	1
#N	Eco-bags and sustainable branding	≤50	2010	2013	2
#O	Healthy snacks 1:1, 2:1 and buy local model	≤10	2014	2015	1
#P	Bakery and restaurant	≤300	1999	2018	3
#Q	Shared use bicycle service	≤40	2002	2016	1
#R	Alternative investment manager	≤10	2011	2016	2
Total Interviews					34

In-depth, semi-structured interviews were developed with managers, founders, and senior managers. Semi-structured questions enable open questioning while collecting similar data from different respondents (Yin, 2014). The number of interviews varied for each firm according to respondents' availability and their domain on business model issues, reaching 34 respondents. Face-to-face interviews were carried out at the enterprises' facilities or virtually when it was not possible and complemented with onsite observations and various secondary sources (e.g., homepages, reports, social media). Based on the analytical framework (**Table 7.2**), questions referred to SHBMs attributes and institutional environmental characteristics, encouraging respondents to engage in storytelling about the enterprises' background and business model. Detailed information on the interview guideline is presented in **Table 7.4**. Interviews lasted between 45 to 120 minutes and were recorded (with consent) and fully transcribed. Secondary sources were used to triangulate information and verify information bias (Yin, 2014). A guiding protocol and a database with the documents of the cases, interview

transcriptions, and notes were created to maintain reliability (Eisenhardt, 1989). The study was conducted between October 2019 and August 2020.

Table 7.4. Interview Guideline (example)

A. Firm's Background
• Please, introduce yourself and your position in the enterprise • Please, provide an overall description of the firm's history and background
B. Business model elements for sustainability-driven hybrid business models
Value Proposition
• Please, describe the business model of the enterprise • How does the enterprise define its purpose and mission? • How do you describe the market segment and customers? • What type of social/environmental problems the enterprise aims to solve, and how? • How the enterprise defines the term sustainability, and how is it integrated into the business model?
Value Creation and Delivery
• How do you define the resources and activities developed in your business model to achieve sustainability? • How do you describe the enterprise's stakeholders? Please, provide an overall description • How do you describe the partnerships and alliances of the enterprise? • What type of sustainable development practices does the enterprise integrate? • How do you describe the governance structure?
Value Capture
• How do you describe the enterprise's cost structure and source of revenues? • What type of measurements do you integrate into your business model? • Is there any other source to capture value by the enterprise?
C. Institutional Environment
• What kind of tensions as B Corps face (a triple impact enterprise) when operating in a country like Colombia?
Regulative
• How the Colombian legal system influences the business model? • Are there any national (or international) regulations that influence the business model's operation? • Are there regulatory organizations in Colombia that promote sustainability in enterprises?
Normative
• Which of your business activities oriented towards impact are considered an obligation in Colombia (or current society)? • Are your stakeholders demanding social/environmental impacts from the enterprise? • Is the business model linked to any duty or responsibility in the Colombian context?
Cultural-cognitive
• How do the domestic needs and culture of the Colombian society influence the business model? • Are your competitors or successful companies in the industry delving into social/environmental impacts? If yes, do the enterprise are under pressure to follow them?
D. Closing Questions
• How the enterprise balances the tensions of operating in the Colombian context? • Please, provide typical examples of situations for achieving such a purpose

In stage three, each case was analyzed separately to study themes and emerging patterns in a ‘within-case data’ analysis technique (Eisenhardt, 1989). Data analysis data was carried out manually with the support of a computer-assisted qualitative data analysis software (ATLAS.ti 8) to maintain a chain of evidence. A content analysis was developed on the transcribed interviews, leading to a coding scheme process, analysis, and result interpretation (Edmondson & Mcmanus, 2007) on SHBMs attributes and tensions. Keeping close to the analytical framework (**Table 7.2**), attributes and external tensions were identified, analyzed, and built on verbatim quotations. Data coding followed the interview stages and included four parameters: value proposition, value creation and delivery, value capture, and institutional environment. To correlate SHBMs attributes with tensions, the content analysis permitted identifying meanings and concepts through a cross-case pattern, recognizing categories of within-case similarities. Correlations were built from detailed questions and captured from descriptive responses relating business model elements in practice. The results of this relationship are presented in **Figure 7.5**. The following section presents the research results and discussion.

7.4. Results and Discussion

This section presents SHBMs in terms of value proposition, value creation and delivery, and value capture for B Corps (**Subsection 7.4.1**) presented in tables including attributes, characteristics, examples, and remarks in the literature in which attributes were present or absent. External tensions are analyzed (**Subsection 7.4.2**) and posteriorly related to SHBM attributes (**Subsection 7.4.3**). The section closes with the discussion (**Subsection 7.4.4**).

7.4.1. SHBMs Attributes in an Emerging Economy: The B Corp Archetype

7.4.1.1. Value Proposition

Four elements stand out in B Corps value proposition (see **Table 7.5**). First, an *organizational purpose*, which relates *a*) the company’s offerings based on the premise to solve social and environmental problems as part of their core business; *b*) a mission that goes beyond maximizing profits for its shareholders but distributing wealth between stakeholders (including its owners), balancing long-term goals for slow business development while remaining profitable in short and medium terms; *c*) B Corps are defined as triple impact enterprises, whose

DNA is rooted in the notion of sustainable development; and *d)* the organization's philosophy is built on ethical principles and moral standards, characterized by values such as empathy, advocacy, awareness, sharing, or collaboration.

Second, the *customer segment* is developed by approaching more conscious customers, intending to educate, raise awareness and empower their role as consumers while enhancing their well-being. Prices are higher than the average, which their customers can afford. *Customer relationships* are morally guided and built on emotional bonds, highlighting what customers choose as correct. Third, through an approach to *systemic change*, B Corps intend to alter social relationships and practices of the social system: *a)* by considering the role of generations to come, focusing on promoting living entities' interaction and interdependency (including humans and biodiversity) through a regenerative and net-positive approach to sustainability; *b)* advancing on capacity building, agency, and social cohesion; *c)* encouraging new lifestyles, behaviours, and mindsets that positively impact human actions reflected in planetary gains, making customers stewards and custodians of change; and *d)* influencing local agendas and public policies through advocacy, *corporate activism* — market-based actions and agenda settings taken to implement and institutionalize a corporate-friendly agenda — and *lobby* — activities aimed to influence legislators at various government levels. Systemic change unveils B Corps' potential to pursue social innovation when supporting changes in social relations or involving new ways of doing and organizing. Finally, *sustainability institutionalization* is related to incorporating sustainable development and CSR goals in the business structure through TBL and philanthropy efforts and acting as leaders of change in the business sector.

Table 7.5. Value Proposition

Attributes	Characteristics	Examples	Attribute in the Literature*
Organisational Purpose	Address Social/Environmental Problems	#H: "We identified that in Latin America, there is a problem with agriculture and a lack of monetary resources for the communities. Everything refers to inequality and poverty."	D: Morioka et al. (2017)
	Mission Beyond Profit Maximising - Short, Medium- and Long-Term Goals	#F: "Our motivation is beyond making money. I believe that this is a decisive condition for founders and managers. Our growth conception is not to get rich and be retired at 40. The motivation must be tied to leaving a mark, to transcend, that our children understand that we contribute to this world."	D: Morioka et al. (2017), Haigh and Hoffman (2014), and Stubbs (2017a)

	Business DNA Oriented Towards Sustainability	#E: “This company was conceived under the three pillars of sustainability in its DNA. Now there is a Profit vs Purpose. Our model is profit through purpose.”	PD: Laasch (2018)
	Guided by Values and Morals Standards	#O: “We want to reach double impacts, and sharing is our motivation in our model 1:1 and 2:1. Sharing generates mutual benefits: for the one who gives and the one who receives.”	D: Eckert et al. (2020)
Customer Segments and Relationships	Conscious Customers - Higher Prices	#P: “We believe that we must educate conscious consumers about the attributes of our products. We have a story to tell and a purpose to communicate.”	D: Davies and Chambers (2018) and Davies and Doherty (2019)
	Create Emotional Bonds	#D: “To sell our product, we explain the philosophy to our clients; although people look for the quality of the product, people connect a lot with the philosophy we have and the emotions we transmit.”	D: Davies and Chambers (2018) and Eckert et al. (2020)
Transformative/ Systemic Change	Consider Future Generations - Net-positive/ Regenerative Sustainability for Socio-Ecological Systems	Aware that 30% of the world’s pollution is generated by construction, #C aims to transform the world by adopting the best practices for the planet and human beings #I: Supports the conservation of endangered animals in the Amazon	PD: Haigh and Hoffman (2012), Hestad et al. (2020a), and Laasch (2018)
	Human Agency, Social Cohesion, and Capacity Building	#H: Facilitates the commercialization of products and services for the social reintegration of ex-combatants of the Colombian armed conflict	D: (Hestad et al., 2020a)
	Novel Mindsets, Behaviors, Lifestyles, and Sustainability Stewardship	#D: “We provide a healthier option than refined sugar. Sugar consumption generates nutritional imbalances. [Our product] Cane sugar has a lower sugar index; it has mineral vitamins, calcium, magnesium. It’s a superfood.”	D: Stubbs (2017a)
	Corporate Activism, Advocacy, and Lobby - Influence government policies	#N: “Currently, there is a single-use plastics law, and we have been present in the debates in the Congress of the Republic. We are part of this process because we are interested in a change in the mentality of Colombians.”	D: Stubbs (2017a, 2017b)
Institutionalise Sustainability	Blend Sustainability and CSR goals	#L: “We saw new trends in the market, a language that was aligned: CSR and Sustainability. The niches and communities of our ecosystem are connected with these issues; thus, we linked our core activities to the SDGs.”	D: Stubbs (2017a) and Jabłoński (2016)
	Leaders of Change	#A: “From the beginning, we said ‘we want to do things differently.’ Not because we wanted to be the good guys, but because of our education, the family that raised us, the friendships we had, and the values that crossed our lives. I could not do business differently.”	D: Haigh and Hoffman (2014) and Stubbs (2017a)

***Note:** D: Discussed; PD: Partially Discussed; NPD: Not Previously Discussed

7.4.1.2. Value Creation and Delivery

Five elements relate to the B Corp value creation and delivery (see **Table 7.6**). First, *resources* relate to three elements: *a)* constructing an organizational identity and culture grounded in material and immaterial assets. Material assets are related to internal routines, methodologies, processes, symbols, or objects (e.g., tools or artifacts) that merge organizational practices with the firm's purposes, while immaterial assets are expressed through quotations, ideas, or phrases representing the business philosophy; *b)* developing holistic communication that allows better customer relationships based on narratives and storytelling to create emotional bonds and reinforce marketing strategies. Customized communication highlights the country's native and cultural characteristics, focusing on local values, practices, and traditions. *c)* B Corps configure a multidisciplinary and talented team characterized by leaders whose mindset and values shape the business philosophy, reinforced by their attitudes, living experiences, education, or professional background. Social capital is fostered by promoting employee well-being and implementing humanistic hiring practices that feature human values and attitudes.

Second, B Corps link *innovation and sustainability* through new organizational processes, ideas, materials, or methodologies. It appears an interest on rescuing ancient practices, ancestral and traditional wisdom combined with modern knowledge. Virtual platforms and digital interfaces are channels that ensure more direct and personalized communication with various stakeholders (e.g., social media and private platforms). *Systemic relations and stakeholders' engagement* is the third element of value creation. Three characteristics stand out: *a)* building relations on the premise that they must generate beneficial relationships fostering co-creation and collaboration in the enterprise decision-making process; *b)* creating partnerships and alliances with stakeholders that share similar values to coordinate efforts towards the same end; and *c)* building on an *inclusive value chain* which prioritizes the engagement of local suppliers while promoting community building (leading to poverty reduction and capacity building).

Fourth, *sustainability alignment* occurs as B Corps participate in global sustainable development discussions, coordinating business efforts with agendas of planetary interest (e.g., the SDGs). To illustrate, B Corps signed the UN Climate Change Conference (COP25), committing to Net Zero by 2030. Finally, B Corps enact a *renewed governance structure* that challenges traditional business practices. First, exerting public transparency by disclosing information in annual reports, social media, or the B Impact Assessment — the B Lab tool that measures social and environmental impact. Governance is legitimized by adopting certifications and (eco)labels that validate business performance. The B Corp certification is

used to attract investors and customers; a label that is distinguishable on the firm's facilities, product packaging, and organizations' websites as a symbol of transparency. Second, legal accountability is developed by framing the organizational purpose in the business statutes aligned with the country's regulations,⁷ making public their commitment to society.

Table 7.6. Value Creation and Delivery

Attributes	Characteristics	Examples	Attribute in the Literature*
Resources	Organisational Identity and Culture - Material and Immaterial Assets	#J: Utilises pets, nicknames, and avatars in organisational practices (e.g., "Unicorns": Monthly meetings, "Paramedics": Urgent appointments) #K: Business philosophy based on Baba Dioum's (Senegalese environmentalist) quotation: "In the end, we will only conserve what we love, we will only love what we understand, and we will only understand what we are taught."	PD: Morioka et al. (2017) and Gregori and Holzmann (2020)
	Holistic Communication - Cultural Features - Narrative, Storytelling	#D: "We compete under different conditions from our counterparts. We need to compensate for this gap with better marketing strategies: empowering the customer through stories. It is not enough to sell a product but also to hook people with narratives and not with a low-price commodity." #N: Manufactures ecological bags with designs relating to local fauna (e.g., jaguars, birds, turtles), national parades (e.g., Barranquilla carnival), or domestic symbols (e.g., orchids).	PD: Gregori and Holzmann (2020)
	Talented Team - Outstanding Leaders - Multidisciplinary and Humanistic Recruiting - Employee Well-being	#C: "We have a clear understanding of the employee profile that we need. We do not necessarily look for remarkable studies or vast expertise because we work in a very novel area. We look for people with good attitudes and criteria, living in a sustainable way."	PD: Stubbs (2017a)
Innovation and Digital Interfaces	New Ideas, Materials, Methodologies, or Processes - Merge Traditional Practices	#H: "We believe in the power of traditions and ancestral wisdom, mixed with technical knowledge and technology to create businesses that are respectful with communities and generates well-being." #N: "Our costs can be very high. Our solution is to focus on innovation, look for new materials, optimize our	PD: Hahn et al. (2018) and Eckert et al. (2020)

⁷ B Corps in Colombia can choose the stand-alone B Lab certification or additionally adopt the 'Commercial Benefit and Collective Interest Companies' (BIC Societies) legislation; a legal figure created in 2018 that defines businesses with a triple impact as those that create economic, social, and environmental value

		resources, and waste less. If we don't have a competitive product or price, we will not have customers.”	
	Virtual Platforms/Digital Interfaces	#F: “We created a monitoring and alerts system that allows the farmer to know when to sow and harvest based on consumption and purchase statistics.”	D: Gregori and Holzmann (2020) and Eckert et al. (2020)
Systemic Relations and Stakeholders Engagement	Mutual Beneficial Relations with Various Stakeholders	#E: “Our nature as an organization implies that our clients call us to validate processes, to do pilots, and to propose ideas. Clients, academia, and the institutional sector intervene in the co-creation process. We work with think-tanks, non-profits, and sustainability consultants who are always contributing to this sector.”	D: Haigh and Hoffman (2012)
	Partnerships and Alliances - Partners with Similar Values	#Q: “We mostly work with companies like Unilever (which had our services for a long time) and other companies convinced that bicycles can improve the quality of life of their employees.”	D: Eckert et al. (2020), Gregori and Holzmann (2020), and Stubbs (2017a)
	Inclusive Value Chain - Prioritise Local Suppliers - Community Building	#M: “We developed an alliance with a social investment fund for our ability to redistribute wealth, installed capacities, and education to people who are in the BOP. Currently, about 82% of our suppliers are small and local vendors.”	D: Schoneveld (2020)
Sustainability Alignment	Follow International Agendas	#I and #L: Describe consulting services in terms of SDGs	PD: Stubbs (2017a) and Eckert et al. (2020)
Renewed Governance Structure	Public Transparency - Adopt Certifications and (Eco)labels	#D: “Our product is fair trade, vegan, non-GMO, organic; we also have ecological labels from Europe and the US, and we are B Corp.” #M: “Being a B Corp represents for us an opportunity for accountability.”	PD: Eckert et al. (2020), Jabłoński (2016) and Laasch (2018)
	Legal Accountability	#K: “To earn more points to be B Corps, we must change the corporate object in the Chamber of Commerce. We stipulate that we generate social, environmental, and economic impacts.”	NPD

***Note:** D: Discussed; PD: Partially Discussed; NPD: Not Previously Discussed

7.4.1.3. Value Capture

Three elements integrate B Corps value capture (see **Table 7.7**). First, a *cost structure and source of revenues* aiming to balance profits and purpose. Profit maximization is not denied as a corporate goal; however, financial sustainability is a condition of impact. Second, B Corps

measure impacts based on the five impact areas: Workers, Customers, Suppliers, Community, and Environment of B Lab’s B Impact Assessment. Firms focus more on some areas than others regarding the sector or capacities (few cases target the five areas simultaneously). B Corps principally rely on self-designed measurement tools, establishing indicators adjusted to business targets. Impact measurement is also associated with settling goals and milestones valuable for society. Finally, *complementarities*, defined as differentiated activities that generate value, relate activities such as acquiring additional resources beyond traditional revenues.

Table 7.7. Value Capture

Attributes	Characteristics	Examples	Attribute in the Literature
Cost Structure and Revenues	Balance Profits and Purpose - Financial Sustainability Focused on the Impact - Profits as a Mean to Achieve Impact	#D: “To the extent that we can include more families and vulnerable groups in our business model, the greater well-being we can provide and keep the company sustainable.”	D: Haigh and Hoffman (2014) and Laasch (2018)
Measures Impact	Create Indicators and Measurement Tools	#E: “We integrate multiple indicators; some of them are aligned to international standards such as the GRI and the SDGs. We also have indicators for measuring happiness.”	PD: Laasch (2018) and Stubbs (2017a)
	Settle Goals and Milestones	#D: “Our vision is to generate a transformation model that will impact more than 2,500 families in the next three years.”	PD: Stubbs (2017a, 2017b)
Complementarities	Multidimensional Value Capture	#I: Created a non-profit organization to channel international resources	D: Morioka et al. (2017) and Hahn et al. (2018)

Note: D: Discussed; PD: Partially Discussed; NPD: Not Previously Discussed

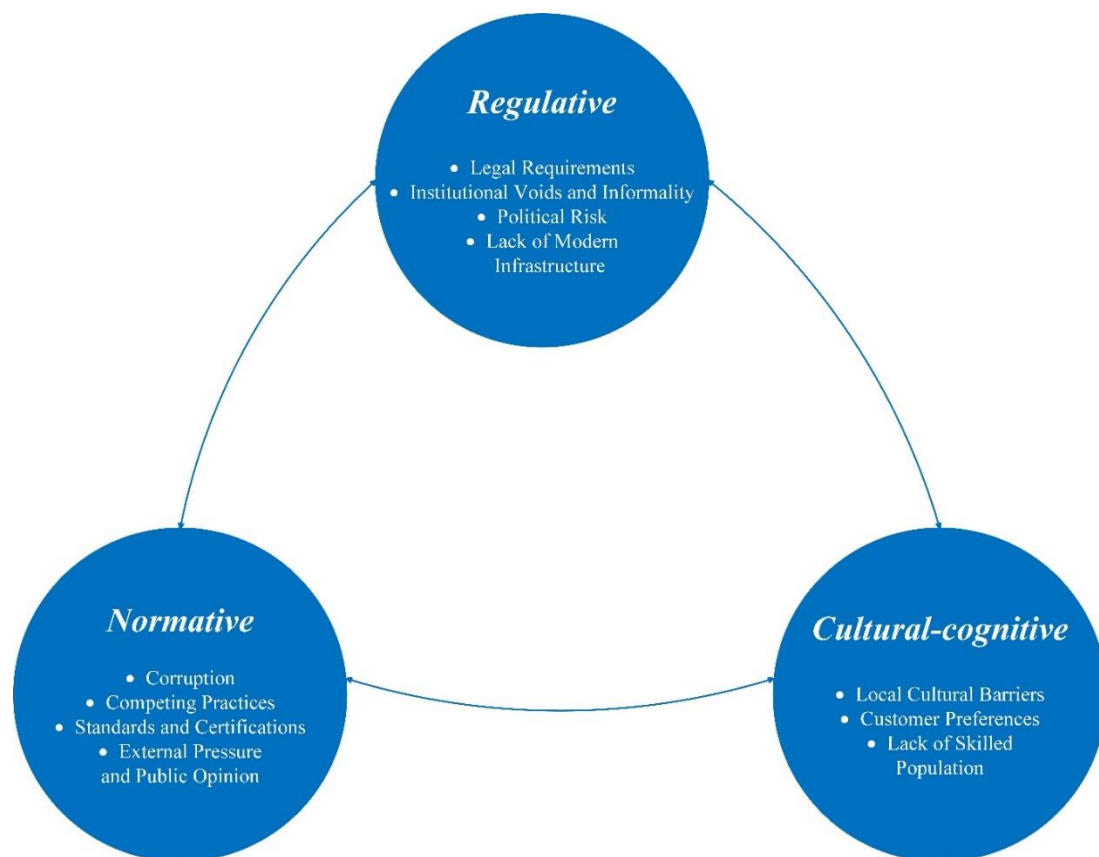
The following subsection characterizes tensions of B Corps operating in an emerging economy, Colombia.

7.4.2. External Tensions of B Corps in Colombia

Various elements of the institutional environment affect B Corps in Colombia (see **Figure 7.4**). *Regulative* issues were associated with excessive legal barriers, institutional voids and informality, political risk, and a lack of modern structure. B Corps highlighted the complexities

of starting a new business in Colombia as they must comply with excessive regulations and permits, conducting to further costs and expenses to operate. Characterized by an informal economy, enterprises develop additional efforts on employee training or facing the setback of recruiting qualified human talent. Peripheral regions remain disconnected from the national economy, reflecting institutional voids, especially in agriculture-related issues. Political risk is caused by changes in political structures and the country's armed conflict. Finally, there is a lack of modern technology and infrastructure; thus, firms face increasing costs to acquire new technologies or delivering services giving an incipient road infrastructure.

Figure 7.4. External Tensions faced by Colombian B Corps



Source: Compiled by the Author

The following section correlates SHBMs attributes and tensions in the light of the evidence.

Normative pressures were related to corruption, competing practices in the industry, an urgency to comply with standards and certifications, and external pressures. Corruption is related to local practices of the industry that are commonly developed in business activities (e.g., bravery or quotas). Competing practices are prominent, such as “*the war cent*” — lowering prices

violently compared to competitors, leading to unequal working conditions and old-fashioned industrial practices. Competing practices are also alleviated with holistic communication and a “hook” with customers. In a search for business appropriateness, B Corps are more ethically involved in certifying and accrediting their performance, complying with international indicators and national standards. The B Corp certification could also be considered a normative tension — regarding the arduous certification and recertification process. This is also followed by B Corps’ intention to couple to global agendas of sustainability and comply with their commitment to behave as leaders of change. Public opinion and customers influence B Corps, as these actors are increasingly more informed and critical of the role of businesses nowadays.

Cultural-cognitive issues were associated with cultural barriers, customer preferences, and a lack of human capital. Cultural barriers involved inadequate practices in the national culture (e.g., sexism) and cultural differences within the country (e.g., regionalism), representing ethical dilemmas that contradict B Corps values. Tensions were also related to skeptical customers, cost-oriented preferences, a growing awareness of environmental practices, and more demanding consumers. This combination can be contradictory (between what customers can afford and what they demand). Finally, the lack of skilled human capital represents a strain, given the need to continually train new personnel, which rotates periodically. Examples of each of the tensions with quotations and B Corps’ response through their business model are presented in **Table 7.8**.

Table 7.8. Tensions Derived from the Institutional Environment in Colombia: An Analysis from Regulative, Normative, and Cultural-cognitive Pillars

<i>Pillar</i>	<i>Tensions</i>	<i>Characteristics</i>	<i>Example of Evidence</i>	<i>B Corps Response to Tensions</i>
Regulative	Legal Requirements	• High Taxation • Legislation Inadequacy	#A: “The legal environment in Colombia is complex for small businesses; the costs of doing business are very high.” #B: “The environment is demotivating; for developing sustainable-oriented activities, we need to assume additional costs and permits.” #F: “The lack of a support system is a giant limitation because there are no tax benefits on organic agriculture compared to other countries, where this practice is encouraged by governments.”	• Renewed Governance Structure • Complementarities

			#L: “Starting a business in Colombia is very complex; there are many barriers, especially legal. This aspect is even more complex for a social enterprise.”	
	Institutional Voids and Informality	• Informal Economy • Inequality in Farmers’ Incomes • Lack of Governmental Presence (e.g., <i>abandonment of peripheral regions, especially in agriculture-related issues</i>)	#Q: “The main challenge is to form a professional team that manages to provide a quality service like the one we dream of, like the one we are implementing today through our business model. We have come from complete informality to professionalism.” #D: “Cane sugar is a very informal sector. There is no formality in the sugar mills. The farmers do not have legal contracts; peasants and indigenous communities are paid through wages. Besides, farmers do not even know how to sell and offer their products. Intermediaries take advantage of them and buy cane sugar at unfair prices. Our enterprise seeks to formalize this sector.” #E: “We work with peasants and farmers, so we must carry out training and provide not only excellent technical assistance to crops but also to facilitate the conditions for the dreams and needs of producers to be achieved.” #J: “Colombia faces the problem that rural and peripheral communities are abandoned and have the feeling that the government does not know their needs.”	• Resources • Systemic Relations/ Stakeholders Engagement
	Political Risk	• Political Instability • Violence, Insecurity and Internal Conflict • Changing Political Structures (<i>elections every 3–4 years</i>)	#G: “Some of our suppliers live in zones of armed conflict. As part of our mission, we have turned these crops into legal lands that guarantee harvest purchases to the farmers.” #H: “Due to the nature of our clients, we work with public entities, so our business has been affected by local elections and waiting times in the acceptance of public projects.”	• Systemic Relations/ Stakeholders Engagement • Complementarities

	Lack of Modern Infrastructure	Lack of Modern Infrastructure and Technology	#B: “We saw an opportunity for innovation and sustainability. The construction sector is not sustainable, and there is no modern technology.” #C: “Some industry problems have been associated with the backwardness of the industry and the need to acquire new technologies.”	Innovation and Digital Interfaces
Normative	Corruption	Corrupt Practices in the Industry (<i>e.g., bravery, fraud, quotas</i>)	#C: “For us, it is extremely important to have a pleasant experience with the client as well as for the quality of life of the company’s employees. We have refused to build in protected areas or with community settlements. We are not a greenwashing tool. We do not work on such projects.” #I: “We don’t judge any sector, and we don’t want to discard clients. Society needs transport and telecommunications; our objective is to teach them to do it better and in a sustainable way.”	Renewed Governance Structure
	Competing Practices	- Unequal Competing Conditions - Lack of Suppliers with Similar Approaches to Sustainability	#M: “We develop contracts with small local vendors under conditions that are atypical to what the tourism industry normally does. We provide more fair payment terms and installed capacities, which requires the enterprise to have a higher cash flow.” #O: “The price of the products in the market has been susceptible because the competition has begun to produce very similar products, and there are Colombian companies with a long history whose cost structure does not require addressing social impacts like us. It is complex to compete with these conditions.” #D: “There are many more barriers to entry than a traditional company. Our impact business model is affected by informality and pricing. We pay higher prices to our farmers, peasants, and indigenous communities than the competition. We present disadvantages compared to the competition.”	- Systemic Relations/ Stakeholders Engagement - Renewed Governance Structure

	Standards and Certifications	- Compliance with National and International Standards - International Tendencies	#E: “The rules that we follow have an adaptation to each country, where the law of each country prevails. For instance, we have norms that follow one country’s rules and other rules for another country. In our case, the determining factor is the international environment. Moreover, the context of our country also prevails. As our coffee is produced in Colombia, we need to meet both Colombian and international standards.” #G: Their products are certified ‘For Life Standard’ and ‘ECOCERT’ (international), and ‘ISO 9001,’ and ‘ISO 14001’ (national)	Renewed Governance Structure
	External Pressure and Public Opinion	- Growth of Environmental expectations - Public Opinion	#K: “Our first clients were in the petroleum industry. We received criticism from environmentalists and non-governmental organizations who told us that we should not work with the oil sector. We wonder why not? Finally, we are training people, and we are sensitizing them to do a better job.”	- Transformative/Systemic Change - Institutionalize Sustainability - Sustainability Alignment - Measures Impact
Cultural-cognitive	Cultural Barriers	- Cultural practices (e.g., sexism, inequality) - Cultural Differences Within the Country (e.g., regionalism)	#A: “We refuse to work with companies with discriminatory or sexist practices, which is common in Latin America.” #B: “We follow rigorous standards at the level of earthquake-resistance regulations [...]. In other cities in the country where we have operated, and our partners are not used to these demands. We have had cultural clashes within the country.” #C: “When we started, there was not much competition because there was not much information [...]. There were no environmentally certified projects in the country. Therefore, it was a bit out of the question for everyone because changing things in an industry as conservative as construction is difficult.”	- Organizational Purpose - Resources - Renewed Governance Structure

			#N: Has found problems with clients in other cities of the country, as they are based in the capital; clients from other cities prefer to engage enterprises from their region: “There is a problem with regionalists practices.”	
	Customer Preferences	• Skeptical Customers • Cost-oriented Customers Culture • Growing Environmental and Social Awareness	#L: “There is little understanding of the costs of making social impacts. The returns on investment for the company are not very clear [...]. Our work is very complex; we have to organize workshops and other activities considering different aspects of planning, logistics, prototyping. Our clients sometimes do not see these aspects very clearly. The clients think that creating social change is just to talk to people; however, they do not realize that social change is a complex process that takes time and big efforts.” #H: “Selling our services has been difficult [...]. Customers think this is rare, and they do not understand our services. So we found a way to communicate our services through cases, videos, and former experiences.” 45% of #P employees are disabled; moreover, they have received criticism because some of their baking products contain sugar.	• Customer Segments and Relationships • Resources
	Lack of Skilled Population	• Need for Trained Human Talent	#F: “Unlike what happens in other developed countries, the Colombian producer lacks many competencies [...]. Small producers in Colombia (and in Latin America) are peasants and farmers. They do not control their costs, do not know the offer, and their quality is variable. The small producer is not able to stabilize quality and supply.” #P: “Our disabled employees have not received much support or training. We need to engage experts in sign language to communicate with our staff. Most of our disabled staff is	• Resources • Systemic Relations/ Stakeholders Engagement

			integrated by an illiterate population, and some do not know any language.”	

Source: Compiled by the Author

7.4.3. *Attributes that Alleviate the Tensions of Operating in an Emerging Economy: The Case of B Corps*

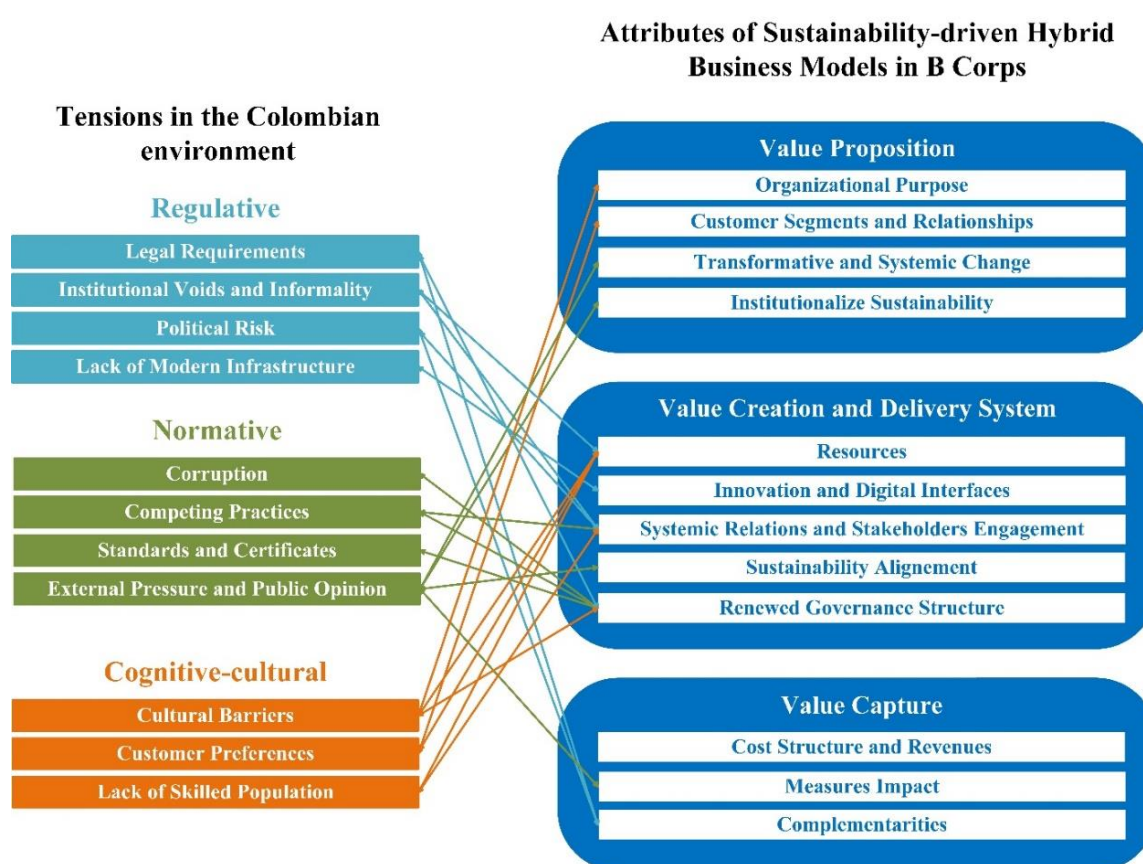
B Corps face multiple tensions related to contextual factors in an emerging economy setting. This research suggests that tensions can be addressed through various attributes of SHBMs (**Figure 7.5**). Concerning regulative aspects, B Corps respond to tensions derived from legal requirements by acquiring new revenue sources and attracting investors through a more transparent governance structure and business complementarities. Institutional voids and informality are faced by reinforcing organizational resources — investing in its social capital, providing training, and conceiving more humanistic recruiting strategies — and creating systemic relationships that prioritize the engagement of local suppliers leading to mutually beneficial relationships. Political risk is diminished by engaging stakeholders in various business projects and alliances, ensuring new revenue sources. Finally, the lack of modern infrastructure and technologies aims to be attenuated through innovative solutions associated with core business activities that optimize resources to remain competitive.

Regarding normative tensions such as corruption, competing practices, and demands to adopt standards and certifications, enacting a transparent governance structure was identified as a suitable response. Enterprises challenge corrupt practices, disclose impacts, and adopt certificates — to inhibit unethical proposals from clients or counterparts, having labels as a standard of the decision-making process. Competing practices are also addressed by enacting partnerships and alliances with stakeholders with similar values that support the business cause and philosophy, facing a lack of suppliers and networking support. Pressures coming from the public opinion can be undermined by focusing on systemic change outcomes, institutionalizing sustainability, integrating TBL dimensions and CSR elements, engaging on sustainability discussions (e.g., the SDGs and COP25), and disclosing the enterprise’s positive impacts in society.

Considering cultural-cognitive tensions, B Corps diminish cultural barriers and customer preferences through holistic communication, highlighting national cultural features through narratives and storytelling that allow building a more profound connection with customers.

Organizational values and governance structure are utilized as barriers to establishing a minimum ethical behavior to reject locally normalized dishonest practices in the industry. Tensions derived from skeptical and more demanding customers are faced by developing a close and educative relationship, encouraging sustainable mindsets and behaviors, making them stewards of change. A lack of trained human capital is supported by strengthening social capital through humanistic recruiting, employee well-being prioritization, flexible working practices, or establishing an inclusive value chain. In the following section, the results are discussed.

Figure 7.5. Relationship between Business Model Attributes and Tensions faced by B Corps in an Emerging Economy



7.5. Discussion

Tensions are a central debate on hybrid organizations (Battilana & Lee, 2014); moreover, in the so-called SHBMs literature, tensions are related to business model characteristics (Davies & Chambers, 2018). Although tensions and business model elements have been correlated comparing commercial logics vs. sustainable logics (Laasch, 2018), with particular evidence

on sustainable entrepreneurship (Davies & Chambers, 2018), this study documents B Corps business model tensions, a missing piece in research (van Bommel, 2018). Whereas Stubbs (2019) discusses tensions grounded on B Corps' strategy, structure, and practices, this paper provides contextual elements linked to business model attributes.

An outcome of significance was to provide a characterization for an SHBM archetype in B Corps, as various attributes were compiled, verified, and refined from the literature, providing features and subcategories derived from the research process. The B Corp value proposition integrates well-known elements of business model offerings, customer segments, and relationships. An organizational purpose differentiates from other business model logics in a mission beyond profit maximization (Haigh & Hoffman, 2014). Customer segments and relationships remained analogous from former studies (Davies & Chambers, 2018), evidencing that B Corps target conscious customers that can afford higher prices. This research categorizes systemic change-related issues — a topic recently incorporated into the discussion (Hestad et al., 2020a), unveiling B Corps' potential to deliver social innovation. Finally, this study refines B Corps' capacity to institutionalize sustainability (Stubbs, 2017a) and CSR (Jabłoński, 2016) practices, showing their engagement in corporate practices that seek to generate solutions to contemporary societal challenges.

Value creation and delivery preserve typical attributes; moreover, specific elements deserve to be integrated. Resources, a prominent feature of sustainability (Laasch, 2018), were enhanced by synthesizing elements from an organizational culture discussed by Morioka et al. (2017) or an organizational identity considered in hybrid organizing literature (Battilana & Lee, 2014). Commonalities concerning material assets and holistic communication were identified in line with Gregori and Holzmann (2020) — relating tangible and visual-textual artifacts and narratives — and complemented with characteristics such as immaterial assets and cultural-related aspects of communication, and work team characteristics. New context-related practices were included concerning the utilization of traditional practices (e.g., resulting from the engagement of indigenous or farmer communities) in elements such as technology platforms and innovation — discussed by Eckert et al. (2020) and Hahn et al. (2018) correspondingly. Other similarities related to B Corps' approach to systemic relations (Morioka et al., 2017) and synergic interactions with partners with similar values (Stubbs, 2017a) to enact mutual beneficial relationships (Haigh & Hoffman, 2012). This feature is enhanced in this research, enlarging evidence of an inclusive value chain, partially examined by Schoneveld (2020). Sustainability alignment was refined from the evidence, showing B Corps' capacity to contribute to sustainable development debates by engaging in agendas of planetary interest such

as the SDGs (see Tabares, 2021). A governance structure was improved as aspects such as legal public transparency and legal accountability were not previously discussed.

Value capture preserved most of the attributes mentioned in former research, as B Corps impact is attached to their financial sustainability (Stubbs, 2017b) and supported on business complementarities (Morioka et al., 2017). This study extends on monitoring success (Stubbs, 2017a) by setting goals and milestones and creating indicators and measurement tools adapted to each organization.

Compared with previous studies (Stubbs, 2017b), B Corps business model attributes in two institutional settings do not differ much from each other, showing that they are highly standardized. B Corps' capacity to adapt business model elements to comply with domestic tensions is a noticeable difference in an emerging economy setting. The paper enlarges Stubbs's (2017a) research, framing SHBM attributes for B Corps that can be identified in developed and developing settings.

The following section presents the conclusions and recommendations for future research.

7.6. Conclusions and Prospects

This research highlights SHBM elements that alleviate the tensions of B Corps operating in an emerging economy. Two main contributions stand out. The first, and most relevant one, was scheming attributes that alleviate B Corps tensions when operating in a complex environment in Latin America, Colombia (**Figure 7.5**). A literature analysis was developed to compile SHBMs elements from the theoretical perspective and verified the attributes by conducting eighteen case studies in Colombian B Corps. Its novelty consists on the aspect that it was built from both theoretical and empirical evidence, providing implications in practice. The second contribution was developing a characterization of the SHBM archetype for B Corps based on business model components — value proposition, value creation and delivery, and value capture (**Tables 7.5, 7.6, and 7.7**). The efforts of this study were built on, but not limited to, emerging economy settings, as the characterization atomizes learnings from seminal studies in the interception between hybrid organizing and sustainable business models from various contexts.

One of the novelties of this research was broadening the generic term SHBMs since a large part of the debate focuses on social enterprises and sustainable entrepreneurship. Integrating

partially discussed issues, such as B Corps DNA, systemic change, resources, innovative capacity, and alignment with international sustainability agendas, are new insights for B Corps, while a new governance structure was not previously characterized. The study also exposes B Corps' capacity to adapt to the environment to face tensions but maintaining a standardized model compared to B Corps globally. A deeper understanding of the Colombian institutional environment is also of research significance.

This study comprehends sustainability issues for cleaner production from hybrid organizing and sustainable business model literature that can be considered in research and practice. Implications for practitioners and policymakers can be highlighted. By identifying tensions, incumbent and new ventures could consider SHBMs attributes suggested in this paper as an inspiration. Although SHBMs integrate profit and not-profit forms, B Corps are profit-oriented organizations assessed by B Lab. A critical approach is recommended considering organizations with similar structures. Policymakers, who see potential from the engagement of the commercial sector through systemic change, could consider a holistic approach to SHBMs by providing enabling tools that allow companies to generate impacts without risking their survival. Hybrid organizations such as B Corps are relevant allies for government agencies to promote positive changes in society.

The limitations of this article can provide foundations for future research. Only Colombian firms were studied; hence, particularities of other emerging economies could provide more nuanced observations. Considering the research scarcity of SHBMs such as B Corps, there is enormous research potential. Examining an inclusive value chain is a research line that deserves more profound attention, while the field of digital business models is recently emerging. B Corps merit wider attention, analyzing subcategories of their business model elements. A broader exploration of B Corps' capacity to drive systemic change and its link with social innovation is also encouraged, relating B Lab's worldwide social movement influence. Future research could also investigate business model changes in B Corps before and after the certification.

This article postulates the SHBM archetype for B Corps to provide analytical guidance for future studies not limited to context-related tensions.

CHAPTER 8

8. DO HYBRID ORGANIZATIONS CONTRIBUTE TO SUSTAINABLE DEVELOPMENT GOALS? EVIDENCE FROM B CORPS IN COLOMBIA

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Abstract. The Sustainable Development Goals (SDGs) agreed upon by the United Nations (UN) in 2015 encompass a set of 17 Goals aimed at integrating matters of humanity's most pressing problems. Although the SDGs were initially suggested to be carried out by governments, enterprises are key players for the achievement of these goals through their business activities. Among for-profit firms, Certified B Corporations (B Corps) are a legal form of hybrid organizations (HOs) that has received scarce attention in the literature. Building on business model (BM) and corporate social innovation (CSI) literature, this paper aims to identify to what extent and how B Corps contribute to the SDGs when focusing on the solution of renowned social problems (SPs) highlighted by the UN. A multiple-case study based on in-depth, semi-structured interviews with 18 enterprises in an emerging economy in Latin America (Colombia), shows that B Corps are great contributors to the solution of SPs, such as agriculture-related challenges, corruption, climate change, labor, poverty, and unsustainable habits. Results elucidate that Colombian B Corps show great potential in the empowerment of communities, the introduction of novel organizational practices, the creation of alternatives that shape new lifestyles and consumption patterns, and the introduction of novel environmental solutions. Overall, Colombian B Corps show relevant contributions to Goals 2, 6, 8, 9, 10, 11, 12, and 16. Finally, this research provides a model for analyzing CSI in HOs and gives avenues for future research.

Keywords. Sustainable Development Goals; Case Study; B Corp; Hybrid Organization; Corporate Social Innovation; Sustainable Development

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8.1. Introduction

Businesses are meeting increasing demands to alleviate social and environmental issues (F. Santos et al., 2015). Driven by social and ecological trends and rapidly changing environments, enterprises have been increasing their implications in sustainable development (SD) (Engert et al., 2016). SD arose as the result of a growing global awareness of environmental, economic, and social issues, as matters compromising the future of humanity (Hopwood et al., 2005). SD was globally disclosed in 1987 in the United Nations (UN) World Commission on Environment and Development (WCED) and defined in the Brundtland Report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 43).

Regarding SD as an urgent matter for humanity, in 2015, the UN adopted a global action plan of desired SD outcomes schemed under a set of 17 interrelated goals, better known as Sustainable Development Goals (SDGs) (United Nations General Assembly, 2015). The SDGs include humankind’s most pressing problems as a target to be reached by implementing sustainable approaches (**Figure 8.1**). Although the SDGs correspond to a global SD agenda of governance aiming to face global challenges regarding environmental, social, and economic issues, they are not exclusive for governments, and businesses are playing a relevant role in attaining these goals (van der Waal & Thijssens, 2020). Specifically, the UN pointed out: “We call upon all businesses to apply their creativity and innovation to solving sustainable development challenges” (United Nations General Assembly, 2015).

Figure 8.1. Sustainable Development Goals (SDGs)



Source: United Nations (2020)

Regarding the role of businesses in society, novel business models, such as hybrid organizations (HOs), are emerging as a type of firm focused on the mitigation of social and environmental issues (F. Santos et al., 2015). HOs have also been labeled as social purpose organizations (SPOs) (Moroz & Gamble, 2020) or social enterprises (SEs) (Olofsson et al., 2018) as organizations that incorporate aspects of charity and business forms at their core (Battilana & Lee, 2014). Among HOs, Certified B Corporations (B Corps) are for-profit legal forms focused on creating well-being and characterized by a mission that embeds social and environmental purposes (Stubbs, 2017a).

Scholars have been developing acute efforts on elucidating the role that enterprises play on achieving the SDGs (Ike et al., 2019; van der Waal & Thijssens, 2020); however, among firms, HOs have gained attention for being significant contributors to this agenda (Rahdari et al., 2016). To illustrate, Horne et al. (2020) highlighted how social entrepreneurship contributes to activities of the national context in Germany by fulfilling specific SDGs; Castellás and Ormiston (2018) uncovered that SDGs can provide a coherent frame for impact investment, since SDGs provide a business frame for analyzing the impact strategies of investors in SEs. As well, studies give evidence that HOs are great promoters of social well-being when pursuing SDGs in areas such as systemic change (Bretos et al., 2020). Furthermore, research in HOs and SDGs is still scarce, and there is a research gap from the perspective of legal HOs such as B Corps.

Following the UNs call to drive SD issues around vulnerable regions in the world, Latin America is an example of a region characterized by structural problems and social disparities. Particularly, Colombia is the third country in Latin America to become an Organisation for Economic Co-operation and Development (OECD) member in April 2020 (OECD, 2020). However, the country faces multiple challenges since its economy is characterized by low labor productivity, high economic informality, weak vocational education, weak training systems, and growing poverty (OECD, 2019b). Regarding SDGs, Colombia ranks 67th in the worldwide index to accomplish such objectives, with major challenges in Goals 10 and 16 (**Figure 8.1**) (United Nations, 2019b).

Considering scant studies on B Corps (Stubbs, 2017a) and the lack of evidence on how HOs engage the SDG agenda (Günzel-Jensen et al., 2020), the state of the literature in this area opens a span for research opportunities. As well, the scarcity of studies in Latin America suggests that more research is needed, and scholars point out that further evidence on the implementation of the SDGs in developing countries is expected (Salvia et al., 2019). To fulfill this absence of empirical evidence, this paper focuses on two research questions:

RQ1. *To what extent (and how) do B Corps contribute to the SDGs?*

RQ2. *How can we map SDG-related activities with B Corps in Colombia?*

Based on a multiple-case study, this research aims to deliver a unique contribution by providing evidence on the role that B Corps play in the SDGs in an emerging economy in Latin America. To analyze this unexplored relationship in literature, this paper links HOs literature (Haigh & Hoffman, 2012; Stubbs, 2017a) and considers the opportunity framework of corporate social innovation (CSI) for the alleviation of social problems (SPs) (Baltazar-Herrera, 2015; Varadarajan & Kaul, 2018).

The article is structured as follows. After the introduction, **Section 8.2** presents the literature review and the theoretical underpinnings of this research. **Section 8.3** describes the research process and method. **Section 8.4** summarizes and discusses research results. Lastly, **Section 8.5** presents conclusions and avenues for future research.

8.2. Theoretical Background

8.2.1. B Corps: A Legal Hybrid Form

HOs are non-traditional firms since they are organizations pursuing a social mission while capturing value for both owners and society (F. Santos et al., 2015). HOs combine multiple organizational forms, including for-profit and nonprofit realms (Battilana & Lee, 2014), and design their business models based on the alleviation of specific SPs on social and/or environmental issues (Haigh, Walker, et al., 2015). Of particular interest in this research are the legal forms of HOs, the so-called B Corps. B Corps are firms legally and voluntarily committed to social and/or environmental purposes through business activities. B Corps consist of a certification developed by B Lab, a nonprofit organization founded in the United States in 2006, seeking to use business as a force for good (B Lab, 2022b). B Corps entail characteristics of corporations while ought to generate sustainable solutions in social, economic, and environmental issues as part of their mission (Harjoto et al., 2019). The B Corp certification requires the firm's legal commitment to guarantee that the business purpose will maintain unchanged through time (Hickman et al., 2014). Qualifying for the B Corp Certification requires a minimum of 80 points in a procedure called Benefit Impact Assessment (BIA), which assesses five impact areas—Workers, Governance, Community, Environment, and Customers (B Lab, 2022b). B Corps aim to create positive social impacts for the planet and internalize aspects of

their social context through business leadership and sustainability to foster social change (Stubbs, 2017). Moreover, B Corp's impact on SD issues requires further research.

8.2.2. *SDGs: Insights from HOs*

Given the recent emergence of the SDGs in the business scene, research on the phenomenon is still scant and diffused (van der Waal & Thijssens, 2020). Considering that HOs differ from traditional firms since they combine divergent organizational dynamics, there is growing evidence on their implications in the SDGs. Indeed, recent research in SDGs has been interpreting the role of SEs on issues such as social and solidarity economy (Quiroz-Niño & Murga-Menoyo, 2017), gender equality and women's empowerment (Doherty, 2018), and other societal grand challenges (Günzel-Jensen et al., 2020). As well, scholars have proven that SEs develop SD practices in the value chain that can be adopted to meet SDGs (Littlewood & Holt, 2018a; Wang et al., 2020). There is also evidence that HOs play a relevant role in achieving the SDGs in domestic issues; to illustrate, Horne et al. (2020) determined that social entrepreneurs in Germany show great engagement with Goals 3, 9, and 12; while Conway et al. (2019) illustrated that SEs in Zimbabwe are capable of scaling solutions in the energy sector and to achieve Goal 7.

There is crescent research suggesting that innovation is a suitable framework to analyze HOs' contributions to SDGs. For instance, Lehoux et al. (2018) explored SDGs from the perspective of responsible innovation in health by combining entrepreneurship and innovation literature. Based on the innovation-network theory, Lawson-Lartego and Mathiassen (2020) examined the value co-creation process in microfranchising of SEs in Bangladesh as instruments to alleviate poverty and hunger, contributing to Goals 1 and 2; while Rahdari et al. (2016) used Schumpeter's perspective for highlighting SEs engagement in the SDGs.

Overall, studies suggest that HOs are great contributors to the SDGs by targeting specific Goals by means of business activities focused on the solution of SPs. Some studies have indicated that SDGs can be addressed through social innovation (SI) (Bansal et al., 2019; Eichler & Schwarz, 2019; Rao Ambati, 2019), while further research on this issue is encouraged (Eichler & Schwarz, 2019; Tabares, 2020). This opportunity framework is centrally explored in this research.

8.2.3. *CSI and HOs*

SI is a cross-disciplinary domain that focuses on addressing social needs through new products and services, a reason it has become a relevant tool to provide solutions to the most complex problems facing humanity (Dawson & Daniel, 2010). From a sociological approach, SI is defined as a “novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society” (Phills, 2009, p. 39). Regarding the role of business in the social dimension of innovation, the sociological stream of SI research resonates with the HOs framework (Candi et al., 2019).

CSI is a research line of SI which is focused on for-profit firms whose objective is to achieve economic benefits while creating social impacts (Kanter, 1999). CSI consists of an alternative for firms that sees complex social issues as business opportunities (Baltazar-Herrera, 2015). Also named Doing Well by Doing Good (DWDG) innovations, CSI is defined as “the implementation by a firm of a new product, process or practice, or a modification of an existing product, process or practice that benefits society by aiding in the alleviation of a social problem, and benefits the firm” (Varadarajan & Kaul, 2018, p. 226). In this view, SPs are objective conditions perceived by a large public as undesirable in that they require action for their transformation, and which risks the well-being and the quality of life of a substantial number of people (Lauer, 1976). Following Lauer (1976), each society defines and characterizes SPs according to its context and needs.

According to Varadarajan and Kaul (2018), CSI includes different business areas: a) novel products/services that will do well in the marketplace, b) social impacts created from commercial transactions, c) sustainable-oriented innovations (novel ideas, products, and/or services centered on environmental issues that to do well in society), d) novel ideas that alleviate needs from the external environment (e.g., regulations that prohibit certain practices or unsustainable consumption behaviors), e) innovations based on a firm’s internal environment (e.g., the engagement of disabled employees), and, f) the alleviation of problems for customers at the bottom-of-the-pyramid (BOP).

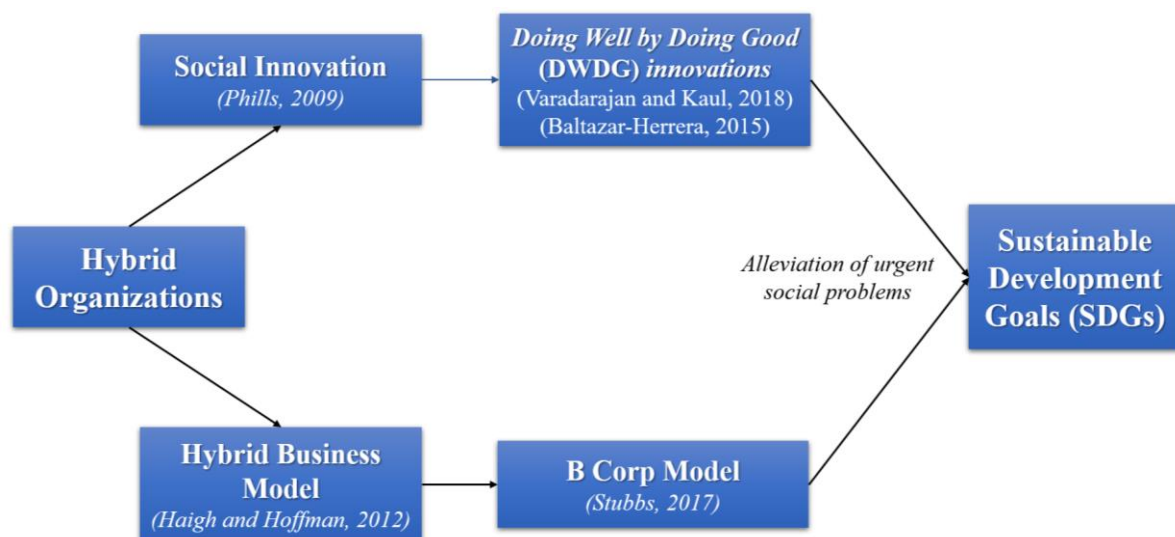
Certainly, HOs are, in essence, innovative firms (Padgett & Powell, 2012), and evidence supports the fact that they are increasingly regarded as a source of social value creation and SI (Candi et al., 2019; Rao-Nicholson et al., 2017). Specifically, research highlights significant results in emerging and underdeveloped economies (Vassallo et al., 2019), where CSI is likely to reach greater potential (Varadarajan & Kaul, 2018). According to Varadarajan and Kaul

(2018), a wide range of business activities that can be considered as CSIs have not been sufficiently explored in the literature. This research explores the opportunity framework referred to as “*innovations for bridging gaps related to other social problems*,” which refers to SPs highlighted by the UN (Varadarajan & Kaul, 2018, p. 229).

8.2.4. Analytical Framework

This paper analyzes how Colombian B Corps contribute to the SDGs by identifying the SPs that they are able to develop via CSI. As there is no broad schema in the literature, this paper suggests an analytical framework to interpret this phenomenon (**Figure 8.2**). For such analysis, this study takes into consideration two elements. First, although CSI was aimed to be applied in traditional firms, this approach will be the starting point to identify how B Corps provide solutions to renowned SPs while pursuing social value through commercial realms. CSI is developed through the institutionalization of practices characterized by a) strategic alignment, b) the embedment of institutional elements, and c) a focus on specific areas (Baltazar-Herrera, 2015). Although this study does not intend to test Baltazar-Herrera’s (2015) model, her research helps to identify CSIs by providing insights that are compatible with HOs.

Figure 8.2. Theoretical Framework considered for this Research



Source: Compiled by the author based on Baltazar-Herrera (2015), Haigh and Hoffman (2012), Phills (2009), Stubbs (2017a), and Varadarajan and Kaul (2018)

Second, HOs encompass certain particularities which differentiate from traditional firms: a) HOs' objective is to drive positive environmental/social change, b) they create reciprocally beneficial relations with stakeholders and c) they interact progressively with competitors, markets, and industry institutions (Haigh & Hoffman, 2012). As this research focuses on HOs, concepts such as hybrid business models (Haigh & Hoffman, 2012) and the B Corp model (Stubbs, 2017a) must be considered since they allow understanding B Corps singularities. Specifically, Stubbs (2017) proposes a framework that analyses B Corps that echo with hybrid business models and includes four elements: a) a dominant objective, b) success measurement, c) stakeholders, and d) influence in SD.

Table 8.1. Analytical Framework

Category	Elements from the literature	Analytical framework characteristics
Strategic Alignment	Strategic considerations: core value, philosophy, resources, or skills (Baltazar-Herrera, 2015)	B Corps develop strategies that allow them to achieve both social and economic goals
Institutional Elements	Stakeholder engagement. Active stakeholder collaboration (Baltazar-Herrera, 2015)	B Corps create value for a wide range of stakeholders
	Operational structure. Defined processes, policies, and structures that enable SI (accountability structures, protocols, systematic procedures) (Baltazar-Herrera, 2015)	B Corps develop procedures that allow them to develop CSIs
	Organizational culture. Values, norms, attitudes (Baltazar-Herrera, 2015)	B Corps have a philosophy that favors the solution of social/environmental problems
Focus areas	Clarity of intent (Baltazar-Herrera, 2015) CSI as a tool to deliver solutions to urgent SPs and an opportunity framework to contribute to problems highlighted by the UN (Varadarajan & Kaul, 2018)	B Corps create novel solutions that bridge gaps related to SPs highlighted in the SDGs
Dominant Objective	B Corps mission, purpose, aims, and motivations (Stubbs, 2017a) Organizational objectives focused on environmental/social change (Haigh & Hoffman, 2012)	B Corps embed the creation of solutions to social/environmental issues in their DNA
Measuring Success	B Corps develop measurement tools and metrics to analyze their outcomes and impacts (Stubbs, 2017a)	B Corps measure economic, social, and environmental outcomes
Stakeholders	B Corps are immersed in issues related to communities, customers, employees, government, etc. (Stubbs, 2017a)	B Corps develop CSIs along with their stakeholders' needs
B Corps influence in SD	B Corps undertake an institutional work for driving external change (Haigh & Hoffman, 2012; Stubbs, 2017a)	B Corps have the potential to contribute to the SD agenda

Sources: Analytical framework derived from Baltazar-Herrera (2015), Varadarajan and Kaul (2018), Haigh and Hoffman (2012), and Stubbs (2017)

Considering that both frameworks are complementary and resonate, **Table 8.1** summarizes the elements considered to understand how B Corps contribute to the SDGs by examining the SPs they address through CSI. It includes the two previously related theoretical underpinnings (*column 1*), the aspects highlighted in the literature (*column 2*), and the elements that structure the analytical framework of this research (*column 3*).

8.3. Research Methods

Given a lack of empirical research, this paper adopts an exploratory qualitative approach aiming to observe a phenomenon little examined in the literature (Edmondson & Mcmanus, 2007). This study uses an inductive strategy starting with data collection, followed by data analysis, and then it develops a generalization of the analyzed phenomena (Eisenhardt, 1989). This research is built on a multiple-case-study approach since it is an appropriate methodology to study social phenomena in real-life contexts that involves explanations from context causal relations (Yin, 2013). Although case studies are not representative samples of an existing population, multiple-case studies encourage more data profundity instead of focusing on one case and allows an increase of construct validity while reducing bias (Gibbert et al., 2008).

8.3.1. Data Collection

Sampling was derived from three criteria: (1) enterprises that contribute to the alleviation of SPs as part of their core business; (2) firms committed to creating both social and economic value; and (3) enterprises integrating sustainability-associated activities. Considering that B Corps fit these criteria, firms were identified from a public B Lab database (Data World, 2021) through a purposive sampling technique. Purposeful sampling methods allow creating a consistent sample that provides in-depth comprehension of a phenomenon (Denzin & Lincoln, 2005). B Corps were contacted via email and successively followed up with phone calls to confirm the criteria. Eighteen (18) B Corps participated in the research. **Table 8.2** summarizes the firms' descriptions classified by codes, industry groups, and size.

Data was collected between October 2019 and August 2020. In-depth semi-structured interviews were chosen as the primary data-collection method. Considering that organizational informants are a common data-collection method to support exploratory research (Aguinis &

Solarino, 2019), interviews were developed with B Corps' founders and senior managers. Interviews were carried out face-to-face at the company installations or—when not possible—by telephone. Interviews ran from between 45 to 90 minutes, with 43 individuals interviewed. Interviews were recorded (with consent) and transcribed in order to provide replicability and transparency during the research process.

Table 8.2. Participating Colombian B Corps

Code	Firm	Industry	Size	Interviewees
#A	Matteria	Headhunter and Recruitment	Small	Executive Director Commercial Manager
#B	R+B	Architecture/Construction	Small	General Manager Project Manager
#C	Green Factory	Architecture/Consulting	Small	General Manager
#D	Heincke	Cane Sugar/Agriculture	Medium	General Manager Brand Manager
#E	Cafexport	Coffee/Agriculture	Medium	CEO General Manager Director of Sustainability
#F	Siembra Viva	Vegetables/Agriculture	Small	CEO Director of Operations 4 Farmers
#G	Arrocera Blanquita	Rice/Agriculture	Large	Financial Manager
#H	Jaguar	Agro-Business/Consulting	Small	General Manager
#I	Portafolio Verde	Consulting	Medium	Deputy Executive Director Corporate Affairs and Communications
#J	Creative Lab	Consulting	Small	Executive Director Project Manager Design Director
#K	Sentido Verde	Consulting	Small	General Manager Commercial and Project Director
#L	Indeleble Social	Training/Consulting	Small	Executive Director General Manager Project Coordinator Administrative Coordinator
#M	Anonymous	Travel/Education	Small	CEO
#N	Terramarte	Manufacture/Ecologic Bags	Small	General Manager Director of Marketing and Communications
#O	Alcagüete	Manufacture/Food Industry	Small	Marketing Coordinator

#P	De Lolita	Manufacture/Food Industry	Large	CEO General Manager Human Talent 4 Operational Team Members
#Q	Mejor en Bici	Transport/Shared Use Bicycle Service	Small	General Manager
#R	Taurus Capital	Finance	Small	General Manager Impact Analyst

The interviews included questions on each firm's background; interviewee's background; description of the SPs that they solve; enterprise definitions of SI and SD; business practices/processes to achieve social/environmental goals; tools to measure social/environmental goals; description of the enterprise stakeholders, alliances, and collaborations; description of the enterprises before and after the B Corp certification; relationship with SDGs; and measurements/indicators linked to SDGs. Secondary data was collected from enterprise websites, business reports, B Corp websites, social media, firms' indicators, and on-site observations.

8.3.2. Data Analysis

Following Eisenhardt (1989), data analysis was developed through three steps. First—and considering the large volume of information—a within-case analysis was developed in order to become familiarized with the cases as single entities. This process allowed the emergence of unique patterns of each case before pushing to generalization patterns. To maintain a chain of custody for understanding the data, a case study database was developed (Yin, 2013). The database included a document with the interview transcripts, interview impressions, and firm documents. Interviews were transcribed and entered into ATLAS.ti 8, a computer-assisted qualitative data-analysis software to assist the analysis process (Hwang, 2008). Second, through pattern matching, information was classified into categories leading to within-group similarities and subsequently coupled with intergroup dissimilarities (Eisenhardt, 1989). Third, primary and secondary information was triangulated in order to provide reliability and validity construct to the multiple-case study (Gibbert et al., 2008), as well as verifying findings from multiple perspectives (Yin, 2013).

Two empirically observed emerging patterns became apparent: First, building on Varadarajan and Kaul (2018), CSI was identified in each enterprise and classified into categories regarding

how they create novel solutions to SPs in Colombia. Considering that each society defines SPs according to their context (Lauer, 1976), there is no unequivocal index for categorizing them; thus, nine categories emerged from an inductive analysis: (a) agriculture-related challenges, (b) corruption, (c) climate change, (d) illiteracy/lack of education, (e) labor-related issues, (f) lack of community involvement, (g) malnutrition, (h) poverty/inequalities, and (i) unsustainable habits/lifestyles. Second, to verify that the identified SPs contribute to the SDGs, the targets and indicators of each SDG (United Nations General Assembly, 2015) were contrasted with the evidence provided by each firm. Respondents personally scanned and pointed out the business contributions to the SDGs through supporting figures, measurement tools, and narratives correlated with the SDGs' targets and indicators.

SP categories resulting from CSI were graphed utilizing a mental mapping technique similar to Ike et al. (2019) and Dos Santos et al. (2019), as not all the identified SPs had a one-to-one correlation with SDGs. Mapping helps understand which SDGs are addressed and unaddressed in correlation with the type of SPs that B Corps solve. Moreover, mapping in this research can only indicate a potential correlation on how B Corps contribute to the SDGs, but it is not enough evidence for causation (it would require further assessment, which is out of scope for this qualitative research approach). This is because some firms do not have the capacity to measure all the impacts related to their business activities (e.g. enterprises #F and #Q stressed that they cannot measure the impact of their products/services in people's health, but they can measure other tangible aspects, such as CO₂ emissions).

8.4. Findings and Discussion

In order to examine how the CSI lenses help to understand B Corps contribution to the SDGs, results are presented by following the analytical framework previously summarized in **Table 8.1**. This section discusses two categories: (a) CSI in B Corps (**Section 8.4.1**) and (b) B Corps contribution to the SDGs (**Section 8.4.2**).

8.4.1. B Corps and CSI

B Corps entail an enormous potential for contributing to the SDGs by analyzing the SPs they aim to solve via CSI. CSI in B Corps is, in essence, a result of the development of novel

products/services and processes, as well as internal procedures focused on the well-being of multiple stakeholders. First, because B Corps develop a business philosophy that uses the power of business to create changes in society, and second, such firms can develop the type of CSIs that commercial firms can carry out.

8.4.1.1. A New Philosophy of Doing Business

Colombian B Corps harness SPs according to the needs of the business context shaped by both internal motivations and environmental challenges. On the one hand, B Corps involve solid values and a clear mission towards the alleviation of SPs; hence, the development of CSIs is aligned with B Corps core business, which becomes an organic and symbiotic feature of their performance. On the other hand, unmet needs in the Colombian society have a relevant influence on B Corps' mission since the creation of social/environmental impacts shapes their business model. Mainly, B Corps are willing to modify their cost structure to balance their purpose-oriented mission and the expected profits.

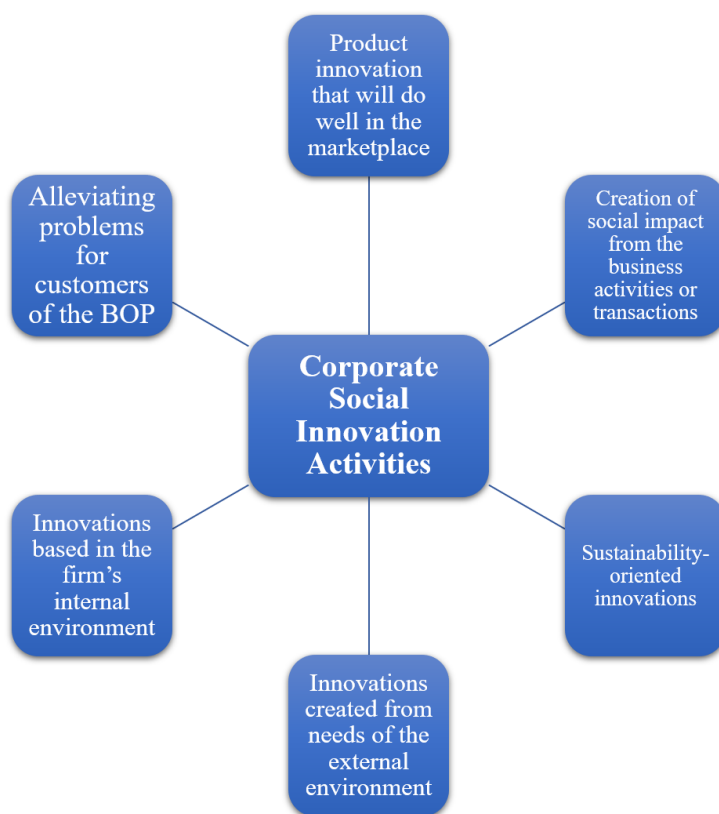
Additionally, B Corps are expected to follow B Lab guidelines, which influences several aspects of a firm's decisions. For instance, since November 2019, B Corps are committed to reaching carbon neutrality by 2030 after participating in the UN Climate Conference (COP25). Likewise, B Corps are compelled to condemn any act of corruption when doing business and are encouraged to focus on key issues: Workers, Governance, Community, Environment, and Customers. These elements influence B Corps to adopt innovative strategies not only in the creation of products/services but also in the creation of new organizational practices.

8.4.1.2. CSI in B Corps

B Corps have the potential to contribute to diverse domestic SPs of the Colombian society through their core business activities. In line with Varadarajan and Kaul (2018), B Corps conduct different activities that can be classified as CSIs (**Figure 8.3**). Markedly, three categories stand out. Firstly, B Corps focus on new products/services that do well in the marketplace by offering a wide range of alternatives that provide solutions to unsustainable habits in society. Predominantly, B Corps gave evidence on: products/services that improve eating habits by offering healthier alternatives of nutrition (#D, #F, #G, #O); services that

promote new lifestyles in housing (#B, #C), consuming patterns (#N), or mobility (#Q); alternatives that motivate ecological behaviors for consumers (#H, #I, #K), or methodologies and consulting services that stimulate empowering behaviors (#A, #J, #K, #L, #M). This type of CSI was linked to the adjustment of social behaviors and the creation of novel habits.

Figure 8.3. Types of CSI developed by Colombian B Corps



Source: Elaborated from Varadarajan and Kaul (2018)

Regarding B Corps' commitment to carbon neutrality, all the enterprises required the implementation of novel organizational practices to achieve this goal. CSIs were related to aspects such as novel construction practices (#B, #C), solutions that reduce environmental waste (#B, #C), processes that reduce environmental resources in the supply chain (#D, #E, #G), sustainable practices in agriculture (#D, #E, #F, #G, #H), collaborative production systems (#E, #F), and environmental solutions that benefit society in mobility, air quality, or eco-practices (#G, #H, #I, #K, #N).

Thirdly, firms showed evidence of CSI from the firm's internal environment that give solutions to SPs related to labor issues, illiteracy, corruption, or a lack of community involvement. The

implementation of novel practices and policies focused on employee's well-being (#C, #P, #R), or the creation of inclusive hiring practices that generate inclusion of people with disabilities, high rates of illiteracy, or people traditionally excluded in labour-related issues (#A, #B, #D, #E, #F, #G, #N, #P) were notable examples. As well, different firms presented collaborations in the creation of relationships with local communities and vulnerable populations (e.g., enterprises #F and #G work with populations affected by the armed conflict in Colombia, while enterprises #I, #J, #L focus on communities in low-income regions in Colombia). These examples of CSIs were characterized by community empowerment and the development of skills and training.

Finally, a lower number of activities were derived from economic transactions (#C, #M, #O), compliance with environmental standards (#N), or products/services focused on BOP customers that provide solutions to issues of malnutrition and poverty (#H, #J, #L, #N, #R). Despite CSIs variate from firm-to-firm (depending on the firm's industry or size), B Corps show a high involvement in CSI issues in their core business activities. Overall, B Corp's business activities present compelling potential to offer direct or indirect solutions to domestic SPs in Colombia.

8.4.2. Solving Domestic SPs: SDGs Mapping

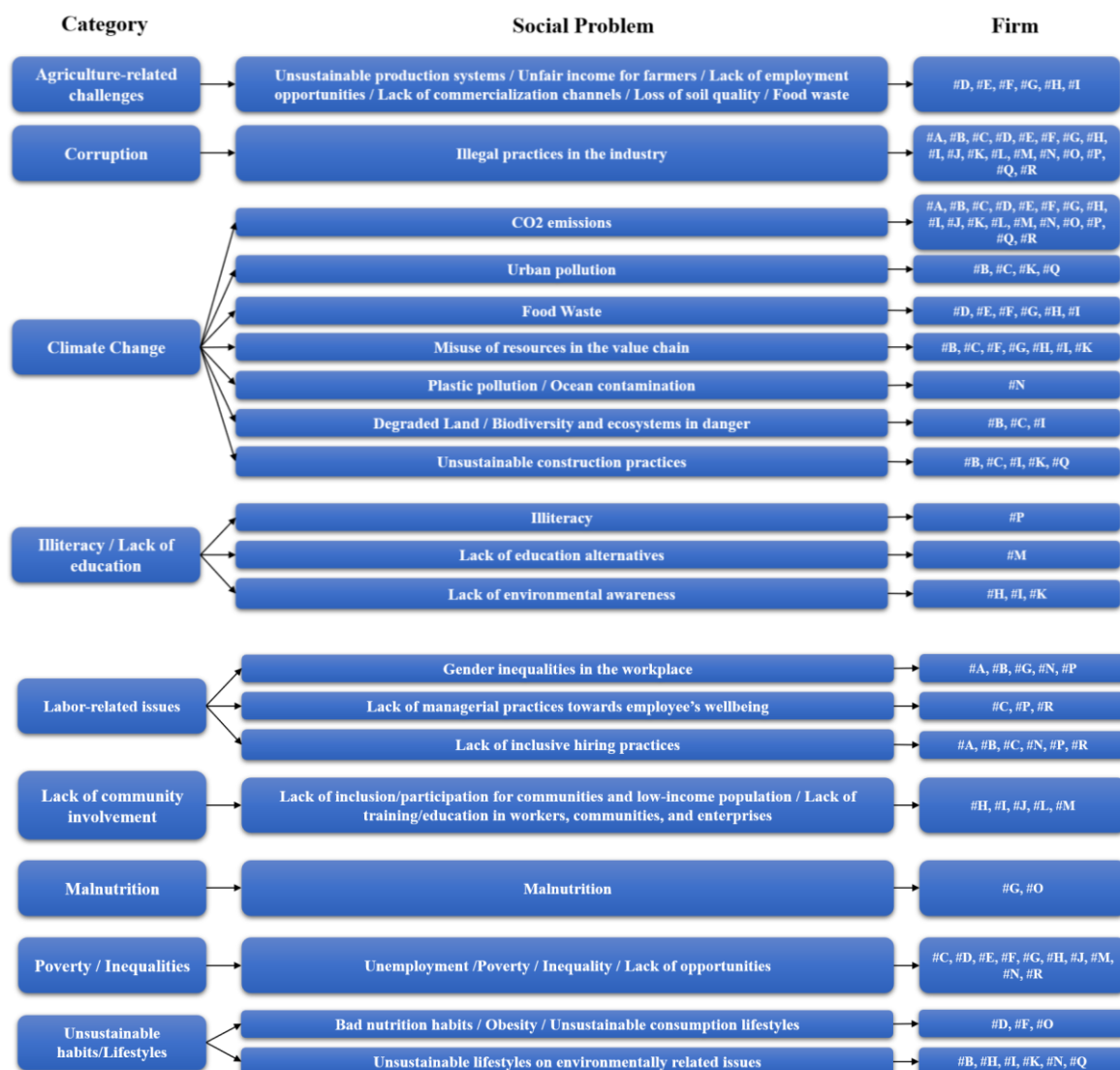
To illustrate how B Corps contribute to different SPs through their core business activities, **Figure 8.4** summarizes the identified SPs categories and their description in relation to each enterprise. Bearing in mind that some SPs are interrelated and can be analyzed from different perspectives, SPs were classified according to the focus and scope of each firm (e.g. even if the '*loss of soil quality*' is an environmental problem, it is considered as an agriculture-related challenge for a concrete group of firms).

Once the SPs that B Corps address via CSI were identified, it was then possible to recognize whether they were related to a single or multiple SDGs, and to map this relationship. It is relevant to highlight that not all the enterprises focus on the SDGs as a business strategy, and only seven enterprises declare them in their mission (#D, #E, #I, #K, #L, #N, #R). Although B Lab does not focus on providing tools to achieve the SDGs, some of the B Corp practices are closely related to them, as previously mentioned.

Regarding the results of this research, B Corps contribute to multiple SDGs. Since manifold domestic Colombian SPs are related to agriculture, B Corps attend Goal 1: No Poverty, by

focusing on Target 1.3 on providing farmers social-protection systems and floors (#E, #D, #F, #G). Enterprises target SPs associated to Goal 2: Zero Hunger, linked to the food-production system in agriculture by promoting Target 2.3 on improving small-scale food producers' income; Target 2.4 on encouraging sustainable food-production systems; Target 2.5 on maintaining genetic seed diversity; and Target 2.A on attracting investment to enhance the country's agricultural productive capacity. These goals are connected to Goal 10: Reduced Inequalities, particularly with Target 10.2 on economic inclusion, reflected in the generation of opportunities for a low-income population (#R), the creation of inclusive practices (#A, #B, #C, #N, #P), or the implementation of collaborations and alliances with various institutions aiming to benefit vulnerable populations (#D, #E, #F, #G, #J, #M, #L, #P).

Figure 8.4. Focused SPs by B Corps



Source: Own elaboration

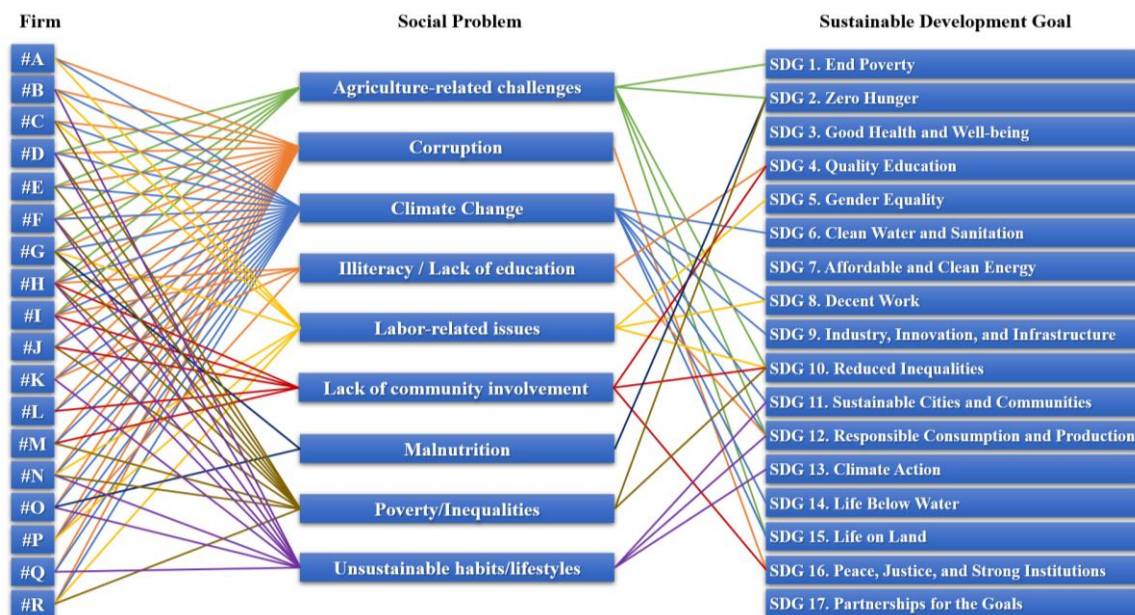
Regarding the absence of a solid education system and a lack of training opportunities, B Corps present relevant contributions to training and education issues. They contribute to Goal 4: Quality Education, Target 4.3 on affording technical and vocational training (#L, #P); Target 4.4 on creating decent jobs, entrepreneurship, and increasing skills (#J, #L, #H); Target 4.5 on promoting vulnerable-population vocational training (#F, #P); Target 4.7 on constructing an SD issue culture (#I, #K); and Target 4.A on creating educational facilities (#P). Labor issues cover a relevant spectrum as well. This shows evidence on aspects such as working policies and internal codes. First, by contributing to Goal 8: Decent Work, Target 8.5 on the achievement of productive employment and equal pay for people with disabilities or in vulnerable situations (#A, #B, #C, #D, #N); and Target 8.8 regarding the creation of secure working environments for migrants (#B) or employees well-being (#C, #P, #R). And second, by providing outcomes to Goal 5: Gender Equality, on Targets 5.1 and 5.5 focused on ending female discrimination and creating equal opportunities in working conditions (#A, #G, #N, #P).

Similarly, a large number of B Corps concentrate on environmental issues. Firms in construction, agriculture, and the environmental sector showed a positive response to Goal 6: Clean Water and Sanitation, Target 6.3 on reducing pollution by improving water quality and increasing recycling (#B, #C, #I, #K); Target 6.4 on increasing water-use efficiency; Target 6.6 on protecting water-related ecosystem; and Target 6.B by strengthening the participation of local communities for water sanitation management (#E, #F, #G, #H, #I). All B Corps are committed to reducing CO2 emissions, through central contributions focused on Goal 9: Industry, Innovation, and Infrastructure, Target 9.4; Goal 13: Climate Action, Target 13.3 by improving education and awareness (#H, #I, #K); and Goal 14. Life Below Water, Target 14.1, decreasing plastic pollution (#N). In addition, significant efforts relate to Goal 15. Life on Land (#B, #C, #D, #E, #F, #G, #H, #I), by contributing to Target 15.3 on restoring land and combating soil degradation; Target 15.4 on mountain ecosystem preservation and biodiversity; Target 15.5 reducing the degradation of natural habitats; Target 15.7 protecting flora and fauna (#I); and Target 15.9 integrating biodiversity and ecosystem values into national development planning processes (#I).

Another environmental line is linked to Goal 11: Sustainable Cities and Communities, Target 11.6 reducing the environmental impact of cities (#B, #C, #F, #H, #I, #K, #Q); and Target 11.2 providing affordable sustainable transportation alternatives (#Q). In line with sustainable behaviors, a large group of B Corps links their activities to Goal 12. Responsible Consumption and Production through Target 12.2 on promoting the efficient use of natural resources; Target 12.3 halving food waste avoiding losses along production and supply chains; Target 12.5 on

promoting recycling and reuse; Target 12.6 on encouraging sustainable reporting; and Target 12.8 on creating SD and lifestyle awareness (#B, #C, #D, #E, #F, #G, #H, #I, #K, #N, #O, #Q). Finally, all the B Corps contribute to Goal 16. Peace, Justice, and Strong Institutions, with Target 16.5 on reducing bribery, because of their commitment to anti-corruption practices. The relationship between the analyzed SPs and the corresponding SDGs are shown in **Figure 8.5**.

Figure 8.5. Colombian B Corps contribution to the SDGs



Source: Own elaboration

8.4.3. Comparison of HOs' Contributions to SDGs

Building on the findings above, comparisons of SDGs' contributions from HOs can be drawn. Extant literature reveals that HOs do not regard SDGs with the same relevance. In terms of HOs' contributions to renowned SPs, SDGs are considered essential in different situations. To illustrate, Doherty (2018) features the relevance of *Goal 5* in a cocoa farmer's cooperative in Ghana as a source of empowerment, economic growth, food security and enhanced health, and education; while Conway et al. (2019) explore *Goal 7* by analyzing how SEs provide solar home systems to informal settlements in South Africa and Zimbabwe and helps to minimize costs, to promote affordability, and to enhance local economic benefits.

These results give evidence that HOs are great contributors to the SDGs since their core business activities are enacted on providing solutions to SPs. Besides, in line with this paper,

studies reiterate that even though firms concentrate on one sector, they have the capacity to support other SDGs. For instance, Wang et al. (2020) focused on *Goal 14* in SEs of the maritime industry in China; however, the results showed that said sector contributes to *Goals 3, 8, and 11*. Similarly, Lehoux et al. (2018) analyzed responsible innovation in health, an issue starkly linked to *Goal 3*; moreover, the study demonstrates that a combination of entrepreneurship and innovation directly contributes to *Goals 4, 5, 8, and 10*.

It is also necessary to highlight the outlook of developing economies on the SDGs to see if there are any correlations between these and the views held by HOs in emerging economies. According to Eichler and Schwarz (2019), enterprises driving SI in developed economies most frequently focus on *Goals 3, 11, and 17*, while developing countries predominantly concentrate on *Goals 1, 3, and 8*. In this line, Horne et al. (2020) identified that social entrepreneurship in Germany contributes to *Goals 3, 9, and 12*, with little-observed activity in *Goals 1 and 17*. Although some similarities are found in this paper, the main observation suggests that HOs centrally focus on SDGs linked to the country's conditions and characteristics.

Of specific interest for this paper is the use of theoretical frameworks referred to as business models. Particularly, Rahdari et al. (2016) utilized the Canvas Business Model as an analytical tool for understanding the role that SEs play as engines of SD while filling a lack of an established epistemology on the topic. On the other hand, Littlewood and Holt (2018) and Wang et al. (2020) reinforce the idea outlined in this paper about how HOs can contribute to SDGs through their value chain and sustainable-oriented practices. Finally, the implementation of the SDGs reveals the instrumentality of this framework. Günzel-Jensen et al. (2020) highlighted three types of SDGs utilization, namely evangelism, opportunism, and denial. Although this paper is not centered on this topic, the first two profiles were distinguished in this study by identifying firms that consciously focus on offering products/services that fulfil particular SDGs and enterprises that utilize SDGs rhetoric as a business opportunity, respectively. The last category did not couple with the results of this paper.

8.5. Conclusions

This paper illustrated, through a multiple-case study, an analytical framework to understand how HOs contribute to the SDGs via analyzing CSIs and the related solutions to renowned SPs in an emerging economy in Latin America. Although the study of HOs and their contribution to SDGs is an understudied topic, this paper highlights three reinforcing elements. First, HOs

have great potential to contribute to SDGs since their business models are focused on providing solutions to SPs, and SDGs correspond to the most urgent problems facing humanity. Second, the needs of the operating environment and a country's SPs shape business activities, leading HOs to adapt their capabilities to the most urgent domestic needs. Third, although HOs focus on specific sectors in a society, such firms have the potential to benefit multiple SDGs.

Regarding the particular case of B Corps, although not all firms circumscribe SDGs in their business mission, they conduct activities that fulfill the UN mission. However, SDG applicability is still a challenge for enterprises since their contributions will depend on quantifiable outcomes that reach the targets and indicators sketched in the goals, and not all firms are able to measure the plethora of benefits that they bring to society. Particularly, this research indicates that Colombian B Corps show great commitment to issues related to agriculture-related challenges, corruption, climate change, labor, poverty, and unsustainable habits. Moreover, this represents a central limitation of doing business in Colombia since socio-economic conditions affect the overall performance of firms in the country.

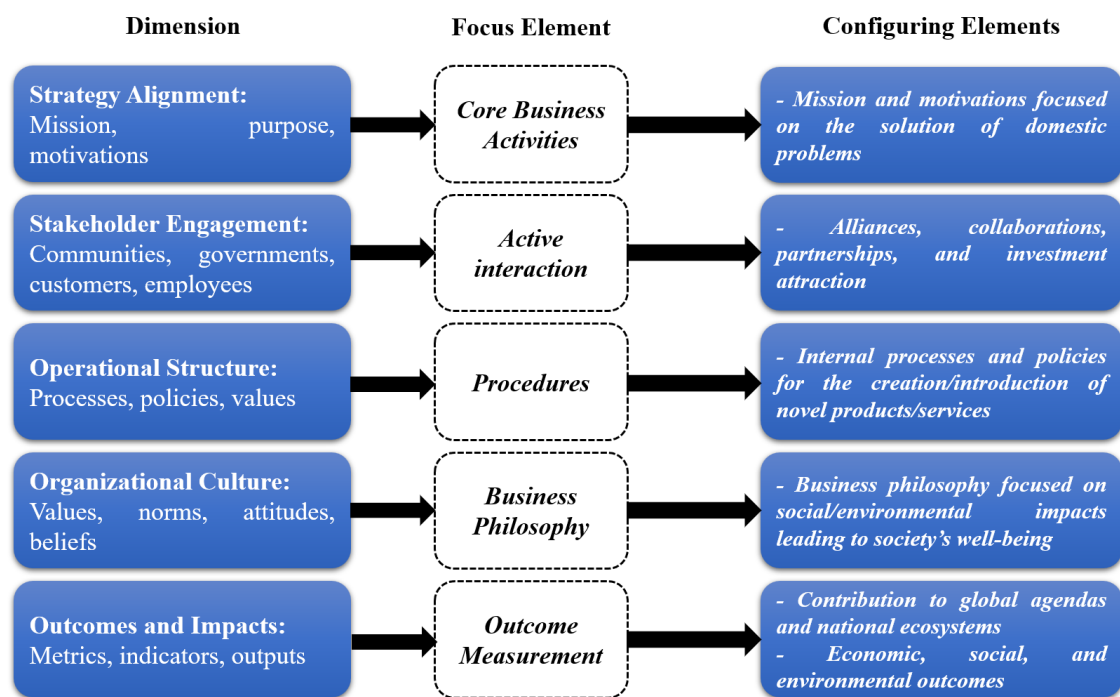
Although the analyzed B Corps contribute to 14 out of 17 SDGs, some goals stand out. First, B Lab guidelines towards carbon neutrality and anti-corruption practices foster overall B Corps commitment to Goals 9 and 16. Second, a large group of B Corps (at least six of the sample) focuses on business opportunities derived from agriculture-related challenges, climate change, labor issues, poverty and inequalities, and unsustainable habits, resulting in significant contributions to Goals 2, 6, 8, 9, 10, 11 and 12. Third, B Corps are efficient in performing activities that are traditionally developed by governments by contributing to targets that were originally created for public institutions (Targets 2.A, 4.A, or 6.B). Finally, this research gives evidence that Colombian B Corps fulfill two of the current most pressing SDG challenges highlighted by the UN in the country (Goals 10 and 16).

Regarding the theoretical contributions provided by this study, it is suggested that the CSI lenses are a useful tool for analyzing the SDGs that B Corps can achieve. Although the relationship between CSI and the SDGs is not linear and requires further research, this study contributes to the opportunity framework highlighted by former research in CSI. B Corps can accomplish various categories of CSI (**Figure 8.3**) and follow institutionalization practices highlighted in CSI literature. Besides, CSI shows relevant commonalities with the B Corp business model.

Centrally, this study presents relevant categories for analyzing CSI in HOs such as B Corps (**Figure 8.6**). Five dimensions were identified (*column 1*), characterized by focus elements of action (*column 2*), and configuring elements (*column 3*). The model relates elements such as a)

a business strategy characterized by a clear business mission and strong motivations; b) the engagement of multiple stakeholders; c) the implementation of an operational structure of procedures, metrics, and a cost structure that enables social/environmental impacts; d) an organizational culture that configures norms and values that summarizes the business philosophy; and e) procedures for outcome measurement guided by the creation of solutions to SPs with the power to persuade institutions through new ecosystems.

Figure 8.6. Model for Analysing CSI in HOs



Source: Own elaboration

Considering the governments' interest in reaching the SDGs, it is expected that this paper enlightens some elements that could be considered when pursuing the UN's agenda. As novel legislations are encouraging the creation of legal HOs in many countries, host country policymakers should provide further mechanisms and incentives for enterprises focused on social/environmental purposes to align common efforts targeting the SDGs.

8.5.1. *Limitations and Future Directions*

Despite its contribution, this research has some shortcomings that should be addressed by future scholars. First, a limited number of Colombian B Corps were contacted in the study, leaving aside enterprises from other relevant sectors (e.g. energy, education, optics, or sports). A larger sample with a broader range of enterprises from different sectors will shed more light on this topic. And second, result transferability is limited as the number of studied cases does not allow for statistical generalizations. Future studies are encouraged to compare different contexts and cultures on other developing countries through quantitative approaches. This study aims to encourage researchers to further explore HOs addressing social/environmental challenges in SD and SI.

CHAPTER 9

9. EXPLORING INSTITUTIONAL CHANGE THROUGH CORPORATE SOCIAL INNOVATION: A MULTI-LEVEL ANALYSIS EMBEDDED IN THE SUSTAINABLE DEVELOPMENT DEBATE

“Institutional change ... can take place in relatively brief and concentrated periods or overtime measured in decades or centuries. And it can take place incrementally, so that observers and participants are hardly aware of any change, or abruptly, in dramatic episodes that present large discontinuities with former patterns”

Tina Dacin, Jerry Goodstein, and Richard W. Scott

Paper Submitted to:

RC19 Annual Conference, 25–27 August 2021, University of Fribourg (Switzerland)

“Drivers and Challenges of Social Policies: Global, Regional, National and Local Perspectives”

Abstract

At the end of the 80s, the UN made a global call for a more sustainable future to stem a set of interlocking crises that threatens human survival. This has made sustainable development a discourse that calls for a planetary transformation of the economic system. Since the 2000s, more actors have been called upon to generate solutions to curb this crisis, including private actors and businesses. Given the potential to impact social structures, the literature has emphasised that hybrid organisations can lead to systemic changes. Looking closely at a particular type of hybrid organisation, Certified B Corporations (B Corps), in an emerging economy context in Latin America (Colombia), this study focuses on the corporate social innovation (CSI) construct to interpret how these organisations achieve institutional change in the context of sustainable development. To do so, the study analyses the research phenomenon by interpreting the different stages in which change occurs, building on isomorphism and institutional work. The main conclusion is that institutional change consists of a multi-level process, where meso-level actors, such as hybrid organisations, play a relevant role as they connect macro and micro-level actors, guided by isomorphic influences in a highly uncertain

environment. B Corps assume the role of converting abstract categories into a plan of action that merges old and new institutional rules while gaining legitimacy and increasing their possibilities of survival. This dissertation draws on a multi-level model to stimulate future conversations on CSI from a transformative perspective.

Keywords: Sustainable Development; Corporate Social Innovation; B Corps; Isomorphism; Institutional Change; Hybrid Organisation; Systemic Change

9.1. Introduction

In 1987, the Brundtland Commission presented a report called *Our Common Future* highlighting humanity's need to focus on sustainable development, defined as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). Sustainable development appeared as an alternative and a solution to the growing and monumental planetary problems of hunger, extreme poverty, inequality, unemployment, climate change, and other so-called “grand challenges” (Ferraro et al., 2015) or “wicked problems” (Rittel & Webber, 1973).

Although sustainable development was initially a political agenda to boost the global economy in a sustainable way, contributions from private actors and corporations have become more relevant (Moon, 2007). To date, the most universally accepted comprehension of sustainability is framed within the Sustainable Development Goals (SDGs), a set of 17 interrelated goals adopted in 2015 as a global plan for action called “Transforming Our World: The 2030 Agenda for Sustainable Development” (United Nations General Assembly, 2015). Private firms are called to play a role in contributing to the 2030 Agenda, as it appeals to businesses “to apply their creativity and innovation to solving sustainable development challenges” (United Nations General Assembly, 2015, p. 25). In this sense, the sustainable development debate, currently represented under the SDGs, has become the framework of reference in society to carry out systemic changes in contemporary society. This debate allows sketching an interpretation of the notion of systemic change (Chapter 1) as a process in which social structures are transformed through solutions to social and environmental problems previously defined by society.

To confront such complex social problems, private actors and hybrid organisations are growing in relevance because of their role in driving systemic change in their operating environment by transforming the institutional context through market mechanisms (Defourny & Nyssens, 2017;

Mair et al., 2016; Mair & Martí, 2006). Hybrid organisations seek systemic change to alter institutional contexts or reverse the conditions of disadvantaged social groups (Mair & Martí, 2006; Stephan et al., 2016). The literature has covered this issue, showing how organisations provide solutions to social challenges through value chain activities or raise awareness on issues to drive collective actions to address social problems (Morisson & Panetti, 2020; Zhao, 2020). Despite the momentum the topic is gaining to show the capacity of various organisations to bring about change, there is a scholarship call to debate how systemic change occurs to the extent to transform institutions (Alexius & Furusten, 2020; Haxeltine et al., 2016; Pel, Haxeltine, et al., 2020).

Scholars have recognised social innovation as a source of transformation and a suitable concept to describe systemic changes (Avelino et al., 2019; Haxeltine et al., 2016). Studies in social innovation that seek to reveal its transformative capacity have urged to identify how actors adapt to institutional environments and how the opportunities to generate solutions are built in a multi-stakeholder and multi-level institutional setting (Cajaiba-Santana, 2014; Pel et al., 2020; Van der Have & Rubalcaba, 2016). While former research has shown how social innovation can encourage institutional change through public policies (Ludvig et al., 2021), the extent to social enterprises translates social innovations in collective learning and institutional change (Naranjo-Valencia et al., 2020), or the process through which social enterprises introduce social innovations to facilitate local communities affecting institutional changes (Venugopal & Viswanathan, 2019); more evidence has been encouraged (Draskovic et al., 2017), principally from private actors and profit-oriented organisations (Morisson & Panetti, 2020).

While hybrid organisations have been termed as ‘natural’ drivers of social innovation (Defourny & Nyssens, 2013) as they have been associated with their contribution to enhancing market failures (Nicholls, 2008) and their willingness to face societal challenges (Komatsu Cipriani et al., 2020; Mongelli & Rullani, 2017), businesses and other private actors are engaging in social innovation through CSI (Martinez et al., 2017), showing their capacity to pursue institutional changes (Carberry et al., 2019; Morisson & Panetti, 2020; Purtik & Arenas, 2019).

In an atypical example of private organisations with a hybrid structure and a business purpose, B Corps are a novel and *sui generis* type of hybrid organisation located at the border between traditional private firms, non-profit organisations and social movements (Chapter 3). B Corps emerged with the philosophy of building a “New Economy” by using the force of markets and provoking a “global culture shift” in which the concept of business success is redefined (B Lab, 2022b). Likewise, because of their business practices, B Corps are characterised by

implementing social innovation practices (Zebryte & Jorquera, 2017) and have been considered a tool for change (Gehman et al., 2019; Paelman et al., 2020; Stubbs, 2017b).

This dissertation has shown that, through CSI, B Corps engage in transformative activities framed into the expectations of the sustainable development debate by addressing root problems in Colombia and contributing to various SDGs (Chapter 8). As described across this research, B Corps engage in systemic change activities such as promoting the fate of future generations through a net-positive and regenerative approach to sustainability, enhancing human agency by strengthening social cohesion and capacity building, encouraging novel mindsets, behaviours and lifestyles, or promoting socio-political engagement (Chapter 7).

Although various academics in social innovation and transition studies have been exploring the concept of transformative social innovation from a broader perspective, notably, governments, non-profit organisations, social enterprises, communities, among others (Avelino et al., 2020; Avelino & Wittmayer, 2019; Pel, Haxeltine, et al., 2020), to date, little has been discussed how CSI can drive systemic change. Baltazar-Herrera (2016) revealed insights from this debate by showing that CSI can generate a successful impact in achieving inclusive business, giving evidence of CSI as a tool for systemic change. Carberry et al. (2019) also examined this idea by discussing how MNCs employ information systems to transform society and organisations into more sustainable entities through CSIs. The transformative role of CSI remains largely unexplored in the literature. By delving into this gap, this chapter aims to answer the following research questions: *To what extent and how does CSI contribute to systemic change? How can this phenomenon be explained through institutional theory?*

This chapter proposes an understanding to unpack the process of systemic change carried out by B Corps when developing CSIs, understood as a notion for providing solutions to contemporary challenges through market means (Kanter, 1999; Varadarajan & Kaul, 2018). Aligned with literature in social innovation as a source of transformation (Pel, Haxeltine, et al., 2020; van Wijk et al., 2019), the researcher builds on the neo-institutional theory to unfold the process of systemic change. The neo-institutional theory has been recognised as a suitable theoretical framework for interpreting institutions' influence on organisations (Kostova & Roth, 2002) and is considered adequate to analyse institutional change, interpret socio-political change, and explain global processes (Meyer, 2010; Meyer et al., 1997). Institutional theory is widely embraced in social innovation studies (Cajaiba-Santana, 2014; Purтик & Arenas, 2019; van Wijk et al., 2019), as it allows broader understandings of an institutional context; an aspect that is influential in any effort to institutionalise social innovation. Through this chapter, the researcher relates isomorphic institutional change approaches (DiMaggio & Powell, 1983) and

institutional work categories (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006) to describe a process of institutional change (Greenwood et al., 2002) (Chapter 5), in which the sustainable development debate is embedded (Chapter 1).

This chapter suggests that institutional change consists of a multi-level process guided by isomorphic forces in a scenario of uncertainty and fear triggered by an interlocking crisis in a highly institutionalised environment where sustainable development is a global goal for transformation. By focusing on B Corps, the study shows that meso-level actors play a relevant role as they connect macro and micro-level actors by interpreting mainstream discourses of sustainable development materialised in CSI activities that aim for systemic change. B Corps assume the role of converting abstract categories into a plan of action by merging old and new institutional rules through a mimetic process of institutional work. While CSIs at an agentic level trigger systemic changes in the immediate context, institutional change is pursued in a broader socio-material context by educating, theorising and following logics of mimicry.

The structure of this chapter is as follows. After a brief introduction relating the vacuum in the literature, research questions to be addressed, and shortly recalling the theoretical framework, **Section 9.2** unpacks the stages of institutional change previously summarised in **Figure 5.2** in a stage-by-stage description. The chapter describes each of the stages and their interrelations, building on *state-of-the-art* and empirical observations across the dissertation. **Section 9.3** introduces the discussion in a debate with former research in institutional change, focusing on the proposition of a multi-level model of institutional change and the interpretation of CSI as a mechanism that operates within a *market cage*. **Section 9.4** closes with the conclusions and implications for the theory.

9.2. Stages of Institutional Change: A Multi-level Model

The process of institutional change in this dissertation revisits the notion of CSI in which new solutions to social problems are deployed through market mechanisms (products, services, processes, etc.), which is a broader picture achieved to change relations in society by approaching root causes of challenges previously considered as urgent. To carry out this discussion, the researcher found in the stages of institutional change (Greenwood et al., 2002) a “home” to describe the interactions between the various actors of a system while placing the CSI notion as a critical part of this process.

Studies suggest that systemic change from an institutional change perspective can be revealed through an institutional entrepreneurship framework (Pel, Haxeltine, et al., 2020), a shortcut that has been thoroughly developed in hybrid organising research (Battilana & D'Aunno, 2009; Beckert, 1999; Leca et al., 2009). From this perspective, those carrying out social innovations are “heroes” portrayed by an unusual charisma and creativity (Dacin et al., 2011). However, from an institutional perspective, this regard is misleading (van Wijk et al., 2019), as their activities and resources are rooted in institutional conditions (Beckert, 1999). For the context of this study, this agentic-centric approach to institutional entrepreneurship lacks a more contextually related description of the motives that trigger such agency in a bigger picture (Purtik & Arenas, 2019; van Wijk et al., 2019). Therefore, the stages presented in this chapter aim to provide a historical narrative that ties together the various theoretical discussions, *state-of-the-art* debates and empirical observations across this very contextual research of B Corps in Colombia.

9.2.1. Stage I. De-Institutionalisation: Triggering Institutional Change through Interlocking Crisis

Institutions change by exogenous processes such as crises, catastrophes, or wars (Scott, 2013). In the late 80s, *Our Common Future* stated that humanity was undergoing imperative changes that required “a renewed search for multilateral solutions and a restructured international economic system of co-operation” (WCED, 1987). In Chapter I: “The Global Challenge”, the Brundtland Report asserted that our era is characterised by “*interlocking crises*” in which environmental, development and energy crises are all together. Framed as “jolts” (Greenwood et al., 2002), today’s society has acknowledged the prominence of such interlocking crisis, declaring it as a global defy that threatens human survival. At this level, the existing (and dominant) system is expected to be replaced by the enactment of new rationalities guided by *normative pressures*, triggering the *emergence of multiple actors* to get involved in the crisis resolution.

- ***Normative Pressures: New Rationalities in Times of Uncertainty and Fear***

Through de-institutionalisation (Jepperson, 1991) or delegitimisation (Oliver, 1992), new institutional rules emerge (DiMaggio & Powell, 1983), leading to the discontinuity or erosion of old institutionalised organisational practices or activities. Such de-institutionalisation is

characterised by the failure of the organisations that formerly reproduced taken-for-granted behaviours and beliefs. Today, this process is supported by new rationalities that emerge from the sustainable development discourse, suggesting that traditional consuming patterns, capitalist practices, and commercialisation practices limit the possibility of survival of future generations.

To achieve the institutionalisation of new rules, multiple pressures emerge that promote the entropy and deterioration of the former system. These are political pressures, suggesting a further increase in innovation; functional pressures, supported by the emergence of new information and knowledge; or social pressures, advocating a change in institutional values and rules (Oliver, 1992). The sustainable development debate, which is underpinned by the idea of *interlocking crisis* and the possible disappearance of the human race, evokes emotions such as uncertainty and fear, which guide new interpretative schemes. This, in terms of institutional isomorphism, leads organisations to recreate imitating patterns in which organisations are “pulled toward existing institutional models” (Beckert, 2010, p. 157).

The sustainable development debate tends to become a highly institutionalised environment, as its rationale is built on the consensus of “epistemic communities” (Haas, 1992) and professionals who form a major “scientized environment” (Meyer, 2010). Access to statistics in real-time, studies endorsed by scientific communities and disseminating information by transparent and reliable institutions provide the basis for actors to interfere in any area of social life (Frank & Meyer, 2007). *Our Common Future* as a “Global Agenda for Change” is centrally influenced by a scientific community triggered by a situation of uncertainty and concern on the future of the generations to come:

“The present decade has been marked by a retreat from social concerns. Scientists bring to our attention urgent but complex problems bearing on our very survival: a warming globe, threats to the Earth’s ozone layer, deserts consuming agricultural land. We respond by demanding more details, and by assigning the problems to institutions ill-equipped to cope with them. Environmental degradation, first seen as mainly a problem of the rich nations and a side effect of industrial wealth, has become a survival issue for developing nations” (WCED, 1987, p. 6).

Here, reaching a consensus or “reciprocal typifications” (Meyer & Rowan, 1977) is critical, which is a condition for the conformity of the new institutional practices. With *Our Common Future*, new consensuses sought to be developed through conferences such as the Agenda 21 of the Rio Declaration in 1992, the Millennium Summit in 2000, the MDGs Summit in 2010,

Rio+20 in 2012, and the 2030 Agenda with the adoption of the SDGs in 2015. This implies the global agreement of macro-level actors (notably international organisations and governments), establishing a normative and moral imperative of what is appropriate and expected in society. As stated by Holden et al. (2017), “sustainable development is a normative value system, on a par with human rights, democracy and freedom (and it is closely interlinked with all these systems). Thus, sustainable development is essentially a strong ethical, or moral, pronouncement as to what should be done” (p. 215). Therefore, macro-level actors stand out in providing guidelines and “scripts” that lead the new institutional path.

Such normative pressures aim for a new organisational field, calling for broader actorhood (Meyer, 2010); thus, actors are expected to transform the constructed social field by establishing new ideas that allow for change (Greenwood et al., 2002). The sustainable development debate reflects greater integration of actors, as more and new players are called upon to contribute to the SDGs. From being initially a political agenda, it has become a global-scale goal to which all actors of any nature are called upon to contribute (Dahlmann et al., 2019; Schaltegger et al., 2018).

- ***Emergence of Multiple Actors: The Role of Reflexivity as a Trigger of Social Innovation***

The call for action, and the interpretation of the crisis, trigger actors to be accountable and competent to reverse, interrupt or transform the failure of the existing institutions, demanding a state of reflexivity on the part of the actors involved in this context (Meyer, 2010). Actors at lower levels (meso and micro) interpret the normative pressures not only as a threat that requires action but as an opportunity for generating solutions. Actors aim “to disturb the socially constructed field-level consensus by introducing new ideas and thus the possibility of change” (Greenwood et al., 2002, p. 60).

Reflexivity, defined as “general awareness of the constraints and opportunities created by the norms, values, beliefs and expectations of the social structures that surround them” (Suddaby et al., 2016, p. 229), trigger actors to become responsible and protagonists of their transformation (Meyer, 2010). As stated by Meyer, “modern actor identities [...] are constructed to provide cultural accounts for the solution of problems that, it is imagined, will not otherwise be solved” (2010, p. 13). Although sustainable development as a frame of reference results from the growing awareness of links between environmental problems and socio-economic issues, market-oriented actors became central in this debate. Businesses and other organisational forms have been integrated into *Our Common Future* discussions since

1987; however, a major call for engagement is witnessed with the 2030 Agenda in which private actors are equally called upon to offer solutions towards a more sustainable path (Scheyvens et al., 2016).

The sustainable development debate occurs in a highly interdependent and more universalistic culture less attached to state interventions. With a lack of state authority to control the pervasive interdependence and universal culture, agents become the vehicle of responsibility in emerging issues of interest. Meyer states: “in the current expanding but stateless world, problems of coordination and control, it is understood, must be resolved by the participating actors themselves” (2010, p. 7), which requires a society full of agentic and empowered actors. Actorhood becomes a central issue for change, particularly with the emergence of “problem solvers”, which under their reflexivity leads to social innovation efforts (van Wijk et al., 2019).

9.2.2. Stage II. Pre-Institutionalisation: Problems Solvers and Emergence of CSI

Once actors are aware of their role in the crisis and new scripts have been disseminated, the next step is habituation (Tolbert & Zucker, 1996). This process, which is the generation of new structural arrangements, consists of seeking viable technical solutions to perceived problems. To achieve change, “actors must mobilize resources and promote change-oriented collective action to generate lasting institutional change” (King and Pearce, 2010, p. 210). However, organisations resources are limited, and they need to be efficient to reach impact; thus, innovation follows in this stage.

As previously stated, B Corps are organisations influenced by multiple logics, and therefore, their rationale for action seeks to contribute to change at multiple levels. Acting as a for-profit organisation and performing as business activists of a social movement by seeking solutions to solve social problems, B Corps possess characteristics that allow them to contribute to institutionalising new rationalities. Centrally, B Corps aim to “envision a global economy that uses business as a force for good” and to accelerate “a global culture shift to redefine success in business and build a more inclusive and sustainable economy” (B Lab, 2022b). B Corps purposiveness is subordinated to a concrete understanding of the world’s urgencies and how they can be addressed. Their intervention is thus focused on markets mechanisms through problem-solving solutions. The following excerpts reflect, for example, how these organisations have a clear conception of the different social problems in Colombian society and the role that business plays in their solution:

“Colombia, like Latin America, is a sample of what is happening in the world. That is to say, a very large concentration of wealth in the hands of a few, many economic, social and environmental challenges, classism, sexism, chauvinism, a lot of intolerance to the opinions of others, fear because there has been a lot of war and it is noticeable in Colombian society. It is no different from Chile, Hong Kong... but beyond the relevant nuances, our main impact... humanity has advanced a lot, we have things to be proud of, but we are generating inequality, generating concentration of wealth, we are destroying the environment, we do not listen to each other, in the face of this great damage, some people have realised that they have to be better people, better people professionally, as citizens, and some people have realised that their actions have an impact on the ecosystem and the people around them, and this at the level of individuals and organisations” (Case 1, Founder)

“We want a better world for our children... Because look, companies are going to change the world, not governments, we are convinced of that. In Germany, I visited a 700-year-old bakery, in Japan 400-year-old bakeries... Any politician in the world, with today’s democracies, is not in power for more than twelve or eight years. Governments are not going to change the world; companies change it because companies are ecosystems with much more transformative power than governments” (Case 18, Founder)

“We need that the motivation is really tied, is very intrinsic and is tied to wanting to leave a mark, transcendence, that our children understand that we did something and that we don’t just stand by and watch it disappear. I think that’s their main motivation. I hope they value that within their life structure. I think that’s our condition” (Case 12, Founder)

CSI is utilised as an organisational strategy that enables companies to develop problem-solving behaviours with the stimulus of revenue generation; it emerges as a mechanism that facilitates sustainable development performance. As companies develop CSIs, different dimensions of sustainable development can be achieved. To name an example, by developing inclusive labour practices for vulnerable and excluded populations such as former FARC guerrilla combatants, employees with disabilities or migrants affected by the national armed conflict, B Corps

contribute to issues of Decent Work (Goal 8) or the Reduction of Inequalities (Goal 10). Chapter 8 presents a more comprehensive explanation of the different social problems that B Corps address in Colombia mapped in the framework of the SDGs. To depict these observations, the two following statements reveals some insights on the topic:

“Sustainability is something that has to happen. We have to find a sustainable way of living with the environment. Social innovation is clearly there. The more people’s quality of life increases, the more resources are needed and the less sustainable it is. We are looking for, on a daily basis is to improve people’s quality of life, understanding that if we are not responsible with the use of resources, we will not have much of a future either, and there is no point in doing anything we do. These issues are intrinsically related, but we have to do it with sustainability if we want to innovate socially. If we want to improve people’s quality of life, it has to be done in a sustainable way; otherwise, we are only improving it for a little while. So, it has to be something that is worth being and something that has a long-term impact, and it has to be both at the same time” (Case 3, Founder)

“Our main framework is sustainability. We do social innovation in our process, but we want to aim for sustainable development based on a focus on human beings. Our main framework for action is to generate sustainable development in the territory, in the organisations, to work on this issue. Because social innovation is part of sustainable development and is a way of making it possible, it is a slightly less broad umbrella than talking about sustainable development” (Case 5, Project Coordinator)

9.2.3. Stage III. Semi-Institutionalisation: Agency and Institutional Work: Imitation and Attraction

Tolbert and Zucker (1996) and Greenwood et al. (2002) argued that neo-institutional theory gives little attention to specifying the processes that move innovation to a stage of full institutionalisation. Institutional change occurs when new rules become homogeneous in an organisational field (Beckert, 2010); thus, innovations are expected to trigger new mindsets,

behaviours, beliefs or practices in society, influencing it to the extent that they can support and validate the new ideas across time.

Following van Wijk et al. (2019), “even when actors are able to engage in social innovation, their innovations can only gain permanence and diffuse if they become embedded in the institutional context” (p. 13). When delving into CSI as a transformative concept, aspirations for change are subjugated to the market field; therefore, the main goal is to explain how the economic system and its structures are stimulated by CSIs, as an activity embodied by agentic B Corps. Understanding systemic change “in terms of institutional change” allows identifying the “material changes in the systems targeted for transformation” (Pel, Haxeltine, et al., 2020, p. 5). Therefore, systemic change, which is the ultimate goal of social innovation, is the principle for understanding institutional change. Following Pel, Haxeltine, et al. (2020), the transformative ambitions of CSI can be reflected in Proposition 8, in which organisations “combine different forms of institutional entrepreneurship” (see also Venugopal and Viswanathan, 2019). Examples of CSI’s agency in the process of systemic change described by the authors become visible through activities such as the provision of local alternatives, lobbying and advocacy, or cultural change processes, among others.

Chapter 7, for instance, describes that the B Corp business model integrates systemic change activities such as *a)* carrying out a regenerative and net-positive approach to sustainability; *b)* promoting capacity building, agency, and social cohesion; *c)* encouraging new lifestyles, behaviours, and mindsets, working as advocates while making customers stewards of change; and *d)* engaging in corporate activism, lobby to influence local policy-makers (see subsection 7.4.1.1). As stated by Murray et al. (2010), systemic change “is the ultimate goal of social innovation... [It] usually involves the interaction of many elements: social movements, business models, laws and regulations, data and infrastructures, and entirely new ways of thinking and doing. Systemic change generally involves new frameworks or architectures made up of many smaller innovations” (p. 13).

To this extent, CSI is the mechanism to trigger such systemic changes and transform the social relations and structures in the market. The different CSI activities leading to systemic change are at an agentic level and their interaction with the surrounding system. However, by placing CSI within a historical and geographical context of institutional change, it is possible to identify that the transformational aspirations embedded in CSI are underpinned by more abstract categories that determine the relationship and interactions with different actors in society. In this sense, CSI as a tool for systemic change is part of a larger structure that is not restricted to

the creativity and intentionality of these organisations but is located at a level where relations with the socio-material context are intertwined.

Following Lawrence and Suddaby (2006), institutional work is defined as “the purposive action of individuals and organisations aimed at creating, maintaining and disrupting institutions” (p. 215). Here, change is interpreted to the extent that organisations can alter abstract categories that give significance to a system. In other words, it must convince actors in society that the message delivered will bring new significations and will lead to new or renowned institutions. Thus, actions must have the institutional anchorage to ensure change. Rather than the actions, institutional change lies in the significance and information these actions emit. Following Lawrence and Suddaby (2006), three categories of institutional work emerged: *theorising*, *educating* and *mimicry* (see Chapter 5):

- **Theorising.** As manifested by Strang and Meyer (1993), “theorising is a strategy for making sense of the world” (p. 493). It consists of the development of abstract categories and the construction of patterned relationships of cause and effect that requires in the first place the definition of a problem and the subsequent provision of solutions through logical evidence. Theorising consists of proving that change is successful, based on gathering evidence expecting to be generalised.

Elements of theorisation were identified in the analysed B Corps. As previously remarked, the problem definition is a central element of the B Corp model as it enables them to define the type of activity that will be implemented to promote change. Several examples of theorising were observed in this dissertation linked to CSI. For example, a common pattern of B Corps working in the consultancy and the training sector shows how these organisations recreate a problem and establish a methodological solution that allows them to explain the logic of the anticipated situation. This logic is tied to contextual characteristics and the inherent needs of people and territories. Theorising results from “desired” and “expected” solutions to society and how the impacted people will respond to these stimuli through the intervention of the organisations:

“The world’s need for change is all too evident. It is the responsibility of human beings today that lead to the possibility of developing change. There is a need to generate change, and as I believe in innovation, I believe that change can be much quicker and cheaper. The big problem with social interventions is design. We use research as the process of designing innovations that are

desirable for people. When there is a design and coherent feasibility and viability, we believe there is social innovation. But it has to do with design—interventions, not desirable innovations. When there is a desire, and there is feasibility and coherent feasibility, we believe there is social innovation. But it has to do with the design process. When the design is not well done, it is not going to be desired; there is not going to be a change. And what is well done? It is because there was a possibility to sit in the territory, to observe what is happening. Where the population is, there is the problem. People talk about their intention, pain, emotions, and there is the inspiration to innovate. Our innovation model is based on a human-centred design: it needs to inspire, generate ideas, and be implemented in practice. But to be inspired is to empathise, to be in the territory, in the context, with the people” (Case 6, Manager).

Theorising occurs over the interaction with different groups in society, their problems and contexts, and how these problems are related to market failures and the malfunctioning of institutions. For example, in Colombia, many issues of poverty and unemployment are linked to agriculture and land ownership, as a large part of the population survives on this activity. Case 12 work with smallholder farmers by developing technical assistance and an e-commerce platform that provides a solution to the lack of demand stabilisation. The following statement reflects the process of theorisation observed for this case:

“When I get into the business, I realise that the problem is not intermediation; the problem is that the small producer is not able to stabilise quality and supply. So, there are actually many intermediaries in Colombia and Latin America, unlike what happens in other developed countries, where the origin of the small producer is a producer with different skills than ours... So the great debt that we have as a country, we believe, and this is our hypothesis, is that the small producer does not have the capacity. There is a gigantic business there because we take the intermediaries that do not exist, and we can stabilise the supply because nobody has done so until now. That’s how this idea was born, and already as a niche strategy, for survival, we understood that we had to choose a niche that was profitable enough to be able to develop all the learning, and we chose that the business had to be organic agriculture and also by conviction and by our own decision, we were condemning the land to be degraded” (Case 12, Founder)

Theorising goes hand in hand with a process called “naming”. According to Lawrence and Suddaby (2006), “naming represents a critical first step that provides the foundation for further theorising” (p. 226), which allows a better communication of a concept, facilitating its theorisation so that actors will subsequently be able to articulate cause and consequence relationships. Two examples of naming can be evoked from Case 8, which implements a service called “Regenerative Agriculture” to assist farmers in starting a transition to ecological and regenerative production systems to reverse climate change. A similar service, “Collaborative Businesses”, aims to guide farmers to cooperate with the different actors that integrate the value chain. Case 16 develops a social innovation service called “Social Licence”, which consists of supporting organisations in understanding communities and their territories to offer viable solutions. The statement below from Case 8 shows how their theorising process moves from the definition of a problem to abstract piloting of an idea through market solutions:

“We do social innovation. We identify problems, and solve them in a better, more efficient, different way in design, product design, and technology. We tailor the solution, and we run it from ‘A’ to ‘Z’ until it makes money and is attractive; then, we put it on the market... We are mainly looking for income or employment generation. We identified that in Latin America, there is something that repeats in agriculture and the city, and it is a question of monetary resources for the communities. In the end, it all comes down to money for Latin America. I say this with full knowledge of the facts. The Mayor’s Office had a lot of programmes, a lot of diagnoses, a lot of education. But if, in the end, if this is not allowing a child not to go to work or not to use illegal credits, or not to solve marital or family problems due to lack of money, this is still a problem. So education, sustainability, whatever you want, should be linked to improving the working conditions or the source of income of a population. That is a clear statement for us. We have set up laundries in the communes and loan systems that prevent crime from being financed and that everything is around that”
(Case 8, Founder)

- **Educating and Awareness.** Educating aims at the engagement of actors to support the continuation of the new institution (Lawrence & Suddaby, 2006). The redefinition of the market system from the B Corps perspective is linked to the institutionalisation of ideas that will lead to practices that support the new institutional rules. This can happen by raising awareness through their products/services and introducing new organisational procedures that allow the

impacted actors to develop new mindsets and sustain and reproduce the legitimacy of the new ideas. Educating and awareness, for instance, was identified from the transmission of practices between employees, collaborations, partnerships and even customers. To illustrate, Case 14 provides technical assistance in communication, education, and green marketing to generate a new environmental and cultural change. This type of service allows for the perpetuation, transfer and expansion of a message aimed at targeting informal institutions, i.e. lifestyles, change of habits, and mindsets. The following statement intends to capture this observation:

“From our perspective, the problem of society is related to the procedure and form, which links to the consumer and society; in other words: the capitalist economic system. Climate change is the problem, but it becomes a problem because of the way we are developing. So I think we have to open people’s eyes, making them conscious that we have to change. Because we cannot continue as we are doing through our consumption model. I believe that we have to start opening people’s eyes to what is going on and what we have to change because we cannot go on as we are in our model of development and consumption” (Case 14, Co-founder).

“We try to go to organisations that may not have realised that they have to get on board with sustainability issues, and we tell them that there is a different way to attract talent. You have to think about a world where there are millennials, centennials, social challenges, environmental challenges, where you have to change so that these organisations are attractive to people; otherwise, they are destined to die. People are not going to want to work in your organisations. Even when we work with candidates, we are as human as possible, we keep them informed, we see the human side of them, and that leaves a very beautiful message for them” (Case 1, Commercial Manager).

“For us, there really is a change, and that change starts from the agricultural base in terms of knowledge. Our objective is to be able to transfer that knowledge and that technology and continue building a legacy. A company with 71 years of history demonstrates the work that has been done; not many companies can reach that length of time and even more so because of generational issues. We, and I also think because of our family background,

have always been workers and experts in the field; what we try to postpone and transcend this legacy is to give the family a hand, to support the family. But at the same time, those values instilled in the family have to be transferred to all aspects of the organisation, the farmers, the internal staff, the suppliers, and the clients. This will also demonstrate our experience, our reputation, or to the peace of the country” (Case 17, Marketing Manager)

Education can also be followed by an intention of awareness, unveiling attitudes of advocacy and activism. Corporate activism, defined as “a company’s willingness to take a stand on social, political, economic, and environmental issues to create societal change by influencing the attitudes and behaviours of actors in its institutional environment” (Eilert & Nappier Cherup, 2020, p. 3), was observed by promoting customers’ stewardship (e.g., of natural resources or preserving endangered species). These activities, which are generally coupled with corporate activism, lobbying, and advocacy, are intended to raise awareness among various actors so that they act autonomously in the same direction.

It is well documented in the literature that B Corps engage in awareness activities, participating in political lobbying processes or promoting the change of legislation and regulations that allow the assimilation of better production and consumption practices (Stubbs, 2017b, 2017a; Zebryte & Jorquera, 2017). Case 9 and Case 16 of this research are good examples. Case 9 has been part of delegated bodies to support the Colombian single-use plastics legislation, linking their business model of ecologic-reusable bags with the provision of an alternative product that aims to break local consuming habits. Likewise, Case 16 has worked with various government agencies to create academic curricula in rural areas of the country and to promote sustainable agricultural practices, promoting the development of territorial development plans more adapted to the needs of the region and its inhabitants.

As mentioned in Chapter 3, B Corps are part of the B movement, managed and coordinated internationally by B Lab and regionally by B System. The movement promotes a better allineation of the B Corp certification and the Benefit Corporation/BIC Society legislation. As part of this effort, B Corps supports the implementation of new legislation through their experiences and role model in the continuation of new laws. In fact, in Latin America, the B Corps certification first appeared and later, the BIC Societies laws started to be introduced. One of the key informants of this study stressed:

“One of our main priorities in the B Corp movement is to influence public policies for a systemic change, and one of the key structures that we have designed, influenced, and implemented around the world is the Benefit Corp

legislation, currently passing in 39 American states, then Italy, Colombia, Ecuador, British Columbia in Canada, recently in Peru. This week the law passed in Uruguay, so there is a whole movement to influence policies for system change and create infrastructure for all businesses to behave like a B Corp with purpose, responsibility, and transparency. One thing that I've heard is that B Corp does, it's to influence rules, and to change these rules of the game for this stakeholder capitalism" (Informant C)

However, this analysis needs to be done at another level, as B Lab is a non-profit organisation, referred to in this research as a meso-level actor in a superior level of B Corps (this aspect is addressed in the discussion).

- **Mimicry.** Following Tolbert and Zucker (1996), imitation is a recurring mechanism, since organisations “share a common core of knowledge and ideas that make an innovation feasible and attractive”; therefore, “the adoption of a given innovation may and often does occur in close association with adoption processes in other organisations” (p. 181). Mimicry has also been termed as mimetic or mimesis and has been centrally described as a mechanism to respond to uncertainties (DiMaggio & Powell, 1983). It has also been termed as modelling, referring to the organisations’ capacity of shaping themselves after their counterparts. In a pursue of legitimation, organisations imitate those referents considered successful (Beckert, 2010), those that belong to the same industry, consulting firms, industry trade associations, or through employee transfer, skilled labour force or a broad customer base (DiMaggio & Powell, 1983). As suggested by Greenwood et al. (2002), “the explanation underlying mimicry is that ideas achieve legitimacy if, and as, they are adopted by exemplary others and are thought to have provided economic benefits (Scott, 1995). Organisations mimic because they anticipate similar benefits” (p. 61).

Considering the multiple logics that determine the B Corp model, these organisations embody processes of imitation from various perspectives. Systemic change emerges as a process of imitation resulting from an organisational arrangement aiming to provide solutions to social problems through market mechanisms, having as reference scripts defined by macro-level actors, logics of the B Corp movement, and ideas from peers and counterparts considered as successful and still morally vested. These logics allow the identification of *three shades of mimicry* named *amalgamation*, *mirroring* and *replication*.

A first logic derives from a process of multiple imitations and a mix and match of ideas and moral standards emanating from actors of the same line of thinking and from different organisational logics. Mimicry follows a pattern of **amalgamation** since the source of imitation is integrated by a mixture of discourses, narratives, and beliefs from organisations that entail multiple levels and logics (e.g., ideas that resemble social movement logics). Amalgamation results as a mechanism that alleviates the symptoms of an uncertain environment. Imitation follows references from:

(a) *Global B Corps Models*, as B Corps emulate practices from globally recognised organisations with sufficient power to disseminate new institutional rules. Companies such as Danone, Patagonia or Ben & Jerry's, whose business practices are characterised by the generation of innovative solutions in sustainability (Adams et al., 2012; Phills et al., 2008), are well known. This observation was remarked by one of the B System informants:

“Enterprises becoming B Corps are medium and large companies that are in the process of cultural transformation: transforming their leadership, transforming their investors, their workers. Companies like Danone are in the process of transformation, which is a 100-years-old enterprise, and they are choosing and abandoning behaviours; but they are choosing what they are going to do in the coming years. They want to be a company that will revolutionise the chain towards a regenerative economy” (Informant C)

(b) *Regional and Local B Corp Models* are also a source of imitation. Such is the case of Natura, the first B Corp certified in Latin America in 2014, a Brazilian cosmetics company that combines sustainable ingredients from the Amazon and implements practices that defend human rights and adopt regenerative economy practices. The Brazilian multi-channel and multi-brand company, Natura &Co — which integrates other international and well-known brands: the Body Shop, Avon, Natura and Aesop — was certified in 2020 as a B Corp, which utilises circular economy notions, a commitment to fight against the climate crisis and the adoption of a more humane and inclusive economy.

Important references in Colombia are, for example, the case of Crepes & Waffles, certified B Corp in 2016, is today one of the most popular restaurant chains, renowned for hiring women heads of household, the creation of gastronomic dishes of traditionally Colombian food, and the implementation of environmental practices in the value chain. Likewise, the iconic coffeehouse chain specialised in coffee retail, Juan Valdez, became B Corp in April 2021. Juan Valdez works with more than 540,000 coffee-growing families in the country, who supply 100% of the company's premium coffee. Other cases are Alquería, certified in 2021, one of the

largest dairy consortiums in Colombia, which implements practices of education, nutrition, circular economy, protection of hydric resources, fight against climate change and sustainable livestock farming. Other companies of regional recognition are De Lolita Restó Café in Antioquia and Arrocería la Esmeralda in Cauca Valley; both companies made part in this research. The following quotations reflect how B Corps takes as a reference model from different certified companies with international, regional and local recognition.

“Big companies such as Bancolombia or Juan Valdez are starting to have an impact. The latter is the most recognised Colombian company in the world, right? I think that these companies are demonstrating that it is possible to do profitable business, and having these types of practices and commitments is an important inspiration for many entrepreneurs. I am convinced that more and more people would like to be a positive factor in society. What happens is that they don't know much about how to do it, so the fact that B Corps have a concrete tool and have demonstrated over the years that they are indeed financially viable is a very powerful source of motivation for others to enter this world” (Informant A)

“The second very strong impact is the issue of young people. The new generations come with a different chip and a different expectation. We are seeing in the market in consumers and in the second and third generation of wealthy families in Latin America that are handing over their wealth to their children and grandchildren, and they come with their shirts on. Companies like Bancolombia are family businesses. Do you know that 60–70% of companies in Latin America are family businesses? I think this entry into the world of family businesses is going to have an impressive impact in Latin America. The fact that companies continue to exist and are a real financial possibility is appearing more and more in the media; we are seeing that it is more common to talk about doing business in a different way, that it is feasible to do so and that it is feasible to be profitable” (Informant A)

“When the big companies arrive, it is a milestone. Because, in a way, it accelerates the change that we want. So Latin American milestones, the certification of Natura. A Brazilian milestone. In Chile when HortiFruit, the

largest berry company in the world, was certified. Another milestone was when Crepes & Waffles was certified, which is the most popular company in Colombia. And it helps to exemplify the message. It helps people understanding what a B Corp is. When we explain the philosophical concept about B Corps, people don't understand it. But if we say "like Crepes & Waffles", people identify it. And that has been a milestone" (Informant B)

"B System has had the goal of certifying the most loved company by Colombians within the system, and this was the case of Crepes & Waffles, who achieved certification in 2016. It is a company that gives great visibility to this type of philosophy in the country. Then there was also the idea of certifying the largest company. So, we are in a very advanced process with Bancolombia. Other references have also been addressed, such as Alquería, a company in the top five of the most chosen brands by Colombians; it is among the top 10 most recognised managers and is also in the top 10 most sustainable companies in Colombia. So, it has been important to attract these private sector leaders to the system, who in turn are responsible for taking the message further and attracting others there" (Informant D)

Although the B Corp certification is mainly adopted by small companies and new ventures, the movement's strategy is to generate outstanding references in Latin American family companies to persuade a broader range of companies.

(c) *The B Corp Movement*: B Lab is not only a normative model; this organisation also works as a consultant that shapes and models B Corps. Particularly, B Lab, through the movement, promotes ideas such as building a more equitable economy, leading environmental justice, encouraging collective climate action, or advocating for justice, equality, diversity, and inclusion through stakeholder capitalism (Marquis, 2020). Since 2021, B Lab has spearheaded an initiative that promotes companies' capacity for change through the concept of Build Back Better, based on three pillars: racial justice, climate action and stakeholder governance (B Lab, 2021).

Similar is the case of B System in Latin America, which diffuse a discourse adapted to local practices but maintains the line of thinking of global organisations. B System aims to "create an inclusive, equitable and regenerative economic system for all people and the planet" and to "use the power of the market to provide solutions for social and environmental problems"

(Sistema B, 2022b). B Corps are shaped by the movement, keeping aligned with the same narrative and speech on what is considered an adequate way of doing business. Thus, a ‘shared understanding’ of the world characterises B Corps outlook, which inspires and illuminate their business activities:

“B System is an organisation that is part of a global network that creates tools for cultural change in companies towards a new economy. A new economy, inclusive, equitable, regenerative, for all the people of our planet; and B System has a systemic approach and a systemic look, that’s why it’s called B System. We create ecosystems, we are an ecosystem builder, so we believe in the strength of an impactful entrepreneurial community, we believe in strength and power, and in influencing change in the rules of the game, and we believe in a more distributed systemic change” (Informant C)

“Before B Corp, we complied with everything that B Corp certification minimally requires, but nothing was documented, and we did things because they seemed logical. The company knew that they had to work with fair wages; obviously, all employees must have all the benefits and receive health and social security benefits. That was obvious, but when we arrived at B Corp, and we learned about Natura’s experience, everything they did daily, B Corp had everything completely structured in social, economic and environmental categories” (Case 2, Project Manager)

A collective belief guides B Corps, suggesting that the context urges immediate response from them as leaders and catalysers of change. To give an example, in the B Corp Declaration of Interdependence, the certifying organisations sign a pact in which they state: “we must be the change we seek in the world” (B Lab, 2022b). One of the informants of the B System movement stated:

“Our focus as a B System is the triple impact, and as a global movement, we have been leading on the issue that companies really have to distinguish themselves by managing their financial performance with the same regularity as social and environmental measures. This is already a global trend, and we believe that the focus should be on the company’s ecosystem and that we should make all companies behave in this way. For the issue of corporate behaviour, we are already pushing, and that is our purpose. Globally, this is like changing

the rules of the game of how we are influencing public policy. As we integrate the larger B Corps, we achieve this evolution in the discussions where we were thinking about economic benefits. Now we are thinking of all stakeholders, and this is great because we are elevating the global discourse. It is no longer only the B System, because before the slogan was to see the economy's success, but now the movement is global” (Informant F)

With this process of imitation through amalgamation, B Corps develop a clear philosophy and action path of what they consider valuable to transmit to society and preserve within the organisation.

Identified as ***mirroring***, the second logic of mimicry is derived from a process of self-recognition and identity construction. Resulting from the emulation of ideas and philosophies, as B Corps recognise themselves with these beliefs, leading to the adoption of practices that can be spread. Various respondents (notably B Corps founders) manifested how they feel part of a more significant movement in which they see identified and mirrored:

“Many clients have been lost, but fortunately, new clients are appearing, and we have found a like-minded community. We feel like the cartoon of the father who says to the child: ‘Do you want to change the world on your own?’ And the child answers: ‘I am not alone, we are scattered, but we are starting to come together” (Case 2, Project Manager)

“When I get to know B System, and I understand that there are other companies similar to me, with the same philosophy, that strikes me to be one more of them and to make force... because I believe that we will transform the world, if we collaborate with each other and if we share our experiences and learnings, our philosophy with more people, that’s when I meet them and I think that I want to be part of this and I am this” (Case 10, Co-founder)

Mirroring, as interpreted in this dissertation, consists of a process in which organisations, through their activities, aim to exemplify and embody a philosophy (of change), suggesting that many other organisations can also achieve similar outcomes. The main objective is to convert abstract concepts and notions into concrete forms of actions while echoing a message that has the potential to change institutions. Mainstream discourses and speeches are embodied by B Corps in the sense that they define their organisational objectives in such direction. The

following extracts exemplify how enterprises mirror these debates into corporate objectives and processes:

“The main problem we solve is poverty eradication and income generation. This is how the UNDP calls it: More income generation and jobs for the rural population. The client is the government and the company that wants to do a new business. It is the government and a large company. We have only worked with large companies that want to develop new lines of services and intra-entrepreneurship, and because of the day-to-day business, they don’t know how to do it, nor how to do it. So we have helped many private companies to have intrapreneurship” (Case 8, Founder)

“We believe that we have to follow the advice of the UN because they have done a serious and credible job. We see that a lot of companies are aligning themselves to those goals. We must follow the advice and implement it. You always have to have targets, whatever you call them. Businesses should always have targets, whatever you call them. But you have to have something to aim for; otherwise, everything would be useless. Following the SDGs allows us to know what our possibilities are and what we should aim for and allows us to focus better. So, aligning ourselves to those SDGs allows us to align ourselves with what the world is thinking. Second, it allows us to concentrate and have focus. Third, it allows us to communicate in a common language. The idea is that we can report in a way that the world is used to or is willing to listen to” (Case 15, Sustainability Director)

“What we are looking for is to make an impact. But after the pandemic, we decided that our social balance sheet was going to be all oriented towards sustainable development at a global level. So, we focused on having at least 50% of the goals. Currently, there are 17 goals, and we have nine. Before, we had eight SDGs, and now we have nine. The challenge is to maintain them. This year we are focusing on reinforcing SDG 10, which is known as Reducing Inequalities. So, we defined that this year, we will hire more mothers who are heads of household (currently 42%), hire more staff with disabilities (we had 11%, and it has risen to 13%). Now we are focusing more on immigrants;

currently, our plant has 7% of the Venezuelan population” (Case 18, Human Resources)

The mirroring logic makes it possible to reflect the discourse in practice through a clear and identifiable activity and build an organisational identity, which is influenced by the ideas expressed by actors who replicate the new rules of the institutional model. Organisations see a mirror of themselves in others, following a mimicry pattern.

This, thus, follows the third and last logic of mimicry, which is related to the reproduction of practices. Framed as **replication**, it consists of the repetition, copying and imitation of standardised practices. From a neo-institutional perspective, “organisations sharing the same environment will employ similar practices and thus become ‘isomorphic’ with each other” (Kostova & Roth, 2002, p. 2015). Practices are expected to be utilised by few adopters with limited knowledge to become “taken for granted” efficacious and necessary practices (Tolbert & Zucker, 1983).

B Corps make part of an ecosystem that implement analogous business practices; they are expected to integrate practices aligned to five impact areas: *Workers* (ensuring financial security, career development, wellness and health, and engagement and satisfaction), *Community* (e.g. promoting diversity and inclusion, generating economic impact, impacting on the supply chain, or ensuring civic engagement), *Customers* (e.g. promoting customer stewardship), *Environment* (e.g. introducing products/services that benefit the environment), and *Governance* (e.g. promoting ethics and transparency).

These practices are homologous with systemic change activities framed by the UN. Examples of systemic change in the framework of the SDGs relate to the empowerment of vulnerable and disadvantaged groups, the creation of mechanisms that encourage gender equality and greater agency of the civil society, the equal distribution of income, the empowerment of small businesses, informal workers, the involvement of multiple actors through democratic processes, among others (UNRISD, 2017). Additionally, B Corps are committed to following the UN Climate Change Conference COP25 principles and to achieve carbon neutrality by 2030. The following quotation reflects the sense of replicating practices:

“We are part of a leading global movement in new economic forces that allows us to be at the forefront, inspire and generate change. The B Certification allows us to continuously improve the positive impact we are generating, sharing best practices among companies. We position ourselves as different

impact companies, and we can stand out in the media, mass events, forums and seminars” (Case 7, Blog)

“This year, we made our first commitment to becoming carbon neutral in everything to do with our land and air transport, and we are already doing all the carbon offsets through a partnership with an external organisation. We are going carbon neutral on all our air and ground travel. Next year, all our programmes will be carbon neutral, not just the transport, but the activities we do during the programme. Our three-year plan is that by 2023 the whole organisation will be carbon neutral. We use that opportunity not only to know that we are making an impact but that we are counteracting negative impacts through specific projects that manage to reduce that carbon footprint and at the same time, we make students aware that this is happening” (Case 4, Co-founder)

From a B Corps perspective, institutional change does not aim to destroy or distort the current economic system but redefine it, giving it a new meaning (re-signifying) through implementing market-oriented activities under new parameters, centrally based on education and awareness, theorising, and mimicry (through amalgamation, mirroring and replication).

9.2.4. Stage IV. Re-Institutionalisation: Re-definition and Re-signification

Stage IV suggests a process of re-institutionalisation, which is when the institutional change is achieved. It goes firstly through a stage of objectification (Suchman, 1995), i.e. ideas transmitted gain consensus and pragmatic value, to diffusion (Tolbert & Zucker, 1996), i.e. ideas became legitimised. And, secondly, the new institutional rules go through a process of reinforcement and re-signification (leading to Stage I) until they are redefined.

- **Objectification and Diffusion.** In line with Tolbert and Zucker (1996), “objectification of structure is partially a consequence of organisations’ monitoring of competitors, and efforts to enhance relative competitiveness” (Tolbert and Zucker, 1996, p. 182). As mentioned in the previous stage, institutional change in the case of the B Corps was observed as a process of

imitation and attraction driven by a normative and morally driven novel system that guides the behaviour of organisations in a period of high uncertainty.

The diffusion of institutional change is thus a consequence (in part) of the dynamics of institutional work developed by organisations. As suggested by Greenwood et al. (2002), “diffusion occurs only if new ideas are compellingly presented as more appropriate than existing practices” (p. 60). At this stage, micro-level actors play a very important role, as they are the main reproducers who accept or reject the new institutional rules of the market. B Corps, especially those with more than ten years in the market, remarked that they encountered more significant barriers when they started (around 2005–2010) than today, as they find more possibilities of diffusion and greater acceptance. The following statements recreate this argument:

“It was difficult. It was very difficult to get into this market. It was an idea that seemed utopian. It was like madness, not only the clients, but my friends told me: ‘that idea is not going to work, it does not make sense, nobody will pay you for that’. But with the passage of time, I have acquired a couple of important clients, and with testimonials, so for me, the testimonial is very important. With that, the market decision changed and today it is much easier to sell, in fact, we already have competition, we have a big market with a huge potential”
(Case 10, Co-founder)

“We must understand that the world today has changed by leaps and bounds. Today those traditional families of the past that were father, mother and children no longer exist. Now the new families are couples without children, couples with pets, same-sex couples. When changing all these connotations, we must have a different communication to the one we had before. For example, a young university student who is looking for an economy, who has his first job or who has become independent with his girlfriend of all his life and is beginning to shape the concept of home and is looking for the possibility of acquiring a more sustainable product. It should not be ignored that these new generations are already looking for more concepts of companies that do not generate pollution issues that are carbon neutral and have a good reputation”
(Case 17, Marketing Manager)

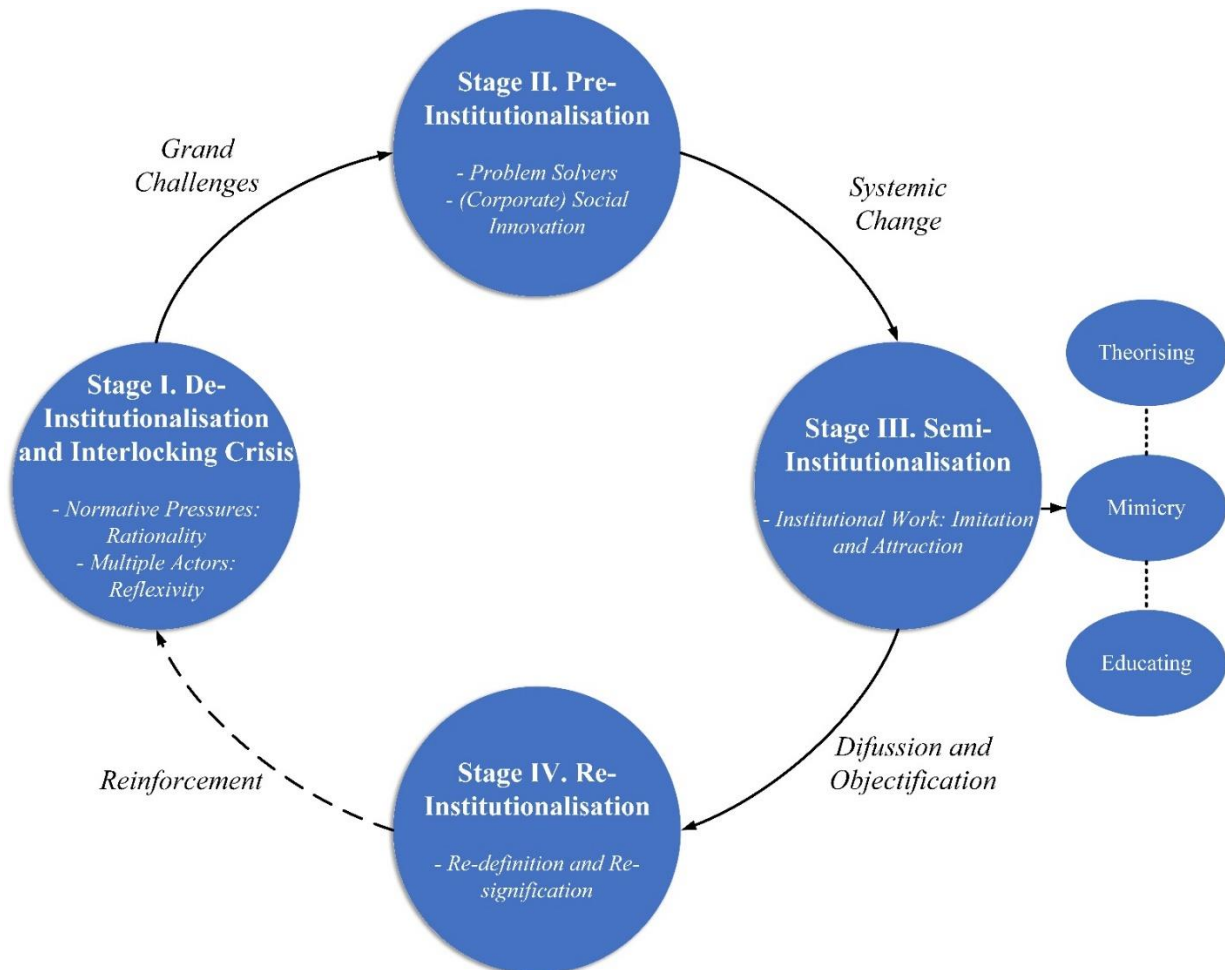
Diffusion that takes place across a chain of actors and trends is intended to lead to the implementation of new institutions and thus to a homogenisation of the organisational field. We are currently at this stage, as the new institutional rules are still looking for a space to legitimise themselves through a multi-level interaction of macro, meso and micro-level actors.

- **Reinforcement.** When ideas are fully institutionalised, they are expected to be legitimised and survive through time (Suchman, 1995). As stated by Greenwood et al. (2002), “once fully institutionalised, ideas can survive across generations, uncritically accepted as the definitive way of behaving” (p. 61). This conception is highly embedded in the context of sustainable development, which is the central notion leading the institutional change that the current economic system is going through and is therefore expected to be the historical continuation of this structure. However, institutions are resistant to change (Scott, 2013); thus, a process of re-definition follows, and the new system is expected to be reinforced through the interventions of more engaged and committed actors. The UN has served as fuel for this debate over the past decades. An example of this is the ongoing development of summits and collective dialogue conferences across the UN, reinforcing the importance of multi-stakeholder participation. This shows that in addition to being committed to the SDGs, B Corps are constantly taking on new commitments and challenges that emerge from new debates in sustainability, for example, by joining new environmental agreements or implementing new organisational practices (e.g. fighting racism or gender discrimination). B Corps intention to redefine the system is based on the idea of influencing not only actors at the micro-levels but also other meso-level actors and peer organisations that can implement similar behaviours by providing new significance to concepts through theorising, educating and awareness, and mimicry.

Figure 9.1 summarises the stages of institutional change observed in this research from the B Corps perspective of market re-definition. As can be seen, instead of complying with the six-stage model of Greenwood and colleagues, this research model introduces a four-stage model, more aligned with Tolbert and Zucker (1996); however, reflecting the various contextual interactions and motives that incentivise actors to assume roles of change in society. Another change proposed in this model is that instead of presenting institutional change as a closed process, this dissertation suggests a circular and closed one, as it is the re-definition of an existing institution. The new institutional norms must be strengthened over time and must be invested with new meanings. Here it is possible to observe that the system is constantly being updated, reinforced and promoted by ideas disseminated by macro-level actors but diffused and

materialised by meso-level actors. Objectification and “global consensus” is the result of the institutionalisation process.

Figure 9.1. Stages of Institutional Change from the B Corps Perspective



Source: Compiled by the Author

From a historical perspective, it can be observed that, while in the 1980s, the sustainable development debate was more linked to environmental issues, since the 2000s, it has been integrating broader social and economic issues. Even the ecological discussion of sustainable development has mutated. Although climate change and carbon emissions have been discussed from the outset, terms such as regenerative sustainability or zero-emissions have gained more attention in the last two decades. New notions have gained relevance through the different moments of institutionalisation of the organisational field in the sustainable development debate.

9.3. Discussion

Drawing on the case study of a *sui generis* type of hybrid organisation, this chapter aimed to analyse *to what extent and how does CSI contribute to systemic change?* And, *how can this phenomenon be explained through institutional theory?* As stated by Dacin et al. (2002), “institutional change can proceed from the most micro interpersonal and sub organisational levels to the most macro societal and global levels” (p. 48). Thus, from a multi-level perspective, organisations can induce institutional change. By applying Greenwood et al. (2002) model, the researcher could identify the logics that explain hybrid organisations’ attempt to pursue institutional change from the neo-institutional lenses while discussing the role that CSI play in such a process. Lawrence and Suddaby (2006) categories of institutional work permitted a more nuanced interpretation of the stage in which systemic change occurs due to the introduction of CSIs, allowing a more clear lecture of the overall framework of institutional change. In the following, the researcher discusses answers to both research questions.

9.3.1. A Multi-level Analysis of Institutional Change: A B Corps Perspective

Regarding the first research question that guides this chapter, Greenwood et al. (2002) model helped interpret B Corps approach to systemic change, providing a lecture on their attempt to change institutions. According to North (1991) and Scott (2013), institutional change occurs due to crises, wars, and catastrophes. This chapter narrative starts at a time that Greenwood and colleagues define as the phase of “jolts” in an organisational field, which in the context of this case study was centrally observed as a momentum of “interlocking crisis” invoking a risk for human and planetary survival (Stage I). A change in the system appears from the emergence of society’s grand challenges, communicated by macro-level actors — international and intergovernmental organisations, national governments — in which the UN and other *status quo* organisations (e.g. EU, OECD, ECLAC) have been playing a leading role (Hopwood et al., 2005; Loorbach et al., 2020).

When a globally diffused discourse such as the sustainable development debate calls for planetary action, various actors in different levels are expected to exert their actorhood. Motivated by fear, actors become aware of their role and the potential solutions that can be implemented to mitigate the crisis. Solutions, which are mostly fabricated within the discourse of sustainable development, are supported by new rationalities that draw on the structure and

tools of the former institutional field. Although far-reaching goals such as the SDGs were not developed with a binding character, the use of a common understanding between nations denotes an agreement on its level of global accordance. Centrally, sustainable development has been called a moral imperative for our era (Holden et al., 2017), awakening what Rawls (1999) calls people's sense of justice and conception of the good. Guided by new rationalities and normative pressures, agentic actors become aware of the responsibility and role of their actions (Meyer, 2010); which in the case of B Corps, are triggered to adopt "problem-solution practices" and innovations — interpreted in this research as CSI — to provide creative responses to the emerging challenges (Stage II). Systemic change then occurs, to the extent that activities developed through CSI generate solutions to "root-cause" problems of sustainable development when transforming social relations in a market-based system.

Influenced by coercive (symbolic), normative (morally guided) and mimetic pressures (uncertainty), meso-level actors develop institutional work strategies to perpetuate the new institutional rules in the system (Stage III). As will be noted, the researcher makes a distinction between level 1 and level 2 meso-level actors, as the meso-level traditionally includes "middle-system" groups comprising primarily communities and organisations. This study distinguishes meso-level actors (level 1) as those organisations integrated by social movements, incubators, accelerators, consultants, or what Avelino et al. (2020) have called "translocal networks", which involve a larger number of actors with the capacity to scale impact and influence legislation (e.g. eco-villages, syndicates, global-grassroots organisations). This research highlights B Lab as the umbrella organisation and social movement that certifies B Corps, which work as a meso-level actor of level 1 and has additional capacities to impact legislations and scale impact worldwide (see Han and Shah, 2020). Correspondingly, meso-level actors (level 2) were identified as collective groups, i.e. hybrids organisations, companies, entrepreneurships, or new ventures, which are not necessarily linked to social movements but able to bring about systemic changes (see Eilert and Nappier Cherup, 2020; Naranjo-Valencia et al., 2020; Venugopal and Viswanathan, 2019; Zhao, 2020). Therefore, B Corps are influenced by various normative, coercive and mimetic logics from macro-level and meso-level actors.

Re-institutionalisation (*Stage IV*) occurs when activities developed by meso-level actors (level 2) are accepted in the market by micro-level actors, becoming legitimised (Suchman, 1995). In line with North (1990), the path of institutional change is modelled when a "symbiotic relationship between institutions and the organisations" is achieved and is pursued by a "feedback process by which human beings perceive and react to changes in the opportunity set". Institutional change is expected to be accomplished when the entire (economic) system is

redefined under the newly established rules propagated by actors at different levels. The redefinition of institutions, in this case, is determined by a revisited economic system under new rationalities and myths (e.g. new forms of production and consumption).

The sustainable development debate was observed as a highly institutionalised organisational field that is constantly nourished by scientific rationalities and legitimised under a global consensus by very powerful and resourceful macro-level actors. This dissertation recalls institutionalists understanding that society is highly complex and linked by multiple interconnections and interests, forming part of a more comprehensive environment shaping organisations. As a result, a *multi-level isomorphic spiral cone* is formed, which depicts interactions between macro, meso and micro-level actors of the economic system (**Figure 9.2**).

Following Dacin et al. (2002), “global change is not necessarily about uniformity or oppression or progress; nation-states and organisations and managers are not sponges or pawns, but actors responding to challenges under the guidance of existing institutions” (p. 50). The results of this dissertation show at some level how B Corps transformative intentions are guided and influenced by the discourses, mindsets, and practices of other actors, driven by a mimetic process of institutional work. Although this dissertation does not delve into what these companies did or what they were before they became B Corps, what does represent them under this category as B Corps, is their desire to build a ‘New Economy’ and redefine the concept of business success; therefore, their aspirations for change are deeply rooted in the institutions they aim to transform.

Referred as the ‘embeddedness paradox’, Seo and Creed (2002) described this dilemma as a trade-off between agents and their involvement in the structure that results from the interactions between institutional contradictions and human practices (Battilana & D’Aunno, 2009). The sustainable development debate offers a “home” (Hoffman & Jennings, 2018) for B Corps to exert their agency and position their creative praxis as problem solvers. CSI as a transformational mechanism is thus also subject to the dualities and limitations of the expectations of what could be considered a ‘New Economy’. The following subsection discusses the role of CSI in the process of institutional change.

9.3.2. The Market as a Cage

As seen in the stages of institutional change, innovation plays a central role as a driving force that allows the introduction of “viable solutions to locally perceived problems” (Greenwood et

al., 2002, p. 60), enabling the emergence of new institutions. As the sustainable development debate leads to a questioning of the functioning of the institutions that support the current economic system (Hopwood et al., 2005), CSI — as the umbrella notion of this dissertation — is well suited to identify the kind of solutions and alternatives required to trigger the emergence of new institutions through human practices and behaviours.

As seen across this chapter, from the agentic lenses (Cajaiba-Santana, 2014), CSI indeed can pursue systemic changes, i.e. by developing regenerative sustainability practices, promoting capacity building and social cohesion, contributing to the creation of new lifestyles and cultural changes, or carrying out activities related to advocacy, corporate activism and lobby (Pel, Haxeltine et al., 2020). CSI activities that trigger such changes in society result from a process of educating, theorising, and mimicry of solutions that are considered more successful and efficient. It is no coincidence that many of these practices and aspirations of change are promoted by various translocal networks, social movements and even governments and global institutions.

Therefore, B Corps are bonded in the middle of *status quo* and transformationists discourses of sustainable development (Hopwood et al., 2005), revealing a duality in their attempt to address change. They are guided by systemic change motivations as they “argue that a transformation of society and/or human relations with the environment is necessary to avoid a mounting crisis and even a possible future collapse” (Hopwood et al., 2005, p. 45); but at the same time, they follow the *status quo* discourses when considering economic growth as part of the solution. B Corps see an urgent need for political and social action, guided by a desire to benefit vulnerable populations or simultaneously engage in ecologists’ practices; moreover, their performance is steered by *status quo* solutions, overriding logics such as sustainable lifestyle choices, moderate production and consumption, green capitalism practices, sustainable innovation practices, CSR (Elkington, 1994; Hopwood et al., 2005), and CSI activities.

The clash between what is desired and what can be done in practice reflects a duality on the limitations of its resources to promote change. These limitations are certainly entrenched in the commercial field, which is where their agency is observed. Promoting institutional change in a highly institutionalised environment such as the current economic system is a challenge that may even seem demotivating. DiMaggio and Powell (1983) suggested that “highly structured organisational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead, in the aggregate, to homogeneity in structure, culture, and output” (p. 147). This observation also goes in line with Dorado (2005), which claims that highly institutionalised environments generate “opaque opportunities” in which actors perceive

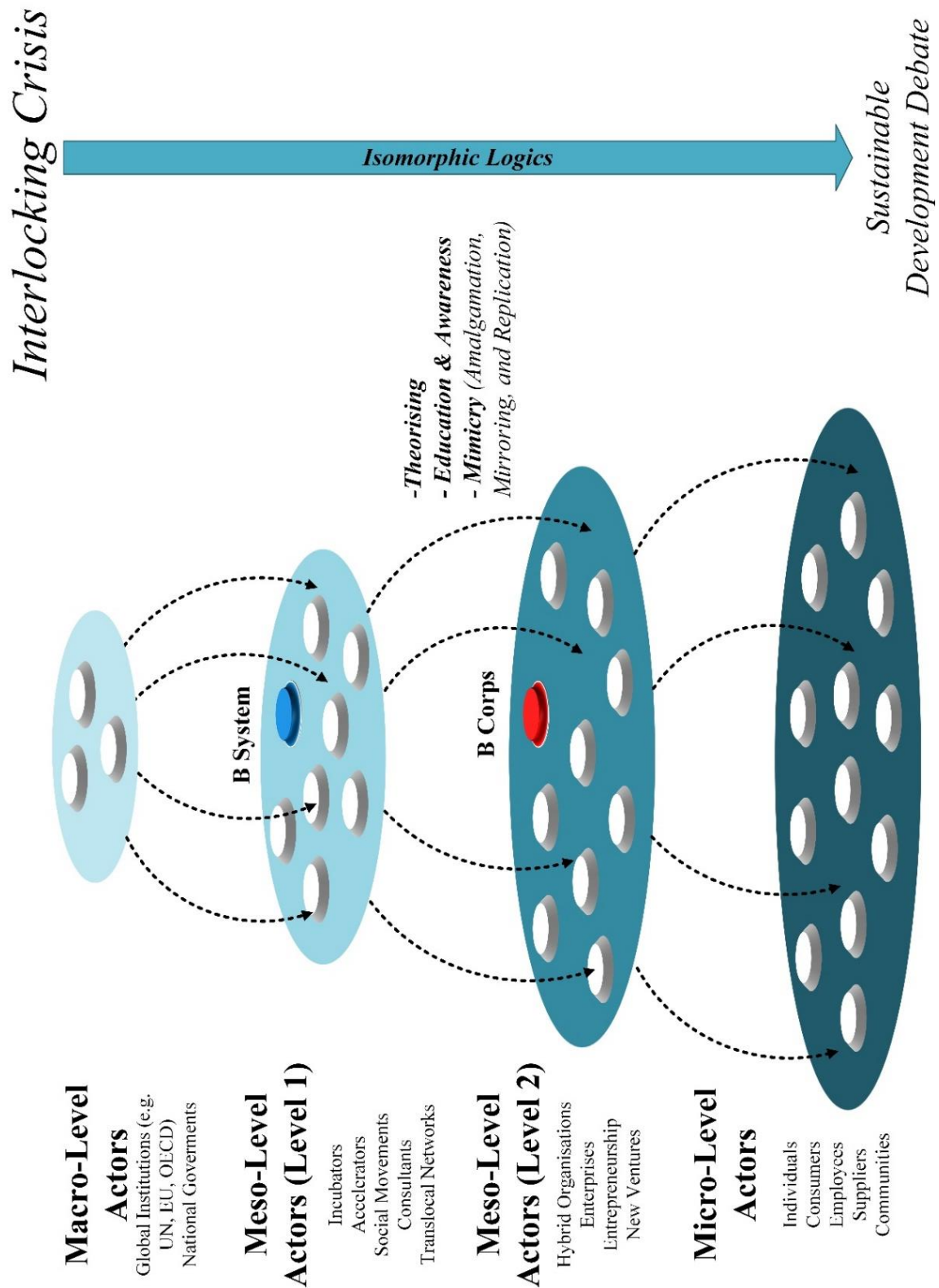
few chances to innovate as they are locked in a very limited way of doing things. A similar logic applies in reverse, as the sustainable development debate — which questions the current economic system — proposes prefabricated and scripted solutions. In other words, the solutions are already taken for granted. Thus, to combat the old institutional order and promote the establishment of the new one, the solutions remain in the context of markets.

This reflects, to some extent, that B Corps delivering CSIs are locked in a *cage* where responses to institutional change are limited to the scripted logics promoted by more powerful and resourceful actors. The *market cage* is not the *Weberian cage* in which actors make rational decisions emphasising competition but the result of homogenisation. The development of CSI activities leading to institutional change in the context of sustainable development helps organisations deal with uncertainties and gain legitimacy to increase their chances of survival. Although it may be pessimistic for studies that highlight the transformative character of social innovation from the agency (Avelino et al., 2019; Pel, Haxeltine et al., 2020), the high coupling of B Corps to mainstream discourses of sustainable development and the ceremonious commitment to its principles reflect that from their cosmology this path is a more promising, safe, and encouraging way to contribute to change.

This *cage*, admittedly, brings dualities, paradoxes and “dark sides”. If social innovations have been criticised for reaffirming neoliberal tendencies, being the source of the current crises (Fougère et al., 2017; Fougère & Meriläinen, 2021; McGowan & Westley, 2021; Westley et al., 2017), CSIs can be even regarded as more questionable. On the one hand, because CSI is still associated with CSR activities (Alonso-Martínez et al., 2019; Muthuri et al., 2012), mainly linked to philanthropy, social aid, or charity (Gafni & Wirtenberg, 2020) which reaffirm essentialist behaviours of business actors—a short-sighted vision that overshadows CSI’s potential.

On the other hand, because CSI is still understood as a source of income and competitiveness (Baltazar-Herrera, 2015). This is mainly due to the founding values of CSI being based on the idea that companies use social problems as a “living laboratory” to get profits and innovate (Crane et al., 2014; Kanter, 1999). This vision also puts CSI in a position of a very instrumental practice. Thus, CSI is still understood as an instrumental mechanism for a business to recompose its relationship with society (Canestrino et al., 2015) from a very utilitarian perspective.

Figure 9.2. A Multi-level Model of Institutional Change



Source: Created by the Author

9.4. Conclusion

By analysing a unique case study of B Corps in Colombia, this research shed new light on a series of research that has examined hybrid organisations by offering new theoretical concepts (Battilana & Dorado, 2010; Battilana & Lee, 2014; A. Morales et al., 2021; Pache & Santos, 2013). In this chapter, the researcher focused explicitly on interpreting institutional change in B Corps utilising market mechanisms, notably CSI. The lens of neo-institutional theory (DiMaggio & Powell, 1983; Greenwood et al., 2002; Scott, 2013; Tolbert & Zucker, 1996) and institutional work (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006) enabled up to understand the process of institutional change from a multi-level perspective.

The contributions of this chapter are three-fold. First, it extends on Greenwood et al. (2002) six-stage model and contributes to its refinement by interpreting the institutionalisation process under the lenses of hybrid organisations. Although Greenwood et al. (2002) understood institutional change as a *nonisomorphic* process, the observations of this research suggest that institutional change at the market level prompted from the perspective of B Corps follow patterns of isomorphism and operate in multiple levels. Regarding hybrid organisations great affinity with social innovation concepts for institutional change (Venugopal & Viswanathan, 2019), the interpretation of the model in the case of B Corps allowed the researcher to discuss the phenomenon from the CSI construct. CSI, which appears in the pre-institutionalisation stage (Stage II), allowed debating how new structural arrangements appear in response to the emerging challenges in the process of de-institutionalisation (or “fading” of the former system).

Second, this study extends on Lawrence and Suddaby (2006) characterisation of institutional work by providing examples and observations on the conceptualisation of “creating institutions” associated with the “change of meaning of abstract categories” (de Oliveira Miranda & Calmon, 2018, p. 75), framed as theorising, educating and mimicry. Greenwood et al.’s (2002) institutional change stages, which only integrated the notions of theorising and mimicry by the time in which their study was published, was complemented and framed into a multi-level model. This research sheds light on the mimicry dimension by extending three subcategories observed in the analysed B Corps: amalgamation, mirroring, and replication. At the same time, it is suggested to refine the educating category, as institutional change is followed by awareness ingrained in business activities such as advocacy, lobby or corporate activism. Finally, the chapter contributes by positioning the discourse on the transformative capacity of CSI by elucidating the role that organisations play when embodying market-oriented activities in an attempt to benefit society through changing social relations.

The findings suggest that institutional change from the B Corps perspective can be considered as a result of an isomorphic process in which meso-level actors perform steered by a symbolic coercive pressure of macro-level actors, morally-oriented rationalities and mimetic-guided by uncertainties of an interlocking crisis. In the Colombian context, B Corps can be explored at the meso-level by connecting to two levels: the global (shaped by macro-level organisations such as the UN and national governments) and the national (both at the meso and micro levels). For B Corps, the primary approach to institutional change is **redefinition**. Instead of creating a new system or eliminating former institutions, B Corps “coexist” within the current system, aiming to transform it with a mixture of old and new institutional rules. This approach shows a high imitative tendency to re-signify current practices comprised in the sustainable development debate. Although B Corps capacity to exert institutional change is limited, these entities are pioneers in replicating global discourses through their business models, taking guidance from other successful, knowledgeable and exemplary organisations.

Finally, this chapter presents a reading of what Meyer (2010) calls a world society approach in a setting going through a considerable period of change. Considering that local regimes cannot guarantee the satisfaction of the unmet needs of current societies or the sustainable use of a nation’s resources, there is more significant participation of non-state actors that determine the dynamics of the contemporary world system (Suter & Tabares, 2019).

Despite increasing awareness of stateless world politics and the fact that more actors at the meso-level are playing an increasing role in solving global challenges, the scripts of this new system are increasingly guided by rationalities constructed by actors with extensive access to scientific knowledge with the power and resources to disseminate new practices and behaviours through global consensus. This perspective can misdirect or overlook the needs and particularities of national contexts by providing standardised and globalised ideas of what is considered a solution to the crisis.

PART V – CONCLUSIONS

CHAPTER 10

10. CONCLUSIONS: CONTRIBUTIONS AND IMPLICATIONS FOR FURTHER RESEARCH

10.1. Introduction

This dissertation aimed to improve the understanding of CSI and the process of systemic change based on an extensive study of eighteen B Corps in a unique context of a developing country in Latin America, Colombia. This chapter firstly explores the original contributions of the dissertation; then, the main findings are presented, responding to the research questions in Chapter 1. The researcher highlights the theoretical contributions, summarises the implications for practice and policy, offering recommendations for further research; then, it finishes with some final thoughts.

10.2. Original Contribution

There are three main original contributions in this thesis: (i) *theoretical*, (ii) *empirical* and (iii) *methodological*. Firstly, despite growing contributions in the literature, there is a theoretical vacuum in academic research relating to CSI, hybrid organisations and B Corps, business models, and systemic change. This thesis addressed these gaps by:

(i) Examining CSI as an independent field (Baltazar-Herrera, 2015; Martinez et al., 2017; Mirvis et al., 2016), suitable for being studied in hybrid organisations (Dionisio & de Vargas, 2020; Vrontis et al., 2021). The researcher utilises the social problem domain described by Lauer (1976) as an analytically useful notion to identify how CSI is utilised to provide solutions to the grand challenges framed in the SDGs (Eichler & Schwarz, 2019; Piccarozzi, 2017). The study provides new insights into CSI and documents the topic with empirical observations in an emerging economy context, broadening the understanding of the topic (Chapter 8).

(ii) Enlarging the debate in the hybrid organising literature (Battilana & Lee, 2014; F. Santos et al., 2015) on the historical and contextual forces that led to new hybrid legal forms, including for-profit models, Benefit Corporations, and BIC Societies. This study expands on the understanding and definition of contemporary hybrid organisations, which develop business models more oriented towards sustainable development and systemic change (Hestad et al.,

2020a). This research refines the spectrum of hybrid organisations previously outlined by Alter (2007), providing new examples and characteristics drawn from the literature. A definition of a hybrid organisation is also presented, more adapted to the motivations driving the emergence of these entities in our time (Chapter 3).

(iii) Extending in B Corps research and hybrid organisations literature. Traditionally, hybrid organisations have been acknowledged for combining two logics — notably charity and market-oriented activities (Battilana & Dorado, 2010), integrating public, private, and non-profit sector logics (Billis, 2010; Jay, 2013; Pache & Santos, 2013). The exploration of B Corps allowed framing them as a *sui generis* hybrid, providing a nuanced perspective to enlarge the debate and knowledge not only in the well-known logics but also those related to their capacity to act as part of a social movement.

(iv) Exploring hybrid tensions, broadening SHBMs literature. Authors such as Bocken et al. (2014) highlighted the need to explore the “hybrid business model” category for social enterprises and hybrid organisations. This research extends this debate by drawing on the business model elements: value proposition, value creation and delivery, and value capture (Osterwalder & Pigneur, 2010). This study focuses on the contextual factors influencing hybrid organisations in a developing country setting; characteristics of the B Corp model allowed to provide an archetype that can be extended to other hybrids (e.g. new hybrid legal forms).

(v) Exploring new dimensions of institutional change (Alexius & Furusten, 2020; Colovic & Schruoffenegger, 2021), particularly clarifying processes of institutional work at a meso level (Venugopal & Viswanathan, 2019) by providing novel nuances and explanations on how actors achieve to redefine institutions. The study exposes how actors — hybrid organisations — couple with isomorphic pressures of a highly institutionalised environment to change systems.

Secondly, this thesis contributes empirically to different kinds of literature:

(i) To *hybrid organisation's tensions* by looking at B Corps business models in Colombia and illustrating how the context shapes their performance. The existing literature tends to focus on external and internal hybrid tensions manifest (Battilana & Lee, 2014; Davies & Chambers, 2018; Siegner et al., 2018), with limited exploration of context-sensitive characteristics (Morioka et al., 2017). B Corp tensions have been scarcely documented in practice (van Bommel, 2018), while more evidence from emerging economy settings has been suggested (Stubbs, 2019). This dissertation provides empirical observations on how B Corps resolve the tensions of operating in a developing country.

(ii) To *hybrid business model literature*, by looking at B Corps model attributes from an SHBM perspective in the unique context of Colombia. Although studies in Latin America have already examined sustainable business models (Eckert et al., 2020; Matos & Silvestre, 2013; Palomares-Aguirre et al., 2018; Todeschini et al., 2017; Villalobos Araya, 2020) and inclusive business and other hybrid models (Colovic & Schruoffeneger, 2021; Petrini et al., 2016); to the researcher's knowledge, this is the first effort to build on SHBMs empirically in B Corps in a developing country setting. This study contributes to hybrid business model research in Latin America by bringing case studies from different Colombian regions that illustrate hybrid organisation functioning.

(iii) To *new hybrid legal forms of organisations*. Given the recent adoption of BIC Societies legislation in Latin America, there is very little evidence of the role played by new hybrid legal forms in the overall continent since there is a greater trend of studies in CSR and the SSE sector. It seems that the majority of these studies centres on the institutional pressures on these organisations, but not on their agentic capacity (Álvarez, 2010; Morales, 2019). Empirically, this study provides novel insights into new hybrid legal forms by exploring CSI in the Colombian context. Despite the growing emergence of empirical studies that explores the agentic role of hybrid organisations and their contribution to institutional change (Morisson & Panetti, 2020; Venugopal & Viswanathan, 2019), to date, research is limited from a hybrid organisations perspective (Colovic & Schruoffeneger, 2021; Luke & Chu, 2013). This study provides observations on the role of new hybrid legal forms in Latin America.

(iv) To *voluntary sustainability standards* and third-party audits research (Moroz & Gamble, 2020; Parker et al., 2019), illustrating the B Corps certification as a label that leads to a broader hybrid structure in organisations (Rawhouser et al., 2015; Sharma et al., 2018; Villela et al., 2019). Certifications are an effective strategy for achieving organisational sustainability (Gehman et al., 2019); thus, this dissertation provides examples of B Corps orientation towards sustainability, largely influenced by B Lab's certification.

(v) To *postmodern studies*, in the abandonment of technological progress and industrialisation, and a focusing on global priorities such as the grand challenges, this study examines hybrid organisations worldviews and responses to global urgencies (Hestad et al., 2020b). B Corps approach to sustainability reflects their inclination to support science's claim and the rationality behind their actions. Observing these entities behaviour allows exploring attitudes towards modern models, looking for broader participation of excluded actors in society (Hedlund-de Witt, 2014).

Third, this study also makes a methodological contribution by mapping organisations' contributions to the SDGs (Chapter 8). Previous studies have utilised mapping techniques as a data analysis tool with increased use in sustainability studies (Hockerts, 2015a), illustrating the procedure of integration and representation in the process of thinking on cause-and-effect relationships (Ferreira et al., 2016). Mapping is a common tool representing an organisation's contribution to the SDGs (Horne et al., 2020). This research revisits a methodology for mapping the SDGs, using the definition of social problems as a starting point, and connecting CSI business activities to correlate them (Dos Santos et al., 2019; Ike et al., 2019).

10.3. What has Emerged from this Research?

Four research questions guide this study (**Section 1.3**) derived from an analysis of key debates about the CSI, hybrid organisations and business models, sustainable development, and systemic change. This concluding section explores each of the research questions to review their contribution to the dissertation findings.

RQ1. What are the contributions, discussions and trends in the literature driving the research agenda in CSI?

The central purpose of this dissertation has been to improve the understanding of CSI; therefore, the first research question intended to examine the contributions, discussions and trends guiding the research agenda in this sub-theme of social innovation. Chapter 2, which aimed to respond to RQ1, summarised three key aspects of CSI: (i) bibliometrics, (ii) principal discussions in CSI, and (iii) major themes and future research directions.

(i) The literature review shows that the field of CSI research is still young. The first publication in CSI is tracked with Kanter (1999); however, the take-off phase on the topic only occurred until 2008. Today, after two decades of research in CSI, the dissemination of the topic has been limited. Unlike social innovation or CSR, CSI has received less attention in the literature, which is reflected in a large number of publications classified as 'grey literature' and the small number of peer-review publications in recent years compared to the mentioned topics. Despite its slow academic uptake, interest in CSI is growing, given the persistent call to involve the private sector in resolving the grand challenges. This is reflected, for example, in the increasing number of publications on CSI since 2020 (Gafni & Wirtenberg, 2020; Maltz & Pierson, 2022; Saka-

Helmhout et al., 2021), also seen as a strategy to address the Covid-19 pandemic crisis (Grueso-Hinestroza et al., 2021; RICSI, 2020; Vrontis et al., 2021).

(ii) Among the main discussions in CSI, three aspects attract attention: (a) the epistemological origins of CSI, (b) a need for a consensus in the definition of CSI, and (c) the different denominations of CSI. Firstly, the epistemological discussion reviewed in this chapter highlighted the origins of CSI. Although CSI shares commonalities with concepts such as social innovation, CSR, sustainable development, innovation and marketing, it has managed to establish itself as an independent area of practical interest in business. Secondly, major debates between CSI and CSR were synthesised from the literature, revealing a saturation in the comparisons between these two topics and the need to extend the debate in CSI as an independent research field. Finally, the scarce homogenisation in the denomination of CSI suggests a call for researchers for a better appropriation of the concept in theory and practice.

(iii) The research identified features that remain underexplored in the existing literature; thus, different issues were highlighted to bring up the trends in the literature that are expected to set future research in CSI. On the one hand, salient themes in CSI were identified relating to categories such as value generation in CSI, CSI processes, institutional change, actors performing CSI, and marketing and strategy. On the other hand, emerging research themes were revisited, highlighting an overload on the study of CSI from MNCs and strategy-related issues. A lack of theoretical debates explaining the CSI phenomena was identified, and the need to delve into methods and models of measurement of CSI.

Chapter 2 outlines the different lines of research and the great potential that this field has, particularly for business and the hybrid organising sectors. CSI is placed as a concept that can be implemented by various actors seeking to develop social innovations from a corporatist perspective, generating epistemological foundations for its understanding. Chapter 2 allows for differentiation between CSR, a more widely used term in the business sector but inadequate to reconcile aspects of societal transformation, which is a desirable outcome in today's society.

RQ2. How does B Corps face the tensions of operating in an emerging economy context through their business model attributes?

Given that social innovation is a highly contextual phenomenon (Moulaert, 2005b), this dissertation aimed to investigate the tensions these organisations face in their external contexts in a developing country setting. It was expected, thus, that these hybrids faced tensions in their business model, as carrying out CSI activities requires obeying both charity and market logics.

Therefore, the second research question in this study sought to explore tensions, focusing on hybrid organising and sustainable business model literature.

It is well-known that hybrid organisations attend multiple institutional logics to achieve social and environmental missions through market mechanisms (F. Santos et al., 2015). Central paradoxes in hybrids have revolved around the issue of simultaneously pursuing social/environmental missions and financial objectives (Battilana & Lee, 2014). When hybrid organisations fail to manage tensions, a “mission-drift” phenomenon occurs, meaning the organisation privileged economic needs over its social or environmental commitments (Battilana, 2018; Ebrahim et al., 2014; Klein et al., 2020; W. Smith & Besharov, 2019). Successfully understanding hybrid organisations depends on comprehending how these entities handle the various tensions they face in their organisational structure (W. Smith et al., 2013), making a contextual analysis highly valuable for scholars.

The literature has referred to both internal and external tensions (Battilana & Lee, 2014). *Internal tensions* are those that threaten a hybrid organisation viability (Battilana & Lee, 2014), related to conflicting goals, values, norms (Pache & Santos, 2013; Smith et al., 2013) or its social mission (Siegener et al., 2018), leading to incompatible and multiple identities. *External tensions* have been linked to challenges of the external environment associated with “institutionalised forms in the conferral of legitimacy and resources” (Battilana & Lee, 2014, p. 410). In this case, legitimacy is granted when hybrid organisations fit within the institutional expectations. Moreover, hybrids suffer various challenges as they “violate” established categories of social constructions between charity and business (Battilana & Lee, 2014). This dissertation findings broaden such understanding by examining the external tensions that can emerge when hybrid organisations — B Corps — aim to pursue a balance between social, environmental and economic dimensions in an emerging economy setting, Colombia.

Tensions in sustainability issues are related to the “dichotomy” or “paradox” of clashing logics such as short versus long-term goals, profits versus ethics, or the dilemma between prioritising stakeholders versus shareholders (Hestad et al., 2020b; Smith & Lewis, 2011). Recent literature has suggested that hybrid organisations tensions rely on business model elements (Bocken et al., 2016; Davies & Chambers, 2018). To illustrate, tensions in the *value proposition* have been linked to the communication of social value to stakeholders (Austin et al., 2006; Moss et al., 2011). In *value creation*, tensions have been related to external resource acquisition and obtaining finance (Austin et al., 2006; Santos et al., 2015), access to human capital (Battilana & Lee, 2014; Davies & Doherty, 2019; Doherty et al., 2014), market access (Davies et al., 2019), organisational networks (Dacin et al., 2011), or supply chain legitimacy (Dean &

McMullen, 2007; Short et al., 2009). Finally, tensions in *value capture* have been associated with a wide range of value creation goals (Lüdeke-Freund, 2020) and long term scaling impact (Davies & Chambers, 2018). The discussion is segmented, with blurred boundaries between hybrids, as studies are mainly focused on social enterprises and social entrepreneurship (Davies & Doherty, 2019), but limited evidence in the context of sustainability.

Chapter 7 aimed to fill this gap. Drawing on hybrid organisations and sustainable business model literature (Haigh & Hoffman, 2012, 2014), the chapter provides an SHBM archetype for B Corps. It relates tensions of the environment that can be mitigated through business model attributes, pointing out the B Corps business model characteristics that respond to regulatory, normative and cultural-cognitive institutional pressures.

Chapter 7 centres on two results: First, business model attributes of the so-called SHBMs are presented, focusing on value proposition, value creation and delivery, and value capture. Second, with the help of the neo-institutional theory, external tensions in the Colombian context are described and posteriorly interrelated.

(i) The B Corp Archetype: SHBMs Attributes in an Emerging Economy. Building in an integrative literature review, a summary of prominent characteristics of SHBMs from seminal literature combining hybrid organising and sustainable business models literature was presented in this chapter (**Table 7.1**). This summary resulted in an analytical framework (**Table 7.2**) that allowed identifying core business model elements (Bocken et al., 2014; Stubbs & Cocklin, 2008) linked to SHBMs literature (Haigh & Hoffman, 2012, 2014; Hestad et al., 2020a). Among the results, elements not previously discussed in the literature were integrated: the value proposition incorporated systemic change strategies (**Table 7.5**); value creation and delivery integrated attributes of a renewed governance structure relating to public transparency and legal accountability (**Table 7.6**); and value capture refined previous attributes relating impact measurement tools, i.e. indicators, tools and milestones (**Table 7.7**). The chapter closes with a discussion on the commonalities, refinements and enlargement of the existing knowledge on SHBMs to conclude with a B Corp archetype. Notably, this chapter responds to vacuums in the literature, in which scholars explicitly called for the incorporation of a hybrid organising business model for sustainability (Bocken et al., 2014).

(ii) External Tensions and B Corps. This chapter contributes to a missing discussion in the literature in a developing country context (Stubbs, 2019; van Bommel, 2018). Tensions were addressed using institutional theory (Scott, 2013) to capture particularities in the development of sustainable development by B Corps in Colombia. A summary of these tensions (from the regulatory, normative and cultural-cognitive lenses) is presented in **Figure 7.4**. The chapter

underlines how *regulative* tensions (e.g. legal requirements, institutional voids, political risk, or lack of modern infrastructure) are constraints for hybrid organisations, limiting their ability to extend solutions in sustainable development. *Normative* tensions were associated with corruption, competitive industry practices, increasing pressure for sustainability standards and certifications, or public opinion pressure. Finally, *cultural-cognitive* tensions were linked to cultural characteristics, customer preferences, and the lack of a skilled population.

Although overall, SHBMs do not differ much from one context to another (developed or emerging economy), context-related tensions are different and require adapted and customised responses by organisations. One of the major contributions of this chapter was linking the identified external tensions with B Corps responses to such tensions that are embedded in specific attributes of the business model. **Table 7.8** accounts for this asseveration (as shown in column 5). The interplay between the tensions of the Colombian environment and the different attributes of an SHBM in its core business model elements of value proposition, value creation, and value capture is synthesised in **Figure 7.5**, which is guided by examples throughout the chapter.

Aiming to give more context-related details of how a Colombian B Corp handle tensions, three additional observations not covered in the published chapter are worth highlighting: (I) the type of responses that B Corps opt to deal with tensions, (II) the various solutions, attitudes and behaviours developed by these organisations, and (III) the role that the B Corp certification plays in this process. These observations are described as follows:

(I) The literature identifies three ways in which hybrid organisations respond to tensions: *integration*, which means finding solutions in order to solve those tensions (Battilana et al., 2012; Smith et al., 2013); *separation*, related to separating demands one by one and attending tensions from different business activities (Battilana et al., 2014; Jay, 2013); and *assuming*, or living with conflicting goals rather than treating them (T. Hahn et al., 2014; Siegner et al., 2018). The B Corps participating in this study presented responses to tensions from the standpoint of integrating and assuming (or embracing) tensions.

On the one hand, attitudes towards the integration of tensions can be observed. A proactive response to tensions is driven by collective evaluation and examination of the organisations' goals and mission, assessing its correspondence with the expected financial returns. For instance, Case 5 organises "Saturday gatherings" to facilitate exchanging views between its different founding partners and monitor and re-evaluate the enterprise's mid and long term goals. Meetings are accorded in a one-day journey to review compliance with schedules, allocate profits among partners, and monitor and evaluate projects. A constant re-evaluation of

the mission allows founders and managers to assess the rationale of the business critically. Case 4 starkly illustrates this observation:

“Our mindsets are written all over the boardroom; one of them is: “start with why”, and that is why we are doing this (not what for or how). If we are not clear about why we are doing what we are doing, it is better not to do it. That becomes critical in terms of the framework that the answer gives us. If we are doing what we are doing just to make money, we should understand that there are more profitable businesses than education. We should be in technology, oil, finance or banking. This goes much further than generating financial value” (Case 4, Co-founder)

On the other hand, and aligned with authors such as Hahn et al. (2015) and Siegner et al. (2018), B Corps also demonstrated that tensions must be accepted before mission drift occurs. This means, for example, that enterprises accept that some tensions will always remain due to unavoidable societal conditions (e.g. a clear understanding that many market practices are governed by corrupt behaviours or that precariousness biases commercial activities). Organisations manifested the need to give up to certain customers or stop working with specific sectors to defend their business philosophy or protect their employees’ rights. In this respect, the company’s values prevailed, accepting that it is not possible to work under such conditions. A primary response observed was not to engage in certain business activities and refuse to work with certain clients. The following statements reflect this observation:

“For us, it is extremely important to have a pleasant customer experience in terms of the quality of life of our employees, as well as environmental and social criteria. For instance, we had a client who has a project in the Eastern Hills [Cerros Orientales in Bogotá]. Then, we ask ourselves whether we are working on a project there. If it is a good idea that they are going to build a project that is done in the most sustainable way possible, but at the same time we are encouraging the construction of a building in an area that is protected, then maybe we should not get involved in this type of project. Let’s understand that we’re not going to wash the face of a project doing environmental damage. We were once called to certify a project in an oil camp for companies that show themselves as super friendly but are doing environmental damage. For us, it makes no sense to be a Green Washing tool, so we don’t work on such projects” (Case 3, Founder)

“We only have four clients; we don’t want more. We work with only a few companies. As we have this model, we do business only with those who think as we think, if people have another vision, we don’t work with them because I need a conceptualisation of value creation and distribution to be able to work”
(Case 15, CEO)

For B Corps, living with conflicting goals implies the adoption of a specific posture towards what is ethically and philosophically accepted by the organisation, what they are willing to accept, tolerate, or reject. The B Corp certification plays an important role in this respect (this will be reviewed later).

(II) As presented in Chapter 7, responses to tensions are related to business model attributes; however, various observations merit to be highlighted relating to stakeholders demands, the acquisition of financial resources, the recruitment of human capital, and the strategies implemented for balancing profits and purpose. Descriptive details on how B Corps deal with tensions are provided as follows:

Stakeholder Demands. B Corps face multiple demands from the environment that generate questionings and tensions in their organisational development. These demands may emerge from consumers, customers, suppliers, regulatory bodies or society at large. Many of B Corps tensions lay in their inability to address all stakeholder expectations from a multi-dimensional perspective. In other words, B Corps focus on specific aspects to contribute to society, whether impacting social, environmental or economic aspects or a combination of these. To give an example, Case 18 is a company in which almost 50% of its employees have a physical disability, yet they are criticised because some of their bakery products have added sugar or are too expensive. A similar case occurs with Case 11, which donate resources equivalent to the value of one or two products for malnourished children in Colombia. However, the enterprise has been criticised because its products are packed in plastic packaging. Tensions remain, as consumers demand lower prices, even when all conditions are met (highlights Case 3). The following statement reflects some of these tensions:

“Today’s consumers have a selective conscience, which is what suits them. They are selective in the sense that they criticise some products made in China, but they buy Chinese products in different kinds of circumstances... Their memory is selective, because they don’t ask for a discount in a supermarket, but they do ask for a discount in the neighbourhood shop” (Case 18, Founder)

Chapter 7 explores in more depth how these companies deal with these tensions by developing a targeted relationship with their customers, educating them and disseminating a message through their products, or targeting customers with higher purchasing power (**Table 7.5**). Similarly, some of these tensions seek to be mitigated through a narrative or certain characteristics which evokes traditional and national features endowed with a certain nationalism and nostalgia for the local. For example, by integrating traditional local industry practices or communicating in a descriptive way the activities that benefit society in their products (**Table 7.6**). Case 14 reflects how some of their products possess unique characteristics that allow them to show to their customers the kind of activities through which they seek to contribute to society:

“We are developing 100% biodegradable packaging, and we are going to open a stand with Procolombia. We have a QR code on the packaging where consumers can verify the impact of the consumption of this product, the families that we impact, the testimonials, and the video of the plant. The code shows all the traceability and is something that nobody does in the cane sugar industry, not even in Colombia. Nor anywhere else in the world” (Case 14, Brand Manager)

Interestingly, many of the stakeholder demands are based on ethical and moral categories that can vary between organisations. These tensions are addressed by developing a value system determined by each organisation on its perspective of what is relevant as a contribution to society:

“When we started working with oil companies, we were criticised by environmentalists and NGOs who told us that we should not work with the oil industry. And here we said: why not? Finally, we are training people who work with oil because that is their job and we are sensitising them to do a better job. Besides, nowadays we all use oil, you came by plane, we can’t be so extremist either, and that’s what sustainable development is all about, it’s about generating harmony between the three things” (Case 7, Founder)

Financial Resources. Financial resources acquisition is one of the external tensions that hybrid organisations typically face. As highlighted by Battilana and Lee (2014), “evaluators may also perceive these social enterprises as relatively more risky, due to the relatively higher uncertainty of their future behaviour. Such uncertainty results from resource providers’ awareness that the hybrid organization faces continuous pressures to conform to demands that may conflict with their own interests” (p. 410). This aspect was outlined in Chapter 7, showing how B Corps rely

on collaborations with partners with similar values. In line with the type of alliances that hybrid organisations can access, some companies expressed accessing financial capital through social investment funds. Case 12 received funding from Acumen by establishing commitments to integrate solutions in their supply chain and migrating smallholders families of farmers from low-earning crops to premium crops, impacting the lives of over 1.350 people. Case 16 also managed international cooperation resources from institutions such as the King Baudouin Foundation of Belgium or USAID of the US to achieve sustainable development outcomes. Similarly, Case 4 received funding from the social investment fund, Grassroots Business Fund, to develop a project focused on supporting suppliers at the BOP. The following extract reflects this relationship:

“We found this fund that tells us that they are interested in working with us not because of the impact on the students, but because of the impact on the communities in which they are travelling. Because of our capacity to redistribute wealth, installed capacities, education to those people who are in the BOP. Out of that partnership came our focus on small local vendors. About 82% of our suppliers are small, locally-owned vendors. Obviously, we are not going to be able to reach 100% because there are services that we cannot contract, such as air flights or transportation. So getting to 100% is not realistic” (Case 4, Co-founder)

One way to cope with the tension of acquiring financial resources in a credit system where such organisations are perceived as risky is to develop partnerships and investments with social investment funds. This was expressed in Chapter 7 (**Table 7.6**) about developing collaborations with partners sharing similar values.

Recruiting Human Capital. Recruiting the human capital required by a hybrid organisation has been another highly debated issue in the literature (Battilana & Lee, 2014; Davies & Chambers, 2018; Davies & Doherty, 2019), an issue highlighted in the Colombian context. The struggle of recruiting and maintaining adequate human capital for this type of organisation was presented in Chapter 7 under cultural-cognitive tensions (**Table 7.8**). In general, some of the strategies observed in B Corps have been to (i) make employees partners, (ii) promote flexible working and generate a pleasant, creative and participative work environment; and (iii) extend to employees the relevance of working in an area that generates personal gratification. First, making employees partners means that they have a reason to share the “pain of doing business”. This aspect is reflected in Case 12, which introduces a system of partnership with smallholder farmers in Antioquia, in which the company offers training, inputs and sale of agricultural

products in exchange for the farmers working the land and supplying the crops. The following quote shows in a clear way the tension of this B Corp, and at the same time how it tries to integrate a solution that involves the employees to suffer equally the “pain” of being engaged in the business:

“The temptation to produce ourselves is very high, and not to change the mentality of small producers. That explains why many companies produce themselves. What we do is to be an articulator between the market and the producer, we make the sowing plan, we deliver the inputs, but managing them is complex because they are people who are culturally waiting for a lot to be given to them, and when they start to ask for it, they leave. So we have had a rotation of producers that we have trained, we have invested six months in training, and they leave for reasons that are not very profound. And we are left with training, a life project, and we think about replacing them. It is a solution that has always been there, but for ethical reasons, is to hire employees, this would remove the problem of many things” (Case 12, Founder)

Second, by generating working conditions that allow employees to develop a pleasant and flexible working environment. Some of these strategies were previously mentioned as favouring humanistic recruitment techniques or forming multidisciplinary teams. Besides, the creation of workspaces can also be mentioned, which allows the creative development of employees in the workplace (see Case 3, 6 and 13 in **Appendix III** for more details). Finally, B Corps encourage their employees to share a greater cause or purpose. This is, for example, an understanding that employees have the opportunity to work in a place that brings some benefit to society, so there is a moral and personal gratification. One of the B Corps that most emphasised this aspect was Case 1, as the mission of this organisation is to empower people to transform the world.

Balancing Profits and Purpose. Perhaps the most contentious tension in the literature refers to the balance between social/environmental impacts and income generation. This is centrally the defining tension of a hybrid organisation. In a context such as Colombia’s, the risk of business subsistence is even more significant, considering that the environment leads companies to choose “survival” attitudes (e.g. the belief that the enterprise must generate revenue before anything else, as subsistence depends on it). Several solutions to tensions were identified: (i) establishing concrete boundaries of the business concept, (ii) creating concrete commitments, and (iii) leveraging values and principles for decision making. First, B Corps reiteratively state that commercial logics prevail, which is the primary mechanism for impact generation. To this

end, clear boundaries are established: a deep understanding of what is and what is not business. Therefore, from their foundation, limits are strictly drawn. Several enterprises expressed this issue:

“The first thought when we created this company was that we were not going to be a foundation, but that we wanted a different dynamic. But the idea of it being a foundation was there for the first two years. One of the members even said: ‘this would work much better as a foundation’. Other members said no, we will be a business or a social enterprise, but not a non-profit” (Case 5, Co-founder 1)

“We clearly say that we are a company. I was a bit annoyed with NGOs or foundations because I thought that these ideas had to be profitable. For almost four years, we were called a foundation. They didn’t understand why the environmental and social issue was not a foundation but a company as everybody else normally worked” (Case 7, Founder)

“We never thought of ourselves as a foundation; we have always wanted a profit-making purpose, but one that generates more than economic profit, but also a social impact, hopefully, an environmental impact, and that the things we do have that impact and financial return. At some point, we thought about doing a specific business through a non-profit model, but we discarded it because the regulatory issue was not very clear to do it in that sense. Foundations make sense, it's good that they exist, and it's positive that they develop these entities with a more philanthropic purpose entirely, but in fact, we work with foundations hand in hand, but we are more focused on the economic return” (Case 13, Co-founder)

The logics of profits and purpose are linked. Like many profit-oriented hybrid organisations, B Corps subordinate the development of social/environmental impacts to their business growth (Stubbs, 2017a). The business logic prevails in the sense that their purpose will only be achieved to the extent that a market need is satisfied. This aspect is developed in Chapter 7 (**Table 7.7**):

“As we grow in volume, we grow in impact. That’s why I’m telling you, the challenge is to start to have volume from a commercial point of view. Because if you don’t have volume, there is no point in working on the environmental issue at the plant. So, the challenge is volume and based on the volume, we start to build according to that social and environmental challenge. We already had a business that thought a lot about philosophy and values. In our experience, you have to have both in the commercial aspect” (Case 14, Brand Manager)

Second, creating commitments is key for B Corps by establishing a business model linked to the specific solution to one or various social/environmental problems. Aware of their limitations in the market and the need for income generation, B Corps create societal commitments in very specific ways. To this end, organisations develop a process of reflection and diagnosis of the environment, arriving at a clear understanding of the pressing problems and how market mechanisms can respond to these challenges (see Chapter 9). Chapter 8 particularly illustrates the type of social problems that the Colombian B Corps focuses on, in which CSI consists of the primary tool for their execution.

Third, and perhaps one of the distinguishing characteristics of B Corps, is the concrete definition of the values and mission that guide these organisations (what B Corps call “DNA”, **Table 7.5**). This solution to tensions is aligned with previous literature (Klein et al., 2020; Siegner et al., 2018; Stubbs, 2017a). Clinging to their organisational values is considered one of their main survival and legitimisation strategies not only with society but with the organisation itself. The researcher observed the role that founders and managers play since their visions of life, beliefs and values overcome the firm goals, expecting to be reflected in business activities. To illustrate, the co-founder of Case 4 stated: “This is only possible if the leaders of the organisation are 100% committed to that reality”, while the founder of Case 18 suggested: “We believe that this company has a holistic sense; we cannot separate human beings from the company. The company is a whole, and companies must have a spirit, and this is a company with a spirit”. Similar statements can be highlighted in Chapter 7 (**Table 7.5**).

(III) The results of this chapter reaffirm and extends the observations of former studies manifesting that the adoption of legal figures—in this case, the B Corp status—contributes to lessening the tensions of operating under dual hybrid logics (Rawhouser et al., 2015). As exposed in Chapter 2, B Corp is not a legal framework but a sustainability-oriented certification. It has also been shown that the B Corp structure is very similar to Benefit Corporations (**Table 3.3**) and that several countries compel B Corps to adopt the Benefit Corporation legislation.

Akin to Ebrahim et al. (2014) which previously stated that “new legal forms are unlikely to resolve all the governance issues that social enterprises face since, no matter what legal status they adopt, they will continue to experience internal tensions between the social and commercial aspects of their activities” (p. 87); this research shows that B Corps are not free of tensions. The adoption of a certification or a new legal status does not eliminate the vulnerable situation of a hybrid *vis-à-vis* other organisations more aligned to the traditional institutions of society.

As discussed in Chapter 9, the B Lab movement prompts B Corps to reaffirm their mission and shapes their identity. The literature has argued that a hybrid organisation identity is central to achieving their social goals (Young, 2001). As suggested by Battilana and Dorado (2010), “to be sustainable, a new type of hybrid organisation needs to create a common organisational identity that strikes a balance between the logics the organisation combines” (p. 1420). Young (2001) also highlighted how enacting an identity allows hybrids to choose successful structures and strategies. Thus, B Corps develop an identity that helps them, for example, to deal with tensions and dilemmas that are resolved by the mere definition of their status as B Corps. The following extract illuminates this observation:

“If we were a foundation, well, we go and hug the tree, and that’s it, which is very different from a for-profit company. One must have limitations, so we don’t work with anything related to weapons, tobacco, or the porn industry, to name some examples. That is to say, like B Corps, we have some restrictions which we are in total agreement not to do. However, if there is a company that is mining and is legal and brings development, we say that we are going to help them to do it well... because the vision of an environmental collective may be more oriented towards criticising mining” (Case 16, Deputy Executive Director)

As presented in Chapter 9, B Corps amalgam, mirror, and replicate practices, discourses and mindsets of the certification and its movement, which in line with hybrid organising literature, allows the enactment of a “shared identity”. Although authors such as Lee and Jay (2015) suggest that an organisational identity within hybrids constrains opportunities for collaboration, the results of this dissertation show that the opposite happens in B Corps, as this allows the creation of more sense-making alliances and the construction of a more robust ecosystem for these organisations. Consider the following quotation:

“To the question of whether B Corps become B because they are certified, or whether they already are B. I say that these companies have goodness; they

want to do things well. On the other hand, they have beauty because they want to take care of the planet, and they have profit as a consequence of goodness and beauty. So, what I have seen is that companies meet those conditions before they get B-certified. The certification does not give them that, but it gives them something very nice; it tells you: ‘this is the way, it accompanies you’. It also reaffirms you” (Case 18, Founder)

RQ3. How does B Corps contribute to the SDGs through CSI?

Considering that a big challenge in this dissertation is understanding CSI in hybrid organisations and the process of systemic change in an emerging economy setting, an initial answer to this question started by depicting B Corps contribution to the SDGs in Colombia. As manifested in Chapter 1, this dissertation’s interpretation of systemic change is constituted by a convergence between the sociological, market-oriented, and social policy approaches (see **Figure 1.4**). Therefore, focusing on the SDGs as the main target for systemic change was an initial step. RQ3 is thus addressed in Chapter 8, which revisits the notion of CSI as the central mechanism in which hybrid organisations, B Corps, passes from a stage of social problem recognition to social problem addressment through market-oriented solutions. This relationship was inspired by the work of Varadarajan and Kaul (2018), showing that CSI is a means for achieving the SDGs. However, other scholars also support this assertion (Bonsu et al., 2020; Eichler & Schwarz, 2019; Piccarozzi, 2017). The chapter, thus, links CSI and sustainable development, a gap claimed to be covered in scholarship. Overall, Chapter 8 summarises two conclusions that respond to RQ3: (i) How CSI manifests in B Corps, and (ii) B Corps contributions to the SDGs.

(i) CSI in B Corps. Considering hybrid organisations’ primary objective to address social problems, their activities generate interest in delivering change and making progress in providing solutions to the most persistent planetary challenges (Mair & Rathert, 2020). Chapter 8 explored B Corps capacity to generate solutions to context-related social problems in Colombia as an analytically useful domain to understand the role of CSI in such a process. CSI, defined as new and innovative products, processes or practices that benefit society while enhancing business performance, was acknowledged as a mechanism to identify the array of social problems B Corps addresses through business activities. In addition to distinguishing the major types of CSI developed by Varadarajan and Kaul (2018) (see **Figure 8.3**), the chapter

extends on the authors' opportunity framework: "innovations for alleviating social problems highlighted in UN's SDGs". The chapter showed that a diagnosis of social problems is an integral part of CSI, as, in this way, organisations can focus on specific business activities that benefit society.

The chapter identified the major types of CSI on which the participating B Corp concentrates. Most enterprises focus on introducing new products and services that seek alternatives to unsustainable consumption practices, promoting new habits and encouraging new social behaviours. Another major type was related to ecological issues linked to climate change, referred to as sustainable-oriented innovations, followed by CSIs derived from the firm's internal environment that provides solutions to domestic social problems, mostly related to labour issues. A minor number of CSIs developed by B Corps were related to activities derived from economic transactions, innovations created from the external environment, or products/services focused on BOP customers. In a general overview of the type of social problems that Colombian B Corps focus on, nine categories emerged: agriculture-related challenges, corruption, climate change, illiteracy/lack of education, labour problems, lack of community involvement, malnutrition, poverty and unsustainable consumption habits. One of the B System informants describes the type of social problems that B Corps in Colombia mainly address; which are in line with the nine blocks of social problems identified:

"On the one hand, a large part of the B Corps in Colombia focuses on environmental challenges. Many companies are either environmental consultants or work with reforestation and regeneration issues. There is a whole world of opportunities and, well, in Colombia, there is an obvious opportunity because of our biodiversity: with wastelands, with jungles, with unique ecosystems, with so much biodiversity, with the possibility of planting absolutely everything, it opens up many opportunities. On the other hand, there are social issues, many of which are linked to agricultural issues. We have Crepes & Waffles working on reforestation issues and also on a sustainable value chain with its suppliers. We have Blanquita Rice or Juan Valdez, which is also working on the whole issue of the value chain and the eradication of inequalities. So, I think we have very clear challenges linked to nature and the countryside" (Informant D).

(ii) B Corps Contribution to the SDGs. The results of this dissertation showed B Corps potential to contribute to the SDGs from their business models. Chapter 8 illustrated how social problems addressed by B Corps could be mapped against the SDGs (see **Figure 8.5**), thereby

staring at the goals that are treated as priority by them. The sample of B Corps in this study showed to contribute to certain SDGs when developing CSI related activities. By applying an SDG lens on CSI issues, it was determined that B Corps in the sample contributed to the following goals:

Goal 1. *No Poverty (Target 1.3)*

Goal 2. *Zero Hunger (Targets 2.3, 2.4, 2.5 and Target 2.A)*

Goal 4. *Quality Education (Targets 4.3, 4.4, 4.5, 4.7 and Target 4.A)*

Goal 5. *Gender Equality (Targets 5.1 and 5.5)*

Goal 6. *Clean Water and Sanitation (Target 6.3, 6.4, 6.6 and Target 6.B)*

Goal 8. *Decent Work (Target 8.5 and 8.8)*

Goal 9. *Industry, Innovation, and Infrastructure (Target 9.4)*

Goal 10. *Reduced Inequalities (Target 10.2)*

Goal 11. *Sustainable Cities and Communities (Targets 11.2 and 11.6)*

Goal 12. *Responsible Consumption and Production (Target 12.2, 12.3, 12.5, 12.6 and 12.8)*

Goal 13. *Climate Action (Target 13.3)*

Goal 14. *Life Below Water (Target 14.1)*

Goal 15. *Life on Land (Targets 15.3, 15.4, 15.5, 15.7 and 15.9)*

Goal 16. *Peace, Justice, and Strong Institutions (Target 16.5)*

While not all B Corps structure their organisational mission on solving the social problems outlined in the SDGs, their business model orientation towards sustainable development issues allows them to contribute to multiple goals. It was also identified that by the mere fact of following B Lab BIA assessment, they conclusively contribute to *Goals 9 and 16*, as all B Corps develop policies to maintain neutral carbon emissions (coupled to COP25) and implement anti-corruption practices.

Regarding the most recent version of the Sustainable Development Report (Sachs et al., 2021), Colombia presents major challenges to meet *Goals 3, 6, 8, 9, 10, 14, 15 and 16*, ranking 68th out of 165 countries, with a global average of 70.6 in meeting the SDGs. In an analysis of the type of social problems addressed mainly by B Corps, it is possible to observe that some of the goals considered major challenges (except for *Goal 3*) are being addressed by these organisations, reflecting the urgency of developing solutions in these areas. The chapter also

shows that despite B Corp's efforts to generate concrete solutions to major social problems, organisations cannot holistically address all the targets of a single SDG; thus, contributions to these goals are partial.

To summarise, Chapter's 8 intention was to depict hybrid organisations capacity to organise business activities through CSI to provide solutions to social problems framed into the so-called grand challenges currently represented under the SDG framework. Despite the wide-ranging quantity of SDGs, a starting point to contribute to these goals is to diagnose the specific problems of an environment associated with the SDGs and develop market solutions that can be operationalised through concrete, verifiable indicators. It is worth highlighting that "understanding different perspectives concerning the problem situation" and "locating root causes to systemic problems" (Foster-Fishman et al., 2007, p. 201) are the first steps to conducting systemic change. Therefore, Chapter 8 explored the relationship between CSI and the SDGs to interpret systemic change more broadly. The core of this discussion is developed in Chapter 9, which is atomised in the fourth and last research question, which is presented as follows.

RQ4. To what extent and how does CSI contribute to systemic change? How can this phenomenon be explained through the institutional theory lenses?

After revisiting the various research questions to understand what CSI is and why it is worth utilising this notion instead of social innovation with market-oriented actors (Chapter 2); framing these organisations tensions in an emerging economy context in Colombia (Chapter 7), and discussing the role of CSI as a mechanism to address social problems depicted in the SDGs (Chapter 8), an answer to RQ4 is presented in Chapter 9. The latter chapter examines, from a theoretical perspective, B Corps contribution to systemic change through CSI. Considering the overall purpose of this dissertation to *improve the understanding of CSI and the process of systemic change*, the chapter aimed to place the debate of CSI as a *transformative* notion attending the call of former research on comprehending systemic change in terms of institutional change (Cajaiba-Santana, 2014; Pel, Haxeltine, et al., 2020).

Drawing on isomorphism (DiMaggio & Powell, 1983) and institutional work (Lawrence & Suddaby, 2006), Chapter 9 discussed the moment in which CSI takes place within the process of institutional change (Greenwood et al., 2002). Based on a refined four-stage model (**Figure 9.1**), two conclusions were drawn: (i) First, B Corps endeavours to redefine the current economic system that occurs under a multi-level model, shaped and configured by the

isomorphic interactions between various micro, meso and macro-level actors. (ii) Second, CSI plays a central role as a driving force that allows the introduction of new solutions through market mechanisms that have the potential to change social relations but is ultimately locked in a *cage* with limited options of action. These conclusions are revisited as follows:

(i) Chapter 9 discusses the different isomorphic logics that guide the multi-level model of institutional change, described in this dissertation from the B Corps lenses (**Figure 9.2**). First, the model is coercive (symbolic), as scripts emanate from voluntarily binding sustainable development agreements (e.g. SDGs) guided by reciprocal typifications (Meyer & Rowan, 1977) and agreements between global institutions and national governments. Second, it is normative (morally guided) as its imperatives (Holden et al., 2017) claim more committed, empowered and agentic actors inspired by a sense of justice (Rawls, 1999) and good actor citizenship (Meyer, 2010). And third, institutional change is guided by mimetic pressures, emerging from emotions such as uncertainty and fear (DiMaggio & Powell, 1983; Scott, 2013), resulting from the interlocking crisis depicted in the grand challenges of our era.

B Corps are located in an intermediate meso level (level 2), showing that social movements, consultants, accelerators, and other translocal networks — such as B Lab and B System — occupy a higher level of the multi-level model (level 1). Therefore, B Corps cope with ideas of the sustainable development debate, acting as problem-solvers for the current interlocking crises. Institutional change originates from a top-down perspective, diffused through various actors, in which institutional work dynamics (Lawrence & Suddaby, 2006) better picture B Corps intervention. A mimetic isomorphism is identified, showing that B Corps aim to “change of meaning of abstract categories” (de Oliveira Miranda & Calmon, 2018, p. 75) of existing institutions. Thus, B Corps intentions to pursue change are developed through business activities aiming to target the construction of a “New Economy” and redefine the concept of success in business. Such endeavour is aimed to be achieved through *theorising*, *educating* and *awareness*, and *mimicry*. Institutionalisation occurs when the new norms are diffused and objectified, leading to the complete redefinition and resignification of the system.

Comparing with former observations in the literature, Dey and Teasdale (2016) examined how social enterprises adopt a parasitical engagement with public institutions to appropriate public resources without transforming existing relations of power, relating a process of tactical mimicry to conform with governmental strategies. Likewise, Seo and Creed (2002) elaborated a dialectical framework to address institutional contradictions using an isomorphic approach while capturing complex linkages between agents and the institutional context to bring about systemic change. In line with these studies, institutional change in the eyes of this dissertation

occurs as an “embedded paradox”, demonstrating B Corps struggle to act as *transformationist* actors but developing *status quo* praxes (Hopwood et al., 2005). The second conclusion better delves into this discussion.

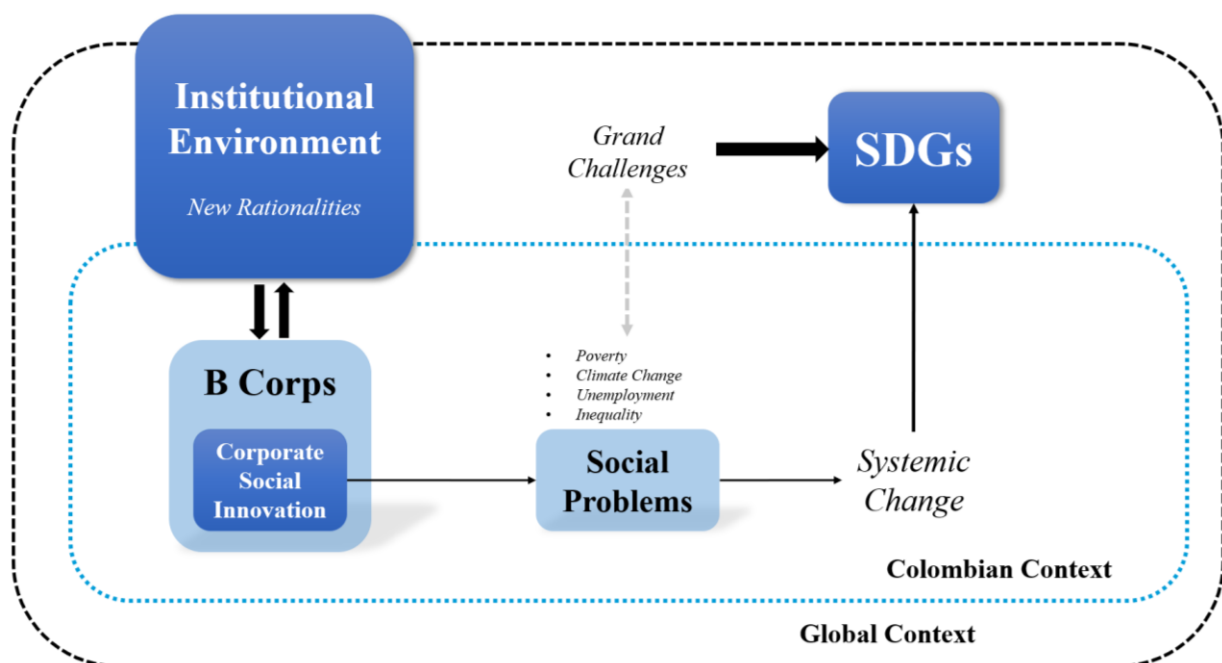
(ii) To unlock an understanding of what this dissertation calls systemic change (Chapter 1), the transformative nature of social innovation in the context of CSI was fundamental. The core interpretation of systemic change evokes the changes, alterations or challenges of *status quo* social systems and the relationships represented in the root causes of social problems, reflected in the grand challenges outlined in the SDGs. CSI was interpreted as the force that makes it possible to introduce changes in the system from a market perspective. The B Corp model presented in Chapter 7 accounts for B Corps agency, which contributes to Pel, Haxeltine et al. (2020) *Proposition 8* by highlighting that the achievement of systemic change through CSI combines different forms of institutional entrepreneurship by carrying out regenerative sustainability practices, developing activities such as advocacy, corporate activism, or lobby, or contributing to processes of cultural change (to name a few). Therefore, understanding the concept of business models is key for elucidating an organisations capacity to pursue systemic changes. This conclusion is also aligned with Murray et al. (2010), which suggests that systemic change, as an ultimate goal of social innovation, involves interactions of business models and social movement logics, elements considered when analysing B Corps as a *sui generis* hybrid organisation.

Engaging with scholarship on transformative social innovation (Avelino et al., 2019), a relational perspective of the topic implies that its attributes do not reside in individuals or groups but the interplay of complex socio-material relations. Also, understanding CSI, not a revolutionary process against “monolithically conceived ‘institutions’ or ‘systems’”, but to “take place through them” (Pel, Haxeltine, et al., 2020, p. 3), relations to institutional change allowed examining CSI into the category of “a transformative process”. Thus, CSI was assimilated as the central notion to identify how, through the introduction of new products, services or processes that solve social problems that also enhance an organisation’s performance (Varadarajan & Kaul, 2018), social relations can be changed in an overall context of sustainable development. This process is summarised in **Figure 10.1**.

Although B Corps actorhood is triggered by the various pressing needs of the Colombian context guided by their inner nature as “problem-solvers”, the influence of dominant trends leads them to function under determining and standardised behaviours. B Corps identify challenges in the Colombian society through the lens of external actors that determine the degree of “severity” in which such issues must be addressed. Even though the SDGs were

constructed through a global consensus, and the sustainable development debate aims to be universal and integrative to all societies, B Corps commitment to sustainability through triple impact solutions shows a gap between the reasoning of what is urgent and what the local context needs. To illustrate, B Corps present chief commitments to achieving zero emissions, fighting climate change, or rejecting racist practices (among others) that are part of the “New Economy” narrative, showing a big gap between the global and the local. In addition to the usual limitations of the market to offer solutions to the “root causes” of social problems, their ambitions of transformation are (in some cases) influenced by the scripts of the system in which they are immersed.

Figure 10.1. An approach to Systemic Change from the B Corps perspective



Source: Own elaboration

A “duality” is revealed in B Corps struggle to pursue change, as their limited resources lock them into a *cage* that determines how change should be achieved. Whereas the Weberian tradition described the *iron cage* as a process of increasing rationalisation resulting from Western capitalist societies governed by principles of efficiency, rationality and control, the new rationalities emerging from the sustainable development debate are based on the fear of extinction of the human race. The *market as a cage* means that the economic system triggered the crisis, and its solution develops within it. In line with Roy and Hackett (2017), it occurs that these entities “have little chance of impacting upon global-scale events and powerful elites” (p.

104) but end up appropriating *isomorphic mimetic* practices that risk reproducing behaviours that have been criticised in the first place. B Corps are thus submitted to a tension determined by a desire to transform society, and at the same time to abide by the traditional (and restricted) tools of the market. Consequently, instead of focusing on *efficiency*, B Corps look for *endurance* to legitimise themselves as pioneers of transformation. Similarly to Mendell (2007), B Corps ultimately are “contributing to a process of institutional reconfiguration” (p. 81), locked in a *market cage* with limited but still relevant solutions to complex challenges in emerging economy settings.

In the eyes of this dissertation, breaking this *cage* implies understanding CSI from a more *transformative* lens of society and its systemic relations. Various contextual urgencies require greater mobilisation and even a “divorce” from traditional market tools that B Corps traditionally utilise. In other words, the doors of this *cage* can be opened to the extent that B Corps, and other organisations with systemic change aspirations, become more embedded in the local problematics and urgencies. For example, developing partnerships with local communities (e.g. indigenous groups, community associations, local leaders) and not with globally recognised institutions (such as the UNDP). Many profoundly serious social/environmental problems remain unattended in Colombia (Chapter 4); however, many of these domestic issues are neither mainstream nor part of contemporary global discourses. To illustrate, some B Corps focus on achieving low carbon, reducing racism or labour discrimination, which is not the root problems of Colombian society as much as poverty, inequality, armed conflict, or political corruption.

This concern aligns with some of the criticisms that social innovation has received for entangling a “dark side” that comes with its implementation (Fougère et al., 2017; Fougère & Meriläinen, 2021; Westley et al., 2017). This raises the question of whether the standardised solutions proposed by the B Corps address the “root cause” of problems. Case 11 is a good example of this paradox. This B Corp aims to contribute to eradicating malnutrition in Colombia by 2030, depending on a 1x1 and 2x1 model in which consumers, through the act of consumption, will contribute to this cause. This solution encourages a dynamic of mass consumption, leading to path dependency to develop the expected problem resolution and subsequent social transformation. Other similar cases can be observed through this study, where systemic changes are based on market transactions.

However, CSI delivers no less than it promises, as it is ultimately a mechanism for improving organisational performance. Analysing this concept from a systemic change perspective will require further questioning its tools and their implications for society.

10.4. Implications for Theory

Several implications for theory can be drawn based on the results of the study. These include (i) strengthening theory in CSI; (ii) refining understanding in hybrid organisations and new hybrid legal forms; and (iii) extending on the neo-institutional theory framework.

(i) This dissertation carries several *theoretical implications for the emerging field of CSI*. (a) Implications for theory are suggested when considering CSI a transformative term, pertinent in hybrid organisations and configured as a more evolved concept than CSR; (b) it is proposed to expand on the different types of CSI discussed by Varadarajan and Kaul (2018), and (c) a model to interpret CSI in hybrid organisations is presented.

(a) One of the main implications for theory is to broaden the discussion on CSI as a transformative notion. CSI is starting to be implemented not only by MNCs (Carberry et al., 2019; Varadarajan & Kaul, 2018) but also by entrepreneurs, new ventures (Grueso-Hinestroza et al., 2021), and hybrid organisations (Vrontis et al., 2021). Even though CSI, as a bifocal innovation, should be understood from income generation, this dissertation showed that hybrid organisations could engage in systemic change through CSI.

Chapter 8 shows how CSI relates to products or services that provide solutions to unsustainable habits linked to the adjustment of social behaviours, values, norms or lifestyles (which engage in cultural change). Other examples can be highlighted; moreover, the main implication for theory was to illuminate how CSI in the private sector has a strong potential to achieve institutional change. This issue is claimed to be covered in the literature on how to engage profit-oriented institutions in social innovation (OECD, 2021a), and this dissertation provides insights to broaden this topic from the CSI construct.

This implication for theory is linked with the discussion raised by Kanter (1999), highlighting that companies are “moving beyond corporate social *responsibility* to corporate social *innovation*” (p. 123), suggesting that CSI is a more evolved term than CSR. The author’s approach is to focus on innovation to generate solutions to unsolved problems or unmet needs by considering social problems as economic problems. This approach, which goes in line with former research in social innovation in business (see Martinez et al., 2017; Pol & Ville, 2009), questions the usefulness of CSR in generating solutions to contemporary societal challenges, arguing that “winning” companies demand the implementation of innovations within their processes, looking for inspirations in “unexpected places” with the potential to stimulate

business development. This research shows the differences between CSI and CSR (Chapter 2) and presents observations of CSI in practice (centrally in Chapter 8).

To understand CSI as a more evolved concept than CSR — aligned with the evolutive notion of social innovation reflected in transition studies (Avelino, 2017) — this study considers pertinent to explore a more holistic and comprehensive conceptualisation. A new understanding, on the one hand, should reflect a more systemic conception of social innovation that mixes elements towards the solution of social problems such as the change of social relations and their structures (**Figure 1.1**), and on the other hand, the bifocal conception of innovation in business (**Figure 1.2**). The following definition is suggested: ***Corporate Social Innovation consists of the implementation of new products, services, processes, or practices that change social relations embedded in market structures that alleviate social problems in a particular context while benefiting an organisation's performance.***

Theoretical implications and further discussions on the subject are expected.

(b) Interpreting CSI as a transformative concept, this study recognises a need to extend classifications of CSI proposed by Varadarajan and Kaul (2018); thus, other types of CSI should be considered. Chapter 7 indicates that other categories of CSI related to systemic change are worth revisiting, notably linked to lobbying, corporate activism and advocacy. Authors such as Gafni and Wirttemberg (2020) previously argued that advocacy and public policy are constitutive activities of CSI, and more studies are starting to recognise its value in the private sector (e.g. Eilert and Nappier Cherup, 2020). These activities, linked to institutional change, generate profits in a long-term perspective and are considered corporate alternatives that contribute to society. Extensions to a CSI typology are suggested to be examined (**Figure 10.2**).

Figure 10.2. Major Classifications of Corporate Social Innovation



Source: Compiled by the Author and extending on Varadarajan and Kaul (2018)

(c) A model for analysing CSI in hybrid organisations is suggested. Baltazar-Herrera (2015) presented a CSI model based on shared value and competitive advantages, mixing literature in CSR and social innovation, defining a model for institutionalising CSI in private firms. Chapter 8 extends this debate by presenting an alternative model that integrates literature on hybrid organisations, social innovation, and sustainable business models. Although Baltazar's model includes three elements (stakeholder involvement, operational structures and processes, and organisational culture), this research suggests new elements such as business strategy and mission alignment and the systematic measurement of impacts through indicators and internal standards (**Figure 8.6**). Previous research in developing countries is expected to be refined.

(ii) This dissertation also seeks to generate theoretical discussions on **hybrid organisations**, specifically in the so-called sustainability-oriented hybrid organisations (Hestad et al., 2020a), and new legal forms of hybrid organisations (Rawhouser et al., 2015). Chapter 3 is an invitation to this discussion. In particular, a historical overview is presented, relating how hybrids originated out of a call for failures in the functioning of the welfare state and evolved by the intervention of the public sector and various schools of thought. This discussion is updated by

introducing the role that sustainable development play in nowadays' hybrid organisations emergence. Two theoretical implications are suggested.

First, this study suggests that the debate of hybrid organisations needs to be extended since the essence of hybrid organisations has changed; thus, these entities should integrate innovation and sustainable development concepts, bearing in mind their capacity to pursue transformations in society. Chapter 9, for example, captures part of this discussion, showing how the mainstream global discourse of sustainable development influence the emergence of a more significant number of actors (e.g. institutional entrepreneurs, business organisations, and individuals) seeking to provide solutions to society's grand challenges.

Chapter 3 (**Subsection 3.7**) provides a definition of a **hybrid organisation** more adapted to the evolutionary process that these entities have following in the latter years. This study affirms that current hybrids are more willing to address sustainable development challenges as part of their mission leading to systemic changes. The definition is expected to be debated in hybrid organising scholarship regarding the emergence of new hybrid organisations (e.g. TBL businesses, triple impact organisations, etc.) and other hybrid legal forms (e.g. BIC Societies)

Second, this study suggests that an interpretation of hybrid organisations must consider greater logics than those confined to the charity versus profit spectrum (e.g. Battilana & Dorado, 2010; Battilana & Lee, 2014). New hybrid organisations claim logics traditionally developed by social movements. For example, Schmitz's (2015) considered a third type of hybrid organisation — the so-called democratic enterprise (Chapter 3). This dissertation aims to extend knowledge by suggesting a new intersection. B Corps are defined in this study as a *sui generis* type of hybrid as they encompass three logics not previously explored in the literature (profit-oriented, non-profit, and social movement) (**Figure 3.5**). Adding a third logic would provide new nuances for scholars to interpret the agency of these organisations as tools of transformation.

Theoretical implications concern the conceptualisation of the hybrid organisation in Latin America. This research, for instance, exposes the emergence of BIC Societies, which are the Anglo-Saxon version of the Benefit Corporation in the continent. Implications for theory emerge, arguing — in line with Morales (2019) — that an essential understanding of the hybrid organisation in Colombia has looked to the Global North as a model for development. This topic is little explored in the literature, particularly given the recent emergence of BIC Societies, but that it is undoubtedly a significant contribution to post-colonialist studies in Latin America.

(iii) Finally, the results of this dissertation derive from applying the *institutional theory* as a suitable conceptual framework for the analysis of CSI in hybrid organisations. As examined in Chapter 9, different perspectives of the neo-institutional theory were explored under the stages of institutional change. Manifold concepts were brought from theory regarding the neo-institutional theory in isomorphism (DiMaggio & Powell, 1983), institutional change (Greenwood et al., 2002; Tolbert & Zucker, 1996), and institutional work (de Oliveira Miranda & Calmon, 2018; Lawrence & Suddaby, 2006). Merging these frameworks aimed to provide a systemic and multi-level perspective of the role of hybrid organisations in the process of institutional change. Therefore, it highlights theoretical implications (a) in the stages of institutional change and (b) refines theory in institutional work:

(a) Although isomorphism (DiMaggio & Powell, 1983) consist of an adequate model for analysing institutionalisation processes (Beckert, 2010), it has been pointed out that this model is insufficient for understanding institutional change with greater depth (de Oliveira Miranda & Calmon, 2018). Greenwood et al. (2002) model showed to be a useful framework to examine the multiple levels in which change occurs. Although the model was designed to analyse institutional change from the perspective of professional associations, the different stages bring together elements previously developed by neo-institutional authors on institutional change (see Jepperson, 1991; Oliver, 1992; Tolbert & Zucker, 1996).

Despite the convergences with Greenwood and colleagues, this study identifies some deviations that are worth being highlighted. First, although the original version was framed as *nonisomorphic*, the results show that various isomorphic logics guide the different actors involved in the process of institutional change. And, second, while Greenwood et al. (2002) propose a lineal and static six-stage model, this dissertation shows that stages are linked by a closed-loop where new institutional ideas are continuously reinforced to achieve diffusion and legitimisation. Greenwood et al. (2002) highlighted the little attention that the process of pre-institutionalisation to diffusion has received or how ideas have failed to be institutionalised. Chapter 9 contributes to the refinement of theory on the stages of institutional change (**Figure 5.2**) by (A) extending on the causes leading to change (Stage I), (B) providing a further understanding of the actors promoting change from various levels of analysis (**Table 9.1**), and (C) connecting literature that helps to explain the processes of theorisation and diffusion while providing observations of how a system is redefined and reinforced.

One of the major theoretical implications of this dissertation was to place the concept of CSI at the centre of institutional change. Some authors have pointed out that social innovation is critical in achieving institutional change (Hämäläinen & Risto, 2007; Pol & Ville, 2009;

Venugopal & Viswanathan, 2019). Defined as the “prime mover” of institutional change (Pol & Ville, 2009, p. 879), social innovations can change regulative, normative, and cultural-cognitive institutions, enhancing their collective power and socio-economic performance (Heiskala, 2007). Although the study of this relationship has been limited, more literature has begun to document this phenomenon (Ludvig et al., 2021; Morisson & Panetti, 2020). This study contributes to this discussion by positioning CSI in the centre of the institutional change process from a hybrid organisations perspective.

(b) The research refines and complements Lawrence and Suddaby’s (2006) conceptualisation of institutional work: *theorising*, *educating*, and *mimicry*. Chapter 9 extends on *educating*, understanding it as a process of awareness, and enlarges on *mimicry* by identifying dynamics of amalgamation, mirroring and replication (**Figure 9.1**). Prior research in the field has related institutional change and hybrid organisations by focusing on the role of institutional entrepreneurship and social entrepreneurs (Battilana, 2006; Battilana et al., 2009); or Morisson and Panetti (2020), which examined business actors from the institutional entrepreneurship framework to understand institutional change. This, however, can potentially leave out other logics of institutional change that can be achieved regarding a multiple-level actor perspective. This dissertation adds to this discourse by examining the role of hybrid organisations to diffuse institutionalised ideas of a redefined system through institutional work.

10.5. Implications for Practice

Further to the theoretical contributions, implications for practitioners can be underscored relating to (i) the implementation of CSI in practice, (ii) tension management in SHBMs, (iii) insights for private organisations from a transformative perspective and (iv) business model alignment with the SDGs.

(i) CSI in Practice. As analysed in this study, CSI practices in hybrid organisations in Colombia are driven mainly by the identification of social problems that can be addressed through market mechanisms, generating opportunities for businesses to become involved in issues of domestic interest. Firms should focus on one or more of these problems through their portfolio while aligning elements of their organisational structure and coordinating the desired outcomes with their business needs. Therefore, a model that facilitates CSI implementation in practice is suggested (**Figure 8.6**). Special attention should be paid to aspects such as *strategy alignment* (business mission, purpose and motivations), *stakeholders’ engagement* (a clear identification

of its surrounding communities, expected customers, desired employees, etc.), *operational structure* (process, policies, and organisational values), *organisational culture* (norms, attitudes, beliefs, and business philosophy), and focusing on *outcomes and impacts* (guided by metrics, indicators, and outputs). This study suggests that these elements aligned into an organisations structure could lead to better development of CSI in practice.

This study shows various examples that practitioners in CSI can replicate. Chapter 8 provide multiple illustrations of CSIs in the participating B Corps and their relationship with social problems. Managers and business founders can use the results of this dissertation as empirical examples. To better illustrate these ideas into practice (relating the suggested CSIs extension in this dissertation in **Figure 10.2**), **Table 10.1** below provides some examples that can serve as inspiration.

Table 10.1. Examples of CSI from the participating B Corps

CSI	Examples	Case
That Will do Well in the Marketplace	✓ E-commerce platform that connects local vendors and their products/services with consumers	12
	✓ Service-oriented solutions to modify unsustainable consumer behaviours (e.g. challenges, competitions, point systems, methodologies)	5, 7, 8
	✓ Novel products/services that encourage new lifestyles (e.g. transportation, consumption, habits)	9, 10
Impact from Business Transactions	✓ Pro-bono practices	13
	✓ Fairtrade practices	12, 14, 15, 17
	✓ 1x2 or 2x2 model	11
Sustainability-oriented	✓ Circular economy practices	17
	✓ Products/services that reduce the use of natural resources or reduce waste	3
	✓ Regenerative sustainability (e.g. protection of the native seeds)	14
	✓ Zero-emission practices	7, 16
	✓ Organic farming practices	12, 14, 15, 17
Needs of the External Environment	✓ Ecological bags	9
	✓ Social licences (solutions for local communities)	16
	✓ Rural Curricula	
Firm's Internal Environment	✓ Organisational practices that favour gender equality	1, 2, 6, 17, 18
	✓ School of transformation	18
	✓ Collaborations/alliances with community-based and vulnerable populations (e.g. inclusive value chain, hiring local vendors)	4, 11, 12, 14, 15, 17
Solutions for BOP Customers	✓ Intrapreneurship, economic security projects, income generation	5, 16, 18
	✓ Financial loans for low-income populations	13
	✓ Business activities to eradicate hunger (SDG 1. Zero Hunger)	11

Respond to Grand Challenges	✓ Hiring conditions that improve the living of excluded individuals in society (e.g. single mothers, ex-combatants, people with disabilities, untrained populations, immigrants) (SDG 10. Reduced Inequalities)	2, 8, 18
Lobby, Advocacy and Corporate Activism	✓ Animal stewardship (e.g. protection of endangered native animals)	14, 16, 17
	✓ Creation of an Ibero-American network for the implementation of sustainability habits in cities and citizens	16

Source: Compiled by the Author (see further examples in Chapter 8)

(ii) Implications for Hybrid Organisations. Implications for practice are provided to hybrid organisations, particularly to new legal forms; however, results can be extended to companies of the private sector seeking to generate social/environmental benefits and economic value. Practical implications focus on the management of tensions since organisations with multiple logics can alleviate, to a large extent, such paradoxes through an SHBM by adapting and refining core business model attributes in their value proposition, value creation and value capture. This dissertation presents examples for hybrid organisations in developing countries, showing that business model attributes are suitable for addressing external tensions. As shown in Chapter 7, organisations can mitigate tensions through multiple strategies that adapt to regulatory, normative, and cultural-cognitive pressures (**Figure 7.5**).

(iii) Implications for Organisations Transformative Capacity. The study elucidates that private firms can assume a more empowered role in society while fulfilling traditional business goals. As discussed in Chapter 9, profit-oriented organisations embody the roles of problem solvers through market mechanisms. Organisations seeking to undertake “institutional entrepreneurship” (DiMaggio, 1988) roles aim to generate a broader market offer through products, services or organisational practices than those generated by traditional market alternatives for consumers, employees, suppliers and other stakeholders to join the process of systemic change.

B Corp is an interesting case to interpret hybrid organisations agentic capacity as they embody a philosophy that serves as a reference for other companies in Colombia. In addition to the lessons derived by B Corps in their hybrid mixture, their business model integrates an additional logic related to their participation as social movement actors. The social movement logic reflects their intention to influence public opinion, generate awareness in society, promote new legislation, put pressure on public institutions duties, motivate other organisations to modify their behaviour or mobilise actors for a broader societal good (see also Carberry et al., 2019). Practitioners could start by integrating non-traditional business model logics, i.e. social movement and non-profit logics.

(iv) *SDGs in Practice.* Following the 2030 Agenda, businesses are called to “apply their creativity and innovation to solving sustainable development challenges” (United Nations General Assembly, 2015, p. 25). This dissertation offers implications for practitioners giving ideas on how to engage in such a journey by presenting observations of B Corps contribution to the SDGs. The study provides a small-scale radiography of national social problems identified through these organisations’ lenses that serve as a rationale for companies to develop social, environmental or economic solutions included in the SDGs (Chapter 8). One of the main lessons for practitioners is to develop indicators to measure contributions to specific targets of the SDGs. Managers and business practitioners are expected to be inspired through the various examples here introduced that are similar or applicable to their contexts.

10.6. Implications for Policy

To alter the fundamentals and functioning of a system, interventions from a policy level are crucial. Governments are key actors in charge of promoting systemic change, as they are the ones who can create and transform local legislation or create tools that shape social behaviours and systemic relationships. Systemic change can result from institutional action at a macro level with the cooperation of multiple actors in society. Indeed, systemic change requires a “focus on the interactions between system parts and the patterns that emerge from them” (Foster-Fishman et al., 2007, p. 202); thus, governments are expected to provide the resources and policies needed to prompt the interactions and synergies required to foster wider change.

The following policy recommendations consider the challenges and tensions expressed by the organisations participating in this research, key informants, and documentary sources for hybrid organisations in the field of CSI. Achieving institutional change is a long road that will require further institutional support and the creation of effective instruments. Implications for policy in this research aim to unlock the potential of social innovation and other societal actors to pursue systemic change in Colombia. The advice includes critically examining the National Policy for Social Innovation in Colombia and creating concrete mechanisms for a wider diffusion of hybrid organisations.

10.6.1. Revisiting the National Policy for Social Innovation in Colombia

Public policies reflect the ideals and aspirations of societies over time. They express the collective purposes of welfare that guide the expected development of society and the mechanisms to achieve it, evidencing social actors' role to reach those goals. Public policies are, in essence, socio-political attempts to solve specific needs defined by society. Although the construction of a public policy that adapts to the needs of society has been part of the common language of policymakers, the conception of an innovation policy barely emerged in the 20th century (Edler & Fagerberg, 2017), a tool that “comprises all combined actions that are undertaken by public organisations that influence innovation processes” (Borrás & Edquist, 2013, p. 1513). Although innovation policies emerged after the Second World War (Schot & Steinmueller, 2018), social innovation policies are more recent and are in a nascent and formative stage (Krlev et al., 2020).

As discussed in Chapter 4, social innovation in Colombia has been part of the National Agenda since 2010 by introducing mechanisms to solve social issues, notably related to extreme poverty and social exclusion. Colombia is a global pioneer in building such a National Policy for Social Innovation through a participatory process and using innovation methodologies; therefore, its construction is one of the most important milestones in the country in this field (Caicedo & Frías, 2016). Innovation policies have traditionally been linked to competitiveness and enterprise development (OECD, 2014); however, the National Social Innovation Policy has been configured as a cross-cutting mechanism to achieve social development objectives. As Frías et al. (2016) point out, social innovation in Colombia is considered to be “as an alternative and complementary public policy tool, which vindicates the social aspect of innovation and places it at the service of the country's development objectives” (p. 126).

From 2020 onwards, the National Policy for Social Innovation in Colombia is described in the *Mission of the Wise Men of 2019* and is part of one of the three goals of the STI Policy (MINTIC/DNP, 2020). The STI Policy is both transformative-oriented (Schot & Steinmueller, 2018) and mission-oriented (Mazzucato, 2018). This framing implicates associating national aspirations under the goals highlighted in the SDGs, which includes a particular focus on “grand challenges thinking” (Mazzucato, 2016). A transformative-oriented policy means “ending poverty and reducing inequality in all its forms everywhere, promoting inclusive and sustainable consumption and production systems, and confronting climate change, and many more” (Schot & Steinmueller, 2018, p. 1555). According to Mazzucato (2016), a mission-oriented approach to policies is required to address societal challenges, behavioural,

technological, and systemic changes. Due to the highly transformative focus of the National Policy for Social Innovation in Colombia, some barriers that diminish part of its potential and limit its capacity to produce systemic changes are listed below.

10.6.1.1. Constraints to the National Policy of Social Innovation in Colombia

From a generalised perspective, the National Policy of Social Innovation in Colombia has been gaining important spaces in society; however, its approach has remained static and developed by a limited number of actors. Based on this observation and others noted in the literature, some limitations are highlighted:

a) A Narrow Vision of Social Innovation

Although social innovation initiatives address several policy fields, in Latin America and Colombia, social innovation is utilised to provide solutions to social issues, notably inequality and extreme poverty (Domanski et al., 2017). In fact, the Colombian STI Policy 2021–2030 focuses on three missions to be reached in the next ten years: biodiversity, productivity and sustainability, and equality for social inclusion (**Table 4.1**). The third mission: “Equitable Colombia”, which hopes to be solved through social innovation, has as its main objective to strengthen knowledge and education for social inclusion.

Looking at the purposes for which the National Policy for Social Innovation in Colombia has been used over the last decade, it can be observed that its motivation has remained almost unchanged. Despite the variety of social innovation initiatives (Rey de Marulanda & Tancredi, 2010), there is an excessive focus on the social concerns of vulnerable and disadvantaged groups in society (Domanski et al., 2017). The *Mission of the Wise Men* of 2019, which summarises the principles of the policy, states: “Colombia has the opportunity to reduce social inequality, multidimensional poverty and exclusion, based on scientific knowledge and social innovation” (Vicepresidencia de la República de Colombia/Minciencias, 2020, p. 418). The policy reflects a limited use of the concept of social innovation as a transformation tool, which engages actors with sole social purposes.

b) Lack of Involvement of Different types of Actors

One of the main characteristics in implementing a social policy for innovation relates to the actors involved in its implementation. The lack of community participation, deficient citizen involvement, and the lack of empowerment of different societal groups is one of the characteristics of the current policy. The public and academic actors are the most dynamic sectors utilising social innovation (Jaillier Castrillón et al., 2017), evidencing a gap in the engagement of other sectors with transformative capacities. Other actors must also be involved in social innovation initiatives, notably from civil society and profit-oriented organisations. Such engagement would allow the emergence of a more friendly and favourable environment to carry out social innovation from other perspectives beyond poverty or inequality.

c) Lack of Knowledge on Social Innovation in Practice

Another obstacle to developing social innovation in Latin America and Colombia has been the lack of knowledge regarding its practical application (Romeu Aldaya et al., 2017). Authors such as Howaldt and Schwarz (2016) point out that a more systemic understanding of social innovation is required. The STI Policy in Colombia (2021–2013) highlights the lack of qualified human capital, the weak research environment and the limited appropriation of scientific knowledge (MINTIC/DNP, 2020). It reflects scant discussion between the institutions that create the mechanisms governing social innovation in Colombia and the actors who have the knowledge, resources and skills to implement it in practice.

Low government participation, technical resources and assistance are some of the key barriers to social innovation across Latin America, in addition to poorly developed networks (Domanski et al., 2017). The lack of practical knowledge is linked to shortcomings in support services (financial, technical, etc.) associated with the assistance of social innovation (e.g. concerning entrepreneurship and other institutional conditions). The lack of services manifests deficiencies in terms of instruments to scale up social innovation and the low level of specialisation of the institutions (Frías et al., 2016).

Hindrances for a National Policy of Social Innovation in Colombia is centred in the lack of knowledge, clarity and adequate instruments that allow a more comprehensive understanding of social innovation and its diffusion. The following subsection provides recommendations for

the Colombian case based on the literature on the design of social innovation policies and converged from the learnings of this dissertation.

10.6.1.2. Recommendations for a National Policy of Social Innovation in Colombia

Ten years of a National Policy of Social Innovation in Colombia reflects an interest in using social innovation as a mechanism of public relevance. The benefits of integrating Social Innovation in Policy instruments have strong support in the literature (Chan et al., 2021; Domanski et al., 2020; Ludvig et al., 2021; Pel, Wittmayer, et al., 2020). Five rationales can be highlighted to actively promote a National Policy of Social Innovation (OECD, 2021a):

- Collaboration is key for finding solutions to the evolving social challenges, and a policy for social innovation allows aligning the interests and capacities of different actors through new forms of collaboration (Domanski et al., 2020; Howaldt, Domanski, et al., 2016).
- Social innovation enables the development of resilient solutions adapted to dynamic and changing local contexts, capacity building and knowledge transfer (Westley et al., 2017).
- Social innovation brings competitiveness through local development, regeneration of marginalised areas, or scaling up impacts (Mulgan et al., 2007). CSI is particularly linked to competitive advantages in business organisations (Baltazar-Herrera, 2015).
- Social innovation is also a way of redirecting governmental efforts, reducing social budgets and tax funding dependence (European Commission, 2017).
- Social innovation is an important and necessary component of sustainable development, which allow presenting solutions aligned with the SDGs (Eichler & Schwarz, 2019).

Three recommendations to exploit a National Policy of Social Innovation are highlighted:

i. Embedding Social Innovation into the Local

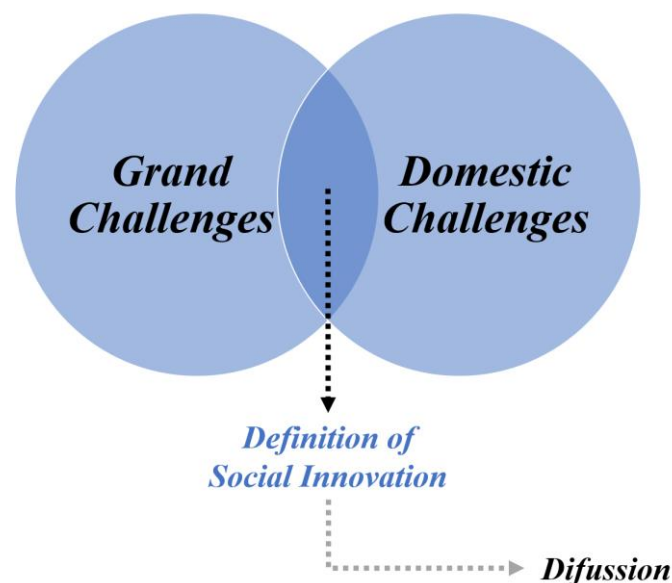
To unlock the limited conception of social innovation and achieve greater alignment with the *transformationist* vision of innovation globally, Colombia needs to integrate a more holistic and comprehensive definition. As suggested by Domanski et al. (2017), “a more comprehensive approach would help to better use the potential of social innovation as a way of meeting diverse

societal challenges and of dealing with accumulated disadvantages across different policy fields” (Domanski et al., 2017).

Considering the high adaptation of Colombian public policies to global discourses, a refined and adapted definition of transformative change is recommended. Although the UN has done a thorough job defining the SDGs, each society presents different concerns and determines different degrees of urgency in their solution. Latin America is a setting that cannot be compared to other developing countries globally (Aguinis et al., 2020), while Colombia presents social and environmental challenges rooted in historical processes. Adhering to a transformationist STI Policy ignoring the progress and evolution of local policies during the last decade implies, to a certain degree, a setback to the progress achieved when the first policy of social innovation was built in 2012.

Hence, to attend to both international mandates and local needs, a conjunction of the two visions is necessary: what the national community expects and what the local society aspires to and can commit to (**Figure 10.3**). This dissertation strongly references Lauer’s (1976) statement, which suggests that each society defines and characterises its social problems according to its needs and context. Thus, Colombia needs stronger consensus on the country’s urgent needs, generating concrete mechanisms, activities, and instruments that allow for their solution in the short and long term.

Figure 10.3 Towards the Adoption of a Definition of Social Innovation in Colombia



Source: Developed by the Author

The National Policy of Social Innovation in Colombia is closely aligned with the OECD approach, which states that “social innovation refers to the design and implementation of new solutions that imply conceptual, process, product, or organisational change, which ultimately aim to improve the welfare and wellbeing of individuals and communities” (OECD, 2021c). As seen in Chapter 1, this approach to social innovation is centrally instrumental and focuses on the novelty of the practices but poorly on the relationships that support it.

Although this dissertation focused on CSI as the umbrella topic, a proposed definition of social innovation must integrate systemic change elements (see **Subsection 10.4**). Thus, a more integrative and overarching definition needs to be appropriated at the national level. **Table 10.2** below presents a list of the recommended definitions that better capture this concept’s transformative and systemic nature. Broadening the cosmology and understanding of social innovation in Colombia could better exploit its potential as a tool for social transformation.

Table 10.2. Integrative definitions of Social Innovation for the Construction of a Policy for Social Innovation in Colombia

Social Innovation consists of...	
1	“a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals. A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them” (Phills et al. 2008, p. 28).
2	“new solutions (products, services, models, markets, processes, organisations, etc.) that simultaneously meet a social need (more effectively than existing solutions) and lead to new or improved opportunities and relationships and better use of assets and resources” (Biggeri et al., 2017, p. 300)
3	“new social practices created from collective, intentional, and goal-oriented actions aimed at prompting social change through the reconfiguration of how social goals are accomplished” (Cajaiba-Santana, 2014, p. 44)
4	“a new combination and/or new configuration of social practices in certain areas of action or social contexts prompted by certain actors or constellations of actors in an intentional targeted manner with the goal of better satisfying or answering needs and problems than is possible on the basis of established practices. An innovation is therefore social to the extent that it, conveyed by the market or “non/without profit”, is socially accepted and diffused widely throughout society or in certain societal sub-areas, transformed depending on circumstances and ultimately institutionalized as new social practice or made routine” (Howaldt & Schwarz, 2010, p. 21)
5	“innovation in social relations (...) outcome of actions which lead to improvements in social relations, structures of governance, greater collective empowerment, and so on” (Moulaert et al., 2013, p. 2)
6	“a process of changing social relations. SI [social innovation] is a qualitative property of ideas, objects, activities or (groups of) persons, who can be considered to be socially innovative to the extent that they contribute to changing social relations” (Pel, Haxeltine, et al., 2020, p. 3)

7	“a new program, policy, procedure, product, process and/or design that seeks to address a social problem and to ultimately shift resource and authority flows, social routines and cultural values of the social system that created the problems in the first place” (Westley et al., 2017)

Source: Compiled by the Author

The definitions presented here are of a transformative nature and determine that social innovation mainly refers to the change in social relations and the causes that originated in the first place the problems that seek to be solved. Expanding the conceptual framework of social innovation will allow a more precise delimitation of the solutions that exploit the potential of the participating actors and those that can be integrated. This suggestion is mainly linked to the following recommendation.

ii. Creation of a National Ecosystem for Social Innovation

In response to the lack of actors participating in the implementation of the National Policy of Social Innovation in Colombia, the results of this dissertation suggest the importance of propitiating a satisfactory environment that connects the interests, resources and capacities of different actors in society. To the extent that actors develop solutions in isolation from their contexts and without collaborating, the more difficult it will be to disseminate societal transformations. To illustrate, in the current policy, the role of business and other private actors is reduced to technological innovations, determining their intervention as merely productive and for the benefit of the country's economic growth.

Previous research on policies for social innovation has suggested the importance of creating enabling ecosystems (Domanski et al., 2017, 2020; Pel, Wittmayer, et al., 2020), which is based on generating an adequate infrastructure to promote interactions between different kinds of actors to pursue social innovations. An ecosystem for social innovation offers significant potential as they “are social networks formed by a myriad of actors and experiences that could be sources of collective intelligence and creativity and contribute to solving urban problems, creating new paths of development, and reinforcing democracy in cities” (Andion et al., 2021, p. 2).

Evidence on the configuration of an ecosystem for social innovation and its functioning is still an emerging issue (Andion et al., 2021). Domanski et al. (2020) refer to two traditional models. One is based on the well-known *quadruple helix model*, in which government, industry,

academia and civil society work together to solve specific challenges (Carayannis & Campbell, 2009). The other lies in comprehending that ecosystems relate interrelations and interactions based on an *integrated approach to development* that considers social, environmental, and economic dimensions (Sgaragli, 2014). New evidence is emerging referring to social innovation ecosystems. To illustrate, Pel, Wittmayer, et al. (2020) suggest a typology of an ecosystem for social innovation for empowering network constellations that integrate communities, network allies, and society around local initiatives of social innovation.

Although most of the research agrees that no best solution for an ecosystem for social innovation exists (Terstriep et al., 2020); there is a common understanding that it determines the set of actors, activities, mechanisms, institutions and the relations necessary for developing social innovation (Granstrand & Holgersson, 2020). Ecosystems for social innovation give relevance to the actors' interactions, networks, experiences, and practices (Andion et al., 2021). Following various pieces of literature in an ecosystem for social innovation in developing countries (Andion et al., 2021; Carayannis & Campbell, 2009; Domanski et al., 2020; Kaletka et al., 2016; Terstriep et al., 2020), five core elements are suggested:

- (a) Actors:** Integrated by *developers*, or actors that translate problems and challenges into innovative ideas and solutions (e.g. public bodies, non-profits, private companies); *promoters and supporters*, which provide infrastructure, funding, equipment to policy programmes to diffuse social innovation (e.g. public bodies, non-profits, private companies); *knowledge providers*, which enhance innovation capacity (e.g. universities); and *users and beneficiaries*, which provide solutions and act as co-producers involved in the innovation process (e.g. civil society) (Granstrand & Holgersson, 2020; Terstriep et al., 2020).
- (b) Institutions and Normative Context:** Institutional framework integrated by formal (legislation, laws, regulations, national development plans) and informal rules (culture, values, habits, beliefs) (Kaletka et al., 2016; Terstriep et al., 2020).
- (c) Structure:** Also considered path development, it provides orientation (strategy, education, planning) regarding the interplay, networking and interaction between actors (Kaletka et al., 2016). Impacts of social innovation are associated with providing an adequate structure in which a constellation of actors can interplay and interact, i.e. 'hubs', 'towns', 'spaces', 'circles', 'parks', 'centres', 'labs', etc. (Domanski et al., 2020; Pel, Haxeltine et al., 2020).

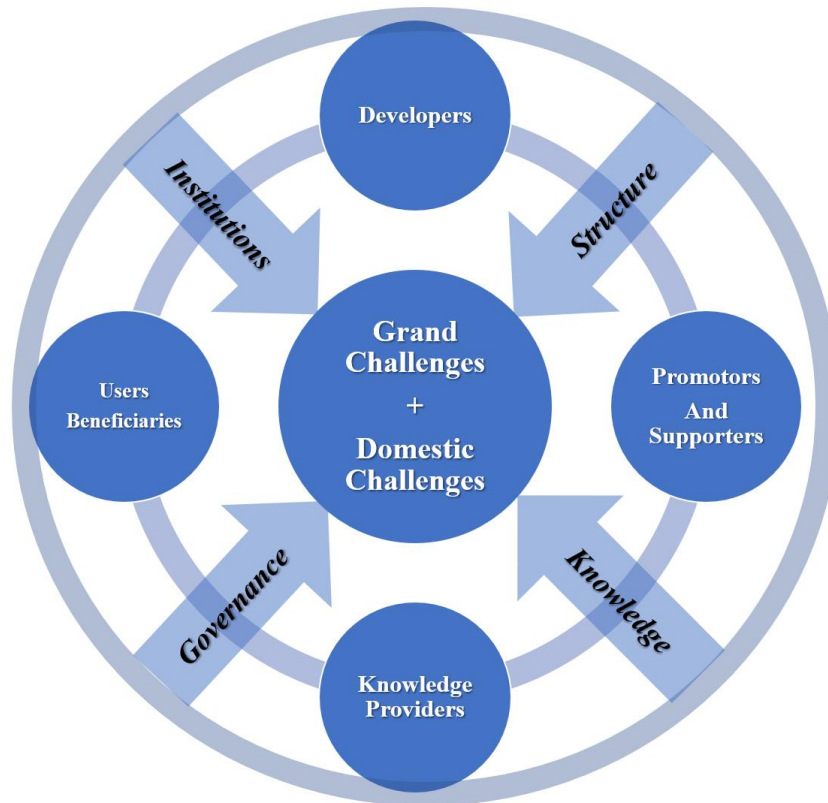
(d) Functions: Relates to the procedures and governance models that show how actors collaborate and how they are interlinked (Kaletka et al., 2016), i.e. ‘community-based initiatives’ (Pel, Haxeltin et al., 2020).

(e) Knowledge: Research and knowledge generation in social innovation should be exchanged to facilitate learning and capacity building between actors (Terstriep et al., 2020).

Based on a centric approach of framing social problems and challenges in specific territories (Andion et al., 2021) in which the former elements gravitate, **Figure 10.4** summarises the main ideas for an ecosystem for social innovation in Colombia. The circular shape of the model implies that all elements are in continuous interaction and communication with each other. To refine and implement a National Policy for Social Innovation in Colombia, this dissertation suggests constructing a national ecosystem to integrate targets towards the solution of challenges that allow the interaction of multiple actors in a favourable, encouraging and collaborative environment.

Several initiatives account for constructing an ecosystem for social innovation in Colombia. To illustrate, the regional innovation agency Ruta N consists of a not-for-profit entity created from the collaboration of private and public actors in the City of Medellín aiming to support science, technology, and innovation and to “promote the development of innovative, technology-based businesses that increase the competitiveness of the city, stimulate the economy, strengthen the city’s clusters, and provide better jobs for the citizens of Medellín” (Arenas et al., 2020, p. 424). Ruta N configures an STI Ecosystem by connecting entrepreneurs, academics, investors and public agencies through innovation projects articulated in a network that influence socio-institutional changes (Morisson & Panetti, 2020) and complements a city-level policy for innovation (Arenas et al., 2020). Another example is the case of UNIMINUTO, which created the methodology: *Route of Social Innovation*, consisting of a five-stage model to design and implement creative ideas to local problems. UNIMINUTO introduced the first *Social Innovation Science Park* in Latin America intending to create academic spaces through international, national and local meetings, observatories, joint projects, or publications that contribute to social innovation in Colombia (Arias, 2016).

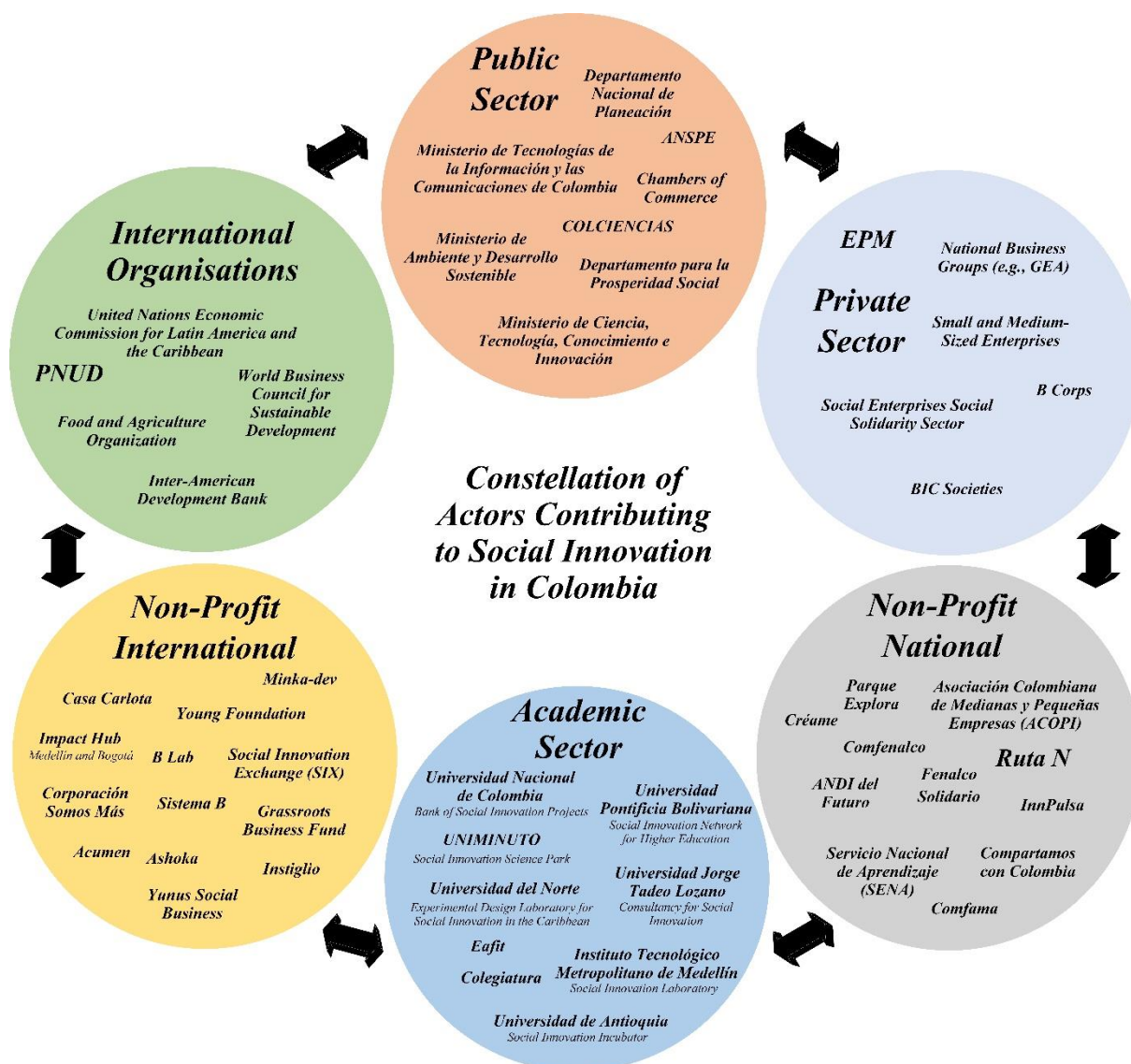
Figure 10.4 Reference of a Social Innovation Ecosystem



Source: Compiled by the Author based in Andion et al. (2021); Carayannis and Campbell (2009); Domanski et al. (2020); Kaletka et al. (2016); and Terstriep et al. (2020)

These examples show that social innovation can be extended to a constellation of actors from different sectors in Colombia. Based on the appreciations expressed by the B Corps participating in this dissertation and the different contributions from the literature on National Policies on Social Innovation (Chapter 4), **Figure 10.5** summarises the constellation of the different actors that have contributed to social innovation in Colombia.

Figure 10.5. Constellation of Actors that have Contributed to Social Innovation in Colombia



Source: Compiled by the Author based on the observations of this dissertation and complemented with Alcaide Lozano et al. (2019); Domanski et al. (2016); Inter-American Development Bank (2016); Jaillier Castrillón et al. (2017); and Villa and Melo (2015)

iii. Institutional Support: Instruments, Knowledge and Capabilities for Social Innovation

Colombia has made great efforts to develop tools that support the National Policy for Social Innovation. The institutions in charge of developing and consolidating the STI Policy are MinCiencias and the NPD, with the Department of Social Prosperity support. This means that the National Policy for Social Innovation will be in the hands of experienced institutions in innovation, which can bring new nuances in its execution. To increase support in the aforesaid hindrances, the following recommendations are suggested:

- (a) Institutionalisation of Social Innovation.** The first step for a better institutionalisation process of social innovation is creating normative structures and institutions to support it. Chile is an example, as its policy for social innovation reflects an important maturity with the creation of the ‘National Council for Innovation for Development’ and the ‘Government Laboratory’ (Inter-American Development Bank, 2016). MinCiencias is currently structured by a General Secretariat and two Vice Ministries (Vice-Ministry of Knowledge, Innovation and Productivity and the Vice-Ministry of Talent and Social Appropriation of Knowledge). Institutionalising social innovation at a higher level could be addressed by incorporating a Vice-Ministry in Social Innovation, responsible for the design, coordination and implementation of the social innovation policies, promoting and connecting collective decision-making processes between citizens, public, private and third sector entities.
- (b) National Network of Social Innovation.** A network can be extended by creating a ‘Commission for Social Innovation’ that integrates different society actors through events (e.g. seminars, workshops, community discussion), where society shares experiences, initiatives, and social innovation projects for their dissemination. This would also allow the country to create a memory bank of social innovation projects with the different experiences and cases that have generated solutions that can be replicated and disseminated to society. This network could fill the gap on the lack of knowledge of applying social innovation in practice.
- (c) Knowledge Transfer Strategies.** It is necessary for the STI Policy to integrate knowledge transfer schemes between Knowledge Providers (**Figure 10.3**) and other actors of the ecosystem (Frías et al., 2016). Studies on CSI have shown how companies from different sectors can transfer CSI knowledge and practices through bilateral and multinational cooperation across the supply chain or corporate involvement in solving social problems (Mirvis et al., 2016). The purpose of knowledge transfer will be to strengthen the capacities of different actors to solve problems.
- (d) Capacity Building:** To encourage capacity building, it is suggested to create instruments, methodologies, and processes to leverage specialised knowledge of social innovation to assist various actors in their concerns of finding new ways to solve social challenges with a transformative character. Capacity building would allow new ways of diffusion (e.g. innovation labs, design thinking methods, etc.) to promote broader participation in society (Howaldt, Schwarz, et al., 2016).

The table below summarises the policy recommendations for the refinement of a National Policy for Social Innovation in Colombia:

Table 10.3. Hindrances and Recommendations for the Refinement of a National Policy for Social Innovation in Colombia

Problem	Recommendation	Mechanism
Narrow Vision of Social Innovation	To develop a more local interpretation of social innovation	• Diagnosis: Develop a mapping of priorities and urgencies to the national challenges • New Signification: Identify, select and diffuse a more integrative and holistic definition of social innovation
Lack of Involvement of Different Actors	Creating a National Ecosystem for Social Innovation	• Actors: Identify the various actors participating in social innovation initiatives • Institutions: Determine clear formal and informal decided institutions for social innovation • Structure: Create strategies of networking and collaboration between the different participating actors • Functions: Design a governance model that articulates the whole ecosystem • Knowledge: Promote the mechanisms to create and diffuse new knowledge in social innovation
Lack of Knowledge of the Application of Social Innovation in Practice	Promote Institutional support through instruments, knowledge and capabilities for social innovation	• Social Innovation Institutionalisation: Introduction of a Vice-Ministry of social innovation. • National Network of Social Innovation: Creation of a Social Innovation Commission and promoting the introduction of different mechanisms for social innovation appropriation in the local context. • Knowledge Transfer Strategies. Knowledge transfer schemes between Knowledge Providers. • Capacity Building: Instruments, methodologies, and processes to leverage specialised social innovation knowledge (innovation labs, design thinking methods).

Source: Compiled by the Author

The following subsection presents policy implications for hybrid organisations in Colombia.

10.6.2. Policy Implications for Hybrid Organisations in Colombia

Several policy recommendations can be drawn from this research based on the study results. These include: i) Extending the understanding of hybrid organisations in the Colombian legal

framework, ii) Refining the BIC Societies normative, making it more “local” and less international, and iii) Implementing mechanisms to accelerate hybrid organisation’s impact on systemic change. Following some of these recommendations will allow greater inclusion of hybrid organisations and other entities of the private sector, downsizing public expenditure and addressing local issues simultaneously.

(i) Extending on the Understanding of Hybrid Organisations in the Legal Framework

A decade after the first Benefit Corporation was established in the UK in 2004, Colombia has led the adoption of the BIC Societies legislation in Latin America, becoming an alternative to be adopted by for-profit organisations. After the SSE legal framework, BIC Societies represent the first legal framework for new legal hybrid forms in Colombia. Whereas the definition of hybrid organisations integrated into the SSE sector is considered as “cooperatives, mutuals and all organisations that operate in markets and follow the universal doctrine of cooperativism and mutual aid advocated by mutuals (...) voluntary and general interest organisations such as foundations, corporations and non-governmental organisations” (Álvarez, 2017, p. 24); BIC Societies are entities “of a commercial nature, which voluntarily propose to combine the advantages of their commercial and economic activity with concrete actions to promote the welfare of their workers, contribute to the country’s equality and contribute to environmental protection” (MCIT/Confecámaras, 2020, p. 5).

This distinction in definitions of what might be considered a hybrid organisation in Colombia reflects two different schools of thought in their consideration. The introduction of the BIC society legislation implies an important reference to consolidate a legal definition of the social enterprise in Colombia. The incorporation of BIC Societies shows public policy intentions of greater participation of the commercial sector, involving private interests with community needs, and the emergence of entrepreneurship that generate social and environmental well-being through market-oriented solutions. As defined in the Colombian normative, BIC Societies arises from an urgency to adopt new business practices aligned with the SDGs that build an economic system that is more aware and committed to society (MCIT/Confecámaras, 2020). The conceptual ambiguity in the definition of a hybrid organisation requires further elaboration, extending a generalised knowledge of its legal framework and purpose in Colombian society.

(ii) Refining the Legal Status of BIC Societies

Three implications are suggested for refining the legal status of BIC Societies. Firstly, this legal structure lacks a concrete framing for its implementation in practice. Unlike the SSE sector, which has a long tradition and institutional support (Álvarez, 2010), the new BIC model lacks tools and understandings for its implementation. For example, the incentives for organisations to adopt the BIC figure (as shown in Chapter 4) relate to increased reputational value in the marketplace, increased customer and supplier loyalty, retention of human talent, or attraction of private investment. These benefits lack sufficient information at the management level to determine their veracity. There is no evidence of BICs in Colombia that in the past have gained greater customer loyalty or attracted more foreign investment by using this legal model. Equally, this implies that companies will be willing to sacrifice financial returns and transform their organisational structure without clear tax incentives or proven benefits. Therefore, the BIC figure remains at an ideological or missionary level of the adopting companies but not as a mutually beneficial agreement between the organisation and the national government.

Secondly, BIC Societies are expected to provide higher visibility of organisations towards different stakeholders (stakeholders, investors, employees, suppliers). To date, there is no concrete mechanism that allows for the identification of these companies. It is not possible to trace a BIC Society (e.g. on the Internet), and figures on the uptake of this model are poorly documented. Although BIC Societies receive a plaque that companies display on their installations (as was the case for some B Corps in this study), it is very complex, as a stakeholder, to identify an organisation under this legal structure. Policymakers should consider mechanisms to generate visibility for BIC Societies, either through a public directory or the creation of an official website. And, third, in order to achieve systemic change, which is one of the purposes of BIC Societies, these organisations need access to a concrete network for generating alliances and collaborations that allow them to engage with solutions to national social challenges. This dissertation mainly suggests promoting greater alignment and dialogue between SSE companies and new hybrid legal models to share practices and projects, preventing hybrid legal models from being concentrated in bureaucratic circles in the country.

(iii) Mechanisms to Accelerate Hybrid Organisation's Impact on Systemic Change

The main recommendation for policy-makers is to empower hybrid organisations to act as transformists and encourage the alignment of commercial interests between business and political agendas. Following the national government definition of systemic change, organisations are expected to take a more active role in contributing to the SDGs. Thus, from the lessons of this dissertation, this would imply organisations to identify social problems associated with the SDGs and generate instruments and indicators on their contribution. However, companies contribute to the SDGs in a very intuitive way, lacking guidelines or mechanisms that facilitate more accurate and effective actions. Policymakers are suggested to create concrete tools for organisations to understand in practice how to contribute to the SDGs (Chaves-Avila & Gallego-Bono, 2020). Implementing self-guided virtual platforms and technical support could be some steps towards completing this purpose. The case of the B Corp provides a valuable experience for policy. For example, B Corps utilise an SDG Action Manager tool to measure SDG contributions through virtual interfaces. Policymakers can use similar instruments as a reference to propose greater involvement of hybrid organisations in contributing to the SDGs.

10.7. Future Directions for Research

Since this dissertation focuses on CSI and B Corps in Colombia, much research remains in this area. Several issues raised by this dissertation are worth exploring further. This study is based upon a small-scale study, and thus, the issues identified within it could be broadened and deepened. More comprehensive mapping samples are required to depict the dynamics of CSI and hybrid organisations in Colombia. The following directions for research are thus suggested:

(i) Methodological Issues. Building on the current work, a future area for research could be a longitudinal study that includes quantitative and qualitative methods to explore the nature and extent of CSI in the different regions of Colombia. Although this study integrated hybrid organisations in different regions in Colombia, the research results were not built on regional characteristics. It would be appropriate to look at this in-depth by designing a large-scale empirical comparative research with various profit-oriented organisations considering cultural

differences from a more extensive sample. In addition, and considering the relevance of family businesses and small enterprises in Colombia, future studies could integrate samples of these types of organisations and their structures and how they differentiate by geography.

(ii) Future Research in CSI. Four research directions can be highlighted for CSI. First, since CSI is an emerging field (Dionisio & de Vargas, 2020), its understanding is still exploratory. Thus, the CSI framework assessed in this dissertation is limited, as this notion was interpreted according to the categories suggested by Varadarajan and Kaul (2018). This study showed that businesses exceed these categories; thus, future scholars are invited to explore the extended types of CSI presented in this dissertation (**Figure 10.2**).

Second, much research is still missing on how organisations move from CSR to CSI in practice. To date, there is no empirical evidence on Kanter's (1999) assertion of CSI as an evolutive stage of CSR, while the debate has remained at a theoretical level. Future studies could better specify organisations' strategies, practices, or decision-making rationale that triggers organisations to go from CSR to CSI. Comparative studies could be illustrative of this call for future research.

Third, this study aimed to explore CSI as a transformative concept linked to systemic change issues. Future scholars could capture further nuances unveiling the role of CSI to pursue change based on former studies of transformative social innovation (Avelino et al., 2017; Haxeltine et al., 2016; McGowan & Westley, 2021). Although this dissertation attempted to show some of the struggles that organisations such as B Corps face trying to restructure the concept of business success and move towards a "New Economy", little has been explored in this area. The B Corps proposal is, in fact, very much in line with Porter and Kramer (2011), suggesting that the contribution of business is through a "reinvention of capitalism" utilising growth and innovation. Future scholars could explore the "Narratives of Change" (Wittmayer et al., 2019) proposed by B Corps and their influence in challenging the current capitalist system and neoliberal model. To date, literature on the topic is scant; thus, a good start could be interpreting in practice the definition of CSI suggested in this study.

Finally, CSI can also manifest traditional social innovation's "dark sides" and "paradoxes". The studies of Fougère and Meriläinen (2021) and Westley et al. (2017) can serve as a reference to delve into the "dark sides of CSI", especially in the context of the capitalist system. This discussion could, for example, examine how CSI can get into dark labyrinths by trying to achieve Marquis (2020) "Stakeholder Capitalism".

(iii) Institutional Change. Since this study focuses on hybrid organisations, this dissertation's interpretation of institutional change concentrates on only one of the three categories developed by Lawrence and Suddaby (2006) on creating new institutions in their theory of institutional work. Future research is encouraged to analyse other categories of institutional work (**Table 5.1**), following the stages of institutional change proposed in this dissertation (**Figure 9.1**). The multi-level model presented in Chapter 9 (**Figure 9.2**) has the potential for further development by applying it from the perspective of different types of organisations (e.g. macro or meso-level actors from levels 1 and 2). Although the multi-level model shows a global character, because this dissertation is based in Colombia, the closed-loop model presented in this study may not be generalised, and each context provides relevant and in-depth data valuable for further interpretations in different settings. Finally, another discussion is suggested in the field of institutional change. This dissertation suggests that future scholars should refine and extend institutional work theories by exploring categories of “redefining institutions”, a concept that is situated in between the creation and maintenance of institutions.

(iv) B Corps in Emerging Economies. As presented throughout this study, the B Corps phenomenon has been gaining academic relevance in recent years (Diez-Busto et al., 2021; Kirst et al., 2021; Marquis, 2020); therefore, there are many implications for future research with great potential. An examination of B Corps in different geographies in Latin America would benefit from further investigation, including the drivers and rationale of their business activities to pursue systemic change. More generalised research in the region would allow for more extensive and in-depth mapping of the needs and problems being addressed by purpose-driven businesses in emerging economy settings. A better understanding of Latin America's social challenges and problems and their differences between countries would allow for a more holistic picture that would contribute to the global discourse of transformation that has been developed over the last few decades (UNRISD, 2017). International comparison of B Corps with other developed countries would be of much interest given the fact that these countries have different contexts in terms of market opportunities and political agendas. There is the potential to strengthen theoretical approaches by further systemic change, which might be possible with an in-depth longitudinal study.

(v) Tensions and New Hybrid Legal Forms. New hybrid legal forms of hybrid organisations (e.g. Benefit Corporations and BIC Societies) are still a recent phenomenon worldwide. More research is needed, especially on how these entities deal with the tensions that characterise their multiple logics and how these tensions vary between legal models. Specifically, to fill the lack of knowledge in new hybrid legal forms in Latin America, future scholars are encouraged to

integrate a sample of BIC Societies, compared to hybrids of the SSE sector and other business models with purpose-oriented structures to examine their strategies and structures implemented to face tensions.

(vi) SDGs. There is a huge and growing interest in the literature in understanding the processes by which companies contribute to the SDGs (Dhahri et al., 2021; Diez-Busto et al., 2022; Günzel-Jensen et al., 2020; Rashed & Shah, 2021; Wang et al., 2020); however, there is still an overall lack of knowledge on the topic, particularly related with differentiated settings and geographies. More research is particularly requested in Latin America and other developing economies worldwide. The study of this phenomenon through an action research methodology would allow observations on how organisations contribute to the SDGs and refine knowledge on their effectiveness and transferability to other organisations.

Research opportunities derived from the lessons of this dissertation resorts to the B Corps case. As previously stated, B Lab launched the SDG Action Manager in 2020 as an online platform that assesses enterprises impact on the SDGs, allowing B Corps to set goals and track their improvement on the achievement of the goals. Future academics could explore the effectiveness of this tool to document how other organisations could emulate this mechanism to contribute to the SDGs in different geographies. As there are still nine years to go until the completion of the SDGs, exploring this topic has significant potential.

(vii) CSI and Transition Studies. For more than a decade now, transition studies have gained prominence because of their engagement with the dynamics of socio-technical systems defied by enduring sustainability challenges (Markard et al., 2012; A. Smith et al., 2010). Transitions, conceptualised by Geels (2005) as “system innovations”, suggest a change from “one socio-technical system to another” (p. 681) in the process of dealing with changes in societal activities such as communication, energy, transportation, feeding or housing. Transition studies have notably focused on sustainability transitions as necessary to solve the grand societal challenges of our era (Loorbach et al., 2017). Some scholars have already addressed social innovation with literature in transition studies (Avelino et al., 2019; Howaldt, Schwarz, et al., 2016; Moore et al., 2015; Pel, Haxeltine, et al., 2020; Westley et al., 2017). Given the link that this dissertation does between CSI and sustainable development to frame systemic changes, future research could explore the role of CSI in the transition process on specific socio-technical issues (e.g. production systems, fuel infrastructure, culture and symbolic meaning, road infrastructure, etc.) (Geels, 2005). Since many of these transitions take place in a context where economic actors are primarily involved, the transformative notion of CSI presented in this dissertation could be relevant.

10.8. Final Thoughts

B Corps are a relevant case for social innovation in the corporate sector; however, these organisations are not a panacea for the social problems faced by contemporary society. As discussed in Chapter 9, the fact that B Corps obey more to models from the Global North and mainstream discourses on sustainability reflects limitations and biases in their impetus to transform society. This dissertation mainly points out that B Corps can inspire organisations under profit-maximising models to embrace a more active role, especially when society faces historical, socio-economic problems such as the Colombian case.

This research does not pretend to deny or diminish the transformative power of other hybrids in Colombia, particularly those in the SSE sector, that have a long tradition of promoting values such as plurality, inclusion, trust, mutual help, honesty, equality, fairness and solidarity (Coraggio, 2011; Morales, 2019; Utting, 2015). On the contrary, this research aims to recognise the evolution of the participation of actors of a hybrid nature in Colombia, contributing to a debate of academic, practical and political interest. One of the suggestions and expectations of this dissertation is that organisations such as B Corps took more risks to be socially innovative from a more local perspective and adapted to the Colombian context, learning and collaborating, for example, from traditional practices of indigenous organisations and those of the SSE sector.

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APPENDICES

Appendix I. Case Study Protocol

A. Overview of the Case Study

1. Mission and goals of the multiple-case study
2. Case study questions, constructs, and propositions
3. Theoretical frameworks and key readings
4. Protocol as a guiding tool

B. Data Collection Procedures

1. Names of contact persons for doing fieldwork (*founders, managers, senior managers, employees, key informants*)
2. Data collection plan (*expected evidence, roles of the interviewees, events to be observed, expected in-site observation*)
3. Expected preparation before fieldwork (*logistic reminder and calendar*)
4. Ethics: Signature of a confidentiality agreement and consensus request to record interviews

C. Data Collection Questions

1. Introductory Questions

- a. Business history and background
- b. Description of the interviewees' position
- c. Organisational structure description
- d. Challenges and future plans

2. Social Innovation and Corporate Social Innovation

- a. Definition of Social Innovation and Corporate Social Innovation
- b. Definition of the Social Problem that the enterprise aims to solve
- c. Major types and typologies of CSI (examples, narratives, business cases)
- d. Institutionalising CSI
 - i. Strategic alignment
 - ii. Institutional elements (Stakeholder engagement, Stakeholder Engagement, and Organisational Culture)
 - iii. Focus areas

3. Hybrid Organisations and Sustainable Business Models

- a. Mission, purpose, and business leadership
- b. Measurement: Impacts, outcomes, and indicators
- c. Relationships: stakeholders, collaborations, and beneficial relationships
- d. Institutional work: influencing agendas

4. Institutional Theory

- a. Three Institutional Pillars: Regulatory, Normative, Cultural-cognitive
- b. Isomorphism: Coercive, Normative, Mimetic
- c. Stages of Institutional Change
- d. Institutional Work: Theorising, Mimicry, Educating

5. Sustainable Development and Systemic Change

- a. Definition of Sustainable Development
- b. Sustainable Development Goals (SDGs)
- c. Indicators and measurements of sustainability
- d. Systemic Change
- e. STI Policies

D. Data Analysis

- 1. Interview transcriptions
- 2. Coding and classifying
- 3. Selecting categories
- 4. Analysing categories

E. Guide for the Case Study Report

- 1. Audience for the report and stylistic preferences for communicating with the audience
- 2. Bibliography and relevant documents
- 3. Chronology of events
- 4. Presenting the outcomes and other data
- 5. List of interviewees
- 6. Reporting and disseminating results

Appendix II. Invitation Letter

Invitation to Participate in Academic Research

- **Who am I?**

My name is Sabrina Tabares, and I am from the city of Medellín. I am a professional in International Business and a master's in political studies. Since 2012 I work as a full-time professor at the University of Medellin for the International Business Program. Since 2018 I am developing a PhD in Sociology at the University of Neuchâtel in Switzerland.

- **What is this Research About?**

My project investigates the processes and motivations through which Colombian B Corps develop solutions with social/environmental impact to solve the country's problems. I am interested in the business processes, routines and capacities that enable the development of social innovations. I am also interested in knowing what makes them unique in maintaining a balance between social impact and economic goals and facing the stresses of the Colombian environment.

- **Why did I choose you?**

You are a company with a high impact in solving social problems linked to sustainable development issues in Colombia.

- **What do I Require from you?**

- One interview with the manager/founder (estimated duration 1.5–2 hours). If possible, interviews with other business positions such as Marketing Management, Human Resources, Research and Development, Sustainability Management, among other available interviewees.
- Openness to dialogue and spontaneity.

- **What will be the Outcome of this Research?**

This study aims to be published in one or more scientific journals and will be disseminated at specialised academic events.

- **Anonymity and Data Processing**

Only if the enterprise agrees, the name of the firm will appear in the final result of the study. Otherwise, all information provided will be treated anonymously. All information shared will be treated with respect for data protection rights and ethics. If required by the company, a confidentiality clause will be signed.

Thank you for your attention; your participation is very valuable to this research!

Sabrina Tabares

PhD Student

Université de Neuchâtel

Switzerland

Appendix III. Description of the B Corps participating in this Research

Case 1. Matteria

Matteria is a headhunting and smart-recruiter enterprise founded by ten enthusiastic partners in Chile under the name of ‘Pegas con Sentido’. In 2015, Rafael Achonto, one of its co-founders, decided to create *Matteria* in Colombia and grow the company under its parameters and philosophy. *Matteria*’s purpose is to attract and manage talent for “organizations that are changing the world”. Headhunting and talent recruiting are based on people’s blended capacities that aim to work in organisations looking for larger societal impacts. According to *Matteria*’s philosophy, our society faces significant social, environmental and economic challenges that require professionals with different mindsets and attitudes that understand the commitment necessary to address the challenges of a New Economy. The B Corp focuses on values such as inclusion, proactivity, empathy and results-oriented actions.

Matteria only works with clients who want to build a better society and organisations whose objective is to grow by adding value to all its stakeholders, focusing on a more just society. The company has a team of consultants hired on a freelance basis who are experts in headhunting with a network of professionals registered globally with knowledge in measuring competencies of economic, social and environmental impact. *Matteria* measures technical aspects and the necessary skills that connect smart recruiting candidates with the organisations’ sustainability mission through its knowledge.

In addition to focusing on smart recruiting and seeking to transcend contemporary hiring processes, *Matteria* offers training on labour and sustainability issues for its clients. Among the messages issued by the organisation, *Matteria* focuses on topics such as consuming with impact, sustainability and ecosystems conservation, circular economy, recycling as a social practice, and social equality. *Matteria* also develops a mentoring program to allow people to form a suitable profile to work in an impact organisation. This program is called the “My Impact DNA Program”, which has specialists developing personalised plans in the job search based on codes of purpose, talent, impact and opportunities in the labour market. Among their services, *Matteria* publishes and disseminates vacancies, develops consultancies in organisational DNA and organises workshops and carry out talks on talent and impact.

B Corp and Awards. *Matteria* became a Certified B Corp in August 2017. The enterprise has a BIA score of 106 out of 200 in 2021, an improvement compared to 2017 when it scored 81,1 points. Within the B Corp practices and policies, *Matteria* has defined anti-discrimination policies, a collaborative and inclusive structure, and 80% of its team are integrated by women. The enterprise faces significant challenges in the Latin American market since they have identified cultural barriers (such as sexism, racism, or discrimination based on gender, among others), the lack of qualified people, or ethical barriers to doing business.

Case 2. R+B

R+B is a building design and construction company located in Bogotá, D.C. R+B is classified under Colombian law as a small enterprise as it integrates 21 employees. The company was created in 2005 by the architects Felipe Ramos and Ruben Buitrago. After a divergence between its founders, the company is currently a family business led by architect Felipe Ramos. Being the environmental issue of interest to its founders, R+B was born as a project focused 100% on sustainability. The company is managed under solid principles of ecological sustainability, both in its constructions and in its internal practices. R+B mission is: “to develop sustainable projects, with an impeccable design, that demonstrate that investing in the environment is not only profitable in the long term, but also brings benefits for investors, users and the community in general”.*

The environmental philosophy of the company’s facilities is evidenced by the fact that the buildings apply: a) energy-saving strategies (e.g. monitoring energy consumption, use of lighting instruments or electrical appliances with efficient energy consumption, fuel change and renewable energies); b) buildings have systems to improve efficient water use (e.g. fixtures, taps, appliances, irrigation systems, purification and reuse systems); c) buildings have systems to monitor and improve air quality (e.g. ventilation); d) the company invests in sustainable materials for the restoration of the habitat and the reduction of the heat island effect; and, d) the buildings are LEED-certified or with equivalent national certification.

R+B also has a recycling policy focused on waste reduction and reuse. Some water conservation practices include the collection of rainwater, as well as the use of water-saving devices through faucets, toilets, urinals or showers. Although R+B business activities have a clear environmental focus, the company implements policies to impact the people and communities they work with. To illustrate, more than 50% of its shareholders and board members are women, while more than 70% of its current workers are women. The social impact also focuses on encouraging the hiring of local labour in its works and without discriminatory policies. R+B has identified and defined metrics to determine if the socio-environmental objectives are being met. The company measures indirect results at the socio-environmental level over time (e.g. independent impact evaluations, Progress out of Poverty Index (PPI), indirect results surveys for beneficiaries, and internal indicators).



Source: The Photograph was taken by the Researcher during the Fieldwork (January 15, 2020)

B Corp and Awards. R+B received the B Corp certification in November 2018. R+B has a BIA score of 94.6 out of 200. The B Corp certification adoption allowed R+B to adopt the concept of sustainability in greater depth by making aware the need to adopt governance policies, a sustainable business structure, or business justice, to name a few. R+B was awarded in 2019 as the *Best for the World: Environment* B Corp in Colombia. Besides, R+B was one of the first Colombian companies to assume the legal status of BIC Society in 2018.

* Taken from the company website

Case 3. Green Factory

Green Factory was founded in 2010 in Bogotá by Diego Prada, a former researcher and biologist interested in the rescue and preservation of sharks in the Colombian Caribbean. *Green Factory* was founded with the purpose of “carrying out actions that allow saving the world”, paraphrased by Diego Prada. Diego’s family traditionally worked in the construction sector; thus, as a founder, he decided to create an enterprise that could work in the same sector, having a sustainable approach. He remarked that the construction sector is one of the most contaminating industries on the planet, then; *Green Factory* consists of a consulting company that aims to transform the construction industry towards creating a better world.

Among the services that *Green Factory* offers are the study of Bioclimatic, Energy modelling and Sustainability. This service consists of studying the natural conditions of the environment in terms of ventilation and lighting. These spaces seek to be used so that their inhabitants do not have to turn on the light or use the air conditioning, generating energy savings and promoting new lifestyles. Energy modelling consists of studying the performance of all the energy systems of a building to identify the major sources of consumption and thus develop better energy efficiency strategies. This strategy is also used to generate proper waste management and high-water yield. The second service consists of sustainable construction consulting to implement various certifications such as LEED (Leadership in Energy and Environmental Design), EDGE (Excellence in Design for Greater Efficiencies), and CASA Colombia (a certification created by the Colombian Council for Sustainable Construction). Given his business activism through *Green Factory*, Diego Prada was selected in 2020 from a group of 25 professionals and leaders within the sustainable construction community, being appointed as a LEED Fellow by Green Business Certification Inc. (GBCI).

Green Factory has shown that by developing sustainable construction, reducing the environmental footprint by recycling 2,700 tons of waste saves 25 million litres of drinking water and saves about 1.7 million kilowatt-hours of energy per year. *Green Factory*’s social practices are promoting sustainability as a lifestyle, creating a healthy work environment, and promoting pro-bono practices.



Source: The Photograph was taken by the Researcher during the Fieldwork (January 22, 2020)

B Corp and Awards. Diego Prada met Maria Emilia Correa at the Andes University, who recommended certifying *Green Factory* as a B Corp in 2014. The enterprise became one of the first B Corps in Colombia, particularly in Cundinamarca. *Green Factory* has a BIA score of 117,8 out of 200. The firm was awarded in 2018 as the *Best for the World: Employees* as an acknowledgement for its working policies and the generation of a favourable work environment. *Green Factory* face significant challenges to do business, as the construction industry in Colombia is challenged by corruption, bad industry practices, and cultural habits. *Green Factory* withdrew from B Corp as of 2021 due to financial problems resulting from the economic crisis caused by the Covid-19 pandemic.

Case 4. Anonymous

The company started in 2002 with a group of friends who graduated from Andes University and created a curriculum programme for schools aimed to provide alternative activities for students in their free time. The enterprise's purpose is to provide education trips that allow empowering, challenging and inspiring students to be better citizens. The enterprise started developing educative programs on Fridays and during the school holiday period. Some of these programs included outdoor activities in Colombian destinations such as snorkelling, kayaking and hiking. In 2008 the company was formalised, creating excursions and educational trips with schools throughout the country, achieving the travel of 7,000 students. The next step was to include summer camp programmes and school excursions. At that time, the enterprise started to operate not only on Friday afternoons or during the holidays but all year round.

In 2011 the company was financed by a North American non-profit organisation called the Grassroots Business Fund, whose mission is to support high-impact businesses that provide opportunities to people at the BOP. From this alliance, the company started to structure its model of educational trips in collaboration with small vendors and communities in vulnerable situations. Currently, the enterprise offers three services: custom school programs, specialized content programming, and workshops and consulting.

The company seeks to solve problems and generate impacts in two levels. First, the excess of free time for adolescents and the lack of educational alternatives permit students to cultivate blend skills and values that benefit society. The enterprise aims to achieve an educational impact, as it focuses on developing competencies in critical thinking, civic awareness and social impact. And second, poverty and inequality in Colombia are reflected in the significant social gaps in the country's different regions. The enterprise develops trips involving services (e.g. hosting, food, or indoor and outdoor activities) with vendors located in vulnerable areas of the country, creating an inclusive value chain.

One of this company's programs is called "pathways to peace". This program aims to provide an optimal context for students to explore the realities of the Colombian conflict and to interpret alternatives for its resolution. The enterprise develops activities that allow students to confront Colombian history and how the past has shaped the lives and destinies of its inhabitants. Thus, they recreate scenarios for students to delve into the various public and private arenas by working with people from diverse socioeconomic backgrounds. This program aims to trigger competencies in conflict resolution, leadership, action and system thinking. To accomplish their target, the enterprise engages non-profit actors, rural livelihoods, experts from the Ministry of Education and involves a mentorship program with professionals from the business accelerator Endeavor. Other examples of impact relate to small producers in peripheral areas of Colombia. One is the case of the rancherías of Punta Gallinas, where the company develops partnerships with local families and indigenous communities to house students. Native families aim for capacity building for the efficient growth of their businesses while transmitting their experience and culture to the students.

B Corp and Awards. This enterprise received the B Corp certification in November 2014, reaching a BIA score of 81.5 out of 200. The company's challenge has been to develop its services in times of pandemics, as the tourism sector has been one of the most affected.

Case 5. Indeleble Social

Indeleble Social was created in 2014 by seven women who, due to personal affinities and previous experiences in the NGO sector, decided to start a business that would offer products and services to contribute to the country's human development. *Indeleble Social* aims to create a more responsible, conscious and responsible world through the design and execution of learning and social action experiences for individuals and organisations. The firm was founded to achieve social impact on individuals as well as identify social needs and connect them with private enterprises.

Indeleble Social's experience revolves around working with vulnerable communities, participating in peace and reconciliation processes, providing psychological care for children and people with disabilities, developing strategies for human development and capacity building in rural municipalities, designing and constructing public policies, creating participatory methodologies and facilitating volunteering experiences through the management and logistics of events.

The B Corp focuses on generating solutions to four social problems linked to four SDGs.* First, the enterprise target a problem of poverty in Colombia, as 8.5 million people in the country live on less than 2 dollars a day. *Indeleble Social* aims to find solutions to alleviate poverty by generating investment ideas with return for value generation, contributing to SDG 1. Second, five out of 10 companies in Colombia have problems finding skilled staff. *Indeleble Social* aims to mitigate this problem by offering quality education solutions, contributing to SDG 4. Third, with unemployment rates of over 9% in Colombia and many young people unemployed, the enterprise seeks decent work solutions by attracting, motivating and retaining human talent through its projects, contributing to SDG 8. Finally, recognising that Colombia is among the most unequal countries globally, with one of the lowest Human Development Indexes in Latin America, the company presents solutions to reduce inequality, offering relationships between various stakeholder groups, contributing to SDG 10.



Note. Graphic designed by one of the employees during the interview (description of the seven founders)

Source: The Photograph was taken by the Researcher during the Fieldwork (January 31, 2020)

One of the success stories developed by *Indeleble Social* was with Argos, the largest cement producer in Colombia. The collaboration consisted of finding solutions to strengthen human skills, particularly assertive communication, teamwork, conflict resolution and leadership. This project was developed between 2014 and 2019.

B Corp and Awards. *Indeleble Social* received the B Corp certification in May 2019, with a score of 84.7. In 2019, the enterprise was awarded the *Best For The World Honoree: Customers*. One of the most critical challenges for *Indeleble Social* has been finding ways to find the specific niche of its services offered to Colombian society. During the interview, the founders expressed the difficulties of finding a portfolio of services that correctly defines their purpose in society. Another of the company's challenges has been to make the public and its clients understand the type of service it offers; as the company defines it: *Indeleble Social* seeks to create a new market that is still new and misunderstood.

* Taken from the company website

Case 6. Creative Lab

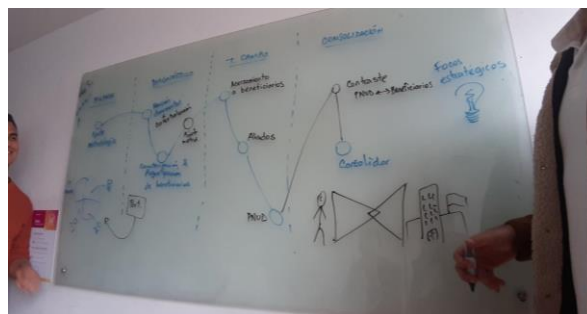
Creative Lab was founded in 2009 in Bogota by Mauricio Toro, a political scientist and politician, and Juliana Villalba Torres, entrepreneur and founder of Rebus Technology and DAT Fair (Design, Architecture and Technology). Currently, *Creative Lab* is led by Roger Hidalgo, its new co-owner, and Juliana, who assumes smaller participation in the company's day-to-day decisions. *Creative Lab* is a consulting firm that aims to support organisations and individuals to design solutions and experiences that impact the lives and wellbeing of people. *Creative Lab* is still a small company made up of a group of 11 people in multidisciplinary areas.



Note. This artefact reflects an organisational practice of emergency meetings called “unicorns” (**Table 7.6**)

Source: The Photograph was taken by the Researcher during the Fieldwork (January 20, 2020)

Creative Lab's impact model is based on three axes. First, the generation of capital flow and strengthening for social enterprises with vulnerable populations. Second, education and training that improves people's knowledge and skills. And third, workshops aimed at capacity building for individuals or groups in vulnerable situations. Among its outstanding experiences, in 2018, the company developed a project with the Ministry of Commerce, Industry, Tourism to design an organisational culture and strategic communications plan. This project aimed to link innovation to investigate the contribution that public sector entities can provide to a community. This same year, *Creative Lab*, in collaboration with iNNpulsa Colombia (the Entrepreneurship and Innovation Agency of the National Government), implemented a methodology for entrepreneurship and innovation known as 'Heroes Talks.' This methodology is one of the instruments designed by the Ministry of Industry, Commerce and Tourism to strengthen the national entrepreneurial and business ecosystem. *Creative Lab* has also been hired by public agencies and different Chambers of Commerce to design educational brochures on innovation and social entrepreneurship. *Creative Lab* works with different actors in society, mainly public and non-profit actors who seek to transform the market, organisations and people. *Creative Lab* focuses on the design of services and experiences, the creation of strategies, and the design of public, social and governmental value.



Note. Design thinking methodology used during the meetings (non-participatory observation)

Source: The Photograph was taken by the Researcher during the Fieldwork (January 20, 2020)

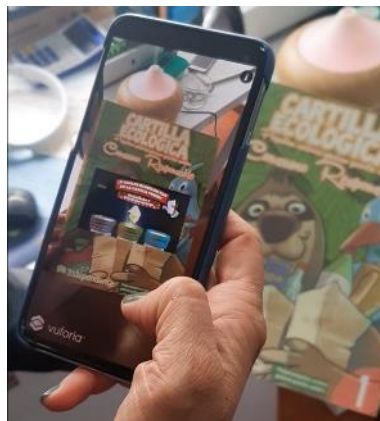
B Corp and Awards. *Creative Lab* received the B Corp certification in January 2016, reaching a BIA score of 85.4 in 2015 and 82.9 in 2019. The enterprise faces challenges related to the high dependence on projects with public institutions since most of its services are conceived to create synergies with these actors to scale their impact.

Case 7. Sentido Verde

Sentido Verde was founded in 2009 by three women, of which only one remains, its current manager, Daniela Zuluaga. *Sentido Verde* is an eco-consulting that performs diagnostics and technical assistance, executes green marketing campaigns, provides legal assessment, and develops communication and environmental education strategies. The company develops proposals that increase the value of brands that generate value for their stakeholders and contribute to sustainability in Colombia. The enterprise is a small-sized organisation; its team is integrated by six directly hired employees and other free-lancing professionals (e.g. engineers, actors, educators).

The main problem that *Sentido Verde* mitigates through its business model is the lack of knowledge, awareness, environmental education and sustainability in organisations and individuals. The B Corp seeks to solve a problem of a lack of knowledge of organisations to generate a change of habits in their employees so that they perform under deeper sustainable parameters. They also acknowledge that organisations lack the technical knowledge to make environmental measurements and generate improvement strategies.

Some of the strategies that *Sentido Verde* uses to promote the change of habits on sustainability issues is the use of teaching tools, workshops, plays, digital applications, illustrative books, comics, mimes, among others. *Sentido Verde* applies different methodologies to achieve a change in people's habits and actions. The company develops consulting services in four stages: generate experiences, promote beliefs, lead to actions, and observe results. The first methodology is Community Based Social Marketing (CBSM), a model that integrates knowledge from psychology and social marketing to promote sustainable behaviours in a community. This methodology is results-oriented through experiences. The second methodology is ADKAR, a model that aims to promote change in individuals and organisations. This method is focused on four competencies: Awareness, Desire, Knowledge and Ability.



Note. Example of a Virtual Application and Educational Booklet on Environmental Sustainability

Source: The Photograph was taken by the Researcher during the Fieldwork (January 21, 2020)

Sentido Verde promotes a culture of habit change, which it calls: “Changing Minds and Habits equals Changing Environmental and Social Culture”. The B Corp distributes a free Ebook of its authorship called “Corporate Sustainability Must Generate Return on Investment”.

B Corp and Awards. *Sentido Verde* received the B Corp certification in July 2018 with a score of 90 out of 200.

Case 8. Ecosistema Jaguar

Ecosistema Jaguar was created by Andrés Vergara in 2014. This B Corp's mission is to transform the future of the countryside through innovation and technology services in Latin America. As a result of having studied a Master in social innovation and sustainable development at the Milan Polytechnic in Italy, Andrés influenced the creation of *Ecosistema Jaguar* with the studies of Ezio Manzini centred on the role that design plays in social innovation as a tool for solutions and change. The company provides agricultural advisory services, consulting services for agricultural activities, computer programs and software for agriculture, and specialized design services for problem-solving challenges. The company's mission is to transform the future of the countryside through innovation and technology services in Latin America.

In an analysis of the environment in which the *Ecosistema Jaguar* operates, there is concern that 50% more production is needed to feed the world population, 80% of the world's food is led by small farmers who sell their products to large corporations, and that only 16% of the country's farmers have received technical and rural assistance to improve their productivity. *Ecosistema Jaguar* offers solutions such as *Agtech* (the creation of traceability systems in the agricultural chain), *Regenerative Agriculture* (helping farmers to restore ecosystems and communities to revert climate change and increase productivity), *Agricultural Training* (to accelerate the adoption of good practices), *Engagement and Loyalty* (to build lasting relationships between suppliers and stakeholders), and *Rural Business* (triple impact services for business).

In 2018, *Ecosistema Jaguar* developed a project with Casa Luker — one of the most recognised Colombian companies in the coffee and cocoa sector with more than 110 years of history — to ensure that cocoa producers increase their income and grow products with the best quality standards. *Ecosistema Jaguar* co-created solutions to generate more value in the agricultural production chain of cocoa by creating 'Luker Points,' a platform that encourages cocoa farmers and associations to adopt better agricultural production practices through the collection of points. The system sought to increase compliance with indicators, improve crops by accessing agro-inputs, strengthen family ties and increase their sources of income. With this strategy, more than 55,000 kilos of cocoa produced under the best practices were cultivated. The municipality of La Rivera increased cocoa production by 21% and 64% in Gigante. Another relevant project was developing a commercialisation and traceability platform with the UNDP in Territorial Spaces for Training and Reincorporation. *Ecosistema Jaguar* developed a platform that facilitates the commercialisation of products and services produced by ex-combatants contributing to their social reintegration as part of the Peace Accords in Colombia.

B Corp and Awards. *Ecosistema Jaguar* acquired the B Corp certification in September 2018, with a score of 83.5 points out of 200. In 2018, the enterprise was awarded the *Best For The World Honoree: Customers* because of its innovative practices and focus on underserved populations. One of the most critical challenges for *Ecosistema Jaguar* has been to find clients and organisations that understand their business model and approach towards social innovation. The enterprise considers that there is still a lack of culture for the private sector to understand the relevance of generating solutions to society from a profit-oriented perspective.

Case 9. Terramarte

Terramarte was founded in 2008 by a group of visionary entrepreneurs who identified a cultural lag in Colombia compared to European countries where there was greater awareness about the use of plastic bags and recycling. *Terramarte* (previously Branding Solutions) designs, manufactures and commercialises ecological articles through reusable eco-bags, eco-friendly stationery and eco-friendly promotional materials. With less than 50 employees, *Terramarte* is still configured as a small enterprise, working in most cases under freelance contracts with its manufacturers.

The company was founded to solve two problems: The increase of plastic in the oceans and labour inequalities in Colombia. Regarding the environmental problem, the Ministry of Environment estimates that an average Colombian uses six bags per week, approximately 288 bags per year and about 22,176 bags during 77 years. According to the UN, by 2050, there will be more plastic than fish in the ocean, taking approximately 400 years to decompose. Plastic bags often reach landfills, streets, sewers, causing clogging and flooding. Similarly, there is the severe problem of deforestation, characterised by the loss of marine species leading to the loss of the national biodiversity. *Terramarte* has calculated that with the integration of eco-friendly bags into the market, it has been possible to avoid using approximately 274 million plastic bags, and 2.2 tons of advertising banners have stopped reaching landfills or water sources by manufacturing commercialising approximately 51,000 products with ecological materials.

Regarding the issue of inequalities, *Terramarte* identifies an alarming number of people in extreme poverty and vulnerability, particularly with excluded populations. To solve this problem, the firm manufactures its products hiring households mothers, older adults, and people with disabilities. Currently, 65% of the company's employees are under one of these conditions.

In 2010, *Terramarte* became part of the Business Call to Action (BCtA), a UNDP initiative that works with enterprises that develop solutions to contribute to sustainable development and reduce poverty. With the BCtA, *Terramarte* committed to increasing the productivity of its value chain by 10%, making a production target of 82.500 eco-bags by 2024. The enterprise is also committed to expanding the number of female suppliers up to 80% by 2024. One of *Terramarte*'s success stories has been developed with the business consortium, Homecenter — a company that commercialises furniture and home products — who sought to eliminate the use of plastic bags since 2016. By partnering with Homecenter, *Terramarte* has prevented the use of more than 124 million disposable bags.



Source: The Photograph was taken by the Researcher during the Fieldwork (January 21, 2020)

B Corp and Awards. *Terramarte* was among the first group of Certified B Corps in Bogotá, receiving the certification in August 2013, with a score of 81.8 points. The enterprise was awarded the *Best For The World Honoree: Environment* in 2015 because of its sustainable practices. *Terramarte* currently faces the challenge of encouraging people to commit to changing habits by using objects made of biodegradable materials and discouraging the unnecessary consumption of objects, including those manufactured by the enterprise.

Case 10. Mejor en Bici

Mejor en Bici is an organisation that promotes the use of bicycles as a regular means of transport to improve people's quality of life and the environment. *Mejor en Bici* as a business project started when three friends — Diego Ospina, Ricardo Arango and José Gaona — made an excursion across Colombia called “to Cabo de la Vela by bike”, which started in Bogotá D.C. and ended in La Guajira. Their trip began on 26 December 2002 and ended on 7 January 2003. Other cycling trips continued through Colombia biking in the Pacific, Amazonia and Orinoco. The founders also developed a previous venture with a bicycle and spare parts shop. *Mejor en Bici* was born in 2010 with the capital of seven friends and partners, of which only three currently remain, being Diego Ospina, its manager. Bogotá is a city with high mobility problems. One of the objectives of *Mejor en Bici* is to promote integrated mobility solutions for private clients by providing bicycles and facilities across the city.

Mejor en Bici's first client was Codensa, a Colombian company that distributes and commercialises energy in the department of Cundinamarca. The collaboration consisted of a program called “E-bike to Work”, in which *Mejor en Bici* was in charge of the administration, loan and maintenance of bicycles. At the same time, Codesa provided facilities, bikes, and parking for its employees to commute. In 2012, the company named its first service line “Bicycle Shared Use System (SIBUC)”. *Mejor en Bici* was responsible for providing bicycles to its customers and managing the services for users. This year, *Mejor en Bici* gained new corporate clients with the Canadian company, Pacific Rubiales, dedicated to exploring and producing oil and natural gas in Colombia, and Unilever, the British multinational consumer goods company with offices in Bogotá.

In 2015, due to an increase in competing companies offering similar services and the loss of several corporate customers who started to buy their bikes, *Mejor en Bici* proposed a collaboration contract to the Bogotá Chamber of Commerce, developing a shared value initiative. This initiative was designed with the intermediation of another B Corp company (*Creative Lab*, Case 6). With the Chamber of Commerce, the company started to develop awareness-raising talks on the use of bicycles as a means of transport, attracting the attention of school students and different target audiences.

B Corp and Awards. *Mejor en Bici* became a Certified B Corp in April 2016, scoring 93.3 in 2015 and 98.5 in 2019. The enterprise received the *Best For The World Honoree: Overall, Community and Customers* in 2018. One of the significant challenges of *Mejor en Bici* has been to transmit a message of change to society by promoting a new culture, that is, to convince and make people aware that it is better to desist from using vehicles and use the shared bicycle as the primary means of transport.

Case 11. Alcacüete

Alcacüete is a company that produces, manufactures and commercialises healthy snacks through a double impact commercialisation strategy. The enterprise was created in 2014 by Andrés Escobar, Pedro Mejía, and Alejandro Behar. The business idea emerged after a five-month backpacking trip to Southeast Asia (Laos, Cambodia and Thailand) by the three founders. The founders wanted to create a business idea that could impact society and generate sustainable income. *Alcacüete*'s philosophy is based on the concept of sharing as the central axis that motivates the company's existence. The idea of sharing was inspired by the problem of child malnutrition in Colombia, aimed to be tackled through a business idea. Despite the country's wealth in natural resources and biodiversity, 10.8% of children in Colombia suffer from chronic malnutrition (1 in 9 children). Figures show that 50% of Colombian households lack access to food to enable a healthy life, and 13% of children under five suffer from chronic malnutrition. More than 30% of children in Colombia are anaemic, and 17% are between five and 17 years old suffer from obesity.

The company highlights that malnutrition has two faces: the population lacks access to food, leading to undernourishment, while obesity occurs due to the misuse of food. The business idea was then to donate food to malnourished children for every food purchased by a consumer. This model is known as 1x1. As the business started to grow and the enterprise found more competition in the market, in 2019, *Alcacüete* re-evaluated its business model, introducing the 2x1 modality and applying it to certain products. To date, *Alcacüete* has delivered 1,900,000 meals to children with malnutrition or at risk of malnutrition in Colombia through the 1x1 and 2x1 models. *Alcacüete* delivers its donations with the support of the Carulla Foundation, which has 30 offices and supporting local networks at the national level. Another of *Alcacüete*'s allies has been the Exito Foundation, which has allowed them to provide the logistics and delivery of the food to children under malnutrition. Impacted children are found in different areas of the country in Bolívar (Montes de María), Magdalena, Putumayo, Choco, Guajira, Bogotá, Cali, Cartagena, and other major cities.

From 2019, *Alcacüete* implemented a local impact model in its value chain. The company supports local purchases from producers and regions that are victims of violence producing under sustainable practices. These suppliers are located in Timbiquí, Cauca (more than 400 coconut-producing families), Carmen de Chucurí, Santander (40% of the country's cocoa is produced in this region), and Amazonas (with the açai product with families from the region).

B Corp and Awards. *Alcacüete* became a B Corp in May 2015, scoring 96.7 in 2015, 98.8 in 2017, and 80.3 in 2020. It has been awarded by the *Best For The World Honoree: Community* since 2016–2019. *Alcacüete* started as an entrepreneurial project with a small capital; however, thanks to its social model, in 2015, the company was selected as the 'Best Social Enterprise' by the Bavaria Foundation. Following the SDGs mandate, *Alcacüete* aims to contribute to the first generation of children without malnutrition in Colombia by 2030. One of the significant challenges that *Alcacüete* faces is maintaining the sustainability of its prices with the intense competition that the market faces from other producers that do not have products with social impact.

Case 12. Siembra Viva

Siembra Viva is a company that commercialises organic food produced by small local farmers. *Siembra Viva* was created in 2014 as a result of the concern of its founder Diego Benitez, who identified a lack of offer of biological and non-genetically modified food in Colombia. His wife's pregnancy and the lack of healthy products were the motivations that made Diego rethink the meaning of agriculture. Diego, who developed a Master in Innovation in France and, after having ventured into several entrepreneurship projects, started *Siembra Viva* as an innovative and unrivalled business in Medellín. To connect producers and consumers, *Siembra Viva* developed an e-commerce platform to offer customers a variety of farmer's products. The creation of this platform was developed with the support of Acumen, who helped *Siembra Viva* to define its business model as a tool to fight rural poverty.

The company responds to a central social problem in Colombian agriculture; the small producer lacks knowledge for stabilising quality and supply, leading to many intermediaries in the sales and commercialisation process. This has two effects: on the one hand, farmers have to sell their products at unfair prices, and on the other hand, it leads to higher prices and the formation of monopolies. *Siembra Viva* works with local farmers in two ways. One approach is to connect farmers in Antioquia and buy their products under fair conditions. Another modality consists of land leasing and farmers training to plant on *Siembra Viva*'s land. In both scenarios, the company offers a secure purchase and commercialisation of their products.

Siembra Viva's e-commerce platform aims to facilitate the exchange between producers and sellers and encourage the practice of local consumption of healthy, fresh and traceable food. Due to the platform's ease of purchasing process of vegetables and artisanal products, *Siembra Viva* has developed partnerships with local delivery companies so that agricultural products are delivered directly to consumers' homes. This strategy has also been implemented more efficiently since the Covid-19 pandemic, encouraging agricultural production and local consumption. The introduction of this service has triggered a new local culture of vegetable consumption, a habit that is unusual in the local gastronomy. According to Diego Benitez, *Siembra Viva*'s goal is to fill every refrigerator in Colombia with vegetables through regenerative, fair and inclusive agricultural products. At the same time, the company takes care of the harvesting, washing, packaging and logistics processes of vegetables.



Source: The Photograph was taken by the Author during the Fieldwork (February 6, 2020)

One of the company's most important social impact activities is the inclusion and training of ex-combatant farmers who have been harmed during the Colombian armed conflict. As a result of this impact, from 2020, *Siembra Viva* introduced a new service called 'Ecological Tourism' where individuals and corporate groups are offered the possibility to attend educational talks to learn about organic vegetable cultivation. Visitors can talk to the farmers and get a more humanised view of the farming process and the reality of the Colombian conflict.

B Corp and Awards. *Siembra Viva* became a Certified B Corp in 2016, scoring 80.5 points out of 200. *Siembra Viva*'s current challenge is to reach other markets in the country, particularly in the region of Cundinamarca.

Case 13. Taurus Capital

Taurus Capital consists of an alternative asset manager that serves a market of investments different to stocks or bonds. Their investment focuses on consumer loans, venture capital, structured lending and forestry. The company was created to serve an unattended market that would professionally manage alternative market investments, focusing on developing social and environmental impacts combined with financial returns. *Taurus Capital* is still a small company with less than ten employees and collaborates with another certified B Corp company called *Promosuma*, which focuses on financial loans for the educative sector.

Taurus Capital investments are divided into two main groups: extending credit to people who, due to their profile, would not be able to access this type of resources and entrepreneurship. The enterprise provides funding to private investors and generates opportunities for groups with restricted and risky financial access. The company identifies a problem or a need, studies and analyses the possibility of investment, and decides whether it is possible to extend loans. Once the opportunity is identified, *Taurus Capital* looks for investors interested in lending money in the form of investment. The enterprise follows a different process from traditional investment banking because it deviates from single transactions and generates relationships that can impact people's lives.

The company's impact model is based on creating services that directly or indirectly benefit people or groups in vulnerable situations. Some of its practices include developing workers' skills in different training topics (e.g. teamwork, soft skills, etc.), pro-bono policies that engage the work team on city challenges, and employee benefits through funding and flexible working schedules.



Source: The Photograph was taken by the Author during the Fieldwork (February 11, 2020)

As part of its community impact, *Taurus Capital* created an initiative called “Nex-Taur”, focused on co-creating solutions to three social problems in Medellín: First, the lack of income for the elderly, their loneliness and lack of integration into society. Second, the high demand for human talent in the technology sector is not being met. And third, the lack of savings culture promotes the use of informal means of financial lending. Two informal practices are widespread in Colombia. The first is known as “informal saving funds” (*natilleras*, in Spanish), where people develop savings over 12 months to be recovered at the end of the year. Generally, this money ends up being spent and not invested, particularly at Christmas parties. The second practice is known as “daily payout” (*paga diario*, in Spanish). In this modality, people borrow money from private individuals whose payments result in violence when the money is not returned in time to the borrower. *Taurus Capital* seeks to generate financial solutions to these issues through its alternative asset manager services. In this way, the company seeks to formalise the financial sector that focuses on the most vulnerable populations.

B Corp and Awards. *Taurus Capital* became a Certified B Corp in November 2016, scoring 109.7 in that year and 91.4 in 2019. *Taurus Capital* has received the *Best For The World Honoree: Governance* consecutively from 2017–2019. One of the significant challenges of *Taurus Capital* has been to foster a culture of financial legality, which promotes long-term savings and investment practices.

Case 14. Heincke

Heincke was created in 2017 to commercialise and export high quality, organic sugar cane (*panela*, in Spanish). Fernando Heincke, its founder, sought to impact the country's agriculture by dignifying the second-largest source of labour, sugar cane, after coffee. *Heincke's* idea is to turn *panela*, a traditional Colombian product, into a high-quality product as a premium consumption food. Sugar cane is one of Colombia's most widely consumed foods, which is why its founder saw an opportunity to sell the product locally under different characteristics and uses and internationally. Although *Heincke* has less than five employees, its export volumes have enabled it to establish itself as a medium-sized enterprise after the second year of foundation. *Heincke* focuses on four types of *panela* derivatives: unrefined sugar cane, solid *panela*, sugar cane syrup, and energetic drinks. The enterprise develops various products under the brand name 'Maria Panela' (see image below), derived from a previous entrepreneurship project from its founder.



Corporate Image. Panela-based energy drinks

Source: The Photograph was taken by the Researcher during the Fieldwork (January 24, 2020)

Heincke designs its business model aiming to provide solutions for three problems. Firstly, the *panela* sector is 97% illegal and works informally. Farmers are paid unfair prices due to their scant knowledge of marketing. *Heincke* seeks to close the gaps between small Colombian producers and international markets through a shared value model. The enterprise implements a model that reduces poverty through the supply chain, improving working conditions and supporting suppliers from vulnerable populations.

The enterprise commercialises sugar cane by developing partnerships with around 2,500 families, including indigenous groups, farmers and small producers from Quipile (Cundinamarca), Yolombó (Antioquia) and Sierra Nevada (Magdalena). Secondly, *Heincke* moves away from traditional agriculture, as it aims to ensure that all the production processes are sustainable and governed by national and international certifications. The company supports mills standards; then, farmers can improve their operations and produce under sustainable practices. Its products have already certificates such as USDA organic, GMO-free, Ecocert and Canada organic. Finally, considering the over-consumption of refined sugar in Colombia and various global markets, *Heincke* aims to offer a healthier alternative for consumers.

B Corp and Awards. *Heincke* acquired the B Corp certification in October 2015, scoring 83 out of 200. One of the challenges for *Heincke* has been to ensure that its suppliers work to the quality standards required by international markets.

Case 15. Cafexport

Cafexport was created in 2009 in Manizales as a subsidiary of the leading Swiss company Cafexport SARL focused on delivering 'green' or 'sustainable' coffee to the roasting industry. The creation of *Cafexport* was to facilitate the relationship of Cafexport SARL and its clients in Europe with coffee producers in Colombia. *Cafexport* purchases, imports, exports and trades coffee and cocoa, carrying on all commercial activities connected with such markets. Currently, *Cafexport* is a medium-sized enterprise with 57 employees and integrates more than 11,000 coffee producers in Colombia with an average field size per farmer of fewer than 5 hectares. Coffee growers connected with *Cafexport* are located in Aguadas and the North of Caldas, a region with an altitude between 4,900 to 5,900 feet above sea level. The coffee manufacturing process is developed through manual and lengthy fermentation procedures (over 21 hours) and is naturally dried in sunlight. *Cafexport* created a protocol for local farmers to follow to produce coffee in the quantity that clients require.

Cafexport manages strategic lines of sustainability that include agronomic and traceability services, training for producers, reduction of emissions, analysis of efficiencies in logistics development and operations, design, sustainability conceptualisation, identification of opportunities to improve the sustainable impact on farmers, piloting new opportunities to improve the environmental impact and social impact of the business, and the operation of projects that seek sustainability. *Cafexport* works with more than six cooperatives in Colombia and collaborates with different public and private organisations seeking to support the productivity of coffee growers with whom it works.

Cafexport recognises that coffee-growing presents several problems related to social, environmental and economic issues. Because it is a product of the primary sector, coffee has shown significant volatility in the last decade, generating financial losses for the industry, mainly for producers. Farmers face serious risks such as climate change, pests, lack of knowledge in agricultural techniques or lack of commercialisation channels. The lack of a workforce and the absence of generational replacement hinder the adequate development of the coffee economic activity, leading to a cultural loss for the country.

Cafexport supplies important coffee consortiums in Europe and the US, which explains why this company implements rigorous sustainability practices. The company is certified with the Rainforest Alliance, UTZ, FLO and ORGANIC and the C.A.F.E. Practices, AAA Sustainable Quality Program, Nestlé Responsible Sourcing Standard, and follows food safety defined by the FDA. In 2019, *Cafexport* participated in a pilot program for meteorological insurance with Nespresso and Blue Marble Microinsurance. The collaboration consisted of implementing a parametric insurance policy that covered rains and droughts during specific year periods. The program aimed to avoid the risk of young coffee beans facing the various climatic shocks of the region. The pilot program consisted of satellite technology measurements that required cooperation with local farmers. *Cafexport* participated with the support of farmers' unions in Caldas, with 1,975 farmers on 5,724 hectares.

Regarding cocoa, *Cafexport* follows a program called "ECHAR PA'LANTE". The program consists of an inclusion model that aims to connect prosperity through measurable results in aspects such as economic (assuring a net income of 1.5 minimum wages), quality (80% of volume suitable for export), productivity (around 800 kg per year), social (code of conduct), environmental (business relationship and intention to improve), and happiness (satisfied growers and happy communities).

B Corp and Awards. *Cafexport* received the B Corp certification in February 2018, reaching a BIA score of 90.4. The enterprise incorporates B Corp practices related to supply chain strategies that help reduce poverty by supporting vulnerable suppliers, purchasing and working conditions.

Case 16. Portafolio Verde

Portafolio Verde is a consulting organisation founded in 2005 by Alejandro Zapata and Juan Esteban Muñoz. Its first founder, Alejandro Zapata, aimed to be involved in social impact issues as part of his personal achievements. From an early age, Alejandro received inspiration from his grandmother Beatriz Londoño, the founder of the 'Beatriz Londoño Foundation' (formerly 'Pro-Marginados Corporation'), a non-profit organisation focused on improving the living conditions of vulnerable and poor populations in Santo Domingo Savio, Medellín (Commune 1), a locality characterised by high rates of poverty and violence.

The second founder, Juan Esteban Muñoz, after an enlightening and inspiring academic semester at the Jönköping University in Sweden, felt motivated to implement new technologies and solutions in Colombia in environmental engineering in the still unexplored market of Medellín. *Portafolio Verde* resulted from the visions of Alejandro and Juan Esteban, who developed an entrepreneurship project with an ecological and social focus. The enterprise was created with the 'Seed Capital Fund' collaboration of the SENA institute, Créame Corporation, the Municipality of Medellín and ANDI.

Portafolio Verde aims to create, develop and implement innovative and effective initiatives, solutions, and strategies for sustainable development that maximise the positive impact of governments, organisations, communities and individuals. The firm provides consulting services to public, private and non-profit organisations aiming to solve social challenges. *Portafolio Verde* offers its services through four strategic units: *Rural Development* (aimed at making rural organisations and companies sustainable), *Social Innovation* (driven by collaborative change management purpose), *Rural Education* (providing educational quality for sustainable development), and *Corporate Sustainability and Habitat* (implementing sustainability strategies and investments in the medium and long term). Each strategic unit is linked to a different SDG.

In 2009, *Portafolio Verde* started relationships with the International Youth Foundation (IYF) to position itself as a leading company in sustainable development in Colombia. This collaboration permitted them to build a robust business model with a clear environmental and social approach. Subsequent to this collaboration, *Portafolio Verde* has developed projects with international actors on agricultural and rural issues in Colombia. To illustrate, in 2012, the enterprise created a project with Starbucks to strengthen 500 coffee growers in southwest Antioquia. Similarly, with the King Baudouin Foundation, *Portafolio Verde* developed an alliance with the Southwest Coffee Growers Cooperative, conducting training in international certifications with young coffee growers. The company has developed capacities for education in agriculture, considering the social component, poverty and lack of resources that characterise the agricultural population of the country.

In 2013, *Portafolio Verde* created Ciclo Siete, a community that advocates for sustainable development across 22 Latin American countries. This initiative was formed to take sustainability beyond the corporate level to involve civil society. In 2016, the United Nations Economic and Social Council (ECOSOC) granted *Portafolio Verde* the 'Special Consultative Status,' the highest status that the UN gives to non-governmental organisations. The Special Consultative Status allows organisations to participate in the dialogue and deliberations of ECOSOC globally. In 2018, *Portafolio Verde* created a non-profit organisation called 'Animal Bank', which supports the conservation of animals and their habitat. Animal Bank integrates *Portafolio Verde*'s trajectory on biodiversity, wildlife conservation and ecological tourism. In parallel with its growing relationship with several non-profits organisations since 2012, *Portafolio Verde* created the Portafolio Verde Foundation, a non-profit organisation that allows them to channel international resources and donations for their social and environmental activities.

B Corp and Awards. *Portafolio Verde* became the first Certified B Corp in Antioquia, starting with 86.3 points in 2012 to 132.5 in 2020. *Portafolio Verde* has received several awards from B Lab. In 2016, the enterprise received the *Best For The World Honoree: Overall and Customers*. In 2017, *Overall, Workers, Changemakers, Customers and Governance*. Both in 2018 and 2019, *Overall, Workers, Governance and Customers*. Portafolio Verde works under a Quality Management System, following the ISO 9001 V: 2008 standard.

Case 17. Blanquita

Blanquita was founded in 1935 by Faustino Suso in Buga, Cauca Valley, to operate as an agricultural producer of organic, premium, and integral rice. The company is currently directed by José Manuel Suso Domínguez, grandson of the founder who has been in charge of the company after his father's death, Manuel Suso. The company consists of a family business and is managed and operated by different relatives across generations. *Blanquita*'s rice received this name in honour of Faustino Suso's wife, Mrs Blanca de Suso.

The company's mission is to develop sustainable agribusiness innovation, supported by good relations and fair trade with local suppliers and farmers. Since 1950, the enterprise operates in the municipality of Jamundí, Cauca Valley, contributing to 250 jobs. *Blanquita* does not have crops; the enterprise purchases raw material from different farming families in Colombia. They integrate approximately 670 small farmers working in about 4,000 hectares in Cauca Valley, indirectly creating between 4.500 and 5.000 jobs. The company integrates crops from 75% Afro-Colombian communities, 15% indigenous groups, and 10% local families. Its products are sold in the southwest of Colombia: Valle, Cauca, Nariño, Putumayo, Chocó and Old Caldas.

In 1990, the company introduced an education system to increase farmers' productivity in the sowing and harvesting of cereals with the help of the International Center for Tropical Agriculture, CIAT (Centro Internacional de Agricultura Tropical). CIAT has projects in different tropical countries and collaborates with partners and private companies to achieve more competitive agriculture through the intelligent and sustainable management of natural resources. With the introduction of these planting technologies, farmers partnering with *Blanquita* went from producing 4 to 8 tons per hectare per semester. This methodology has also allowed producers to reduce the use of agrochemicals and to control plagues, insects and birds.

Blanquita aims to provide solutions to various social problems through its business model. On the one hand, most of the monocultures devastate the quality of the soils since they use extensive water and numerous chemicals, changing the geographical relief and impacting consumers' health. Although the average rice crop in Colombia uses 25,000 m³ of water per semester, *Blanquita* reduced this procedure to 7,500 m³. Its techniques encourage more efficient harvesting, allowing producers to be more independent while promoting economic growth. The firm works under the Integrated Management System ISO 9001, ISO 14001 and holds the CSR certification – For Life. *Blanquita*' organic rice line has National Certifications, regulated by resolution 0187 of 2006 and 0199 of 2016. The enterprise also follows international standards from the European Organisation for Security (EOS) and the National Organic Program (NOP) from the US; certifications are granted and controlled by Ecocert.

Blanquita is called "bird-friendly rice" due to its production techniques. *Blanquita*'s brand image consists of a rice plant in the shape of a bird with a golden curve representing the fluidity of water, a corporate image representative of its production practices. In 2012, *Blanquita* received the National Ecology Prize "Blue Planet" (Planeta Azul) awarded by Banco de Occidente to people and companies that protect water. Since rice is grown in so-called wetlands, birds are one of *Blanquita*'s main stakeholders, as the presence of these animals in the field determines how good the grains are for consumption. The company develops eco-tourism activities for bird watching, one of the main sources of biodiversity in the country.

B Corp and Awards. *Blanquita* became a Certified B Corp in 2013, achieving 108.5 points in 2015 and 86 points in 2019. In 2017 and 2018, the enterprise received the *Best For The World Honoree: Environment*. One of the current challenges of the enterprise is to sell its products in Bogotá since, to date, the market segment is centred in the southwest of the country.

Case 18. De Lolita Restó Café

De Lolita was founded in 1999 by Fernando Filevich as a bakery specialising in Argentine pastries. The company has restaurants in different locations across the city of Medellín, particularly hospitals, shopping centres, medical towers, business centres, universities, and airports. In addition to offering a wide variety of bakery products, *De Lolita* offers traceable and high-quality Colombian coffee from the region. The enterprise is well known for its originality and quality, centred on good attention and the friendliness of its salespeople, focusing on high-income clients.

In 2015, *De Lolita* reconfigured its organisational culture towards the concept of service as the central axis of its business model. The enterprise implemented changes to drive social value by reconfiguring its image, values, and practices inside the organisation. One of the changes in its organisational culture was the restructuring of the internal language. For example, the company calls its vendors “hosts”, “guests” to its customers, and “urban oases” to its points of sale. This strategy aimed to strengthen the business philosophy, consolidate the human resources department, and involve inclusive organisational practices to generate a sense of belonging. Although *De Lolita*’s approach to impact is mainly social, the company introduces sustainability practices such as selecting local suppliers, using compostable material or implementing recycling practices.

Being the social issue the strength of its model, *De Lolita* implements practices focused on labour inclusion and the well-being of its employees. To illustrate, 57% of employees are women, 42% of them are single mothers, and 14% of the employees are persons with disabilities (particularly a hearing loss population). The company created a “School of Transformation” within its facilities in an alliance with national and international training institutions: the National Training Service (SENA), Catholic University of the East, the Antioquia Family Compensation Fund (Comfama) and Cuso International (a Canadian training centre). The School allows employees and their relatives to certify the bachelor’s degree without cost. From 2018, *De Lolita* introduced the so-called “social oasis” or “social points of sale”, an initiative developed through an alliance with the Antioquia Rehabilitation Committee to integrate people with different disabilities into the labour market. The company relates to the well-documented case of Lina Marañón, a woman who was born with cerebral palsy, allowing her access to a working opportunity, social inclusion and education.

De Lolita donates 50% of its profits from the social oasis to the Rehabilitation Committee of Antioquia as an alliance to connect people with disabilities and reinsert them into the labour market. Other partnerships with a social focus have been developing projects with Casa de Carlota, a professional design studio with offices in Barcelona and Medellín integrated by people with down syndrome, autism and other special conditions. In 2019 they developed a joint project to design the packaging that *De Lolita* uses for its products. At the time of the interview, *De Lolita* was forming a collaboration with “Colegiatura of Medellín”, a higher education centre specialising in creativity, happiness, and essential communication, to create a training certification in entrepreneurship. Finally, *De Lolita* has been carrying out donations to medical personnel in hospitals in the city as a message of support and empathy during the Covid-19 crisis, expressing their interest to commit to CSR issues.

B Corp and Awards. *De Lolita* received the B Corp certification in January 2018, reaching a BIA score of 81.2. Starting in 2020, and due to the Covid-19 pandemic, *De Lolita* reassessed its business mission and refined its objectives, being more aligned with the SDGs. The social impact of its business model focuses on *Goal 10*, Reduction of Inequalities, extending its social inclusion policy to its employees. In addition to the employment policy for people with disabilities, the company has begun hiring immigrants (mainly for Venezuela, conflict zone). In July 2021, 7% of its employees are immigrants.

Table Appendix (I). Case Description

Case No.	Enterprise	Business Description	Sector*	No. of Employees	Year of foundation	B Corp since	Location	Size
1	Matteria	Headhunting, consulting, and smart recruiting	Service with Minor Environmental Footprint	≤10	2015	2017	Bogotá D.C., Cundinamarca	Small
2	R+B	Building design and construction	Service with Significant Environmental Footprint	≤10	2008	2018		
3	Green Factory	LEED and environmental consulting	LEED and Environmental Consulting	≤10	2010	2013		
4	Anonymous	School field trips and summer camps	Service with Minor Environmental Footprint	≤50	2001	2017		
5	Indeleble Social	Consulting, human training, and corporate volunteering	Service with Minor Environmental Footprint	≤10	2013	2019	Medellín, Antioquia	
6	Creative Lab	Innovation consulting and design of solutions for communities	Service with Minor Environmental Footprint	≤20	2009	2016	Bogotá D.C., Cundinamarca	
7	Sentido Verde	Consulting and environmental strategies	Service with Minor Environmental Footprint	≤10	2005	2018		
8	Ecosistema Jaguar	Innovation consulting and agro-business	Service with Minor Environmental Footprint	≤10	2014	2018	Medellín, Antioquia	
9	Terramarte	Eco-bags and sustainable branding	Manufacturing	≤50	2010	2013	Bogotá D.C., Cundinamarca	
10	Mejor en Bici	Shared use bicycle service	Service with Minor Environmental Footprint	≤40	2002	2016		
11	Alcagüete	Healthy snacks 1:1, 2:1 and a model called “buy local”	Wholesale/Retail	≤10	2014	2015		
12	Siembra Viva	Commercialisation of organic vegetables	Wholesale/Retail	≤30	2014	2016	Santa Elena, Antioquia	

13	Taurus Capital	Alternative investment manager	Service with Minor Environmental Footprint	≤ 10	2011	2016	Medellín, Antioquia	Medium
14	Heincke	Cane sugar exporting	Wholesale/Retail	≤ 10	2017	2015	Bogotá D.C., Cundinamarca	
15	Cafexport	Coffee and cacao exporting	Wholesale/Retail	≤ 60	2002	2018	Manizales, Caldas	
16	Portafolio Verde	Sustainable development consulting	Service with Minor Environmental Footprint	≤ 50	2005	2012	Medellín, Antioquia	
17	Arrocera Blanquita	Commercialisation of organic rice	Agriculture/Growers	≥ 250	1950	2016	Jamundi, Valle del Cauca	Large
18	De Lolita Restó Café	Bakery and restaurant	Wholesale/Retail	≤ 300	1999	2018	Medellín, Antioquia	

**As classified in the B Lab website*

Appendix IV. Key Informants and Secondary Data Sources

Table Appendix (II). B Corps Respondents and Secondary Data Sources

<i>Case No.</i>	<i>Position of Interviewee</i>	<i>Duration of Interview</i>	<i>Secondary Data Sources</i>
1	Commercial Manager	1 hour	Enterprise and B Corp Websites, Social Media, Twitter, LinkedIn
	Executive Director	1 hour	
2	Project Manager	2 hours, 10 minutes	Enterprise and B Corp Websites, Social Media, Twitter
	General Manager/Co-founder	1 hour	
3	General Manager/Founder	2 hours, 10 minutes	Enterprise and B Corp Websites s, Social Media, Twitter, LinkedIn, News, Podcasts, and Journals
4	CEO/Co-founder	1 hour, 30 minutes	Enterprise and B Corp Websites, Social Media
5	Project Coordinator (two interviews)	2 hours 1 hour, 15 minutes	Enterprise and B Corp Websites, Social Media, Twitter, LinkedIn, Vaki, Podcast, Videos, Blog, News, and Journals
	General Manager 1/Co-founder	1 hour, 15 minutes	
	General Manager 2/Co-founder	1 hour, 15 minutes	
	Administrative Coordinator	1 hour, 30 minutes	
6	Executive Director	1 hour, 40 minutes	Enterprise and B Corp Websites, Social Media, Twitter, Podcast, and Youtube Videos
	Project Manager	15 minutes	
	Design Director	15 minutes	
	Team Reunion: Non-participative observation	3 hours	
7	General Manager/Co-founder	1 hour, 30 minutes	Enterprise and B Corp Websites, Social Media, Twitter, and GIIRS Rating
	Commercial and Project Director	1 hour	
8	General Manager/Founder (two interviews)	1 hour	Enterprise and B Corp Websites, Social Media, Blog, Business Reports, Case Studies, and Youtube Videos
9	General Manager	30 minutes	Enterprise and B Corp Websites, Social Media, Podcast, Videos, Pinterest, and GIIRS Rating
	Director of Marketing and Communications	1 hour, 30 minutes	
10	General Manager/Co-founder	45 minutes	Enterprise and B Corp Websites, Social Media, Twitter, YouTube Videos, LinkedIn, News, and Journals, Case Study article
11	Commercial and Marketing Director/Co-Founder	1 hour	Enterprise and B Corp Websites, Social Media, Twitter, Podcast, YouTube Videos, News and Journals, and personalised written communication with the Marketing Coordinator
12	General Manager/Founder	1 hour, 30 minutes	Enterprise and B Corp Websites, Social Media, Twitter, Podcast, YouTube Videos,
	Director of Operations	45 minutes	
	Four Farmers	15–20 minutes each	

			News, and Virtual Interviews, and a visit to the ecological eco-tour
13	Impact Analyst	1 hour	Enterprise and B Corp Websites, GIIRS Rating, Business Documents, News and Journals
	General Manager/Co-founder	1 hour	
14	General Manager/Founder	1 hour	Enterprise and B Corp Websites, Social Media, Twitter, Podcast, Videos
	Brand Manager	1 hour	
15	CEO/Founder	2 hours	B Corp Website, LinkedIn, Project reports, GIIRS Rating
	General Manager	2 hours	
	Sustainability Director	1 hour, 15 minutes	
16	Deputy Executive Director	1 hour	Enterprise and B Corp Websites, Social Media, Twitter, LinkedIn, Podcast, Videos, Business Reports, Third source interviews
17	Financial Manager	1 hour, 30 minutes	Enterprise and B Corp Websites, Social Media, and News, Virtual Interviews
	Marketing Manager	45 minutes	
18	Human Talent Manager (two interviews)	1 hour, 30 minutes 45 minutes	Enterprise and B Corp Websites, Social Media, YouTube Videos, Blog News and Journals
	General Manager	2 hours	
	CEO/Founder	2 hours	
	Four employees	15–20 minutes each	

Table Appendix (III). B System Informants

<i>Code</i>	<i>Name and Position of Interviewee</i>	<i>Duration of Interview</i>
Informant A	B System Co-Founder, Leader of B Academy Colombia	45 minutes
Informant B	Executive Director, B System Colombia	45 minutes
Informant C	Executive Director, B System Brazil, Board Member B System Latin America	50 minutes
Informant D	General Member Board, B System Colombia	45 minutes
Informant E	Executive Director, B System Latin America and the Caribbean	60 minutes
Informant F	Director of Business Development, B System Ecuador	45 minutes

Appendix V. Interview Guideline with B System Informants

Introduction

- Could you please describe your position in B System?

About B System

- What is B System? What are B Corps? Could you please tell the story of the B System Movement?
- What are the motivations of the B movement in Colombia vs in Latin America?
- What are the activities or initiatives that B System develops to build a robust community of B Corps?
- How do you describe the actors, institutions and stakeholders that integrate B System?
- What are the achievements of the B System and those of the B Corps?
- What have been the main achievements of B Academy? How have these achievements added milestones to the movement?
- What is the definition of the B Lab ecosystem? How do you describe the ecosystem that B System has been developing?
- B Corps are born, or are they made?
- How do you describe the relationship between B Movement in Colombia, Latin America and the world?

Systemic Change

- How is B System linked to international agendas (e.g. the SDGs, the GRI)?
- What actions promoted have been promoted by B Corps for the creation of novel legislation that benefits society? How do you describe the process of achieving BIC legislation in Colombia?
- What are the regional differences between B Corps across the country?
- How do you describe and on what is it based the theory of systemic change adopted by the B System? What are the tools used by B System?
- How can the B Corp certification be compared to other labels and certificates? (e.g. eco-labels)
- Have you learned from other companies to modify the evaluation system?
- How do you think B Corps are transforming the world?

About the Context

- How do you describe the challenges of the new economy motivated by the B System? What are the economic sectors that characterise B Corps in Colombia vs in Latin America?
- How do you describe the context of social enterprise in Colombia?
- Who are the entrepreneurs and opinion leaders in our region? What are their motivations, and how do these relationships work?

Challenges

- What should be done by B System Colombia, Latin America and the world in the future, respectively?
- What are the main changes in political and social institutions that B Movement has achieved in Colombia? (at the level of government, market, laws, regulations, business culture, consumer culture, to name a few)
- What are the challenges in Colombia and Latin America that B System, through B Corps, seeks to face? What are those most common challenges? Is there a distinction between these challenges in Colombia, Latin America, and other world countries?
- How do you describe the change or transformation that B System promotes in Latin America and the world? What impacts have the B Movement achieved in Latin American and on a global scale?
- How does the B System define social innovation, sustainability and corporate social responsibility?
- Which of the three previous concepts is B System identified? Or, with what other notion do you identify? How do you define the sustainability model proposed by B System?
- What strategy does B System develop to face the current sanitary crisis?

Appendix VI. Consent Form

This PhD research project is a study developed by Sabrina Tabares (the researcher), a student in Sociology at the University of Neuchâtel and recipient of the Swiss Government Excellence Scholarships for Foreign Scholars (ESKAS). This study aims to identify social innovations from a corporative perspective in Colombian B Corps to understand in greater depth how the private sector contributes to the solution of social problems in the country and how they contribute to sustainable development.

During the interview, you will be asked about the firm's history, business performance in social innovation and sustainable development, the company's business model, and its interaction with the institutional environment.

Your company has been selected in the B Corp database due to its outstanding development of activities with high social and environmental impact in Colombia. Your participation in this study is entirely voluntary.

It is hereby agreed that the processing of the data shared during the interviews will be in accordance with the following clauses, whereby the parties declare that:

1. The student agrees to keep confidential the information gathered for the PhD project from face-to-face interviews, reports, enterprise records, or other sources.
2. The information shared will be treated in its entirety as anonymous (unless the company consents to the name disclosure).
3. The information shared will be used to produce scientific work and to be posteriorly published or communicated in scientific circles or meetings.

This agreement is signed on the _____ day of the month _____ 2020.

The enterprise authorises the disclosure of its name to produce scientific papers to be published or communicated in scientific media or meetings: YES _____ NO _____

Signature of the researcher

Signature of the interviewee

Name and surname: _____

Enterprise name: _____