The hybridization movement of business through B Corp certification

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ABSTRACT

Based on a new reflection about the role of enterprises in current society, new organizational models seek to produce articulations capable of creating a bond between profit and socio-environmental interest. As an attempt to address the plurality of concepts and organizational formats to describe this new type of organization, the term “hybrid organizations” has been picking up as a broader concept in the academic setting. Hybrid organizations combine, in a challenging and unprecedented manner, different institutional logics, and social enterprises become emblematic examples by combining social welfare and market logic. Many authors also cite the B Corp Movement, originated in the United States, as one of the main examples and forerunners of the concept of hybrid organizations. It then becomes a rich object of study especially because they seek to differ from approaches of sustainability and corporate responsibility, standing up for redefining the notion of the success in business, also claiming to be a new type of organizational form. But, although it has got more and more attention in the academic and practitioner set, it is still new and there is room to investigate its meanings. The certification is not, admittedly, a classification for social enterprises, although the whole logic of its communication and positioning is linked to similar ideas. Therefore, understanding the whole picture of B Corps by studying the enterprises that join this initiative is the main contribution of this descriptive-exploratory and qualitative study that aims to better understand the B Corp Movement according to the concept of hybrid organizations and also exploring the perspective of an emerging country in Latin America. The study is based on secondary data about how certified enterprises present themselves in their profiles on the B Corp community, analyzing 45 Brazilian examples considering the hybrid spectrum proposed by Alter (2007). The results of this research suggest the heterogeneity of certified companies is one of the main characteristics of the movement, indicating a larger scope on organizational hybridity levels, not exactly an ideal type. The certification can be perceived as an evolution of social and environmental accountability mechanisms, placing more emphasis in the way businesses are conducted, but not necessarily their core business, main-activities or social mission as a guide for business models. By providing a panoramic and analytical overview of the movement, this study serves as a starting point for future researches related to the subject and for the development of the concept of hybrid organizations.

Key words: B Corps, Hybrid Organizations, Social Enterprises, Hybrid Spectrum
1. INTRODUCTION

The search for sustainable development and the need for new articulations in society are part of the agenda of individuals, organizations and Nations. Businesses, as key actors in the capitalist model, are being questioned about their roles in the resolution of society's problems and their traditional focus mainly on financial results. A growing consensus of the social, economic and environmental challenges has "highlighted the need for a new approach to capitalism" (Waddock & McIntosh 2011: p. 303). Although capitalism has been effective in creating prosperity and to improve the standard of living for many, its current form goes through questions and propositions of transformation (Sabeti 2011).

For that matter, there is a tendency to review the notions of value, the ways in which organizations can generate it and what impacts they should provoke (Porter & Kramer 2011). New organizational forms, financing alternatives and legal models begin to gain greater expressiveness, both in academic and managerial circles, pointed out as part of broader tendency for redefining the way business is conducted in current society (Waddock & McIntosh 2011; Schmitz 2015; Lee & Jay 2015; Battilana et al. 2012; Sabeti 2011; Yaziji 2008; Santos et al. 2015).

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

![FIGURE 1: Evolution of concepts related to the social role of companies and organizations](image)

**Source:**adapted from Mohan (2003) *apud* Bakker et al. (2005)
Regarded as an unusual way of doing business (Waddock & McIntosh 2011), the concept of hybrid organizations is gaining momentum to describe these new organizational forms that converges social and economic logics, with goals of positive socio-environmental impacts, but obeying the logic of market (Fischer 2014; Chen & Roberts 2013; Battilana et al. 2012; Haigh & Hoffman 2012; Haigh et al. 2015; Schmitz 2015; Pache & Santos 2013). They combine, in a challenging and unprecedented manner, different institutional logics (Battilana & Dorado 2010; Battilana et al. 2012; Dufays & Huybrechts 2015; Lee & Battilana 2013; Schmitz 2015; Battilana & Lee 2014).

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

To advance the field, there is room to study hybrid organizations from practical examples and their relationships with current conceptual approaches (Battilana & Lee 2014; Dufays & Huybrechts 2015; Schmitz 2015). B Corps are often mentioned as an expressive illustration of hybrid organizations, (Battilana et al. 2012; Haigh & Hoffman 2012), becoming a rich object of study to explore the concept and to understand the alternatives for reviewing organizational practices and their role to solve social and environmental problems. The B Corp Movement has started in 2007 in the United States with declared objectives of “using business force for good” and promoting new business models. It differs from others similar movements by offering a self-regulation mechanism and measurement of the social performance. They operates with three main initiatives: certification (B Corp), legislation (Benefit Corporation in the USA) and impact investment (GIIRS Ratings).

The focus of this paper is on certified B Corps in Brazil. This movement of organizations has officially arrived in the country in 2013 emphasizing their action on the certification as an innovative and pragmatic way to distinguish the practices of companies which have the goal of generating social value. In Brazil, it was quickly associated with social and inclusive enterprises due to its high integration with social entrepreneurs. However, on the occasion of Natura’s certification in December 2014, a big cosmetic company known by its sustainability approach, it was possible to note that B Corps are not only social enterprises, but a set of organizations that adopt practices of social responsibility and sustainability – related and still different constructs. This raises the question if and how B Corps are a model of organizational hybridity, main topic of this research aimed to make sense of the heterogeneity of this group of enterprises.

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

The term “hybrid organizations” has been picking up in the academic setting to describe a new type of organization that combines different institutional logics in a challenging and unprecedented manner, like generating economic value and social value – aspects of nonprofit and for-profit organizations – hitherto considered apart (Battilana & Dorado 2010; Battilana et al. 2012; Dufays & Huybrechts 2015; Lee & Battilana 2013; Schmitz 2015; Battilana & Lee 2014). Social enterprises is an emblematic example of hybrid organizations, combining social welfare and market logic (Dufays & Huybrechts 2015; Battilana et al. 2012; Doherty et al. 2014; Alter 2006; Santos et al. 2015; Haigh & Hoffman 2012). The concept has also been linked to educational business and health care (Battilana & Dorado 2010; Santos et al. 2015). More recently, cases began to emerge in other sectors as environmental services, retail, consumer products, food, and technology.

The concept of hybrid organizations assumes that the vision of independence between the social and the commercial is a myth (Battilana et al. 2012) exploiting the possibility that there are positive externalities to business activity. In the ideal hybrid extreme, a hypothetical organization would be fully integrated, producing both social value and commercial revenues from all of its activities. They seek to integrate both goals in an interconnected and synergistic manner, maintaining the duality of social impact alongside financial sustainability (Haigh et al. 2015), instead of adding a stream of business income to a non-profit model or add a charitable program or social service to a profit model (Battilana et al. 2012). In many cases the logic is precisely to promote a profitable activity that will ensure a greater social purpose.

There are some challenges for the hybrid organization to produce social and economic outcomes in a sustainable and simultaneous way. As they are outside the traditional scope, hybrid organizations raise new questions about accountability, control and legitimacy (Brandsen & Karré 2011), as well as governance, business models and strategies (Battilana et al. 2012; Schmitz 2015; Haigh et al. 2015). Participatory modes of governance, innovation transparency, and core values build connection in this kind of organizations.

Despite the innovative approach and the generation of social impact, research also suggests that hybrid organizations are fragile, under the risk of internal tensions and mission drift due to incompatible goals and market pressures, proving it difficult to achieve financial sustainability (Battilana et al. 2012; Ebrahim et al. 2014; Kaiserfeld 2013; Haigh et al. 2015; Santos et al. 2015). The ability to create a business model that sustains the duality of goals is of vital importance, as some hybrid organizations have drifted from its original mission by acquisitions, leadership changes, or by fierce competition from traditional for-profit companies (Haigh et al. 2015; Santos et al. 2015; Battilana et al. 2012; Ebrahim et al. 2014).

In this way, economic value and social value are interconnected, but not always on the same level (Alter 2007; Alter 2006). The orientation for social value in the mission will differentiate the types of hybrid organizations. Therefore, having a clear social mission and a definition for the desired social value generated by the business is also a must (Barki et al. 2015; Austin et al. 2012; Colby et al. 2004). Articulating mission and vision via “theory of change” is one current practice to identify a relevant social impact from basic outputs as immediate results of activities (Austin et al. 2012; Colby et al. 2004; Brandão et al. 2014; Brest 2010). For instance, Portocarrero & Delgado (2010) identified four main categories of positive social value: (1) increased income; (2) access to products and services; (3) citizenship building and (4) social capital development.
The core challenge is to align activities that generate profit with the activities that generate impact, value for society. Alter (2006, 2007) commented on different degrees of interrelationship between market and social impact activities according to the orientation of the business model to the social mission, i.e. the relevance of the social purpose to the core activities. Social enterprises can be centered in the social mission, related to the social mission or even unrelated. Many times the solution lies in innovations capable of strongly align profit and social impact (Santos et al. 2015), since the desirable social impact can be represented in several ways in the business model, for example, as a result of the core activities to consumers in inclusive market initiatives or through the value-chain.

Santos et al. (2015) consider that these challenges are strongly influenced by central axes that impact the business model of the hybrid organizations: (1) expansion of value creation, if automatic (direct consequence of commercial activity) or contingency (whether through additional interventions); and (2) degree of overlap between client and beneficiary. The closer the socio-environmental mission of the organization's core and profitable activities, the less will be the risk of conflict between multiple interests. For Santos et al. (2015), the intersection of these two axes can generate a typology of four types of hybrid social businesses, as shown in Table 1, with different degrees of risk mission-drift.

### TABLE 1
A Typology of Social Business Hybrids

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

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

Ultimately, the values, usually rooted in interaction with society, become important guides of organizational performance (Schmitz 2015). In times of tensions, the organization is, in essence, linked to the ideals that continue to give meaning and direction to their strategic actions. These situations are “value locks”, without which the organizations would lose their raison d'être. While these value locks could be construed as an inflexibility and fixation, in fact, they serve as a source of innovation and principles that directs development and renewal, and continually raise social and ecological standards (Schmitz 2015).

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

What distinguishes the creation of dual value are features like: use business tools and approaches to achieve social objectives, blend social and commercial capital and methods; create social and economic value; generate income from commercial activities to fund social programs; market-driven and mission-led; measure financial performance and social impact; meet financial goals in way that contributes to the public good; financial freedom from unrestricted income; incorporate enterprise strategically to accomplish mission. Alter (2007) also admits that some socially responsible companies could be considered social enterprises, depending on the approach taken and integration among the goals.

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

<table>
<thead>
<tr>
<th>Perspectives</th>
<th>Concepts</th>
<th>Definitions</th>
<th>Main propositions</th>
<th>Critics</th>
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</table>
| Management roles and responsibility: This perspective has its origins within the theory of organizations. The approach is centered on externalities management and how organizational practices and activities impacts other stakeholders. It varies from initial levels that are focused on diminishing or compensate negative impacts to more advanced levels as part of the core of business strategy. | Corporate Social Responsibility (CSR) | The origin is focused on social needs and it is already part of the corporate jargon (Angelo et al. 2012). It is centered on the responsibility of the organizations for its practices and impacts. Five dimensions are more commonly used to define CSR: Environmental, Social, Economic, Stakeholders and Voluntariness and including description of the processes to established CSR. However in general the definitions do not provide descriptions of the optimal performance or how to balance the impacts against each other (Dahlsrud 2008). | · Context and interface with stakeholders.  
· Instrumental Motivators: reputation, competitiveness, license to operate and risk management.  
· CSR Precursors: institutional and stakeholder pressures, standards and certification, standards, mission and values, corporate governance, reputation, and commitment.  
· Strategic CSR differs by putting social issues inside in core business strategy. | · Albeit the existence of classic definitions, and of efforts in forging a clear and impartial definition, the field is still highly fragmented and lacks consensus, being studied and defended through different theoretical orientations and levels of analysis.  
· Critique of normative vision as moral obligation (Mackey & Sisodia 2014; Porter & Kramer 2006)  
· Competition and the paradox between economic interests and social interests. | (Carroll 1979; Carroll 1991; Dahlsrud 2008; Aguinis & Glavas 2012; Bakker et al. 2005; Fischer 2002; Carroll 1999; Blowfield & Murray 2008; Angelo et al. 2012; Lantos 2001; Ramachandran 2011). |
| | Sustainability and Triple Bottom Line (TBL) | The term sustainability was coined with the focus on preserving the environment, but outlined below as a more complex construct covering a wide range of components of social life (Fischer & Comini 2012; Schoolman et al. 2012). It has become a significant central idea nowadays assuming multiple senses. It is also seen as an evolution of the concept of social responsibility, broadening the understanding of the diversity of issues involved in the theme. | · Reputation and the risk control of operation are important drivers (Gonçalves-Dias et al. 2007).  
· The Sustainable Triple Bottom Line (economic, social and environmental value) has been considered as one of the main references, both in academia and in business.  
· The idea of interconnectivity is central enabling a notion of interdisciplinarity from theories, concepts, techniques and sources of knowledge. | · Other approaches, although criticized, expand the dimensions to encompass the territoriality, culture and politics, showing the complexity of the subject.  
· Difficult to operationalize the concept in management  
· Different approaches – wide (strong) and instrumental (weak)  
· Greenwash | (Elkington 2001; Schoolman et al. 2012; Veiga 2013; Cajazeira & Barbieri 2009; Gonçalves Dias 2014; Gonçalves-Dias et al. 2007) |
| | Corporate Social Performance (CSP) | CSP has a bigger emphasis on the results of the CSR actions and measured performance bringing reliable measurement model for the performance of social and environmental practices of the organization to its stakeholders and society in general, supplying the need for measuring CSR as both business sustainability. | · Emphasis on performance, CSP models involves practices and processes that lead to multidimensional measurable performance.  
· Approximation to stakeholders Theory, being often used as a way to measure these relationships, and vice versa. | · Challenge of differentiating the outcomes (consequences of activities and outputs (results and impact)  
· Greater attention on studies on potential impact on financial performance, but not on systemic assessment of models for the evaluation of social results. | (Carroll 1979; Wood 1991; Wood 2010; Griffin 2000; Langrave & Oliveira 2014; Boaventura 2012; Clarkson 1995) |
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<td><strong>Strategy:</strong> contemporary propositions for business positioning. The need to integrate social and environmental value as a central part of the organizations’ performance led to the proposal of new approaches rooted in the organizations strategy line.</td>
<td>Stakeholders Theory</td>
<td>The basic definition as “all those groups or individuals that can affect, or are affected by, the accomplishment of organizational purpose” has gained popularity (Freeman 1984). The concept has becomes a new approach in strategy and business management being also considered an alternative and broadening of the focus on the objective-function of the organization.</td>
<td>The enterprise strategy must seek the interconnection between social issues and stakeholders. Types of strategies evolve from focus on shareholders to engage specific stakeholders, until reaching the level of agent of social transformation. The strategy must also reflect the values of the organization, leaders, stakeholders, social context and present and future issues.</td>
<td>- Further suggestions for this model seek to include environmental issues (Stead &amp; Stead 2000). - The approach varies from broader to narrow view of stakeholders, leading to the need for prioritization and salience models. (Mitchell et al. 1997)</td>
<td>(Donaldson &amp; Preston 1995; Freeman 1984; Freeman et al. 2007; Harrison et al. 2010; Mitchell et al. 1997)</td>
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<td>Creating Shared Value (CSV)</td>
<td>CSV as an alternative to the failures of the current capitalist model, seeking new joints capable of creating a link between the profit results and the social and environmental interest, based on the belief that the situation for the business is better the more prosperous is the community in which it is inserted. CSV criticize the emphasis to the disparity between society and companies made by traditional CSR</td>
<td>CSV models: (1) re-conceive products and markets; (2) redefine productivity in the value chain; (3) put up sector clusters of support in company locations. - &quot;Many of the shared value pioneers have been those with more-limited resources—social entrepreneurs and companies in developing countries&quot; (Porter; Kramer, 2011: 15)</td>
<td>- The idea is not exactly original, ignores tensions inherent in business (Crane et al. 2014). - Use of CSV as a buzzword. There is a lack of a more rigorous assessment of theoretical precepts and it presents a vague application and discrepancies in its operation. (Dembek et al. 2016) - Use of CSR and other sustainability established metrics (Pfitz et al. 2013).</td>
<td>(Porter &amp; Kramer 2006; Porter &amp; Kramer 2011)</td>
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<tr>
<td><strong>New organizational models:</strong> From the convergence between business and social activities, new types of organizations begin to appear, bringing to light social and environmental value as part of mission and center of activities.</td>
<td>Social Enterprises (SEN)</td>
<td>Business with a focus on generating social value, including not-for-profit and for-profit alternatives. Different nomenclatures emphasize impact centered on the core mission or along the value-chain. They are characterized by social and/or environmental purpose in order to positively influence social and economic transformations, aligning these goals to the market logic</td>
<td>Typically involve innovation either by the originality of the solution or by adopting new business models, management or fundraising. - European, North American and Perspectives of developing countries leads to social enterprise continuum, varying from a more emphasis on the market or on social. - Intentionality and social mission is a fundamental identification feature.</td>
<td>- Wide diversity of definitions: broader approaches (geared to innovation and different formats) to more restricted (focus in market skills in the third sector to generate income) - Focus on low-income communities just as market target - Need for measurement, and challenge of defining value, and differentiating impact and outcomes</td>
<td>(Comini et al. 2012; Fischer &amp; Comini 2012; Brandão et al. 2014; Fischer 2014; Bank &amp; Aguair 2013; Austin et al. 2012; Oliveira Filho et al. 2013)</td>
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<td>Hybrid Organizations (HO)</td>
<td>Organizations that combine different institutional logics, for example combining aspects of nonprofit and for-profit – hitherto considered apart.</td>
<td>- Social enterprises are emblematic examples, and can be considered an ideal of hybrid organization. - As HO are outside the traditional scope, it raises new questions about accountability, control, legitimacy, governance models and strategies.</td>
<td>- Risk of restricting the concept to SEN once it can represents other alternatives of convergence between government, private and third sector. - Discussion if HO is an ideal type or a continuum with different levels (Schröer &amp; Jäger 2015). - Risk of mission-drift due to market pressures</td>
<td>(Battilana &amp; Lee 2014; Lee &amp; Battilana 2013; Battilana et al. 2012; Santos et al. 2015; Schmitz 2015; Alter 2007; Doherty et al. 2014; Dufays &amp; Huybrechts 2015; Haigh &amp; Hoffman 2014)</td>
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Source: The authors
In the hybrid spectrum (Alter 2007) the organizations originating within a clear social mission and purely philanthropic, such as NGOs, migrate to degrees of hybridity as they incorporate commercial activities. In the first stage, are the non-profit organizations with revenue-generating activities, which can be more discreet, for cost coverage, or more permanent, as revenue generating activity and surplus for reinvestment. In the second stage, they become social enterprises, combining social purpose, market approach and property, with greater emphasis on social or commercial (Comini et al. 2012).

On the other side of the spectrum, the for-profit traditional companies have gradually included concern for the social and environmental value. In the first stage, organizations incorporate social responsibility practices. At this level, activities may also be conducted to complement the organization's practices, even if the impact is measured on stakeholders’ demand. This level corresponds to the role and responsibility of management and approaches of Corporate Social Responsibility (CSR) (Aguinis & Glavas 2012; Bakker et al. 2005), Corporate Social Performance (CSP) (Wood 2010; Griffin 2000), Sustainability (Schoolman et al. 2012), and Theory of Stakeholders (Freeman 1984) are routes in this direction.

Due to the evolution of these themes, newer approaches to management practices have tried to address the development of the next level of the spectrum; that is, the socially responsible enterprises. They are profitable companies that incorporate social proposal in their strategy and positioning. The assessment about a profitable traditional business being able to reach a level of hybridity considered ideal is not extensively covered in literature. Examples of business units of a non-profit organization or a traditional company might fall into this gray area.

One could also say, then, that it is in line with advanced approaches of CSR, CSP and Sustainability, tending to include these issues into the core of business strategy (Ramachandran 2011), or with strategic approaches such as Creating Shared Value (Porter & Kramer 2006; Porter & Kramer 2011) and Management for Stakeholders (Harrison et al. 2010), or even the advocacy for a conscious capitalism
(Mackey & Sisodia 2014). Examples mentioned by Alter (2007) are Ben & Jerry and Body Shop, very much in line with the companies also mentioned by Porter & Kramer (2006, 2011) as cases of creating shared value such as Ben & Jerry’s, Patagonia and Whole Foods. It is interesting to note that some of them are certified B Corps.

3.1. B Corps in Brazil

The B Corp Movement was launched with the foundation of B Lab in the US in 2007. It is now in 50 countries with nearly 2,000 certified enterprises supported by global partners in Canada, Europe, United Kingdom, South America, Australia & New Zealand, according to B Corp website in January 2017. The B Corp movement stands up for redefining the notion of the success in business, also claiming to be for a new type of organizational form (Bilgili et al. 2015). It operates in three main areas: Legislation, supporting the creation Benefit Corporations in the US; B Corp Certification, establishing high common standards to distinguish firms committed to social and environmental value and “a new type of company that uses the power of business to solve social and environmental problems” (B-Lab 2015); Information for impact investment (B-Analytics), using the same tool of the certification, the B-Impact Assessment (BIA), to stimulate the impact investment industry by the GIIRS Ratings.

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

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

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

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

As a means of ensuring objectives, to gain the certification, the organization must change their formal and legal documents including stakeholders’ interests at the same importance level as the maximization of financial return. The inclusion of such clauses add a symbolic character and also represent the legal obligations of the firm, formalizing the hybrid character of the firm in uniting social and financial goals, albeit it does not characterize a new legal form.
If B Corps go beyond CSR approaches and if they really represent a new organizational type, that is, a hybrid organization model, are central questions that permeate the discussion (Bilgili et al. 2015; Stubbs 2015). The certification provides an identification mechanism for organizations and entrepreneurs who incorporate socio-environmental impact as part of the main goal, therefore sharing similar values of business philosophy (Stubbs 2015). However, the absence of a formal legal status represents a greater fragility to be considered for the legitimization as a new hybrid organizational form that actually protects duality in mission (Bilgili et al. 2015).

3. METHOD

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

Based on the assumption that language helps to create meaning and is an objectification of reality (Berger & Luckmann 1976), the study is based on secondary data about how certified enterprises present themselves, their activities and the certification, consequently, how they explain their social impact and hybridity. It is worth emphasizing that it is the intention expressed in the content of the organizational discourse, not a measurement of its practices. It is a first step to provide a map of this territory (Maanen 1979) and, for that, the Brazilian B Corps will be analyzed in a distance in order to provide this comprehensive overview and it does not constitute a closer look of particular case studies.

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

The first stage of analysis was descriptive regarding year of certification, BIA scores, business segment, client, beneficiaries, location, among others. The analysis was then performed following the codification process as described by Strauss & Corbin (2008) using these steps as a rigorous analytical method but without the intention of generating theories (Bandeira-de-Mello & Cunha 2003). The analysis was based on selective coding analysis by themes (Spradley 1979) and assigning pre-established categories in closed grid according to the core meaning of the content (Vergara 2012). A specific profile was built for each company and its codifications. The codification process was also conduct in three rounds of reading providing a gradual refinement of the classifications and a deeper understanding about each B Corp in Brazil. At the final stage the authors reviewed the codification on a consensus meeting.

The analytical framework was composed combining multiple topics related to hybrid organizations as an alternative to bring different perspectives to map out the desired social impact (adapted from Portocarrero...
& Delgado, 2010), the tension of mission-drift according to the Hybrid Social Enterprise Typology (Santos et al. 2015), Mission-orientation (Alter 2006; Alter 2007) and Hybrid Spectrum (Alter 2007). As both hybrid organization concept and B Corps are relatively new in the academic investigation set, the combination of various analytical lenses to compose this classification system enabled the researchers to get a deeper understanding of the certified enterprises and their models and core activities to make sense of the heterogeneity of the B Corps groups considering their organizational hybridization.

The first reading of the material was conducted in order to detect the mission, whether explicitly or implicitly, and a brief map of the business model. About half of the group (22) presented a specific and named mission statement on their websites. Other 18 companies had the mission implicitly declared in their institutional presentations texts. Only five companies did not have the mission statement detected. Alternatively, the mission and desired social impact could be identified through the profiles posted on the global and regional B Corp websites. The section "The Change We Seek" is also dedicated to explain the expected social impact by the enterprise from its operation. Additionally, Sistema B’s profile is based on the answers of three questions: (1) what is the problem that your company seeks to solve?; (2) how does your company solve it? Products, services, and outstanding policies and practices; and (3) what make you proud of your company?. The complementation of the information obtained from the organizations websites allowed us to elaborate a synopsis of each enterprise.

The second reading round sought to identify the desired social impact according to the categories proposed by Portocarrero and Delgado (2010), including a fifth category related to environmental impact. The dimensions proposed by Santos et al. (2015) helped to clarify how certified companies are proposing to achieve this social and environmental value and how it is connected to market activities. In that case, the classifying process has demonstrated the need to identify when the beneficiary is not in a state of vulnerability distinguishing inclusive business from other propositions. Environmental enterprises also deserve special attention, as the beneficiary is the whole society.

This interpretative-qualitative study does not intend to make generalizations or comparisons, although it is possible to assume a level of transferability to similar B Corps contexts. A set of credibility criteria for the research was adopted following the proposal of Pozzebon & Petrini (2013): Authenticity and Plausibility in the interaction with empirical material adopting different perspectives, complementation of sources of data collection and conceptual lenses produced by previous studies; Critical Interpretation of the movement positioning, performance and its potential for change; as well as Reflexivity about the challenges for combining social mission and market logic revealing the researcher's premises.

4. ANALYSIS OF RESULTS

B Corps officially arrived in Brazil in October 2013, but two companies were already certified since 2012. More than half (25) were certified throughout 2014, but the pace was not maintained in 2015. The timeline of certification of the 45 enterprises studied is presented on Figure 2. Despite the two years recertification period, only four companies with the expired term presented the updated BIA reports (Abramar, CDE Plan, Ecoservice and Turbo Social Business). Although Aoka’s and Maria Farinha Filmes’ recertification period have expired, only 2013 data were available.
FIGURE 2

Brazilian B Corps Certification Timeline

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

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

The cases were then organized according to the hybrid social enterprise typology (Santos et al. 2015) as displayed on Table 2. In the majority of cases the enterprises generates an indirect impact as 27 enterprises fall into the dimension of contingent value spillovers while in 18 enterprises social value spillovers happen automatically as result of the commercial activities. This represents a different understanding from the initial perception about B Corps, strongly influenced by the origin linked to social entrepreneurs in Brazil. Less than half could be considered as emblematic social enterprises (including social and environmental impact) as market and bridging hybrids, since the automatic value expansion is clearer and more tangible. However, this alignment does not reflect high B Scores, being only three of them with total scores above 110 points in the BIA.

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>Brazilian B Corps according to the Typology of Social Business Hybrids</th>
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<tbody>
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<td>Clients &amp; Beneficiaries</td>
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<td></td>
<td><strong>Market Hybrid</strong></td>
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<tr>
<td>Automatic Value-Spillover</td>
<td>AYOU2</td>
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<td></td>
<td>Policlinica</td>
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<td>SOS Dental</td>
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<td>The Products</td>
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<td>Contingent Value-Spillover</td>
<td>Jio Entendi</td>
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<td>Abramar Urbanismo</td>
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<td>Indi.as</td>
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Source: The authors based on Typology of Social Business Hybrids proposed by Santos et al. (2015: 45)
Market Hybrid Organizations are the second smallest group and the 4 cases can be considered as social enterprises on the hybrid spectrum combining social and market logic precisely by balancing the view of the consumer and the beneficiary in the core activities (Battilana et al. 2012). They are also part of the small group that presented tangible social value proposition to promote access to goods and services (Portocarrero & Delgado 2010). Targeting people in vulnerability makes evident the generation of value and social inclusion as an end-activity – 4YOU2, Avante, Policlinica Granato, SOS Dental and The Products. No organization with an environmental focus was detected in this type group.

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

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

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

Bridging Hybrids are the second largest group with 14 enterprises being 11 of them identified as mission-centric social in the hybrid spectrum as seen on Figure 3. This classification was possible because this category covers business models that promote the inclusion of people in vulnerability and low income communities in an effective way in the value chain and cross subsidy model. The combination of value generation with socio-environmental focus also stands out in this category, with concrete examples of action that take into account both waste reuse and community involvement – Asta, Instituto Muda and Recicladora Urbana.

One emblematic example of an enterprise in this group is Rede Asta, a social enterprise that delivers design products (accessories and corporate gifts) made by production groups in low-income areas to diverse profiles of consumers and reusing waste materials. Its social mission is to promote the inclusion of productive groups, focusing on the empowerment of women artisans and their small business and cooperatives providing training, networking of production and

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1 The full classification of the studied BCorps in Brazil can be provided upon request or as one Appendix in this paper.
creation of sales channels. The products are sold online or in the physical stores in Rio de Janeiro for individuals and organizations, as well as corporate solutions. Various financial indicators and the compensation of the productive groups involved are transparent and openly available in the website.

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

Its main value proposition is tangible and direct. Rede Asta acts in the income increasing by incorporating low-income people and communities in the productive chains, increasing productivity with training and technical assistance, as well as marketing channels alternatives. There is still a second tangible value related to environment by the reuse of waste materials. The contribution to the community is emphasized by noting that this dimension is the BIA highest score (46). The counterpoint as socio-environmental business is strengthened, since the "environment" dimension is the second highest score (35).

The value spillover of this is automatic for beneficiaries who are different from the clients/customers. The social-market emphasis of this social enterprise is justified because the main objective is to contribute directly to poverty reduction, but applying market logic of supplying consumer goods. The social mission is embedded in the value chain to connect productive groups in the market and promote training and activities that make this inclusion viable. The business model is centered on social mission and in the generation of social and environmental value.

Blending hybrids are the smallest group formed by only 3 enterprises. Avante is a microfinance bank and clearly a social enterprise. CIS has a more intangible proposition, but shares relevant data for public transportation users and also stimulates social participation leading to a classification as social enterprise closer to a non-profit model. The intangible impact of the film producer Maria Farinha Filmes, advocating for challenges of modern society such as child publicity but not entirely dedicated to reduce of poverty or environmental solution, lead to a more subtle position on hybrid spectrum between socially responsible business and social enterprise.

Avante is a microfinance solutions provider (microcredit, prepaid card, consortium, and payroll loan, insurance) geared to the financial education and inclusion of low-income people, through a cost-free online and offline service. The model of free financial guidance as a first step is highlighted in Avante’s profile, as well as the relationship with employees, attracting people who believe in the same purpose.

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

As a microfinance bank, Avante is characterized as blending hybrid organization. The value spillover is conditional and customers and beneficiaries are the same. The main desired social value is tangible related to access of goods and services by physical presence in poor urban areas and flexible access to financial mechanisms. There is also the potential of intangible impact related to the promotion of citizenship through financial education and inclusion in the
banking system. The business model is mission-centric, also noted by the highest score in the customer dimension of the BIA (59).

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

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

Din4mo believes that entrepreneurs change the World. Empowering this specific agent of change creates several opportunities to innovate and tackle the World’s main issues. Din4mo supports purpose-driven businesses committed in transforming their communities. The thesis of impact tackles essentially businesses models that address solutions that alleviate poverty by generating income and reducing vulnerability; raise families’ assets and reduce transaction costs (The Change We Seek, Din4mo’s profile in Bcorporation.net)

The second subgroup is composed by for-profit companies that incorporate in a smaller or larger degree, strategic social responsibility. This second subgroup is an even more diverse regarding target clients (businesses or consumers) or in the level of the incorporation of social impact in the value proposition or just as practices reinforced on communications positioning.

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

Feiticos Aromaticos is a cosmetics company with “sustainable DNA.” Embedded in the company culture is a consideration for wellness, the quality and care deserved by each consumer and the future of the planet. Their internal and external activities have always been concerned about the social and environmental effects of their activities (Feitiços Aromáticos’ profile in Bcorporation.net)
Other cases are closer to hybrid spectrum center by incorporating the social role at the core strategy and positioning reflected in its value proposition and value chain based on strategic CSR and sustainability approaches – Natura is an illustrative example. It is one of the largest companies in Brazil recognized by its sustainability strategy, especially in the value chain and highlighted in its practices of relationship with the community and the environment. Other cases are Abramar, and NewInc. They are coupling hybrids that could fit into the levels of enterprise strategy focused on specific stakeholders, unrestricted stakeholder (Freeman 1984). Somehow they are also aligned with the ideas of Porter e Kramer (2006) about creating benefits for society by implementing changes on the value-chain.

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

5. DISCUSSION

Heterogeneity, in several dimensions, is one of the main characteristics of the movement. It is not only that organizations and enterprises in general vary; the heterogeneity of the group goes far beyond the characteristics of size, segment and target audience. As shown in Figure 3, B Corps also vary a lot in their level of hybridity, reaching all levels of the hybrid spectrum, varying even between mission-centric models and unrelated to mission cases.

**FIGURE 3**

Brazilian B Corps located on the Hybrid Spectrum

![Diagram of Brazilian B Corps located on the Hybrid Spectrum](source:image)

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

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

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

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

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

As mentioned earlier, it is also worth noting the recognition of traditional for-profit companies that assume a more effective social performance, either through CSR and Sustainability practices (Gonçalves-Dias et al. 2007), or by evolving in their insertion in the strategic center (Porter & Kramer 2006; Dahlsrud 2008; Aguinis & Glavas 2012; Ramachandran 2011). The organizations in this profile vary from an example such as the Grupo Gaia, which appears to have a good management of impacts, but not related to the final activity, to Natura, a recurrent example of a sustainable business with the generation of socio-environmental value as a central element of its strategic positioning.
One possible understanding about the B Corp certification is precisely as a way for companies to differentiate their social performance from others. In addition to already existing accountability mechanisms such as the GRI, the certification becomes an evolution and a proof of social and environmental practices because it has external guarantee and established criteria. For example, Grupo Gaia, and Feitiços Aromáticos, use the certification as an evidence of sustainability positioning in their websites, in line with CSP speech. They are still among the select group that present general B Scores above 110 points, 113 and 143 respectively.

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

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

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

6. FINAL CONSIDERATIONS

“B Corps are a new type of company that uses the power of business to solve social and environmental problems” (B-Lab 2015). At the homepage of global certification website, this is the first statement about what a B Corp is. The strong and eloquent discourse has led to an initial understanding that B Corp was a synonymous of an ideal type of hybrid organization. However, from the results of this research, it is perceived that it encompasses a larger range of levels of organizational hybridity, as Figure 4 shows, valuing the way business is conducted, but not necessarily, its core-activity and its socio-environmental mission as a guide to business model.

B Corps can be either organizations closer to an ideal hybrid organization model, such as social enterprises (Battilana et al. 2012; Battilana & Lee 2014), or at initial levels of hybridism, such as CSR practices (Dahlsrud 2008; Schmitz 2015) or even organizations from the Third Sector with more robust income generation activities (Fischer & Comini 2012). Thus, they are at different levels of integration of the organizational hybridity dimensions (Battilana & Lee 2014), especially how central is the socio-environmental value in strategic positioning, value chain, workforce composition and core activities of the enterprise.

Heterogeneity is one of the main characteristics of B Corps, therefore recognizing a path of hybridization. At the same time, it is one of the great challenges for building a unique identity and distinguished reputation for the B Corp brand among other socio-environmental performance measurement tools. Most of the B Corps in the studied group are closer to the center of the hybrid spectrum, including social enterprises and socially responsible businesses. However, since the understanding and image of the movement is strongly based on the image
of the certified ones, the existence of enterprises near the extremes in the hybridism spectrum weakens their recognition, in particular companies in which the CSR and CSP practices are unrelated to the mission and core business. It weakens the very own definition of B Corps as a way to differentiate it from "ordinary business" and "sustainable business" as displayed on the website (B-Lab 2015), that is, to consider them as emblematic hybrid organizations.

Although the discourse is of differentiation from other practices of sustainability and social responsibility, just as it happens with the concept of shared value (Dembek et al. 2016; Crane et al. 2014), it lacks a more rigorous evaluation of its precepts and arguments. Many of studied B Corps are "primarily trying to solve a social or environmental issue through their enterprise", but not exclusively. There are many examples of certified ones that are more adherent to the definition used by B Lab of "sustainable business" when the main objective is both to have a positive impact and to generate financial returns. What actually changes is that B Corps uses BIA measurement to validate their social impact.

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

"All of these disruptive movements already existed, but there wasn’t one unifying language or set of standard that could help bring together all these disruptive movements into one much more powerful collective voice for using
It becomes difficult, therefore, to concretize and specify what, in practice, would be the transformation pursued by the movement through certification. In fact, there is a risk of not differentiating the significant social value from the efficient changes in business, in this way covering many possibilities without actually valuing the fundamental and structural ones. The measurement mechanism does not seem to privilege social enterprises adhering to the discourse of directly generating socio-environmental value through their core-activity. The B Corp positioning appeal leads to an understanding that the certification provides credibility to an intangible proposition of social value creation, but through the monitoring and evaluation of management practices. The B Corp label configures to the enterprise images attribute related to the result (value), but measures the process (practices). That is, the assessment tool addresses much more "how it is done", but not so much "what is done".

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

It is not possible to say that an enterprise recognized as a B Corp would mean a new type of organization or a new sector in the economy as the movement's messages suggest. The Benefit Corporation as a new legal enterprise constitution in the United States represents a more promising avenue to evidence the ideal type of hybrid organization. The distinction between the two initiatives, certification and legislation, becomes fundamental for the movement to gain more legitimacy (Biligili et al. 2015).

This study does not exhaust the knowledge about the subject, but it provides a map of the territory of B Corps looked from a distanced perspective to get a better sense of the whole movement and to serve as a starting point to further investigations, the main contribution of this paper, since till now there are few studies on the subject. Therefore, as it is an extensive view, it does not bring the in-depth analysis of any specific case or dilemma, since case studies were not part of the research method. The evaluation of certified B Corps, based on secondary data of their institutional communications, is also exposed to a degree of subjectivity in the interpretation of the contents. According to the chosen method, the analysis was based exclusively on the information available, that is, the content disclosed by the companies. Limiting to the available information in the defined data sources can lead either to overvalue or to undervalue certain impact or the understanding of the operations model. The choice for this method also assumes that the enterprises' profile texts may not represent their practices and do not affect their results. Since this is a qualitative study based on the communications content, it is difficult to assure the practice, and the BIA indicators can be considered as an indicative of the real performance of the enterprises.

The combination of different sources and sequential steps of coding and analysis were measures to meet the criteria of authenticity and plausibility for the credibility of the research (Pozzebon & Petrini 2013) considering a bigger picture. The composition of multiple conceptual lenses for the analytical framework enabled the exploration of the data in an integrated way in

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2 Film produced by the Brazilian B Corp Araruna Filmes to explain the movement. Film available at https://vimeo.com/121395040. The passage in question appears around minute 01:33.
order to meet the criteria of Reflexivity. To that end, it was possible to reinforce the critical interpretation about the findings of the research as a way to open space for reflection, as well as to stimulate the recognition of differences and specificities.

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

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

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

REFERENCES


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