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# 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 cognitive-cultural, 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.

## 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 and 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 and 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 and Chambers, 2018; Haigh and Hoffman, 2014). 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 and 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)* (Eckert et al., 2020; Haigh and 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.

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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 (Hahn et al., 2018), lacking further exploration on SHBMs attributes (Jabłoński, 2016) when exposed to different institutional factors (Díaz-Correa and 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, 2021). 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 and 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 cognitive-cultural 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 2 examines the literature review and guiding framework, Section 3 presents the methodology, and Section 4 outlines the results and discussion. Conclusions and prospects are outlined in Section 5.

## 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.

### 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 and López-Navarro, 2018). The topic is situated between the field of hybrid organizations (Battilana and Lee, 2014) and sustainable business models (Stubbs and Cocklin, 2008) (see Fig. 1). Hybrid organizations adopting SHBMs deviate from traditional approaches to sustainable development since they reject trade-offs of the TBL (Haigh and Hoffman, 2014) and follow a regenerative approach to sustainability (Hestad et al., 2020a).

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 and 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 (Siegner 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

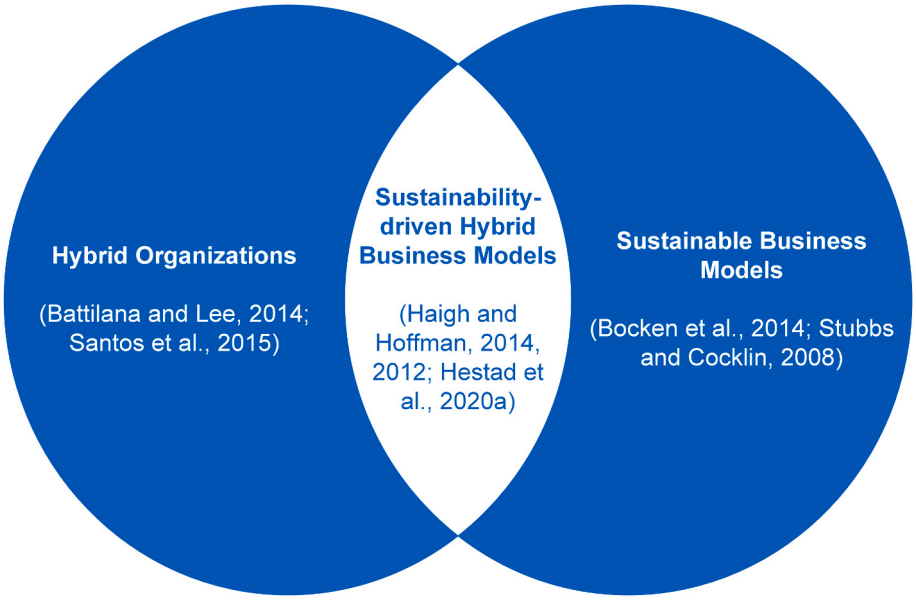



**Fig. 1.** Sustainability-driven hybrid business models: An interception between two Fields
**Sources:** Battilana and Lee (2014), Bocken et al. (2014), Haigh and Hoffman (2014, 2012), Hestad et al. (2020a), Santos et al. (2015), Stubbs and Cocklin (2008).

et al., 2017). Tensions can emerge from worldviews (Hestad et al., 2020b) and even digital environments (Gregori and Holzmann, 2020), provoking changes in SHBMs to balance a sustainability-oriented mission (Davies and 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 under-explored 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 B Lab, 2021). 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.

### 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 (see Appendix 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.

### 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 and Holt, 2018) 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 and Rowan, 1977), being a framework encouraged in hybrids literature (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 behaviors; *normative* pressures allude to the norms, values, beliefs, and considered appropriate social behaviors; 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 (Appendix 1), and the institutional theory (Scott, 2013), an analytical framework was constructed to operationalize SHMBs' attributes (Appendix 2). Section 3 presents the methodology.

## 3. Methodology

The research was developed in four stages (Fig. 2). 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).

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 Appendix 3.

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 (Appendix 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 Appendix 4. Interviews lasted between 45 and 120 min 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.

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

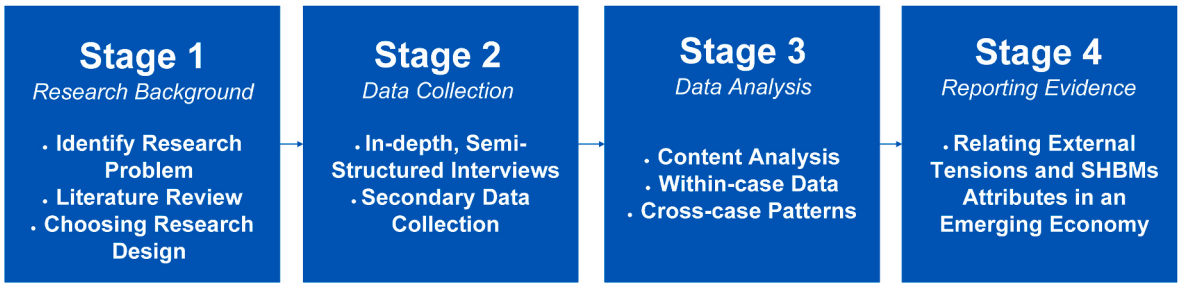



**Fig. 2.** Research stages.

(Atlas.ti v8) 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 and Mcmanus, 2007) on SHBMs attributes and tensions. Keeping close to the analytical framework (Appendix 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 Fig. 4.

The following section presents the research results and discussion.

## 4. Results and discussion

This section presents SHBMs in terms of value proposition, value creation and delivery, and value capture for B Corps (subsection 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 4.2) and posteriorly related to SHBM attributes (subsection 4.3). The section closes with the discussion (subsection 4.4).

### 4.1. SHBMs attributes in an emerging economy: the B corp archetype

#### 4.1.1. Value proposition

Four elements stand out in B Corps value proposition (see Table 1). 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, behaviors, 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.

#### 4.1.2. Value creation and delivery

Five elements relate to the B Corp value creation and delivery (see Table 2). 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

**Table 1**
Value proposition.

| Attributes | Characteristics | Examples | Attribute in the Literature[a] |
|---|---|---|---|
| Organizational 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 Maximizing *- 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) |
| Institutionalize 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) |

[a] Note: D: Discussed; PD: Partially Discussed; NPD: Not Previously Discussed.

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,[1] making public their commitment to society.

[1] 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.

**Table 2**
Value creation and delivery.

| Attributes | Characteristics | Examples | Attribute in the Literature[a] |
|---|---|---|---|
| Resources | Organizational Identity and Culture | #J: Utilizes pets, nicknames, and avatars in organizational practices (e.g., "Unicorns": Monthly meetings, "Paramedics": Urgent appointments) | PD: Morioka et al. (2017) and Gregori and Holzmann (2020) |
| | *- Material and Immaterial Assets* | #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." | |
| | Holistic Communication | #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." | PD: Gregori and Holzmann (2020) |
| | *- Cultural Features* | #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). | |
| | *- Narrative, Storytelling* | | |
| | Talented Team<br>*- Outstanding Leaders*<br>*- Multidisciplinary and Humanistic Recruiting*<br>*-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 | #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." | PD: Hahn et al. (2018) and Eckert et al. (2020) |
| | *- Merge Traditional Practices* | #N: "Our costs can be very high. Our solution is to focus on innovation, look for new materials, optimize our 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-thanks, non-profits, and sustainability consultants who are always contributing to this sector." | D: Haigh and Hoffman (2012) |
| | Partnerships and Alliances<br>*- 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<br>*- Prioritize 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<br>*- 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."<br>#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 | NPD |

(continued on next page)

**Table 2** (*continued*)

| Attributes | Characteristics | Examples | Attribute in the Literature[a] |
|---|---|---|---|
| | | *Commerce. We stipulate that we generate social, environmental, and economic impacts."* | |

[a] **Note:** D: Discussed; PD: Partially Discussed; NPD: Not Previously Discussed.

#### 4.1.3. Value capture

Three elements integrate B Corps value capture (see Table 3). 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.

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

### 4.2. External tensions of B corps in Colombia

Various elements of the institutional environment affect B Corps in Colombia (see Fig. 3). *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.

**Table 3**
Value capture.

| Attributes | Characteristics | Examples | Attribute in the Literature |
|---|---|---|---|
| Cost Structure and Revenues | Balance Profits and Purpose<br>- *Financial Sustainability Focused on the Impact*<br>- *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 2500 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.

*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 Appendix 5.

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

### 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 (Fig. 4). 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

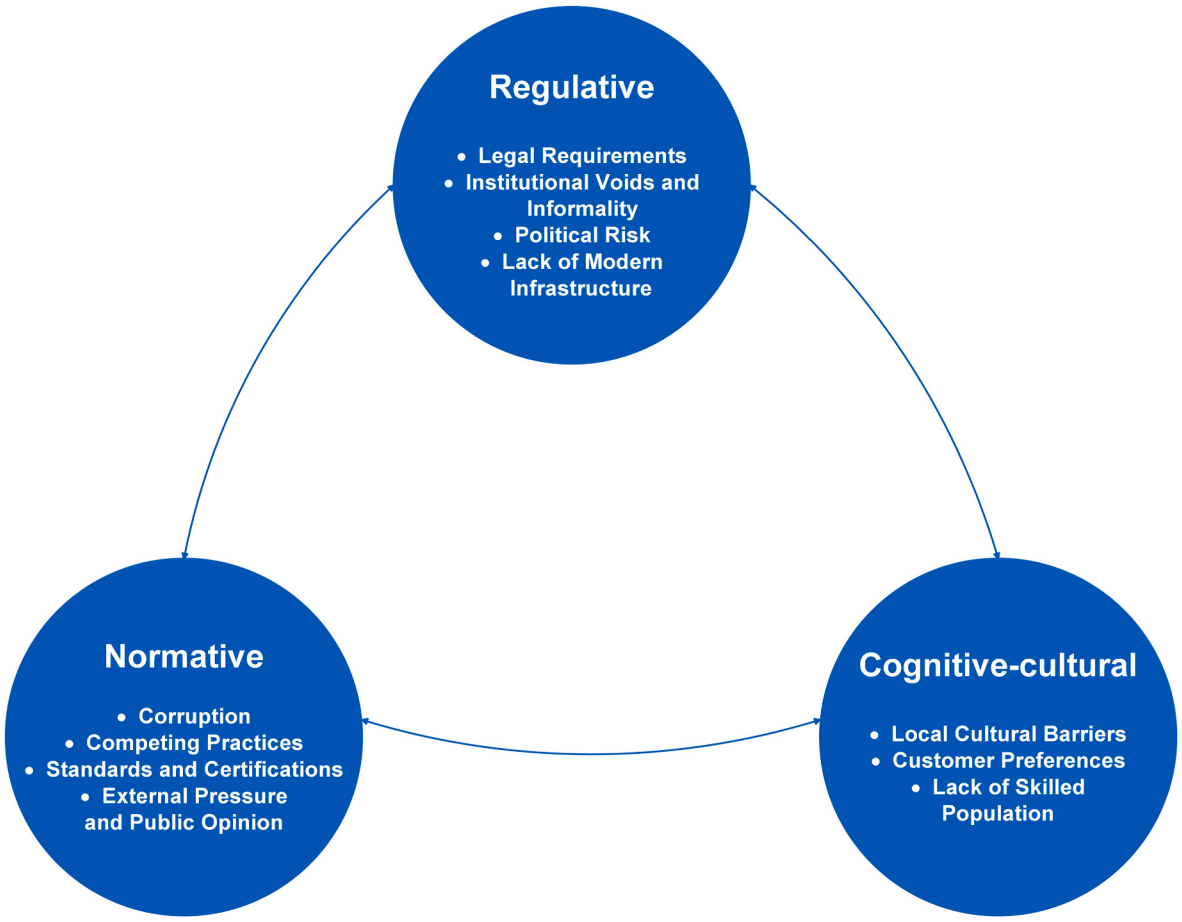



**Fig. 3.** External tensions faced by Colombian B Corps.

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 session, the results are discussed.

### 4.4. Discussion

Tensions are a central debate on hybrid organizations (Battilana and Lee, 2014); moreover, in the so-called SHBMs literature, tensions are related to business model characteristics (Davies and 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 and 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 and Hoffman, 2014). Customer segments and relationships remained analogous from former studies (Davies and 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, considered a prominent feature of sustainability (Laasch, 2018), were enhanced by

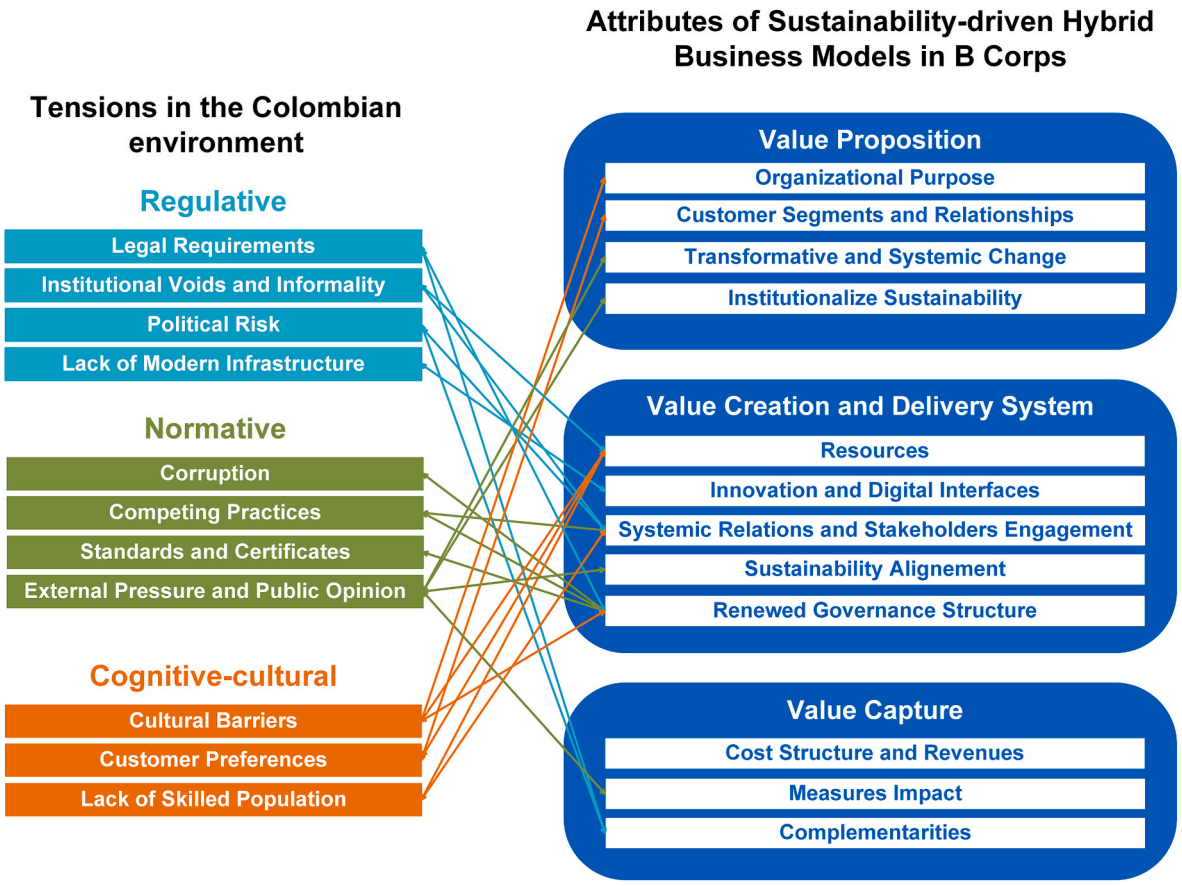



**Fig. 4.** Relationship between Business Model Attributes and Tensions faced by B Corps in an Emerging Economy.

synthesizing elements from an organizational culture discussed by Morioka et al. (2017) or an organizational identity considered in hybrid organizing literature (Battilana and 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 and 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.

## 5. 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 (Fig. 4). 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 1 and 2, and 3). 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.

## CRediT authorship contribution statement

**Sabrina Tabares:** Conceptualization, Methodology, Formal analysis, Research Fieldwork, Writing – review & editing, The author developed this research as part of the PhD in Sociology developed at the University of Neuchâtel, Switzerland.

## Declaration of competing interest

The author declares that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## Appendix 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<br>**Mutually Beneficial Relationships:** With various stakeholders (suppliers, employees, and customers)<br>**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**<br>**Subordinate Profits to Mission**<br>**Internalize Social and Ecological Systems**<br>**Consider Nature Intrinsic Value**<br>**Challenge Competitive Practices**<br>**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<br>**Shareholders Structure:** Seek the common goal and common values in the functioning shareholders' structure.<br>**Resources:** Seek optimal configuration mechanisms based on own resources<br>**Corporate Governance Factors:** Seek a coherent system for the exchange of information, data, and knowledge in the process of mutual reporting and supervision<br>**Corporate Social Responsibility Factors:** Seek correlations between CSR factors<br>**Value-based management factors:** Seek correlations between value-based management factors<br>**Sustainability Factors:** Seeking correlations between sustainability factors<br>**Financial Divided:** Apply the principle of sustainable dividends<br>**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<br>**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<br>**Stakeholders**: Build mutually beneficial relationships with stakeholders, benefit all stakeholders, value nature, practice environmental stewardship<br>**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<br>**Motivation:** Alignment of values and certification<br>**Business Practices:** Blend of social and market logics<br>**Measures Success:** Profits as a key measure of business success<br>**Influences Markets and Government Policy:** Engages with societal change. Change market conditions and government policies |

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| Author | Research focus | Methodology | Attributes identified in the literature |
|---|---|---|---|
| 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)<br>**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)<br>**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<br>**Value Creation and Delivery:** Activities, resources, channels, and partners<br>**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<br>**Lock-In:** Elements to attract/keep customers<br>**Complementarities:** Activities to generate more value<br>**Efficiency:** Activities to reduce transactions costs |
| Laasch (2018) | Institutional Logics, Organizational Value Logics, and Sustainable Business Models | Qualitative, Literature Review | **Value Proposition:** Blended stakeholder value proposition, organizational purpose, and role, change for sustainability<br>**Value Creation:** Governance of value creation, sustainability enactment, operations and activities, capabilities, and resources<br>**Value Exchange:** Exchange of systemic flows, relational dynamics, relating to whom and what?<br>**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<br>**Value Creation and Delivery:** New product development, new channels, an augmented business model, and growing sales long-term.<br>**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<br>**Value Creation and Delivery:** Stakeholders partnerships, ethically and CSR oriented, internet-based, sustainability discussion engagement, transparency<br>**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<br>**Predominant Organizational Form:** Non-profit or profit<br>**Primary Logic:** Holistic/net positive sustainability<br>**Scale and Time Considered:** Future generations, socio-ecological systems<br>**Intended Impact:** Transformative/systemic change<br>**Tensions:** Balancing social, environmental, and commercial logics |
| Gregori and Holzmann (2020) | Sustainable Entrepreneurship and Digitalization | Qualitative, Case Study | **Blended Value Proposition:** Catalyze socio-environmental value, merge environmental, social, and financial value<br>**Integrative Value Creation:** Community building, co-creation, stakeholder integration<br>**Multidimensional Value Capture:** Enable impact complementarity, facilitate scalability, value spillover<br>**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<br>**Value Creation and Delivery:** Partnerships and value network<br>**Value Capture System**: Value creation to stakeholders through value capture |

## Appendix 2. Analytical framework

| Component | Elements from the literature | Attributes of Sustainability-driven Hybrid Business Models |
|---|---|---|
| **Value Proposition** | • *Organizational purpose* (Laasch, 2018), *socially/environmentally embedded mission* (Stubbs, 2017a), *subordinate profits to mission* (Haigh and Hoffman, 2014),<br>• *Customer segments and relationships* (Davies and Doherty, 2019), *emotional bonds* (Davies and Chambers, 2018)<br>• *Transformative* (Hestad et al., 2020a) *and social change* (Haigh and Hoffman, 2012), *environmental stewardship* (Stubbs, 2017a), *socio-ecological systems* (Haigh and Hoffman, 2014), *consider future generations, holistic/net-positive sustainability* (Hestad et al., 2020a) | • Organizational Purpose<br>• Customer Segments and Relationships<br>• Transformative/Systemic Change<br>• Institutionalize Sustainability |

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| Component | Elements from the literature | Attributes of Sustainability-driven Hybrid Business Models |
|---|---|---|
| | • *Progressive meaning of sustainability* (Haigh and Hoffman, 2014), *TBL goals* (Morioka et al., 2017), *institutionalize sustainability leadership and champions* (Stubbs, 2017a), *change towards sustainability* (Laasch, 2018) | |
| **Value Creation and Delivery** | • *Resources for sustainability* (Laasch, 2018) | • Resources |
| | • *Relational dynamics* (Laasch, 2018), *stakeholder network* (Jabłoński, 2016), *mutually beneficial relationships* (Stubbs, 2017a), *community building, co-creation, stakeholder integration* (Gregori and Holzmann, 2020), *systemic thinking* (Morioka et al., 2017) | • Systemic Relations and Stakeholders Engagement |
| | • *Technology platforms* (Eckert et al., 2020), *innovative* (Hahn et al., 2018) | • Innovation and Digital Interfaces |
| | • *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) | • Sustainability Alignment |
| | • *Governance* (Laasch, 2018), *transparency* (Eckert et al., 2020), *challenge competitive practices* (Haigh and Hoffman, 2014), *alignment of values and certification* (Stubbs, 2017b) | • Governance Structure |
| **Value Capture** | • *Cost structure and revenue streams* (Davies and Doherty, 2019), *reproduction for optimum scale* (Laasch, 2018) | • Cost Structure and Revenues |
| | • *Measures success* (Stubbs, 2017b), *challenges the need for exponential economic growth* (Haigh and Hoffman, 2014), *financial resources to achieve impact* (Morioka et al., 2017), *focused on impact* (Stubbs, 2017a) | • Measures Impact |
| | • *Complementarities* (Morioka et al., 2017) | • Complementarities |
| **Institutional Environment** | • *Regulative, normative, and cognitive-cultural pillars* (Scott, 2013) | • Institutional Factors Shape Business Models |

## Appendix 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 |

## Appendix 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?

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| A. Firm's Background |
|---|
| *Regulative*<br>• How the Colombian legal system influences the business model?<br>• Are there any national (or international) regulations that influence the business model's operation?<br>• Are there regulatory organizations in Colombia that promote sustainability in enterprises?<br>*Normative*<br>• Which of your business activities oriented towards impact are considered an obligation in Colombia (or current society)?<br>• Are your stakeholders demanding social/environmental impacts from the enterprise?<br>• Is the business model linked to any duty or responsibility in the Colombian context?<br>*Cultural-cognitive*<br>• How the domestic needs and culture of the Colombian society influence the business model?<br>• 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*<br>• How the enterprise balances the tensions of operating in the Colombian context?<br>• Please, provide typical examples of situations for achieving such a purpose |

## Appendix 5. Tensions derived from the Institutional Environment in Colombia: an analysis from regulative, normative, and cultural-cognitive pillars

| Pillar | Tensions | Characteristics | Example of Evidence | B Corps Response to Tensions |
|---|---|---|---|---|
| *Regulative* | Legal Requirements | • High Taxation<br>• Legislation Inadequacy | *#A: "The legal environment in Colombia is complex for small businesses; the costs of doing business are very high."*<br>*#B: "The environment is demotivating; for developing sustainable-oriented activities, we need to assume additional costs and permits."*<br>*#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."*<br>*#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."* | • Renewed Governance Structure<br>• Complementarities |
| | Institutional Voids and Informality | • Informal Economy | *#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."* | • Resources<br>• Systemic Relations/ Stakeholders Engagement |
| | | • Inequality in Farmers' Incomes | *#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."* | |
| | | • Lack of Governmental Presence (e.g., *abandonment of peripheral regions, especially in agriculture-related issues*) | *#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."*<br>*#J: "Colombia faces the problem that rural and peripheral communities are abandoned and have the feeling that the government does not know their needs."* | |
| | Political Risk | • Political Instability | *#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."* | • Systemic Relations/ Stakeholders Engagement |
| | | • Violence, Insecurity and Internal Conflict | *#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."* | • Complementarities |
| | | • Changing Political Structures (*elections every 3–4 years*) | | |
| | 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."*<br>*#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 (e.g., *bravery, fraud, quotas*) | *#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."*<br>*#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 |
| | | • Unequal Competing Conditions | | |

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| Pillar | Tensions | Characteristics | Example of Evidence | B Corps Response to Tensions |
|---|---|---|---|---|
| | Competing Practices | • 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."*<br>*#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."* | • Systemic Relations/ Stakeholders Engagement<br>• Renewed Governance Structure |
| | *#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."* | | | |
| | Standards and Certifications | • Compliance with National and International Standards<br>• 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."*<br>*#G: Their products are certified 'For Life Standard' and 'ECOCERT' (international), and 'ISO 9001,' and 'ISO 14001' (national)* | • Renewed Governance Structure |
| • Public Opinion | External Pressure and Public Opinion | • Growth of Environmental expectations | *#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<br>• Institutionalize Sustainability<br>• Sustainability Alignment<br>• Measures Impact |
| *Cultural-cognitive* | Cultural Barriers | • Cultural practices (e.g., sexism, inequality)<br>• 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."*<br>*#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."*<br>*#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."*<br>*#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."* | • Organizational Purpose<br>• Resources<br>• Renewed Governance Structure |
| | Customer Preferences | • Skeptical Customers<br>• Cost-oriented Customers Culture<br>• 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."*<br>*#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."*<br>*45% of #P employees are disabled; moreover, they have received criticism because some of their baking products contain sugar.* | • Customer Segments and Relationships<br>• 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* | • Resources<br>• Systemic Relations/ Stakeholders Engagement |

(*continued on next page*)

(*continued*)

| Pillar | Tensions | Characteristics | Example of Evidence | B Corps Response to Tensions |
|---|---|---|---|---|
| | | | *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."*<br>*#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 integrated by an illiterate population, and some do not know any language."* | |

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