

## RESEARCH ARTICLE OPEN ACCESS

# How B Corps Are Hybrid? Unpacking Hybridity in Social Enterprises

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**Received:** 4 January 2024 | **Revised:** 25 October 2024 | **Accepted:** 24 January 2025

**Keywords:** B Corps | hybrid organizations | scale development | social enterprises

## ABSTRACT

Researchers have extensively studied the hybrid condition of organizations that simultaneously pursue social and economic goals. Yet, hybridity manifests itself in multiple ways. This paper aims to identify the different facets of the hybrid condition, conducting an empirical study in a specific setting of hybrid organizations: the B corporations (i.e., for-profit organizations awarded with a prosocial certification). We propose and test a multifactor scale measuring how hybridity (i) occurs, (ii) influences firms' organizational processes, and (iii) shapes firms' social impact thesis. We test the scale on a sample of 101 Italian B Corp firms, identifying four factors that determine the hybrid nature of B Corps and characterizing two ideal types of B Corps. We contribute to the literature on social entrepreneurship and hybrid organizations by capturing the nuances of B Corps' hybridity.

## 1 | Introduction

Hybrid organizations are entities that diverge from socially legitimated traditional organizational forms (Battilana and Lee 2014) as they internally incorporate multiple institutional logics (Aguilera et al. 2024). As hybrids can take different forms, the literature has started studying their characteristics in several contexts (Ebrahim, Battilana, and Mair 2014). For instance, the academic spinoffs, which combine an entrepreneurial and an academic logic (Fini and Toschi 2016), or biotech companies, incorporating science and technology (Powell and Sandholtz 2012), as well as public enterprises, which pursue both market and state logics (Vickers et al. 2017), are all examples of hybrid organizations.

Furthermore, entrepreneurship is increasingly characterized by the pursuit of sustainable outcomes (Volkman et al. 2021). Indeed the United Nations 2030 Agenda strongly requires businesses to tackle Sustainable Development Goals (SDGs), and Environment, Social and Governance (ESG) frameworks are supporting businesses to shape their approach to sustainability. Accordingly, social entrepreneurial initiatives emerged in both

new ventures and established corporations with the goal of integrating sustainability objectives in their routines, processes, and practices. Such entities do not simply implement corporate social responsibility (CSR) or ESG frameworks into their business models; rather, they redefine their goal systems combining social and economic goals at same time (Ebrahim, Battilana, and Mair 2014; Pache and Santos 2013). Thus, literature see them as hybrid organizations, combining profit and nonprofit logics in the same entity (Ebrahim, Battilana, and Mair 2014). The depth with which such decisions permeate organizational goals, processes, and practices stimulates new scholarly questions: How do multiple—in same case conflicting—firm-goals emerge? What is the relationship between such goals within the same organization? And what do those relationships imply for firms' outcomes (Aguilera 2023; De Massis et al. 2020; Greve 2008; Kotlar et al. 2018; Serafeim 2022; Siebold 2021)?

Literature has so far investigated the hybrid condition proposing social enterprises as an ideal type of hybridization, deepening on the features of a generalized setting that fits a hybrid form (Battilana and Lee 2014), as opposed to more traditional (nonhybrid) forms (e.g., pure commercial or nonprofit firms).

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Social enterprises are commonly defined as businesses pursuing a social mission while conducting commercial activities. However, studies of hybrid organizations consider different organizational forms within the category of social enterprises, such as Work Integration Social Enterprises (WISE), microfinance institutions, Low-Profit Limited Liability Companies (L3C), Community Interest Companies, and B Corps, which are all very different in nature (Gamble, Parker, and Moroz 2020) and in the way they define profit and nonprofit logics. All of them are indeed characterized by different degrees of hybridity (Shepherd, Williams, and Zhao 2019), yet literature fall short in providing ways to assess hybridity features. Hybridity happens across different forms and context, but one size does not fit all.

In this paper, we define a measurement scale which aims at identifying how hybridity unfolds, capturing the facets and variations in organizational hybridity, and helping to move beyond the binary categorization of hybrid versus nonhybrid organizations. To develop the scale, we review the literature on hybrid organizations to derive three stages of hybridity: (i) the *occurrence*; (ii) the *establishment*; and (iii) the *shape of the impact thesis*. The first level covers the mechanisms that lead firms to adopt a hybrid structure, the second level captures the internal practices specific to the hybrid organizing, and the third level encompasses how the hybrid condition shape the social impact thesis, its essential vision of sustainability outcome generation from a profit-making model.

Building on Fu (2024), which measures how profit and social logics create states of conflicts or synergies within a hybrid firm, we defined a measurement scale that integrates the three levels of hybridity to assess the processes, rather than the states, of the hybrid condition.

We test the measurement scale on 101 responses to a questionnaire distributed to B corporations in Italy. Organizations part of the B Corp movement are for profit firms that undergo certification of their social and environmental commitment and bind their governance to the sustainability purposes. Adopting a two-step exploratory and confirmatory factor analysis, we validate a measurement scale with four factors: (i) the strategic interpretation of the pursuit of social impact; (ii) the individual and entrepreneurial aspects that lead firms to adopt a hybrid condition; (iii) the spread of hybrid-specific organizational competences and routines; and (iv) the influence of external actors on the adoption of a hybrid form. Through an additional cluster analysis, we also identify two hybrid-ideal types, namely, a commercial-oriented B Corp and an identity-oriented B Corp, both of which present distinctive features.

We believe this research is timely and relevant as efforts to date fall short in reconciling how an ideal type of hybrid condition (e.g., social enterprise) could explain heterogeneity across different hybrid organizational forms. Indeed, despite the vast array of contexts in which hybrid conditions emerge (Battilana and Dorado 2010; Haigh and Hoffman 2011; Battilana et al. 2015; Haigh et al. 2015; Hagedoorn et al. 2022), the literature presents limited evidence and few empirical exercises in capturing and measuring hybridity (Fu 2024).

This paper contributes to the literature on entrepreneurial population variation (Aldrich 1990) and the ecology of

social enterprises (Haugh et al. 2022; Volkmann et al. 2021). Specifically, this work paves the way for novel research on the under-investigated aspect of heterogeneity of hybrid organizations. Furthermore, we offer a measurement tool that is tested in B Corps but is made to be replicated in different settings of hybrid organizations, helping to overcome the binary categorization of hybrids versus nonhybrid organizations and grasping the granularity of how business hybrids' logics are governed.

The remainder of the paper is structured as follows: Section 2 identifies the multiple dimensions of the hybrid condition; Section 3 presents the research design and the methodology for developing the multi-item scale; Sections 4 and 5, respectively, report and discuss the results; and Section 6 presents the contributions to the literature and the conclusions.

## 2 | Towards a Multidimensional Conceptualization of Hybridity

The emergence of the concept of hybridity in the realm of organizational studies and entrepreneurship stems from the escalating ambiguity surrounding the delineation of organizational boundaries across public, private, and nonprofit sectors (Pache and Santos 2013). Hybrid organizations have surfaced as a response to this ambiguity, seeking to navigate the blurred lines between traditionally distinct organizational forms, often characterized by conflicting operational logics. More specifically, hybrid organizations integrate two or more socially constructed elements in novel configurations, transcending established norms of organizational structure and order (Battilana and Dorado 2010; Pólos, Hannan, and Carroll 2002; Battilana and Lee 2014). They represent an organizational innovation that scholars have primarily observed in the case of businesses increasingly embracing sustainability objectives. Then, extant literature has mainly distinguished the study of hybridity through theoretical constructs (Battilana, Besharov, and Mitzinneck 2017). Scholars studying organizational behavior have generally framed hybrid entities from two perspectives: as categories or as archetypes. The former is the more traditional approach, with theorists defining organizations as a social category with specific features and social context (Ruef 2000). These categories explain what an organization is and how it should behave, in accordance with the audience's expectations. In this view, hybrid organizations act as a locus of innovation, disorder, and creativity, mixing conflicting categories of organizations pursuing social goals (e.g., nongovernmental organizations) and economic goals (e.g., commercial businesses) (Battilana and Lee 2014; Ruef and Patterson 2009) into a single organizational form (Hsu, Hannan, and Koçak 2009).

Hybrids can alternatively be viewed as a fusion of archetypes: distinct configurations that embody a coherent set of values within specific institutional frameworks. Unlike categories, archetypes provide an institutionalized view of organizations, treating their characteristics as social realities. From this perspective, hybrids represent unique organizational forms that arise at the juncture of two different institutional realms, such as the merging of profit and nonprofit models (Greenwood and Hinings 1988).

This convergence of categories and archetypes contributes to the understanding of ideal organizational forms, with the discussion of hybrids still evolving. Traditionally, organizational forms are seen as archetypal structures that fit within a given institutional context (Greenwood and Suddaby 2006, 30). These forms are characterized by specific features that align with socially recognized categories, each with well-defined boundaries (Romanelli 1991).

Thus, extant literature in entrepreneurship and organizational behavior stressed the identification of the unique setting of social enterprise as an ideal type of hybrid organizational form in which social and economic objectives coexist (Battilana, Besharov, and Mitzinneck 2017). Social enterprises consider all the vehicles through which social entrepreneurial dynamics occur, establish, and generate values. Their hybridization is made of the combination of profit and nonprofit logics in one single entity and a proper field to study hybrid organizing (Battilana and Lee 2014).

Although most of the literature has treated hybridity as a binary condition, distinguishing social enterprises from non-hybrids such as pure commercial organizations (Litrico and Besharov 2019), recent discussions have taken interest in the unexplained variations that social enterprises exhibit, challenging its initial generalization and admitting various facets. Litrico and Besharov (2019) advanced that hybrids are not homogeneous and provided empirical evidence that they vary in how they incorporate conflicting logics into their organizational functioning (Besharov and Smith 2014). Similarly, Shepherd, Williams, and Zhao (2019) investigated how hybrid organizations express varying degrees and intensity of hybridity. Accordingly, recent scholars have demonstrated the relevance of investigating the heterogeneity of organizations' hybrid condition (Gamble, Parker, and Moroz 2020), posing questions on whether the archetypes of hybrid entities can be attributed to an overarching ideal form. As a matter of fact, various expressions and contexts, such as WISE, microfinance institutions, and B Corps, have been used in the literature to explore organizational hybridity. For instance, WISEs have been used to investigate how hybrids respond to different and conflicting stakeholder engagements (Ramus, Vaccaro, and Berrone 2021) or to manage conflicting logics within firms (Pache and Santos 2013). Microfinance organizations have received attention for understanding what determines the sustainability of firms that need to balance financial objectives with societal impact generation (Battilana and Dorado 2010), to capture governance structures that lead to better performance (Mersland, Beisland, and Pascal 2019), or to investigate how hybrids can generate social innovation (Vassallo et al. 2019). Similarly, B Corps have been studied to understand how hybrids address multiple sustainability goals (Tabares 2021; Boni et al. 2023) or integrate social and environmental objectives into their missions (Gamble, Parker, and Moroz 2020).

Despite the vast array of heterogeneity in hybrid contexts, the evaluation of such diversity is often hidden, and the contributions aimed at assessing hybridity and determining its various facets are still scarce. The literature requires mechanisms to systematize the concept of hybridity, to better interpret the different dimensions through which organizational hybridity varies

and unfolds. Only recently the literature has started to recognize that organizations in hybrid conditions exhibit multiple facets and variations, identifying specific measurements to assess hybridity across dimensions of compatibility and centrality. Specifically, Fu (2024) builds on the “logics multiplicity” framework (Besharov and Smith 2014) and develops measurement dimensions to understand whether profit and social logics are (i) central and (ii) compatible within the organization using five key features of hybridity: mission, capital sources, workforce, beneficiaries, and suppliers. Although these key features define a “state” perspective of hybridity, we offer a complementary perspective to her study. We propose a framework to view hybridity as a “process,” characterized by its occurrence in organizations, its internal organization, and the change-making mechanisms that aim to generate positive outcomes for society and the environment. Accordingly, in the next three subsections, we systematize the literature on hybrid organizations addressing the three levels identified: the *occurrence*, the *establishment*, and the *shape of the impact thesis* of the hybrid condition.

## 2.1 | The Occurrence of the Hybrid Condition

The emergence of a hybrid condition in organizations hinges on the motivations and factors that drive decision-makers to blend social and economic goals (Grossi et al. 2017). Consequently, scholars have extensively studied entrepreneurs who seek to address social needs while also generating economic returns, either by founding a hybrid enterprise or incorporating a social initiative into an existing for-profit business (Mair and Martí 2004; McMullen and Warnick 2016).

Entrepreneurs may pursue hybrid approaches for various reasons. Firstly, they might identify a social objective as a market opportunity, aiming to bridge gaps in welfare systems (Zahra, Newey, and Li 2014). Here, a hybrid structure can facilitate the incorporation of social components into the business model. Secondly, entrepreneurs might be motivated by a desire to enact change, leveraging their expertise, personality traits, and empathy to seize market opportunities (Bornstein 1998; Boschee 1995; Mair and Noboa 2006). In the first scenario, the hybrid condition emerges from a strategic corporate decision to transform social goals into business opportunities, a concept encapsulated by CSR (Dahlsrud 2008). This strategic integration can deeply embed CSR strategies into the organizational vision, promoting a stronger alignment of social and economic objectives (Haigh et al. 2015; Van Marrewijk 2002). Scholars suggest that businesses gain a competitive edge when they generate social impact, as this often involves more comprehensive stakeholder engagement and reporting (Eccles, Ioannou, and Serafeim 2014; Flammer 2013; Godfrey, Merrill, and Hansen 2009). Thus, a hybrid condition can arise when a social entrepreneurial venture demonstrates economic potential.

In the second scenario, however, the hybrid condition is driven more by individual social consciousness than by corporate strategy. Research has delved into the personal and individual-level factors that foster social consciousness in entrepreneurs, highlighting their drive to make a social impact through business (Dacin et al. 2022; Teasdale et al. 2023). Scholars have examined the determinants of social entrepreneurial ventures to identify

key individual traits that predict the creation of hybrid organizations (Hockerts 2017).

The literature predominantly emphasizes individual-level analysis, focusing on how personal experiences and behavioral traits lead entrepreneurs to social initiatives (Hockerts 2017; Mair and Noboa 2006). Some streams of research view social entrepreneurs as heroic figures motivated not just by market opportunities but also by altruism (Roberts and Woods 2005; Tan, Williams, and Tan 2005). Personal experiences often play a critical role in galvanizing these entrepreneurs (Braga, Proença, and Ferreira 2014). From this perspective, social entrepreneurship diverges from traditional entrepreneurship in its application: Traditional entrepreneurship aims at commercial success (Shane, Locke, and Collins 2003), whereas social entrepreneurship strives for social outcomes (Boyd and Vozikis 1994; Dacin, Dacin, and Tracey 2011). Thus, the hybrid condition typically involves personal motivation being channeled into business activities aimed at driving social change.

## 2.2 | The Establishment of the Internal Hybrid Condition

Social entrepreneurship is not just a system of facilitating factors characterizing the inception of a venture but also a blend of processes and practices that balance social and economic value generation, enabling a firm to thrive in the traditional market (Battilana et al. 2015; Hahn et al. 2018). The literature has explored how internal resources can be managed and allocated to routinize the social entrepreneurial attitude (Bruneel et al. 2016). Accordingly, scholars have emphasized the concept of “hybrid organizing” to investigate hybridity from an organizational behavior perspective (Battilana and Dorado 2010; Pache and Santos 2013; Battilana and Lee 2014; Battilana et al. 2015; Battilana, Besharov, and Mitzinneck 2017), exploring actions, approaches, practices, and processes that shape the internal logics of an ideal hybrid organization.

However, in their attempt to integrate social and economic dimensions within the same entity (Battilana and Lee 2014; Shepherd, Williams, and Zhao 2019), hybrid organizations often encounter tensions that can lead to improper resource allocation, interpersonal conflicts, or inertia in decision-making processes (Fiol, Pratt, and O'Connor 2009; Pache and Santos 2010; Smith, Gonin, and Besharov 2013; Reuter 2022). Recent literature suggests that hybrid organizing has not been studied with sufficient nuance (Shepherd, Williams, and Zhao 2019), indicating that the ways to internally arrange conflicting logics may vary depending on their reciprocal compatibility (Besharov and Smith 2014) or integration (Battilana, Besharov, and Mitzinneck 2017; Ebrahim, Battilana, and Mair 2014).

On one hand, the hybrid condition can be internally managed by developing a new organizational identity that overcomes the potential friction between conflicting institutional logics (Battilana and Dorado 2010). Firms can employ hiring and socialization strategies to facilitate this new identity. Specifically, hiring strategies might involve a “mix-match” approach, where

organizations recruit individuals with capabilities from each logic, or a “tabula rasa” approach, where individuals with no prior experience in either logic are hired and trained from scratch (Bruneel et al. 2016). Socialization strategies, on the other hand, aim to convey both logics to existing employees through clear communication, training, and dedicated incentives (Battilana and Dorado 2010).

On the other hand, organizations can navigate competing logics by selectively coupling distinct practices from each logic (Pache and Santos 2013). For instance, microfinance institutions are social enterprises that blend banking and social development practices to combat poverty. This internal hybrid structure acknowledges conflicting logics as separate and strives to balance competing objectives (Bruneel et al. 2016). Instead of developing a new hybrid identity and investigating how social and economic logics integrate, some hybrid organizations adopt a selective strategy that maintains the separation of logics, combining intact elements of each organizational logic.

## 2.3 | The Shape of the Impact Thesis of a Hybrid Condition

The concept of the social impact thesis completes the circle on hybrid organizations by providing meaning to both the emergence of social entrepreneurial approaches and the management of their internal operations and procedures. To achieve this, researchers have sought to understand the outcomes of various social entrepreneurship strategies (Nigri and Del Baldo 2018). Some have focused on the social objectives of these enterprises (Bengo, Boni, and Sancino 2022; Mascarenhas, Nunes, and Ramos 2015), exploring methodologies for measuring, monitoring, and demonstrating their positive social impacts (Costa and Pesci 2016; Maas and Liket 2011; Rawhouser, Cummings, and Newbert 2019). However, criticism of this literature arises because it primarily categorizes the results and impacts of socially responsible behavior, offering limited insights into connecting entrepreneurial intentions and internal processes with outcomes and impacts (Husted 2000; Mitnick 1993; Whetten, Rands, and Godfrey 2002).

In response, some scholars have embraced the theory of change as a comprehensive framework linking social impact to the inner workings and characteristics of a business with social objectives (Clark et al. 2004). Traditionally adopted by entrepreneurs and managers in the social sector, this theory recently enlarged its scope in the for-profit sector as a tool to define impact strategies of businesses (Fierro and Miller Hill 2016). The theory of change focuses on explaining how and why a desired change is anticipated within a specific context. Recognizing that hybrid organizations vary in their contributions to society (Hahn and Ince 2016), the theory of change offers a roadmap for distinguishing cause from effect and outlining the specifics of the impact thesis—from inputs to outcomes.

From an academic perspective, scholars studying hybrid organizations recognize that the importance of the social logic can vary compared to the commercial logic (McMullen and

Warnick 2016), but they have yet to thoroughly investigate the characteristics of the social impact thesis that inform the social logic. Here, the theory of change introduces two phases through which a social enterprise can clarify its social impact thesis.

Firstly, the theory of change aids in assessing the extent to which social impact extends over the long term. Departing from a purely positivistic approach to socially responsible behavior (Wicks and Freeman 1998), the literature argues that hybridization efforts focused solely on project-level contributions often result in limited overarching social ambitions. By contrast, organizations that integrate social objectives into their core business model tend to articulate their vision around achieving enduring, broad-reaching social goals (McMullen and Warnick 2016). In essence, the theory of change posits that a more integrated social component leads to more sustainable long-term social impact.

Secondly, the theory of change facilitates identification of the necessary conditions for achieving social goals. It systematically evaluates the causal link between entrepreneurial objectives, processes, outputs, outcomes, and impact (Donaldson 2003; Donaldson and Preston 1995), highlighting how specific practices within a social enterprise generate social impact. Although a positivistic approach assumes that defining, monitoring, and measuring social objectives benefit the organization (Wicks and Freeman 1998), the theory of change advocates for structuring an impact thesis that shifts the focus of benefits towards stakeholders (Donaldson 2003; Donaldson and Preston 1995). This approach allows the hybrid condition to elucidate distinct organizational objectives with varying degrees of impact intensity for stakeholders.

To sum up, we have examined the extant literature to isolate three levels at which the hybrid condition unfolds. We integrate them in a framework that supports the development of a measurement scale of hybridity to be tested and validated. Table 1 shows a recap of the concepts highlighted for each of the three levels of hybridity.

**TABLE 1** | Literature referring to three levels of the hybrid condition.

<b>The occurrence of the hybrid condition</b>	<b>The establishment of the hybrid condition</b>	<b>The shape of the impact thesis of the hybrid condition</b>
Social entrepreneurial dynamics (Hockerts 2017; Mair and Martí 2004; Mair and Noboa 2006)	Competing internal logics (Battilana et al. 2015; Bruneel et al. 2016; Hahn et al. 2018)	Impact generation (theory of change) (Clark et al. 2004; Husted 2000; Mitnick 1993; Whetten, Rands, and Godfrey 2002)
Market opportunities (Zahra, Newey, and Li 2014)	New identity creation (Battilana and Dorado 2010)	Measurement, monitoring and disclosure of social impact (Costa and Pesci 2016; Maas and Liket 2011)
Entrepreneurial self-efficacy (Bornstein 1998; Boschee 1995)	Selectively coupling (Pache and Santos 2013)	
Financial opportunities (Flammer 2013; Godfrey, Merrill, and Hansen 2009)		

### 3 | Research Design

#### 3.1 | Research Context

To address our research objective, we adopt a deductive approach and define a set of items to measure the hybrid condition in the specific setting of B Corps. B Corps have been examined within the framework of hybrid organization conceptualization (Cao and Gehman 2021). The review by Cao and Gehman (2021) identifies hybridity in B Corps either as a personal, identity-related organizational structure that reflects the sustainability values of the entrepreneur (Roth and Winkler 2018) or as a result of institutional forces prompting corporations to adopt sustainability principles within the commercial landscape (Rawhouser, Cummings, and Crane 2015). Furthermore, B Corps serve as a locus of blended value generation, wherein environmental and social components drive the internal structuring of processes and practices, thereby leading hybridity to provide a competitive advantage in the market (Fosfuri, Giarratana, and Roca 2016; McMullen and Warnick 2016).

Our decision to conduct this analysis on a specific setting—B Corps—is because we think of hybrid organizations as adopting different positioning on a spectrum made of two extremes: nonprofit organizations and fully commercial organizations (Dees 1998; Haigh 2015). Despite being considered in the literature under the unique label of social enterprises (Battilana and Lee 2014), hybrid forms are several and can be either inclined towards the profit logic or the nonprofit logic. In Appendix D, Table D3, we provide a visual representation. The way hybrids combine nonprofit and for-profit logics determined various hybrid setting that exist in the field, but for which literature still require proper specific hybridity assessments. For example, organizations part of the B Corp movement adopt a positioning in the hybrid spectrum that is closer to fully commercial for-profit organizations. B Corps are purely for-profit firms, which adopt a hybrid structure given by their social or environmental mission, having no legal obligation of profit retentions (Cao and Gehman 2021).

B Corps have voluntarily chosen either to obtain the legal status of Benefit Corporations or to undergo third-party audits, directed by the B Lab, to achieve certifications (Lucas, Grimes, and Gehman 2022). The business model of B Corps is not constrained by the social objectives. Differently, WISE or L3Cs take a position closer to nonprofit extreme in the hybrid spectrum. Specifically, both examples conduct commercial activities and can generate revenues for the achievement of a social mission, but their specific form, respectively, shrinks the commercial scope of the firm and mandatorily limits their profitability (Ebrahim, Battilana, and Mair 2014). The limitations are even more pronounced in WISE, where the revenue model relies on integrating individuals with disadvantages or disabilities (Battilana et al. 2015).

For these reasons, being all these examples—B Corps, WISEs, and L3Cs—considered as hybrid organizations, we believe it is valuable to understand and measure hybridity in each respective setting separately, measuring how hybridity unfolds across the three dimensions of *occurrence*, *establishment*, and *the shape of the impact thesis*. This paper focuses on the Italian context of the B Corp movement, an example of hybridization in which affiliated organizations strive to “use business as a force for good” (i.e., to generate positive social impact). Organizations have participated in the B Corp movement for more than a decade (Cao, Gehman, and Grimes 2017) and have been active in Italy since 2013. To obtain the B Corp certification, firms must achieve a B Impact Assessment (BIA) of at least 80 points out of 200, through indicators measuring employees, governance, community, and environment. Nowadays, B Corps can also assess their contributions to the SDGs through the SDG Action Manager (Boni et al. 2023). The B Corp movement counts over 9000 certified B Corps. Nearly half of them are in the United States and Canada, and the rest is spread across 93 countries ([www.bcorporation.net](http://www.bcorporation.net)). The Italian context represents one of the fastest growing countries in terms of firms affiliating to the B Corp movement, evidencing a growth rate of affiliates of nearly 40% per year since the Covid-19 pandemic in 2019 (<https://www.bcorporation.eu/>). Italy the first country outside the United States in which the regulatory framework for B Corps have been established (Del Baldo 2019), making it a relevant context where to investigate how hybridity unfolds within the B Corp movement. In Europe, similar to Italy, France is adopting the regulatory framework for B Corps, which helped the B Corp movement in the country growing at 30% rate yearly (<https://www.bcorporation.eu/>). Regarding historical data on all-time overall BIA scores, the global average is nearly 94 points. Italian and French affiliates of the B Corp movement average 91 points, whereas affiliates in the United States have an average score of 95.5 points since the establishment of the B Corp movement (<https://www.bcorporation.net/>).

All in all, given the fastest growing type of hybrid organization (Pollack et al. 2021), we believe that the B Corp movement is a suitable domain for defining how hybridity unfolds, with Italy representing an emblematic context in which hybridity is rapidly diffusing through the B Corp phenomenon.

### 3.2 | Items Selection

We collect data through a survey instrument, structured as follows. First, we collect information on the respondent and the

company, as well some industry- and firm-level information. Then, we administer a battery of 43 items (each presented on a 7-point Likert scale), consistent with the three constructs identified through the literature review (i.e., the *occurrence*, the *establishment*, and *the shape of the impact thesis* of the hybrid condition). In Appendix A, we provide further details on the items' selection.

To further refine and validate our item list, we undertook interviews with 12 social enterprises in the B Corp movement between November and December 2019 (Creswell 2014), of which further details can be retrieved in Appendix B.

Between December 2019 and June 2020, we distributed the questionnaire online to 305 organizations part of the B Corp movement that had public contacts; we received 101 responses (a response rate of about 33%). First, we sent out a generalized invitation to complete the questionnaire. Second, we personally engaged those companies that did not answered to our request. The collected data were analyzed using exploratory factor analysis (EFA) and confirmatory factor analysis (CFA).

## 4 | Results

### 4.1 | Description of the Sample and Descriptive Statistics

The survey was completed by founders or C-level individuals. Among the 101 B Corps that responded to the questionnaire, 71 were in service industries (mostly providing consulting, insurance, or financial services), whereas 30 were in manufacturing (mostly developing consumer products). Most of the firms were micro and small organizations, respectively, 34 and 31, corresponding to the 66% of our sample. Micro firms feature 2–10 employees, whereas small firms have 11–49 employees. The rest of the sample included 19 entrepreneur-driven firms (fewer than 2 employees) and 16 larger firms (more than 49 employees). Figures 1 and 2, respectively, show the distributions of the companies' ages and the number of years in the B Corp movement in 2019, whereas Figure 3 shows a comparative table of the regional distribution of Benefit Corporations. In Figure 1, the distribution is skewed to the right, evidencing that the

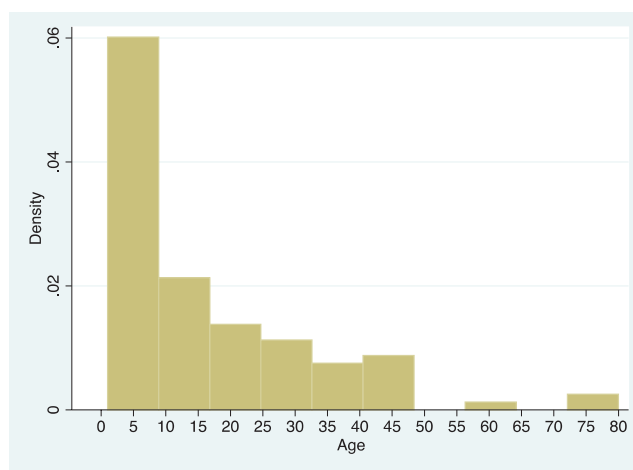
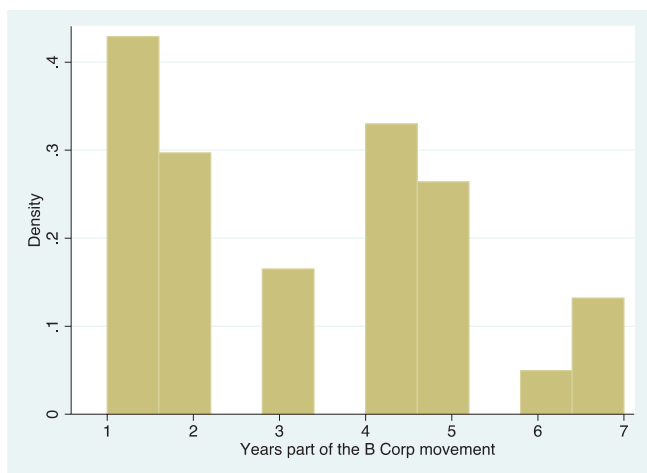


FIGURE 1 | Companies' age.

companies are mostly young, ranging from 1 to 9 years old. In Figure 2, the sample is characterized by a more homogeneous distribution of companies in the B Corp movement, with the longest tenure being 7 years. We further analyzed our sample by distinguishing between companies that joined the B Corp movement at their foundation year and those that transformed later after being established. Nearly 20% of our sample (19.8%) present B Corp-born companies, but the vast majority (71.2%) is made of established corporations that joined the B Corp movement after a specific duration. From a geographical perspective, Figure 3 shows that approximately 60% of the respondents are located in three Italian regions—Lombardy, Veneto, and Emilia Romagna—highlighting a significant concentration of Benefit Corporations from this study in northern Italy.

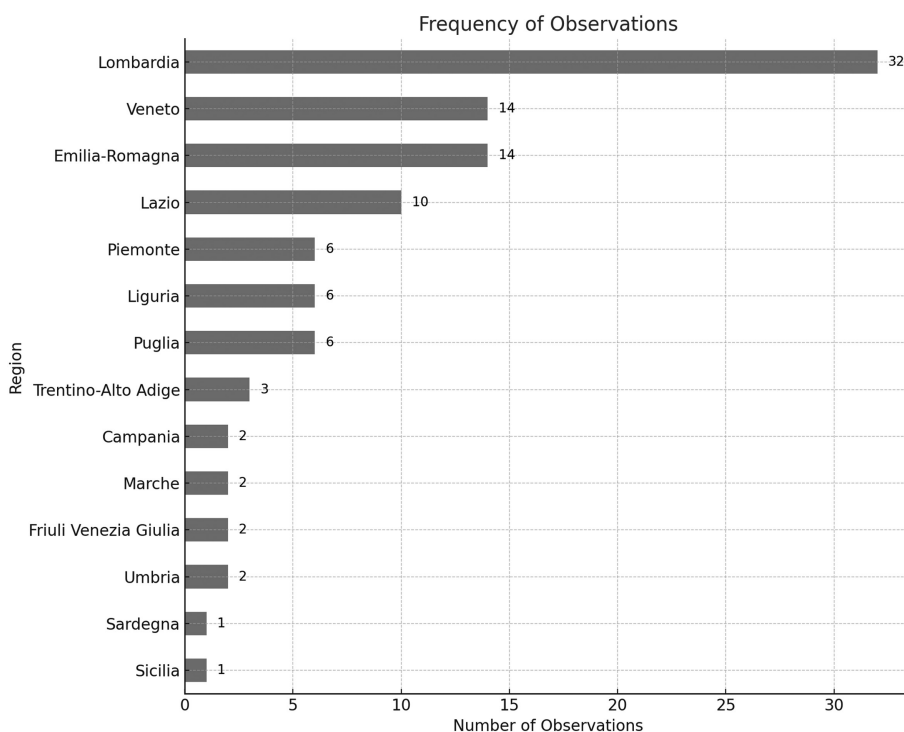


**FIGURE 2** | Years since companies joined the B Corp movement.

## 4.2 | EFA

We first ran an EFA to extract constructs that could explain the hybrid condition in organizations and help refining the measurement scale (Gatignon et al. 2002). We conducted separated EFAs for each group of items. Table 2 presents the whole set of items and their relative groupings. First, we applied the Kaiser–Meyer–Olkin measure of sampling adequacy to ensure that our item groups were adequate for the factor analysis. All item groups evidenced a satisfying result above 0.8. In addition, we obtained a significant result on Bartlett’s test of sphericity, indicating that the sampled data were appropriate for a factor analysis. Given our objective to identify latent factors from our pool of items (Hair et al. 2010), we ensured the suitability of our items for factor analysis by employing a principal factor methodology (Hinkin, Tracey, and Enz 1997).

Considering the variables under analysis, there are no specific or mandatory rules governing factor retention. Typically, factors are retained based on eigenvalues exceeding 1 or a scree plot indicating the variance explained (Cattell 1966). However, the decision on how many factors to retain is influenced not only by these statistical thresholds but also by how well the factors align with the underlying theory (Hinkin, Tracey, and Enz 1997). Therefore, we chose to extract four factors that best harmonize our theoretical framework with the empirical findings. In our endeavor to create scales that effectively capture various constructs, we opted for an orthogonal rotation of factors, which is the most suitable method to eliminate redundant items in our model. Beginning with a pool of 43 items, we conducted two separate rounds of item selection until achieving a stable structure consisting of 22 items.



**FIGURE 3** | Frequency of observations across geographical regions.

**TABLE 2** | Description of the complete list of items with the refinement steps.

<b>Relevant stream of literature</b>	<b>Item</b>	<b>Code</b>	<b>Remarks</b>	<b>References</b>
Occurrence of the hybrid condition	Improve social performance	I_1	Cross-loading	Mair and Marti (2004)
	<b>Improve reputation</b>	I_2		Mair and Noboa (2006)
Effective and responsible resource allocation		I_3	Low factor loading	Teasdale et al. (2023)
	<b>Get in touch with firms part of the same network</b>	I_4		Dacin, Dacin, and Tracey (2011)
Access to strategic relationships with suppliers		I_5		Hockerts (2017)
	<b>Competitive advantage</b>	I_6		Hockerts (2017)
Internally share the organizational culture		I_7	High uniqueness	Dacin, Dacin, and Tracey (2011); Teasdale et al. (2023)
	New social objectives	I_8	High uniqueness	Bornstein (1998); Boschee (1995)
<b>Market recognition</b>		I_9		Zahra, Newey and Li (2014)
	<b>Attract new customers</b>	I_10		Zahra, Newey and Li (2014)
Founders' will		I_11	High uniqueness	Mair and Marti (2004); Hockerts (2017)
	<b>Contribute to solve an overarching social problem</b>	I_12		Bornstein (1998); Boschee (1995)
Shareholders' push		I_13	High uniqueness	Cheng, Ioannou, and Serafeim (2014)
	<b>Suppliers' push</b>	I_14		Mair and Marti (2004)
<b>Customers' push</b>		I_15		Mair and Noboa (2006); Zahra, Newey and Li (2014)
	<b>Institutions' push</b>	I_16		Mair and Noboa (2006)
<b>Align with peer organizations</b>		I_17		Dacin, Dacin, and Tracey (2011)
	Improve value of the product/service	I_18	Low factor loading	Cheng, Ioannou, and Serafeim (2014)
Innovation strategy		I_19	Cross-Loadings	Hockerts (2017)
	Credit access	I_20	High uniqueness	Godfrey, Merrill, and Hansen (2009)

(Continues)



TABLE 2 | (Continued)

Relevant stream of literature	Item	Code	Remarks	References
Establishment of the hybrid condition	Visibility with respect to financial investors	I_21	Low factor loading	Cheng, Ioannou, and Serafeim (2014); Flammer (2013)
	Part of a community of similar organizations	I_22	High uniqueness	Hockerts (2017)
	<b>Be close to a community of stakeholders</b>	I_23		Flammer (2013)
	Make business as a force for social good	I_24	High uniqueness	Bornstein (1998); Boschee (1995); Zahra, Newey and Li (2014)
Have managers with specific competences	Financial resources availability	I_25	Cross-loadings	Flammer (2013)
	<b>Have managers with specific competences</b>	I_26		Battilana and Dorado (2010)
	<b>Have employees with specific competences</b>	I_27		Battilana and Dorado (2010)
Have managers with broad competences	Establish a dedicated group-work for social and environmental monitoring	I_28		Battilana and Dorado (2010)
	Make suppliers active participants	I_29	Cross-loadings	Pache and Santos (2013)
Associate managers' rewards to corporate social and environmental performance	Make suppliers active participants	I_30	Cross-loadings	Battilana and Dorado (2010); Pache and Santos (2013)
	Hire socially aware employees	I_31	Cross-loadings	Battilana and Dorado (2010); Pache and Santos (2013)
Establish dedicated trainings for employees with respect to the social and environmental culture of the firm	Associate managers' rewards to corporate social and environmental performance	I_32		Battilana and Dorado (2010); Battilana et al. (2015); Pache and Santos (2013)
	Establish dedicated trainings for employees with respect to the social and environmental culture of the firm	I_33		Pache and Santos (2013)
Shape of the Impact thesis of the hybrid condition	Promote the interaction and the integration across different internal functions, among commercial, social, and environmental objectives	I_34	Cross-loadings	Battilana and Dorado (2010); Pache and Santos (2013)
	Define social objectives that are measurable	I_35	High uniqueness	Clark et al. (2004); Costa and Pesci (2016); Maas and Liket (2011)

(Continues)

TABLE 2 | (Continued)

Relevant stream of literature	Item	Code	Remarks	References
	Define social objectives whose impact is associated to a precise group of stakeholders	I_36	High uniqueness	Clark et al. (2004); Costa and Pesci (2016); Maas and Liket (2011)
	<b>Establish and define precise short-term social or environmental objectives</b>	I_37		Clark et al. (2004); Husted (2000); Mitnick (1993); Whetten, Rands, and Godfrey (2002)
	<b>Establish and define precise medium-term social or environmental objectives</b>	I_38		Clark et al. (2004); Husted (2000); Mitnick (1993); Whetten, Rands, and Godfrey (2002)
	Establish and define precise long-term social or environmental objectives	I_39	High uniqueness	Clark et al. (2004); Husted (2000); Mitnick (1993); Whetten, Rands, and Godfrey (2002)
	Avoid the definition of precise social objectives	I_40	High uniqueness	Clark et al. (2004); Husted (2000); Mitnick (1993); Whetten, Rands, and Godfrey (2002)
	<b>Definition of standardized processes to achieve social impact</b>	I_41		Clark et al. (2004)
	<b>Standardized monitoring and measurement of the social objectives</b>	I_42		Clark et al. (2004)
	<b>Aim at overcoming ex ante defined social objectives</b>	I_43		Clark et al. (2004)

Following the initial Kaiser–Meyer–Olkin measure, we mainly selected items on the basis of loadings' values, cross-loading, and uniqueness scores' rules.

Table 2 outlines the criteria and outcomes for item retention. Initially, we retained items with loadings above 0.50, as recommended by Hair et al. (2010). For cross-loading criteria (Chin 1998; Flatten et al. 2011), we excluded items if their loadings on other factors were within 0.1 of the highest loading. Additionally, we retained items with uniqueness levels below 0.5, as higher uniqueness indicates independence from the factor structure. The first item selection process resulted in 31 items, and the second refined this to 22 items.

In the final model, we assessed the internal reliability of the three constructs using Cronbach's alpha (Hinkin, Tracey, and Enz 1997), which exceeded 0.7 in all cases (Nunnally and Bernstein 1994). Based on item loadings, we identified four factors: *pragmatic social objectives* (Factor 1), *marketization of the social identity* (Factor 2), *social culturization of internal competences* (Factor 3), and *external pressure* (Factor 4). We conducted discriminant validity analyses on our constructs using average variance extracted (AVE) and composite reliability (CR) analyses. Following the guidelines proposed by Hair et al. (2010), Cheung and Wang (2017), and Fornell and Larcker (1981), we can generally affirm the achievement of discriminant validity. The composite reliability consistently exhibits values well above the 0.7 threshold, and each standardized factor loading exceeds the 0.5 level. Although the AVEs do not uniformly exceed 0.5 for all constructs, the literature supports the acceptability of measures that are not markedly below 0.5, as in our case. Therefore, considering the CR values are well above the threshold and the standardized factor loadings of all items are above 0.5, we can affirm the discriminant validity. The results of the EFA are detailed in Tables 3–5. These factors will be thoroughly discussed in the next section before proceeding to the CFA.

### 4.3 | CFA

In the next step, we performed a CFA in order to enhance our confidence in the factor structure (Gerbing and Anderson 1988; Mackenzie et al. 2011; Noar 2003; Bolzani et al. 2015).

The quality of the factor structure was assessed by comparing its goodness of fit against competing models with different characteristics (Hinkin, Tracey, and Enz 1997). Specifically, we tested three models: (i) a model where all items load on a single common factor, (ii) an uncorrelated factor model, and (iii) a correlated factor model (Noar 2003). To compare these models, we utilized three fit indices: chi-squared, comparative fit index (CFI), and root mean square error of approximation (RMSEA).

The chi-squared statistic evaluates the overall fit and discrepancy between the sample and covariance matrices: Lower values indicate better goodness of fit. The CFI compares the fit of the target model to that of a null (independent) model, with values above 0.90 generally indicating a good fit (Hair et al. 2010; Hinkin, Tracey, and Enz 1997; Noar 2003). Lastly, the RMSEA assesses how well a model fits a population beyond the current sample: An RMSEA below 0.06 typically signifies a good

TABLE 3 | Factor analysis.

Variable	Factor 1	Factor 2	Factor 3	Factor 4
I_38	<b>0.83</b>	0.21	0.03	0.02
I_42	<b>0.78</b>	0.04	0.03	0.20
I_37	<b>0.72</b>	0.15	−0.05	−0.00
I_43	<b>0.63</b>	−0.04	0.06	0.08
I_41	<b>0.61</b>	0.02	0.06	0.17
I_12	<b>0.51</b>	0.14	0.21	0.12
I_23	0.47	0.19	0.10	0.17
I_2	−0.05	<b>0.82</b>	0.01	0.02
I_9	0.05	<b>0.80</b>	0.14	0.07
I_10	0.19	<b>0.72</b>	0.06	0.05
I_5	0.23	<b>0.70</b>	0.08	0.16
I_6	0.15	<b>0.66</b>	0.17	0.22
I_4	0.23	<b>0.65</b>	0.08	0.08
I_26	−0.18	0.08	<b>0.79</b>	0.12
I_27	0.21	0.02	<b>0.74</b>	0.15
I_28	0.04	0.28	<b>0.62</b>	0.06
I_32	0.49	0.23	<b>0.51</b>	0.15
I_33	0.46	0.14	0.48	0.05
I_15	0.16	0.04	0.13	<b>0.68</b>
I_16	0.32	0.15	0.11	<b>0.65</b>
I_14	0.024	0.22	0.19	<b>0.64</b>
I_17	−0.04	0.17	0.15	<b>0.59</b>

Note: The bold in this table indicates factor loadings that are associated to each variable. They represent the factor loading of each variable that help identify which variable explain the meaning of each factor.

fit (Mackenzie et al. 2011; Noar 2003), although some suggest a range from 0.03 to 0.08 (Chen et al. 2008; Hair et al. 2010).

Table 6 shows that both the one-factor model and the uncorrelated factors model had poor goodness of fit. In contrast, the correlated factors model demonstrated a better fit. Figure 4 illustrates the factor loadings of the hierarchical model structure, with all loadings being significant ( $p < 0.001$ ).

### 4.4 | Clustering of Factor Scores

We utilized predicted factor scores for post-estimation analysis to refine the interpretation of the hybrid nature of B Corps, exploring potential contingencies and grouping allocations detailed further in Appendix C, Table C1, and Table C2. Factor scores were clustered for each observation to investigate the interrelationships among factors in defining specific hybrid types of B Corps. Our factor analysis employed orthogonal rotation to maximize the distinction among factors, supported by the previously discussed levels of Cronbach's alpha (see Table 4). This approach not only emphasized the differences among variables

to define pertinent factors explaining hybridity but also aimed to identify combinations of B Corps types based on significantly distinct features of the hybrid condition.

We employed k-means, a nonhierarchical, partitioning clustering method (Barirani, Agard, and Beaudry 2013), testing clustering options ranging from 2 to 10, and applying the cluster-stop procedure to assess the Calinski/Harabasz criterion for each proposed cluster solution. The number of clusters corresponding to the highest *F* value of the Calinski/Harabasz measure indicated the optimal cluster structure for our data (Crum et al. 2020). In our case, the highest *F* value (e.g., 115.46) led us to select two clusters. Consequently, the cluster analysis of factor scores enabled the delineation of two distinct hybrid types among B Corps presented in Table 7. To reinforce our analysis on the factor scores, we adopted robustness checks to evidence that our constructs hold consistently across geographical areas in Italy. We considered Eurostat's categorization of the Italian geographical regions (<https://ec.europa.eu/eurostat/data/database>), classifying our observations across north, center, and south of Italy. As presented in Tables 8–11, our results on the ANOVA confirm that factors do not vary across geographical categories, except marginally for Factor 3. In Table 12, we conducted a Bonferroni test on Factor 3, for which we evidenced no significant differences across north, center, and south of Italy.

## 5 | Discussion

We used factor analysis and cluster analysis to explore the hybrid condition in B Corps. Our model converged on four factors—*pragmatic social objectives*, *marketization of the social identity*, *social culturization of internal competences*, and *external pressures*.

The first factor, *pragmatic social objectives*, indicates that B Corps focus on shaping their social impact thesis around achievable

goals. They set short-term (I\_37) and medium-term (I\_38) social impact objectives aimed at benefiting local communities while addressing broader issues (I\_12). B Corps emphasize the importance of continuously monitoring and measuring these impacts (I\_42), grounding their hybrid approach in a pragmatic theory of change that prioritizes tangible and immediate results. This approach is supported by internal controls to verify outcomes (I\_41), establishing a causal relationship between efforts and results.

Research has shown that organizations risk being seen as hypocritical if they set overly ambitious or unrealistic social goals (Carlos and Lewis 2018). Our findings suggest that B Corps strategically define their social objectives and structure their impact thesis to focus on local impact. This approach not only engages specific stakeholders more effectively but also helps avoid accusations of greenwashing (Delmas and Burbano 2011; Mahoney et al. 2013).

The second factor, *marketization of social identity*, reveals that B Corps are driven by motivations centered around market inclusion. Key elements such as reputation (I\_2), recognition (I\_9), and the attraction of new customer segments (I\_10) are crucial for establishing their hybrid nature. For B Corps, hybridity also provides opportunities to join a defined community (I\_4) and access strategic suppliers (I\_5).

Thus, although financial investors have historically been hesitant to engage with social-oriented organizations due to their perceived unattractive commercial propositions and lack of entrepreneurial mindset (Dees and Anderson 2004; Dees 2007), our findings indicate that B Corps acknowledge the significance of maintaining a presence in the mainstream market and leveraging their social component to access new market opportunities. The B Corp context evidences entrepreneurs' prosocial motivations that are characterized by including the organization in the traditional market dynamics, more

**TABLE 4** | Cronbach's alpha.

	Cronbach's alpha
Overall factors	0.88
Factor 1	0.84
Factor 2	0.88
Factor 3	0.79
Factor 4	0.77

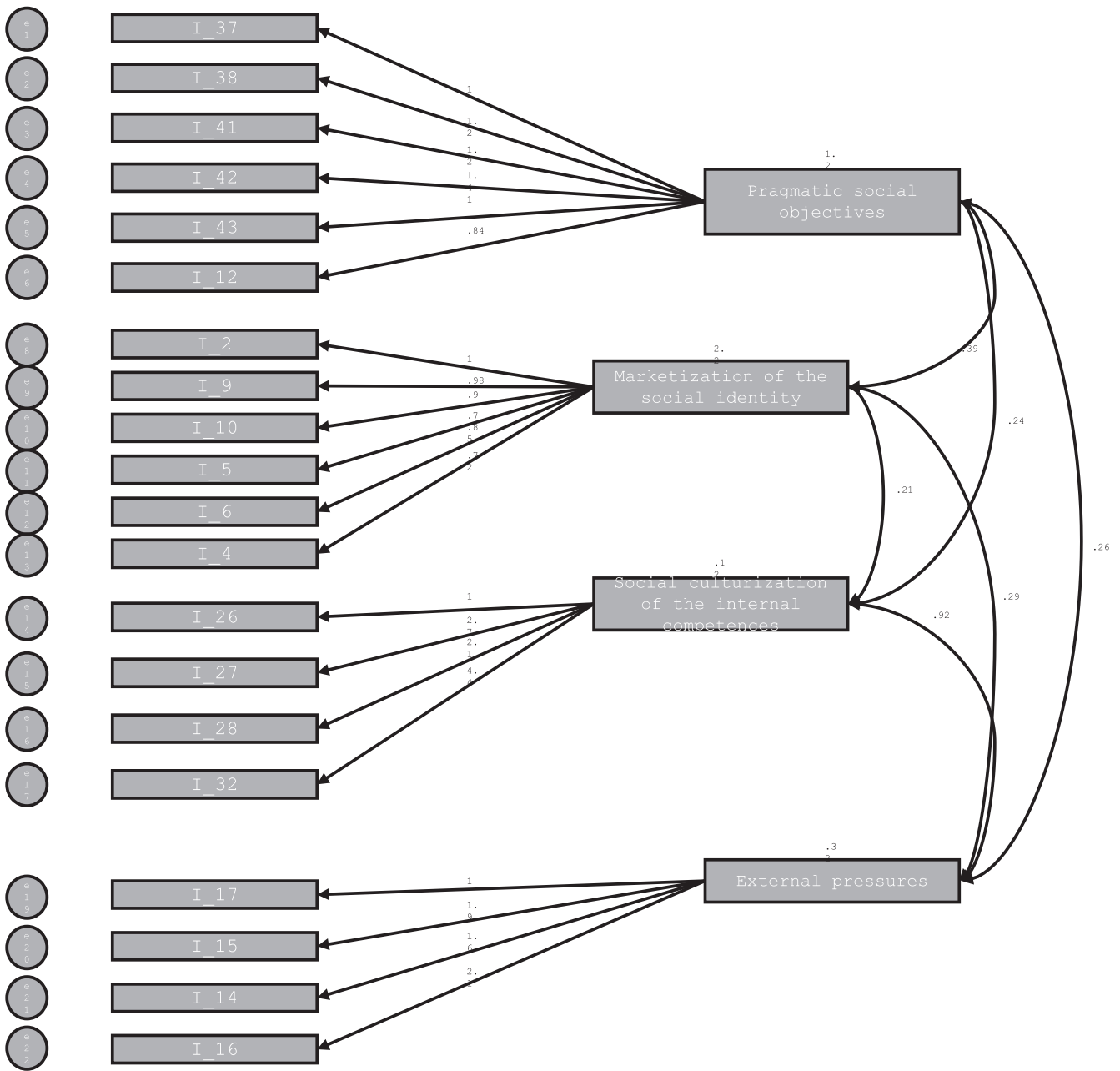
**TABLE 5** | Variance explained by extracted factors.

Factor	Variance	Difference	Proportion	Cumulative
Factor 1	3.88	0.31	0.30	0.30
Factor 2	3.57	1.32	0.27	0.57
Factor 3	2.25	0.33	0.17	0.74
Factor 4	1.92	0.15	0.15	0.89

Note: LR test: independent versus saturated:  $\chi^2(231) = 1159.22$  Prob >  $\chi^2 = 0.0000$ .

**TABLE 6** | Goodness-of-fit indexes of the estimated models for the CFA.

	Chi-squared	CFI	RMSEA
One-factor model	790.70	0.44	0.17
Uncorrelated factors model	328.40	0.88	0.08
Correlated factors model	267.70	0.93	0.06



**FIGURE 4** | Factor model.

**TABLE 7** | Cluster structure of the factor scores.

	Pragmatic social objectives	Marketization of the social identity	Social culturization of internal competences	External pressures
Cluster 1: Commercial oriented	0.07	0.06	-0.20	-0.03
Cluster 2: Identity oriented	-0.08	-0.06	0.21	0.03

than proposing to breakthrough established rules. As the entrepreneur’s prosocial motivations influence internal routines (Shepherd, Williams, and Zhao 2019), this finding has implications on the hybrid organizing process, which affect the following factor retained.

The third factor, *social culturization of internal competences*, highlights how B Corps manage their internal conflicting logics. Entrepreneurial motivations, driven by the marketization of social identity, involve resource mobilization to shape organizational processes and practices that define internal hybridity.

**TABLE 8** | ANOVA results on Factor 1 scores.

	Partial SS	df	MS	F	Prob > F	Other info
Geographical categories (north, center, south)	1.75	2	0.885	0.97	0.3835	Number of obs = 101 R-squared = 0.02
Residual	88.73	98	0.91			Root MSE = 0.95
Total	90.49	100	0.90			Adj R-squared = -0.00

**TABLE 9** | ANOVA results on Factor 2 scores.

	Partial SS	df	MS	F	Prob > F	Other info
Geographical categories (north, center, south)	2.72	2	1.36	1.53	0.22	Number of obs = 101 R-squared = 0.03
Residual	87.03	98	0.89			Root MSE = 0.94
Total	89.76	100	0.90			Adj R-squared = 0.01

**TABLE 10** | ANOVA results on Factor 3 scores.

	Partial SS	df	MS	F	Prob > F	Other info
Geographical categories (north, center, south)	6.86	2	3.43	4.33	0.016	Number of obs = 101 R-squared = 0.08
Residual	77.72	98	0.79			Root MSE = 0.89
Total	84.58	100	0.85			Adj R-squared = 0.06

**TABLE 11** | ANOVA results on Factor 4 scores.

	Partial SS	df	MS	F	Prob > F	Other info
Geographical categories (north, center, south)	0.28	2	0.14	0.18	0.833	Number of obs = 101 R-squared = 0.00
Residual	74.84	98	0.76			Root MSE = 0.87
Total	75.12	100	0.75			Adj R-squared = -0.02

**TABLE 12** | Bonferroni post hoc test on Factor 3.

	Estimate	Std. err.	Bonferroni	
			95% CI lower	95% CI upper
North versus center	-0.55	0.27	-1.20	0.11
South versus center	0.11	0.36	-0.75	0.98
South versus north	0.66	0.28	-0.01	1.33

This factor indicates that specific incentives for managers (I\_32) are essential for establishing B Corps' hybrid condition. To foster internal hybridity, firms must develop both specialized (I\_26) and cross-functional (I\_28) managerial competences and require employees to have socially oriented backgrounds.

This approach suggests that B Corps create their hybrid condition more through the development of a novel identity than by selectively coupling different logics. Consistent with existing literature, socialization policies like training and incentives are vital in teaching and reinforcing the behaviors and beliefs necessary to balance the organization's conflicting logics (Van Maanen and Schein 1979).

The fourth factor, *external pressure*, indicates that the hybridity in B Corps primarily arises as a response to external demands

and subsequent adaptations (I\_17) rather than being driven by a singular visionary leader. Influences from clients (I\_15), suppliers (I\_14), and media (I\_16) are significant external factors that shape how hybridity develops in B Corps. This finding shifts the perspective of hybridity away from the traditional “heroism” often associated with social entrepreneurial initiatives (Dacin, Dacin, and Tracey 2011) and aligns it more with the dynamics of the external context.

Whereas the factor analysis outlined the features that characterize the hybrid condition of B Corps, the cluster analysis helps the interpretation of how B Corps shape around these features. The clustering of factor scores helped to distinguish specific types of B Corps. The results revealed two types of hybrid conditions in B Corps showing opposite features and heterogeneity across factors characterizing hybridity.

The *commercial*-oriented cluster of organizations prioritizes achieving feasible, measurable, and proximate social objectives through a market-based logic. These hybrid firms emphasize commercial goals over social ones, viewing social objectives as a means to enhance market share. Consequently, they aim to deliver consistent and reliable social contributions through their products or services, targeting their social impact primarily at customers rather than employees. Moreover, this type of hybrid organization adopts a bottom-up approach, where commercial goals drive the integration of a social component, rather than external pressures.

Conversely, the *identity*-oriented cluster comprises hybrid organizations focused on cultivating a socially conscious culture internally. These organizations prioritize internal practices and often avoid emphasizing precise social objectives with market implications. This hybrid condition adopts a top-down approach, making internal changes in response to external pressures. Consequently, identity-oriented hybrids integrate a social component that targets internal resources, aiming to disseminate an organizational long-term vision for creating inward-oriented social impact.

In summary, the factor analysis has enabled us to identify and characterize the key factors that define the B Corp movement. It has provided valuable insights into how the hybrid process integrates pragmatism in generating social impact, emphasizes market centrality, shapes internal organizational identity, and responds to external pressures. Additionally, cluster analysis has helped to identify two distinct hybrid types within B Corps: One focused on leveraging social components to enhance commercial dynamics, and another dedicated to fostering positive social outcomes within the organization itself.

## 6 | Contributions and Conclusions

Our paper challenges the one-size-fits-all perspective of hybridity, stressing the necessity to assess and determine how hybrids are different. With this work, we tackle the under-developed discussion regarding the heterogeneity of hybridity in organizations, proposing a tool that can be used one setting at a time to determine the degree of hybridity. Our paper analyzes hybridity in the specific context of the B Corp movement, providing

evidence on the granularity of how business hybrids' logics are governed.

Our work specifically contributes to the recent literature on the ecology of social enterprises (Haugh et al. 2022), which recognizes that organizations can enact their economic and social logics to different degrees. Taking inspiration from social entrepreneurial dynamics that are increasingly characterizing new venture creations and the innovations occurring in large corporates to address SDGs and comply with the ESG trends (Lepoutre et al. 2013; Volkmann et al. 2021), this paper provides a tool that measures such variety (Wilson and Post 2013).

We considered the highly debated and emerging context of B Corps in order to uncover the characteristic patterns that mark their hybrid condition. Our findings follow extant attempts to investigate variations in hybrid conditions (Besharov and Smith 2014; Gamble, Parker, and Moroz 2020; Litrico and Besharov 2019) while proposing an empirical groundwork for evaluating assumptions that hybrid organizations are not one-size-fits-all (McMullen and Warnick 2016). The common wisdom is that traditional for-profit organizations are motivated by material concerns and seldom consider social welfare (Newbert 2003), and literature states that hybrid organizations should be driven by immaterial forces that help them identify and attempt to address social and environmental issues (Hahn et al. 2018). For these reasons, our work addresses recent call for studies that synthesize multiple firm-goal systems (De Massis et al. 2020) in order to identify the factors that affect firms' decisions to adopt a purpose-driven approach, such as the B Corp movement.

Our paper addresses the need to better understand variations in entrepreneurial populations (Aldrich 1990). By focusing on the importance of studying specific forms of hybridity, we enlarge the general conceptualization on hybrids while also clarifying how hybridity unfolds in a specific organizational form.

The systematization of the levels of hybridity complements extant literature investigating the heterogeneity of the hybrid condition. Battilana and Lee (2014) indicated social enterprises as an ideal category grouping several different types of hybrids. Besharov and Smith (2014) investigated different hybridity integration models, whereas Shepherd, Williams, and Zhao (2019) captured the degrees of hybridity in organizations. Recently, Fu (2024) developed a measure for hybridity that focuses on mission, capital, workforce, beneficiaries, and suppliers to determine the degree of compatibility and centrality of profit and social logics in hybrid organizations. She proposed two main dimensions and called for future research to explore alternative drivers of hybridity. Our framework embraces her suggestion and develops dimensions that complement her view of hybridity as a “state” with our perspective that considers hybridity as a “process.” By systematizing hybridity through the *occurrence*, *establishment*, and the *shape of the impact thesis* as levels of the hybrid condition, we defined four factors that determine the hybrid features in a specific setting of B Corps. Thus, our framework helps define the backbone of the hybrid condition in Italian B Corps as well as provides future researchers with a measurement scale that can be adapted to different hybrid settings and geographical localizations.

Our findings also offer context-specific advancements on how hybridity unfolds, which can facilitate future literature advancements. Firstly, we enhanced the understanding of the social impact thesis by exploring the theory of change conceptually. Our findings indicate that B Corps pursue short- and medium-term social objectives, actively generating, monitoring, and evaluating their immediate impacts. This pragmatic approach diverges from positivistic views in ethical organizational studies (Wicks and Freeman 1998) and aligns with CSR literature, which emphasizes practical solutions for social responsibility (Blindheim and Langhelle 2010). The clarity and directness required in discussing social responsibility outcomes are crucial. Given the limited exploration in existing literature on social enterprises' objectives, our study addresses the essential elements of defining the *what should be* of social objectives in B Corps. This contribution underscores the importance of pragmatic approaches (Singer 2010), prompting further research on effective social objectives that integrate seamlessly into business propositions, emphasizing measurable impacts (Kotlar et al. 2018).

Secondly, we present evidence that the hybrid nature of B Corps, and consequently their social impact, is influenced by market opportunities and external pressures. This finding contributes to the existing literature exploring the motivations behind launching social enterprises (Haugh et al. 2022). Although previous literature often emphasizes the heroic qualities of social entrepreneurs (Dacin, Dacin, and Tracey 2011), our research suggests that B Corps' entrepreneurs are motivated to derive market-oriented solutions from their social objectives and are responsive to contextual dynamics. Thus, our study challenges the predominant focus on altruism and self-efficacy in characterizing entrepreneurs who establish social enterprises (Braga, Proença, and Ferreira 2014; Roberts and Woods 2005; Tan, Williams, and Tan 2005).

Thirdly, the paper sheds light on how hybrid organizations manage their internal complexity. In the case of B Corps, they interpret their hybrid nature as a process of forging a new organizational identity rather than simply blending elements from each logical domain. These findings corroborate earlier studies that employed a case-study approach (Battilana and Dorado 2010), echoing recent calls for more empirical research in the study of hybrid organizations to enhance the applicability of findings (Bruneel et al. 2016).

A particular strength of our study is its use of quantitative data to explain the ecology of social enterprises (Haugh et al. 2022), moving beyond the binary condition of hybrid versus nonhybrid. From these data, we uncovered evidence for four distinct factors of hybridity that have produced two general types of hybrid structures among Italian B Corps: *commercial*-oriented versus *identity*-oriented approaches. In this way, our work contributes to the discourse about prototype members of the B Corp movement, (Conger et al. 2018). In that vein, our paper complements extant literature efforts that aimed at defining heterogeneous types of hybrids (Battilana and Lee 2014; Besharov and Smith 2014; Shepherd, Williams, and Zhao 2019), adding a tool that help refining extant frameworks attempting to categorize hybridity (Santos, Pache, and Birkholz 2015).

Furthermore, our paper extends the existing findings of Fosfuri, Giarratana, and Roca (2016). In their study, they posit that B Corps cultivate values-based relationships with specific customers, but our research demonstrates that one aspect of B Corps utilizes social values internally to establish the hybrid nature of the organization, aligning with literature that characterizes B Corps as products of individual entrepreneurial values (Roth and Winkler 2018). In line with this, future research activities could explore our *identity*-oriented ideal-type of hybrid in relation with the timing of the certification. Our results evidence that this type of hybrid follows stakeholder pressures to generate social impact internally, making such hybrid condition inward oriented. Given that only 19.8% of the corporations in our sample joined the B Corp movement at the same time of their foundation, it would be interesting to further distinguish *identity*-oriented ideal types of hybrid for the timing of the certification. This direction can further detail the identity construction aspects, elucidating whether such prototyping arises from imprinting or is more an evolutionary process of corporation. Given that *identity*-oriented ideal type of hybrid follows a top-down approach, this research pathway can connect with Santos, Pache, and Birkholz (2015) taxonomy of hybrids, informing different practices of hybrid governance structure.

Additionally, our paper contributes to Fosfuri, Giarratana, and Roca (2016) by identifying a second facet of hybridity in B Corps—*commercial* orientation—wherein an emphasis on for-profit objectives may introduce the risk of mission drift. This perspective is consistent with Rawhouser, Cummings, and Crane (2015), who approach B Corps from an institutional standpoint, suggesting that affiliation serves functional commercial purposes. Building on these advancements in the literature, future research could explore how this *commercial*-oriented hybridity might lead organizations to compromise their social missions, thereby jeopardizing their competitive advantage and potentially resulting in negative demand-side externalities. In a nutshell, further research may enhance our findings by exploring the antecedents and determinants of these two types of B Corps.

Practically speaking, understanding the features that determine the hybrid conditions in B Corps is crucial for policymakers who want to incentivize sustainability objectives in businesses. Given the debate over B Corps and their blurred boundaries (Conger et al. 2018; Lucas, Grimes, and Gehman 2022), our work can help policymakers understand the process through which B Corps form the identity of their hybrid organizational model. In light of the rapid growth of the B Corp movement in Italy and the increasing complexity brought about by the spread of legally defined statuses (such as Benefit Corporations) (Mion et al. 2024), our work can support institutions and policymakers in better understanding the true nature of these companies. First, B Lab can use this work to refine the BIA by considering the ways in which B Corps, within specific contexts, integrate social and economic logics. A “one-fits-all” approach to evaluate the social impact generated by hybrid organizations does not work. For instance, business practices, which are part of such assessment, are different depending on the nature of the organization, as we have shown in our work. An evaluation, able to differentiate among specific characteristics of the firms, would be able to better depict the social impact generated by these companies.



Second, this work can assist policymakers in designing targeted incentive systems and protections that uphold the integrity of these organizations' social missions while discouraging green-washing. In this way, replications of our analysis across other hybrid contexts could not only illuminate the distinct elements of hybrid firms, or define different ideal types, but also stimulate punctual policy actions depending on the type of hybrid condition that emerges.

In addition, our measurement scale helps managers and entrepreneurs understand the various aspects of a hybrid business model and frames their thinking around the two ideal types of B Corps within the Italian context. Managers and entrepreneurs can use this framework as a compass to guide their hybrid trajectory, asking themselves: Does the way we navigate our hybrid condition align us more with a *commercial*-oriented or an *identity*-oriented type of B Corp? How do we want to evolve or refine our hybrid approach in one direction or the other? The four factors emerging from our analysis can be used as levers to design, adjust, or even innovate the way hybridity is managed.

In sum, this work offers future researchers a toolkit for evaluating the hybridity of organizations. We hope to encourage academics and policymakers to replicate the use of the tools to capture the nuances of how those organizational forms develop, manage their competing organizational logics, and generate positive outcomes for the society.

## Acknowledgments

Open access publishing facilitated by Politecnico di Milano, as part of the Wiley - CRUI-CARE agreement.

## Endnotes

<sup>1</sup>The alternative would have been Bartlett's method, but the regression method considers the smallest mean squared error from the original factors' structure (Maxwell 1961; Thomson 1951).

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## Appendix A

### Items Selection

Regarding *occurrence*, the proposed questions aimed at capturing the motivations that led to a hybrid condition. We included 24 items related to the importance of personally striving to achieve social impact, solving overarching problems, being part of a movement, being part of a network of organizations, and garnering potential competitive advantages (in terms of credit access, suppliers, or customers) through a hybrid structure.

Regarding *establishment*, the proposed questions focused on organizing features: whether hybridity is internally managed through processes of selective coupling or the organization foresees the creation of a precise organizational identity that attempts to overcome potential logic disequilibria. For this level, we included 10 items regarding the firm's internal functioning, such as the social-oriented incentives for managers, the internal division of labor, and the methodologies through which employees are hired and trained. We also asked about the balance of social and economic objectives, the importance of financial stability, and the willingness to scale up both objectives or just one of them.

Regarding the *shape of the impact thesis*, the proposed questions detailing the theory of change of each organizations' social objective, with the aim of defining its characteristics. As the theory of change helps to define the causality between the proposed social-oriented actions

and their outcomes (social and environmental), we introduced nine items that evaluate the extent to which these actions are not only measured and monitored over time but can also be linked to a precise group of stakeholders with dedicated practices. Moreover, we assessed whether the theory of change supports a short-, medium-, or long-term perspective.

## Appendix B

### Interviews

We used a semistructured interview that covered key aspects of our reasoning. For example, when asking about the specific dynamics leading to a hybrid entity, we collected answers ranging from "I got experienced with a social issue so that I wanted to play my part fighting it through a business activity" to "there are plenty of opportunities to make my organization better through adopting a socially responsible aptitude." Regarding organizational structuring, we found evidence that entrepreneurs may "share with all the set of employees and managers the achievement of social impact" or "identify specific units for which monitoring the impact we generate." In addition, entrepreneurs confirmed that the theory of change may vary from "I still have to assess and understand the impact we generate" to "the generation of social impact is widespread across organizations' unit." Thanks to these interviews, we adjusted and rephrased our items to make our survey complete and exhaustive.

## Appendix C

### Post-estimation Analysis

As part of the post-estimation analysis, we represented each factor with a set of predicted factor scores in order to avoid an unequal weighting issue that can result from extracting variables from clusters instead of scores (Fiedler and McDonald 1993). Factor scores are defined as weighted combinations of correlated variables within factors, which have higher chances of being more reliable than the individual variables. Accordingly, we predicted the factor scores by adopting the regression method.<sup>1</sup>

In short, we investigated the differences in factor scores in order to better evaluate the hybrid condition of B Corps, specifically comparing

the results based on industry type (Table C1) and geographical localization (Table C2). In general, we did not uncover heterogeneity issues under our set of observable characteristics. Regarding the industry, we found no statistically different scores across factors, meaning that the extracted factors are suitable for evaluating the hybrid condition of B Corps across industries. Concerning the geographical localization, we observed a statistically significant difference in terms of *social culturization of internal competences*, which is more important in the south group. No statistically significant differences emerged across other factors. These results confirm that the four-factor model is valid for assessing hybridity in B Corps across industries. Although on one factor only, the four factor model evidences potential geographical heterogeneity issues.

**TABLE C1** | Intergroup comparison (industry).

	Products (32 observations)		Services (69 observations)		T-test
	Mean	SD	Mean	SD	
1. Pragmatic social objectives	-0.12	1.01	0.055	0.94	-0.85
2. Marketization of the social identity	0.15	1.00	-0.07	0.93	1.09
3. Social culturization of internal competences	-0.04	0.86	0.09	0.98	-0.29
4. External pressures	0.1494748	0.8768705	-0.0693217	0.9102323	1.1368

**TABLE C2** | Intergroup comparison (geographical localization).

	North (78 observations)		South (23 observations)		T-test
	Mean	SD	Mean	SD	
1. Pragmatic social objectives	-0.04	1.00	0.13	0.82	-0.76
2. Marketization of the social identity	0.04	0.97	-0.15	0.90	0.87
3. Social culturization of internal competences	-0.13	0.93	0.45	0.18	-2.71*
4. External pressures	-0.026	0.86	0.09	1.05	-0.54

\* $p < 0.005$ .

## Appendix D

### Spectrum of Hybrid Organizations

We follow extant literature considering hybrid organization in a spectrum (Haigh 2015). Here, in Table D3, we present the visual representation of three types of hybrid setting: B Corps, WISEs, and L3Cs. They are differently positioned in the hybrid spectrum because they enact profit and nonprofit components with different emphasis and with a different equilibrium. Accordingly, our paper decides to measure hybridity one setting at a time to control for conformity of the hybrid structure.

**TABLE D3** | Spectrum of hybrid organizations.

<b>Nonprofit orientation</b>		<b>Hybrid</b>			<b>For-profit orientation</b>
Nonprofit logic					For-profit logic
Nonprofit organizations	WISE	L3Cs	B Corps		Fully commercial for-profit organizations