



A Paradox perspective: How social-business hybrids  
manage the tension between commercial growth and  
environmental impact

Michiel De Wolf

Dissertation written under the supervision of Prof. Tommaso Ramus

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## **Abstract**

In this thesis I study how social-business hybrid organizations manage the tension between commercial growth and environmental impact. I do so by inductively investigating six different organization in the food and beverage industry in Europe and relating the findings to existing academic literature on sustainability, organizational hybridity and sustainability. I found that organizations can perform three different strategies to navigate aforementioned tensions— ‘justification’, ‘live with it’ and ‘avoidance’—also discovering that their adoption can be explained by the dominant motivation behind commercial growth and by how the tensions is perceived by the manager. Based on these findings I developed a theoretical model which illustrates which strategies social-business hybrid organizations adopt to manage impact vs. growth tensions, in this way contributing to a better understanding of the peculiar challenges faced by organizations aiming at growing in a sustainable way.

## **Resumo**

Nesta dissertação, eu estudo como as empresas sociais de organização híbrida gerenciam a tensão entre crescimento econômico e impacto ambiental. Eu faço isso investigando de forma indutiva seis diferentes empresas do setor de alimentos e bebidas na Europa, relacionando as descobertas à literatura acadêmica existente sobre sustentabilidade e hibridez organizacional. Eu constatei que tais organizações podem adotar três diferentes estratégias para lidar com as mencionadas tensões - ‘justificação’, ‘aceitação’ e ‘evasão’ - descobrindo, além disso, que a adoção de tais estratégias pode ser explicada pela motivação dominante por trás do crescimento econômico, bem como pela forma que essas tensões são percebidas pelo administrador. Com base nesses resultados, eu desenvolvi um modelo teórico que ilustra quais estratégias as empresas sociais de organização híbrida adotam para gerenciar a tensão entre impacto ambiental e crescimento econômico, contribuindo, dessa forma, para um melhor entendimento sobre os desafios peculiares enfrentados pelas organizações que objetivam o crescimento de forma sustentável.

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## Introduction

For years corporate sustainability has become increasingly important for companies around the world. As a result CSR has moved from an ideology to a concrete reality for businesses and their leaders. It has become crucial for businesses to define their role in society and apply social and ethical standards to doing business (Lichtenstein et al., 2004). However, incorporating these different elements can lead to paradoxical situations due to the contradicting interests of these elements (de Colle et al., 2014). More precisely, a paradoxical business tension could be described as the presence of multiple contractionary yet interrelated elements in a business. These elements appear logical in isolation but irrational when appearing simultaneously (Lewis, 2000). For example, a business could be pursuing higher export figures and aim to reduce the environmental impact of its activities. Both objectives make sense for a business. However, when pursued simultaneously, a company will find it hard to achieve both objectives as exporting more is related to a greater ecological footprint. Hence, the interests of both objectives are not aligned.

While most companies incorporating a CSR strategy are faced with such paradoxical situations, it is particularly salient in social-business hybrid organizations. As these types of organizations incorporate sustainability driven business models (Nielsen & Samia, 2008), they are particularly exposed to these tensions stemming from contractionary elements due to the incorporation of multiple logics (Pache & Santos, 2013). Up to now, there has been done quite some academic research on how these social-business hybrids manage these tension. However, one tension remains underexposed. While this type of organizations do have commercial growth ambitions (Hoffman, 2011), this growth also comes with an environmental cost (Hickel, 2019). This creates a tension between the environmental impact and commercial growth, to which no specific research has been done yet. As these social-business hybrid organizations need to appease both elements, it is interesting to see how the tension is managed in particular. Therefore the goal, and research question of this paper, is to study how social-business hybrids manage the tension between commercial growth and environmental objectives.

Although this study is especially focused on social-business hybrids, the findings are relevant for regular for-profit organizations as well. Learning how social-business hybrids address this tension can inspire these for-profit organizations to address social and ecological issues while remaining economically viable. Moreover, addressing these different elements successfully will become increasingly important for regular for-profit organizations as consumer preferences shift towards sustainable businesses (Choi & Ng, 2011).

In order to study how these social-business hybrids tackle this particular tension, I carefully selected six cases with whom I conducted interviews. All of the selected cases are European companies, active in the food and beverage industry. Additionally, each case can be described as a social-business hybrid organization, whether by means of certification (B-Corp) or a clear track record on how they do business. As this paper focuses on strategies, I decided to interview leaders within the company, as they have a more holistic and complete view on the implications of the tension between commercial growth and environmental impact. Drawing conclusions from their answers to my questions, I identified three strategies social-business hybrids use to manage this tension.

The first strategy is called ‘justification’, this entails that a company is able to justify its commercial growth by emphasizing the opportunities that this growth creates in terms of positive environmental impact. These opportunities are perceived to outweigh the threats of commercial growth on the environment, as such growth can be justified. The second strategy is called ‘live with it’. In this case, a company accepts that growing commercially comes with an environmental cost. Moreover, while the tension is recognized these companies do not try to resolve nor leverage it. The third and last strategy is the ‘avoidance’ strategy. This implies that a company is able to bypass the tension by achieving growth that comes without an environmental cost. Whether it is able to do so depends on the particular business model of the company.

Lastly, I discovered that the adopted strategies are a result of two variables: Motives for growth and how a tension is perceived. Companies whose commercial growth is fully or at least partially driven by impact incentives tend to see the tension as paradoxical. Meaning they do not only see environmental threats stemming from commercial growth, but also opportunities. As a result, they decide to focus on these opportunities and are able to justify their growth. On the other hand, companies whose growth is dominantly driven by financial incentives do not perceive these opportunities, and either live with the tension or manage to avoid the tension. Whether they adopt a ‘live with it’ strategy or ‘avoidance’ strategy depends on the particular business model of the company.

## Literature review

With climate change looming on the horizon, social issues gaining in importance and an increasing share of consumers demanding businesses to take responsibility for their actions, an ever increasingly complex organizational environment has been established (Santos et al., 2015). This novel complexity has lead firms to develop sustainable strategies and create sustainable products and operations. Corporate sustainability became a mainstream necessity (Unruh & Ettenson, 2010). However, social inequities and the erosion of many ecological systems continues to worsen. Arguments have been made that sustainability has been subverted by corporate interests. Such that it has simply become a label for strategies that are actually driven by standard economic and institutional mechanisms (Jacobs, 1993).

As can be observed, corporate sustainability seems to come short to effectively solve the world's most pressing social and environmental challenges (Walsh et al., 2010). In face of the need to address these sustainability concerns adequately, companies and their objectives have to be reconceptualized. More concrete, organizations have to adopt business models that actively address social and ecological issues while remaining economically viable (Doherty et al., 2006). Social-business hybrid organisations and their respective business models can provide an answer to these societal and environmental challenges.

### Social-business hybrid organisations

Social-business hybrid organisations, in this paper shortened to hybrid organisations, are organisations that generate income in ways that are consistent with for-profit models. However, they also seek to create positive social and/or environmental impact in ways that are more aligned with non-profit models (Smallbone et al., 2001). Their business models are described as sustainability driven as they are designed to address a particular sustainability issue (Nielsen & Samia, 2008). The hybrid business models are characterized by three fundamental activities: Driving positive social/environmental change as an organizational objective (1), Creating mutually beneficial relationships with stakeholders (2) and interacting progressively with the market, competitors and industry institutions (3) ( Hoffman, 2011).

Moreover, hybrid organisations challenge the notion of trade-offs between economic, ecological and social systems. Instead, they develop business models that develop synergies between them, allowing the business to undertake profit activities while simultaneously addressing sustainability issues (Haigh & Hoffman, 2014). Broadly defined, they do this in three ways. Firstly, they challenge believes about economic, social and ecological systems. For example, hybrid

organizations do not avoid growth. However, they usually do not strive for exponential growth but rather seek steady sustainable growth up to a certain point that is constrained by self-imposed mission constraints (Boyd et al., 2009).

Secondly, hybrid organisations challenge traditional competitive practices (Haigh & Hoffman, 2014). For instance, hybrid organizations are characterised by high level of transparency and sometimes even seek to diffuse their practices to others in their industry (Hoffman & Badiane, 2010). This in contrast to traditional organizations which behave discretely in order to protect products, processes and methods to protect or gain a competitive advantage (King, 2007). Rather than competing by controlling resources or concealing the value creation process, hybrid organizations compete on the basis of their values (Mamao, 2011) and impact (Miller et al., 2009).

Lastly, hybrid organisations enact a progressive meaning of sustainability (Haigh & Hoffman, 2014). Traditional organizations which have incorporated corporate sustainability enact sustainability as reducing negative environmental impact while hybrid organizations enact sustainability as reducing negative and creating positive impacts (Haigh & Hoffman, 2014). In short, the paradigm shifts from being less unsustainable to being more sustainable (Ehrenfeld, 2009). Much of the power that these hybrid organizations possess comes from their ability to engage directly with suppliers, customers and natural systems. Rather than relying on regulatory compliance, philanthropy or corporate social responsibility (Nielsen & Samia, 2008).

### **B-Corp certified**

The rapid emergence of these hybrid organizations is notable (Grimes et al., 2013). However, it remains a relatively novel phenomenon which leads interested audiences often to seek to rationalize these sustainable efforts by means of measures, labels and evaluations. Certifications have emerged as an effective strategy for doing so (Grimes, 2010). This is where the B-Corp certification comes into play. B-Corp certified organizations are for-profit, socially obligated, corporate forms of business; with traditional corporate characteristics but also with societal commitments (Hiller, 2013).

Furthermore, B Lab, the non-profit organization that issues the certification, requires certified organizations to meet rigorous standards of social and environmental performance, accountability and transparency (B Lab, 2020). As described on the website of B Lab (2020), in order to become B-Corp certified, businesses have to complete an impact assessment which requires firms to provide evidence on the impact the company has on its stakeholders. A score of 80 or more is required to become certified. Applicants also have to formalize their commitment to maintain their

sustainability driven business models. Formalising these changes in the corporate charter provide some guarantee that the company values will remain intact, even if there is a change of owners or investors (Hickman et al., 2014).

As can be noticed, the B-Corp definition is very closely related to the definition of hybrid organizations as stated before. Therefore, B-Corp certified organizations can be classified as hybrid organizations (McMullen & Warnick, 2016) which have completed a rigorous assessment concerning sustainable practices (B Lab, 2020). As there is a growing distrust and accusations regarding corporate greenwashing (Lyon & Maxwell, 2011), focusing on hybrid organizations that have obtained the B-Corp certification reduces the risk of studying 'false' hybrid organizations. Therefore, this paper mainly studies B-Corp certified hybrid organizations.

### **Logic incorporation within hybrid organizations**

While hybrid organizations are driven by sustainability, they do not always meet their sustainability aspirations (Battilana & Lee, 2017). A substantial factor contributing to the failure of meeting sustainability inspirations is the dereliction of successfully incorporating the different organizational logics present in hybrid organizations (Tracey et al., 2011). Institutional logics can be described as socially constructed, historical patterns of beliefs and material practices that guide behaviour, shape interactions and relationships and provide meaning to social reality (Thornton & Ocasio, 2012). While non-hybrid organizations or traditional organizations usually solely focus on one logic (commercial logic), hybrid organizations incorporate two or more logics (commercial and social and/or environmental logic). (Battilana & Lee, 2017).

However, incorporating these different logics provides hybrid organizations with a challenge as they are predicated on institutional contradiction (Cappellaro et al., 2020). The tensions that come from these contradicting logics often lead to competing claims about priorities and objectives (Pache & Santos, 2013). As this paper researches hybrid organizations which incorporate a commercial logic alongside an environmental logic and the specific tension between business growth and environmental impact that stems from it, it is worthwhile taking a more profound look into how tensions can be managed.

### **Tensions in hybrid organizations**

For a long time, organizational tensions were approached through an instrumental lens (Hahn et al., 2015). This theory suggests that organizations can benefit financially when they address environmental or social concerns (Husted & De Jesus Salazar, 2006), but dismiss situations where

tensions exist and social and environmental aspects cannot be aligned with financial outcomes (Hahn et al., 2015). This lack of consideration conflicts with the complex nature of tensions and sustainability. To address the shortcomings of the instrumental theory, an integrative view has emerged (Gao & Bansal, 2013). This integrative view argues that organizations need to pursue a commercial, social and environmental logic simultaneously in order to be sustainable, even if they appear to be contractionary. Furthermore, business leaders have to accept and embrace these tensions that are inherent to sustainability and combine these different aspects without a priori emphasising one over the other (Hahn et al., 2015). By doing so they go beyond the Triple Bottom Line (Elkington, 1997) as it explicitly addresses the often conflicting relationship between these aspects (Hahn et al., 2015).

Following the integrative theoretical lens, strategies to manage these tensions can be observed. However, it is useful to first identify the types of tensions hybrid organizations can face. Organizational tensions faced by hybrid organizations can be classified in four different groups: performing tensions, organizing tensions, belonging tensions and learning tensions (Lewis & Smith, 2014). Performing tensions can appear when organizations seek varied and conflicting goals or strive to address inconsistent demands across multiple stakeholders (Smith & Lewis, 2011). Usually, evaluating progress towards these different goals involve qualitative, ambiguous and non-standardized metrics (Ebrahim & Rangan, 2010). This can lead to problems, as past research suggests that in the context of competing demands and metrics, quantifiable, short-term metrics are often emphasized over more qualitative and long-term oriented metrics (Levinthal & March, 1993).

The second group to classify commonly experienced tensions within hybrid organizations are organizational tensions. These tensions emerge due to contractionary organizational structures, cultures and practices (Smith & Lewis, 2011). For example, hybrid organizations can struggle to determine which profiles they want to hire and how to integrate these profiles in the organization (Smith et al., 2013). Another example is the legal structure these organizations adopt (Battilana et al., 2012). The third category can be described as belonging tensions. These tensions involve questions of identity (Smith & Lewis, 2011). Leaders in hybrid organizations can struggle to determine “who we are” and “what we do” both on an individual as a collective level (Smith et al., 2013). Additionally, when leaders or employees experience a sense of belonging with different organizational goals and values, it can create subgroups and lead to internal conflicts (Battilana & Dorado, 2010). The same can happen externally when external stakeholders hold different values (Smith et al., 2013).

Lastly, hybrid organizations experience learning tensions. These tensions emerge from the juxtaposition of multiple time horizons, as hybrid organizations strive for growth, scale and flexibility on the long term, but also stability and certainty in the short term (Smith & Lewis, 2011). As a general rule, it can be stated that financial outcomes are easily measured on the short term while social mission outcomes often require a long term perspective ( Hoffman & Badiane, 2010). These different time horizons can lead to conflicts regarding which strategic actions to undertake (Smith et al., 2013). Moreover, hybrid organisations face learning tensions regarding growth and scalability. Hybrid organizations want to expand to increase their impact (Dees et al., 2004), however growth can also threaten the mission's impact (Smith et al., 2013). This last tension is studied more precisely in this paper.

### **Managing tensions**

There are four relevant theoretical lenses which can help managers to manage tensions present in hybrid organizations. These are institutional theory, organizational identity theory, stakeholder theory and lastly paradox theory (Dacin et al., 2010). Institutional theory focuses greatly on the relation between organizations and the environments they operate in (Smith et al., 2013). Managers can practice three recommendations based on this theory when managing tensions. Firstly, institutional theory argues that it is more effective to hire employees that do not emphasize either a strong social or strong commercial logic. Instead, hybrid organizations should hire employees that do not emphasize any of the logics and socialize them towards an integrative mission of operational excellence (Battilana & Dorado, 2010). Secondly, selective coupling of social and commercial logics rather than decoupling these practices can enable hybrid organizations to sustain both logics over time (Pache & Santos, 2013). Lastly, managers should create organizational structures that balance differentiation and integration. Balancing both can support competing logics (Smith et al., 2012).

Theory on organizational identity gives managers insights on belonging tensions (Smith et al., 2013). Two key-lessons can be taken from this theory. Firstly, managers should create an integrative organizational identity with distinct subgroup identities. This can mitigate conflict and foster positive identification (Dutton & Dukerich, 1991). Secondly, addressing belonging tensions among organizational members can be done by promoting pluralist members, developing integrative solutions and integrating the social mission into work-procedures (Smith et al., 2013). While organization identity is very much internally focused, stakeholder theory analyses the external environment, more precisely the involved stakeholders. The theory gives insight on performing tensions that stem from addressing the demands of multiple stakeholders (Smith et al.,

2013). Managers should take note of three lessons from this theory. First of all, it is important to note that hybrid organizations bring together stakeholders with very different backgrounds and values (Chowdhury & Santos, 2011). The success of the hybrid organization depends on the ability of collaborating with these different stakeholders (Hoffman & Badiane, 2010). Lastly, the legal form a hybrid organization adopts is often heavily influenced by the salience given to addressing the needs of multiple different stakeholders (Cooney, 2012).

### **Paradox theory**

The last theoretical lens to approach the management of tensions is paradox theory. This paper will focus mostly on this particular theoretical lens as it is most relevant for tensions concerning paradoxical elements (Smith et al., 2013) such as the one studied in this paper. Paradox theory also views these tensions as potential opportunities to create long-term organizational success and sustainability (Smith et al., 2011). This is especially relevant for hybrid organizations, as they want to successfully attend multiple, yet sometimes contractionary sustainability needs (Haigh & Hoffman, 2014).

A paradox refers to contractionary, yet interrelated elements. These elements seem logical in isolation, but absurd and irrational when appearing simultaneously (Lewis, 2000). Paradoxical tensions in the context of hybrid organizations appear when contractionary elements exist simultaneously and persist over time (Smith & Lewis, 2011). Managers should not try to separate both elements or choose one or the other as this only will intensify the tension and fuel vicious cycles between them (Sundaramurthy & Lewis, 2003). Instead, managers should engage all elements of the tension simultaneously in order to achieve long-term organizational and sustainable success (Smith et al., 2011).

For many years, strategies on how to manage paradoxical tensions were based on the research of Poole and Van de Ven (1986). They identified four strategic responses that can be generalized into two categories: Acceptance strategies and resolution strategies (Poole & Van de Ven, 1989). Acceptance strategies encourage managers to embrace the tensions and live with the paradox (Lewis, 2000). On the other hand, resolution theories aim to find the middle ground by finding a means of meeting competing demands (Smith & Lewis, 2011). However, there is an ongoing debate whether which strategies work best (Smith & Lewis, 2011). With this debate in mind, Smith and Lewis (2011) propose a new, more integrative model.

## **The dynamic equilibrium model**

This model, called the dynamic equilibrium model by Smith and Lewis (2011), aims to create virtuous reinforcing cycles instead of vicious reinforcing cycles (Lewis, 2000) by incorporating both acceptance and resolution strategies (Smith & Lewis, 2011). First of all, the model addresses how managers should accept paradoxical tensions in order to leverage these tensions into opportunities (Beech et al., 2004). To adopt this way of thinking, managers need emotional equanimity, and behavioural flexibility (Smith & Tushman, 2005). Also on an organizational level, efforts have to be made to create an environment where acceptance towards paradoxical tensions can thrive. The theory argues that this is done by focusing on dynamic capabilities (Smith & Lewis, 2011). This is achieved by implementing processes, routines and skills that enable leaders to respond effectively to constantly shifting environmental environments (Teece et al., 1997). Acceptance of tensions lay the vital foundation for the virtuous cycles that are sought to be achieved (Smith & Lewis, 2011).

Acceptance efforts also provides managers with more comfort towards tensions, which enable more complex and challenging resolution strategies (Smith & Lewis, 2011). As seen before, resolution strategies aim to seek responses towards paradoxical tensions by either splitting and choosing between tensions, or finding synergies that accommodate competing elements (Smith & Lewis, 2011). The dynamic equilibrium model argues that resolution techniques can be used on the short term. However, managers should remain aware of long-term contradictions and accept them. Hence, creating a consistent inconsistent management style (Smith & Lewis, 2011). By doing so, managers can shift between contradicting elements by incorporating different time frames (Denis et al., 2001). Applying this consistent inconsistent management style further embeds tensions within the organizational system's strategies, structures, processes and identities ensuring the persistence of virtuous cycles as managers iterate between acceptance and paradoxical resolution strategies (Smith & Lewis, 2011). This, on its turn, unleashes the power of paradoxes to foster sustainability.

## **Aligning business growth with environmental impact**

While there has been done relatively much research towards paradoxical tensions within hybrid organizations, one important tension remains underexposed in academic literature. Most hybrid organizations indicate that growth is an important objective for them ( Hoffman, 2011). However, commercial growth comes with an environmental cost, as it is inevitably based on resource exploitation (Hickel, 2019). Hence, creating a paradoxical tension between two contradicting elements. On one side, hybrid organizations want to grow their business, but on the other hand they

want to minimize their environmental footprint and create positive environmental change. This paper aims to fill the blind spot on how hybrid organisations manage the tension between environmental impact and commercial growth. It does so by approaching the tension through the lens of paradox theory.

## **Methodology**

In order to do my analysis I decided to base my research on six thoroughly selected cases. After the selection of cases, I conducted interviews with leaders within each selected company in order to obtain data. Ultimately, I was able to come up with relevant findings regarding the strategies these companies use in order to manage the tension between commercial growth and environmental impact. These findings could then be generalized and conceptualized by means of a model that I created.

## **Case selection**

I decided to scope my research towards European companies active in the food and beverage industry. To favor comparison and eliminate unnecessary variables, I selected six cases that are proven social-business hybrid organizations, by means of certification or an impressive track record of sustainable practices. Moreover, as my research focuses on the relation between commercial growth and environmental impact, I only selected cases that specifically have a strong environmental mission.

The selection of recognized social-business hybrid organizations allowed me to eliminate companies who participate in greenwashing. In other words, companies that portray themselves to be sustainable in order to polish their brand image, but in reality are not (Lyon & Maxwell, 2011). Additionally, the selection of social-business hybrids allowed me to gather data from companies who all have sustainability driven business models (Nielsen & Samia, 2008), and are all characterized by the same fundamental activities (A. J. Hoffman, 2011). This uniformity among social-business hybrid organizations allowed me to study a considerably homogenous group of companies, regardless of their differentiating peripheral characteristics such as their specific country of origin. These marginal differences between the different cases are not considered relevant in light of the homogenous nature of these social-business hybrids. Lastly, the selection hybrids made it possible to study cases of companies who are most profoundly challenged by this tension as they experience the need to incorporate multiple logics at once (Tracey et al., 2011).

## Overview of cases

#	Name	Origin	Activity	Founded	Annual Revenue (in dollars)
1.	Oatly	Sweden	Oat milk producer	1994	\$200 million
2.	Thomson & Scott	United Kingdom	Wine producer	2013	\$0,858 million
3.	Simple Feast	Denmark	Plant-based food boxes	2014	\$35 million
4.	Bruichladdich	Scotland	Whiskey producer	1881 (resurrected in 2001)	\$31 million
5.	Symington	Portugal	Wine producer	1652	\$109 million
6.	Freestar	United Kingdom	Alcohol-free beer	2017	\$0,466 million

## Data collection

In order to collect data from the selected cases, I conducted seven interviews in total with leaders within those companies. The decision to interview leaders rather than employees with specific responsibilities regarding sustainability issues, stems from the holistic approach I pursued during my research. This tension relates to both environmental impact as well as commercial growth, therefore, it's relevance surpasses the mere environmental aspect. As a result, interviewing leaders within the company allowed me to gather information from people who have to take into account all the aspects of this particular tension.

After the selection of the interviewees, they were exposed to a 11-question long questionnaire with open ended answers. The asked questions were meant to examine how the cases perceived the relation between commercial growth and environmental impact, and how they dealt with the

outcome of this perception. The questionnaire was taken digitally, by means of video meetings or phone calls. Depending on the answers, the interviews took between 30 and 40 minutes. When necessary, a secondary follow-up interview was conducted. The information obtained from these interviews was then complemented by archival data from company reports, news articles and websites. When not enough data could be found through news articles or websites, I was able to get my hands on detailed sustainability reports to complement my research. This way I could ensure that for each case, I could compare and complement the data from the interviews with archival data in order to obtain a complete and accurate picture.

### Overview of interviewees

#	Company name	Name of interviewee	Company role	# Of interviews
1.	Oatly	Ashley Allen,  Abigail Damberg	Chief sustainability officer,  Sustainability specialist	1
2.	Thomson & Scott	Ian Thomson	Co-Founder	2
3.	Simple Feast	Christina Hjelm	Sustainability research coordinator	1
4.	Bruichladdich	Douglas Taylor	CEO	1
5.	Symington	Miguel Potes	Communications manager	1
6.	Freestar	Charlie Crawley	Co-Founder	1

## Overview of archival data

#	Company name	Relevant website information	Access to reports	Contributing news articles
1.	Oatly	Extensive	Yes	6
2.	Thomson & Scott	Limited	Yes	2
3.	Simple Feast	Extensive	No	4
4.	Bruichladdich	Extensive	Yes	5
5.	Symington	Extensive	Yes	5
6.	Freestar	Extensive	No	3

## Data analysis

I started my data analysis in an inductive way, meaning I did not impose any theoretical view when approaching the data for the first time (Smith & Besharov, 2019). Doing this, I was able to find some empirical observations among the different cases. The first observation related to the motivations that were behind the commercial growth of these observed companies. I found that some companies grew mainly for the purpose of creating a greater positive impact on the world as a whole. Their motivation to pursue this growth was dominantly driven by impact incentives. For these companies growing the business was a tool to achieve their environmental objectives, financial incentives were secondary.

Other companies turned out to pursue growth for a combination of equally important reasons. On one hand they were also motivated by impact, they believed that by growing the business they could achieve their environmental objectives. On the other hand, they grew because of the financial rewards commercial growth entails. For these companies, whose growth is driven by both financial as impact incentives, both drivers for growth are equally important. In relation to commercial growth, they are not able to prioritize financial incentives over impact incentives neither are they able to do so the other way around.

Lastly, I observed that some companies were fully motivated by financial incentives when pursuing commercial growth. These companies main motivation was the financial reward they would get from it. This does not mean there were not any impact incentives present, however, these were definitely not the primary reason why the business pursued growth. Apart from motivations behind growth, I also found other empirical observations.

I discovered that every observed company experiences a trade-off between commercial growth and environmental impact. However, the perception of this trade-off differs among companies. The observed cases can be divided in two groups. One group recognizes the challenges and threats the trade-off imply but also perceived positive reinforcing dynamics related to the trade-off. These companies had a more positive outlook on the relation between commercial growth and its environmental impact. On the other hand, the other group simply saw the challenges and threats relating to the trade-off. They did not perceive possible positive effects and had a neutral or negative outlook on the relation between commercial growth and its environmental impact.

This analysis made the story clear in an empirical sense. However, from a theoretical viewpoint it remained unclear. Therefore, I linked the empirics with theoretical frameworks which helped me to structure and generalize my findings in order to ultimately develop my own theoretical model based on these findings. Previous academic research argues that social-business hybrids are founded with the main objective of solving a societal problem while remaining financially self-sufficient and sustainable (Certo & Miller, 2008). As a result, growing a social-business hybrids is usually driven by two main incentives: Impact gains and financial gains (Hynes, 2009). This resonates with my findings whereby I identified both drivers behind commercial growth among the different cases. However, I found that the degree to which the commercial growth of a company is motivated by both drivers is not always equal. Some are dominantly driven by financial gains and others by impact gains.

Furthermore, linking the perception of the trade-off between commercial growth and environmental impact to previous academic research, I found that some companies adopt a tension view and others a paradox view. As observed in my research, some companies perceive the trade-off as a challenge or threat. Opportunities are not perceived. This approach corresponds with what is called the tension view in academic literature. Meaning, the trade-off between both elements is seen as a battle between competing objectives that cannot or should not be reconciled (Pache & Santos, 2013). On the other hand, some companies perceive both threats and opportunities related to the trade-off. This perception corresponds with a paradox view. The paradox view argues that both paradoxical

elements can successfully be engaged simultaneously. Hence, creating opportunities (Smith et al., 2011).

Eventually, I started to see consistent patterns in my findings. I found that there are three different strategies companies use to manage the tension between commercial growth and environmental impact. Additionally, I found that the strategy a company adopts is determined by the motivation that lays behind the pursuit of growth as well as the perception they have of the tension. As a result, I was able to build a model based on these findings. The model argues that companies whereby impact incentives are a major driver for growth also adopt a paradox view on the particular tension. As a result, they manage to justify their growth by emphasising how the opportunities outweigh the environmental threats. This strategy is called the justification strategy. On the other hand the model argues that companies whose growth is dominantly driven by financial incentives simply perceive the tension as two irreconcilable elements that cannot be leveraged. As a result, I found that these companies either live with the tension or play around the tension. The first strategy implies that the company accept it as part of business but does not let it influence it's business decisions. The second strategy implies that the company found a way to bypass the tension by adapting the business model.

## **Findings**

After I have presented the used methodology, observations can be made. In the findings, a model explaining the different strategies companies use to manage the tension between commercial growth and environmental impact will be introduced. As well as an explanation as to which characteristics push a company towards adopting a certain strategy. However, as commercial growth is an important term in this paper, it is important to first determine the definition of commercial growth that has been used in the interviews and this paper. I approach commercial growth as a broad concept that can be defined as an increase in company revenues. Whether this is obtained by increasing market share, increasing margins or any other strategy is deemed as irrelevant concerning this definition of growth.

## **Motivations**

Having established this definition, I have identified two main drivers for growth among the interviewed companies: Driven by impact incentives or driven by financial incentives. A majority of companies showcase to be fully or at least partially driven by creating a positive environmental

impact by means of growing the business in a commercial sense. Some of these companies showcase to be almost entirely driven by impact, others are driven by a combination of impact and financial incentives. A minority of companies solely grows for the purpose of financial gains.

A first example of a company for which creating a positive environmental impact is the clear dominant driver behind growth is organic wine producer Thomson & Scott. The growth objectives of the British firm are dominantly incentivised by their environmental purpose, which is to transform the old-fashioned, mostly non-organic, wine industry into a more environmentally friendly and transparent industry. By growing commercially, they hope to become big enough to set organic industry standards and influence policy makers.

***“Our long-term objective is to expand our business to a degree in which we can influence the wine industry to be more environmentally friendly, because it has not changed in a very long time. We want to grow the business so that we have a voice that is strong enough to demand this change”***

*(Ian Thomson, Co-Founder of Thomson & Scott, interview)*

A similar example is the Scottish distillery Bruichladdich. As Thomson & Scott, Bruichladdich has a dominant impact incentive which motivates them to grow their business. The company is situated on the Scottish island of Islay, to which they have a very strong bond. After the resurrecting of the distillery in 2000, creating a positive impact on the island’s ecosystem was a primary objective. A good illustration of the true motivation behind their growth ambition is that they express that commercial growth without the consequence of positive environmental impact would not triumph over the maintenance of their environmental values.

***“We want to grow as growth for us means creating positive change. However, if the impact of growth negatively impacts the island we would have to stop and say: ‘Look, this doesn’t make sense anymore.’ All businesses should be aware of this, and what they should be doing to create a positive impact”***

*(Douglas Taylor, CEO of Bruichladdich, interview)*

There are also companies where there is a balance between impact and financial incentives. I can identify oat milk producer Oatly and plant-based food box provider Simple Feast as such companies. Both are driven towards commercial growth by financial incentives as well as impact incentives. There cannot be identified a dominant force among both drivers as both seem to be equally important in relation to why these companies grow. However, both drivers are clearly present.

***“There is an ideological motivation, but at the same time it is also a business opportunity. (...) When talking about growth we look at net value. So we take into account different factors, including ethical value. (...) We are a key driver in transforming the industry from dairy towards plant-based so I cannot imagine us backing off from our growth objectives any time soon”***

*(Ashley Allen, Chief sustainability officer at Oatly, interview)*

***“We want to grow because we want more people to eat plant-based but we are also not a philanthropy. (...) We are also in business to make money”***

*(Christina Hjelm, Sustainability research coordinator at Simple Feast, interview)*

There are also companies whereby positive environmental impact is not a prevalent driver for commercial growth. Instead, their commercial growth is dominantly driven by financial incentives. Alcohol-free beer producer Freestar and wine and port producer Symington fall in this category. While Freestar was founded around a strong ideological motivation, this motivation is not a driver for growth. The dominant force explaining the growth objectives of Freestar is financial.

***“We can get a healthy cost-margin by scaling the business. (...) We take the business opportunity and then look at what is the most environmentally friendly way of doing it”***

*(Charlie Crawley, Co-Founder of Freestar, interview)*

Symington can also be classified as a company whereby growth is dominantly driven by financial incentives. However, being a family business, the financial incentive stems from a desire to sustain the family tradition and remain financially independent.

***“For us growth is about reinvesting all the gains back into the business and sustain the family tradition. (...) We grow when the opportunity arises, in a structured and organic way”***

*(Miguel Potes, Communications manager at Symington, interview)*

## **Tensions**

These two motivational forces also determine how the tension between commercial growth and environmental impact is perceived. Hybrid organizations that are driven by impact in their pursuit of commercial growth, approach the tension as a paradox. Meaning they perceive both threats and opportunities regarding the consequences of commercial growth on their environmental impact, but mainly focus on the perceived opportunities. On the other hand, when impact is not a dominant driver, the tension is not seen as paradoxical and opportunities for positive environmental impact by means of commercial growth are not perceived.

One of the studied companies who approach the particular tension through a paradoxical lens is Oatly. On one hand, they perceive commercial growth as an opportunity to change the milk industry for the better and replace dairy products by plant-based alternatives. On the other hand, they also recognise that by growing they increase their own ecological footprint. This increasing footprint is seen as a threat to the environmentally friendly character of the company.

***“We must have to grow as rapidly as possible in this industry. Climate change is such a huge challenge that there is no time for businesses like us to slowly grow. We need to make our mark and transform the food industry. (...) Now, this does not mean we have to do this without forgetting about the consequences. I know for example that our footprint will increase, and we have to get better at managing this as we go”***

*(Ashley Allen, Chief sustainability officer at Oatly, interview)*

A second example of a company whose growth is driven by impact incentives, and consequently approaches the tension through a paradoxical lens is Thomson & Scott. The wine producer argues that commercial growth also implies a higher amount of products that need to be transported. This is perceived to as a threat for their ecological footprint. However, they also argue that by growing the business they can shift consumer preferences towards more environmentally friendly products. Hence, changing the wine industry in a positive way.

***“The main threat is transportation. We have to take into account the environmental cost that comes with shipping more of our products. (...) By growing we can show the industry that there is a market for organic and vegan wine production. (...) By encouraging more and more wine producers to switch to organic production due to an increased demand, it would have a positive impact on the environment”***

*(Ian Thomson, Co-Founder of Thomson & Scott, interview)*

A similar narrative is observed with Simple Feast and Bruichladdich, who’s growth is also driven by impact incentives. Simple Feast perceives the increased ecological cost caused by an increase in used resources, which is an inevitable consequence of their growth, as a threat. However, they also see an opportunity to shift more people’s diets towards plant-based, which has a beneficial effect on the environment.

***“The more we sell, the bigger our environmental impact, so in absolute terms our negative impact increases. But, it is also good for the environment if more people turn plant-based”***

*(Christina Hjelm, Sustainability research coordinator at Simple Feast, interview)*

Bruichladdich sees commercial growth as a great opportunity to increase the financial share that can be spend on creating positive environmental change. However, a substantial part of their environmental practices is linked with the local operational and production characteristics of the company, which is tied to the island they operate from. Becoming too big as a business can threaten this local commitment to the island, and their environmentally friendly practices.

***“The more you grow, the more provision you have to invest in the ‘do good’ pieces of your agenda. (...) We don’t want to exceed the limits of the island. Too much growth could negatively impact the ecosystems on the island”***

*(Douglas Taylor, CEO of Bruichladdich, interview)*

These views contrast with the views of companies whose growth is mainly driven by financial incentives. These companies do not recognize an opportunity in relation to the tension between commercial growth and environmental impact. They regard the tension as consistent of two conflicting elements that do not positively reinforce each other.

As an example, the case of Freestar can be taken. The beer company does not see commercial growth as a mean to create positive environmental change. Rather, the company recognises that growth comes with an increased footprint and tries to reduce it as much as possible while growing. However, they do not have strategies whereby expanding the business would actually create positive environmental change, both elements are separated.

***“There is definitely a trade-off between the two. However, as a company we are committed to choose the most sustainable option, as long as it is not widely more expensive”***

*(Charlie Crawley, Co-Founder of Freestar, interview)*

Another example is the case of Symington. They do not see commercial growth as an opportunity to create positive environmental change on itself. However, they argue that the current pursuit of growth in the industry has led to an overproduction of wine which plays in favour of their own environmental practices. This as a result that many wine producers are now forced to grow by means of increasing margins, instead of increasing production figures. As environmentally-friendly produced wine is a valued selling point, this does play in favour of Symington. However, commercial growth on itself is not perceived as a strategic opportunity to create positive environmental change.

***“The overproduction of wine works in our favour as the commercial reality ensures us that we can continue underlying our sustainability aspects”***

*(Miguel Potes, Communications manager at Symington, interview)*

## **Solutions**

While the motivations influence the approaches companies take towards the tension, these approaches also determine how companies ultimately manage the tension between commercial growth and environmental impact. On one side, we can see that companies who adopt a paradox view and its appurtenant opportunities and threats manage the tension by means of justification. In other words, these companies have a clear environmentally oriented reasoning which justifies the pursuit of commercial growth. This reasoning usually elucidates how the potential benefits of commercial growth outweigh the potential threats on the environmental impact. On the other hand,

we can see that companies which do not approach the tension through a paradoxical lens, and thus not see environmental opportunities stemming from growth, either accept and live with the tension or play around the tension.

Looking at the cases of Oatly, Bruichladdich, Simple Feast and Thomson & Scott, a justification strategy is observed. These companies' growth is also dominantly motivated by impact incentives and consequently adopt a paradoxical lens concerning the particular tension. Oatly argues that the ecological footprint of their plant-based product is so much less than the dairy-based alternative that their growth will lower the total footprint of the general milk industry, in which they operate. As they do not create a new market, but rather replace market shares of products that have a worse impact on the environment by products that have a far less negative impact, they argue that by growing they have a net-positive impact on the environment. This is how Oatly justifies commercial growth, taking into account the negative sides of growth.

***“Our carbon footprint is as big as the footprint of a medium sized-city. However, some food companies have a footprint that is as big as an African or Latin-American country. So yes, our ecological footprint will increase, but we also take away from the environmental impact on the whole system”***

*(Ashley Allen, Chief sustainability officer at Oatly, interview)*

A similar argument is used at Simple Feast. Just like Oatly, Simple Feast justifies growth by highlighting how their plant-based food boxes are a more environmentally-friendly alternative to non-plant-based meals. Hence, they also argue that they do not create a new market but rather replace 'worse' products by a 'better' alternative. The bigger the company becomes, the more of those 'worse' products they can replace.

***“In absolute terms our negative impact increases by growing. However, taking into account the bigger picture, we are replacing something that is more polluting. So ultimately, the total ecological footprint goes down.”***

*(Christina Hjelm, Sustainability research coordinator at Simple Feast, interview)*

Another similar case is the one of Thomson & Scott. The wine producer argues that less than 10% of current vineyards are organic. By growing the business they can increase that percentage. They

reason that the share of people that drink wine cannot be increased anymore, therefore they believe that if they increase their business they will simply transform existing non-organic vineyards into organic vineyards instead of creating additional vineyards with each their own ecological footprint. As a result, they trust that by growing commercially, they also create a positive net impact on the environment.

***“If we grow our business the impact will be that there are more organic vineyards. In fact, this will have a positive impact on the environment and the people living around those vines. (...) We are not increasing the cake, we are trying to increase our share of the cake. We try to change the people’s attitude towards the type of drink that they buy”***

*(Ian Thomson, Co-Founder of Thomson & Scott, interview)*

However, not all these companies justify growth the same way. Scottish distillery Bruichladdich does not justify commercial growth by arguing that they replace products with a worse impact on the environment. In fact, they reason that the financial gains that stem from commercial growth can be used to invest in environmental goals, this way a positive impact can be created. The positive environmental outcomes of these investments are perceived to outweigh the environmental compromises that have to be made in order to achieve this financial growth in the first place. However, Bruichladdich also realizes that there are boundaries to the level of growth that can be justified this way.

***“We want to grow because growth still means more positive (environmental) change for us, but we want to do so while sticking to our original values. (...) So it has to be clear, what are the environmental compromises we are willing to make in order to grow the business”***

*(Douglas Taylor, CEO of Bruichladdich, interview)*

This justification approach to the tension is not present in companies that do not see growth as a substantial opportunity to create positive environmental impact. These companies either live with the tension, or play around it. The case of Freestar illustrates how a company can simply accept and live with the tension, but not act on it. In other words, they do not try to resolve nor leverage the tension. This differentiates from the justification approach, as commercial growth is not used as a tool to achieve positive environmental impact. Freestar argues that the tension is present in the

company, and accepts that both growth and its accompanying environmental cost are part of doing business. However, this tension does not influence their business decisions.

***“We’re not going to not do business because there is an environmental cost associated”***

*(Charlie Crawley, Co-Founder of Freestar, interview)*

Lastly, Symington is a company that manages to play around the tension. Just like Freestar, Symington’s growth is dominantly driven by financial incentives and does not perceive the particular tension as an opportunity to create positive impact. However, instead of living with the tension, like Freestar, the company manages to play around and avoid the tension.

Instead of opting for growth by quantitative means such as increased production or exportation, the company focuses on growth strategies that do not substantially increase their own ecological footprint. Symington grows commercially by increasing the quality and perceived value of their product, enabling them to charge a price premium. A second aspect of their growth strategy is wine-tourism, whereby visitors pay to visit the vineyards and the production processes. Both growth strategies do not increase the ecological footprint of the company, as a result they have been able to alter the business model and bypass the tension.

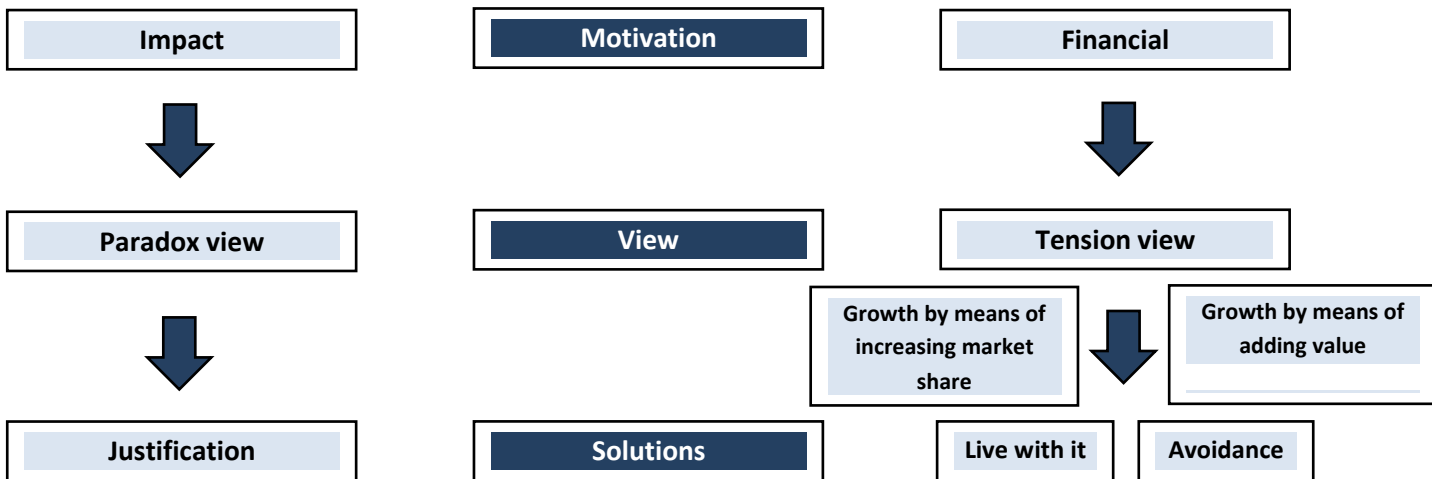
***“For us it is not about volume, it is about value”***

*(Miguel Potes Communications manager at Symington, interview)*

## **Model**

Fitting these observations into a scheme, I come up with a model that describes how and why social-business hybrid organizations manage the tension between commercial growth and environmental impact in a certain way. The model identifies three strategies to manage this particular tension. The strategy that is adopted by a company, is a direct result of the underlying motives for growth and the consequential view these companies have on the tension between commercial growth and environmental impact. The three identified strategies are ‘justification’, ‘live with it’ and ‘avoidance’. The first strategy is adopted by companies whose growth is partially or fully driven by impact incentives and consequently have a paradoxical view towards the tension.

The latter two strategies are adopted by companies whose growth is driven by financial incentives and regard the tension not as a paradox but as two conflicting elements. Whether a ‘live with it’ or ‘avoidance’ strategy is chosen, depends on the relevant business model.



The model first illustrates how different motives behind growth lead to alternative manners on how the tension is perceived. Two motivations for growth are identified: Creating positive environmental impact and creating financial gains. Companies whose growth is significantly driven by impact incentives have an alternative view on the specific tension in regard to companies whom growth is mainly driven by financial incentives.

When impact is a significant driver for growth, the tension between commercial growth and environmental impact is perceived as a paradox. Hence, these companies are aware of both threats and opportunities regarding the impact of growth on the environment. Especially the perceived opportunities prove to be an influential factor in their adopted strategies. On the other hand, companies whom growth is mainly driven by financial incentives, do not regard the tension as paradoxical. As a result, these companies also do not see any opportunities to leverage growth in order to create a positive environmental impact.

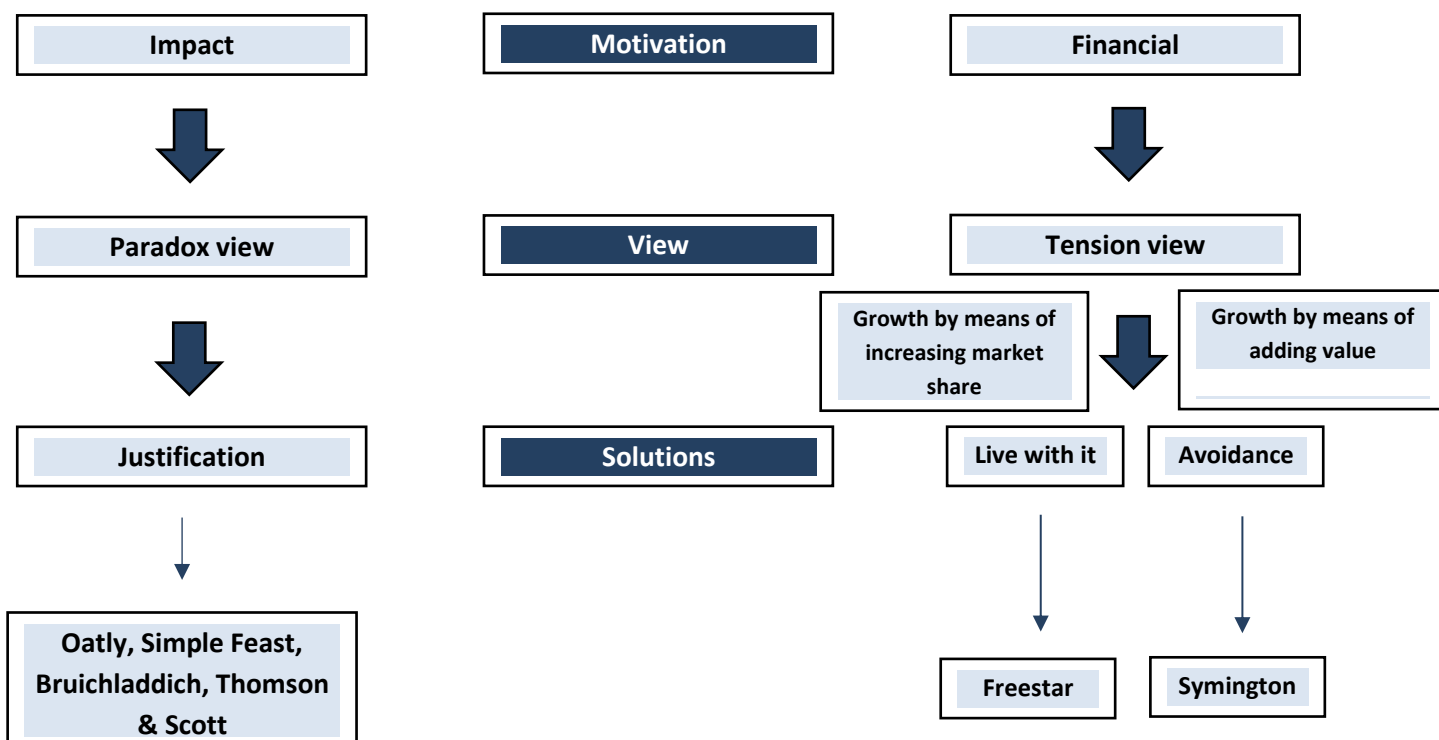
Ultimately, this leads to alternative strategies on how the tension is managed. Companies that are motivated by impact incentives, and consequently adopt a paradoxical view on the tension, manage the tension by means of justification. This means that those companies decide to focus on the opportunities that commercial growth creates in relation to environmental impact. Examples of opportunities are: replacing market shares with a higher environmental footprint, more financial freedom to invest in environmental practices and setting better industry standards. As these

opportunities are perceived as outweighing the relevant potential threats, they are able to justify commercial growth. These companies also possess a more holistic perspective when thinking about growth, whereby the environmental impact is an important factor.

Alternatively, companies whom growth is mainly driven by financial incentives do not perceive these opportunities and do not regard the tension in a paradoxical sense. Instead they simply recognise the contradicting nature of the tension. These companies manage the tension either by a ‘live with it’ strategy or an ‘avoidance’ strategy. This first strategy implies that the tension is recognised, however, it does not influence the business decisions. This differs from a justification strategy as commercial growth does not play a major role in achieving environmental goals. As a result, the environmental perspective is not as prevalent when designing growth strategies, compared to companies that adopt a justification strategy and a consequentially more holistic approach when strategizing growth.

An avoidance strategy implies that a business is able to bypass the tension by achieving growth that does not come with an environmental cost. Whether a company adopts a ‘live with it’ or ‘avoidance’ strategy is determined by the applicable business model. A company that grows by increasing market share and production will opt for a ‘live with it’ strategy. On the other hand, companies that grow by adding value to existing products are able to adopt an ‘avoidance’ strategy.

### Model with examples



## Overview

Name	Strategy	Motivation	View	Solution
Oatly	Justification	<p>“There is an ideological motivation, but at the same time it is also a business opportunity. (...) When talking about growth we look at net value. So we take into account different factors, including ethical value. (...) We are a key driver in transforming the industry from dairy towards plant-based so I cannot imagine us backing off from our growth objectives any time soon”</p>	<p><i>“We must have to grow as rapidly as possible in this industry. Climate change is such a huge challenge that there is no time for businesses like us to slowly grow. We need to make our mark and transform the food industry. (...) Now, this does not mean we have to do this without forgetting about the consequences. I know for example that our footprint will increase, and we have to get better at managing this as we go”</i></p>	<p>“Our carbon footprint is as big as the footprint of a medium sized-city. However, some food companies have a footprint that is as big as an African or Latin-American country. So yes, our ecological footprint will increase, but we also take away from the environmental impact on the whole system”</p>
Simple Feast	Justification	<p>“We want to grow because we want more people to eat plant-based but we are also not a philanthropy. (...) We are also in business to make money”</p>	<p>“The more we sell, the bigger our environmental impact, so in absolute terms our negative impact increases. But, it is also good for the environment if more people turn plant-based”</p>	<p>“In absolute terms our negative impact increases by growing. However, taking into account the bigger picture, we are replacing something that is more polluting. So ultimately, the total ecological footprint goes down.”</p>
Bruichladdich	Justification	<p>“We want to grow as growth for us means creating positive change. However, if the impact of growth negatively impacts the island we would have to</p>	<p>“The more you grow, the more provision you have to invest in the ‘do good’ pieces of your agenda. (...) We don’t want to exceed the limits of the island. Too</p>	<p>“We want to grow because growth still means more positive (environmental) change for us, but we want to do so while sticking to our original values. (...)”</p>

		stop and say: 'Look, this doesn't make sense anymore.' All businesses should be aware of this, and what they should be doing to create a positive impact"	much growth could negatively impact the ecosystems on the island"	So it has to be clear, what are the environmental compromises we are willing to make in order to grow the business"
Thomson & Scott	Justification	"Our long-term objective is to expand our business to a degree in which we can influence the wine industry, because it has not changed in a very long time. We want to grow the business so that we have a voice that is strong enough to demand change"	"The main threat is transportation. We have to take into account the environmental cost that comes with shipping more of our products. (...) By growing we can show the industry that there is a market for organic and vegan wine production. (...) By encouraging more and more wine producers to switch to organic production due to an increased demand, it would have a positive impact on the environment"	"If we grow our business the impact will be that there are more organic vineyards. In fact, this will have a positive impact on the environment and the people living around those vines. (...) We are not increasing the cake, we are trying to increase our share of the cake. We try to change the people's attitude towards the type of drink that they buy"
Freestar	Acceptance	"We can get a healthy cost-margin by scaling the business. (...) We take the business opportunity and then look at what is the most environmentally friendly way of doing it"	"There is definitely a trade-off between the two. However, as a company we are committed to choose the most sustainable option, as long as it is not widely more expensive"	"We're not going to not do business because there is an environmental cost associated"

Symington	Avoidance	“For us growth is about reinvesting all the gains back into the business and sustain the family tradition. (...) We grow when the opportunity arises, in a structured and organic way”	“The overproduction of wine works in our favour as the commercial reality ensures us that we can continue underlying our sustainability aspects”	“For us it is not about volume, it is about value”
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## Contributions

My research contributes to the fields of social entrepreneurship (Dacin et al., 2011), sustainability in business (Unruh & Ettenson, 2010), business tensions (Hahn et al., 2015) and paradox theory (Smith & Lewis, 2011). More precisely, I contributed three concrete aspects to the existing academic literature on these topics. Firstly, I made it clear that sustainability does create trade-offs for businesses. Secondly, I illustrated a new type of tension that emerges when a growth/scaling component is introduced into business. Lastly, I elucidate how the adopted strategies to manage this tension are determined by two variables: motivations behind growth and tension perception.

## Sustainability

Conventionally, academic research showcases the importance and positive sides related to the incorporation of sustainability (Isaksson et al., 2014). While there are certainly many reasons while companies should incorporate sustainability at the core of their strategies (Księżak, 2017), it is also important to understand the negative implications of incorporating sustainability into a business. This paper does not undermine the positive effects that incorporating sustainability can bring to a business and society as a whole. However, it adds a realistic perspective to the integration of sustainability in business.

In particular, my research found that all observed cases experienced trade-offs relating to the incorporation of sustainability and doing business. More precisely, I found that companies experience a trade-off between commercial growth and their environmental footprint. This shows that incorporating sustainability is not as straightforward or as easy as it is sometimes portrayed, as companies have to incorporate strategies to manage these trade-offs. It also contributes to the understanding why incorporating sustainability in a business so often fails (Walsh et al., 2010).

Additionally, it corresponds with the integrative view which argues that different logics need to be incorporated simultaneously (Gao & Bansal, 2013), without a priori prioritizing one over the other (Hahn et al., 2015). However, my research emphasises the need to be pragmatic while doing so.

## **Tensions**

Furthermore, my research contributed towards raising awareness concerning a new type of tension. This new type of tension emerges out of a combination between conflicting interests (commercial growth and environmental impact) and a scalability component. Previous academic research has focused on performing tensions, organizing tensions, belonging tensions and learning tensions (Lewis & Smith, 2014). Only this last type, learning tensions, identify business conflicts that precisely stem from conflicting elements such as commercial growth and environmental impact. However, theory on learning tensions mainly emphasises how different time horizons related to growth and impact perspectives can create tensions (Smith & Lewis, 2011). In this paper, the focus lays on how growth negatively affects the ecological footprint of a company and the organizational conflicts that stem from it, rather than solely the time perspective. While this tension can be related to the category of learning tensions, it is too encompassing to be classified as such.

Therefore, this type of tension can be classified within its own category. Additionally, due to the nature of commercial growth and its ecological impact, as well as the fact that all interviewed companies experience the tension in one way or another, it seems that it is a very common tension that can hardly be avoided. Having added this new scaling perspective to theory on tensions has illustrated the emergence of a new type of tension that needs novel solutions and strategies to be managed.

## **Solutions**

Lastly, my research contributed to the understanding on which solutions and strategies companies adopt to manage this tension (Dacin et al., 2010). Past research described four theoretical lenses through which tensions are usually managed: institutional theory, organizational identity, stakeholder theory and paradox theory (Dacin et al., 2010). As I studied a tension which consists of paradoxical elements and research has shown that paradox theory is the most relevant theoretical lens for such tensions (Smith et al., 2013), I suspected that companies would all adopt strategies stemming from that particular theoretical lens. However, this was not always the case.

My research found that adopted solutions for the tension were indeed influenced by the theoretical lens through which the tension was perceived. However, this theoretical lens was not always a paradoxical one. Furthermore, my research shows that the lens through which the tension is perceived depends on the underlying motivations behind the commercial growth of a company. Whether it is mostly financial or impact driven determines how the tension is perceived, which in turn determines how the tension is ultimately managed. This relation between the adopted strategies to manage a tension and the motivation behind growth and its associated perception of the tension had not been described yet in previous literature.

## **Limitations**

As much as I desire to be flawless, this paper also has its shortcomings. Firstly, my research fails to observe whether the companies are successful due to their adopted strategies. I am able to see which strategies have been adopted, but I do not observe whether certain strategies work better than others. I suggest further researchers to focus on the outcomes of these strategies in order to get a better view on the success of each strategy. Secondly, Due to a limited number of studied cases, my research only observed one company for some strategies. This makes it harder to determine whether the adopted strategy in such case is a result of the variables described in the model or simply a coincidence. Further research with more cases is needed to ensure that the possibility of coincidence can be excluded. Lastly, the data of my interviews usually came from just one person within the company. As a result, my research runs the risk of being influenced by an interviewee bias that does not reflect the real nature of the company. I tried to eliminate this risk as much as possible by incorporating archival data as well. However, with one interviewee per case this risk cannot be completely eliminated.

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## Appendix

### Questionnaire

1. Why did you choose to incorporate social and environmental goals alongside traditional commercial business goals in your company?
2. How do you create value on these three dimensions (People, Profit, Planet)?
3. Combining these three different goals can be a difficult exercise as a practice that might be beneficial for one goal might not necessarily be aligned with the interest of a different goal, or, in a worst case, even be detrimental. Hence, creating trade-offs. Which trade-offs do you experience in your company and how do you manage them?
4. Do you believe expanding your commercial business activities is an opportunity to create positive environmental impact or a threat as it might mean your negative environmental impact will increase?
5. What has been the impact of pursuing this triple bottom line on the company's value proposition?
6. What is the role of the B-Corp certification on your business activities?
7. What are your long-term commercial and environmental goals?
8. How will you reach these goals?
9. Which KPI's do you use to measure success on these different goals.
10. To achieve greater positive environmental and social change, it would be beneficial if more companies would start pursuing social and environmental goals alongside their profit goals. However, this could partially undermine your own value proposition. How do you look at competitors shifting towards a more sustainable type of business?
11. How does the company look at growth, is it a necessity?

