INSTITUTE FOR GLOBAL PROSPERITY

Trojan Horses of Goodness and Transformation: Examining the Continuing Influence of Acquired Social Enterprises in Large Corporations.

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Abstract

This dissertation analysed the positive and negative effects of partnerships and the acquisition of social enterprises by large corporations in need of change, through different case studies. Through an exploratory research of three case studies, primary and secondary data, this study tests the hypothesis the social enterprises can influence the acquiring large corporations' social impact. The study found that when a social enterprise is combined with a corporation, the social enterprise can influence the corporation to achieve greater social purpose in the following ways: a clear social mission embedded in the corporate culture and protected by contracts, strong social networks and measurement of impacts with stakeholders and finally, procedures to share best practices across the corporation.

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Acknowledgements

This work is dedicated to my family and friends which support, inspire and encourage me every step of the way. Thank you for believing in me unconditionally.

This degree is a collective effort motivated by a personal mission to try to connect people and organisations towards common goals that create positive impacts and reduce inequalities.

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1. Introduction

This dissertation shows the influence of a social enterprise when is acquired by a large corporation and identifies the pathways of influence when a social entrepreneur mindset mixes with a corporate culture. Through a case study research conducted on three companies, and through my own primary and secondary research, I attempt to answer the research question: How does acquired social entrepreneurships impact large corporations?.

1.1 Background

Social enterprise is growingly influential form of organisation and, when implemented in the correct way, is pertinent to the development of larger corporations. When thinking about the purpose of a social enterprise, corporations have several goals or missions, profitability being one of them, but not the only one. If businesses were really committed to social and environmental justice, would our world be different? And if social and environmental activists controlled the board of directors of a large and global enterprise, would that not only work but create an impact? (Edmondson, 2014). Also when we talk about a social enterprise purpose we have to think about legacy as well, when a company grows, how does it maintain its values, when the founders are no longer in control, or in need of finding other actors for growth, such as investors?

The struggle in which these companies engage is a constant effort to prioritise and focus on environmental, social, and economic goals equally, especially when the market is surrounded by businesses that focus mainly on profits above everything else. It requires the persuasion of everyone in the organisation to participate in the organisation's mission and initiatives. The expectations are usually higher, and when the purpose is 'voluntary' – not required by law – is easy to for the organisation to lose momentum. The commitment must be of the whole staff, not just a few people.

The Board within a company has the same responsibilities: to determine the mission, work with the management staff and leadership team to turn the vision into a plan and encourage the organisation to embrace the plan and follow through as thoroughly as possible. When a mission has three equally important, interrelated parts and one of them is creating change in the world, not only are the expectations are higher but the plan more complex.

The concept of 'Trojan Horses' was inspired by Anita Roddick, the founder of The Body Shop, who said that by selling her company to a large corporation (regarding the sale of The Body Shop to L'Oréal in 2006), they would be able to influence the decisions they made by working with them (Cahalane, 2006). More often, large companies and multinationals are acquiring social enterprises, adding these companies to their portfolio of brands: is this a viable strategy?

for having more socially responsible businesses? According to Austin and Leonard (2008), these acquisitions can be beneficial if they capitalise on each others' values. In the case of social enterprises, the authors mentioned their value and, therefore, the benefits they can offer in an acquisition are: consumer value, social product innovation and unique organisational cultures. On the other hand, being acquired by a large company can also be advantageous for social enterprises in the domains of scaling and magnifying their impacts, gaining access to customers, gaining competitiveness, making necessary changes inside the social enterprises and providing a financial exit for founders and investors (Austin and Leonard, 2008).

Working in corporate sustainability for the past 10 years has given me the inspiration for this dissertation. Being born and raised in Paraguay, a developing country with high rates of corruption and inequality, I believed the roots of corruption were solely in the public sector. When I started my work experience, I realised that the private sector was also responsible for the inequality, social and environmental issues. It came to my realisation that some companies' ambition leads them to 'build higher fences, instead of building a longer table'. In the process I also found many companies (large and small) worked towards building 'longer tables' that offered solutions that even the government couldn't offer. I also saw how they inspired other companies in their sector. I also saw the struggles that NGOs and social entrepreneurs engaged in to secure funding for projects, as well as large companies that wanted to work towards social and environmental solutions in their communities but didn't know where to start. Through my years of work, I've had the opportunity to help several social enterprises and foundations create sustainable businesses, to advise them on viable products and to connect them to larger corporations that share the same values.

I saw first-hand the power of partnerships and the importance of different actors or stakeholders working together as well as large companies being inspired by social entrepreneurs. In a developing country where the government is unable to provide basic services to most of the population, often, businesses provide funding for projects that aim to compensate for the lack of opportunities. This doesn't mean the problems are solved, or that the private sector replaces the public, but on occasion, these projects often enhance working with the government and advancing towards finding solutions together.

This clarification seems relevant because my motivation is triggered by my experience, based on the impact that the private sector has had to use business as a force for good, towards building a more inclusive economy.

1.2 Objectives and Thesis Statement

This study will answer the question: How does acquired social entrepreneurships impact large corporations? This dissertation aims to identify how these social entrepreneurships have affected the large corporation's culture, strategy and impact. I will analyse the positive and negative effects of different case studies and investigate the power of partnerships and acquisitions when a social entrepreneur mindset mixes with a corporate culture in need for change. It also hopes to identify the social entrepreneurships pathways of influence in larger corporations, as well as the lessons learned and the challenges encountered by the organisations in these case studies. To my knowledge few studies have yet examined the influence of this new strategy some large corporations have embraced; therefore, my hope is to provide new insights to the topic.

This study found in order for the social enterprise to influence the corporation by achieving greater social purpose they need: a clear social mission embedded in the corporate culture and protected legally, measurement of impacts with stakeholders and strong social networks finally, processes to share best practices across the corporation. The reasons for the acquisitions are different, from having financial issues, to wanting to expand and even to remain competitive in the industry, also the approaches each company took towards integrating both organisations and, therefore, the effects of each partnership vary.

1.3 Scope and Structure

This dissertation is based on three cases that I consider relevant, due to the innovative model of the social entrepreneurships and the scale of the large corporations.* The cases are Ben & Jerry's, founded in 1978 and acquired by Unilever in 2000; Innocent Drinks, founded in 1998 and acquired by The Coca Cola Company in 2013 and The Body Shop, founded in 1976, first acquired by L'Oréal in 2006 and then by Natura & Co in 2017. These cases are considered to be paradigmatic amongst their industries and revolutionary for the social business movement; I selected these particular cases because of their history, implications, culture and because I consider them to be social icons of the private sector.

This dissertation proceeds with a theoretical review around the concepts of social entrepreneurships, corporate social responsibility and influence in corporate acquisitions to clarify key terms. The third chapter lays out my research design and rationale for the case studies. In the fourth chapter, I provide a background of the companies and their acquisitions, and later discuss my findings by comparing the cases between their differences and commonalities and identifying the pathways of influence. The final chapter concludes with a reflection on the further implications of this research.

2. Literature Review

To give the reader context in the analysis of the impact of the social entrepreneurships in large corporations, it's important of clarify some concepts that will be further discussed within the case studies and findings.
The first step is to review the concepts of social entrepreneurships, what are they and how do they operate, to define the scope of the consideration of the companies analysed in the case

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* *large corporation* means any corporation that had taxable income of at least $1,000,000 (Cornell Law School, n.d.)

studies. Then, what corporate social responsibility (CSR) is, the bases and strategies for CSR and how ‘traditional’ businesses work with a sustainability agenda will be explored. For the objectives of this study, this is relevant to understanding how companies that were not born with social purposes are working to positively impact their stakeholders. This links to answering the research question because, once the social enterprise is acquired, it effects how the large corporation migrates or is influenced by the social enterprise and how it works with other business units that don’t have particular social purposes.

It is also relevant to define what is influence or cultural change within a company, and what factors are determinant to creating change from within. Finally, literature on the processes of company acquisitions will be reviewed, and some examples will be provided to understand what goes into the decision-making process and objectives.

The frameworks used in this dissertation are influence and cultural change in businesses, social innovation and impact, factors in CSR-related practice adoption and the framework organisational identity orientation conceived by Wickert, Vaccaro and Cornelissen (2015). These allowed to compare strategic rationales and adoption patterns and to analyse if the companies subject to these acquisitions were able to influence the larger corporations or not.

2.1 Social Entrepreneurships

A key term in this work is ‘social entrepreneurships’ and how they stand out amongst traditional entrepreneurships to differentiate the scope of not only their influence in the large corporation, but also their mission as organisations. According to Ebrahim, Battilana and Mair (2014), entrepreneurship is the creation of a new business that is revenue-focused and whose goal is to achieve a maximisation of returns for its shareholders; these returns are valued exclusively in financial terms (Dorado, 2006). Traditional entrepreneurships’ main objective is the formation of new products which can create new markets (Eckhardt and Shane, 2003).

The social dimension is a complex subject that shifts the traditional entrepreneurship goal into a much broader concept. The literature has been extensive on defining social enterprises, but I will attempt to illustrate the general objectives of a social entrepreneurship and through the case studies, show how these definitions come to life. The key elements of a social entrepreneurship are the following: their purpose is to ‘achieve a social mission through the use of market mechanisms’ (Mair and Marti, 2005); they are motivated by a social change (Khavul and Bruton, 2012); social innovation is a key aspect of achieving their mission (Choi and Majumdar, 2014).

The values and missions of the organisations are the main differences between traditional and social entrepreneurships; traditional entrepreneurships have a sole focus on revenue, while social entrepreneurships attempt to solve social problems through business. Another holistic approach social enterprises have is viewing the impacts with all of its stakeholders, and creating social networks amongst them that allow for associations to be created with organisations that have similar missions in order to achieve their purpose (Mair and Marti, 2005).

Social entrepreneurships consider sustainability as vital for the development of their endeavours. Sustainability is defined as: ‘meeting the needs of the present generation without compromising the ability of future generations to meet their needs’ (World Commission on Environment and Development, 1987, p. 43). Even if social entrepreneurships are born with a social mission and have sustainability at the core of their strategies, all organisations have social and environmental negative impacts. These may be from energy or water use, the creation and disposal of materials, market impacts or employee travel. There are limitless consequences of operating any type of organisation; the importance relies on being aware of those impacts, acknowledging them and trying to mitigate them. This clarification is necessary to understand that no company is perfect, but the ones who meet the needs of present and future generations are the ones that are critical with themselves and try to be better each day. This applies to both social and traditional entrepreneurships, only that this exercise typically comes more naturally for a social entrepreneurship, because, as explained above, they have broader objectives than just financial returns.

Conceptualising what a social entrepreneurship is comes with the important task of defining who are the ones behind these types of organisations and how they differentiate themselves from traditional entrepreneurs or businessmen. According to Drayton (2002), the social entrepreneur has a strong vision to change society rather than just a vision of financial return. The characteristics the author describes are: creativity, both for setting goals and also problem-solving; widespread impact, which is the ability to build and scale ideas that transform realities; entrepreneurial quality, which translates into driving motivation not only to satisfy consumers, but to create a change in society; finally, an ethical purpose (Drayton, 2002). These characteristics allow for a type of leadership that enhances the organisations’ impact and has the vision of creating a positive impact for all of the stakeholders and for society in general.

Social entrepreneurs have developed ‘social technologies’ that embed social and personal values into their missions and operations, such production, culture and relationships with stakeholders (Austin and Leonard, 2008)

2.2 Corporate Social Responsibility

In the previous section, social enterprises were defined when they are born with a purpose and a mission to create a social change. But how can a company, regardless of its conception, traditional or social, be responsible for its impacts? And how can businesses integrate social and environmental responsibilities into their operations, strategies and day to day work?

There is vast literature on corporate social responsibility, as well as ambiguity in the interpretation of this concept. Here, I will review two concepts of CSR. The first is the definition provided by the World Business Council for Sustainable Development (1999): ‘CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'. The second is the European Commission's (2011) definition: corporate social responsibility (CSR) is the responsibility of a company for their impacts in society, by integrating social, environmental, ethical and consumer concerns into their core strategy and business operations. The Commission of the European Communities (2001) adds that CSR is voluntary and goes beyond legal expectations with a company's stakeholders.

A broad view of a company's stakeholders and the areas they represent are: employees (workplace), customers and suppliers (marketplace), and the greater community and environment (ethics and human rights) (Moir, 2001). As CSR is considered voluntary, beyond complying with regulatory frameworks, the extent to which a company considers acknowledging its responsibility towards its different stakeholders is ambiguous. This depends on the company's commitment and, also, its regulatory framework (Blasco and Zølner, 2008). For example, the laws in Europe are different to the laws in Latin America; therefore, something can be considered to be CSR in Latin America that might be mandatory in Europe.

As CSR is usually viewed as a means for a company to enhance its reputation, the matter of authenticity is crucial for the maintenance of its status. The authors Mazus and Slawinski (2014) establish that in order to achieve authenticity, one way for companies is to tie their CSR initiatives to the companies' core values and connect with needs that align with those values. For example, in the case of a bank, in order to achieve its financial and social goals, they need to have clients that have a good credit score; therefore, a CSR strategy may be to work on financial education for the clients, connecting to the core of the business and value.

CSR is commonly criticised because it is voluntary and unregulated, and therefore, the communications can be arbitrary and misleading and result in greenwashing[†] (Marquis and Toffel, 2011). Many organisations take advantage of this ambiguity and mislead consumers with their communications. But as social and environmental issues become more dangerous, so do the awareness and general skepticism of consumers and society in general. Taking this into consideration, whilst many companies can decide to 'greenwash', now, more than ever, they are looked at with a critical eye, and this may backfire if they are caught, resulting in a hit to the company's reputation (Marquis and Toffel, 2011).

Even though CSR is voluntary, there are standards and certifications that promote a regulatory framework for CSR, such as GRI, ISO 260000 and B Corp Certification, amongst others. These are current tools that allow organisations to mitigate and measure their impacts, regardless of the industry. This is especially important for large corporations, as social enterprises' requirements and philosophies are embedded in these types of processes, and they can integrate such frameworks into their operations if they share same philosophies and commitments. Also, certifications and standards protect the social mission of a company by having social metrics that assess a company's environmental and social progress and goals.

[†] 'Greenwashing is the practice of promoting environmentally friendly programs to deflect attention from an organisation's environmentally unfriendly or less savory activities' (Marquis & Toffel, 2011, p.19)

Finally, an important factor to take into consideration whether or not CSR is a viable option for companies to mitigate their impacts is the issue of continuity. As a first step, the stakeholders and the scope of the companies' impact must be identified; later, the core values must be connected to the company's needs to create CSR strategies and initiatives. Then, standards or a framework that will guide compliance and measurement must be adopted. Finally, for the issue of continuity to create impacts that will benefit society, environment and the company, it is necessary to establish processes rather than just policies (Wood, 1991) that encourage socially responsible practices to continue repeatedly, whilst allowing for the necessary adjustments (Randel, 2002). This is crucial to connect to a specific social goal, achieve authenticity and create impact by continuing working and improving the practice, rather than shifting often and never identifying with a social or environmental goal.

2.3 Organisational Influence in Corporate Acquisitions

A standard business practice is corporate acquisitions. Therefore, to answer the research question is fundamental to understand what an acquisition entitles and how a companies' cultures, operations and procedures are affected.

Increasingly, large corporations are acquiring social enterprises. Specifically, this dissertation focuses on three case studies, but others worth mentioning are the selling of Stonyfield Yogurt to Group Danone in 2003, the purchase of Tom's of Maine from Colgate-Palmolive in 2006, Coca-Cola Company's purchase of the organic juice company Odwalla in 2001 and Honest Tea in 2009 (Edmonson 2014).

There are several reasons for which acquisitions occur, such as interest in increasing shareholder wealth, more managerial opportunities, organisational legitimacy learning (Jemison and Sitkin, 1986) and access to new markets opportunities.

Corporate acquisitions happen to create new opportunities for companies and their stakeholders, but combining two different cultures, stories, ways of doing business, and leadership represent challenges and, like any process, that entitles change and adaptation. Uncertainty is common during these times due to concerns like financial security, relocation, lack of transitional support (Jemison and Sitkin, 1986) and the introduction of a new managerial scheme that can create rejection in the initial stages of a pos acquisition process.

According to Thomson and McNamara (2001), the goal is to integrate the acquired company into the large corporation without destroying the acquired company's characteristics, features, and procedures. As a result, the acquisition will generate new income for the large corporation. When acquisitions take place, there normally is some degree of planning to combine the two companies. Due to a certain power balance, the acquiring company usually has a strategy to utilise both companies' strengths to benefit the new partnership (Jemison and Sitkin, 1986). However, occasionally what happens is that, due to pressures to obtain quick results, the acquiring company imposes practices in an oppressive way (Jemison and Sitkin, 1986) which can cause tensions amongst both companies. Therefore, the acquired company's culture is vulnerable to change (Korovkin, 2018) and can represent a loss in what made them valuable in the first place.

On the one hand, the acquiring company needs to integrate its new acquisition into their structure in a way that can generate benefits for them. On the other hand, the acquired company needs to find a place in the new structure but not lose themselves in it in a way that does not prevent them from performing with confidence (Thomson and McNamara, 2001). Also, clear communication and distribution of roles and responsibilities is crucial for a successful pos acquisition, as well as adapting and willingness to learn from each other.

In the paper 'Corporate Acquisitions: a process perspective', the authors Jemison and Sitkin (1986) mention that there is a choice perspective into some acquisitions, in the sense that acquisitors represent a new direction and innovation that the acquiring company chooses by acquiring another business. As important as is the process of the acquisition and the integration after, to ensure a good match, choosing the right company to acquire is imperative. The decision to find a company that is a “strategic fit” for the large corporation is the first step towards an acquisition. A “strategic fit” is defined ‘as the degree to which the target firm augments or complements the parent’s strategy and thus makes identifiable contributions to the financial and nonfinancial goals of the parent’ (Jemison and Sitkin, 1986 p. 146).

This strategic fit is related to organisational identities: what is important to the organisation or also defined as the ‘soul’ of the organisation’ (Smith, Meyskens and Wilson, 2014). In this literature review for the purpose of analysing the influence of social enterprises on large corporations, the match between them relates to organisational identities that contemplate values and relationships with stakeholders. If the acquiring company shares an organisational identity that contemplates social and environmental values, the acquiring company is more likely to adopt CSR practices from social enterprises in more substantial ways, rather than selective and superficial (Wickert, Vaccaro and Cornelissen, 2015).

Usually, the organisational identity is linked to the leaders’ fundamental beliefs, who they are and what they stand for (Smith, Meyskens and Wilson, 2014). These leaders are likely to influence the new partnership as well. Moreover, those beliefs are trespassed into the organisation and transformed into culture when other members share those organisational beliefs. Any new partnership inevitably requires changes in the culture and the transition of cultural change often relies upon the leadership. If the leaders possess transformational characteristics and inspire employees to adapt, rise through the challenges and find innovative solutions, there would likely be an improvement in the acquisition performance (Savovic and Babic, 2021).

A strong corporate culture can form a significant competitive advantage (Korovkin, 2018), and it depends on leadership, openness and willingness to learn from both companies. Integration and combination of strengths to work through each other's weaknesses are key factors ensuring success in pos acquisitions. As adaptation is needed, in any process is essential to recognise the time element. Taking into account time and process perspective, according to Langley et al. (2013), organisational performance is measured as transitory way stations in a continual flow of activity. The balance between a company’s economic, political and organisational concerns changes over time, and different management strategies are needed to address them (Monin et al., 2013). According to Hampel, Tracey and Weber (2019), a way of addressing these concerns amongst stakeholders is by being transparent and not afraid to show vulnerability throughout the process to construct bonds that will endure over time and help transition the acquisition smoothly.

Traditionally acquisitions represent business opportunities that generally are measured in financial terms, but in the case of the acquisition of social enterprises, there are other factors. If the acquiring company values the social dimension of the social enterprise, they need to focus on their values and how to protect them (Austin and Leonard, 2008). If they allow the social enterprise to grow their innovative social skills, this will lead to the creation of value for the stakeholders of the large company as well.

It is a delicate balance to transition a corporate acquisition, and as mentioned before, time, culture and managerial skills are needed to integrate both companies in a way that can be beneficial for the acquiring company and the acquired social enterprise.

3. Methodology

3.1 Research Design: Case Study Method

For this exploratory research, I will use the case study method. I selected the case study method to do a comparative analysis and show different social enterprises' backgrounds with powerful purposes and how they managed to merge cultures and missions through acquisitions. I also show how large corporations incorporated their culture or not, as well as the learning processes. I chose this method because I sought to explain a contemporary social phenomenon (Yin, 2018) on which there is limited literature to review.

The case studies will offer both qualitative and quantitative data. As suggested by Eisenhardt (p. 537, 1989), 'qualitative data are useful for understanding the rationale or theory underlying relationships revealed in the quantitative data or may directly suggest theory which can then be strengthened by quantitative support'. The overall aim is to build a comparations with commonalities, so it's easy for the reader to identify the main points that the companies have in common and how a large corporation behaves in these cases. Also, quantitative data such as the value of the acquisition and the growth or decrease of revenues for the social enterprise can be gainfully consulted.

3.2 Data Collection and Method

For this study, I have used a standard qualitative deductive analysis method and a thematic analysis for identifying key themes related to the impact and pathways of influence of my case studies.

I use a combination of primary and secondary data. For my primary data, I conducted three semi-structured interviews of two of my case studies. The interviews were done by Zoom and Microsoft Teams and were done with executives of Unilever and The Coca-Cola Company.

The interviews were possible thanks to personal connections, and the three interviewees are in strategic job positions within the companies. Interviews were conducted with a semi-structured approach to allow the respondents to raise interesting or relevant points while exploring subjects connected to the research questions.

The interviews were useful to gain insight into how large companies operate as a global brand, their sustainability goals and priorities, the processes and practices amongst the different brands within the large company and to determine whether the brands have an impact on the global company.

Interview details are specified in Table 1

Table 1: Interview Details

Date of Interview	Company	Interviewee Profile	Reference code
28/07/2021	Unilever	Vice-president Caribbean	A
30/07/2021	The Coca-Cola Company	Sustainability Manager Brazil and South Cone	B
23/08/2021	The Coca-Cola Company	Sprite Brand Manager LATAM	C

My secondary data were collected through books, news articles and the journals *Business Ethics*, *Business and Society*, *Journal of Social Entrepreneurship* and *Innovation and Management and Organisation*.

The case studies for the social entrepreneurships were mainly studied in these three books:

- Ben & Jerry's – *Ice Cream Social: The Struggle for the Soul of Ben & Jerry's* by Brad Edmonson
- Innocent Drinks – *A book about Innocent: Our story and some things we've learned* by Dan Germain and Richard Reed
- The Body Shop – *Body and soul: profits with principles, the amazing success story of Anita Roddick and the Body Shop* by Anita Roddick.

Among the selected books, *Ice Cream Social: The struggle for the soul of Ben & Jerry's* by Brad Edmondson is independent; it was not endorsed by Ben & Jerry's or Unilever. It aims to tell the story of highs and lows of the company, its social mission and its struggles throughout the acquisition. I picked this book as my main source, because even though it tells the story from one side, it engages critically with the company's positionality.

The other selected books on Innocent and The Body Shop narrate the story and purpose of the social enterprises but they were written before the companies were acquired by The Coca-Cola Company and L'Oreal, respectively.

These books were selected, as they contain the main history and narrative of the social enterprise's stories; the information was analysed and cross-referenced with news articles and journal articles to provide critical points of view, with several references.

The analysis of the influence of the three companies was grouped according to specified criteria extracted via secondary and primary data. These themes are as follows:

- Protection of social mission
- Business associations and social networks
- Business innovation
- Independence in global company
- Founders' belief system and participation in acquisition process

These are further explained in the next section and discussed in the literature review, as already seen.

3.3 Limitations

Being a case study method, the theoretical dimension and the accuracy of the study are limited but necessary, as it analyses contemporary situations and acquisitions that are happening now and the strategies large corporations are using to enhance their social impact.
There has been no similar study done before, so the information I could gather regarding the objectives was trying to find connections between different sets of studies. Amongst the limitations are also that there are not several references regarding the stories of the companies I studied; therefore, even if I'm trying to gather several points of view, the sources can be biased. Some of the acquisitions were done in the past few years and the information on the influence is limited; therefore, I have formulated a hypothesis based on primary and secondary research that cannot be interpreted like generalised results.
Another limitation is that I only managed to gather interviews from two of the three large corporations. Even though I tried reaching out to the social enterprises, I couldn't gain access to inside information from representatives of those companies, resulting in my information from the social enterprises being only from secondary research. Amongst my interviews, the ones I could manage to get were from Latin America, where some of the company's products are not available. Therefore, I was not able to acquire specific information about the social enterprises' influence, but I managed to share general process amongst different business units and brands. The interviews allowed me to explore executive accounts and narratives in the empirical segment of this dissertation. The economic influence was not analysed in depth, as it was based on secondary data.

Lastly a limitation is my personal bias regarding the subject; having worked in CSR, I want to specify my positionality so that the reader understands where I am coming from when assessing the information. I tried to mitigate those biases by doing extensive and objective research, looking for different perspectives and points of view when searching for both the case studies as well as the frameworks.

3.4 Ethics

Throughout the dissertation, ethical considerations were taken into account. Thanks to the IGP and UCL training, I rigorously considered the ethical implications of the study when designing the research and conducting the interviews.

Primary data collection was consented by all of the interviewees. The questions for the interviews and the IGP Ethics Research Form were approved by my dissertation supervisor. The interviews were done via Zoom and the interviewees consented to their being recorded in order to analyse the answers. No sensible or confidential information was shared during the interviews.

Secondary data are available in the public domain.

4. Case Studies

These case studies are positive and negative; for some, there is more information and for some, less. The study draws upon the teaching from each one and classifies the methods that worked or didn't work. Finally, it determined the pathways of influence throughout the available literature and interviews.

The focus of my dissertation topic is relatively new and has not been extensively academically reviewed in the past; that is why I rely on sources that aim to narrate the processes of my case studies in detail whilst I aim to contribute to the literature on this subject.

Firstly, I will share a table with a general background of each company and, in the next section, I will analyse the pathways of influence, the learnings and challenges. In this analysis I will discuss the elements of the case studies as well as the positive and negative effects of the different partnerships.

Table 2: Background Case Studies

	Ben & Jerry's	Innocent Drinks	The Body Shop
History	Founded in 1978 by Ben Cohen and Jerry Greenfield in Vermont, US	Founded in 1999 by Adam Balon, Richard Reed and Jon Wright in London, England	Founded in 1976 by Anita and Gordon Roddick in Brighton, England
Basic Product Line	Super-premium ice cream and ice cream using all-natural ingredients	Fruit and vegetable smoothies and juices all natural ingredients	Natural inspired skincare, body care, hair care and make-up poducts
Social Purpose	'Linked Prosperity: To make the world's best ice cream, pursue progressive social change, provide fair compensation to employees and shareholders' [‡]	'Mission to keep people healthy, help out the communities who need us the most and make sure our planet becomes healthier too' [§]	'We exist to fight for a fairer, more beautiful world' [**]
International Presence	35 countries	20 countries	70 countries
Revenue or sales	Sales 2019: $681.5 M US Dollar [††]	Revenue 2020: 5.3 BN Brazilian Real [‡‡]	Revenue 2020: 423.4 M Uk Pounds [§§]
Acquired by	Unilever	The Coca-Cola Company	L'oreal, then Natura & Co
Acquisition Date	2000	20% stake in 2009, full-ownership in 2013	L'oreal 2006, Natura & Co 2017
Acquisition value	326M US Dollars [***]	Estimated 100M UK Pounds [†††]	L'oreal 652M UK Pounds, Natura & Co 877M UK Pounds [‡‡‡]

[‡] (Edmondson, 2014, Ch. 1)
[§] (Innocent Drinks, 2020, p. 1)
[**] (The Body Shop, n.d.)
[††] (Marchese, 2020)
[‡‡] (Natura & Co, 2020)
[§§] (Innocent Drinks, 2020)
[***] (Edmondson, 2014)
[†††] (Financial Times, 2013)
[‡‡‡] (Butler, 2018)

4.1 Findings and Analysis

In the following section, I will analyse across the case studies different elements that become pathways of influence, how the social enterprise became what it is, how it influences the large corporation and how it works with other brands of the global corporation that don't have social purposes.
I will analyse the cases' general challenges, positive and negative, and lessons learned that are essential in terms of the analysis of these acquisitions in order to determine the pathways of influence.

- **Protection of the Social Mission**

Contracts that Retain the Social Mission

The following case studies were studied because they stand out not only as social enterprises but also because they are considered revolutionary in their sectors and have become pioneers for other social enterprises as well. Executives of the large companies such as Unilever (Edmondson, 2014) have said the reason they bought the companies was because of the way they did things. Their value is not only financial but also includes their social purpose and their approach of being different than 'business as usual'.

In the case of The Body Shop, for example, they wanted to do things differently by being an instigator of change, trying out untraditional selling channels and to attract environmentally conscious costumers, committed employees that relate to the brand and actively campaign on social issues (Korovkin, 2018). For transparency and communication, in 1987, they issued their first 'Value Report' that systematised their social efforts and presented to the public and stakeholders (Korovkin, 2018).

For each of the case studies, their social mission is not only part of their business but crucial to the way they do business. Anita Roddick, founder of The Body Shop, often said that the central mission of a business is to improve the world by caring about their employees, customers, community and the environment (Hartman and Beck-Dudley, 1999). Part of what makes them special is that they were born with a strong purpose and philosophy, and over time, they try to maintain the same core values they were born with.

Innocent Drinks founder Richard Reed says that the way they engage with their purpose is by being consistent, trustworthy and having a clear mission, in their case, making the world healthier (Reed, 2012). Their strategy is based on: natural healthy products, ethical ingredients, sustainable packaging, resource-efficient production and sharing of the profits. To protect the first four, they have an scientific advisory committee to let them know what people need to consume more in order to be healthier (Reed, 2012). Since the beginning, they have been committed to only using natural ingredients and making eating healthy fun and achievable (Obara, 2017). They referred to the term 'Trojan Horse' as well, but, in this case, with tasty natural fruit smoothies combined with fun packaging to introduce as many fruits and vegetables into people's diets as possible (Obara, 2017).

This was not always successful, and often social enterprises are viewed more critically than other companies because their commitment is not only public, but, also, they stand out, criticising the way others do business, creating a bar that can be considered to be high ethical standards. Reed from Innocent Drinks says they never tried to make them seem as though they were perfect or near perfect; their goal is to be better today that they were yesterday, and, therefore, have better results for the people involved in making their products (Reed, 2012).

According to Austin and Leonard (2008), the founders of such iconic social enterprises, such as my three case studies, are social icons in the way that they, both as founders and as companies, are very outspoken and are viewed as symbols amongst social entrepreneurs. And they are so protective of their purpose that normally they don't want to be acquired so easily because they commit to their visions and independence.

It is important to contextualise this situation, because when the acquisition process starts, this means that for the social enterprise to keep its value, it is important to keep whatever makes them different. And even though they are part of the global or parent company, they can retain its social mission.

The Unilever executive [A] mentioned that a big part of the mass consumption business is working with brands, not commodities. He also mentioned that part of the identity of Unilever is the purpose, as a global brand and as each individual brand. Before, in marketing, it was considered a functional core that the product delivered a benefit and that emotional core was the brand's attributes and how it made the consumer feel. Today, that vision is outdated, and brands are often seen as a movement and a lifestyle, not only in an aesthetic perspective but also in the perspective of content. He mentioned that before, the consumer was happy having a toothpaste that cleaned your teeth, but today, the consumer is much more critical and thinks about what impact buying a particular brand can have and whether or not it's good for him and the planet [A]. Acquiring these brands allow large companies to access consumers that see themselves reflected in the social enterprises' values and also allows the social enterprises to access new markets, as long as they keep their essence.

In the case of Ben & Jerry's, the author of the *Ice Cream Social* mentioned that the founders and executives of Ben & Jerry's were the promoters of the socially responsible business, but the ones who helped maintain it during the acquisition were the corporate lawyers who made sure that the liability and custody of the social mission would remain independent and with enough power. They did it through a contract that allowed Ben & Jerry's to have an independent board of directors, whose responsibility was to 'preserve and enhance the objectives of the social mission of the company as they may evolve' and for 'safeguarding the integrity of the essential elements of the brand' (Braithwaite, 2021).

Even though the social mission is protected by a contract, it doesn't mean that it will be implemented automatically or that the process to integrate both missions runs smoothly. In the

case of Ben & Jerry's, the company was protected by contract to preserve social activities, 'but a contract is not a mission' and for many years 'Unilever supported the social mission only because they were required to' (Edmondson, 2014, ch. 11). The relationship depended more on Unilever's CEO and Ben & Jerry's CEO, which was appointed by Unilever; the independent Ben & Jerry's board had a say but not a vote, which caused friction amongst the CEOs and the independent board.
This pathway of influence is important because, as seen in the three case studies, the financial value of the social enterprises grew, but to be considered a positive influence, they must also increase their social value, otherwise, the acquisition will be absorbed and will lose what made them special. Each case study was a profitable business when they were acquired, but one of the ways to increase the social value is to become bigger while remaining true to their social mission.
The founder of Stonyfield Farm mentioned when they were acquired by Danone that he build the company to save the world, not to create a big company, and when the acquisition took place, he loved the idea that he could replicate the model of saving the world through business on a much larger scale (Austin and Leonard, 2008).

According to Hartman and Beck-Dudley (1999), corporations should answer to the question what is good for the community to maintain its values. Even conflicting industries might try marketing strategies that allow ethical behaviour and as analysed in this research one option is through acquisitions of social enterprises. For a large corporation that has greater negative impacts, without ceasing to exist, they should adapt the way they approach their consumers, continuously asking themselves what is good for the community, and they can learn to do so by protecting the social mission of the acquired social enterprises.

Certifications

As mentioned in the literature review, certifications offer standards and a regulatory framework that, in a way, certify that they are mitigating their impacts. A commonality amongst the case studies is that they are all Certified B Corporations; this is important because the B Corp Certification assesses the overall positive impact of the company, not only a product or service:

> Certified B Corporations achieve a minimum verified score on the B Impact Assessment – a rigorous assessment of a company's impact on its workers, customers, community and environment – and make their B Impact Report transparent. Certified B Corporations also amend their legal governing documents to require their board of directors to balance profit and purpose. (B Lab, 2018)

All the case studies were certified when they were already acquired by the large corporations: Ben & Jerry's certified in 2012, Innocent Drinks certified in 2018 and The Body Shop certified in 2019. This is a key element in protecting the social mission, because they are, in a way, deemed legitimate by an external auditor, in that their social mission is intact. A B certification process (valid for two years before needing to recertify again), in a way, interacts with the legacy of the values and the purpose of the founders, as well as the external business conditions (Villela, Bulgacov and Morgan, 2019). Even though they are owned by a larger corporation, the certification is individual and assesses the interaction of the social enterprise with their stakeholders.

- **Business Associations and Social Networks**

As reviewed in the literature review, another characteristic of social enterprises is the associations and social networks they build with other organisations to achieve their goals (Mair and Marti, 2005). This not only allows them to fulfil their social mission, but also to serve as witnesses and allies of the social enterprise's goals.
Amongst the case studies, Ben & Jerry's and The Body Shop were pioneers in the corporate social responsibility movement, showing that there were other ways of doing business. For example, their founders helped launch the Social Venture Network, an organisation for companies who are interested in merging business and social change (Edmondson, 2014). Being part of these types of social networks, as well as building long-lasting relationships with other stakeholders, makes the companies accountable in their pursuit of social and environmental goals.

An example of this is Innocent Drinks, which tries to build one-to-one relationships with their retailers and offer direct support to help with communication. Building these relationships with the retailers allowed the company to increase the number of distribution outlets by 265% in 2003 and helped them have big distribution partnerships with retail brands such as Sainsbury's, Starbucks and Boots (Datamonitor, 2004). Even as time passed and they gained relationships with supermarkets, have maintained this approach to corner shops that helped them grow initially (Datamonitor, 2004).

The Body Shop had a similar approach program, Trade Not Aid, in which the company sought people and places that were socially and economically disadvantaged to have them as suppliers (Hartman and Beck-Dudley, 1999). Even though this increased the cost of production for some of the products, it meant that profits would be funnelled back into the community (Roddick, 1994). Programs like these require continuity, and the reputation of the company takes a toll if this discontinues. The case studies from the start wanted to build business relationships based on honesty, fairness and mutual benefit; these types of relationships, especially when working with economically informal or disadvantaged people or organisations, require a long-term vision in order to build these types of relationships and sustain beneficial relational exchanges for both sides (Hartman and Beck-Dudley, 1999).

Maintaining these types of relationships allows not only the social enterprises to take care of their existing relationships, but also larger companies to access new markets and opportunities through these relationships.

Large companies are seeing the value in creating local relationships to achieve social goals, The Coca-Cola Company, for example, is adopting these relationships into their sustainability strategies, as the interviewee [B] mentioned that they have been learning throughout the years that the best way to create impact is working in alliance with local organisations that are experts in social issues. She mentions that, as a large company, they are aware of their negative and positive impacts and believe that finding common ground with local organisations is what creates impact; working together is the only way they can make a difference. As a global brand, they have sustainability goals like to 'collect and recycle the equivalent of every bottle or can it sells globally by 2030' (The Coca Cola Company, n.d.). The interviewee [B] mentioned that in developing countries, achieving this goal is a challenge, because most of the recycling is informal. So, they must partner not only with local organisations but also with their competitors in this approach, since the problem requires a systemic solution.

As a global brand, [B] mentions they are aware of their resources and that they want to use them not only to acquire social enterprises but to invest in social entrepreneurs that are starting up. They also want to help find solutions for their stakeholders who are in situations of vulnerability, such as small retailers. An example of this, [B] says, is the investment in Wabi, an app that allows small retailers to sell online, even in pandemic times (The Coca Cola Company, 2020). Finally, [B] mentions that they are continuously seeking for these types of small social entrepreneurs to become allies, not in order to cannibalise them, but to help them maintain their independence whilst also investing in their growth.

Even though The Body Shop invested in their relationship with their suppliers, even using non-traditional methods such as creating the Department of Damned Good Ideas, which gave attention to establishing these unique relationships (Korovkin, 2018), encountered criticism when they were acquired by L'Oreal. Mark Constantine, a long-time supplier to The Body Shop, said: 'It was like watching your daughter marry the wrong man. We knew before the wedding it would end in tears' (*The Guardian*, 2017). This demonstrates how these long-term relationships can be affected during the acquisitions, especially if they feel they don't share the same values.

Another example of these is the comments in 2013 made by the founder of Businesses Alliance for Living Local Economies (BALLE), for which Ben Cohen, one of the founders of Ben & Jerry's, provided start-up support in 2001. She said:

> I used to see Ben & Jerry's and The Body Shop as little oases of good in a big, bad world. But now I understand that they're just chain stores owned by multinationals. And chain stores are like invasive species to local economic ecosystems. We need to encourage locally made ice cream and soap. Our vision is to keep money and power within our communities. (Edmondson, 2014, Ch. 13)

The initial social networks can turn on the acquisitions if they feel threatened by them.

On the other hand, some organisations can see the social enterprises networks and associations as an opportunity. Austin and Leonard (2008) mentioned that the acquisitions can help large companies manage areas in which they were usually exposed to criticism. For example, initially, PETA (People for the Ethical Treatment of Animals), a long-time ally of The Body Shop, was one of the handful of supporters of the sale, saying that The Body Shop could teach L'Oreal their non-animal testing practices in their products.

This opportunity materialised itself when Yves Couette, a former CEO of Ben & Jerry's (2000–2005), saw how the alliance worked between Ben & Jerry's and the Rainforest Alliance, 'an international non-profit organisation who works with businesses to protect forests and improve the livelihoods of farmers' (Rainforest Alliance, n.d.). After his role as CEO, he was appointed the senior vice president of Lipton Tea, another subsidiary of Unilever, which had operations in more than one hundred countries. After his experience with Ben & Jerry's, he partnered with Rainforest Alliance to evaluate the supply chain for its tea (Edmondson, 2014). Thanks to this, all of their leaf tea has been sourced from Rainforest Alliance Certified tea gardens since 2016, and all of their bottled iced tea, since 2020 (Lipton Tea, 2020).

<u>Internal Social Networks</u>

This research also showed that for a social enterprise to achieve some sort of influence over large corporations, a key element is the social networks between them and the large company, once they are acquired. Communication and good personal skills amongst leaders and the teams of each brands are necessary to share best practices.

According to the Unilever interviewee [A], even though the consumers perceive each brand as independent products they operate as a global company. They have three large divisions: Beauty and Personal Care, Home Care and Foods and Refreshments. The brands divide themselves into those three: [A] mentions they often have networking and share best practices amongst those divisions. They are encouraged to learn from each other and they have an internal saying, 'steal with pride', which means that they don't have to 'invent the wheel' if they can do what other subsidiaries are doing and improve that practice. [A] says that these sharing spaces are big showcases of each other's practices, and that is impossible to say that one does not influence the other, because it's encouraged.

For interviewee [B], the goals of The Coca-Cola Company are shared, and the key elements are the people and the teams that make each small change happen. In their case, the operations are not only classified amongst the different brands, but also the bottling partners worldwide:

> The Coca-Cola Company typically generates net operating revenues by selling concentrates and syrups to authorised bottling partners. Their bottling partners combine the concentrates and syrups with still or sparkling water and sweeteners (depending on the product), to prepare, package, sell and distribute finished beverages. (The Coca Cola Company, 2021)

[B] mentions that the sustainability strategy is designed by The Coca Cola Company team and implemented with local bottling partners; it requires strong networking skills to align themselves and work together to achieve the different goals. Communication is key to identify local issues and partners to adjust the global goals to each country's context. The brand's marketing and communications are developed by The Coca Cola Company and the product operations are developed by the bottling partners; therefore, internal social networks are needed for both entities.

According to Edmondson's research (2014), initially, Ben & Jerry's struggled with these networks. He mentions that in 2006, the company was publishing their annual social reports,

but they no longer had independent audits; therefore, not all the information was completely precise. This led to tensions amongst Ben & Jerry's team and the Unilever executive; both tried to protect their way of doing things. In the book *Ice Cream Social*, the author mentions that, as time went by, the relationship improved and that both sides were seeing the benefits of sharing information and contact with each other.
As important as communication is in a personal relationship, it can be seen that to make a 'marriage' work, it is necessary to have channels, exposure and the willingness to share best practices, values and ideas with the rest of the brands in order to achieve any type of influence.

- **Business Innovation**

<u>The Existence of Roles that Bridge these Acquisitions</u>

As stated in the literature review, it is often that when two different companies have to work together, their cultures can clash, and this becomes a power struggle in which the larger company usually has the upper hand. Even though Ben & Jerry's has their own independent board inside Unilever, initially, they found themselves struggling to keep their way of doing things, as an executive mentioned that if the company 'despite whatever words they might say, does not share those values, it's incredibly difficult to maintain those values' (Roberts, 2010). He added that 'Ben & Jerry's is values-led, whereas Unilever is more consumer-driven'. This improved for Ben & Jerry's when they had a change in leadership that had to do more with personal values and interest in sustainability, rather than an acquisition process itself.
The Body Shop had larger repercussions that led to change of ownership from L'Oreal to Natura and Co., in order 'to give it the best opportunities and full ability to continue its development' (*The Guardian*, 2017). This match that made more sense for both parties.

What can help make a smoother process are roles that serve as a bridge amongst the large company and the social enterprise. Also, it can be helpful to be clear about the agreements defining the merger and the processes and clear communication path of how to resolve disagreements when problems appear (Austin and Leonard, 2008).

A suggestion made by authors Austin and Leonard (2008) is also based on another case – Danone acquiring Stonyfield Farms, in which the former Stonyfield CEO gained a role as the head of organics for Danone worldwide, as well as having ownership of stock in Stonyfield and investments in other ventures he started with Danone. This means that economic interest is also a part of making things work for both parties. It also assures that a social icon, such as the person who initially led the social enterprise, will have financial ownership, which allows for a more powerful negotiation with the larger company (Austin and Leonard, 2008).

<u>Non-Traditional Marketing Approaches</u>

Part of what makes the case studies special or social icons is that they had very honest communications since their beginnings, leading into very daring marketing campaigns that positioned the brands. Initially, without a lot of resources, they relied on these types of campaigns for unique exposure. It is easier for a smaller company to take a stand or to have a bolder positionality; the problems start when they are acquired and how they integrate these types of practices that made them who they are without ‘harming’ the parent company.

The Body Shop built their customer base and created a brand image approaching a market niche of environmental and socially conscious customers through these types of campaigns (Korovkin, 2018). In this way, they led ‘social responsibility as a marketing instrument’ (Korovkin, 2018), since they were the first in the industry to talk about the issues and position themselves as an ethical brand. They disclosed all of the ingredients, even in countries where they didn’t need to disclose that information, and trained their staff to offer honest advice instead of suggesting that clients buy their products at any cost (Hartman and Beck-Dudley, 1999). Even the use of their shops for voter registration positioned the brands to promote the morally responsible conduct of their customers and make them align themselves with their customers’ concerns of moral conduct (Hartman and Beck-Dudley, 1999). When they were acquired by L’Oreal, these types of campaigns were boosted by a growth in marketing budgets, allowing them to raise awareness, enhance their global store growth and improve the aesthetics of their stores. This boost also allowed for them to raise awareness of global issues on which The Body Shop previously worked, like promoting a campaign for HIV awareness with MTV that was shown in 2000 stores in 44 countries (Datamonitor, 2007). Unfortunately, in the case of L’Oreal, they used this campaign merely as a marketing strategy, rather than a holistic approach that represented the social value of the brand (Korovkin, 2018). This exemplifies that even though some of the marketing strategies might work initially because they are associated with the social enterprises’ brand image, if these companies do not remain consistent and true to their social mission, they are eventually are not viewed as trustworthy.

Recently, Ben & Jerry’s had a conflict with Unilever, due to their bold strategies. Historically, the brand had taken bold political stances, and with the current Israeli–Palestinian crisis, they made no exception. They announced that they would stop selling their products in the occupied Palestinian territories because this was ‘inconsistent with their values’ (Braithwaite, 2021). In the past, these stances were highly celebrated by public opinion. In this case, the retaliations of such stance were that the Israeli prime minister warned Unilever that the country would take legal action and that this stance would have severe consequences. As a response, Unilever’s CEO mentioned that the withdrawal was a decision ‘by Ben & Jerry’s and its independent board in line with the acquisition agreement they signed 20 years ago’. The problem arose when Unilever wrote a statement that they would remain in Israel (Unilever, 2021), which wasn’t approved by Ben & Jerry’s board (Braithwaite, 2021). This example demonstrates the issues that arise between the procedures often taken by a social enterprise and a multinational that often remains apolitical.

Another example of these type of strategies that is not as controversial is Innocent Drinks: since the start, they have used honest, funny communications through an unexpected channel: their bottles. They mention that their way of approaching customers is by talking to them as a real person in ways that friends would talk to each other (Obara, 2017). They started using their bottles as alternative advertising channel when they didn’t have enough resources and had to try non-traditional ways to target their customers. The founder, Richard Reed, mentioned that they had space in their labels and they wrote silly things whilst explaining how natural their products were, like ‘warm smoothies just don’t cut the mustard, so as a reminder to those of you who’ll be buying our little drinks, please make sure they’re kept chilled’ (Obara, 2017). As part of their sustainability strategy, they wanted to improve the materials of their packaging and to inform their customers of the processes they had gone through. First, they started with bottles made of 25% recycled material, then 50% and 70%, until they reached 100% in 2007; they kept this as an open source experience, letting their customers be a part of the process and, therefore, enhancing loyalty thorough the accomplishment of their goal (Reed, 2012). These types of communications and strategies continue, as they are now owned by The Coca Cola Company, remaining faithful to their roots. Even though now they have an increased marketing budget, they remained consistent in the way they communicate with their customers.

In an interview, an executive from The Coca-Cola Company [C] explained the rationale behind working communications in a global company and how each brand they each work with their specific targets. They interviewee explained that is a challenge to have a portfolio of over 200 brands and retain their marketing strategies without any clashes or contradictions. Some insights provided were that there are ‘communicational territories’ or themes that each individual brand has, and the strategy is to keep them each in their segments and to stay true to the passion point of each brand. In the case of Innocent Drinks, this involves retaining what made them approachable to their customers and enhancing their communicational strategies. One way of doing this is to have meetings with the global brands, in which they establish the role and communication of each one and periodically inform each other about what they are working on, so they are updated with regard to which marketing strategies are selected for each brand. They also do a lot of tracking of the performance of their campaigns and how they relate to sustainability for the consumers. It is important to mention there points because, when a social enterprise is acquired, it may ‘compete’ with other of global company subsidiaries, and it is necessary to understand the strategies the large companies use to ensure they keep their individuality whilst working as a global brand.

As The Coca-Cola Company is becoming more ambitious with their sustainability goals, from external and internal pressure, [C] mentioned a case in which a more ‘traditional brand’ like Sprite is taking greater a stand towards sustainability. The signature Sprite green bottle is changing to clear Sprite bottles to help recycling, since it is a challenge to reuse green recycled PET in the market (Peters, 2021). It is difficult to pinpoint whether this action was influenced by one of their acquired social enterprises, but certainly bold social marketing strategies are raising the bar for companies and helping larger businesses to become more welcoming to adapting to social and environmental issues.

- **Independence in Global Companies**

As mentioned before, a challenge in these types of acquisitions is the preservation of what makes the social enterprise unique and its integration within the larger company. Remaining independent whilst being part of a global brand is a delicate balance that has to do with creative strategies that enhance, rather than detract from, the partnership. A former Chairman of

Danone, Franck Riboud, mentioned that he was interested in Stonyfield, their acquired social enterprise, because it's a new niche community he wanted to understand (Austin and Leonard, 2008). He referred to wanting to understand the organic segment Stonyfield specialised in by saying that in order to let them grow, he needed to let them stand alone; if they had swallowed them, they would have destroyed what made them special (Austin and Leonard, 2008).

A praised pathways for integrating both is the previously mentioned case of Ben & Jerry's. When Unilever bought Ben & Jerry's, it became the sole shareholder of the company; this means it controls both operational and economic decisions. One of the key components of this acquisition is that Ben & Jerry's, as part of the agreement, has an independent board of directors not controlled by Unilever. This board exists in perpetuity and has the power to elect its own members. Its purpose is to protect the product quality and social mission and it has the legal authority to block proposal and act as custodian (Edmondson, 2014). They make sure that, as sales increase, investment in the social mission also grows.

As part of their agreement, Unilever has the authority to hire and fire the CEO, after first consulting with the Ben & Jerry's board. The final decision depends upon Unilever. One way to protect the social mission amongst the responsibilities of the CEO is that his compensation is attached to the company's social performance, and the percentage of compensation relies on the independent board (Edmondson, 2014). Also, an important detail is that a clause in the sale agreements requires Unilever to pay a 'living wage'[§§§] to all full-time employees of the social enterprise. This was considered a huge success for Ben & Jerry's. Not everything remained as usual; several cost-producing procedures changed, creating resistance in the beginning, but in the end, this generated more resources that flowed into social areas (Austin and Leonard, 2008).

These agreements protect the independence of the social enterprise, but does that mean they are integrated with the goals of the larger company? An interview with a Unilever executive [A] says that Unilever 'has global goals all brands need to commit to, but each of them operate independently, according to their own mission'. This allows for independence, but has to offer consistency amongst the global goals of the company. He mentioned there is integration between brands depending on which division they are part of: beauty and personal care, home care, foods or refreshment. In January 2021, Unilever announced that everyone who directly provides goods and services to Unilever will earn at least a living wage or a living income by 2030 (Unilever, 2020).

Although the interviewee [A] could not confirm that Unilever's global goal by 2030 of paying living wage for all their employees came directly from Ben & Jerry's, in a conference, then-CEO Paul Polman celebrated Ben & Jerry's living wage policy and influence (One Young World, 2012).

In 2009, The Coca Cola Company bought 20% of Innocent Drinks' shares, in order to expand internationally. In 2013, they took full ownership (Innocent Drinks, n.d.). The founder

[§§§] Money you earn from your job that is enough to pay for the things you need to live, such as food and a home (Cambridge Business English Dictionary).

mentioned they will allow them to remain independently by signing a contract that has a clause that says The Coca Cola Company would have no operational control over the brand (Obara, 2017). Since the acquisition, Innocent Drinks has become the fastest growing soft drink brand in Europe (Key, 2017).

The Coca-Cola Company executive [B] mentioned that the company is expanding its healthy drinks portfolio. They maintain each brand's individuality, with their targets and segments, whilst trying to become more ambitious with their sustainability goals. [B] mentioned that alongside their bottling partners, they shared best practices, both in communication and in the supply chain, formalising their agricultural suppliers, especially in developing countries, so that they can improve their practices, be more environmentally conscious and help them become independent and self-reliant. The interviewee says that some brands have a unique set of procedures that allow the sharing of best practices across the portfolio of drinks.

A goal with these types of acquisitions is to take advantage of the distribution and resources of a larger company whilst remaining independent in the way the social enterprise operates and hopefully sharing the best practices with the rest of the global brand.

Alliance of Values with the Parent Company

The key to a successful partnership is to share values and a vision to create a common ground and prosperous future. The same thing happens with businesses: if a company has a set of values, or at least is willing to learn from the other, then the integration can be positive. When it comes to these acquisitions, an assumption is that the larger brands are accused of 'buying corporate social responsibility'. According to Wickert, Vaccaro and Cornelissen (2015), if an organisation has an individualistic vision, they are more likely to try to acquire a social enterprise in order to enhance profitability, therefore, attempting to 'buy' corporate social responsibility.

In the case Unilever/Ben & Jerry's, Unilever wanted Ben & Jerry's to continue their social and environmental goals and valued them for that aspect. Even though they are not a social enterprise, Unilever had a Code of Ethics and a history of social contributions in the countries in where they were, which allowed the conversations of the acquisitions to have a common ground to start from, at least (Austin and Leonard, 2008).

According to the Unilever executive [A], the company continuously integrates sustainability into their day-to-day strategies and operations. This encourages them to reflect upon all the elements of the operations and incorporate sustainability into their core of the business. Today, sustainability programs are embedded in every team, not just in a department, and each brand has a specific purpose or cause for which they aim to impact. [A] mentions that they also offer a lot of workshops to employees about personal purpose, to help them align themselves with the purpose and causes of the brands the global company has. [A] makes the remark that the social enterprises are here to stay, and that they are beneficial for Unilever, because each can learn from the other, scale and learn new practices. The tensions a company has are inherent to any business administration and those tensions resolve themselves with creativity and innovation. Today, it is a struggle to have to choose between profit and sustainability, but that is only due to a lack of vision and creativity: ‘there has to be no reason to have different set of sustainable goals between a social enterprise and large corporation, we only need creativity resolve those tensions’ [A].

For Innocent founder Richard Reed (2012), the alignment of those values also comes from employees’ personal values and their alignment to the company’s commitment. It goes without saying that The Coca-Cola Company is a controversial business. According to [B], they are aware of this reputation and have projects around the world that are working on the pressing issues. Their three goals that are on the same path as Innocent are to use at least 50% recycled material in their packaging globally by 2030, to collect and recycle a bottle or can for each one they sell by 2030, to empower their small retailers specially women by offering economic empowerment programs to support female entrepreneurs, to train farmers ion sustainable agricultural practices and to sustainably source their priority agricultural ingredients. [B] mentions that this a challenge, especially in developing countries where the recycling industry is mostly informal and the lack of quality education affects the access of opportunities for the people in their supply chain. To achieve those goals, [B] says it’s mostly a slow process of work with stakeholders rather than production processes. One way The Coca-Cola Company and Innocent Drinks are working together is in a joint project with other partners to help invest two million dollars and help small orange farmers improve farming and sustainability practices (Innocent Drinks, 2019).

In the case of The Body Shop/L’Oreal acquisition, the allignment was more challenging, because they had differences in core values. The Body Shop’s core values were not to test on animals, to stimulate community trade, to promote people’s self-esteem and human rights and to protect the environment (Datamonitor, 2007). L’Oreal had animal testing amongst its practices, causing the sale of The Body Shop to the company to be highly criticised. This issue was the most discussed, but also, L’Oreal had 17 brands and was much stronger than The Body Shop in sales, with strong procedures that made it difficult for L’Oreal to adapt to social enterprises processes (Korovkin, 2018). The founder acknowledged the gap amongst both companies but was hopeful to become a ‘Trojan Horse of ethical capitalism penetrating the mainstream of cosmetics industry’ (Cahalane, 2006). L’Oreal talked about achieving sustainable development through philanthropic actions, but did not change their policies or offerings (Balmer, Fukukawa and Gray, 2007).

In 2017, Natura & Co. bought The Body Shop from L’Oreal, promising to be a better match (Danziger, 2019). Natura & Co. was founded on similar principles of sustainability and has been a B certified corporation since 2014. The acquisition was seen as an opportunity to get back to the founders’ hopes: ‘With Natura we are bringing back the spirit of Anita Roddick and the whole reason she created The Body Shop’, declared The Body Shop’s US general manager (Danziger, 2019). Another factor for the promise of a better match was the size: the social enterprise represented 25% of the sales of Natura & Co. (Korovkin, 2018), whilst also having only three other brands as a part of the group.

These case studies exemplify the importance of the alliance of values for each to help make the partnership a better match and for both companies to have a shared vision that makes it easier to achieve common goals.

- **Founder's belief system and participation in acquisition process**

All the case studies showed the importance of charismatic leadership throughout the acquisition process and integration. Furthermore, this leadership is vital for the moral guidance of the social entrepreneurship and the potential personal connections they can forge to influence the 'parent company' (large corporation).

In all of the cases we observed, the founders had strong social values, creative product design abilities, and bold stances that allowed them to be pioneers in sustainable businesses and attract attention from the public. They developed social technologies thought the years, and they have proven to be outspoken activists who used their companies as platforms for social and political issues.

The founders of the studied social enterprises share the commonalities of being strong personalities who, through daring actions and keeping away from business as usual, created a strong community of loyal employees and customers. Anita Roddick, the founder of The Body Shop, often mentioned "we are rigorously protecting ourselves from big business thinking … by being daring, brave – and not taking the things too seriously" (Cahalane, 2006). By having different managerial styles, they embedded their personal values into their corporate culture. Smith, Meyskens and Wilson (2014) mention that these types of leaders can influence a companies' culture by sharing their personal values, and engaging in partnerships with people and organizations that share visions and values similar to their own. Innocent's founder mentioned that communication inside the company is as important as communication with other external stakeholders (Obara, 2017). For them, employees who share their values and are satisfied with the company's purpose become devoted ambassadors (Reed, 2012).

When a large corporation acquires these social entrepreneurs' companies, of course they will encounter a clash between values, operations, and managerial strategies. The case of Ben & Jerry's became well known for having opposing views, and the founders were very vocal about them. The founders Ben Cohen and Jerry Greenfield were offered seats in the post-sale board of directors but did not took them. They are technically employees of Unilever, but they do not have job descriptions, particularly Ben has been openly very critical of Unilever, and even though they do not have legal power or responsibility towards the brand, both Ben and Jerry have some influence in the company (Edmondson, 2014). However, the one who stayed on the board is Jeff Furman, who served on Ben & Jerry's corporate board since the beginning. He provided in house legal counsel, top level management and fostered many of the company's social initiatives (Edmondson, 2014).

Even though Ben & Jerry's had their independent board, some practices like open communication and transparency changed (Edmondson, 2014). For example, even though they had a say in appointing their CEO, Unilever had the final say, creating tensions amongst Unilever and Ben & Jerry's independent board. As a result, their founders chose to stay aside and involve themselves exclusively in certain activities. Furthermore, despite not having specific job titles, the founders presence generate influence amongst the organization, and their continuity helps the transition and maintenance of the social purpose.

Things in Ben & Jerry's improved when Paul Polman became the CEO of Unilever and started to better communicate with the board and company. He often praised their social impact, saying he admired them and sharing their practices across the brands. Also he made sure that Unilever's top leadership visited the plant, which for them meant importance and respect (Austin and Leonard, 2008). This proved that a change in management in the large company can also create influence amongst the corporation's identity orientation (Wickert, Vaccaro and Cornelissen, 2015).

In the case of The Body Shop and L'oreal, the founder, Anita Roddick agreed to stay as a consultant for several weeks a year, in which she aimed to perpetuate the social roots of the brand. Unfortunately, she passed away shortly after the acquisition, leaving L'oreal without her advice and engagement (Austin and Leonard, 2008).

Charismatic leadership and personal values are needed both in the social enterprise as well as the large company. A transition like an acquisition is a challenging process that requires managerial skills that focus on social and financial goals. An example of a theory that can be applied to this cases is 'ambidextrous leadership'. This type of leadership is a challenging skill that requires: 'balance current and new activities, combine short-term and long-term thinking, and craft emotionally engaging visions while staying focused on execution' (Probst, Raisch and Tushman, 2011, p 326). Leaders in both companies (social enterprise and large corporations) need to address pressing issues like financial solvency, cultural change, employee satisfaction, and maintaining product quality. Also, at the same time, having a long-term vision of all the possibilities that the new partnership can offer, such as the opening of new markets, scaling of social impact, integration of values and sharing best practices amongst other subsidiaries.

Through these findings, the pathways of influence were analysed. Based on the case studies, it was discovered how a social enterprise purpose can influence a large corporation. For this to happen, the social mission needs to be clear for both companies, secured by a contract and the boards of directors, who should have the authority to protect it. Also, the importance of social networks that share values and serve as a third-party observer and custodian of those values and help deliver social impact.

Throughout different examples, the importance of maintaining the social enterprises' independence to preserve their essence was discussed, as well as the mechanisms of integration within the large company. A way of integration is assuring internal social networks that improve exposure and implementation of best practices and provide a communication channel for learning opportunities. To maintain the social enterprise values, the previously mentioned procedures and the existence of roles that can help through the impact of an acquisition are necessary.

For prospective acquisitions, the findings demonstrated the importance of alliance of values amongst both organisations for successful partnerships and leadership skills that will allow to create bridges amongst the social enterprise and the large corporation.

5. Conclusion

This research work analysed the positive and negative impacts of the acquiring of social enterprises by large corporations, and how they can influence one another.

First, I reviewed the literature on social enterprises, how they differentiate themselves from traditional companies, how sustainability is embedded in their core business, and the profile of the social entrepreneurs as value-driven leaders. Then I review the concepts behind corporate social responsibility and corporate acquisitions to contextualise and understand the mechanisms for companies that were not founded with social missions to have a positive impact on their stakeholders.

I laid out the methodology of exploratory research, which consisted of the case study method: this allowed me to do a comparative analysis on this topic on which not much literature has been written.

Third, I examined the three case studies in order to uncover their processes, their key challenges and learnings to find commonalities and differences amongst them. This allowed me to determine the pathways of influence and identify key opportunities as business strategies when thinking about acquiring a social enterprise. The findings were: that the alliance of values between both companies can help integrate their social purpose; that the independence of the social enterprise, as well as the protection of the social mission mechanisms, such as contracts, a board of directors and certifications; that social networks allow the implementation of social impact strategies as well as create channels of internal information and learning sharing amongst the corporation and its subsidiaries; that the creation of roles to oversee the acquisition as well as maintain the essence of the original social enterprise to their stakeholders is effective.

Through these findings, the pathways of influence were analysed. In conclusion, this research determined that when a social enterprise is combined with a corporation, the social enterprise can influence the corporation to achieve greater social purposes. Their influence can be enhanced by having a clear social mission embedded in the corporate culture and protected by contracts, strong social networks and mitigate impacts with stakeholders and, finally, the establishment of procedures to share best practices across the global corporation.

Amongst the limitations was a lack of disclosure of information both from the larger corporations and social enterprises. I would recommend that future case studies be conducted to expand the literature on this relatively new subject. And with more information available, more theories can be generated from future examples.

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