INCUMBENT ACQUISITION INFLUENCE ON THE CHARACTERISTICS OF THE SOCIAL ENTERPRISE

An deductive-inductive multiple-case study

08-09-2020

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Due: 11-09-2020

Preface

This research was facilitated by the Business, Management, and Organization chair group located at the Wageningen University and Research. The supervision was provided by dr. EFM (Emiel) Wubben (Wageningen University and Research) and co-supervised by dr. WJJ (Jos) Bijman (Wageningen University and Research). The findings of this report are entirely the responsibility of T (Thom) Pool and cannot be considered as an expression of Wageningen University and Research.

Acknowledgements

During the last months I have produced my master thesis. It started almost a year ago in Wageningen in the room of my current supervisor dr. EFM (Emiel) Wubben, it ended in my student room in Utrecht during a global pandemic. It's funny how life works. I would like to thank my supervisor dr. Emiel Wubben for the support and guidance during my research. I am very excited to hand in my final version to you today. In addition I would like to thank Jos Bijman as co-supervisor for the feedback during the period I worked on this study. Also, I would like to thank my study advisor Gineke Boven for her support. Besides my supervisors and study advisor I would like to express my gratitude to my family and friend for their support when things were rough. In particular I would like to thank Sofia, she made me make one of the best moves in my masters.

Abstract

Due to the differences between incumbents and social enterprises, it is interesting to review whether there are any drawbacks to their partnership. topic lacks research, and thus a research gap is exposed. The aim of this research is thus to explore what influence incumbent acquisition can have on the characteristics of social enterprises. This was done by studying multiple cases of acquisitions of social enterprises by incumbents. From an extensive literature study, propositions were created. These propositions were validated though empirical data, acquired by an archival study. The data was both quantitatively and qualitatively analyzed. In conclusion, the empirical evidence shows that acquisition by an incumbent influences the social mission of the social enterprise. Mission drift is notable and in many cases the social mission of a social enterprise disseminates. This study adds to existing acquisition literature as it contributes to understanding acquisitions from the perspective of the acquired organization and provides insights into possible factors for acquisition success and failure.

Executive Summary

Vegetarian and vegan products are growing in popularity widely in the Netherlands and Europe. Consequently, increased consumer interest provides opportunities for companies. Where entrants used to be niche-market companies, incumbents in the food sector found their way into alternative protein foods. Large organizations, or incumbents, collaborate with young alternative protein companies to gain access to this market or acquire and meet the increase in market demand for plant-based protein. Where both incumbents and young protein food companies try to gain resources and exploit the opportunities of growth, these smaller ventures are different from incumbents in that they are dedicated to the fulfillment of their mission, instead of maximizing profits for shareholders. These companies can be described as social enterprises. Due to the differences between incumbents and social enterprises, it is interesting to review whether there are any drawbacks to their partnership. topic lacks research, and thus a research gap is exposed. The aim of this research is thus to explore what influence incumbent acquisition can have on the characteristics of social enterprises.

This was done by studying acquisitions of social enterprises by incumbents. The following propositions were created from an extensive literature study:

Proposition 1: If a social enterprise is acquired by an incumbent, mission drift is notable; Proposition 2: If a social enterprise is acquired by an incumbent, the dissemination of the social mission increases; Proposition 3: Full integration of the social enterprise in the incumbent decreases the realization of the social mission of the social enterprise.

Archival data was used in the form of cases, annual reports, and news items. The archival data was analyzed both qualitatively and quantitatively to validate the propositions. This study researched three in-depth acquisitions and 30 supplement acquisitions in order to support the data found in the in-depth cases. This study found that: First, mission drift is notable when a social enterprise is acquired by an incumbent. One out of three in-depth cases shows a mission drift with an overall decrease in social importance and a change in the official mission statement. Two out of three cases show mission drift with an overall increase in social importance. The supplementary acquisitions show that there is a trend in this dataset confirming the outcomes of the in-depth cases. Second, the social mission disseminates if a social enterprise is acquired by an incumbent. The in-depth cases show growth in sales and selling points, and two cases show an increase in beneficiaries. Yet, there also exists evidence that dissemination is not always present as one-third of the social enterprises of the supplementary acquisitions do not exist by 2020. Overall, from the 33 acquisitions reviewed, 23 do show growth. Third, Full integration does not lead to a decrease of the realization of the social mission of social enterprises. This study did not find coherency between the degree of integration and the realization of the social mission. In conclusion, the empirical evidence shows that acquisition by an incumbent influences the social mission of the social enterprise. Mission drift is notable and in many cases the social mission of a social enterprise disseminates

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1. Introduction

This introduction provides a background to the characteristics of social enterprises when acquired by incumbents. Section 1.1 provides background information and presents the problem statement at the end. Section 1.2 presents the research objective, the central research question and the sub-research questions. Section 1.3 presents definitions of this study's most important concepts. Section 1.4 discusses briefly the methods used in this research.

1.1 Background

Vegetarian and vegan products are growing in popularity widely in the Netherlands (Irving, 2019) and Europe (Menkveld, 2019). Five developments mainly cause the growing consumer interest for alternative protein foods. First, increased awareness towards climate change. Second, increased awareness for personal wellbeing. Third, innovations in the sector allow a growing product range and better quality foods. Fourth, enhanced brand awareness. Fifth and last, increased awareness for animal welfare (Menkveld, 2019; Menkveld, 2018).

Consequently, increased consumer interest provides opportunities for companies. Where entrants used to be niche-market companies, incumbents in the food sector found their way into alternative protein foods. Companies starting on the market or entrants, cause an acceleration to the market share growth for alternative proteins (Menkveld, 2018). Large organizations, or incumbents (Andersson & Xiao, 2016), collaborate with young alternative protein companies to gain access to this market or acquire and meet the increase in market demand for plant-based protein (McDonald's Canada, 2019; Unilever, 2018; Ettinger, 2019; Nestlé, 2019; Smith & Shanker, 2019), which shows in the following five examples. First, the Vegetarian Butcher was acquired by Unilever in late 2018 (Unilever, 2018). Second, Nestlé acquired vegetarian food company, Tivall. Which is today known as Garden Gourmet (Nestlé, 2019). Third, large US food producer Tyson Foods invested in alternative protein company Beyond Meat, to later sell its share and start an alternative protein product line themselves (Ettinger, 2019). Fourth, McDonald's will start with a pilot for selling the Beyond Meat Burger, a vegan burger patty, in some branches in Canada (McDonald's Canada, 2019). Fifth and last, Burger King recently announced that they start to sell vegetarian burgers in 25 European countries in 2019 (AD, 2019; Smith & Shanker, 2019). Given the above, a trend may be visible in incumbent collaboration and acquisition of young protein food companies.

Where both incumbents and young protein food companies try to gain resources and exploit the opportunities of growth (Katila, Rosenberger & Eisenhardt, 2008), the smaller ventures presented in the examples above are known to have a social mission besides profit growth (Beyond Meat, 2019; The Vegetarian Butcher, n.d.; Ingenbleek & Zhao, 2019).

These smaller ventures are different from incumbents in that they are dedicated to the fulfillment of their mission, instead of maximizing profits for shareholders (Defourny & Nyssens, 2017). These companies can be described as social enterprises, which is a financially sustainable organization that uses resources innovatively to work towards a social goal. The definition of a social enterprise is discussed later in this research.

Due to the differences between incumbents and social enterprises, it is interesting to review whether there are any drawbacks to their partnership. When a partnership is created, there are three ways a small enterprise can be influenced. First, the change in organizational structure of the smaller enterprise due to an acquisition (Lin, 2014; Karim, 2006). This, in its turn, can influence the organizational culture of the smaller enterprise, since structure and culture are connected (Robbins, Coulter & DeCenzo, 2016; Babnik, Breznik, Dermol & Trunk Širca, 2014). Second, after an acquisition, cultures can merge and form one organizational culture (Bansal, 2015; Pepper & Larson, 2006). Last, there is an interrelationship between organizational structure and organizational culture (Zheng, Yang, & McLean, 2010), which means that the alteration of one affects the other. Incumbents influence social enterprises in partnerships. From five known case studies, one can obtain a preliminary insight.

First, in 2000 Unilever acquired Ben & Jerry's. The first years after being bought by Unilever, the social mission of the subsidiary, Ben & Jerry's was less important than the economic progress of the company (Bayle-Cordier, Mirvis & Moingeon, 2015). These first years saw an apparent dilution of its social mission. After these five years, the social mission of Ben & Jerry's was reinstated (Bayle-Cordier, Mirvis & Moingeon, 2015; Austin & Leonard, 2008).

Second, in 2014 Danone acquired Stonyfield farms after having a 40 percent share in the company since 2001. According to Mirvis (2008), it could be considered a success. It was bought by Danone to teach the incumbent how it could be more social and complement each shortcoming (Mirvis, 2008).

Third, in 2006 L'Oréal acquired The Body Shop. The acquisition of the Body Shop by L'Oréal is not considered a success story (Mirvis, 2008). L'Oréal even decided to sell the Body Shop after years of declining sales (Forbes, 2017; de Waard, 2017). Besides that, after the acquisition, the Body Shop was accused of selling products that were tested on animals (Naturewatch, n.d.). The protest against animal testing was one of its founder's reasons to start The Body Shop (Forbes, 2017).

Fourth, in 2006 Colgate-Palmolive acquired Tom's of Maine. Tom's of Maine is a producer of the same products as Colgate-Palmolive, but Tom's produces these products with a social mission. However, according to Ethical Consumer (2019a, 2019b, 2019c, 2019d), both brands rank almost equal in their categories. So one could say that the products of Tom's of Maine cannot anymore be considered as sustainable as they used to.

Last, in 1998 KPN acquired XS4ALL. XS4ALL is a company that holds its social values very high. After promises to let XS4ALL keep its independence from KPN, KPN announced in 2019 to fully integrate XS4ALL (NOS, 2019).

Reflecting on these five cases, it is clear that incumbent acquisition can affect the social enterprise. Most significant are, the Body Shop, Tom's of Maine, and XS4ALL, where there are clear signs of a substantial post-acquisition effect on the characteristics of the social enterprise. While there is a systematical lack of research on incumbents acquiring social enterprises (Thananusak, 2019; Vallaster, Kraus, Kailer & Baldwin, 2019), further evidence that companies are affected by a large incumbent in case of acquisition is provided with the social enterprise literature available and general M&A literature.

Integration of the small company in the incumbent leads to organizational disruption and demotivation of personnel (Datta, 1991; Ranft & Lord, 2002; Paruchuri, Nerkar & Hambrick, 2006). Organizational disruption and demotivation negatively affects the productivity of the employees of the acquired company (Kapoor & Lim, 2007; Paruchuri et al., 2006). Thereby, when a social enterprise is acquired by an incumbent with a comparatively poorer social image, employee commitment can drop. A loss employee commitment can occur when an employee thinks his or her company has lost its integrity (Chiaburu, Peng, Oh, Banks, & Lomeli, 2013).

Social enterprises have an emotional attachment with their customer (Chun, 2016), which can be lost when being sold to a company with a comparatively inferior image. The loss of attachment could result in losing the target audience (Chun, 2016).

Partnering between a large incumbent and a social enterprise is popular (Mayer & Scheck, 2018). On the one hand, it is a means for an incumbent to address the demand for products that they do not already have in their portfolio and to attract conscious customers. On the other hand, it is a means for a social enterprise to gain access to a larger market to increase the spread of their social mission.

From the five cases and the theory reviewed above, it is clear a social enterprise can be affected by an incumbent. Affecting social enterprises can lead to financial drawbacks and decreased employee commitment. The topic lacks research, and thus a research gap is exposed. The aim of this research is thus to explore what influence incumbent acquisition can have on the characteristics of social enterprises.

1.2 Research Questions

This research aims to explore what influence incumbent acquisition can have on the characteristics of social enterprises. Section 1.2 first continues with the main research question derived from the aim. Second, the sub-research questions derived from the main research question. Last, it categorizes the sub-research questions in a theoretical and an empirical category.

The main research question (MRQ), as derived from the aim is the following:

- *What influence can acquisition by an incumbent have on the characteristics of the social enterprise?*

To answer the main research question, this research will answer the sub-research questions. The sub-research questions (SRQ) are divided into a theoretical category and an empirical category.

Theoretical. SRQ 1:

What defines the concepts acquisition, incumbent, and social enterprise and what are the characteristics of an incumbent and a social enterprise?

SQR 1 defines the three key concepts under study and aims to reveal the characteristics of the concepts incumbent and social enterprise to be able to answer the other SRQs. With researching the 'characteristics' this research aim to discover the characteristics that can be used to research the concepts under study. They are the essential parts of the identity of the social enterprise such as its social mission (Chell, 2007)

SRQ 2:

What are the possible influences an incumbent can have on the characteristics of a social enterprise when acquiring a social enterprise?

SRQ 2 discusses the possible influences incumbents can have on a social enterprise when acquired. It provides a theoretical framework to discover the possible influences an incumbent can have on the characteristics found by SRQ 1, as seen in the literature. This question will thoroughly address the possible influences an incumbent has on the characteristics of a social enterprise, later it will become clear what influences will be addressed by this study.

SRQ 3:

How can the possible influences an incumbent has on the characteristics of a social enterprise when acquiring a social enterprise be researched empirically?

Further, since the detailed methodological framework to empirically research the possible influences an incumbent has on the characteristics of a social enterprise can only be constructed when knowing the possible influences an incumbent has on the characteristics of a social enterprise. The second part of this SRQ will be answered after answering the first part of this SRQ.

Empirical. SRQ 4:

To which extend do the theoretical effects of incumbent's acquisition of social enterprises occur in a series of case studies?

SRQ4 explores whether a real-life situation verifies the theoretical framework provided by SRQ 2 holds in a case study situation.

1.3 Definitions

Section 1.3 provides definitions of the main concepts under study. It explains four concepts in Table 1. First, the concept of characteristic. Second, the concept of incumbents. Third, the concept of social enterprises. Fourth and last, the concept of acquisitions. The concept characteristic is defined in this section, since it is needed to define the concepts incumbent, social enterprise, and acquisition in chapter 2.

Table1: Definitions of main concepts under study.

CONCEPT	MEANING	REFERENCE
CHARACTERISTIC	An element which is specific to the object of concept under study.	-
INCUMBENT	A large, inflexible, established organization with a large amount of resources	Andersson & Xiao, 2016; Chang et al., 2012; Hockerts & Wüstenhagen, 2010; Bergantino, 2015; Ansari & Krop, 2012; Frishammar & Parida, 2019; Hill & Rothaermel, 2003; Rothaermel & Thursby, 2007

SOCIAL ENTERPRISE	A social enterprise is a financially sustainable organization that uses resources innovatively to work towards a social goal.	Defourny & Nyssens (2010), Austin et al. (2006), Yunus et al. (2010)
ACQUISITION	*"a takeover where one firm, the bidder, acquires (at least parts of) another firm, the target."*	Bebenroth, 2015, p.74

To my knowledge, the concept characteristic is not described in the literature. Rather, it is used often without a description of what the concepts is. In the reviewed literature, the concept characteristic is used to define another concept or object under study. In these studies, a characteristic describes an element specific to the concept or object under study (Grant, 1996; Kaplan & Haenlein, 2010). Thus, to define the concept characteristic, this study will use the following definition: An element which is specific to the object of concept under study.

1.4 Methods

Literature study. The first part of this research will be the literature study, which is conducted to improve the methodology (Kumar, 2014) and research the theoretical SRQs of this study. The literature study will provide this research with a theoretical framework and a conceptual framework (Kumar, 2014).

The theoretical framework will answer SRQ1. Namely, the key concepts used in this research and the possible effects incumbent acquisition can have on a social enterprise. The theoretical framework will also research the empirical method to use. The researched literature will improve the methodology since it provides an overview of the methodologies used in the field to answer the SRQs of this study (Kumar, 2014). The academic articles are collected via the WUR Library, Web of Science, and Scopus.

Key search words that will be used include: "incumbent", "big business", "large business", "large firm", "established firm", "large company", "established company", "New business", "start up", "venture", "social enterprise", "small company", "early stage business", "early stage venture", "sustainable entrepreneurship", "social entrepreneurship", "ecopreneurship", "green entrepreneurship", "enviropreneurship", "takeover", "acquisition", "procurement", "purchase", "obtainment", "confiscation", "collaboration", "partnership" and, "alliance". The results from the key search words will act as a starting point to search for further relevant articles.

The cases will be gathered via the WUR Library, Web of Science, Scopus, and The Case Center. Key search words will include the particular names of known acquisitions of social enterprises.

Research Design. The research design of this study is the following. This study aims to explore what influence incumbent acquisition can have on social enterprises. Since there is a lack of research on the topic (Thananusak, 2019; Vallaster, Kraus, Kailer & Baldwin, 2019), this study will be exploratory (Babbie, 2015).

This study will be longitudinal since to verify influence, this research must explore changes over a period of time (Babbie, 2015; Kumar, 2014). As there is no clear predefined timeframe in existing literature as to when to measure, the timescale will be flexible (Verschuren & Doorewaard, 2010). Since the data obtained will be from the past, it will be retrospective (Kumar, 2014). One could argue that this study has elements that do not fit a strictly longitudinal study, but that of a comparative and historical study, since this study does not use fixed intervals in which data is collected and multiple cases are compared to one another. Yet, a comparative and historical study is an examination of social units over time, compared to one another (Babbie, 2015). A comparative and historical study is a type of unobtrusive research, which studies social behavior (Babbie, 2015). The study currently conducted does not limit itself to only social behavior, and will thus be called a retrospective longitudinal study with a flexible timescale.

This research will be an deductive-inductive case study. A deductive case study, since it uses existing theory to produce propositions and an inductive case study, since this research gains new insights from the empirical data (Eisenhardt & Graebner, 2007). There are three reasons why this type of study is used. First, it is used since there exists a systematical lack of research on the topic, as described in the introduction. Second, since there exists a lack of incumbent acquisitions of social enterprises, case studies provide detailed in-depth information (Kumar, 2014). Third, building theory from cases is likely to produce accurate, interesting, and testable theory (Eisenhardt & Graebner, 2007). Besides, this deductive-inductive case study will be a multiple-case study. Multiple-case studies have a more substantial base and are thus more suited for theory building (Yin, 1994). Thereby, the use of multiple cases increases the robustness of the theory since the propositions are grounded more deeply in varied empirical data (Eisenhardt & Graebner, 2007). Case sampling will be done after answering SRQ1, since the characteristics of the social enterprises, incumbents, and their combined entities are still mostly unknown.

The data will be secondary. The secondary data will come in the form of cases made by others (Kumar, 2014). The data will be both qualitative as quantitative since this study will need both interpretations and measurements (Eisenhardt, 1989; Babbie, 2015). The data used will come from an archival study. These methods of data gathering, together with the literature review, provide triangulation, which increases the validity of this research (Verschuren & Doorewaard, 2010). The methods of data gathering will be elaborated in chapter 4.

Feasibility. The following section will provide a brief overview of the feasibility of finding data for this research. It will start with the number of academic articles on the topic under study. Next, it will show the number of cases found in The Case Center. And last, it will show whether annual reports of social enterprises are available.

Table 2 shows that a viable amount of literature is available on the topic under study. This table shows the number of academic articles found in Web of Science (WoS) on the topic under study. It shows which search query is used and how many hits and highly cited papers there were found using WoS, which are papers in the top one percent of their academic field based on the highly cited threshold for the field and publication year (Web of Science, n.d.). Further, it shows the number of hits and highly cited papers found when the search query was refined to three WoS categories, business, management, and economics. Highly cited papers in WoS mean the paper is it in the top 1% of its academic field, based on a highly cited threshold for the field and publication year (Web of Knowledge n.d.). The search queries are combinations of the concepts 'incumbent', 'social enterprise, and 'acquisition'. These searches are performed with the use of Boolean operators 'AND' and 'OR'. 'AND' was used to combine two concepts. 'OR' was used to also include the synonyms of the concepts under study; these synonyms can be found in Table 3.

Table 2: Search queries plus hits and highly cited papers.

SEARCH QUERY	**HITS IN WOS**	**HITS IN WOS REFINED TO BUSINESS/ECON/ MANAGEMENT**	**WOS HIGHLY CITED PAPERS**	**WOS HIGHLY CITED PAPERS REFINED TO BUS/ECON/MAN**
INCUMBENT	9180	3616	47	22
INCUMBENT + SOCIAL ENTERPRISE	189	141	3	3
INCUMBENT + SOCIAL ENTERPRISE + ACQUISITION	28	25	-	-
SOCIAL ENTERPRISE	35717	10189	199	98
SOCIAL ENTERPRISE + ACQUISITION	2305	1213	16	8
ACQUISITION	512212	38583	3137	264
ACQUISITION + INCUMBENT	741	381	5	2

Note: Based on Web of Science, n.d.

As can be seen from Table 2, the number of hits from all combination provides this research with a feasible amount of academic articles to study the topic at hand. For all search queries, there are a large number of hits in WoS with a relatively high number of hits when they are refined to business/economics/management. What is interesting to see is that the number of hits refined to business/economics/management for the search query Incumbent + social enterprise + acquisition is almost the same as its regular hits in WoS, which can be explained due to the nature of the search query. The combinations are already very focused on incumbent/social enterprise/ acquisition.

Table 3: Concept's synonyms

CONCEPT	SYNONYMS
INCUMBENT	big business, large business, large firm, established firm, large company, established company
SOCIAL ENTERPRISE	New business, start up, venture, small company, early stage business, early stage venture, sustainable entrepreneurship, social entrepreneurship, ecopreneurship, green entrepreneurship, enviropreneurship
ACQUISITION	Takeover, procurement, purchase, obtainment, confiscation, collaboration, partnership, alliance, merger, M&A

Furthermore, Table 4 shows the available cases of the examples of social enterprises in the introduction at The Case Centre. Thereby, it shows whether annual reports could be found. It shows that for all social enterprises, except for one, there are available cases. The unavailability of the XS4ALL case is probably since this company is a local player. Thereby, for almost all social enterprises, an annual report could be found.

Table 4: Social enterprises and the number of cases

SOCIAL ENTERPRISE	NUMBER OF CASES	ANNUAL REPORTS
BEN & JERRY'S	23	Yes
TOMS OF MAINE	10	Yes
THE BODY SHOP	37	Yes
STONYFIELD FARMS	14	No
XS4ALL	0	Yes

Note: Based on thecasecentre.org; benjerry.com; tomsofmaine.com; loreal-finance.com; XS4all.nl.

Overall, one can see that there is a basis of data present. Therefore, it can be concluded that researching this topic is feasible.

2. Literature

This chapter defines and characterizes the three main concepts under study as described in the research questions. 2.1 starts with the concept Social Enterprise. 2.2 follows with the concept Incumbent. Third and last, in 2.3 the concept Acquisition is discussed.

2.1 Social Enterprise

This section discusses the concept Social Enterprise. It starts with a characterization of the concept and is followed by a discussion about the definition of the concept social enterprise

2.1.1 Characteristics of a social enterprise. First, The social mission of a social enterprise is its most important characteristic since it is what makes the enterprise social (Chell, 2007). Second, a social enterprise is a hybrid organization; it has characteristics of a private and non-profit organization (Doherty, Haugh & Lyon, 2014). It is different from private sector organizations in that it prioritizes social change above profit, and it is different from a traditional non-profit organization in that it does not rely on donations (Doherty, Haugh & Lyon, 2014). The social enterprise is an organization that generates revenue from commercial activity, ranging from total reliance to a minimum reliance on commercial income (Austin, Stevenson & Wei-Skillern, 2006; Foster & Bradach 2005; Peredo & McLean 2006), while not being profit-maximizing (Wilson & Post, 2013). These convergent goals create a constant tradeoff between social- and financial goals (Cornforth, 2014; Jones, 2007; Weisbrod, 2004).

Due to the convergent nature of the goals of a social enterprise, the risk of mission drift in social enterprises is high (Weisbrod, 2004; Jones, 2007). Mission drift is defined as the change of social mission from that stated initially (Kwong, Tasavori & Wun-Mei Cheung, 2017). It can occur when the social enterprise loses touch with the social mission in favor of the financial goal, which could take place in times of financial stress (Cornforth, 2014) or the pursuit of growth (Weisbrod, 2004).

Third, social enterprises are associated with resource constraints since the markets in which they operate are characterized by limited resources (Di Domenico, Haugh & Tracey, 2010). Fourth, social enterprises must manage the demands of multiple stakeholders, which requires them to develop competencies to reconcile the agendas of different stakeholders (Bridgstock, Lettice, Özbilgin & Tatli, 2010). Fifth, social enterprises are not always perceived as worthwhile clients by conventional financial institutions due to them not being profit-maximizing. Sixth, since social enterprises are resource constraint, they cannot always pay market-based salaries to employees (Doherty et al., 2014).

Seventh, due to the constraints social enterprises experience, they have to find creative solutions to work around them. To overcome financial constraints, social enterprises use stakeholder relationships to a mix of philanthropic and commercial sources for finance (Doherty et al., 2014). To overcome constraints regarding employees, social enterprises use the social mission as an incentive to recruit employees (Battilana & Dorado, 2010).

Last, social enterprises are innovative enterprises. To serve the social mission of the social enterprise, they recognize and pursue new opportunities. They are continuously innovating and adapting (Dees, 1998)

In conclusion, a social enterprise is a hybrid organization that tries to innovatively achieve social goals in a commercial way. It must creatively use its resources, stakeholders, finances, and staff in order to achieve these social goals and, at the same time, be financially sustainable.

2.1.2 Social enterprise. This section defines the concept of social enterprise. It separates social enterprise from two other concepts that are used interchangeably in the literature. Following, the debate about the concept of social enterprise is explained.

Social enterprises, social entrepreneurship, and social entrepreneurs are not new concepts. The three concepts have been studied for a little over three decades (Choi & Majumdar, 2014; Hoogendoorn, Pennings & Thurik, 2010). During these decades, the concepts are contested. Namely, there is no clear definition of the concepts social enterprise, social entrepreneurship, and social entrepreneur. (Saebi, Foss & Linder, 2019; Zahra, Gedajlovic, Neubaum & Shulman, 2009; Bacq & Janssen, 2011; Mair & Marti, 2004). The literature provides three reasons:

First, in social enterprise literature, there are two traditions. A US and a European tradition (Hoogendoorn et al., 2010). With each tradition, two schools of thought exist. They are distinct schools of thought. However, there are no strict boundaries between them (Hoogendoorn et al., 2010).
The American tradition encompasses the Social Innovation School and the Social Enterprise School. The European tradition encompasses the EMES approach and the UK approach. These approaches can be separated by several distinctions, where the following distinctions are made: Unit of observation, Link mission-services, Legal structure, innovation, profit distribution, earned income, and governance. The different fields of research frustrate the use of one consistent definition of the concept social enterprise since each school has a different approach to social enterprises.

Second, the concepts ‘social enterprise’, ‘social entrepreneurship’ and ‘social entrepreneur’ are used interchangeably in the literature (Zahra et al., 2009), although having different meanings and are different units of observation. This research uses ‘social enterprise’ for two reasons. First, the term ‘entrepreneur’ is seen as individualistic (Bacq & Janssen, 2011; Hoogendoorn et al., 2010), and is mainly used to describe a person or behavior (Saebi et al., 2019; Mair & Marti, 2004). The term ‘entrepreneurship’ is used to describe the process of creating a new venture (Hoogendoorn et al., 2010). The term ‘enterprise’ is used to define a collective or organization (Bacq & Janssen, 2011) and is the outcome of the ‘entrepreneurship’. Second, the entity that mostly promotes a social mission is not the individual, but an institution (Ferreira, Fernandes, Peres-Ortiz, & Alves, 2017). This research thus uses ‘social enterprise’ since it researches organizations, rather than individuals or the process of founding the organization.

In order to decide which definition this study uses for the concept social enterprise, the definitions from the literature, as seen in Table 5, are compared to the characteristics from section 3.1.1. Where the main characteristics of a social enterprise are that it is a hybrid organization that tries to achieve social goals in a commercial way, it uses innovative strategies to manage its resources, stakeholders, finances, and staff, and it remains financially sustainable.

Table 5: Used definitions of the concept Social Enterprise

AUTHOR	DEFINITION
(THOMPSON, 2002)	*"Enterprises set up for a social purpose but operating as businesses and in the voluntary or non-profit sector"*
(MILLER, GRIMES, MCMULLEN & VOGUS, 2012)	*"hybrid venture that creates social value through market-based methods"*
(DEES & BATTLE ANDERSON, 2006) IN SAEBI ET AL,. 2019	*"A full range of business models available to social entrepreneurs, from purely philanthropic to purely commercial, with many variations in between."*
(AUSTIN ET AL. 2006, P. 2)	*"innovative, social value creating activity that can occur within or across the non-profit, business and-or public-government sectors"*
(DORADO, 2006, P. 327)	*"Non-profit, for-profit or cross-sector social entrepreneurial ventures are social because they aim to address a problem, the private sector has not adequately addressed"*
(ZOGRAFOS, 2007, P. 38)	*"Social enterprises are businesses with primarily social objectives, wider than employment provision and contribution to public revenue through tax, that reinvest their surplus in the business or in the community rather than seeking to maximize profit for shareholders"*
(MAIR & SCHOEN, 2007)	*"…addresses social needs and or catalyzes social transformation. Its primary objective is the creation of social value, while economic value creation is a necessary but not sufficient condition"*
(YUNUS, MOINGEON & LEHMANN-ORTEGA, 2010)	*"It is a no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor. Here it differs from NGOs, most of which are not designed to recover their total costs from their operations, and are therefore obliged to devote part of their time and energy to raising money. As it seeks self-sustainability, a social business only relies on its investors at the beginning of a development project".*
(DEFOURNY & NYSSENS, 2010)	*"the explicit aim to benefit the community or the creation of social value is the core mission of (…) social enterprises''*
(DOHERTY ET AL., 2014, P. 420)	*"differ from organizations in the private sector that seek to maximize profit for personal gain by prioritizing social change above private wealth creation: typical social objectives include reducing poverty, inequality, homelessness, carbon emissions and unemployment"*

Where all but one definition focus on the social mission (Dees & Battle Anderson, 2006), not all definitions state the importance of the social mission (Thompson, 2002; Miller et al., 2012) or contain the field social enterprises can help to benefit (Thompson, 2002; Dorado, 2006; Yunus et al., 2010). Thereby, some definitions define social entrepreneurship rather than a social enterprise (Austin et al., 2006).

In addition, all but one definition neglect the importance of innovation in a social enterprise (Austin et al., 2006), might indicating that innovation is not an essential characteristic of a social enterprise. However, the characteristics in section 2.1.1 show it is. Furthermore, several definitions do not mention the fact that social enterprises must also be financially sustainable (Dorado, 2006, p. 327; Defourny & Nyssens, 2010).

In conclusion, not one of the definitions from Table 7 contains the social mission of social enterprises, the specifics of an enterprise rather than entrepreneur or entrepreneurship, innovative use of resources, and its financial sustainability. Therefore this study proposes the use of a definition derived from the definition by Defourny & Nyssens (2010), where the explicit social mission is mentioned, Austin et al. (2006) where the innovativeness of a social enterprise is mentioned, and Yunus et al. (2010) where is mentioned that a social enterprise is self-sustaining, providing the following definition:

"A social enterprise is a financially sustainable organization that uses resources innovatively to work towards a social goal."

2.2 Incumbent

This section will first discuss the definition of the characteristics of the concept 'incumbent', and second, it will provide the definition of the incumbent to be used in this research.

First, an incumbent is described in the literature as a large established firm (Andersson & Xiao, 2016; Chang, Chang, Chi, Chen & Deng, 2012). Second, it has established itself in the market, mostly with a significant market share (Hockerts & Wüstenhagen, 2010; Bergantino, 2015). Third, incumbents are seen as inflexible when compared to new market entrants (Ansari & Krop, 2012; Hockerts & Wüstenhagen, 2010; Frishammar & Parida, 2019; Hill & Rothaermel, 2003). To clarify, incumbents are bounded by their existing assets where their investments are tied up in (Hockerts & Wüstenhagen, 2010). Being tied up makes incumbents committed to their current value networks and technological paradigms, which does not stimulate disruptive market innovation (Ansari & Krop, 2012). Fourth, the strength of incumbents is process innovation rather than disruptive market innovation (Hockerts & Wüstenhagen, 2010). Fifth, Incumbents possess large amounts of resources (Rothaermel & Thursby, 2007).

This research will form its definition of the concept, based on the characteristics as the literature does not provide a definition of the concept 'incumbent' with the characteristics described above.

A large, inflexible, established organization with a large amount of resources.

2.3 Acquisition

This section discusses the concept acquisition. It is explained what an acquisition is and what its characteristics are, and the acquisition process is. Next, it shows the acquisition process for the social enterprise as well as for the incumbent.

The concept of acquisition is often used interchangeably with the concept merger, and often the abbreviation M&A is used when either or both concepts are discussed. However, both concepts have different meanings. Acquisition *“refers to a takeover where one firm, the bidder, acquires (at least parts of) another firm, the target”* by Bebenroth (2015, p.74). Here a larger, stronger firm acquires a smaller, weaker firm. A merger is defined as *“two firms [which] merge together to form a new one”* (Bebenroth, 2015, p.74). In the case of a merger, in principle, there exists equality between the two firms in terms of size and power. What merger and acquisition have in common is that they are related to the buying, selling, and combining of different companies (Kirkulak Uludag, 2013). To be unambiguous, this research uses the concept acquisition. Thereby, this research will study cases where a large organization, the incumbent, acquires a smaller organization, the social enterprise.

This section discusses first discusses the process of acquisition and the phases involved. Second, it discusses in depth what the steps in the process of the acquisition process are. Third, it shows how the acquisition process can differ for an incumbent and a social enterprise.

As discussed before, there are two organizations involved in an acquisition, a large and a smaller one, respectively, the acquirer and the acquired or the incumbent and the social enterprise. In the strategy literature, there exists a tendency towards analyzing acquisitions as different parts rather than a whole (Calipha, Tarba & Brock, 2010). What most have in common (either implicitly) is a three steps or phases method, where there is a pre-acquisition, acquisition, and post-acquisition phase (Calipha et al., 2010). This research uses a method based partly on the three-phase method by Appelbaum, Gandell, Shapiro, Belisle & Hoveven (2000), not since this method incorporates all the steps organizations make in an acquisition, but since this method provides a simple structure which can be reconstructed to a method that does incorporate the necessary actions.
The description of the three phases by Appelbaum et al. (2000) can be found in Table 6.

Table 6: Phases of an acquisition

PHASE	**FIRST PHASE**	**SECOND PHASE**	**THIRD PHASE**
CHARACTERISTICS	Two firms decide to become one organization, without publicly announcing this	The two firms create one entity and announce this to employees	The acquisition is declared completed by top executives

Note: Based on Appelbaum et al. (2000)

As seen in Table 6, the phases start when two organizations decide to become one organization. However, before an acquisition takes place, both organizations will have to have motives for an acquisition (Calipha et al., 2010). The motive depends on where either organization plans on being in the future, also called its business plan (DePamphilis, 2010).

Based on the business plan and the motives, organizations start producing an acquisition plan (DePamphilis, 2010). Concerning the acquisition plan, an organization starts screening and evaluating targets for a potential acquisition (DePamphilis, 2010). After evaluation and screening, the first contact between the two organizations is initiated (DePamphilis, 2010). The steps from the business plan to the first contact do not belong to either of the three phases from the Appelbaum et al. (2000) model since that model starts with two organizations already deciding to an acquisition. They have to be added to their phase, which this research will call the ‘Planning phase’.

The next step in an acquisition process is the negotiation, which is the first step in the pre-acquisition phase since it marks the beginning of the decision two firms make to start an acquisition (Appelbaum et al., 2000). In this phase, organizations start on the integration plan (DePamphilis, 2010), which concludes the pre-acquisition phase.

The acquisition phase starts with the closure of the closing step, in which issues among the integration plan are ironed out (DePamphilis, 2010), and the staff is informed about the acquisition. The rest of the phase consists of the integration phase, where the two organizations will form one organization.

The last phase in the acquisition process it the post-acquisition phase, where the acquisition is evaluated (DePamphilis, 2010).

Table 7 shows the basis as in Appelbaum et al. (2000) with the addition of the planning phase discussed above and filled in with the different steps in the process.

Table 7: Acquisition phases and its steps

Acquisition Phases	**Planning**	**Pre-Acquisition**	**Acquisition**	**Post-Acquisition**
	Business Plan	Negotiation	Closing	Evaluation
	Motivation	Integration Plan	Integration	
	Search/Screen/Evaluate			
	First contact			

Note: Based on Appelbaum et al. (2000).

The section above shows the generic phases and steps in an acquisition. The following section discusses the acquisition process in more detail and if and how some steps in the process differ for incumbents and social enterprises. It consists of six parts. The business plan and motivation, screening and evaluation, first contact, negotiation, integration plan, closing and integration, and last evaluation.

The motives for both organizations are as follows. The incumbent could want to acquire a social enterprise in order to seem more interested in Corporate Social Responsibility (CSR) (Mirvis, 2008), acquire in order to increase its R&D and innovation, acquire to extend itself to new markets (Cefis & Marsili, 2015; Mayer & Scheck, 2018) and/or avoid future competition (Ford, Mortara & Probert, 2012). The social enterprise could want to be acquired to gain access to resources and capabilities it does not currently possess (Mirvis, 2008), disseminate its mission to new and/or larger markets (Tykkyläinen, 2019), and provide a less uncertain future by continuing in a larger organization (Mirvis, 2008). The motive of either organization can be a combination of the above-mentioned motives.

With the business plan and a particular motivation, organizations start to actively search for acquisition candidates, which are screened and evaluated to the wishes and wants of the organization (DePamphilis, 2010). In these steps, it is vital to collect as much information as possible on the target to be able to better judge the target (Ford, Mortara & Probert, 2012)

In the first contact step, the contact with the target organization is initiated (DePamphilis, 2010). The literature shows that smaller businesses have a tough task in finding an entry point in an incumbent since many incumbents do not have a clear point of contact for other businesses concerning an acquisition (Minshall, Mortara, Valli & Probert, 2010). For incumbents, this is less of a problem since social enterprises are generally small organizations with fewer entry points (Minshall et al., 2010).

It is crucial to notice here that, while both incumbents and social enterprises can initiate the first contact in an acquisition, there always exists the possibility of a hostile acquisition by an incumbent (Bayle-Cordier et al., 2012).

In the negotiation step, the deal between the incumbent and social enterprise is structured, due diligence is performed, and a financing plan is developed (DePamphilis, 2010). In this step, there exists a power imbalance between the incumbent and the social enterprise, since the incumbent is the larger organization.

A plan is developed for integrating the acquired social enterprise, the necessary approvals are obtained, and post-closing issues are resolved. The plan is executed, and the social enterprise is acquired by the incumbent (DePamphilis, 2010). Here the degree and the speed of integration are planned (DePhamhilis, 2010), ranging from full integration to full autonomy. With full integration, the social enterprise is fully consolidated in the incumbent, and with full autonomy, the social enterprise is separate from the incumbent (Marks & Mirvis, 1998). A higher degree of integration is said to be positive for synergy gains and better resource redeployment; however, it leads to more change and integration costs (Bauer & Matzler, 2014). The degree of integration is also known to harm the identity of acquired organizations (Kale, Singh & Raman, 2009) and on innovativeness, in particular for small technology-based firms (Puranam, Singh & Chaudhuri, 2009; Benner & Tushman, 2003; Ranft & Lord, 2002). The speed of integration is the length of the period from the closing of the deal to the desired degree of integration (Bauer, Dao, Matzler & Tarba, 2017). The last step is the post-closing evaluation of the acquisition (DePamphilis, 2010).

2.4 Conclusion

In conclusion, this chapter presented and discussed the definitions of social enterprises, incumbents, and acquisitions, and it provided the reader with an overview of the characteristics of social enterprises, incumbents, and acquisitions. The main characteristics of a social enterprise are; that it is a hybrid organization that tries to innovatively achieve social goals in a commercial way. It must creatively use its resources, stakeholders, finances, and staff in order to achieve these social goals and, at the same time, be financially sustainable. An incumbent is a large, inflexible, established organization with a large number of resources. An acquisition is a situation where one organization takes over another organization. In an acquisition, there are four phases that either organization must follow to, in the end, become one entity. The definitions and characteristics form the basis of the next chapter, where they are used to discuss what influences incumbent acquisition has on the characteristics of social enterprises.

3. Theoretical Framework

This chapter aims to answer sub-research question 2: what are the possible influences an incumbent can have on the characteristics of a social enterprise when acquiring a social enterprise? It provides an overview of the literature with regards to the characteristics of the social enterprise and the incumbent, and the possible influences an incumbent can have on the characteristics of the social enterprise following an acquisition. With the theory and reasoning, propositions will be built that discuss the degree to which the characteristics of the social enterprise are expected to be influenced. This research uses propositions, rather than hypotheses, for the following reason*: "A research proposition is a statement about the concepts that may be judged as true or false if it refers to observable phenomena"* (Cooper & Schindler, 1998, p. 43). If there is a possibility to test the proposition empirically, it is called a hypothesis (Cooper & Schindler, 1998). As this research is exploratory and not build on previous models, testing hypotheses are difficult; therefore, this research uses propositions. This section is divided into the following five segments, namely, social mission, innovation, employees, and integration, which provide four propositions.

3.1 Social mission

As reviewed in section 2.1.1, the essential characteristic of the social enterprise is the social mission, which makes an enterprise a 'social' enterprise. The social mission of a social enterprise can be influenced, as section 2.1.1 shows. Namely, mission drift can occur due to the hybrid nature of the social enterprise, when the financial and social goals of the social enterprise collide (Weisbrod, 2004; Jones, 2007). Mission drift could increase when a social enterprise is acquired by an incumbent. Theory shows that organizations are influenced by stakeholders or other organizations (Cornforth, 2014). Since incumbents and social enterprises have different priorities, respectively financial goals (section 2.2) and social goals (section 2.1.1), the priorities of the incumbent could influence the priorities of the social enterprise, increasing mission drift, leading to the following proposition:

Proposition 1: If a social enterprise is acquired by an incumbent, mission drift is notable.

The motivations of the social enterprise to become acquired by a social enterprise, as reviewed in section 2.3, include the access to markets of the incumbent with the idea of disseminating the social mission to these markets (Tykkyläinen, 2019). With the acquisition of the social enterprise by the incumbent, the social enterprise will gain access to these markets (Tykkyläinen, 2019), leading to the following proposition:

Proposition 2: If a social enterprise is acquired by an incumbent, the dissemination of the social mission increases.

3.2 Operating

Social enterprises have a creative character due to the way they have to operate, as discussed in section 2.1.1. The creative character is a result of their resource constraints (Mair and Martì 2004; Seelos and Mair 2005; Di Domenico, Haugh & Tracey, 2010), financial constraints (Doherty et al., 2014), balancing the demands of multiple stakeholders (Bridgstock, Lettice, Özbilgin & Tatli, 2010), and their employee constraints (Battilana & Dorado, 2010). As reviewed in section 2.3, one of the motivations to become acquired by an incumbent is the need for more resources to lessen these constraints. Since the literature reviewed by this research does not suggest an absence of resources post-acquisition, it is not interesting to research propositions related to resource or financial constraints. In the next section, the constraints regarding employees are discussed.

3.3 Employees

The literature shows that in acquisitions, the retention of employees of the acquired organization is tough (Bauer et al., 2017). Section 2.1.1 shows that the social mission of social enterprises attracts employees to social enterprises. When a social enterprise is acquired by an incumbent without a social mission (section 2.2), this could lead employees to believe his or her company has lost its integrity (Chiaburu, Peng, Oh, Banks, & Lomeli, 2013), increasing employee cynicism (Chiaburu et al., 2013), creating an extra incentive for employees to resign from the social enterprise.

Proposition 3: If a social enterprise is acquired by an incumbent, a high share of employees of the social enterprise will resign from the social enterprise.

In contrast to section 3.2, constraints regarding employees could be researched, which has two reasons. First, employees are a part of the culture of an organization (Kwantes & Glazer, 2017). Second, employees of a social enterprise are linked to the social mission of the social enterprise, as section 2.1.1 shows.

The next section discusses the integration of a social enterprise in an incumbent.

3.4 Integration

As discussed in section 2.3, a part of the acquisition process is the degree of integration of the social enterprise in the incumbent, which ranges from full autonomy to full integration (Marks & Mirvis, 1998). Section 2.3 shows that where higher integration can achieve more synergy gains, but it will also lead to more internal adjustments (Bauer et al., 2017), which could harm the identity of the acquired organization (Kale, Singh & Raman, 2009). Section 2.1.1 shows that the identity of the social enterprise is connected to the social mission of the social enterprise, which leads to the following proposition:

Proposition 4: Full integration of the social enterprise in the incumbent decreases the realization of the social mission of the social enterprise.

Section 2.3 also shows that for small technological firms, a higher degree of integration harms the innovativeness of the organization (Puranam, Singh & Chaudhuri, 2009; Benner & Tushman, 2003; Ranft & Lord, 2002). Section 2.1.1 shows that, as with small technological firms, social enterprises are firms with a high degree of innovation (Dees, 1998). As a result, high integration could have the same effect on innovation in social enterprises. Nevertheless, this research does not study a proposition regarding the innovativeness concerning integration since there was a lack of data concerning innovativeness.

In conclusion, based on the characteristics of social enterprises and literature and reasoning about the possible influences acquisition by incumbents can have, three researchable propositions are created. They propose that an acquisition by an incumbent influences a social enterprise in the following characteristics: the social mission of a social enterprise and the integration of the social enterprise in the incumbent. The following chapter will provide the methods that have been used to validate the propositions.

4. Methodology

This chapter aims to answer sub-research question 3, namely, how can the possible influences an incumbent has on the characteristics of a social enterprise when acquiring a social enterprise be researched empirically? It provides an overview of the case sample used in this research, as well as the data gathered and the methods of analysis.

4.1 Study Design

As indicated in the Introduction, research concerning the influence incumbent acquisition has on social enterprises exists. Therefore, an exploratory study was conducted. This study was longitudinal since to verify influence, had to explore changes over a period of time (Babbie, 2015; Kumar, 2014). As there is no clear predefined timeframe in existing literature as to when to measure, the timescale was flexible (Verschuren & Doorewaard, 2010). Since the data obtained was from the past, it was retrospective (Kumar, 2014).

The research was a deductive-inductive case study. A deductive study, since the propositions were built on existing theory and cases were used to validate these propositions (Eisenhardt & Graebner, 2007). An inductive case study, since the empirical data offered new insights (Eisenhardt & Graebner, 2007). There are three reasons why this type of study was used. First, it is used since there exists a systematic lack of research on the topic. Second, since there exists a lack of incumbent acquisitions of social enterprises, case studies provide detailed, in-depth information (Kumar, 2014). Third, building theory from cases is likely to produce accurate, interesting, and testable theory (Eisenhardt & Graebner, 2007). In addition, this was a multiple-case study. Multiple-case studies have a stronger base and are thus more suited for theory building (Hollweck, 2015). Thereby, the use of multiple cases increases the robustness of the theory since the propositions are grounded more deeply in varied empirical data (Eisenhardt & Graebner, 2007). For this research, the multiple case study was as follows: three acquisitions provided the basis of the research since the needed data was available on these cases. Thirty other acquisitions provided supplementary data to strengthen theory building.

4.2 Data collection methods

In order to answer the theoretical research questions and provide a methodology, a literature study was conducted. Key search words that will be used include: “incumbent”, “big business”, “large business”, “large firm”, “established firm”, “large company”, “established company”, “New business”, “start up”, “venture”, “social enterprise”, “small company”, “early stage business”, “early stage venture”, “sustainable entrepreneurship”, “social entrepreneurship”, “ecopreneurship”, “green entrepreneurship”, “enviropreneurship”, “takeover”, “acquisition”, “procurement”, “purchase”, “obtainment”, “confiscation”, “collaboration”, “partnership”, and “alliance”. The findings from the key search words acted as a starting point to search for further relevant articles. Articles were collected via the WUR Library and Scopus. In order to verify whether the articles were still relevant, the Field-Weighted Citation Impact (hereafter FWCI) was used, except for articles from the years 2019 and 2020 without an FWCI index, which will be discussed later. The FWCI is a metric indicating the importance of a document in comparison to similar documents. The FWCI compares the actual number of citations received by a document, with the expected number of citations received of the same document type, publication year, and subject (Purkayastha, Palmaro, Falk-Krzesinski & Baas, 2019). If the FWCI of a document is over 1.00, it is still relevant (Purkayastha et al., 2019). For this research, documents of 1.00 and higher were used. The exception is the documents from 2019 and 2020 without an FWCI index. These documents are too new to be cited by any published articles, thus have no FWCI. The documents without an FWCI were only used if the document came from a journal with an impact factor > 6.00. The impact factor is the number of citations of all the documents from the journal divided by the total number of documents (Saha, Saint & Christakis, 2003).

To answer the empirical sub-questions, archival data is used. Archival data are data that are gathered and stored and can be used later (e.g. personnel files and annual reports). Archival data is not yet widely used in management studies but provides four major advantages: First, it is easy to obtain. Second, the data is large and rich. Third, it enhances generalizability since almost anyone can access it. And last, archival data has a longitudinal nature since it is usually a collection of a longer time period. (Das, Jain & Mishra, 2018)

The archival data used will contain annual corporate reports, 'green'- or 'sustainability' reports, and press releases of the cases under study. This type of data will be secondary since the researcher will gather the data from the crude information provided by documents (Kumar, 2014). The data is both qualitative and quantitative. Qualitative, since the information will incorporate the phenomenon's (Verhoeven, 2015). Quantitative, since the data will incorporate measurements (Verhoeven, 2015), such as financial data. The archival study will be taken from multiple moments in time to contribute to the longitudinal nature of this research. The archival data were collected from the company's websites and news reports. Furthermore, cases were sourced from The Case Centre and provided by the WUR. The following search method was used to source the correct cases:

From the description of the case, it had to be clear that it discussed the acquisition and the dynamics between incumbent and social enterprise. Cases could also be used if they presented an image of how the social enterprise operated before the acquisition.

Not enough data was available to study a proposition concerning employees well enough to provide reliable results. Therefore, proposition 3 was left out of this study.

4.3 Data analysis methods

Proposition 1. As discussed in section 2.1.1, mission drift occurs as the mission of a social enterprise changes from what originally stated (Kwon, 2017). The literature showed that mission drift could be noted when the organization's mission changes officially (Cornforth, 2014). Further, mission drift can be noted when the organization's activities are not aligned with the original mission (Weisbrod, 2004). Proposition 1 was analyzed in two parts. The first part focused on the official change of the social mission. From the annual reports, green reports, and website, the current official mission was compared to the original mission of the social enterprise (as it was before the acquisition). This was done by comparing the years pre-acquisition to the years post- acquisition. The cases were qualitatively analyzed, focusing on the activities of the social enterprise which will be explained in-dept later.

Proposition 2. In order to study the increase of the dissemination of the social mission, this research used a method from microfinance research, where dissemination of the social mission is measured in the Bolivian microfinance market (Schreiner, 2002). This method uses two aspects to measure the dissemination of the social mission. First, the increase in the number of customers buying the product or service (Schreiner, 2002). Second, the increase in the quantity of the product or service bought (Schreiner, 2002). In microfinance organizations, the beneficiary is also the customer, since the buyer of the loan is also the beneficiary of the loan, implying that the number of customers served is also the number of beneficiaries served; this was taken into account and will be discussed later. Proposition 2 was analyzed as follows. The analyses focused on the expansion of sales activities and the expansion of activities to benefit the social mission. The cases were qualitatively analyzed to observe whether the activities of the social enterprise increased. Here is was important to take into account whether the sale of a good or service contributes to the social mission directly, e.g., microfinance loans. Alternatively, whether the sale of a good or service contributes to the social mission indirectly, e.g., when the profits of sales are used to start benefit projects. In addition, from the cases, the growth in sales figures were analyzed to enhance the evidence with regards to the proposition. Both methods of data analysis will be explained in depth later.

Proposition 3. Proposition 3 is an extension of proposition 1, which lies in discovering a difference between high integrated and low integrated social enterprises. For this proposition, the cases would have ideally been sourced based on polar sourcing, namely, cases with high integration and cases with low integration (Eisenhardt & Graebner, 2007). Since the sample of acquisitions was slim, this was not possible. Therefore, the cases were analyzed as they are in proposition 1. First, for the official change in the social mission it was not only determined if it had changed, but also how much it had changed. Second, the cases were qualitatively analyzed to observe how much the social mission had changed. In addition, the cases were analyzed on the degree of integration. To measure the degree of integration, the use of surveys is used in the literature (Cording, Christmann & King, 2008; Bauer & Matzler, 2014). Since a survey was no option for this research, the degree of integration was extracted from the analysis of the cases. The focus points to measure the degree of integration are organizational structure, organizational culture, integrated HR practices, production integration; marketing integration; systems integration (Cording et al., 2008). In the coding, these focus points were taken into account.

4.4 Objects of study

In order to validate the propositions, this study comprised a set of acquired social enterprises by incumbents. Since there was not a list available of all acquired social enterprises, a search strategy was employed. This search strategy used the data collection method as seen in the ‘data collection method’-section; however, it was specified to the objects under study and will be explained now in full. The first step was searching for acquisitions of social enterprise; this was done in Scopus and the WUR Library. The search string used the concepts social enterprise and acquisition added with the synonyms of these concepts, which can be found in section 4.2 The second step was to filter these acquisitions with respect to the following requirements:

The acquisition must be an actual acquisition, which seems obvious. However, to be unambiguous concerning the type of partnership, the acquisition must have the same characteristics as discussed in section 2.3. The social enterprises in the acquisitions must have the characteristics as discussed in section 2.1, to filter any organizations which are not social enterprise. The incumbent must have the characteristics as discussed in section 2.2, to filter any organization that does not have the characteristics of an incumbent, e.g., investment funds.

The third step was to check the availability of data. First, to check whether there were annual reports available to analyze, the organization's websites were checked. Annual reports must be available for the period around the acquisition until the year this study was done. Second, for each acquisition cases had to be available.

These steps resulted in Table 8, which shows three acquisitions that feature incumbents acquiring social enterprises with available cases on The Case Centre.

Table 8: Available acquisitions with cases on The Case Centre

	SOCIAL ENTERPRISE	**INCUMBENT**
1	Ben & Jerry's	Unilever
2	The Body Shop	L'Oréal*
3	Burt's Bees	Clorox

*Note: *The Body Shop was sold by L'Oréal to Natura & Co in 2017 (*Forbes, 2017; de Waard, 2017*).*
Source: thecasecentre.org

4.5 In-depth method

The in-depth method is divided into two parts, namely, the cases and reports, and additional data. The cases and report part explains the in-depth method for analyzing the cases and reports for the propositions, split in the degree of integration, the dissemination of the social mission, and the change in social mission. The additional part explains the in-depth analysis of news articles and other relevant information.

Cases and Reports. To achieve the scientific accuracy needed to provide credence, the cases and reports were analyzed to a qualitative method structure based on Gioia, Corley & Hamilton (2013) and Patton (2014). The use of two bases of analysis was no issue as both studies indicate that their method has to be used creatively in order to get suitable study results. Gioia et al. (2013) was used for the foundations of coding analysis, and Patton (2014) was used for the particulars of researching and analyzing cases. The cases and reports were analyzed per acquisition, to capture the uniqueness of each acquisition (Patton, 2014) and to be able to identify the degree of integration of each acquisition separately.

After obtaining the cases, the researcher assessed whether they were useful for analysis. After the assessment, the gathered data was analyzed according to a structure adapted from Gioia et al. (2013). As a first step, the relevant information from the cases was coded into first-order codes. The interpretation of the first-order codes was as close to the literal language as possible.

Next, the first-order codes were grouped into similar code families (or second-order codes). These second-order codes are categories of more manageable numbers than the first-order codes.

The final step in the coding analysis was to place the second-order codes in aggregate dimensions. For this step, this research used the following aggregate dimensions: Pre-acquisition, During-acquisition, and Post-acquisition. The aggregate dimensions follow the line of section 2.3 where the phases of acquisition are clarified. The aggregated dimensions were created in order to create stories for the data and analysis part.

To observe whether the social mission had changed, this study used the following method: for all cases, the mission statement was identified from analyzing the annual report, green report, and website. After obtaining the official mission statement from before the acquisition, the same was done the years after the acquisition.

Supplementary. The following methods were used to obtain additional data about the acquisitions under study, as well as data for other relevant acquisitions:

With access to Nexis Uni, news articles were searched concerning the acquisitions under study. The demanded information would be press releases by companies under study, analyst reports, CEO statements, founder statements, and other additional information.

In addition, other relevant acquisitions were searched in order to expose even more data. With the aid of Nexis Uni and Google, the Social Enterprises in these additional acquisitions were assessed on their existence.

5. Data

This chapter presents the data extracted from the cases, the websites of organizations under study, the annual- and green reports of the organizations under study, and relevant news from the organizations under study. This chapter presents and discusses, in 3 sections, the stories of respectively Ben & Jerry's, The Body Shop and Burt's Bees. Each section on an individual case is structured into a pre-acquisition, during-acquisition, and post-acquisition phase in order to paint an image of the situation in each phase, and to describe the changes that have happened between the phases. The last section presents and discusses the supplementary data that is of importance to answer the propositions.

5.1 Ben & Jerry's – Unilever

Pre. Ben & Jerry's is founded by Ben Cohen (Ben) and Jerry Greenfield (Jerry) in 1978 in Burlington, Vermont (Ben & Jerry's Homemade, n.d.). Ben & Jerry's starts as an ice cream store in a renovated gas station after the owners had taken a $5 course on making ice cream (Ben & Jerry's Homemade, n.d.) to be able to make a living wage. As Ben quoted: *"Jerry and I never planned on going into business, so we don't have your normal business head. We didn't go to business school. I didn't graduate from college. Jerry was going to premed when we opened up this homemade ice cream parlor pretty much on a lark. We were looking to make a livable wage (…)"* [1]

When the business started to grow, it uneased the founders: *"They both held strong antibusiness biases growing out of their 1960s' radical backgrounds. The fact that their scoop shop in rural Vermont had become a significant and well-known company was a somewhat uncomfortable surprise to them."* [2]

With the growth of the company, the owners decided to run their organization in line with their anti-business sentiment: *"Although sharing these concerns, Ben was convinced by a friend that, with the right approach, a large and growing company could become a large and growing force for social change."* [3]

Ben & Jerry's created a social mission: *"to make the world's best ice cream, to run a financially successful company and to make the world a better place"* [4]

In 1984, the owners offered shares exclusively to residents of their home state Vermont, in order to spread the wealth in the community (Vermont Historical Society, 2018). And in line with their social mission, Ben & Jerry's organized a number of projects. First, the establishment of the Ben & Jerry's Foundation in 1985, to fund community projects. The foundation was funded with a 7,5% pretax profit of the Ben & Jerry's Company (Ben & Jerry's Homemade, n.d.). Second, 400 organizations were organized into a group called '1 percent for peace', which advocated one percent of defense budgets to be allocated for peace efforts (Austin & Quinn, 2005). Third and final, Ben & Jerry's sourced ingredients with a social purpose. Local dairy farmers were used as much as possible for the production of ice cream (Austin & Quinn, 2005).

Ben & Jerry's also took a different approach in marketing, no mass media was used, and most marketing was to be educational:

"Ben decided that the marketing and promotional approach of the company should be educational events focused on social issues. They should be fun as well." [5]

Former employees also recalled Ben & Jerry's as a very informal organization without hierarchy. As one employee explains: "*We used to have staff meetings, and it was like, "what do you think?" I remember sitting around with Ben and Jerry at the plant (…). And they didn't get their heads cut off. I mean, Ben and Jerry said, that's a great question, thanks for asking. And then they would respond to your question.* [6]

The orientation to its social part meant that the financial side of the business was sometimes neglected. As an example: *"(…) the company's three-year business plan contained no numbers, and only 3 of 70 points in the plan referred to 'economic characteristics of the firm'."* [7]

That neglect had its downsides. Ben & Jerry's was an organization with a payment structure that worked as follows: the maximum ratio between the highest- and lowest paid employees was only five times, also referred to as the 5-to-1 salary ratio (Theroux, 1993). This meant that lower-income positions were mostly higher paid than the market rate, but high-income positions were mostly paid lower than the market rate. This resulted in difficulties as management positions needed to be filled: *"The vacancies in senior management created a tremendous stress on the organization. We came very close to a financial meltdown during the period of time we were recruiting a CFO"* [8]

The growth of the organization resulted in an increase in employees, 356 employees in 1990 to 841 in 1999, shown in Table 9. When beforehand, the staff was attracted by the social mission of Ben & Jerry's, this expanse brought in people that did not have the same drive. This resulted in more tension between the social mission and the financial mission of the company:
"Everyone at Ben & Jerry's knew that the company was changing. The family spirit of the company was tested by the arrival of more and more newcomers." [9]

A direct influence was the change of the 1-to-5 ratio. It was not removed, but altered into a 1-to7 ratio and later a 1-to-17 ratio (Weiss, 2013).

Table 9: Income statement, net profit margin, and employees at year-end.

YEAR-END	STATEMENT (USD MILLION)	NET INCOME (USD MILLION)	NET PROFIT MARGIN	EMPLOYEES
1990	77.0	2.6	3.4%	356
1991	97.0	3.7	3.8%	371
1992	132.0	6.7	5.1%	472
1993	140.3	7.2	5.1%	500
1994	148.8	(1.9)	--	537
1995	155.3	5.9	3.8%	703
1996	167.2	3.9	2.3%	708
1997	174.2	3.9	2.2%	736
1998	209.2	6.2	3.0%	751
1999	237.0	3.4	1.4%	841

Source: Weiss, 2013

Table 1 shows Ben & Jerry's income increasing from $77 million in 1990 to $237 million in 1999; the net profit margins decreased from 3.4% to 1.4% over the same period. As well as reporting a loss of $1.9 million in 1994. With the decrease in profits, other companies started to show interest in Ben & Jerry's. Eventually, Unilever was the incumbent to buy Ben & Jerry's in 2000 (Ben & Jerry's Homemade, n.d.).

During. The news Unilever bought Ben & Jerry's was not received well as supporters of Ben & Jerry's thought the social enterprise was going to lose its social course:

"The news [of a potential acquisition] provoked outrage among fans and followers, some of whom joined rallies outside Ben & Jerry's stores." [10]

Unilever made Ben & Jerry's pre-deal commitments and to uphold the spirit of the company. In the first two years, no employee would be fired. Thereby, Ben & Jerry's would also become a standalone business within Unilever, which was different from any other subsidiary (Austin & Quinn, 2005). Ben & Jerry's was given total autonomy to pursue its own agenda: "*so long as the ice cream kept flowing"* [11]

Unilever even set up an 'external board', made up of five long term Ben & Jerry's members, two of them being Ben Cohen and Jerry Greenfield. The board was set up to preserve Ben & Jerry's culture and mission and was given authority to set "*aggressive new social impact targets*". [12]

At the time of the acquisition, Ben & Jerry's CEO Perry Odak stepped down. He was replaced by Yves Couette (Yves). Yves was an experienced Unilever executive who had previously worked in the ice cream sector in Mexico (Austin & Quinn, 2005). However, Yves had no experience with corporate social responsibility:

"Before assuming leadership at Ben & Jerry's, Couette's own experience with CSR activities had been limited" [13]

The appointment of Yves as CEO of Ben & Jerry's was frowned upon by Ben and Jerry as they had reservations with regards to the level of social values Yves would bring in. During the acquisition, Ben and Jerry made the decision to quit the external board and leave the Ben & Jerry's company (Bourgeois, Mariani & Yu, 2004).

Post. Yves' goal at Ben & Jerry's was to make the acquisition successful (Austin & Quinn, 2005). He introduced Unilever tools at Ben & Jerry's, and he stopped hiring new employees (Austin & Quinn, 2005). During the acquisition, Unilever committed there would not be layoffs in personnel, which they adhered. However, it did create a tense environment as an employee recalled: *"There was definitely a clock ticking. OK, we're a year and nine months away. We're now a year and six months away. OK, we're less than a year until the layoffs. Just waiting for that meeting."* [14]

In 2001 Ben & Jerry's dropped from 5th to 30th place in a Wall Street Journal index concerning socially responsible firms (Bourgeois, Mariani & Yu, 2004). And after the two year grace period, the company was downsized, cutting hundreds of jobs (Austin & Quinn, 2005; Bourgeois, Mariani & Yu, 2004). These job cuts were associated with the closure of a manufacturing plant and a distribution center in Vermont, Ben & Jerry's home state (Bourgeois, Mariani & Yu, 2004).

In 2004 parts of Ben & Jerry's were consolidated with other Unilever ice cream brands. The supply chain, quality department, and sales force were merged with Good Humor-Breyers (Austin & Quinn, 2005; Mariani & Yu, 2004). Exact sales figures are not available for the period 2000 to 2020, yet it is known that sales increased by 19% in 2004 relative to 2003 (Austin & Quinn, 2005).

In the years up to 2004 the acquisition the social mission still existed, however not with the same spirit as an employee recalled: *“some of the basic things we had going were continued,” (…) “the new energy, the excitement, the creativity, the willingness to take risks for a certain set of values doesn’t exist.”* [15]

This is characterized in the way Ben & Jerry’s dealt with the activist nature of the company. When the organization became part of Unilever, Ben & Jerry’s employees were subject to the terms of conditions of Unilever as an employee recalled happening in 2001:

“Everything now has to be Unilever legal. We wanted to send a busload of employees down to the “Stop the War” march, a year ago February. And we wanted to put Ben & Jerry’s on the side of the bus. But Unilever wouldn’t allow us to do that. We were allowed to put “Peace Now” on our front, but it couldn’t say “Ben & Jerry’s” anywhere on it. Because we had to get the trip approved by Unilever” [16]

In addition, Table 10 shows the social projects Ben & Jerry’s participated in from 1999 to 2004. The projects were continued after the acquisition in 2000 and some spending increased. The Ben & Jerry’s foundation received $873,900 in 2004, relative to the $622,050 in 2000, the year of the acquisition. Bear in mind that the Ben & Jerry’s foundation was funded by 7,5% pretax profit of the Ben & Jerry’s company; thus, it increased due to increasing profits. With other projects, Ben & Jerry’s decreased funding. The contribution to of community action teams decreased from $193,320 in 2001 to $172,101 in 2004, the Corporate Giving spending decreased from $102,128 in 2000 to $96,200 in 2004 and employee matching gifts decreased from $37,215 in 2000 to $28,740 in 2004.

Table 10: Contributions from Ben & Jerry’s to social projects

	1999	**2000**	**2001**	**2002**	**2003**	**2004**
B&J’s Foundation ($)	283,950	622,050	755,900	893,300	851,873	873,900
# of recipients	45	64	82	92	91	101
Community Action Teams ($)	159,423	184,408	193,320	194,539	187,100	172,101
# of recipients	253	208	210	211	181	163
Corporate Giving ($)	89,363	102,128	80,620	80,200	101,000	96,200
# of recipients	69	51	36	43	28	41
Employee Matching Gifts	22,205	37,215	30,880	29,986	25,871	28,740
% of staff participation	10%	14%	13%	13%	15%	12.5%
Totals	$554,941	$945,801	$1,060,720	$1,198,025	$1,165,844	$1,170,941

Source: Bourgeois, Mariani & Yu, 2004

In 2005 Walt Freese (Walt) was appointed as a new CEO by Unilever (Unilever, 2004). In his second year as CEO of Ben & Jerry’s, Walt started SEAR reporting. SEAR stands for Social & Environmental Assessment Report. These reports are third party reviews of the Ben & Jerry’s organization and assess the social and environmental performance of the company (Ben & Jerry’s Homemade, n.d. a). Ben & Jerry’s used to publishing similar reports since 1989 (Ben & Jerry’s Homemade, 2007), yet from 2004 they are becoming publicly available and reviewed by an independent party (Ben & Jerry’s Homemade, n.d. a).

In 2010 Walt was replaced by Jostein Solheim (Jostein) as CEO of Ben & Jerry's. His mission is unknown, but he stated that he was "*excited by the social mission of Ben & Jerry's*" [17]. Jostein left Ben & Jerry's in 2018 for another Unilever position when he was replaced by Matthew McCarthy (Matthew) (D'Ambrosio, 2018). Mathew stated that he wanted to expand the social mission even further (D'Ambrosio, 2018).

Since the acquisition, the exact sales figures of Ben & Jerry's are no longer made public for being consolidated in the Unilever accounts. Yet, there are figures known about the contribution to the Ben & Jerry's foundation. The foundation is funded by a 7,5% pretax profit. Between 2000 and 2018, the contribution has increased from 622,050 to 3,361,000, respectively, as Table 11 shows.

Table 11: Ben & Jerry's yearly contribution to the Ben & Jerry's Foundation

YEAR	**2000**	**2001**	**2002**	**2003**	**2004**	**2008**	**2013**	**2018**
CONTRIBUTION ($)	622,050	755,900	893,300	851,873	873,900	1,945,000	2,530,000	3,361,000

Note: Merged from Austin & Quin, 2005, p18; Ben & Jerry's Homemade, 2019

The growth in profit can be a result of the expansion of Ben & Jerry's. Pre-acquisition it was already present in the UK, and Unilever handpicked teams to carry Ben & Jerry's to new foreign markets. In 2002 Ben & Jerry's planned to open 75 shops in Spain and over the years, it opened shops in 13 other countries, adding up to 230 shops in total by 2019 (Bourgeois, Mariani & Yu, 2004). In addition, the workforce was expanded with several hundreds of people (Bourgeois, Mariani & Yu, 2004). Exact figures and locations are however unknown.

The last three CEO's of Ben & Jerrys seems to have reinvigorated the social mission at Ben & Jerry's as it is socially involved in several projects. It supported gay marriage and raised awareness for global warming (Ben & Jerry's Homemade, n.d. b). In 2012 Ben & Jerry's became a B-Corp (Ben & Jerry's Homemade, n.d. b). More recently, Ben & Jerry's is involved in the 2020 Black Lives Matters protests (Barr, 2020). It even inspired Unilever in its social media advertisement ban in 2020 (Lerman, 2020). The last SEAR over the year 2018 still shows the same mission statement as before.

Twenty years after the acquisition, Ben & Jerry's is still an independent company within Unilever. It expanded into foreign markets, and its pretax profits grew. In the four years post-acquisition, Ben & Jerry's seemed to have lost its connection to its social mission, but it seems to have regained that connection in more recent years.

5.2 Body Shop – L'Oréal

Pre. The Body Shop was founded by Anita Roddick (Anita) in 1976 in the UK to sustain her family (The Body Shop, n.d.). She copied a store she had encountered in California where body products were sold on a 'care for the environment' shelf (Purkayastha & Fernando, 2008). Anita believed in products and business practices which were *"economically, socially and ecologically sustainable, meeting the needs of the present without compromising the future"*. [18]

The Body Shop sold hand-produced products that were based on traditional wisdom. The Body Shop therefor created a mission statement: [19]

1. To dedicate our business to the pursuit of social and environmental change.
2. To creatively balance the financial and human needs of our stakeholders: employees, customers, franchisees, suppliers and shareholders.
3. To courageously ensure that our business is ecologically sustainable: meeting the needs of the present without compromising the future.
4. To meaningfully contribute to local, national and international communities in which we trade, by adopting a code of conduct which ensures care, honesty, fairness and respect.
5. To passionately campaign for the protection of the environment, human and civil rights, and against animal testing within the cosmetics and toiletries industry.
6. To tirelessly work to narrow the gap between principle and practice, whilst making fun, passion and care part of our daily lives

The Body Shop raised public awareness against animal testing through a series of campaigns and promoted alternative testing (Venkatesh, Gopal & Siddhanta, 2009; The Body Shop, n.d.). In local communities closer to home, The Body Shop invested in a soap-making factory in Glasgow. Moreover, profit of the factory was invested back into the city (Som, Vyas & Huang, 2011). The Body Shop formed an alliance with Greenpeace for a campaign to protect the environment (Venkatesh, Gopal & Siddhanta, 2009; The Body Shop, n.d.).

The Body Shop was also different in their marketing and sales compared to the rest of the industry. The Body Shop used word to mouth to market their brand. Products were not pushed aggressively to customers by sales personnel: *"They were trained to be knowledgeable, but not forceful. People received information on request."* [19]

As shown in Table 12, from 1994 to 2004, turnover increased from £195.4 million to £381.1 million, respectively. In the same period, the number of stores grew from 1053 to 2007. However, operating profit was mostly unaffected from 1994 to 2004, as it grew from £30.1 million to £30.3 million respectively. The unaffected operating profit was the result of increased competition in the 'green' cosmetics sector and a failed launch of The Body Shop in the USA in 1989. Namely, The Body Shop only collected a fraction of predicted revenue in the USA (Som, Vyas & Huang, 2011).

Table 12: Figures The Body Shop 1994-2004

	1994	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
TURNOVER (M £)	195.4	219.7	256.5	270.8	293.1	303.7	330.1	374.1	379.6	378.2	381.1
OPERTATING PROFIT (M £)	30.1	34.5	33.7	31.9	38.1	20.1	33.0	18.2	15.2	24.3	30.3
STORES	1053	1210	1373	1491	1594	1663	1730	1830	1954	1968	2007

Source: Som, Vyas & Huang, 2011

The Body Shop saw the need of mass advertisement but still managed to advertise differently than its competitors. The Body Shop did not use models to promote their businesses on the belief that it exploited women. Anita stated: *"I hate the beauty business. It is a monster industry selling unattainable* *dreams. It lies. It cheats. It exploits women."* [20]. The advertisement they did was different in that: *"They took the support of the social causes as well as environmental campaigns to promote the brand further."* [21]

In 1985 The Body Shop entered the London Stock Exchange, which increased pressure on its social mission. Anita stated: *"(…) the relentless drive to maximize the profits for the investors was killing the 25-year-old company's ethical spirit."* [22]

In 1998 shareholders pressured Anita to resign as CEO of the Body Shop to make way for Patrick Gournay (Patrick) (Venkatesh, Gopal & Siddhanta, 2009). Patrick was ordered by shareholders to increase sales, but was unable to do so and fired in 2000 (Venkatesh, Gopal & Siddhanta, 2009). He was succeeded by Peter Saunders (Peter) (Som, Vyas & Huang, 2011; Venkatesh, Gopal & Siddhanta, 2009) and Anita, still chairman, resigned as chairman of The Body Shop: *"In the same year, Anita further tried to distance herself from the company"* [23]

Peter started to find a buyer for The Body Shop in 2001, but it remained until 2006 after The Body Shop was acquired by L'Oréal (The New York Times, 2006).

During. With the acquisition by L'Oréal, loyal customers of the Body Shop were outraged and demonstrated at the Body Shop head office. The Ethical Consumer announced that after the deal, Body Shop's ethical rating fell from 11 out of 20 to 2.5 on Ethical Consumer's rating system 'ethiscore' (The Ethical Consumer, 2006). BrandIndex found that since the announcement of the deal, Body Shop's "satisfaction" rating dropped by 11 points to 14.69 (Venkatesh, Gopal & Siddhanta, 2009).

With the deal, L'Oréal announced that The Body Shop would be independent of L'Oréal and that The Body Shop's head office would be sustained: *"It would also continue to be based in and run from its head office in Littlehampton, West Sussex."* [24]

The Body Shop and Anita have always been critical on L'Oréal's standpoint with regard to animal testing. When a reporter asked what L'Oréal's was planning to do with animal testing, it provided the following answer: "*Even Owen-Jones of L'Oréal said that the company wouldn't be able to stop animal testing overnight, but it had the long-term plan of "joining Body Shop on the issue"."* [25]

L'Oréal planned for Anita to become a consultant to The Body Shop and to retain its current management. Anita had always been an anti-L'Oréal activist, but now turned around saying about the deal: *"I don't see it as selling out. L'Oréal has displayed visionary leadership in wanting to be an authentic advocate and supporter of our values."* [26]

Unfortunately, Anita passed away in 2006, in the year her Body Shop was acquired by L'Oréal (The Body Shop, n.d.; Lyall, 2007).

Post. Post-acquisition, loyal fans of The Body Shop were disturbed about the acquisition by L'Oréal. Five members of the board stepped down and were replaced by L'Oréal employees (Purkayastha & Fernando, 2008). L'Oréal planned to expand The Body Shop to an additional 40 countries and expand the number of stores with 3000 (John & Bhagyalakshmi, 2017).

A year after the acquisition, L'Oréal reported a sales growth of 9,7% that year (Purkayastha & Fernando, 2008). Table 13 presents the sales figures, profits and number of stores. From 2006, the year of the acquisition to 2016, the year before the sale of the Body Shop, its sales had increased from €720,9 million to €972,8 million, respectively. However, its profits decreased from €42,8 million in 2006 to €33,8 million in 2016. Thereby, sales fluctuated with large increases (2008 to 2009, €300 million to €726 million respectively) and decreases (2006 to 2008, from €720,9 million to €300 million respectively. And in 2012 to 2013, €855 million to €836 million). In addition, profits fluctuated as well, e.g., €42,8 million in 2006, €77,8 million in 2012, and €33,8 million in 2016.

Table 13: Figures The Body Shop 2006-2018

	2006	**07**	**08**	**09**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
SALES (€ M)	720,9	448,7	300	726	n.a.	767	855	836	874	967	972,8	321,3	872
PROFIT (€ M)	42,8	41,8	22,6	54	n.a.	n.a.	77,8	71,9	65,6	55,1	33,8	n.a.	n.a.
STORES	2133	n.a.	n.a.	n.a	2605	2700	n.a.	n.a.	n.a.	n.a.	3082	n.a.	n.a.

Note: Merged from Som, Vyas & Huang, 2011; *The Body Shop*, 2014; *Natura & Co, 2020*

Also presented in Table 13 is the increase in the number of stores. In 2006 The Body Shop had 2133 stores, which grew over time to 3082 in 2016.

The Body Shop expanded into seven countries and expanded into new channels: *"The brand also moved into new distribution channels for the first time, with 24 retail points opened in airports in Asia, Europe and Latin America, and introduced a selection of products on board more than thirty airlines."* [27]

In 2008 Sophie Gasperment (Sophie) was appointed CEO of The Body Shop, with an assignment to integrate The Body Shop into L'Oréal (Som, Vyas & Huang, 2011). Sophie was also involved in the acquisition of The Body Shop on the side of L'Oréal (Som, Vyas & Huang, 2011). She was replaced by Jeremy Schwartz (Jeremy) in 2013. At the time of his appointment, the original spirit of The Body Shop was no longer present, and Jeremy was put in charge to revive Anita's spirit in the company: " *(…) chalked-out a revival plan, involving environmental and community development initiatives. Schwartz was as adventurous-minded as Roddick and he tried to mimic the founder's initiatives by sourcing new ingredients from biodiversity hotspot."* [28]

Jeremy also designed a new social mission to The Body Shop: '*Enrich not Exploit'* [29]. He started the Bio-Bridges program, combatting deforestation. A project which is still active (The Body Shop, n.d.). The Body Shop published its first corporate social responsibility report in 2015 (The Body Shop, n.d.). The report documented the progress The Body Shop had made with its *'Enrich not Exploit'* [29] mentality. Unfortunately, the reinstatement of the former Body Shop did not seem to catch on:

"However, one thing that seemed to be missing was the kind of hard line campaigning for environmental and community issues that Roddick stood-for" [30]

In 2017, The Body Shop was sold to Natura (Schipani, 2017). In the ten years L'Oréal owned the Body Shop, it had failed to meet its goals: The number of stores had not increased with 3000, but with 949 and The Body Shop did not meet its indented target to expand to 40 new countries. The social identity of The Body Shop as it had been under Anita was reinstated but did not prevent The Body Shop to be sold to Natura in 2017. L'Oréal is still accused of testing their products on animals (Ethical Consumer, n.d.).

5.3 Burt's Bees – Clorox

Pre. Burt's Bees was founded by Burt Shavitz (Burt) and Roxanne Quimby (Roxanne) in Maine in 1984 when Roxanne met Burt when he was selling honey out of the back of his truck (Burt's Bees, n.d.). Together they started a business around beeswax. Burt would keep the bees and Roxanne would focus on the business side.

Burt's Bees started to grow and in 1993 reached sales of around $3 million (Wathieu & Winig, 2007). The company moved to Durham, North Carolina, in 1994 to be able to attract employees from a larger labor pool since Maine was not sufficient (Wathieu & Winig, 2007). In the late 1990s the company kept growing:

"*By then (*1999*), Quimby had targeted natural and specialty food stores and was wholesaling her products to national health food chains such as Whole Foods and Wild Oats"* [31].

In 1999 Burt retired from the Burt's Bees, leaving behind a company that: *"Burt's Bees defined its products as "harvested from nature," meaning it used natural ingredients"* [32]. The packaging was created from recycled materials or developed so it could be re-used (Wathieu & Winig, 2007).

In 2002 Roxanne had sought investors for Burt's Bees that could take the brand to the next level. By then, sales were over $40 million and kept growing. In 2003 80% percent of Burt's Bees was sold to AEA, a private equity firm. Roxanne would remain CEO, and the company had sizeable net revenue growth. 36.8% in 2003 and 24.4% in 2004, as presented in Table 14.

Table 14: Net revenue growth Burt's Bees 2002-2005

	2002	2003	2004	2005
NET REVENUE GROWTH	29.3%	36.8%	42.4%	26.2%

Note: Wathieu & Winig, 2007

In September of 2004, Roxanne quit as CEO of Burt's Bees. Her position was filled by John Replogle (John), a former Unilever manager responsible for the North American skincare division (Wathieu & Winig, 2007). With the arrival of John the organization changed: "*The company became more aligned, more corporate, and more professional"* [33]

Replogle had inherited an organization that was very conscious of the environment: *"the herbs used to infuse Burt's Bees products were used as compost mulch that was, in turn, used for bio-diesel."* [34]

Burt's Bees than created 'the Greater Good' business model with the idea that if Burt's Bees were socially responsible, sales would grow (Wathieu & Winig, 2007). However, the environmentally-conscious side of Burt's Bees also had a downside to the development of more products:

"The company insisted on only developing products that served an explicit healthful purpose. This commitment kept Burt's Bees from pursuing innovation in high-demand subcategories" [35]

Burt's Bees was sold to Clorox in 2007(The Clorox Company, 2007). Although there are no data found on the exact motives of the sale of Burt's Bees, AEA is known to grow and strengthen brands to sell them with a profit. Between 2000 and 2007, sales increased from $23 million to $164 million (Ofek & Barley, 2012).

During. Some loyal Burt's Bees customers were not enthusiastic about the acquisition and accused the organization of selling out. In response, Clorox announced: *"We reassured them that Clorox would not change Burt's products for the worse and that we intended to learn from Burt's how to make the entire corporation greener."* [36] John was kept on as CEO of Burt's Bees, and analysts stated about the integration of Burt's Bees: *"Under Clorox ownership, Burt's Bees remained somewhat independent and was marketed as a standalone brand with no reference to the Clorox name or logo on its packaging."* [37] For Clorox, the acquisition of Burt's Bees was strategic. In the same period, Clorox created a strategy that focused more on CSR: *"(…) the acquisition signaled that Clorox was entering into a strategic phase that would allow the company to expand into a natural product business platform."* [38] In addition to Burt's Bees, it bought Green Works and rebranded Brita to fit in their new strategy (The Clorox Company, 2007).

Post. Post-acquisition Clorox developed the social side of Burt's Bees: After the acquisition, Burt's Bees created The Burt's Bees Greater Good Foundation, which is dedicated to human and honey bee health (Burt's Bees, n.d.). In 2008 Burt's Bees launched its first sustainability report where it aimed to measure it Greater Good business model quantitatively:

"The goals for 2020 included: being a zero-waste, zero-carbon company; operating on renewable energy in LEED certified buildings; and 100% employee engagement in sustainability activities." [39]

In the same year growth of the company reduced due to the 2008 recession (Ofek & Barley, 2012). No further financial data is known.

In 2009 Burt's Bees launched new product lines, such as acne solutions, and its products were now sold in Wal-Mart (Ofek & Barley, 2012). In the years 2009 and 2010, Burt's Bees started to expand to Japan, Korea, Thailand, in Asia. France, Italy, Germany, and Scandinavia in Europe. Chile, Colombia, Panama, and Puerto Rico in Latin America (Ofek & Barley, 2012). In addition to expansion, Burt's Bees also claimed another milestone: In 2012 99% of all ingredients of Burt's Bees were natural (Burt's Bees, 2012).

In 2011 Nick Vlahos (Nick) was appointed CEO of Burt's Bees after John exited the company to become CEO at another social enterprise (Bloomberg, n.d.; deBruyn, 2011). Nick already had experience with nonprofits and natural products (deBruyn, 2011). Nick expanded Burt's Bees to over 40 countries (The Clorox Company, 2017). However, the exact count and specific countries are unknown. In 2012 Burt's Bees published another corporate sustainability report, reporting a third consecutive year where no waste had been transported to a landfill from all US-based plants (Burt's Bees, 2012).

Nick left Burt's Bees in 2013, succeeded by Craig Stevenson (Craig) (Ohnesorge, 2013). In 2016 Jim Geikie was appointed as new CEO of Burt's Bees, while Craig is promoted within Clorox (Cameron, 2016). In 2018 Matt Gregory (Matt) is appointed CEO of Burt's Bees after Jim is promoted to another Clorox position (Ohnesorge, 2017). In 2020 a report is issued which tracks the current progress on goals set in 2008, where only 3 out of 11 significant goals are not met (Burt's Bees, 2020).

When Clorox acquired Burt's Bees in 2007, supporters of the brand were skeptical if the social mission would be maintained. On the data presented here, Burt's Bees seemed to have increased its social responsibility from the years 2007 – 2020.

5.4 Supplementary Acquisitions

This section features Table 15, which consolidates extensive search activities by the author for additional in-depth cases like the three presented in the previous section. The consolidation was necessary because the data on individual cases remained much smaller than expected. We therefore here present 30 acquired Social Enterprises and the incumbents acquiring them as a supplement to the three individual cases. Further, it shows whether these Social Enterprises still exist by 2020 and if any additional information is known about their existence.

Table 15: Acquired Social Enterprises and if they still exist by 2020.

Social Enterprise	**Incumbent**	**Exists by 2020**	**REFERENCE**
Lightlife Foods	Maple Leaf Foods	Yes	Lightlife, n.d.
Sweet Earth	Nestlé	Yes	Sweet Earth foods, n.d.
Izico Food group	Goodlife	No	Goodlife Foods, n.d.
Exo	Aspire Food Group	Yes	Exo Protein, n.d.
XS4ALL	KPN	Yes, yet talks about closing	Bremmer, 2020
Vandebron	Essent	Yes	Vandebron, n.d.
Pändy Foods	Bayn Europe	Yes	Pandyeveryday, n.d.
Valid Express	PostNL	No	PostNL, n.d.
Bluerise	Allseas	No	-
Rypple	Salesforce	No	-
Two Tomorrows Group	DNV	No	-
Off Grid Electric	GE Ventures	No	-
Pukka	Unilever	Yes	Unilever, n.d.
Brazil's Mae Terra	Unilever	Yes	Unilever, n.d.
Athleta	GAP	Yes	Gap, n.d.
Circo Glass Company	Allwaste	No	Holt, 2011
New England Container Recovery	CRInc	No	Holt, 2011
Trimax Lumber	Unknown	No	Holt, 2011
Earth's Best	Heinz	Yes	Holt, 2011
Nature's gate	Unknown investment company	Yes	Holt, 2011
RW Frookies	Unknown	No	Holt, 2011
Earthgro	Pride's Corner Farms	Yes	Holt, 2011
Green & Blacks	Cadbury	Yes	Milmo, 2011
Kiehl's	L'Oréal	Yes	Kiehls, n.d.
Horizon Organics	Dean Foods	Yes	Horizon Organic, 2019

Tom’s of Maine	Colgate-Palmolive	Yes	Sandler, 2020
TOMS shoes	Bain Capital	Yes	Reuters, 2019
Seventh Generation	Unilever	Yes	Unilever, n.d.
Sundial Brands	Unilever	Yes	Unilever, n.d.
Sir Kensington’s	Unilever	Yes	Unilever, n.d.

From Table 7, three things can be derived. First, one-third of these social enterprises are not in business anymore today or could not be found. In addition, XS4ALL still exists today. Yet, its closure could be imminent, since its parent company KPN is in talks of discontinuing the brand (Bremmer, 2020). Second, as one-third of social enterprises seem to be out of business by 2020, it is clear that at least this third did not expand its business post-acquisition. From the remaining two-third, there is no data suggesting they grew or did not grow. Third and last, this research discusses 33 cases, yet the 30 cases from Table 7 did not provide sufficient data to be studied in depth. This could imply two things: There is not enough interest in building case studies from these cases; or, these acquired social enterprises are not keen on exposing their in-depth information.

6. Analysis

This chapter presents and discusses the analysis on the basis of the data presented in chapter 5. This chapter presents and discusses, in 3 sections, the propositions as presented in chapter 3. Each individual proposition is structured into the three cases under study, namely, Ben & Jerry's – Unilever, The Body Shop – L'Oréal, and Burt's Bees – Clorox. The propositions are analyses according to review questions discussed in chapter 4. Following each section, a comparison is presented.

6.1 Proposition Analysis

Proposition 1. *If a social enterprise is acquired by an incumbent, mission drift is notable.* To validate the first proposition, the following review questions are answered:

a. What are the changes in the official mission statement post-acquisition compared to pre-acquisition?
b. What are the changes in social importance and the changes in activities concerning the social mission post-acquisition compared to pre-acquisition?

Ben & Jerry's – Unilever.

a. Changes official mission statement

As shown in the story section of Ben & Jerry's, the social mission was *"to make the world's best ice cream, to run a financially successful company and to make the world a better place".* According to the latest SEAR of Ben & Jerry's, this social mission did not change.

b. Changes in social importance

In the years before the acquisition, Ben & Jerry's grew. From 1990 to 1999 the number of employees grew from 356 to 841 respectively. These new employees did not always have the same drive as former employees with regard to the social mission. This resulted in an increase in pressure on the social mission and slackened the 1-to-5 ratio in Ben & Jerry's. Thus, already before the acquisition, Ben & Jerry's had become less focused on its social mission.

During the acquisition, Unilever built an external board to retain the social spirit of Ben & Jerry's. However, it appointed Yves Couette, a manager without any CSR experience. This resulted in the exit of founders Ben and Jerry, which had been the social drivers of Ben & Jerry's.

Post-acquisition Ben & Jerry's still retained social activities such as the support for the Ben & Jerry's foundation. However, there was less spending in total on projects (Table 2). Activism in employees was suppressed as employees were not allowed to refer to Ben & Jerry's or Unilever at protests and slogans were changed. For the first time in history, Ben & Jerry's started to lay off employees, two years after the acquisition. In a Wall Street Journal index for socially responsible firms, Ben & Jerry's fell from 5th to 30th position. Moreover, Ben & Jerry's moved a manufacturing plant and distribution center away from Vermont in 2002. In 2004 Ben & Jerry's sales, supply chain, and quality division merged with other Unilever brands. Thus, between 2000 and 2004, Ben & Jerry's became less oriented on its social mission.

In 2005 Walt Freese was appointed CEO by Unilever and started SEAR reporting, a social and environmental assessment done by a third party. In 2012 Jostein Solheim as CEO. In 2012 Ben & Jerry's became a certified B-Corp. In 2018 Ben & Jerry's appointed Matthew McCarthy as CEO, he stated he wanted to expand the social mission further. In 2020 Ben & Jerry's openly supports the Black Lives Matters movement and proceeds Unilever in banning social media advertising. Thus, between 2005 and 2020, the social mission is reinvigorated.

With the acquisition of Ben & Jerry's by Unilever, the original social mission statement was not altered in any way. The social importance did decline in the years 2000-2004 when Unilever professionalized Ben & Jerry's. The social importance rose in the years 2005-2020, marked by the appointment of Walt Freese. Yet, it is not precisely known if the social importance is on the same level in 2020 as it was pre-acquisition. Ben & Jerry's is involved in the same social activities as pre-acquisition and added social activities such as SEAR reporting. Therefore, the overall conclusion is that Ben & Jerry's social importance has improved 20 years post-acquisition.

The Body Shop – L'Oréal.

a. Changes official mission statement

The official mission statement of The Body Shop pre-acquisition was a six-point statement. From this statement it is not known whether it was still in use post-acquisition. However, the data does show that at least a part of the mission statement was changed from *"meeting the needs of the present without compromising the future"* to "*Enrich not Exploit"*, which is a statement that is different from its predecessor.

b. Changes social importance

During the acquisition of the Body Shop, its ethical ratings fell from 11/20 to 2.5/20, and its satisfaction rating from BrandIndex dropped by 11 points to 14.69. L'Oréal did plan on stopping with animal testing post-acquisition, indicating L'Oréal was making an offer to the social causes of The Body Shop.

In 2008 Sophie Gasperment was appointed as CEO to integrate The Body Shop into L'Oréal, a role she was familiar with since Sophie had worked on the acquisition for L'Oréal. Since there is no mention of the social mission, but solely on her assignment to integrate is can be assumed that there was less social importance. Thereby, in 2013 a new CEO was appointed in the person of Jeremy Schwartz, who attempted to revive Anita's spirit in the company. This tells two things. One, L'Oréal saw the importance of the spirit of Anita at The Body Shop and aimed to make the social mission more important. Two, Since a new CEO was brought in to reinstate the social importance there had to be a decline in social importance from the time of acquisition until Jeremy's appointment in 2013.

Jeremy did start on CSR reporting and new social and environmental activities, increasing social importance. However, it was also noted that The Body Shop missed the tough stance Anita's Body Shop had. L'Oréal also never did stop testing on animals. In 2017 The Body Shop was sold to Natura, evidence that the reinstatement of the social mission failed.

To summarize, the official mission statement of The Body Shop did change in 2013. However, its new mission statement was created to increase social importance. The Body Shop had lost its social importance when in 2013, Jeremy Schwartz became CEO of the organization. Jeremy increased its importance, but never on the same level as it was pre-acquisition.

Burt's Bees – Clorox.

a. Changes in official mission statement

The mission statement of Burt's Bees used to be 'harvested from nature'. This changed when John Replogle became CEO in 2004, as it became the 'Greater Good' business model. This 'Greater Good' is still in use in its latest corporate social responsibility report in 2020.

b. Changes social importance

Post-acquisition Burt's Bees packaging was made from recycled materials, and their products used natural ingredients. During the acquisition, Clorox announced that Burt's Bees would be the model upon the entire corporation would become greener. Burt's Bees also was a part of a strategy by Clorox that focused more on CSR.

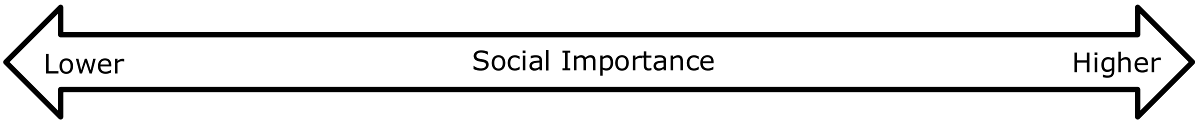
Post-acquisition, social importance increased at Burt's Bees. It introduced its first sustainability report to measure the Greater Good business model. CEOs that were appointed to Burt's Bees had an interest in social enterprises or similar organizations. John Replogle would go to another social enterprise after exiting Burt's Bees. Nick Vlahos, the successor of John, already had experience with nonprofits and natural products.

Overall, evidence on Burt's Bees points towards an interesting increase in social importance post-acquisition.

Comparison. Both The Body Shop and Ben & Jerry's experienced a loss in social importance in the years after the acquisition. Both social enterprise also reinvigorated their social importance after a handful of years. Ben & Jerry's started this reinvigoration four years after the acquisition, and it took the Body Shop six years to start reinvigorating. The Body Shop's data showed that their renewed social importance was not at the pre-acquisition level. Ben & Jerry's data did show that its social importance is higher than it was pre-acquisition. Yet, Burt's Bees data shows that there has been an increase in social importance post-acquisition, which is different from the other acquisitions. From the three social enterprises, only the social mission of The Body Shop changed, namely towards "Enrich not Exploit", a narrower social mission than the original 6 point mission showed in the data section. The data thus shows that a ranking concerning social importance can be produced, which is shown in figure 1. Burt's Bees shows the highest social importance and the Body Shop the lowest.

From the supplementary cases in section Table 15 the following reasoning contributes to answering the proposition: First, Table 15 shows 30 acquisitions, where almost a third of the social enterprises vanished. This implies that the incumbent mismanaged the social enterprise. This could hint to an underestimation of the social mission, and successive mission drifts in these social enterprises, which is also observed in the Body Shop – L'Oréal case. Second, this research discusses 33 cases, yet 30 cases did not provide sufficient data to be studied in depth. This could imply two things, there is not enough interest in building case studies from these cases, or these acquired social enterprises are not keen on exposing their in-depth information. If social enterprises are not keen on exposing information, this implies that the information is negative or something they are not willing to share with stakeholders, which holds when taking into regard the cases this research did study in depth. Both Ben & Jerry's as Burt's Bees can be considered (somewhat) succeeded acquisitions, and the Body Shop has no more need to keep its information to itself as it is already sold to another incumbent. Information that a social enterprise does not wish to share could imply some form of mission drift as well.

Figure 1: Social Importance of Social Enterprises under study



The Body Shop Ben & Jerry's Burt's Bees

Proposition 2 *: If a social enterprise is acquired by an incumbent, the dissemination of the social mission increases.*

To answer the second proposition, the following review questions are answered:

a. What is the increase in sales/revenue/quantity sold post-acquisition compared to pre-acquisition?
b. What expansion has the social enterprise experienced post-acquisition compared to pre-acquisition?
c. What is the increase in social beneficiaries post-acquisition compared to pre-acquisition?

Ben & Jerry's – Unilever.

a. Financial growth

From 2003 to 2004 sales growth was 19%. Second and last, Ben & Jerry's contribution to the Ben & Jerry's Foundation increased from $622,050 in 2000 to $3,361,000 in 2018, according to Table 11. Since the contribution to the Ben & Jerry's foundation is 7,5% from the pretax profit, it can be seen that Ben & Jerry's pretax profit grew from 2000 to 2018.

b. Expansion

Ben & Jerry's increased the number of shops to 230 by 2019 and expanded to 13 new markets.

c. Increase in beneficiaries

Table 10 shows that from 2000 to 2004, the spending on Community Action Teams decreased from $184,408 to $172,101. The years 2000 and 2004 are presented here since they provide a base year (2000, year of acquisition) and the last year of CEO Yves (2004), who was brought in by Unilever to make the acquisition successful. Corporate Giving decreased from $102,128 (2000) to $96,200 (2004). The number of beneficiaries from Community Action Teams declined from 208 (2000) to 163 (2004). The number of beneficiaries from Corporate Giving decreased from 51 (2000) to 41 (2004). The Employee Matching Gifts also decreased in the period 2000 to 2004. The total contribution changed from $37,215 to $28,740. Yet, it must be taken into account that after 2002 Ben & Jerry's experienced job cuts. This could be a reason that the total figure of Employee Matching Gifts is less than it was. In the period 2000 to 2004, the number of beneficiaries of the Ben & Jerry's foundation increased from 64 to 101 and the contribution from $622,050 to $873,900 respectively.

The only quantitative data known after 2004 is the funding for the Ben & Jerry's Foundation. This grew fivefold from $622,050 in base year 2000 to $3,361,000 in 2018. The qualitative data shows that Ben & Jerry's again participates in societal demonstrations.

The Body Shop – L'Oréal.

a. Financial growth

Table 5 shows sales the body shop grew. From 2006 to 2016, the Body Shop's sales grew from €720.9 million to €972.8 million, respectively. Yet, sales also declined from 2006 to 2008, €720.9 million to €300 million respectively. As well as from 2012 to 2013, €855 million to €836 million. Profits were very volatile from 2006 to 2016. For example, in 2006 profits were €42.8 million, in 2008 profits were €22.6 million, in 2012 profits were €77.8 million, and in 2016 profits were €33.8 million. The Body Shop did grow in sales between 2006 and 2016, except for the periods 2006-2008 and 2012-2013. In the period 2006 to 2016 profits did not grow at the same rate as sales, profits even declined.

b. Expansion

The Body Shop did expand the number of stores. In 2006 The Body Shop had 2133 stores, in 2016 this had grown to 3082, as can be seen in Table 13. Thereby, The Body Shop opened stores in airports and sold its products onboard airlines. The Body Shop also expanded to seven countries.

c. Beneficiaries

Pre-acquisition The Body Shop created awareness for causes in their stores and invested in development projects such as a factory in Glasgow. From the years 2007 to 2013, not a lot is known about beneficiaries of social benefits. However, it is known that in 2013 Jeremy Schwartz entered The Body Shop as CEO to bring back the original spirit of The Body Shop. The assumption made here is that in the years 2007 to 2013, there had to be no or less original spirit than pre-acquisition. Thus the number of beneficiaries between 2007 and 2013 was lower than pre-acquisition.

After 2013 The Body Shop launched the 'Enrich not Exploit' social mission. With this, The Body Shop started new projects, increasing the number of beneficiaries. However, as the following quote from the story section of the Body Shop shows, the hard-line campaigning was a part of the mission of The Body Shop: *"However, one thing that seemed to be missing was the kind of hard line campaigning for environmental and community issues that Roddick stood-for"* [30]. Thus, it is concluded that after 2013 the number of beneficiaries increases, but the level was still less than pre-acquisition.

Burt's Bees – Clorox.

a. Financial growth

Unfortunately, there was no financial data obtained from either Burt's Bees, Clorox, or an outside entity about Burt's Bees post-acquisition.

b. Expansion

Burt's Bees expanded to over 40 countries before Nick Vlahos left as CEO in 2013. The exact amount is not known, nor is it known what the number of countries is in 2020.

c. Beneficiaries

Pre-acquisition Burt's Bees made all-natural ingredients and introduced the 'Greater Good' business model. Post-acquisition Burt's Bees continued this model and created The Burt's Bees Greater Good Foundation, dedicated to human and honeybee health. Thereby, Burt's Bees started to measure their social and environmental goals. Post-acquisition Burt's Bees beneficiaries increased.

Comparison. As shown in Table 8, both Ben & Jerry's and The Body Shop increased their sales. All three social enterprises expanded into new markets or even opened new selling points. The beneficiaries from Ben & Jerry's and The Body Shop decreased in the first years post-acquisition and started to grow after that. Their beneficiaries are believed to be lower as it was post-acquisition. Burt's Bees increased the number of beneficiaries post-acquisition.

Yet, the data in Table 7 shows us that one-third of Social Enterprises did go out of business after the acquisition with an incumbent. So as the three cases reviewed show growth, at least one-third of the businesses in Table 7 do not expand their business, since 10 cases no longer exist. As there is no information about the growth rates of the other 20 social enterprises in Table 7 we cannot say whether they grew or did not, based on data. Yet, it would be hard to believe that all of these 20 subsidiaries would be continued if they showed stagnation or even decline. Therefore, it is concluded that a large portion of these 20 subsidiaries must have grown. To summarize, from the 33 cases under study, 10 cases have been discontinued, and 23 have shown either growth in the data or are believed to have grown by the process of reasoning.

Table 8: Comparing Proposition 2

	FINANCIAL GROWTH	EXPANSION	BENEFICIARIES
B&J	Some sales growth. Pretax profit growth from 2000 to 2018	Expansion into new markets and expansion amount of shop	Cash contributions increased from 2000 to 2018
TBS	Overall sales growth from 2006-2016, with some declines. Profit did decline between 2006-2016.	Expansion into new markets and an addition of 949 stores. Also moved into new channels.	Decreased from 2007 to 2013. Increased after 2013, but never to pre-acquisition levels.
BB	-	Expanded into 40+ countries	Increase in beneficiaries post-acquisition.

Proposition 3. *Full integration of the social enterprise in the incumbent decreases the realization of the social mission of the social enterprise.*

To answer proposition 3 the following review questions have to be answered:

a. To what extent is the social enterprise integrated in the incumbent?
b. What is the ranking of the degree of integration and does it cohere with the raking on social importance from proposition 1?

Ben & Jerry's – Unilever.

a. Integration

Unilever was designated to be a standalone business with Unilever. Unilever also set up an external board with Ben & Jerry's people to preserve Ben & Jerry's culture. With the acquisition, Ben & Jerry's CEO stepped down and was replaced by a Unilever manager, Yves Couette. All the successive Ben & Jerry's CEO's also came from the Unilever pool. Some departments were eventually consolidated with other ice cream brands. To conclude, Ben & Jerry's still was its own brand, but some departments were integrated into the Unilever organization. Unilever also seemed to have followed Ben & Jerry's in civil rights issues. It now advertisement on social media platforms. To conclude, Ben & Jerry's remained a standalone brand with Unilever's leadership and some shared departments with other brands. Yet, Ben & Jerry's in 2020 leads Unilever is civil rights matters.

The Body Shop – L'Oréal.

a. Integration

The Body Shop was designated to be independent of L'Oréal, and its head office would be sustained. Yet, after the acquisition, five board members stepped down, which were replaced by L'Oréal people. Besides, in 2008, Sophie Gasperment (Sophie), a former L'Oréal employee, was appointed CEO to integrate The Body Shop into L'Oréal. To conclude, The Body Shop was integrated in L'Oréal but remained its own brand and kept its own head office.

Burt's Bees – Clorox.

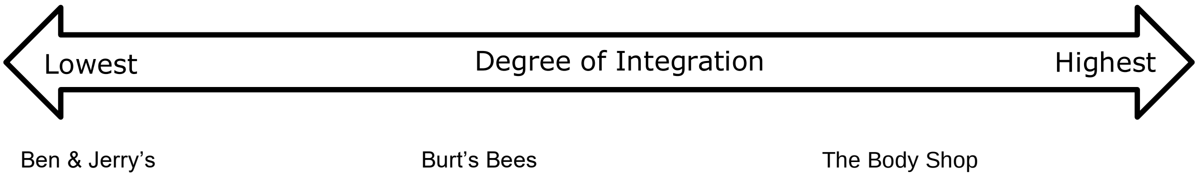
a. Integration

Burt's Bees was acquired by Clorox as part of Clorox' CSR strategy. Burt's Bees remained somewhat independent of Clorox, and the Clorox brand did not appear on any Burt's Bees packaging. CEO's appointed to Burt's Bees post-acquisition were former Clorox employees. To conclude, Burt's Bees is integrated into Clorox' organization strategy, has former Clorox employees as leaders. Yet no Clorox branding is present on Burt's Bees.

Comparison. To compare whether the degree of integration affects the realization of the social mission of the social enterprises under study, the social enterprises must first be ranked to their degree of integration. This ranking will be done based on the analysis of proposition 3 above.

First, The Body Shop was integrated into L'Oréal with the exception of their own head office and brand. Its degree of integration is the highest of the three social enterprises. Second, Burt's Bees is integrated into a Clorox strategy, remained their brand, and the Clorox logo is not visible on their packaging. Therefore, their degree of integration is lower than The Body Shop. Third and last, Ben & Jerry's remained their own brand with the exception of some shared parts of the company. They did retain an external board and were able actually to lead their incumbent in civil rights matters. Therefore, Ben & Jerry's integration is lower than Burt's Bees'. All three social enterprises had CEOs appointed by their incumbent. This comparison creates figure 2.

Figure 2: Degree of integration of social enterprises under study



To assess whether there is coherency between the degree of integration and the social importance figures 1 and 2 must be compared. From the figures, there is no apparent coherency other than The Body Shop having the highest degree of integration and the lowest social importance.

7. Discussion

This discussion consists of five parts. First, the findings of the sub research questions are provided to answer the main research question. Second, the results found in this research are compared to existing research. Third, the external validity of this research is assessed. Fourth, the limitations and further research are discussed. Fifth and last, the uniqueness of this study is assessed.

Research questions. This research aimed to explore what influence incumbent acquisition can have on the characteristics of social enterprises. This research fulfilled this aim by answering the following main research question: *What influence can acquisition by an incumbent have on the characteristics of the social enterprise?* This main research question was answered by answering the sub-research questions.

SRQ1 states 'What defines the concepts acquisition, incumbent, and social enterprise and what are the characteristics of an incumbent and a social enterprise?' The characteristics of a social enterprise are a hybrid organization that tries to innovatively achieve social goals in a commercial way. It must creatively use its resources, stakeholders, finances, and staff in order to achieve these social goals and, at the same time, be financially sustainable. A social enterprise is defined as: "A financially sustainable organization that uses resources innovatively to work towards a social goal.". An incumbent is defined as: "A large, inflexible, established organization with a large amount of resources.". And acquisition is defined as: "A situation where one organization takes over another organization." Also, a larger, stronger firm acquires a smaller, weaker firm.

SRQ2 states 'What are the possible influences an incumbent can have on the characteristics of a social enterprise when acquiring a social enterprise?' The theory shows that the social mission of a social enterprise can be influenced and the integration of the social enterprise in the incumbent can have an effect on the social mission of the social enterprise. This led to three propositions: *Proposition 1: If a social enterprise is acquired by an incumbent, mission drift is notable; Proposition 2: If a social enterprise is acquired by an incumbent, the dissemination of the social mission increases; Proposition 3: Full integration of the social enterprise in the incumbent decreases the realization of the social mission of the social enterprise.*

SRQ3 states 'How can the possible influences an incumbent can have on the characteristics of a social enterprise when acquiring a social enterprise be researched empirically?' This research used an exploratory deductive-inductive multiple case study. It was longitudinal with a flexible time scale in order to track changes over time. Three acquisitions were analyzed in-depth, followed by 30 supplementary acquisitions to provide supplementary data.

To which extent can the theoretically expected effects of incumbent's acquisition on social enterprises be recognized in the case studies?

Proposition 1: Mission drift is notable when a social enterprise is acquired by an incumbent, as shown by the data. One out of three cases shows a mission drift with an overall decrease in social importance and a change in the official mission statement. Two out of three cases show mission drift with an overall increase in social importance. The supplementary acquisitions show that there is a trend in this dataset confirming the outcomes of the in-depth cases.

Proposition 2: The social mission disseminates if a social enterprise is acquired by an incumbent. The in-depth cases show growth in sales and selling points, and two cases show an increase in beneficiaries. Yet, there also exists evidence that dissemination is not always present as one-third of the social enterprises of the supplementary acquisitions do not exist by 2020. Overall, from the 33 acquisitions reviewed, 23 do show growth.

Proposition 3: Full integration does not lead to a decrease of the realization of the social mission of social enterprises. This study did not find coherency between the degree of integration and the realization of the social mission.

We can now answer the Main Research Question. As theory shows, acquisition by an incumbent has effect on the social mission, it leads to a diminishing creative character, and it has a negative influence on the retainment of employees. The empirical evidence shows that acquisition by an incumbent influences the social mission of the social enterprise. Mission drift is notable and in many cases the social mission of a social enterprise disseminates.

Comparison to existing literature. The findings from proposition 1 are partly in line with existing literature. Theory shows that organizations are influenced by large stakeholders (Cornforth, 2014), which is confirmed by answering proposition 1, since incumbent acquisition influences the social mission of social enterprises. In addition, Ebrahim, Battilana & Mair (2014) show that outside bodies can alter the scope of the organization in their research on non-profit organizations. However, existing literature shows that social enterprises could diverge from their goal, when influenced by market pressures (Cornforth, 2014), which is also observed in non-profit organizations (Bennet & Savani, 2011). The answer to proposition 1 shows that acquisition by incumbent can also provide a boost to the social mission of the social enterprise and is therefore not entirely in line with existing research. The divergence from existing literature could be a result of the different types of organizations, namely non-profit in Bennet & Savani (2011) versus social enterprises in this study. Besides, Bennet & Savani (2011) uses state agencies in their research in contrast to incumbents. Thereby, this research discusses acquisitions by another organization, and Bennet & Savani (2011) and Cornforth (2014) use influence based on external factors.

The findings regard that proposition 2 is in line with existing research. Tykkyläinen (2019) shows that acquisition by an incumbent exposes the social enterprise to new markets. Proposition 3 is partly in line with existing research. Bauer et al. (2017) find that higher integration can have positive and negative effects on the acquired entity. In answering Proposition 3 we have not found any conclusive answers, so it could be that there is another difference in the degree of integration of the studied acquisitions not yet known.

External validity. This research is a deductive-inductive case study. Case studies are not known to produce results of high external validity. The deductive part of this research is validating propositions which are built with existing theory. Thus the outcome of the propositions validated by the empirical data increase the external validity of the overall study. Thereby, this study is a multiple-case study, which, in comparison to a single case study, uses a larger sample. A larger sample does not automatically increase the external validity. Yet, a lower data set does hurt external validity since the validation of a proposition could be a case of coincidence.

Limitations and further research. This study exposes the theoretical influence acquisition by incumbent can have in the characteristics of the social enterprise. Unfortunately, due to the unavailability of data, not every isolated characteristic could be studied and in the ideal setting a study could obtain access into the organizations under study. An opportunity lies in researching the effect incumbent acquisition has on the creative characteristic and the employees of a social enterprise. This study did not find coherence regarding the degree of integration and the change in realization of the social mission. Future research could expose a link between the realization of the social mission and the degree of integration.

A limitation of this research is that it was restricted to secondary data if only because time was a limiting factor. A multiple inductive case study with interviews from employees and past employees was not considered viable in 6 months. Therefore, secondary data was used in order to research multiple cases over an extended period of time. For future research, primary data, in the form of interviews, could provide more in-depth information. The dataset of this research contains only Western-European, British, and US-based organizations. Future research could expose similarities and differences between acquisitions used in this research and acquisitions outside this Western scope. This is relevant since it increases the further understanding of acquisitions of social enterprises by incumbents in other parts of the world. It could expose difficulties Western parties have when acquiring outside the Western scope and vice versa.

Uniqueness. This study is unique since it is one of the few studies that focus on the acquired organization instead of the acquiring organization. This predominance in research could be explained by a focus on the overall organization post-acquisition, which is mostly the expanded acquiring organization. In addition, this predominance could be explained by a focus on acquiring organization's motives for acquisition. The added value of studying the acquired organization, as in this study, is that it contributes to acquiring managers' knowledge of processes in acquiring companies to take into account when acquiring. This study adds to existing social enterprising literature as it contributes to understanding the effects of acquisition by an incumbent. It provides future social enterprising- and acquisition research with a list of known acquisitions of social enterprises, which could be used in further studies. This study adds to existing acquisition literature as it contributes to understanding acquisitions from the perspective of the acquired organization and provides insights into possible factors for acquisition success and failure.

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Annex

Annex A: Calculations Table 13

	CALCULATION
2012 PROFIT	855 * 0.091 = 77.805
2013 PROFIT	836 * 0.086 = 71.896
2014 PROFIT	874 * 0.075 = 65.55
2016 SALES	967 * 1.006 = 972.802
2018 SALES	3886/4.4563 = 872.0239

The 2012 profit was calculated from L'Oréal's annual report 2014 (L'Oréal, 2015) as percentage of sales. According to the annual report, profit was 9.1% of sales.
The 2013 profit was calculated from L'Oréal's annual report 2014 (L'Oréal, 2015) as percentage of sales. According to the annual report, profit was 8.6% of sales.
The 2014 profit was calculated from L'Oréal's annual report 2014 (L'Oréal, 2015) as percentage of sales. According to the annual report, profit was 7.5% of sales.
The 2016 sales figure was calculated from the sales growth figure reported in L'Oréal's 2016 (L'Oréal, 2017) annual report. Sales growth was +0.6% over the year 2016, compared to 2015 sales.
The 2018 sales Figures were in Brazilian Reals (BRL) in Natura's annual report (Natura & Co, 2020). They were converted to Euro (EUR) in order to fit the other data in the table. For this calculation the exchange rate of 31-12-2018 was taken. Exhange rate at this point in time was 4,4563 BRL for 1 EUR (Exchange-Rates.org, 2018).

Annex B: Footnotes, corresponding documents and page number Data chapter

[X]	DOCUMENT	PAGE
1	(Theroux, 1993)	8
2	(Theroux, 1993)	7
3	(Theroux, 1993)	7
4	(Vasudha, 2016)	3
5	(Theroux, 1993)	7
6	(Austin & Quinn, 2005)	3
7	(Theroux, 1993)	9
8	(Theroux, 1993)	10
9	(Theroux, 1993)	11
10	(Austin & Quinn, 2005)	5
11	(Vasudha, 2016)	7
12	(Vasudha, 2016)	7
13	(Austin & Quinn, 2005)	7
14	(Austin & Quinn, 2005)	7
15	(Austin & Quinn, 2005)	9
16	(Austin & Quinn, 2005)	9
17	(Businesswire.com, 2010)	-

18	(Venkatesh, Gopal & Siddhanta, 2009)	8
19	(Venkatesh, Gopal & Siddhanta, 2009)	8
20	(Venkatesh, Gopal & Siddhanta, 2009)	3
21	(Som, Vyas & Huang, 2011)	3
22	(Venkatesh, Gopal & Siddhanta, 2009)	12
23	(Venkatesh, Gopal & Siddhanta, 2009)	12
24	(Venkatesh, Gopal & Siddhanta, 2009)	13
25	(Majumdar & Gupta, 2009)	6
26	(Majumdar & Gupta, 2009)	6
27	(Som, Vyas & Huang, 2011)	20
28	(John & Bhagyalakshmi, 2017)	5
29	(John & Bhagyalakshmi, 2017)	5
30	(John & Bhagyalakshmi, 2017)	6
31	(Wathieu & Winig, 2007)	3
32	(Wathieu & Winig, 2007)	7
33	(Wathieu & Winig, 2007)	4
34	(Wathieu & Winig, 2007)	7
35	(Wathieu & Winig, 2007)	8
36	(Ofek & Barley, 2012)	5
37	(Ofek & Barley, 2012)	5
38	(Ofek & Barley, 2012)	5
39	(Ofek & Barley, 2012)	5

Annex B shows the list of footnotes in the results section and the page the used quote can be found.