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**OD&D Master Thesis Project**

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Integration of purchased CSR:  
a comparative case study on acquisitions of B-corps



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## Abstract

This research is focused on the phenomenon of multinational organizations (MNCs) acquiring organizations with highly developed CSR practices called certified B Corporations (B-corps). This paper studies how compatibility between organizations and acquisition motivation relate to the integration of acquired CSR practices in the MNC. By selecting four “fast-moving consumer goods” industry MNCs and their B-corp acquisitions, a cross-case comparison was created to analyze how compatibility and acquisition relate to MNCs’ post-acquisition B-corp CSR practice integration. The comparison between the cases indicates that purchasing B-corp CSR practices results in integrating, sustaining or losing the acquired practices. Further indicating through the comparison that acquisition motivations related to long-term CSR development goals results in an integration of acquired B-corp CSR practices. A focus on short-term benefits of acquired CSR practices without explicit long-term CSR development goals results in sustaining the acquired practices within the B-corp. And a lack of CSR acquisition motivations results in the loss of the acquired B-corp practices. While also suggesting that the pre-existing CSR compatibility between the MNC and B-corp is of importance to consider when aiming to understand CSR practice integration in acquisitions. This paper aimed to contribute to literature on the purchasing of CSR by MNCs by increasing the time frame in which these acquisitions occurred. While also exploring the subject with concepts from the merger and acquisition literature in order to gain more insights in a novel phenomenon in practice.

**Keywords:** Buying CSR, Corporate Social Responsibility (CSR), Mergers & Acquisitions, Post-acquisition Integration, Multinational Corporations (MNCs), Benefit Corporations (B-corps)

# 1 INTRODUCTION

The idea that a company engaging with social, environmental and societal goals is more desirable than a company that focuses only on financials and profit, has gained prominence in western society over the past three decades (Freeman & Parmar, 2007; Agudelo, Jóhannsdóttir & Davídsdóttir, 2019). This can be seen in academic literature, as papers on corporate social responsibility (CSR) have greatly increased over this period (Agudelo et al., 2019). More so, organizations ignoring corporate social responsible ideas and calls often undergo scrutiny and loss of legitimacy (Suchman, 1995; Wijen, 2014). In practice, this has led to organizations engaging in CSR for various reasons, in various ways and to various degrees (Smits, Drabe & Herstatt, 2020). A trend has developed among multinational corporations (MNCs) in the past years that is called “the purchasing of CSR”. Rather than fully develop their own CSR, they acquire organizations that have already developed strong CSR practices (Wickert, Vaccaro & Cornelissen, 2017).

A specific emerging form of CSR purchasing is characterized by the acquisition of certified B Corps. For example the B-corp “Happy Family” was acquired by Danone in 2013 (Daneshkhu, 2013; Van der Heijden & Tuentler, 2021). The B-corp has gained more prominence in literature in recent years and is seen as a holistic commitment to CSR practices on an organizational level (Cao, Gehman & Grimes, 2017). This CSR standard, which requires organizations to value financial goals and CSR goals on the same level, has been put forth by the American non-profit B Lab. They provide guidance, tools, community and certification paired with audits for B-corps to attain their standards (B Lab, n.d.). In this reasoning, B-corp’s experience with CSR can be viewed as a “social technology” that the MNCs could acquire and integrate (Wickert et al., 2017).

The paper by Wickert et al. (2017) researched conditions that influenced the likelihood of acquired CSR practices to be actually adopted by the MNCs. They based their research on matching organizational identities as a predictor for acquired CSR practice adoption (Brickson, 2005, 2007). This paper aims to further contribute to this still under-researched subject put forth by Wickert et al. (2017). However, basing itself in merger and acquisition (M&A) predictors for post-acquisition integration, in order to research acquired B-corp CSR practice integration and adding the aspect of time (Zollo & Meier, 2008). By taking into account the development of the MNC’s acquired B-corp CSR practices over time, it is assumed that more insights on their integration can be identified. As Wickert et al. (2017) only assessed relatively short time spans.

The literature on M&A suggests two main influences that are relevant when researching post-acquisition integration. These are; compatibility between organizations and acquisition motivations (King, Wang, Samimi & Cortes, 2021; Rabier, 2017). First, M&A literature shows that organizations that are considered compatible, have a better chance at higher performance and mutually benefit post-acquisition

(King et al., 2021; Wickert et al., 2021; Datta, 1991). For example, operating in the same industry with similar products. To assess compatibility, this research draws from the firm interface and characteristics perspectives provided by the literature on M&A (King et al., 2021). Although not addressed by M&A literature, this paper pays additional attention to the CSR compatibility of the organizations (Fosu & Asiedu, 2021). Wickert et al. (2017) outline the relevance of focusing on CSR aspects as the literature as buying CSR “seems sufficiently distinct from other instances of practice adoption to merit its own investigation.” As a result, it is not obvious that traditional, existing M&A concepts can help to gain insight into this phenomenon. The same logic applies to acquisition motivation. Second, organizations with acquisition motivations aiming to achieve more interconnections and cooperation have a chance to experience higher value over the long-term (Rabier, 2017). An example would be the MNC’s motivation to cooperate with their acquired subsidiary to jointly develop products and gain access to implicit knowledge. The motivations for the acquisition in this paper are categorized as CSR acquisition motivations and motivations unrelated to CSR. The distinction between motivation groups allows for an assessment of how motivations influence post-acquisition B-corp CSR practice integration. Specifically, how a pre-existing goal to acquire CSR influences integration compared to more traditional acquisition motivations (Rabier, 2017; Calipha, Tarba & Brock, 2010). Therefore, this paper uses these insights as a starting point to research the influence of compatibility and acquisition motivations on acquired B-corp CSR practice integration in MNCs (King et al., 2021; Rabier, 2017; Zollo & Meier, 2008; Datta, 1991). The following question guides the research:

### **How do acquisition motivation and compatibility influence post-acquisitional B-corp CSR practice integration in MNCs?**

In answering this question, the following contributions are made: The role of CSR in acquisitions is largely undocumented in the M&A literature, apart from a couple papers that are not focused on western firms (Kun et al., 2021; Chen, Lu & Liu, 2019). This research would therefore add to the M&A literature by studying the role of CSR compatibility’s influence on B-corp CSR practice integration. Also, this research contributes a setting that would demonstrate the use of acquisition motivation as an influence on post-acquisition integration, which is still debated (Rabier, 2017). Furthermore, this study contributes to the work of Wickert et al. (2017) by expanding the examined time frame when looking at CSR practice integration and introducing concepts on post-acquisition integration from the M&A literature to study influences on CSR practice integration. This research is important to increase the understanding of this trend in practice while also exploring more concepts suited to frame this relatively new phenomenon in literature (Wickert et al., 2017; Kun, Chaohua, Wassim & Ke, 2021).

Answering this question would also inform MNC acquisition managers' strategies when targeting B-corps for acquisition. When aiming to integrate CSR practices via acquisition, this research would help managers determine if the goals of acquisition (motivation) would lead to integration and whether the organizations are compatible enough to achieve integration. Furthermore, providing insights to B Lab to inform their community on possible implications of acquisitions when B-corps are considering to be acquired.

To conduct the research, 4 stock-listed MNCs have been identified, namely: Danone, Nestlé, AB Inbev and PZ Cussons. All four organizations have acquired at least one B-corp. This paper therefore selected a specific standard for CSR practices to be involved in researching acquired CSR practice integration, namely B-corp CSR practices. The main argument for this decision lies in the ambiguity to define and act out CSR in practice (Berkey, 2014; Waddock, 2008). By choosing CSR practices of a well respected standard, strictly audited by an independent organization (B Lab), the integration of these practices when acquired by MNCs can be identified and tracked more easily. Between the cases, Danone and Nestlé have been able to maintain the B-corp status of their acquisitions and acquired more B-corps, while AB Inbev and PZ Cussons have failed to do so or did this to a much lesser degree.

This setting is used for a comparative case study where the acquisitions made by these companies in the past years are compared in order to find patterns over time that could inform what determines the differences in post-acquisition B-corp CSR practice integration. The results in the study are derived from secondary data sources including; databases, annual reports and media analysis. Furthermore, findings from this analysis will be compared with established theoretical work in order to draw conclusions from the comparative case study.

In the following chapter a theoretical framework will be laid out that explains the ideas and bases that guide the reasoning in this research. Subsequently, in chapter 3 the methodology is presented, providing argumentation for the integrity of this research by explaining the methods that guide how this research was conducted along with a plan for data collection, analysis and ethical considerations. Then, a results chapter in which the findings of the analysis are discussed and interpreted. In the closing chapters, a conclusion is drawn from the research and contributions along with implications are identified. Furthermore, recommendations are outlined and the limitations of the research are touched upon.

## **2 THEORETICAL FRAMEWORK**

In the following chapter the core synthesizing concepts touched upon in the introduction are further explained and their relevance made clear. First explaining the concept being influenced, CSR practice integration in the MNC and then going into the influencing concepts. The influencing concepts are addressed in the following order; first, going into organizational compatibility (King et al., 2021). Second, CSR compatibility and its relevance is discussed in its own right, since it is a separated and adapted M&A concept that requires further explanation. And third, acquisition motivation is worked out. In conclusion to this chapter, a conceptual model is presented to visually display the concepts in the theoretical framework and how they relate to CSR practice integration in the acquiring firm.

### **2.1 CSR practice integration**

Integration in the context of M&A is defined as “the multifaceted, dynamic process through which the acquirer and acquired firm or their components are combined to form a new organization” (Graebner, Heimeriks, Huy & Vaara, 2017). The article by Zollo and Meier (2008) extends this concept to the notion of M&A integration process performance. Defining it as “the degree to which the targeted level of integration between the two organizations has been achieved across all of its task dimensions in a satisfactory manner” (Zollo & Meier, 2008, p. 56). In their article they outline different ways of measuring M&A performance, showing that M&A integration is part of this. They take into account two dimensions to put their findings on M&A performance into context; the level of analysis and the relevant time frame. They identify a link between short-term alignments on a task level that improve post-acquisition integration. Zollo and Meier (2008) provide examples of these alignments in acquisitions such as the transferring of social technologies like sales practices and control systems between firms. The logic and evidence on this topic put forth by Zollo and Meier (2008) leads to the view that M&A integration is part of M&A performance and that a better integration contributes to better performance. Furthermore, Zollo and Meier’s (2008) examples of social technology transfer also implies the inclusion of CSR practice integration in this reasoning. This research therefore focuses this logic onto CSR practice integration in the acquiring MNC in order to serve the research goal.

### **2.2 Organizational compatibility**

When conceptualizing compatibility, it is relevant to underline that it embodies characteristics and choices of the MNC that predate the acquisition. This logic also applies to CSR compatibility discussed further on in the theory chapter. Continuing, the paper by King et al. (2021) identified two perspectives on acquisition performance prediction in their M&A literature review. Firm characteristics perspective and



firm interface perspective. Both provide a set of concepts that help to predict the performance of the acquisition through an assessment of organizational compatibility. Organizational compatibility is defined as “the similarity of the transfer partners in their goals, objectives, and business philosophy” (Bucklin & Sengupta, 1993). “Transfer partners” can be interpreted as the firms involved in the acquisition in this research (Rajaguru & Matanda, 2013). This definition of compatibility is also applied to understand CSR compatibility described in section 2.3.

The abundance of concepts, possible relevant factors and the existence of (still) unexplained/undocumented influences in M&As (King, Dalton, Daily & Covin, 2004) requires moving forward with a subset of concepts that reasonably cannot explain everything, but on which many studies have already relied and serve the focus of this research. Therefore, a selection of concepts has been made informed by the two perspectives which provide insight into organizational compatibility.

The two perspectives lead to a formation of two mid-level concepts under the core concept organizational compatibility: contextual compatibility and firm specific compatibility (King et al., 2021). These sub-levels of organizational compatibility can show how compatible the B-corps targeted by MNCs were and whether that affected the post-acquisition integration of B-corp CSR practices. In the following paragraphs, contextual and firm specific compatibility are explained and their lower-level concepts are presented.

### **2.2.1 Contextual compatibility**

The interface perspective aims to provide insight into the compatibility for firm integration in an acquisition (King et al., 2021; Jemison & Sitkin, 1986). It is associated with a number of concepts that measure the broader context in which the organization operates. The literature shows that there are multiple concepts that can be appropriate to establish the context to base compatibility claims on (King et al., 2021). The chosen concepts in this research are aimed at overarching contexts to determine compatibility between firms.

For this research the contextual concepts; “National Cultural Distance” and “Geographical Distance” have been chosen (Basuil & Datta, 2015; Hofstede, 2011). The literature review by King et al. (2021) shows that they do enjoy support from the M&A performance prediction literature (King et al., 2021; Rabier, 2017). Furthermore, the purpose of using such concepts fits with the goal of this research and are therefore deemed relevant for this study. As a favorable contextual compatibility (i.e. closer together) predicts higher M&A performance, this increases the likelihood of CSR practice integration.

### *2.2.1.1 National Cultural Distance*

This concept is based on the six dimensions of Hofstede (2011) to categorize national cultures. These are: individualism vs. collectivism, power distance, masculinity vs. femininity, uncertainty avoidance, long-term orientation and indulgence (Hofstede, 2011). The M&A argument being that acquirers with national cultural dimensions deviating from the target firm national culture, are more likely to experience reduced acquisition performance (King et al, 2021). In line with this reasoning, deviating national cultures would also negatively influence post-acquisition CSR practice integration (King et al., 2021). With this concept the inverse would then predict a positive influence.

### *2.2.1.2 Geographical Distance*

Acquirer and target firms that are closer in a geographical sense are found to be more likely to have better performance, or dampen negative performance (Rabier, 2017; Basuil & Datta, 2015). The reason being that firms that are closer together enjoy benefits that physically distant firms do not have. Examples of this are; close firms often communicate better, far apart organizations are more likely to have differences which complicate cooperation and close firms are more likely to already be in each other's network (Basuil & Datta, 2015). Overall, close firms are more likely to understand each other and the context they operate in (King et al., 2021; Basuil & Datta, 2015).

## **2.2.2 Firm specific compatibility**

The firm characteristics perspective in the M&A literature is applied to determine whether acquirers learn over time from previous acquisitions (King et al., 2021; Hitt, Harrison & Ireland, 2001). Suggesting that organizations learn to target firms with characteristics similar to other successfully acquired target firms. King et al. (2021) presents the concepts used in the M&A literature to measure the relevant characteristics of the involved firms that influence acquisitions performance. The concepts relevant for this research are; “industry and product relatedness”, capturing industry relation and/or product relation. And “acquirer acquisition experience”, as the literature shows that experience has a positive or moderating effect on acquisition performance. It helps acquirers to target firms that are more compatible with them (King et al., 2021; Rabier, 2017; King et al., 2008). With these concepts an assessment can be made of how well the firms in the acquisition were compatible with each other based on the characteristics of the firm. Furthermore, these concepts can help understand possible differences in B-corps targeted when going through the MNC’s history of such acquisitions.

### **2.2.2.1 Industry and product Relatedness**

With I&P relatedness it is meant how related the organizations' industry and products are (King et al., 2021; King et al., 2008). The M&A research shows that more relatedness between acquirer and target firm increases the likelihood of better acquisition performance. Therefore, a MNC acquiring a B-corp that is more related would, according to theory, have a better chance at a successful integration of CSR practices.

### **2.2.2.2 Acquirer acquisition experience**

King et al. (2008) identifies the acquirer's acquisition experience as a concept influencing the performance of the acquisition. The concept is measured by the number of acquisitions done by the acquirer in a specified time frame (King et al., 2021; King et al., 2008). This experience would allow for a better assessment of the compatibility between acquirer and target firm, increasing the chance of integration (Zollo & Meier, 2008; King et al., 2008). Therefore, MNC having experience with M&As have a better chance to have a well performing acquisition in general. Furthermore, taking into account the acquirer's experience of B-corp acquisition, could also provide insight into B-corp acquisitions that led to CSR practice integration. As, according to the reasoning in theory, more experience with such specific contexts would increase the chance of successfully acquiring a B-corp (Kirst, Borchardt, Carvalho & Pereira 2021; King et al., 2021; King et al., 2008).

## **2.3 CSR compatibility**

The influence of CSR and whether or not it is of importance in the context of M&A has been largely undocumented (Kun et al., 2021; Chen et al., 2019; Wickert et al., 2017). One of few notable studies on this topic has been done by Wickert et al. (2017). Focusing on the phenomenon of buying CSR and using organizational identity as a predictor for CSR practice adoption. Hence, their research is a step in understanding how CSR practices can integrate with regard to M&A. Since there are few other papers that have taken this idea further, there is little literary background to outline specific concepts that are of importance. However, the literature does show that there are influences that lead to cases where CSR practices are, or are not, adopted after an acquisition (Wickert et al., 2017). This research studies these influences further by looking at MNCs acquisitions of B-corp over time, making it possible to gain an understanding of the integration of CSR practices and what influences that integration. With the suggestion in mind by Wickert et al. (2017) to explore the role of CSR more in M&As where CSR seems to be a key focus. As a result, a before unused concept of CSR compatibility is incorporated in this research. As a means to co-determine pre-existing characteristics that could influence why some B-corp acquisitions lead to post-acquisition CSR practice integration in MNCs, and why some do not.

To this end, CSR compatibility is determined based on two concepts. First, organizations are ranked based on their CSR scores. MNCs are, and so are B-corps. Comparing these scores could provide insights

into whether the CSR of MNC and B-corp is compatible. CSR scores are based on categories derived from CSR theory e.g. environment, social, society, governance (B Lab, n.d.; Voegtlin & Scherer, 2017). Keeping in mind that B-corps operate on a higher CSR standard compared to the MNCs, this comparison could provide insights into the influence of CSR compatibility as MNCs could score particularly low for example. The second concept is acquirer CSR R&D. This is a concept from M&A literature to determine pre-existing compatibility between R&D projects in acquisitions (King, Slotegraaf & Kesner, 2008). In this research it is adapted to determine pre-existing investments, efforts, plans that the MNC has made in the past to develop its CSR practices, which could improve their CSR compatibility with the B-corp.

### **2.3.1 Corporate social responsibility and B-corp**

CSR is defined in the literature as “Actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams & Siegel, 2001, p. 117). Although different definitions are available, they all share that it must go beyond the legal requirements for responsible acting. In this definition the ambiguity of CSR is also portrayed in the phrase “some social good”. This vagueness has led to different approaches in practice and has allowed for the claim that 80% of fortune 500 companies are engaging in CSR (Berkey, 2014). The reason being that philanthropy is also seen as CSR (Berkey, 2014; Waddock, 2008). B-corps have a different view on this, as they take a holistic approach towards CSR, the whole organization should operate with those ideas in mind (B Lab, n.d.; Kirst et al., 2021).

In literature, CSR is aimed at environmental, social and corporate governance responsibility (Revinitiv, 2022; Voegtlin & Scherer, 2017). And these categories can be used to evaluate an organization's CSR performance. It is dependent on the organization/institution attributing the CSR score, how an organization is evaluated. As there is no common CSR standard that everyone measures with. In this research, the databases of Refinitiv are used to find CSR scores on the MNCs (Refinitiv, 2022). Refinitiv is a leading analytical source which collected data on environmental, social and governance (ESG) practices by the MNCs, and combined them in a database for comparison. B Lab (n.d.) have an assessment tool based on the CSR values called the “B Impact Assessment” (Measure What Matters Most | B Impact Assessment, (n.d.). This tool measures five categories labeled; Governance, Workers, Community, Environment and Customers. They represent the same CSR values as Refinitiv measured but B Lab holds their evaluatees to a higher standard than Refinitiv (B Lab n.d.; Kirst et al, 2021). It is difficult to assess to what degree a comparison between the scores will inform CSR compatibility. Although B-corp and Refinitiv assess the same categories, they hold their evaluatees to different standards. It is therefore likely that the MNCs can be compared to each other through Refinitiv (2022) to determine their relative CSR performance. The B Lab certification that the B-corps have would then be a “golden standard” that a MNC can be closer to or further

away from. Which would inform CSR compatibility between the B-corp and MNC as it is a measure of the efforts the MNC has been making.

### **2.3.2 Acquirer CSR R&D**

This concept is traditionally used to measure investments in R&D to estimate compatibility in acquisitions (King et al., 2008). However, for the purpose of this study that focus is shifted to CSR. This provides insights into the steps and investments that a MNC has been making regarding future CSR development. While this concept has not been applied as such in other research, it could benefit the analysis in this study. The reasoning behind the concept is applied, more investments in CSR R&D by the MNC, especially if it aligns them better with B-corp CSR practices, leads to better post-acquisition B-corp CSR practice integration (Zollo & Meier, 2008; King et al., 2008). In this way, this concept contributes to an assessment of CSR compatibility between the two organizations. Which further informs how CSR compatibility influences acquired CSR practice integration.

### **2.3.3 CSR comparison**

The reason CSR compatibility is arguably important for this research, although a comparison is not straightforward, is because of the ambiguity surrounding the concept (Berkey, 2014; Waddock, 2008). As a result, the current and future plans the MNC has for CSR could differ substantially from how the acquired B-corp is engaging CSR and plans to develop it. The possibility exists that the MNCs have CSR goals that align with B-corp CSR goals. However, this is likely not always the case in an acquisition. In order to explain why in some cases CSR practices were successfully integrated and in some not, CSR compatibility should be taken into account. As more compatibility between the MNC and the B-corp would indicate better integration (King et al., 2021; Zollo & Meier, 2008). Therefore, this will help explain CSR practice integration

## **2.4 Acquisition motivation**

Although linking motives to post-acquisition performance is described as a long-standing issue by Rabier (2017), gaining an understanding of the motives behind an acquisition can contribute to understanding post-acquisition integration. The reason being that the papers by Rabier (2017) and Calipha et al. (2010) outline that acquisitions motivated by more implicit, difficult to measure goals are capable of achieving higher performance when successful. The main critique on the use of acquisition motivation in literature is that it does not appear relevant in short-term numerical measurements of acquisition performance (Rabier, 2017; Calipha et al., 2010). However, since CSR purchasing can be described as the type of goal Rabier (2017) was describing, it is relevant to involve acquisition motivation in this research

to determine its influence on the integration of these practices (Zollo & Meier, 2008). In conceptualizing acquisition motivations it is relevant to underline that they embody the future. The goals and purpose of the acquisition in the short-term and the long-term.

The paper by Rabier (2017) describes two goals to motivate acquisitions; “operating synergies” and “financial synergies”. They embody all traditional motivations that organizations have for acquiring another firm: Aiming for operating synergy in an acquisition can be roughly understood as being motivated to gain value through creating products together or jointly innovating. Attempting financial synergy aims to increase value through financial benefits that are a result of the acquisition e.g. diversifying the MNC’s portfolio (Rabier, 2017).

In the following paragraphs these motivations are explained further. Rabier (2017) used them to relate acquisition motives to the distribution of post-acquisition performance. The literature shows mixed results from firms adhering to either motivations (Rabier, 2017; King et al., 2004). Some find operating synergies outperform financial synergies, but the inverse is also found (Rabier, 2017). However, this can be explained by the focus on financial markers to inform these results, making their “mixed” support less relevant for this research. To mitigate this further, both are included in this research. Operating synergies are criticized for being more difficult to implement and value than financial synergies for example (Ravenscraft & Scherer, 1987; Chatterjee, 1986). However, Rabier (2017) adds that, compared to financial synergies, operating synergies are more likely to provide highly positive or highly negative results. A “high risk high reward” (or loss) reasoning appears to hold true, as operating synergies often yield extra uncertain results compared to financial synergies. M&A researchers attribute this to the higher complexity of achieving operating synergies (Rabier, 2017).

The reason why taking into account acquisition motives is relevant in this research, despite the literature emphasizing the ambiguity involved, is because purchasing CSR as a social technology is highly tacit (Waddock, 2008). Therefore, it is relevant to take into account what goals motivated the B-corp acquisition. As the MNC has to recognize the holistic CSR standard that B-corp practices and be willing to work with that if they aim to achieve CSR practice integration. Therefore, in determining the influence of acquisition motivations in this research, a distinction is made between CSR related motivations expressed by the MNC and acquisition motivations unrelated to CSR. Where motivations unrelated to CSR embody the influence of traditional acquisition goals; operating and financial synergies. And CSR motivations represent the influence of the MNC’s goals to acquire a B-corp for its CSR as a social technology.

### **2.4.1 Operating and financial synergies**

The motives to attain operating synergies are based on aiming to cooperate in operating with the acquired firm to achieve more value (Rabier, 2017). For example, joining resources, acquiring expertise and developing new products together. The literature recognizing the benefits of operating synergies in M&A is well established (Capron, Dussauge & Mitchell, 1998; Rumelt, 1974, 1982). Finding that organizations acquired with operating synergies as a motive experience higher performance. The reason being that operating synergies allow the organizations to achieve unique resource and capability combinations (Rabier, 2017).

The motives to attain financial synergies are based on aiming to combine financial structures to create value between acquirer and target (Rabier, 2017). Examples being; tax savings, access to capital markets and diversification of cash flows. In the literature, acquisitions motivated by such goals are associated with short-term gains, or losses, and a shallow involvement in the target firm (Rabier, 2017). They regard explicit, financial interests that are less complex to identify, realize and measure compared to operational synergies (Rabier, 2017). Therefore, when a majority of financial synergy motives for acquisition are encountered, it is likely that CSR practice integration was not of high interest to the acquirer. As they were mainly looking to take advantage of the target firms financial benefits. Meaning that it can help to understand why a B-corp acquisition did not lead to CSR practice integration in the MNC for example.

These categories would help identify a MNC's motives to attain "normal" operational and financial synergies with the B-corp would provide insight into the larger goal the MNC had. Therefore, further contributing to an understanding of CSR practice integration in the cases.

### **2.4.2 CSR synergies**

The CSR experience of a B-corp could be categorized as a social technology that an acquirer could be interested in. Therefore, this research takes the aim to achieve a CSR synergy as a distinct motivation into account. Where CSR synergy would embody the MNCs aim to use the acquired B-corp CSR practices to further integrate and develop them. Although not clearly specified, the literature would logically categorize CSR synergies as part of the operating synergy motivation (Rabier, 2017; Capron et al., 1998). However, this research takes the motives to attain CSR synergy separately to better determine its influence on CSR practice integration. Finding for example that a MNC's acquisition of a B-corp is motivated by a goal to further develop its own CSR goals, would help to understand how CSR practice integration in the MNC is influenced by acquisition motivations.

By taking into account both these acquisition motivation categories, i.e. CSR synergy motives and motives unrelated to CSR, the motivations identified for B-corp acquisitions in this research can be put into

context. As a result, this influence on CSR practice integration in the MNC can be determined more accurately.

## 2.5 Conceptual model

In figure 1 the conceptual model is depicted. It shows how the theoretical concepts layed out in this chapter relate to the integration of B-corp CSR practices in the acquiring firm. The lower level concepts that are incorporated in these overarching concepts, are not depicted to clearly convey the main influences. The organizational compatibility and CSR compatibility between acquiring and target firms is assumed to have an influence on the integration of CSR practices. Besides those influences, the motivation for acquisition is also deemed to have an influence on the integration of CSR practices. An important note, further elaborated in the methodology chapter, this model is applied to every B-corp acquisition the MNCs have made. Also how these concepts and influences are measured is further discussed in chapter three.

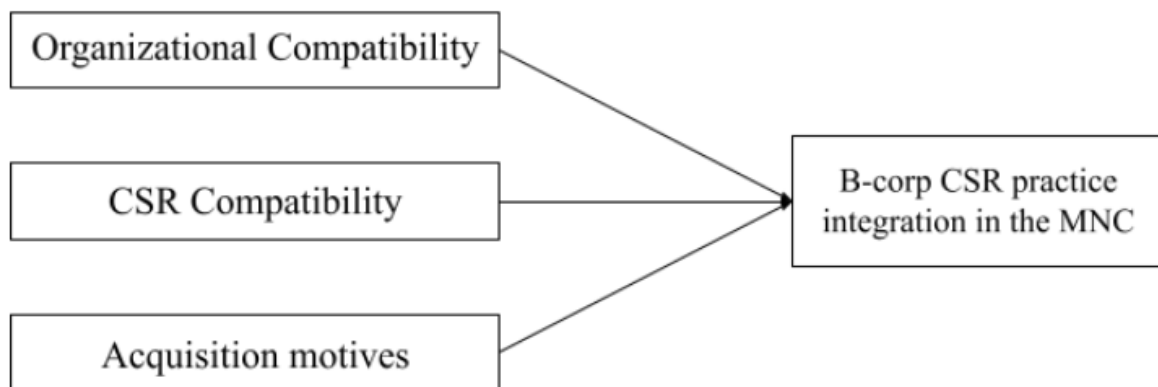


Figure 1: Conceptual model



## 3 METHODOLOGY

In this chapter the methods appropriate for this research are outlined. In the first paragraphs the broader methodology is addressed. Explaining the overarching ideas to provide context to the methods used in this research. Continuing to work towards the specific methods appropriate to conduct this research. Furthermore, the research itself is evaluated by elaborating on the quality criteria, ethical implications and limitations of the research.

### 3.1 Comparative case study research

The research goal is addressed via a comparison of cases informed by qualitative data and theoretical logic. The reason being that qualitative methods are useful to explore ideas in social settings that could be difficult to measure quantitatively (Babbie, 2016). Concretely, the methodology is guided by the Eisenhardt method (Eisenhardt, 2021). The Eisenhardt method is a long-standing guide on using cross-case study analysis for the purpose of theory building that has guided many researchers (Eisenhardt, 2021; Eisenhardt, 1989). The main arguments for using this method lie in the nature of the research focus. As shown, this research addresses a topic that has undergone little study so far, a desired setting when guided by the Eisenhardt method (Eisenhardt, 2021). While Eisenhardt (2021) states that data collected on the cases can be based on multiple types of data and research procedures, she does state that her method is particularly useful for theory building with qualitative methods and cross-case comparison.

For her method, Eisenhardt (2021) underlines the importance of existing theoretical logic to provide boundaries as part of theory building. The research can be placed into a research context of M&A and CSR literature, the combination is arguably innovating to the research fields as outlined in chapter two. In order to make sense of this context, the Eisenhardt method (2021) is appropriate. Since there is little theory on CSR practice integration as a result of acquisition, this research would contribute to forming theory in this field. Furthermore, the method suggests that the use of multiple cases is an appropriate way to reach this goal. This also fits well with the gap this research addresses. Namely, established research fields that have not yet substantially studied an emerging, trending phenomenon in practice.

Furthermore, the aim to compare the multiple cases in order to come to conclusions is also advised by the Eisenhardt method (Eisenhardt, 2021). If these cases are carefully selected with an eye for common antecedents and polar types, it has a better chance to lead to logically sound results. As the following paragraphs will show, this research studies cases that Eisenhardt (2021) would describe as a comparison between matching pairs of a polar type. Four cases, that can be seen as two pairs that are alike and have contrasting characteristics to the other pair. Along with the arguments grounded in literature that the

relationships in the theoretical framework will hold, this should lead to results capable of answering the research question.

### 3.2 Case selection

In this research, cases are selected in line with recommendations by Eisenhardt (2021). The largest common denominators between the cases are that they are MNC, have acquired B-corps and operate in the fast-moving consumer goods industry (food, drink, shampoo etc.). These MNCs are Danone, Nestlé, AB Inbev and PZ Cussons. Danone and Nestlé have been able to sustain the B-corps they have acquired while AB Inbev and PZ Cussons have not or to a far lesser extent. This forms the basis of the case comparison in the research. Furthermore, each specific acquisition is looked into. Therefore, the unit of analysis is each case of individual B-corp acquisition that these MNCs have made. Table 1 gives a summary of the cases and their acquisitions.

*Table 1: The cases and their acquisitions*

MNC	Acquired firms	Date of acquisition	B Corp status prior to the acquisition	B Corp status post-acquisition
 Nestlé	Garden of Life (Atrium innovation)	07/12/2017	Yes	Yes
	Essential Living Foods (Terrafertil)	04/09/2018	Yes	Yes
	Lily's Kitchen	01/04/2020	Yes	Yes
 Danone	Happy Family	13/05/2013	Yes	Yes
	Alpro	07/07/2016	No	Yes
 Ab Inbev	4 Pines Brewing Company	22/09/2017	Yes	Yes
 PZ Cussons	Five:am	08/08/2014	No, became a B Corp while acquired	Sold and lost B Corp status

These cases have been identified through data.world inc and B Lab (B Corp Impact Data, 2021; B Lab, n.d.).

### **3.3 Concepts and data collection**

In the following paragraphs the concepts put forth in the theoretical framework are operationalized in order to show how they are observable and measurable. Furthermore, an explanation on what data will be collected is provided. An in depth reflection on the data collection methods is elaborated on in the triangulation (3.4) and data analysis sections (3.5). Table 2 provides a summary and oversight of the concepts, their theoretical sources, their operationalization and data sources. CSR practice integration is not included in table 2. Furthermore, appendix 1 is a combined data and code book. It contains data on compatibility and depicts code trees that show the way quotes on acquisition motivation and CSR R&D were interpreted. Appendix 2 contains a contextual code book, containing all used data to further inform the concepts with a reference list to find the sources. Both appendices are separate files outside this paper.

#### **3.3.1 CSR practice integration**

As is outlined in the theoretical background; post-acquisition integration is part of M&A performance measures. M&A integration was defined as “the multifaceted, dynamic process through which the acquirer and acquired firm or their components are combined to form a new organization” (Graebner et al., 2017). However, this exact definition is difficult to operationalize in this research based on secondary data. Therefore, in this research, when the following criteria are met, it is assumed that CSR integration has taken place. If a MNC chooses to acquire one or more B-corps, successfully sustains the B-corp status of these acquisitions over time and attempts to spread B-corp CSR practices among its other subsidiaries, it is successfully integrating CSR practices. With this operationalization, it is assumed that if a MNC elects to repeat a B-corp acquisition, it must be a result of a positive experience grounded in the definition by Graebner et al. (2017). But, this would not be enough to determine integration, only that the MNC is able to sustain the B-corp within its subsidiary group. The necessary data to establish these acquisitions originates from the data.world inc database and B Lab (B Corp Impact Data, 2021; B Lab, n.d.)

#### **3.3.2 Organizational compatibility**

To gain insights into organizational compatibility, MNC’s annual reports, acquisition press releases and media analysis of prominent business and financial news sources are used. Via these sources, data can be collected and triangulated on the lower-level concepts that organizational compatibility consists of. Organizational compatibility is therefore understood as the combination of contextual compatibility and firm specific compatibility. Which each consist of concepts to operationalize them.

### **3.3.2.1 Contextual compatibility**

Consisting of national cultural distance and geographical distance. National cultural distance is understood through the six dimensions of Hofstede (2011). Consisting of (1) individualism vs. collectivism, (2) power distance, (3) masculinity vs. femininity, (4) uncertainty avoidance, (5) long-term orientation and (6) indulgence. Each country has a score relative to other countries on these dimensions of national culture (Hofstede, 2011; *Home - Hofstede Insights Organisational Culture Consulting*, 2022). The influence of national cultural distance (NCD) between the organizations involved in the acquisition will be based on the countries that they are in. As there is no benchmark for what constitutes absolute high or low NCD, this is based on a comparison between the cases and the influences that are found in the data that inform the impact of NCD. As a result of the case comparison, the acquisition cases' NCD is attributed to low, medium or high. Similarly, for geographical distance; the physical distance between the countries in which the organizations are based is used to determine geographical distance (Basuil & Datta, 2015). Where acquisitions between organizations in farther apart countries are disadvantaged compared to organizations in acquisitions closer together. However, also no absolute benchmarks exist, therefore the distance's relative importance is taken into account. Organizations based on different continents is considered high distance, on the same continent medium distance and neighboring countries are considered to have low distance. The data on these concepts will be collected through the *Home - Hofstede Insights Organisational Culture Consulting* (2022) website where the scores on the dimensions per country can be found.

### **3.3.2.2 Firm specific compatibility**

This concept consists of the lower-level concepts industry and product relatedness, and acquirer acquisition experience (King et al., 2008). Firstly, Industry and product relatedness is understood as the similarity between organizations' industry and products. Made measurable by comparing SIC codes that frame the industry or industries the organizations are involved in. SIC codes for the MNCs were found via the Refinitiv (2022) database. The B-corps SIC codes were found through the Orbis database (Bureau van Dijk, 2020) which contains detailed information on private organizations. Similarities between the organizations' SIC codes are interpreted as increased organizational compatibility. Where I&P relatedness between the organizations is judged as high if the industry and products are similar or the same. Medium, if the industry is the same but the products are unfamiliar to the MNC. And low when the industry and the products are unfamiliar to the MNC. Secondly, acquirer acquisition experience is understood as; MNCs that have previous experience with B-corp acquisitions. Where more B-corp acquisitions would mean more experience with them. The relevant time frame for this experience would be whenever the first B-corp is acquired. Furthermore, acquisition press releases and the annual reports are used to determine when these

acquisitions took place. Also, they could provide insight into the nature of the experience, helping to understand acquisitions (or lack of) thereafter.

### **3.3.3 CSR compatibility**

CSR compatibility consists of two concepts. First, for CSR scores, databases have been chosen. The Refinitiv Environmental, Social and Governance (ESG) database (Refinitiv, 2022) contains data on MNCs CSR scores. And the B-corp impact data, containing the B-corp category scores, made available through data.world (B Corp Impact Data, 2021).

To get insight into CSR compatibility, the Refinitiv (2022) ESG database is used in this research that evaluates MNCs CSR on three grounds. They are rated on social, environmental and governance. With this rating, a comparison can be made between the MNCs in order to determine their relative CSR scores in the fast-moving consumer goods industry (FMCG). The B lab categories and scores that B-corps have is available through data.world inc and B Lab (B Corp Impact Data, 2021; B Lab, n.d.). B-corps are evaluated based on 5 CSR categories by B Lab that originate from the same basis as the Refinitiv categories. Which are; governance, workers, community, the environment and customers (B Lab, n.d.). The B-corp is then used as a benchmark that a MNC can be relatively close to compared to peers in their industry. The determination of low and high ESG scores are derived from the FMCG industry average score, which is 71.66 out of 100 (Refinitiv, 2022). When the ESG score is around the average, it is assumed that no particular influence on CSR can be observed from the CSR scores. If the MNC has a very high ESG score it is then considered to have a better CSR compatibility with a B-corp compared to a MNC with a low(er) ESG score. If an MNC scores a low ESG score, it is considered to have decreased CSR compatibility with a B-corp.

Second, acquirer CSR R&D is operationalized as investments and efforts that an MNC has made to develop its CSR. This will be determined through the annual report where the MNC could report things such as investments to improve business processes, or develop certain CSR values further. Very long-term CSR related ambitions (e.g. for 2050) are disregarded as they are deemed too fluid to relate to specific actions. However, CSR goals between two to ten years are taken into account. As they would warrant tangible actions from the MNC. In the results CSR R&D is categorized as low, medium or high based on the data analysis and the comparison between the cases. A code tree operationalizing CSR R&D is included in appendix 1.

### 3.3.4 Acquisition motives

To determine acquisition motives, data is collected from acquisition press releases, annual reports and a media analysis of prominent financial and business news sources. These sources will allow for a triangulation of the motivations expressed in the acquisitions made by the MNCs.

The acquisition motives are operationalized as; motives to attain CSR synergy and motives unrelated to CSR. In unrelated motives, the distinction is made between operational and financial motives to account for their separate influence. Operational motivations are understood as the aim to cooperate with the acquired firm on an operational level, e.g. joint product development, joint R&D (Rabier, 2017). It is measured in the data by expressions that involve terms such as; cooperation, support, development, jointly, etc. Financial motivations are operationalized as aims to acquire a firm for financial advantages, e.g. access to capital markets, diversifying cash flows (Rabier, 2017). They are distinguished in the data by terms such as; expanding portfolio, increasing growth, taking advantage, uninvolved, autonomous, etc. CSR synergy motives are operationalized through statements that indicate that the MNC was motivated to acquire the B-corp to benefit from its CSR. Specifically, statements that indicate seeing the B-corp's CSR experience as a transferable social technology. However, also statements that express valuing the B-corp's CSR practices, or values in general.

Determining which acquisition motivations are present and to what degree in each embedded B-corp acquisition, is a process of comparing statements that directly inform motivations along with overall contextual data. In that way triangulating the motivations involved in the acquisition and their relative importance. For example an acquisition can be considered to have had high CSR motivations when clear references are made to the value and usefulness of the CSR aspects of the acquisition. This could positively influence CSR practice integration. Furthermore, when no clear references are made to the acquisition's CSR aspects besides indicating that B-corp's CSR practices are valuable this is considered medium. As the MNC would recognize the value without indicating that there are plans to do something with them. This might result in little influence on CSR practice integration. However, the analysis will provide further insights on this. Low CSR motivations would be when there are little mentions of CSR in the data sources, especially if there is a high focus on motivations unrelated to CSR. This could have a negative influence on post-acquisitional practice integration. A code tree operationalizing acquisition motivations is included in appendix 1.

Table 2: Concepts, sources and operationalization

Concepts	Mid-level concept (if applicable)	Lower-level concepts (if applicable)	Theoretical source	Operationalization	Main Data sources
Organizational compatibility	Contextual compatibility	1 National cultural distance (NCD) 2 Geographical distance (GD)	Hofstede (2011)  (Basuil & Datta, 2015)	The degree to which organizations are similar in their national cultural norms and values. Along with their physical proximity	<i>(Home - Hofstede Insights Organisational Culture Consulting, 2022)</i>
	Firm specific compatibility	1 Industry and Product Relatedness  2 Acquirer Acquisition experience (AAE)	(King et al., 2008)	1 Matching SIC codes and product similarities  2 Number of B-corp acquisitions the MNC has done	1 SIC codes  2 Annual Reports & acquisition press releases
CSR compatibility	X	CSR score compatibility	No direct source, based on insights from Wickert et al. (2017)	The degree to which MNC and B-corp are similar based on their scores on CSR categories	Data.world database Refinitv ESG database
	X	Acquirer CSR R&D	No direct source, based on insights from King et al. (2008)	MNC's current and future investments to further develop CSR	Annual Reports
Acquisition motives	1 Motives to attain CSR synergy	X	1 No direct source, based on (Rabier, 2017).	1 The presence of CSR aspects in MNC statements that express acquisition motive	Acquisition press releases, Annual reports & media analysis
	2 Motives unrelated to CSR	2 Operational and financial synergies	2 (Rabier, 2017; Calipha et al., 2010)	2 Expressing acquisition motivations unrelated to CSR aspects	
Media analysis refers to an analysis of prominent financial and business news sources with the additional goal of adding contextualization					

### 3.4 Data analysis

The data will be analyzed in line with recommendations from the Eisenhardt method (2021). First within case analysis will be conducted. This would be the individual acquisitions that the cases have made. After which a cross-case analysis will be done on the MNC cases. During both these analysis processes, the theory will be compared continuously with the data in order to establish a close fit between the data and the emerging theory (Eisenhardt, 2021). This will lead to the formulation of theoretical arguments on the concepts and their relationships that can explain observed patterns in the data. Furthermore, replication

logic is present in this research due to the nature of the case selection (Eisenhardt, 2021). As it is not fully transparent where the most relevant data on the concepts can be found, this research leaves space to adjust the data collection process based on the findings in the sources during the process.

This research chooses to use secondary data as it allows for the use and interpretation of data across a larger time span. While also providing multiple data sources on the same phenomenon in all cases, allowing for triangulation (Babbie, 2016; Guba & Lincoln, 1989). Specific data sources have been chosen with particular concepts in mind, which will be elaborated on further in the data collection section. However, the data will provide insights on multiple concepts.

This type of data is also particularly useful when taking into account a long timeframe (table 1), as this research does (Barnes, Dang, Leavitt, Guarana & Uhlmann, 2018). Secondary data allows for an investigation of events after they have happened, by interpreting what was documented at the time.

Furthermore, as there is little research done on this topic, the secondary data allows for a review of more of the cases and data to see if there is merit in the concepts that are created or used for this research goal (Barnes et al., 2018). While also allowing for better analytical generalizability of the research outcome (Tsoukas, 2009). Furthermore, the article by Barnes et al. (2018) notes that when using secondary data, it should be kept in mind that it has to fit the constructs of the research. That has been taken into account for this research, as the concepts put forth in chapter 2 have been evaluated on the possibility to measure them through the secondary sources. These sources are explained further in the following paragraphs.

### **3.5 Triangulation and contextualization**

The data for this study is sourced from existing CSR databases, annual reports, acquisition press releases and media analysis. These are multiple sources which will provide overlapping data through different focuses and perspectives on the same phenomenon. This setting allows for triangulation to increase the validity of this research (Babbie, 2016; Guba & Lincoln, 1989). Furthermore, the data is collected on the individual acquisitions. Therefore, the MNC and the B-corp are within the context of the data collected on the acquisition. The secondary data will contain large amounts of information that is not all relevant to this research, however, by structurally working through all the data sources for the acquisitions over time, a contextualization is developed for each MNC which informs the development that the MNC has gone through over years. While the data indicates more specifics during the times of an acquisition, the differences between the years of the acquisition also allow for the creation of a timeline that shows a more general development. Also, this allows aspects that are encountered during the data collection and analysis which were not taken into account to be incorporated into the findings.



### **3.6 Research quality**

To reflect on the quality of the research, the quality criteria for qualitative research put forth by Guba and Lincoln (1989) will be used. These are; credibility, transferability, dependability and confirmability. Credibility regards the trustworthiness of the research, whether or not sufficient measures have been taken to demonstrate truth in the findings. Dependability is concerned with the consistency of the findings and interpretations if the research were to be repeated. Transferability aims to check whether or not the research set-up would be applicable to other contexts. And confirmability seeks to verify how the data was interpreted by the researcher. These quality criteria were originally devised with participants in mind e.g. interviewees. However, that is not applicable for this research based on secondary data. The concerns that the quality criteria address are taken into account in a way that is applicable to this research.

In order to improve the credibility of this study, multiple data sources have been chosen that will overlap in the data collected on the concepts in the different cases. This overlapping data from different sources on the same phenomena allows for triangulation in this research which will improve the credibility (Babbie, 2016; Guba & Lincoln, 1989). Also, the two versus two case design contributes to this by having a setting in which two poles are compared. Furthermore, the use, but also limitation of secondary data are reflected on which improves on the credibility of the research.

By describing the cases and the research context in as much detail as possible, this study also aims to take transferability into account (Guba & Lincoln, 1989). Allowing other researchers to judge the context and decide its applicability to other contexts. Confirmability is addressed in a similar manner. With detailed description and explanation of the data and its collection, interpretation and formation into conclusions.

Dependability is taken into account by addressing in the discussion chapter, possible changes in the concepts or data collection during the research. A full diary, as suggested by Symon and Cassell (2012), is deemed unnecessary to convey such decisions in this research setting.

### **3.7 Addressing ethical implications**

When referring to ethical implications in research, the focus is put on interactions between the researcher and people. However, there are ethical considerations to be made regarding the framing of organizations in this research. This would reflect onto people and must therefore be considered. It cannot be excluded fully for example that certain aspects of how a MNC is framed in this research are a result of incomplete insights due to the nature of the data. This will be attempted to be minimized by limiting the uses of assumptions or insinuations when data sources are inconclusive or lacking. Further ethical considerations for this research lie in the conscious approach to the nature of secondary data. Being aware of who collected it and why when using it, is part of proper ethical conduct. For example, the annual reports

are likely colored to make the MNC come out favorably in the perspective of shareholders. Via triangulation the subjective nature of some of the data can be made objective or more objective. Furthermore, this research looks at acquisitions that have taken place some years ago, circumstances may have changed and behaviors altered. Meaning that there is a possibility that events occurring in the present and future may not be in line with the findings the data of the past suggests. Lastly, the databases and certain newspaper articles consulted for data on the acquisitions were only accessible with subscriptions. Especially many parts of relevant newspaper articles are included in the contextual data book. Therefore, in line with ethical considerations, the contextual data book should only be included to a reader when necessary and not made public.

## 4 RESULTS

In the following chapter, the results of the data analysis are described. First the MNCs are discussed individually. Their timeline is shown to help understand trends the MNC has gone through in the past years. Along with the timeline, a matrix is shown to provide an oversight of the MNC and its acquisitions. Then the acquisitions are discussed in more detail to come to a deeper understanding of the events on the timeline. In discussing the cases, quotes are used to illustrate and underline the results. With this process a context is built to understand the MNC, its acquisition(s) and their results. When (. . .) is encountered in quotes, words or sentences were chosen to be left-out to reduce the inclusion of irrelevant redundancies. Left-out words are still included in the contextual code book (Appendix 2). Second, when all cases and their timelines are individually explained, they are compared to one another to present more aggregated results. Therefore, the case results are interpreted relative to the results of the other cases. The results of the case comparison will provide insights that build the answer to the research question. Quotes used to illustrate findings originate from the data book included in the appendices. They are referenced in the text with a mention of the source and corresponding number e.g. (1.2.6), which directs to a section in the contextual data book (Appendix 2) where the exact origin of the data can be traced

### 4.1 Danone

Figure 2: Danone's Timeline

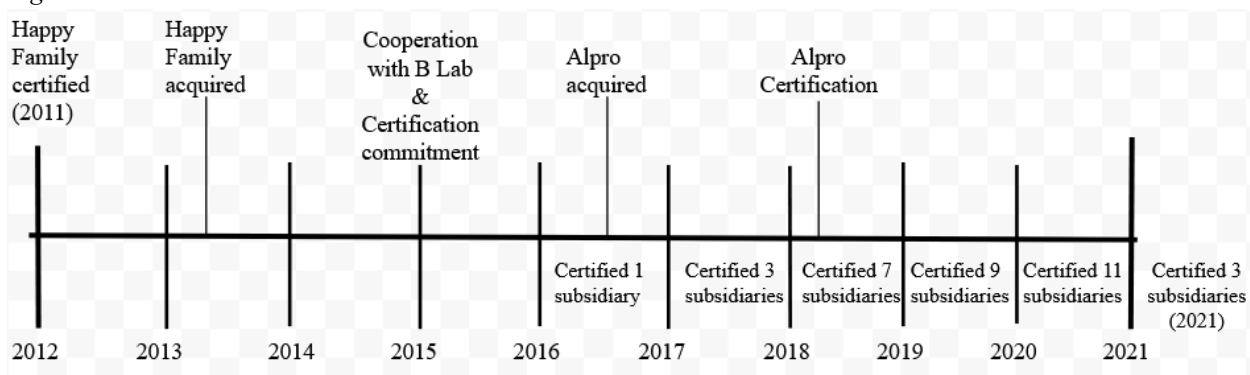


Table 4: Danone acquisitions

Concepts		Happy Family	Alpro
Organizational compatibility	Contextual compatibility	*NCD: HIGH Geographical distance: HIGH (Different continents)	NCD: LOW Geographical distance: LOW (Neighboring countries)
	Firm specific compatibility	I&P Relatedness: HIGH Acquirer acquisition experience: NONE	I&P relatedness: HIGH Acquirer acquisition experience: ONE
CSR compatibility		CSR scores: HIGH Acquirer CSR R&D: HIGH	CSR scores: HIGH Acquirer CSR R&D: HIGH
Acquisition motives	CSR motives	HIGH	HIGH
	Other motives	HIGH	HIGH

\*National Cultural Distance

The timeline of Danone in figure 2 shows a tipping point. From 2016 on, Danone is certifying subsidiaries as B-corps at an increasing pace. The origins of which lie in their 2015 public statement to become a B-corp by 2025. “Since 2015, Danone has partnered with B Lab to help define a meaningful and manageable path to certification for multinationals and publicly traded companies, our ambition is to be fully certified across the company by 2025” (1.1.1). Furthermore, in 2001 Danone introduced the “Danone Way” program. Their annual reports explain, they challenge their subsidiaries to evaluate themselves, along with a third party, and report on their environmental, social and governance (ESG) impact (1.1.5). These two commitments provide good context for understanding the results, broadly shown in table 4. As these commitments indicate long-term goals to develop their CSR. The results are further explained via the acquisitions shown on the timeline:

#### 4.1.1 Happy Family

Happy Family is a US based producer of organic infant and child foods that was acquired by Danone in 2013 and had been a B-corp since 2011. Their CEO expressed a long-standing interest in a newspaper interview to be acquired by Danone: “I knew that at one point we would want to bring on a major partner to take the business to the next level . . . she said, adding that Danone's focus on health and social responsibility made it an optimal fit” (1.2.10).

The indication of an optimal fit is also suggested by the data on organizational compatibility. The SIC codes (Appendix 1) provide good insight into compatibility on the organizations’ industry and product relatedness. Both are active in the fast-moving consumer goods (FMCG) industry with dry, condensed and

evaporated dairy products, i.e. infant/child nutrition. Only the specific products differ somewhat. Happy Family is exclusively focusing on organic and healthy products, while Danone's products are less health focused at this point in time. Therefore, they have a high industry relatedness.

The national cultural distance (NCD) between France and the US differs (+/- 20 points) among all categories. The largest discrepancies exist between uncertainty avoidance and long-term orientation (+/- 40 points). These are the largest overall differences among all the cases in this research. Therefore, the NCD is relatively high, although the data does not indicate that this has any influences. The organizations also have a large physical distance between them. Theoretically, this could disadvantage their compatibility, as outlined in the theoretical framework. However, no data was found to support this theory. Lastly, Danone has had no B-corp acquisition experience. However, this does not seem to have impeded Danone's increasing commitments to B-corp certification, as the timeline shows.

Danone's efforts to develop CSR practices (CSR R&D) have already been mentioned in Danone's introductory paragraph. At the time of the acquisition, the Danone Way program had been developing for 12 years. This seems to have aligned Danone and Happy Family for the acquisition. All sources indicate a good CSR compatibility. In newspaper articles, Happy Family themselves speak of an "optimal fit" (1.2.10) and "a match made in heaven" (1.2.7). In a news article, Danone's infant nutrition division states: "Building on a business model that has proven its effectiveness, we plan to step up the development of Happy Family and its brands." (1.2.9).

At the time of the acquisition, Danone scored 85.5 out of 100 points in the Eikon environment, social and governance ranking (ESG). Scoring well above the FMCG industry average of 71.16 points (Appendix 1). Indicating that they are putting some of the highest efforts towards developing CSR practices in the industry. Improving the CSR compatibility with Happy Family's high B-corp CSR practices.

Continuing with the acquisition motives. The data shows a strategic move in the interest of both organizational gains and CSR goals. Danone's annual report and a newspaper show that they used Happy Family to get a foothold in North America: "Danone, then, acquired in 2013 companies in the United States . . . Happy Family in order to enter the dynamic organic baby food segment" (1.2.1). "The United States is one of the countries on which he bases his greatest hopes for growth" (1.2.8). The following quotes from a Danone press release shows the deeper involvement both parties had in mind:

"We plan to step up the development of Happy Family and its brands," said the Executive Vice-President of the Danone Baby Nutrition division. "By joining Danone, Happy Family will benefit from the expertise of a major international group, in particular for distribution and its renowned R&D capabilities." (1.2.6)

“We are thrilled, as this agreement will allow us to further our goal of providing organic nutrition to more children, both by making our products more available and by continuing to provide new innovations to the baby and toddler category’, said Shazi Visram CEO of Happy Family” (1.2.6).

These quotes show that motivation for CSR synergies and other synergies are often closely linked in this acquisition. Danone interestingly does not mention that they acquired a B-corp or even aimed to acquire a B-corp. However, the data does suggest that the Happy Family acquisition directed Danone’s efforts to improve their CSR towards B-corp. As Danone commits in 2015 to becoming fully certified (1.1.1).

#### **4.1.2 Alpro**

Alpro is a producer of plant-based dairy products that was acquired by Danone in 2016, when they had no B-corp certification. However, in 2018 Alpro gained a B-corp certification. Therefore, by definition this is not a B-corp acquisition. However, since Alpro certified within two years of the acquisition, it can be assumed that Alpro was already closely aligned to B Lab’s values. This acquisition happened after Danone’s commitment to certify all their subsidiaries by 2025. Therefore, this acquisition can be understood in the context of Danone’s long-term plans to develop the whole group’s CSR impact.

The organizational compatibility for Danone and Alpro is high. The NCD between France and Belgium is very low, where long-term orientation is the only score that can be considered different, by 20 points (Appendix 1). Furthermore, they are located in neighboring countries theoretically providing them with several benefits. Again, no data was found to support this theory. When analyzing industry relatedness, this can also be considered high. The SIC codes (Appendix 1) show that Alpro makes plant-based dairy products and Danone makes regular dairy products. In that regard, this acquisition is similar to Happy Family’s acquisition. The industry is the same, the products are similar, but Alpro has a slightly different market compared to Danone at the time of the acquisition. Furthermore, direct influences of Danone’s experience with Happy Family as a B-corp on the acquisition or certification of Alpro could not be found.

In 2015 Danone added the commitment to become fully certified as a B-corp to their CSR R&D (1.1.1). Therefore, further expanding their CSR practices and developing their Danone Way program. Alpro’s acquisition press release shows that Alpro and Danone had a shared vision for the future: “Danone and . . . Alpro have a shared vision of changing the world for the better; a world ready for an Alimentation Revolution to change society and move towards a healthier world by inspiring healthier and more sustainable eating habits” (1.1.2). Working on these commitments would have increased Danone’s compatibility with B-corp CSR values in the years prior to the acquisition.

Continuing with CSR scores. Danone's ESG score has remained similar, little over 85 points (Appendix 1). Still having one of the highest scores compared to peers such as Nestlé. Furthermore, Alpro states that since the acquisition by Danone, their B corp score improved: "In 2018 we received the B Corp certificate, and we now score 106.3 points. In three years we grew from 'great' to 'outstanding' . . . In the Benelux we are in second place in the Foods category." (1.1.11). The quote shows that Danone was able to support and develop Alpro's CSR practices, indicating good CSR compatibility. Also, the multitude of Danone's subsidiaries that were "self" certified as B-corp around this time, indicates that Danone's CSR has become very compatible with B-corp CSR practices.

The acquisition motivations are similar compared to the Happy Family acquisition. A newspaper article shows that Danone was still after fast growing markets closely related to them.

"A unique opportunity to accelerate the positioning of Danone on the products of tomorrow, with the broadest portfolio in terms of biodiversity.' says Danone's CEO" (1.1.9).

"This acquisition is in line with our strategy, which has always been to start from the consumer and heavy consumption trends." A quote from the chairman of Danone (1.1.9).

These quotes show Danone's strategy to shift their portfolio towards high growth consumer trends that are in line with their future CSR goals. As a newspaper states: "In ten years, the group has already undergone a profound transformation" (1.1.9). These quotes also indicate long-term motivations involved with Alpro, and the self-certifications. Lastly, Alpro was certified after the acquisition, but Danone made the commitment to certify subsidiaries before the acquisition. Although it is not directly stated in the data, the timeline indicates plausibility that plans for the short-term B-corp certification of Alpro were part of the acquisition. Meaning that the Alpro acquisition had CSR motivations originating from a long-term plan and vision.

## 4.2 Nestlé

Since 2017 Nestlé has started acquiring B-corps. These acquisitions should be understood in the context of the rebranding strategy they announced at the end of 2017. As a Reuters article describes: "a consumer shift away from junk and sugary foods has led the Swiss company to focus on nutrition, health and wellness" (2.2.3). Also shown by the timeline in figure 3. However, Nestlé appears to keep a degree of distance from their B-corp acquisitions, as illustrated by this Financial Times quote: "would not be fully integrated so as to preserve its (the B-corp) culture and brand image" (2.2.7). With this context in mind, the broad results in table 5 are further explained through the B-corp acquisitions shown on the timeline.

*Figure 3: Nestlé's Timeline*

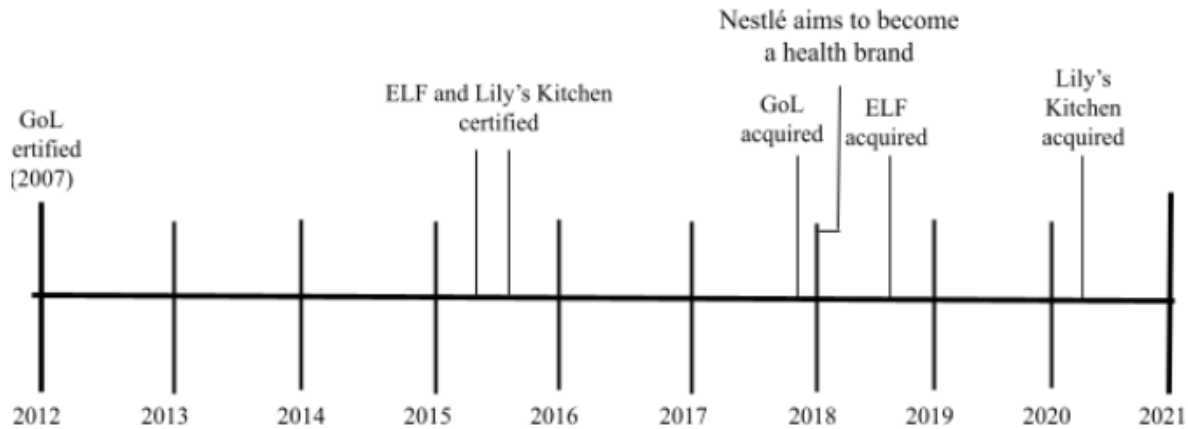


Table 5: Nestlé acquisitions

Concepts		Garden of Life (GoL)	Essential Living Foods (ELF)	Lily's Kitchen
Organizational compatibility	Contextual compatibility	*NCD: MEDIUM Geographical distance: HIGH (different continents)	NCD: MEDIUM Geographical distance: HIGH (different continents)	NCD: MEDIUM Geographical distance: MEDIUM (same continent)
	Firm specific compatibility	I&P Relatedness: HIGH Acquirer acquisition experience: NONE	I&P Relatedness: HIGH Acquirer acquisition experience: ONE	I&P Relatedness: HIGH Acquirer acquisition experience: TWO
CSR compatibility		CSR scores: HIGH Acquirer CSR R&D: MEDIUM	CSR scores: HIGH Acquirer CSR R&D: MEDIUM	CSR scores: HIGH Acquirer CSR R&D: MEDIUM
Acquisition motives	CSR motives	MEDIUM	MEDIUM	MEDIUM
	Other motives	HIGH	HIGH	HIGH

\*National Cultural Distance

#### 4.2.1 Garden of Life (GoL)

Garden of Life is involved in organically sourced dietary supplements and had been a B-corp for ten years when Nestlé acquired them. Nevertheless, the organizational compatibility between the organizations shows to be high. The SIC codes (Appendix 1) show that the industry and products of GoL were familiar to Nestlé, as they had an existing health supplement division that GoL was absorbed into. The National Post newspaper wrote; “Nestle Health Science already sells nutritional products for people with specific medical conditions” (2.2.2). Nestlé’s Annual Report stated; “To extend our consumer healthcare portfolio” (2.2.1). The main difference lies in the following quote from their acquisition press



release: “Garden of Life, headquartered in Florida, manufactures certified organic, non-GMO supplements” (2.2.5).

Furthermore, the NCD shows to be a medium compared to the other cases. The US only has a starkly different score on long-term orientation compared to Switzerland, almost 40 points difference (Appendix 1). This is also the case for geographical distance. At the time of the GoL acquisition, Nestlé had no experience with B-corp acquisitions but no data was found to further inform this observation.

Continuing with CSR compatibility. Nestlé scored 83.88 compared to a 71.16 industry average ESG score (Appendix 1). Ranking Nestlé in the top of the FMCG industry along with Danone. Showing that Nestlé is making above average efforts in their industry to incorporate improvements on their CSR practices. This score indicates that Nestlé has an improved CSR compatibility with B-corps.

When looking at CSR R&D (i.e. efforts that Nestlé makes to improve their CSR practices) the sources show that Nestlé has focused more on individual stand-alone projects. First, Nestlé’s shared value (CSV) report states their CSR values; “Through our CSV approach we aim to create value not only for shareholders but also for society.” (2.2.8). Although the shareholder value is underlined strongly in the report. Further shown in their 2017 CSV report (2.2.10) where programs towards an improvement of CSR practices are accompanied with explanations of how this would increase shareholder value. In 2020, Nestlé was evaluated in a case study by Triodos investment bank for inclusion in their sustainable portfolio: “Despite its sustainability reputation, the company is associated with controversies more than any sector peer”. “Another important reason for us to exclude Nestlé is the company’s position on genetically modified (GMO) ingredients”. “We therefore concluded that the negative aspects around Nestlé are likely to outweigh its positive impact” (2.3.1). Indicating that Nestlé’s efforts over the years, guided by their CSV approach, have not led to CSR practices that can be considered in line with B-corp CSR practices. Suggesting a lessened CSR compatibility.

Second, Nestlé underlines in a newspaper interview that they want GoL to operate autonomously while using Nestlé’s resources: “would not be fully integrated so as to preserve its culture and brand image” (2.2.7). GoL themselves state in their press release; “Nestlé sees our value and wants to help us as we pursue our mission” (2.2.6). These quotes indicate that Nestlé aims to keep a distance. The (2.2.7) quote even suggests stronger involvement with Nestlé would lead to a compromise on GoL’s mission. Further indicating that these organizations have different views on CSR.

The data on acquisition motivation shows a strategy from Nestlé to expand their portfolio towards high-growth segments. As shown by a Financial Times article (2.2.7) and a Reuters article (2.2.3):

“Mr Schneider (Nestlé CEO) has identified consumer healthcare as a growth opportunity for Nestlé” (2.2.7). “Schneider (CEO) has been tasked with accelerating Nestlé’s growth strategy in an increasingly tough environment for multinational food companies due to slowing growth and greater competition from niche, upstart brands” (2.2.3). “Mr Behar (chief of Nestlé health) said GoL had ‘a very attractive financial profile’ (i.e. high growth) and would not be fully integrated so as to preserve its culture and brand image. He added that Nestlé would “continue to look for growth opportunities and things that make sense” (2.2.7).

They show appreciation for the values of GoL, however they do not express particular interest in GoL’s CSR practices. Illustrated by the following quote by GoL’s CEO in their acquisition press release:

“They have no plans to change us, what we do, what we stand for or what we believe. Our commitment to truly traceable practices, proven through third-party certifications . . . most of all, B CORP, is foundational to who we are. Nestlé sees our value and wants to help us as we pursue our mission” (2.2.6).

The data shows no indicators of Nestlé aiming to go beyond supporting a subsidiary and “their” values. While the data has many indicators of Nestlé’s strategy to acquire organizations in their industry that are involved with high-growth segments. Therefore, Nestlé appears to acquire B-corps because their CSR has helped them appeal to shifting consumer interests, i.e. they are in growing markets. However, Nestlé does not express future plans to use the B-corp CSR practices on the wider Nestlé group beyond preserving and supporting the individual B-corp. Indicating that other motivations were the leading cause for the acquisition.

#### **4.2.2 Essential Living Foods (ELF)**

Essential Living Foods was acquired 9 months after GoL. They are involved with plant-based, organic superfoods. As the SIC codes shows (Appendix 1), they have a common industry with Nestlé, the fast-moving consumer goods industry. Although ELF is serving a growing niche market that Nestlé has only recently become involved with, the products are very similar to what Nestlé was already offering at the time, as shown by a news article: “Nestlé invested in plant-based food maker Sweet Earth, and took a majority stake in Blue Bottle coffee last September, before it purchased Chameleon Cold-Brew coffee two months later” (2.1.3). With regard to contextual compatibility (NCD and Geographical distance), these are of a similar nature as with Garden of Life as both B-corps are US based (Appendix 1). No data was found on geographical distance. However, the similarity to the organizational compatibility of GoL, indicates high organizational compatibility. Nestlé had acquired one B-corp before when acquiring ELF.

The CSR datasets showed that Nestlé's ESG score increased marginally and is still ranking as top performing in this category for MNC's (Appendix 1). The situation is similar as during the GoL acquisition, therefore the results are considered similar. The only difference is a BIA score (Appendix 1) that has seen a small decline over +/- 10 years. Indicating that ELF was not improving their CSR practices after certifying.

Continuing with CSR R&D; Nestlé expresses a similar strategy in their acquisition press release to avoid an integration of ELF, as was with GoL: "It will operate as a stand-alone entity, to leverage its unique corporate culture including entrepreneurial spirit, agility and flexibility" (2.1.2). At the time of this acquisition Nestlé was still focused on the business case for CSV. Therefore, the data indicates an almost identical CSR compatibility compared to the GoL situation. Namely, Nestlé recognizes the B-corp's high CSR performance while having a different approach themselves. And they appear reluctant to engage with the B-corp view on CSR practices.

On the motivations for acquisition; at the time of the ELF acquisition Nestlé had officially stated in a press release their aim to become a "health" brand: "Our unique Nutrition, Health & Wellness strategy, with food, beverage and nutritional health products at its core, has become much clearer" (2.1.6). Which is a strategic move based on market analysis that Nestlé had been doing as stated in a Financial Times interview:

"Mr Schneider (CEO) said: There was a pattern we saw through the whole of 2017 with the entire food and beverage sector, that people either become prone to buy economy, house label, or private brands, or if they do open their pockets, it has to be for a truly differentiated product with a very strong identity and high perceived value" (2.1.1).

The following quotes from Nestlé's Annual Report, combined with Nestlé's deliberate strategy to not integrate acquisitions, show their motivation for the acquisition. "We further accelerated our portfolio management through targeted acquisitions that come with high growth potential, deliver attractive returns and build on our leadership positions". "Investing in high-growth categories and regions. We have identified five high-growth food and beverages categories with attractive growth rates: coffee, petcare, nutrition, water and Nestlé Health Science" (2.1.4).

Therefore, the data shows that this acquisition was motivated by the same goals set by Nestlé in the years prior. Shifting Nestlé's portfolio to high growth product segments, while not showing evidence of engaging with high standards of CSR that the acquired B-corps embody.

### 4.2.3 Lily's Kitchen

The acquisition of Lily's Kitchen in 2020 is a natural/organic addition to Nestlé's pet food brands, showing high industrial relatedness between the organizations. Bernard Meunier, CEO, Nestlé Purina PetCare said in their acquisition press release:

“We very much respect the powerful brand, strong ethical values and impressive sales growth their experienced management team has achieved. Natural foods represents an exciting and rapidly expanding part of the pet care market, and this move reflects our desire to act on consumer trends and invest in high-growth categories. *Lily's Kitchen* is an excellent fit with our existing brand portfolio, and we look forward to supporting their continued growth with Purina's own world-leading pet care expertise, insight and global resources” (2.3.5).

NCD is relatively similar between the UK and Switzerland. The UK and US have comparable scores, the UK is only slightly more tempered (Appendix 1). Therefore the NCD in this situation can be valued similarly to the other acquisitions. Different from the US, the UK is on the same continent as Switzerland. No data was found to further inform this observation. With the high relatedness and familiarity with the products between the organizations, organizational compatibility is indicated to be high. At the time, Nestlé had already acquired two B-corps.

The databases show that Nestlé increased its ESG score to 92 out of 100 (Appendix 1). These results would be interpreted in line with the results on the other two acquisitions. Although Nestlé had been increasing their efforts to be labeled the MNC with the best ESG score. On Nestlé's CSR R&D; in their 2020 Annual Report they outline a more concrete future plan compared to previous Annual Reports (2.2.8, 2.1.5). Seeming to use B Lab vocabulary, they aim to develop their CSR practices to be a “force for good” (2.3.3). Noting the need for “new business models” (2.3.3) to attain long term sustainability goals, for which they made a “detailed, time-bound climate change roadmap setting out our course to net zero greenhouse gas emissions” (2.3.3). However, in April 2020, sustainable investment bank Triodos did a case study on why Nestlé was excluded from their impact investment portfolio (2.3.1). The following quotes indicate that Nestlé is not able to integrate the CSR practices they are investing in. Also further illustrating that the CSR compatibility is lessened: “Despite its sustainability reputation, the company is associated with controversies more than any sector peer. . . . child labour, price fixing and unethical behaviour to promoting unhealthy food and mislabelling”. “The negative aspects around Nestlé are likely to outweigh its positive impact” (2.3.1).

The motivations for acquisition are again rooted in acquiring organizations tapped into high growth segments as shown by a Financial Times article: “. . . also showed the impact of a portfolio overhaul in

which chief executive Mark Schneider has turned over almost a fifth of Nestlé's portfolio since 2017, selling off underperforming divisions and acquiring businesses such as Lily's Kitchen pet food” (2.3.4). The quote by Nestlé’s PetCare CEO (2.3.5) shows that they respect the ethical values the B-corp has, but no further interest is indicated beyond supporting this within the individual subsidiary. Furthermore, “Lily’s Kitchen will continue to be run as a stand-alone business . . . Nestle said” (2.3.6). Further showing a lacking engagement with the values of the B-corp. Therefore, CSR motivations appear to be subordinate to other motivations.

### 4.3 Ab Inbev

Figure 4: Ab Inbev’s Timeline

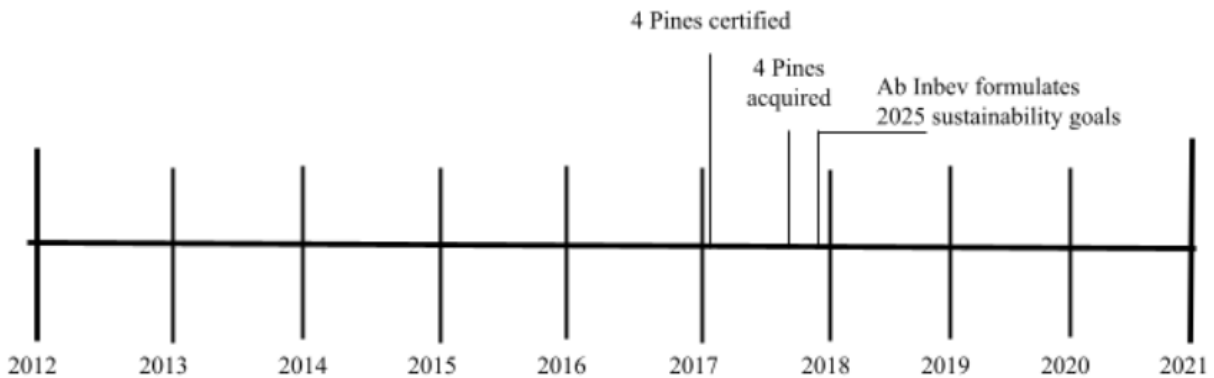


Table 6: Ab Inbev acquisition

Concepts		4 Pines Brewery
Organizational compatibility	Contextual compatibility	*NCD: HIGH Geographical distance: HIGH (different continents)
	Firm specific compatibility	I&P Relatedness: HIGH (same industry familiar products) Acquirer acquisition experience: NONE
CSR compatibility		CSR scores: LOW Acquirer CSR R&D: LOW
Acquisition motives	CSR motives	LOW
	Other motives	HIGH

\*National Cultural Distance

#### **4.3.1 - 4 Pines brewery (4 Pines)**

4 Pines is an Australian craft beer brewer, they became certified as a B-corp at the start of 2018, and were acquired by Ab Inbev six months later. The organizational compatibility between Ab Inbev (Inbev) and 4 Pines is high. The SIC codes (appendix 1) show both are involved in the same industry and dealing with similar products. Namely, brewing beer and craft beers. Ab inbev had not been involved with B corp previously. Also, no data was found on the geographical distance (Belgium and Australia). The NCD is notable in this acquisition (Appendix 1). All categories besides masculinity differ between 15 and 30 points, and long-term orientation has a gap of 61 points. This NCD distance is the highest among the cases. No direct data was found to further inform this observation. The following quote from the 4 pines acquisition illustrating the high autonomy of 4 Pines indicates why NCD could have been only a minor influence:

“According to both parties, the deal will enable 4 Pines to expand its operations and retain and grow their people, culture and identity. 4 Pines will continue to create its beer experiences from its Brookvale and Manly breweries. The 4 Pines team will be unchanged and management will remain in place to help grow the business” (3.1.5).

The CSR compatibility between the organizations is low. Ab Inbev is well below the FMCG industry ESG average of 71.16 points, with 56.49 (Appendix 1). The scores show that Ab Inbev is less interested in improving CSR practices compared to peers. The low ESG score results in a low CSR compatibility between the organizations. Continuing with CSR R&D; in their 2017 Annual Report, Ab Inbev states the following: “In 2018, we will announce a set of ambitious Sustainability Goals which will include: clean energy, smart agriculture, water conservation, recyclable packaging as well as safer workplaces and communities” (3.1.6). Their Annual Report further states their programs and sustainability achievements (3.1.8, 3.1.7). However, a clean water provision to impoverished communities is only “piloting” (3.1.7), contributing to the interpretation that Ab Inbev was only recently investing to improve their CSR practices. Combined with their low ESG score, this undermines credibility that their CSR practices had been developing enough to be inline with B-corp CSR practices. Therefore, it can be said that the CSR compatibility in this case was low. Further illustration lies in a graph (3.1.4) Ab Inbev made portraying relevant factors to their business success and external stakeholders. Contrasting with B-corp values, Ab Inbev indicates that biodiversity, supply chain visibility and living wage (among others) are relatively unimportant to Ab Inbev and its stakeholders. A framing that goes against B-corp values and therefore reduces compatibility further.

On the acquisition motivations: two articles by the Australian Financial Review show that Ab Inbev acquired 4 Pines for the same reasons that Nestlé and Danone did. Tapping into fast-growing market segments.

“The world's biggest beer company, Ab Inbev, has continued its acquisition spree of smaller craft brewers in Australia, this time snapping up the Pirate Life operations in Adelaide. It comes just two months after Ab Inbev bought Sydney craft beer company 4 Pines, as the global giant accelerates in a craft beer sector that is growing much faster than the stagnant mainstream beer industry” (3.1.1). “The buy-out of 4 Pines continues a trend around the world of large mainstream brewers snapping up small craft brewers because that sector of the market is growing much faster than traditional, mainstream beer” (3.1.2).

According to the acquisition statement of 4 Pines (3.1.5) and a newspaper article (3.1.2), 4 Pines was acquired for a number of reasons:

“Ab Inbev wants to eventually take the 4 Pines brand to the world stage” (3.1.2). “We’ll keep Jaron and his team doing what they’re doing. They are doing an incredible job at the moment with great brands, great people and a great culture, and then through our scale and distribution, we will be able to open up the distribution to a greater range of consumers”. “Then in time as we are relevant in many global markets we will have a chat to Jaron and his team as to how we could potentially expand the offering in the future years” (3.1.5).

The following quote from a news article illustrates the excitement of 4 Pines to work with Ab Inbev. Which indicates that Ab Inbev was interested in developing 4 Pines in their own right at least:

“skeptical at first he soon realised the opportunities a partnership would mean for 4 Pines. ‘This is a seriously exciting global business with great prospects and doing a lot of good things in environment and social with their people, and innovation and of course beer and it just matches with what we’re doing perfectly,’ he said” (3.1.5).

The quote shows that Ab Inbev will use their resources to expand the 4 Pines brand and way of business. Furthermore; “According to both parties, the deal will enable 4 Pines to expand its operations and retain and grow their people, culture and identity” (3.1.5). Therefore, CSR motivations were present, i.e. preserving 4 Pines’ culture seems paramount. However, no interest in expanding their experience through Inbev’s subsidiaries was expressed. For that reason, other motivations appear to be most prevalent.

## 4.4 PZ Cussons

Figure 5: PZ Cussons' Timeline

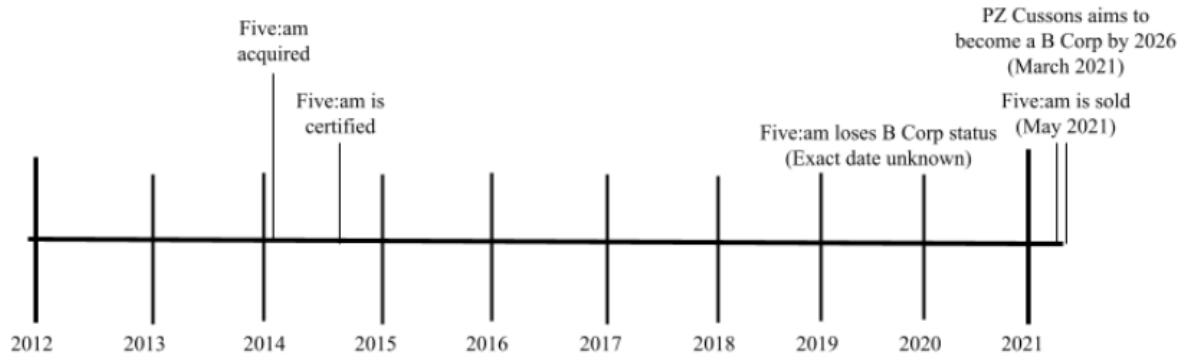


Table 7: PZ Cussons acquisition

Concepts		Five:am
Organizational compatibility	Contextual compatibility	*NCD: LOW Geographical distance: HIGH (different continents)
	Firm specific compatibility	I&P Relatedness: MEDIUM (same industry unfamiliar products) Acquirer acquisition experience: NONE
CSR compatibility		CSR scores: LOW Acquirer CSR R&D: LOW
Acquisition motives	CSR motives	LOW
	Other motives	HIGH

\*National Cultural Distance

### 4.4.1 Five:am

Five:am is an Australia based producer of organic yogurts. It was not certified as a B-corp when acquired. Although they were certified within six months of the acquisition. Indicating that the certification process was already ongoing. PZ Cussons (PZ) and Five:am are both in the FMCG industry (Appendix 1). However, the Five:am acquisition brings the first dairy products into the PZ Cussons group as a newspaper article shows: “. . . pursue growth in domestic and international markets through wider distribution and expansion into new categories” (4.1.1). As shown on the timeline, Five:am was sold in 2021. Described by a newspaper:



“wider strategic review at PZ Cussons which sparked a new strategy”. “. . . disposal of non-core brands. Five:am is understood to fit into the third bucket”. “The auction comes only five years after PZ Cussons signed an \$80 million deal to buy the business off founder David Prior (Five:am founder)” (4.1.4).

Indicating that the industry and product relatedness of PZ and Five:am was not optimal. Reducing organizational compatibility. Furthermore, PZ had no previous experience with B-corp acquisitions. This could explain why Five:am eventually lost their B-corp certifications while acquired by PZ. However, both organizations have made no comments regarding the decertification.

The data shows that NCD between the UK (PZ) and Five:am (AU) is very low (Appendix 1). The similarity between the cultures would indicate a good contextual compatibility. Although, it does not appear to have translated to good organizational compatibility. No influences of geographical distance were identified in the data even though PZ was only recently “. . . emerging as a key player in the Australian food industry after making its second acquisition in just over a year” (4.1.1). As stated in a newspaper.

PZ attained an ESG score of 39.13 compared to the 71.16 industry average. Also, the lowest score among the cases. Five:am gained and lost their certification while part of PZ Cussons. The lack of data on the certification, decertification and CSR practices, indicates that it was not of high importance to both organizations. Combined with data on PZ Cussons efforts to develop their CSR practices, CSR compatibility should be considered low. When going over their 2014 Annual Report (4.1.7) PZ elaborates on programs regenerating old palm-oil plantations in Nigeria while also combating deforestation. However, a 2018 report by Milieudéfense and Profundo that commented on this program said the following: “BIASE Plantation, PZ Wilmar Ltd in Cross River State, Nigeria Since 2011, the Ibiae plantation has been part of . . . a joint venture between Wilmar International and PZ Cussons. Reported abuses: illegalities, land grabs, conflict, deforestation. Duration: 2011–2017” (4.1.8). Devaluing the CSR efforts that PZ was making at the time.

The motivation for acquisition is very clear with PZ Cussons. It is to profit from growing market segments, having identified that there is a demand for organic products. PZ expresses little interest in CSR aspects of the acquisition. There are mentions of Five:am’s organic products in newspaper interviews:

“We genuinely believe Five:Am delivers a superior taste profile, it has a strong organic position in the category and it has Australian providence credentials” (4.1.1). “Alex Kanellis, Chief Executive of PZ Cussons Plc, said five:am was ‘uniquely placed’ to take advantage of the market trends of increasing yoghurt consumption and demand for organic and nutritious products” (4.1.2).

Besides these mentions, the motivations are illustrated by the following quote: “Cussons Australia chief executive Nigel Simonsz said the Five:Am deal, . . . was consistent with the group’s strategy to acquire and develop leading brands in high-value categories and pursue growth in domestic and international markets through wider distribution and expansion into new categories. “We feel the acquisition of five:AM is complimentary to our existing food and nutrition business” (4.1.1).

Since no aims to expand, integrate or even sustain Five:am’s CSR practices in any way, CSR motivations are considered to have been of little importance during this acquisition. Lastly, in 2021 PZ decided on a strategic review, which they uploaded on their website, because “we have declined in recent years. And underinvested in our brands” (4.1.6). Further elaborating on the market trends they were not tapping into. As a result, PZ released a public statement deciding to become a B corp by 2026 (4.1.5). In the same year they sold Five:am, which they failed to keep certified as a B-corp. They provided no insights into plans or strategies besides the aim to attain certification in 5 years.

## **4.5 Case comparison**

This research was set-up to compare 4 MNCs. Where two acquired several B-corps and appeared to integrate them, and two that purchased a single B-corp that did not lead to the acquisition of more B-corps or even decertifying and selling the acquired B-corp. With the goal of determining how motivation and compatibility influenced the integration of B-corp CSR practices in the MNCs. The case comparison has led to the emergence of three groups related to B-corp CSR practice integration: Integrating, sustaining and losing. The MNCs have been placed in the respective groups based on the following results: Danone has integrated B-corp CSR practices, Nestlé & Ab Inbev have sustained B-corp CSR practices within their group without integrating them and PZ Cussons has failed to sustain B-corp CSR practices. Table 8 shows] the results that appear to have determined the B-corp CSR practice integration. The comparison of the cases is further elaborated on in the following paragraphs.

The data suggests that out of the 4 MNCs, Danone can be considered to have set themselves up for CSR practice integration as a result of their B-corps acquisitions. Their acquisitions have followed a wave of self-certifications, while Nestlé only managed to sustain their B-corps. This characterizes an important distinction in the results between the cases and is useful to come to an aggregated understanding of the results.

Table 8: Case comparison results

CORE CONCEPTS	GROUPS	Integrating	Sustaining	Losing
		Danone	Nestlé & Ab Inbev	PZ Cussons
INTEGRATION	Sustained B-corp CSR practices after acquisition(s)	YES	YES	NO
	<u>Integrated</u> B-corp CSR practices after acquisitions(s)	YES	NO	NO
<b>Main differences between the groups</b>				
ORGANIZATIONAL COMPATIBILITY	Expressed difficulties originating from organizational compatibility	NO	NO	YES
CSR COMPATIBILITY	Pre-existing long-term CSR goals in line with B-corp CSR goals	YES	NO	NO
	Commitment to become fully certified as B-corp	YES	NO	NO
	Nr. of “Self” certifications after the first B-corp acquisition (certifying a subsidiary)	34	0	1
MOTIVATION	Explicit mentions of the value of the target B-corp’s CSR practices	YES	YES	NO
	Acquired B-corps for their access to high-growth markets	YES	YES	YES
	Acquired B-corps as part of MNC’s CSR practice development	YES	NO	NO

The results show that organizational compatibility is of limited use to explain the difference, as the MNCs were confronted with similarly differing cultures and relatedness which they appeared to handle successfully. The data showed many similarities in acquisition motivation. Namely, to add organizations involved with related, fast-growing market segments to their portfolio. However, the differences can be explained when comparing CSR compatibility and CSR acquisition motives. The biggest differences were shown by CSR R&D. Danone created the “Danone Way” program in 2001, with which they created self-reflection among their subsidiaries on their CSR practices. The results suggest that this approach, developed over time, helped Danone commit and integrate the B-corp practices that led to the rapid certification of their subsidiaries after 2015. Nestlé has been adhering to the business case for CSV since it was formulated in 2011. This led to more stand-alone, short-term projects to improve CSR in certain areas where Nestlé was active. Which has provided Nestlé with the highest ESG score in their industry, but has not led to

evidence of B-corp CSR practice integration. The comparison with Danone suggests that this is because Nestlé lacks overarching long-term CSR development goals that are in line with B-corp values on CSR.

The groups have mostly overlap in their acquisition motivations; exploiting market growth. However, the data suggests that the main difference between Danone and the other groups is that the acquisition is additionally motivated by long-term interests to develop CSR in the MNC. This difference gives insight into why Danone was successful in integrating B-corp CSR practices. In comparison, Nestlé and Ab Inbev underline not integrating the acquisitions to preserve the B-corp's culture and values. Indicating that they did not develop a long-term vision involving B-corp CSR practices to improve their own, while also suggesting that an integration would corrupt the B-corp CSR practices. The data suggests that PZ Cussons did not go beyond motivations to exploit growth and was also unable to sustain a B-corp in their group. The data shows that group 1 and 2's motivations led to sustaining the B-corps in the MNC, while the additional long-term motivations found in Danone also allowed for B-corp CSR practice integration.

Shifting focus to PZ Cussons (PZ). In this case, the acquisition motivations are also of importance to understand the (lack of) integration. PZ's acquisition ended in a loss of the B-corp certification, and selling the former B-corp. The results suggest that PZ was only marginally interested in CSR compared to the other MNCs. The data makes clear that PZ did not sustain Five:am's certification, suggesting that they had no interest in integrating B-corp CSR practices. The data outlines two main sources for the failed integration: the low industry and product relatedness and the absence of any long-term CSR goals that involve the whole MNC. The issues with low industry and product relatedness were not found in the other cases. Suggesting that this contributed to PZ being the only case that failed to even sustain a B-corp. Furthermore, in the same year they sold Five:am, PZ announced their aim for B-corp certification themselves after a company-wide strategic review. Indicating that since 2021, they have started to develop long-term CSR goals that seem in line with Danone's.

The Ab Inbev case was placed in the same group as Nestlé, as they can be viewed as similar to Nestlé. The only difference being a lower interest in the CSR aspects of the acquisition while expanding into a high growth market segment. Similarly to Nestlé, they are successful in sustaining their B-corp as they aim to grow their model and see their value.

## 5 CONCLUSIONS AND DISCUSSION

This research aimed to answer the question: **How do acquisition motivation and compatibility influence post-acquisitional B-corp CSR practice integration in MNCs?** Originating from the aim to provide further insights into the integration of CSR practices when MNC's purchase them. Specifically, focusing on the influence of motivation and compatibility on B-corp CSR practice integration in MNCs. The answers to this question are described in the following paragraph.

Looking at the cases in this research, three outcomes emerged for the MNCs: integrating, sustaining and losing B-corp CSR practices. The results show that the differences between integrating, sustaining and losing B-corp CSR practices in MNCs, are mostly influenced by acquisition motivations and the CSR compatibility.

The Danone case and its comparison with the others provided answers to the research question. Namely, that integration of the acquired practices was a result of additional CSR acquisition motivations to serve the long-term CSR development goals of Danone. While also having made, prior to the acquisitions, CSR R&D choices over time that increased the CSR compatibility between the MNC and the B-corp. In the other three cases these long-term CSR goals were less clearly defined and CSR R&D choices were more short-term focused. Therefore, their B-corp acquisitions did not lead to integration of the purchased CSR practices. In that case (Nestlé and Ab Inbev), it is still possible to sustain the B-corp's CSR practices within the subsidiary. However, it still requires the MNCs to have an understanding and appreciation of the CSR these B-corps practice to allow these acquisitions to develop autonomously in the MNC. When this is lacking, the case of PZ Cussons shows that even the sustaining of the B-corp CSR practices could fail. In PZ Cussons, the addition of low compatibility on industry and product relatedness contributed to the failure to sustain the B-corp practices.

Furthermore, in the following paragraphs the broader findings and ambiguities are discussed. The lower level concepts; national cultural distance, geographical distance, acquirer acquisition experience and CSR score compatibility, appeared to have had little or ambiguous influence on the answer to the research question. This appears to be at least partly caused by the design of the research, as the cases were chosen based on output, i.e. their acquisitions of B-corps. This was an important aspect of the research design, however the cases chosen via this design indicated no influences from NCD. Whether this is because MNC are for example less affected by NCD due to their international nature, or that the involved cultures are too similar could not be found. The lack of insights on geographical distance was difficult to determine, it could be that MNCs are less concerned with distance due to their global reach. Also, the MNCs already had at least some presence in the countries they acquired B-corps in. These findings at least lead to the conclusion that contextual compatibility was of little importance in this research.

It is difficult to say if acquirer's acquisition experience was of importance in organizational compatibility's influence on B-corp CSR practice integration. As the data could not provide any clear indications that prior B-corp acquisition experience had increased the compatibility between the organizations. At best, it can be said that acquisition experience could play a role under some circumstances. Danone made multiple acquisitions and integrated successfully, while PZ Cussons had no experience and lost their B-corp. However, the cases of Nestlé and Ab Inbev both contrast these results. As Nestlé acquired more B-corps than Danone did i.e. more experience, while not integrating the acquired CSR practices. And Ab Inbev had the same acquisition experience as PZ Cussons, while being able to sustain their B-corp.

Last to discuss, the CSR scores used to co-determine CSR compatibility provided mixed results that made determining their exact influence difficult. Nestlé has the highest scores among the cases and in the FMCG industry. However, they have not integrated B-corp CSR practices, only sustaining them in the acquired B-corps. Danone, also with high-ranking scores, did integrate the CSR practices. While Ab Inbev, with below industry average ESG scores was also able to sustain the B-corp practices. PZ Cussons failed in both aspects. Therefore, similarly to acquisition experience, Danone and PZ Cussons indicated that the scores were useful in determining an influence, while Nestlé and Ab Inbev contradicted it. Therefore, the results showed that a short-term assessment of the scores does not necessarily show compatibility, the longer-term trend analysis does show good CSR compatibility. Which was shown by CSR R&D.

## **Contributions & Implications**

This research aimed to contribute further to academic work on purchasing CSR by MNCs. Additionally, offering insights to the merger and acquisition (M&A) literature on integration in acquisition cases where CSR was taken as a central focus. The academic contributions and practical implications are described in the following paragraphs.

This paper has contributed insights on the following concepts used in the acquisition literature: compatibility, motivations and integration. The papers by Wickert et al. (2017) and King et al. (2021) focused on compatibility to gain insight into M&As. Rabier (2017) researched the role of motivation in acquisitions and Zollo and Meier (2008) studied integration in the context of acquisition performance.

The paper by Wickert et al. (2017) on the role of organizational identity in acquired CSR practice adoption by MNCs served as a main source to conceptualize the focus of this research. In concluding this research two contributions have been made to their work. Firstly, the findings of this paper suggest that Wickert et al. (2017) underexposed the role of acquisition motivations in their understanding of acquired CSR practices adoption, as they mainly focused on compatibility of the organizations. This paper outlines that acquisition motivations are able to provide insights into long-term developments of acquired CSR practice integration, while compatibility appears to be mainly useful in the short-run. Secondly, suggesting

to Wickert et al. (2017) that their focus on the compatibility of organizational identity to understand CSR practice adoption, would have benefited from an inclusion of compatibility on a CSR level. As this research indicated the value of taking into account the MNC's prior investments and choices for their own future CSR development (CSR R&D). Future research on this topic should consider including CSR compatibility.

Continuing with contributions to Zollo and Meier (2008). From the comparison in this research, three stages emerged for integration. Suggesting that when using integration to understand acquisition performance, the use of integrating, sustaining and losing stadia helps to gain further insight into the results of acquisitions. This should be considered for future research on integration post-acquisition.

Furthermore, this research drew from the literature on M&A. Especially the literature review of King et al. (2021) on acquisition performance indicators and Rabier (2017) on the role of the acquirer's motivation on the acquisition performance. This paper has taken M&A concepts such as compatibility and acquisition motives outside of their traditional focus in literature. Increasing the focus on CSR in these acquisitions was suggested by Wickert et al. (2017) in order to gain insight into a distinct type of acquisition. The results of this paper show promising results on their applicability in research on post-acquisitional CSR practice integration. A scarcely described focus in their field, which "CSR purchasing" indicates to have gained importance among organizations in practice.

This research's results further contribute to Rabier's (2017) research by providing further evidence to their insights on acquisition motivations by underlining their use in understanding post-acquisition CSR practice integration. While further indicating that acquisition motivations are important to gain a deeper understanding of integration over the long-term. The cases also indicate that in the long-run, motivations appear to be more important than initial compatibility between the organizations. Which is an insight the papers by Wickert et al. (2017) and King et al. (2021) have not considered. Danone, Nestlé and Ab Inbev all had good compatibility with their acquisitions. However, only Danone showed long-term CSR development motivations, which lead to post-acquisition integration of the acquired practices.

On practical implications: this research offers managers insights to take into account when purchasing CSR practices through B-corp acquisitions, and perhaps other high performing CSR firms. The cases illustrate three results CSR purchasing can have; integrating the practices, sustaining the practices and losing the practices. Managers should be aware that integrating purchased B-corp CSR practices into a MNC involves long-term goals to change the whole group of subsidiaries (Danone). When this long-term commitment is not made, it is still possible to sustain the B-corp's CSR practices within the subsidiary (Nestlé and Ab Inbev). However, it still requires the MNCs to have an understanding and appreciation of the CSR these B-corps practice to allow these acquisitions to develop separately from the other subsidiaries in the MNC. When this is lacking the case of PZ Cussons shows that the acquisition could lead to a

decertification of the B-corps. Which managers could interpret as a devaluation of the purchased CSR practices they aimed to acquire in the first place.

This paper is also relevant to B Lab. The data showed that they are working with Danone to certify a MNC for the first time. Therefore, this research can provide B Lab with insights they could use to inform MNCs and B-corps on important considerations when B-corps are involved in acquisitions.

## **Limitations & future research**

Several important limitations embodied by the design of this research or encountered during its process are described in the following paragraphs. In addition, suggestions are made for future research to overcome said limitations or other important future considerations.

First, embodied limitations; The secondary data used in this paper has allowed for an answer to the research question and relevant insights. However, the collected data leaves room for interviews with knowledgeable representatives from the MNCs and perhaps certain B-corps to gain more in-depth answers. For example, specified questions would have informed the reasoning between the different groups even more. However, this paper aimed to compare large cases with each case having embedded acquisition cases in order to come to an understanding of what the relevant influences on acquired CSR practice integration are. Paired with a time constrained research setting, this has limited the ability to exactly determine why the MNCs took the actions the data shows they have taken. Future research could make a more specific, smaller selection of the most interesting cases based on this research. Then, take a more in-depth view of the cases to further determine the nature of influences on acquired CSR practice integration. Also, the secondary data was not created with this paper's goal in mind. Although diligent efforts were made to avoid taking quotes out of their context, it cannot be fully excluded. Therefore, all the used data is included in appendices to allow for verification.

Furthermore, the research compared cases engaging with a similar phenomenon without much established comparable material. Therefore, relativity could not be excluded. National cultural distance for example, has no objective benchmark to determine what would be high or low distance between cases. Such relativity has arguably complicated the process of determining its influence on CSR practice integration. Although the other data was able to give insights on its importance, this limitation should be considered by future research engaging with similar concepts.

Second, encountered limitations; organizational compatibility has shown to contribute few insights to answer the research question. Industry and product relatedness showed some indications that low relatedness had a negative influence. However, the other organizational compatibility concepts provided little insights to answer the research question. The case comparison indicates that this is likely caused by relatively high similarities between the cases, caused by how the cases were selected. (Based on their



acquisition of B-corps, not their differences/similarities in determinants). Determining the usefulness of organizational compatibility in similar research would require selecting cases based on their contextual differences. For example, strongly contrasting national cultures.

In CSR compatibility, the limitations of using CSR scores must be addressed. This paper put forth a comparison between CSR scores as a measure for determining CSR compatibility between organizations. The results showed that among the MNCs, the scores provided some insights into their own CSR efforts. This helped to build context to understand the actions of the MNC with regard to CSR practice integration. However, future research should be aware that comparing CSR scores awarded by different institutions (e.g. Refinitiv & B Lab) can only be compared to a limited degree. Each institute defines CSR for themselves and develops different standards to aim for, as CSR is ambiguous and therefore difficult to interpret.

## **Conclusion**

This research aimed to contribute insights on a relatively new phenomenon in practice. This paper has shown that motivation in acquisitions characterized by CSR has a stronger long-term influence than the M&A literature would suggest. Further indicating that a deeper understanding of these types of acquisitions can be achieved when incorporating CSR as a unit of analysis instead of only a result. Noting that the choice to use a clearly defined CSR standard (B-corp) also better allowed for this. Lastly, this research also shows how (some of) these major corporations are seeking to adapt and evolve with the growing public demand for sustainable products and responsible business practices. These insights are important to contribute to a broader understanding of how and why CSR develops in MNCs.

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