Journal of Business Research 186 (2025) 114949

Contents lists available at ScienceDirect

Journal of Business Research

journal homepage: www.elsevier.com/locate/jbusres

Enacting 'true business sustainability' – Market shaping for environmental impact

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ARTICLE INFO

Keywords:
Market-shaping process
Environmental impact
Sustainability market
For-profit hybrid firm
Renewable electricity

ABSTRACT

Market-shaping research on firms' efforts to transform markets for environmental aims is scarce and limited to incumbent actors' efforts to replace existing technologies with more sustainable alternatives. While important, these studies implicitly adhere to the 'business case for sustainability' approach, in which CSR is harnessed to facilitate profitability and competitive advantage. We offer a new perspective by examining market shaping explicitly aimed at inducing environmental impact. Using the lens of for-profit hybrid firms, which enact a 'true business sustainability' approach by blending environmental impact goals with commercial objectives, we explore the case of a hybrid shaping an existing EU regulation-born 'sustainability market' built around the Guarantees of Origin for renewable electricity. We contribute to the contextual understanding of market shaping for sustainability by presenting a model of firm-level market shaping for environmental impact, unfolding through six intertwined processes inherently connected to the organization's development.

1. Introduction

Market-shaping research conceptualizes markets as dynamic systems that are socially constructed, and thereby malleable by individual and collective actors (Hawa, Baker, & Plewa, 2020; Kjellberg, Azimont, & Reid, 2015). Given that many markets contribute to wicked problems by producing negative externalities (e.g., carbon emissions) (Callon, 2009), market actors can shape markets towards greater sustainability through deliberate, future-oriented, and creative efforts (Nenonen, Fehrer, & Brodie, 2021; Storbacka, Nenonen, Peters, & Brodie, 2022). While economics research has stressed public actors' role in "fixing" market failures by designing market-based mechanisms (e.g., carbon pricing) (Mazzucato & Ryan-Collins, 2022), the market-shaping literature has begun to explore private actors' role in sustainable market transformations. Existing studies show how social entrepreneurs seek social change in emerging economies (Agarwal, Chakrabarti, Brem, & Bocken, 2018; Kullak, Fehrer, Baker, et al., 2022), how companies in developed countries construct (Doganova & Karnøe, 2015) or change markets with technological eco-innovations (Keränen, Lehtimäki, Komulainen, & Ulkuniemi, 2023; Ottosson, Magnusson, & Andersson, 2020), and what capabilities (Werner, Flaig, Magnusson, & Ottosson, 2022), intentions (Keränen et al., 2023), and activities (Mehtälä, Lehtimäki, & Komulainen, 2023) support these efforts.

However, we are far from achieving real sustainability transformations. Despite the proliferation of environmental technologies and companies' adoption of corporate sustainability, our natural environment continues to rapidly decline (IPCC, 2023; Richardson, Steffen, Lucht, et al., 2023). Even 'sustainability markets', built around market-based mechanisms providing economic incentives for responsible business behavior, fail to achieve positive environmental impact (e.g., Greenfield, 2023; Veal & Mouzas, 2012; Watt, 2021). This "big disconnect" between organizational-level efforts and global-level sustainable development (Dyllick & Muff, 2016) has been attributed to the prevailing business case for sustainability' approach focusing on how firms can increase their competitiveness by reducing their environmental footprint (Bansal & Song, 2017; Landrum, 2018). Market-based mechanisms underpinning 'sustainability markets' seem to support this approach by incentivizing companies to prioritize short-term cost-effective measures. Companies can "acquire sustainability" by buying commodities such as carbon credits or sustainable palm oil certificates instead of changing their production processes (Richardson, 2015). Thus, market fixes become diluted when they fail to address the underlying fundamental beliefs, attitudes, mindsets, and resultant behaviors (Hallet & Hobbs, 2020). Doing 'less bad' is not enough to achieve

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https://doi.org/10.1016/j.jbusres.2024.114949
Received 10 March 2023; Received in revised form 24 June 2024; Accepted 4 September 2024
Available online 23 September 2024

sustainability transitions (Dijkstra-Silva, Schaltegger, & Beske-Janssen, 2022).

More research is needed on efforts that depart from the 'business case for sustainability' approach. Research on market shaping for environmental aims is scarce (Storbacka et al., 2022) and limited to incumbent actors' efforts to replace existing technologies with more sustainable ones (e.g., Keränen et al., 2023; Werner et al., 2022). While important, these actions aim to mitigate the environmental damage caused by business operations rather than address the root causes of unsustainable behaviors. To better understand how market shaping can drive sustainable market transitions, we need to study those actors and actions that embrace a fundamentally different approach to sustainability. As Dyllick and Muff (2016:165-166) argue, "truly sustainable business" is not about minimizing negative impacts but about generating "a significant positive impact in critical and relevant areas for society".

Thus, the purpose of this study is to develop an understanding of firm-level market shaping explicitly driven to induce environmental impact. We ask: *how do the processes of market shaping for positive environmental impact unfold?*. To this end, we use the lens of for-profit hybrid firms (hybrids) to inform the market-shaping literature and to explicate how firms adopting a 'truly sustainable business' approach drive market transformations. Hybrids refer to businesses designed to balance both social/environmental impact and economic viability (Bocken, Fil & Prabhu, 2016; Stubbs, 2017). This dual purpose leads them to challenge the underlying assumptions of the dominant 'business case for sustainability' approach by prioritizing long-term growth, considering themselves as embedded in the social and environmental systems, and encouraging competition (Haigh & Hoffman, 2012; 2014). As change agents, hybrids can help resolve the "big disconnect" and we need to gain a better understanding of how they engage in market shaping.

To trace the processes of market shaping for positive environmental impact, we conducted an in-depth, follow-up case study of a startup hybrid firm. This firm shapes the market for Guarantees of Origin (GO) for renewable electricity, a 'sustainability market' born from EU regulation instituted to fix a market failure (Mazzucato, 2016): end-users' inability to reliably tell the origin of electricity, which discourages the adoption of green electricity solutions (Hulshof, Jepma, & Mulder, 2019). GOs are electronic documents used for certifying and trading the renewable attributes of electricity. Despite their growing popularity among companies aiming to 'green' their electricity consumption, the GO market has been criticized for failing its purpose to foster new renewable energy production (Jansen, 2017; Mulder & Zomer, 2016). The case offers insights into shaping a market from the inside to make it 'better', i.e., more impactful (Geiger & Gross, 2018). The setting—a hybrid firm shaping an existing 'sustainability market'—represents an extreme case (Eisenhardt, Graebner & Sonenshein, 2016), providing rich insights into market shaping for environmental impact that might be less apparent in the typical market-shaping research settings.

Climate change poses significant systemic risks to economies and societies. The future of a market-based society is intricately linked to the success of markets in delivering real environmental impacts. A failure to do so erodes the belief that market-based solutions can effectively address complex sustainability issues. We contribute to existing research on processes for transforming markets toward sustainability by presenting an empirically grounded model of market shaping for positive environmental impact comprising six intertwined and simultaneously evolving processes. By analyzing within these processes, the characteristics of hybrids and the focal market's characteristic of being a 'sustainability market', we contribute to the contextualized understanding of firm-level market shaping for sustainability and provide novel insights into the unfolding responses to perceived problems in organizing sustainability markets.

Next, we will discuss environmentally-driven hybrid firms and their characteristics pertaining to the processes of market shaping for sustainability. We then detail our methodology and the empirical setting. After presenting our findings we conclude with the implications of the study, its limitations, and suggestions for future research.

2. Literature review

2.1. Environmentally driven for-profit hybrids

On a continuum ranging from purely profit-seeking companies at one end to non-profit charities at the other, hybrid organizations exist at some point in the middle (Hahn, Spieth, & Ince, 2018). Prior market-shaping research has considered social enterprises as hybrids, whose aims typically relate to specific deprived market segments (such as the poor) in the context of emerging economies (Agarwal et al., 2018; Faruque Aly, Mason, & Onyas, 2021; Kullak et al., 2022). Whereas research on social enterprises is rooted in collective intentions (Hawa et al., 2020) and a non-profit perception, we focus on hybrid firms that pursue profitable entrepreneurial opportunities through business models and value propositions that can shape markets for positive environmental impact (Schaltegger & Wagner, 2011; Vallaster, Maon, Lindgreen, & Vanhamme, 2019).

Without favorable market conditions, innovations tend to have limited effects (Geels, 2011). Thus, research discussing environmentally-driven hybrids also addresses their efforts to influence market conditions and regulations (Schaltegger & Wagner, 2011), creating links to institutional entrepreneurship, i.e., actors' efforts to transform institutions or create new ones (DiMaggio, 1988). While overlaps between the two perspectives exist, their primary focuses differ. Whereas institutional entrepreneurship is concerned with actively challenging, changing, or creating the rules and norms within a given context to foster institutional change, hybrids address an environmental issue and build their business models for solving that issue in an economically profitable way.

We study integrated hybridity, where the same organizational activities serve economic and environmental value creation (Battilana, Lee, Walker, & Dorsey, 2012). In contrast with differentiated hybridity, where the different types of value creation require separate activities, the integrated model has advantages (Davies & Doherty, 2019), as the activities do not compete for resources, and contradictions about the firm's dual purpose are less likely (Ebrahim, Battilana & Mair, 2014). However, all hybrids face the risk of mission drift, where commercial objectives overtake the environmental objectives (Best, Miller, McAdam, & Moffett, 2021).

To advance contextual theory on market shaping for positive environmental impact, we especially draw from Haigh and Hoffman's (2012; 2014) work to distinguish for-profit hybrids as market shapers enacting true business sustainability. We do this by discussing four key business norms and assumptions that hybrids challenge: purpose of business, connection to social and ecological systems, growth, and competitive practices.

Purpose of business. According to neoliberal economic theory, the primary purpose of business is to generate financial profit for shareholders (Friedman, 1970). Although this view has recently been challenged (Business Roundtable, 2019), and the triple bottom line concept introduced as the new objective of business (Elkington, 1997), CSR practices are mostly reactive and measured by the degree to which they facilitate profitability and competitive advantage (Bocken et al., 2016; Haigh & Hoffman, 2014). As incumbents are unwilling to jeopardize short-term value creation for shareholders, they prefer incremental change that does not bargain away their current competencies and investments in resources, technologies, and capabilities (Geels, 2014; Unruh, 2000). For hybrids, the purpose of business is to drive market change for positive environmental outcomes. The pursuit of impact on par with profit is built into hybrids' DNA (Alberti & Varon Garrido, 2017; Vallaster et al., 2019) and "is both a reason why they were initially created and their continuing raison d'etre" (Haigh & Hoffman, 2012: 130).

Connection to social and ecological systems. Mainstream

sustainability management often reflects a narrow perspective where companies and managers fail to recognize nature beyond its utilitarian value and overlook their interconnectedness with social and natural systems (Dyllick & Muff, 2016; Waddock et al., 2015). The disconnect results in placing the company and its economic objectives "as the starting point and main reference for all planning and action", even when environmental issues are included in decision-making (Dyllick & Muff, 2016: 163). Conversely, hybrids see themselves as embedded in these systems, aligning their business models accordingly (Haigh & Hoffman, 2012; 2014). They consider nature in terms of its intrinsic value rather than as a resource to be exploited (Landrum, 2018).

Growth. The norm of constant economic growth that maximizes shareholder wealth, market share, and profit underpins contemporary business thinking (Waddock, 2016). Hybrids deviate from this norm by prioritizing long-term viability over short-term growth (Lumpkin et al., 2013; Weerawardena & Mort, 2006). Although gaining market leadership may be a requisite for inducing change, hybrids' commitment to sustainability connects them to longer time horizons, often resulting in slower or limited growth (Battilana & Dorado, 2010; Boyd, Wang, Reyna, Welch, & Henning, 2009). To avoid mission drift and maintain autonomy, hybrids prefer "patient capital" over standard venture capital that comes with expectations of external control and rapid (economic) value creation (Boyd et al., 2009; Haigh & Hoffman, 2012; 2014).

Competitive practices. Rather than preventing others from imitating their offerings and value creation processes, hybrids promote transparency (Haigh & Hoffman, 2012; 2014). They welcome competition and often openly share their sustainable business models and practices for others to replicate (Haigh & Hoffman, 2012), thus amplifying environmental impact. Hybrids' impact-driven business models also serve as sources of competitive advantage, as these models may be difficult for incumbents to imitate (Vallaster et al., 2019). As market shapers for sustainability, hybrids may be more innovative, agile, and credible than incumbents (Hockerts & Wüstenhagen, 2010).

In sum, hybrids challenge key business norms and assumptions inherent in the 'business case for sustainability' approach, endowing them with the potential to become change agents for sustainable market transformations. Hybrids' key purpose of business and a key value dimension is to create environmental impact. Hence, their business models are connected to ecological and social systems, they prioritize long-term viability and collaborate with competitors to amplify environmental impact. Next, we discuss prior research on firm-level market shaping through the lens of hybrid firms.

2.2. Market shaping for sustainability

Building on and extending prior market-shaping definitions (Nenonen, Storbacka, & Windahl, 2019b; Tóth, Biggemann, & Williams, 2022) with the notion of 'truly sustainable business' by Dyllick and Muff (2016), we refer to market shaping for sustainability as purposive efforts by a focal actor to transform market characteristics to generate positive impact in critical and relevant areas for society and the planet. While market-level research analyzes how the joint activities of multiple actors add up to several market-shaping processes (e.g., Harrison & Kjellberg, 2016; Ottosson et al., 2020), firm-level process models are scarce and they depict market shaping as one process advancing through stages, each encompassing multiple activities (Jaworski et al., 2020; Nenonen & Storbacka, 2020).

A hybrid's market shaping starts by *developing a vision* of an alternate, more sustainable future state (Baker & Nenonen, 2020; Humphreys & Carpenter, 2018). Hybrids' vision-building is triggered by the recognition of a specific problem (e.g., environmental degradation) or deep dissatisfaction with existing (unsustainable) market practices (Nenonen & Storbacka, 2020). The vision influences how market shaping is implemented (Flaig, Kindström & Ottosson, 2021a). A market shaper adopts a defensive strategy when aiming to protect the market from undesired change (Beninger & Francis, 2021). For hybrids, the market-shaping strategy appears to be offensive, as they attempt to induce market change, for example, by introducing a sustainable certification system (Ingenbleek & Reinders, 2013). Offensive actors may take on a market-widening strategy, pursuing market modification, or a market-disruption strategy to establish a novel market configuration (Flaig et al., 2021a). To achieve system-level change, market shaping for sustainability necessitates consideration of all the interdependent layers of a market system: business definitions, exchange practices, networks, representations, and rules and norms (Kullak et al., 2022). However, how visions translate into value propositions remains understudied (Storbacka et al., 2022).

Market actors' responses to the market-shaping vision are critical (Flaig, Kindström & Ottosson, 2021b; Nenonen et al., 2019b), and these may vary from full support or passive acceptance to competitive efforts to realize an alternative vision (Flaig & Ottosson, 2022). Consequently, market shaping requires *engaging* other actors to "join the common change process" (Nenonen & Storbacka, 2020: 269) by building relationships, alliances, and networks (Flaig et al., 2021b; Jaworski et al., 2020) and incentivizing and helping other actors to change their behavior (Nenonen & Storbacka, 2020). Soft-power tactics based on subtle and non-coercive ways to persuade others may enable challengers such as hybrids to secure a market foothold alongside incumbents with superior resources (Santos & Eisenhardt, 2009). With their open approach to competition, hybrids also encourage the replication of their novel business models and practices (Agarwal et al., 2018).

Hybrids also *drive concrete changes* to various market-level properties, such as the exchange process (e.g., products, pricing) and actor networks (e.g., supply networks, customer groups) (Nenonen & Storbacka, 2020). This is usually done through the creation or modification of product features, value propositions, or business models (Flaig et al., 2021a). Important actions include facilitating trade and establishing the material and organizational arrangements to enable green innovation adoption and diffusion (Ottosson et al., 2020).

To drive change, a firm must *build legitimacy* for its alternative market view (Humphreys, 2010), novel technology (Breidbach & Tana, 2021), business model, and/or value proposition it promotes (Ottosson et al., 2020), as well as its role as a trustworthy and knowledgeable actor capable of leading the market-shaping process (Kindström, Ottosson, & Carlborg, 2018). Hybrids also need to convince others of the compatibility of business and environmentalism (O'Neill & Ucbasaran, 2016). Entrepreneurs' embeddedness, i.e., the deep integration of their economic activities within their non-economic pursuits, is key for fostering trust, generating social and symbolic capital, and leveraging insider knowledge, skills, and social ties to drive market development (Hidalgo, Monticelli & Bortolaso, 2024; Martin & Schouten, 2014). This increases actors' 'clout', denoting their ability to persuade others to agree with their market view (Storbacka & Nenonen, 2011).

Hybrids try to influence existing institutions (e.g., practices, representations, and norms) that guide the underlying profit-oriented processes in markets (Lawrence et al., 2011). Discursive activities are essential, such as altering terminology (Nenonen & Storbacka, 2020), conducting market analysis (Harrison & Kjellberg, 2016), lobbying (Ottosson et al., 2020), and infusing information (Kindström et al., 2018). These activities resonate with institutional work (Lawrence & Suddaby, 2006), often used in market-shaping research due to its explanatory potential of actors' agential change efforts (e.g., Mattsson & Junker, 2023; Yngfalk, 2019).

A hybrid market shaper can strive to empower specific actor groups by *equipping* them with various capabilities and tools (Araujo, 2007; Geiger & Kjellberg, 2021). Success may also hinge upon the market shaper's capability development (Stubbs & Cocklin, 2008), driven for example by digitalization (Ekman, Röndell, Kowalkowski, et al., 2021). Market devices, "the material and discursive assemblages that intervene in the construction of markets" (Muniesa, Millo, & Callon, 2007: 2), play a pivotal role in constructing and shaping sustainability markets by allowing, for example, the inscription of novel qualities (e.g., eco-

friendliness) into products (Doganova & Karnøe, 2015), development of agential capacity for actors (Onyas, McEachern, & Ryan, 2018), and stimulation of interaction between public and private actors (Mattsson & Junker, 2023). Market devices can both modify material market structures and transform what counts by shaping whose interests matter and how power is distributed (Geiger & Gross, 2018).

In summary, prior research allowed us to identify various activities through which hybrids may shape markets for environmental impact. While this provides a good starting point, hybrids pioneer an approach to sustainability that may not be fully captured in existing literature. Empirical research is needed to uncover how prior findings translate or require adjustments in the hybrid context and may lead to new insights that advance both theory and practical application.

3. Methodology

3.1. Research approach

We apply a qualitative, longitudinal process research methodology: an in-depth, follow-up single-case study, conducted as a part of the first author's doctoral dissertation work. The case provides insights into market-shaping processes for positive environmental impact with special regard to the characteristics of a hybrid firm as the market shaper. Process-based single-case study (Andersen, Dubois & Lind, 2018) allows investigation of the development of a complex, under-researched phenomenon within its context over time (Easton, 2010; Langley, Smallman, Tsoukas, & Van de Ven, 2013). Encouraged by Van de Ven (1992), we conducted real-time research to avoid biasing the findings with prior knowledge of the success or failure of the change process. Moreover, in aiming for narrative diachronicity (Thomas, 2010), retrospective data helped us to identify any changes that occurred, while real-time data helped to unveil why and how (Van de Ven, 1992).

We employed abductive reasoning (Peirce, 1931–1958; Sætre & Van de Ven, 2021), giving primary importance to an empirical anomaly observed as a small hybrid firm explicitly working toward market transformation. Only after identifying this anomaly did we seek existing theoretical tools to understand it. Similarly, our process of answering the question 'What is this case a case of' involved gradually situating the case and its analysis within a theoretical discussion—a process referred to as 'casing' by Ragin (1992). As Ragin (2009, p. 524) notes, our approach to casing was 'tentative and iterative,' allowing for refinement and revision. Initially, the first author focused on identifying a case related to a startup's sustainable business model. However, the theoretical framing and choice of tools shifted when we gained open access to Becour, a for-profit hybrid firm born to shape an existing sustainability market. Data collection revealed the anomaly of a hybrid 'new kid on the block' shaping a market dominated by established players. This anomaly prompted us to revise our theoretical framing during the study and as a result, the case turned out to be an extreme case (Eisenhardt, et al., 2016) of market shaping for environmental impact.

3.2. Data collection

The primary data collection spanned nearly three years (see Table 1), starting a month after Becour was founded. The main data collection methods were interviews, participant observation, informal discussions, and document analysis. The first author conducted the participant observation during nine field visits (see Table 2). The detailed field notes covered internal firm meetings, workshops with partners, a board meeting, a customer meeting, two industry events, and informal outings with the team and its stakeholders. Participating in these events, along with the many informal discussions held, helped to understand Becour's ongoing market-shaping processes.

Interviews were conducted with the entrepreneur, the four co-founders, Becour's employees, and its stakeholders (e.g., a key customer, partner, external owner, and Chair of the Board, see Appendix A). Aiming at reflexive interviewing, no structured guide was used but a list of relevant topics was prepared for each interview (Hoholm & Araujo, 2011). For example, the informants were asked to describe their current and upcoming activities and their interaction with the customers, partners, and other actors. The conversational structure allowed for interactive interviews, which helped illustrate each informant's "different significances of circumstances" (Sayer, 1992: 245). We also utilized internal documents (e.g., business plans, offers, presentations) and the notes of 16 interviews with GO producers and buyers conducted by Becour and its partner. Those interviews offer data on the GO market actors' knowledge, attitudes, and trading practices.

The data also include systematically collected secondary data on the case firm, GO market-related issues, and other market actors (such as competitors). The data consist of news articles, white papers, and reports

Table 2
Summary of empirical data.

Data	Type	Number
Primary	Field visits with participant observation, 1–2 days (48 pages of field notes)	9
	Interviews (1822 min total, 559 transcribed pages)	42
Secondary	Memos of market actor interviews conducted by Becour and CertCo (62 pages)	16
	Becour's internal material (e.g., PPT presentations, website, offers)	12
	Internal emails sent by Becour's CEO	36
	Archival data related to Becour and the GO market (e.g., newspaper articles, white papers, reports)	56

Table 1
Longitudinal data collection.

Follow-up data collection		Field visits with participant observation						
Follow-up data collection		Interviews						
Follow-up data collection			Secondary interview data					
Retrospective and follow-up data collection	Secondary archival data							
Retrospective data collection							Interviews	
Time	**Sept 2016**	**March 2018**	**May -July 2019**	**Dec 2019 – Jan 2020**	**Feb 2020**	**May 2020**	**June 2020**	**Nov 2020**

on the GO market and provide a means to capture wider or alternative viewpoints on unfolding events and to complement and triangulate the primary data. While most of the data were collected in real-time, retrospective data, including historical documents, were also utilized, and informants' descriptions of past events supplemented our understanding of the events unfolding in the present (Hoholm & Araujo, 2011).

3.3. Data analysis

In line with abductive reasoning, we iterated between data and theory and relied on several procedures to move from data to theory. To manage the volume of rich processual data, all data were analyzed using NVivo software. First, empirically grounded narrative analysis was employed to ensure authenticity and avoid decontextualization (Langley, 1999). The constructed case narrative was presented to the hybrid's founders. This revealed some gaps in the story and resulted in additional data collection. Second, the raw data was condensed with visual displays in the form of process maps (see excerpt in Appendix B) depicting a timeline of the unfolding events (Miles & Huberman, 1994). The purpose was to identify the central elements and their relationships that constitute the case.

Each visual map illustrates the results of the initial analysis of a certain period. Hence, the events, activities, decisions, and contextual factors forming the market-shaping processes were connected to market domains (internal, partners & network, R&D, demand-side customers, supply-side customers, competitors, other actors, and factors). We agree with Langley and Truax (1994: 626-627) that the visual displays "incorporate in themselves an intermediate level of theorizing between the raw data and a more abstract and general process model". The first author conducted this first round of narrative and visual analysis, which was primarily inductive.

Once helpful theoretical discussions (market shaping and for-profit hybrids) were chosen, they were used in a more deductive round of thematic coding in NVivo. In the coding structure, each node and sub-node was described to help retain consistency while analyzing the data sets. During the analysis, the coding structure was modified and open nodes emerging from the data were included. For example, a central characteristic of the focal market being shaped, namely being a regulation-born sustainability market, appeared as a relevant contextual factor influencing the market shaping. Finally, the content of each node was scrutinized for internal homogeneity, and the labels were modified to help understand the data. An important modification relates to the language used as we labeled market shaping for sustainability as intertwined processes (not as a process) with language that highlights becoming rather than being. We used peer debriefing (Jokiniemi, Halinen, Pullins, & Hosoi, 2023) to offset any possible bias of the first author who had been deeply involved with the case, by discussing the consistency of the analysis against the data and the theoretical interpretations.

In section 5, we present our abstraction of the market-shaping processes of a hybrid firm based on the interplay between existing theoretical understanding and new empirical knowledge. We include representative verbatim informant quotes in the findings. Tables presenting additional quotes are presented in Appendix C.

4. Findings

4.1. The GO market

Guarantees of Origin (GOs) is a system used to track and certify the origin of renewable electricity generation in the European Union (EU), introduced as part of the Renewable Energy Directive 'RED I' (2009/28/EC) and its successors RED II and RED III. While the EU provides an overarching regulatory framework, each member state is responsible for designing and implementing its GO scheme. The GO framework aims to mitigate information asymmetry in the energy market by providing transparent information about the renewable origin of electricity, thus driving its demand and incentivizing further investment in new production plants (Hulshof et al., 2019).

A GO is an electronic certificate representing one megawatt-hour (MWh) of renewable electricity (RE) produced and added to the grid. GOs provide information about the type of production technology used (e.g., wind, solar, hydro), the production facility's location, and the environmental attributes of the electricity (e.g., carbon emissions avoided). GOs are issued by national issuing bodies to energy producers, who can sell them separately from physical electricity delivery to market participants. In the end-user market, GOs are mostly traded through intermediaries (brokers, traders, portfolio management firms). A GO is 'used' when it is canceled in a GO registry and the attributes of the electricity are allocated to a single end user, such as a company. The GO trading volumes have grown year by year, as GOs provide a cost-effective way for companies to green their electricity usage, comply with environmental regulations and reporting requirements, and showcase their commitment to sustainability.

However, researchers criticize the GO system for two interconnected failures: lack of additionality (i.e., inability to foster new production beyond what is already available) and lack of transparency (Hulshof et al., 2019). The former follows from an oversupply of GOs from decades-old production plants, contributing to a persistently low price level and thus insufficient GO revenues to incentivize financing of new RE production plants. GOs from specific facilities (e.g., newer solar plants) are considered of higher quality, i.e., more credible in terms of environmental impact. Their prices are also higher due to limited supply compared with GOs from older or more generic sources. The latter failure means that end-users have insufficient access to comprehensive and up-to-date information about transaction volumes, price trends, market participants, and the origin of GOs (Oslo Economics, 2018).

4.2. Case narrative

The focal entrepreneur, HP, was involved in the establishment of the GO market in the late 1990s and worked for decades with GO trading in various companies. Before its adoption into the EU regulatory framework, the GO concept was implemented in the UK energy market to direct funds toward RE producers and enable the expansion of renewable production. HP emphasizes that the purpose of GO trading was to create impact, which motivated his market involvement and aligned with his environmental values. HP also actively advocated for the GO system in his home country Norway amidst a tumultuous regulatory environment, facing scrutiny from politicians and high energy-consuming industrial actors.

Over time, HP noticed that although the GO market was growing, it failed to create impact. He attributed this largely to incumbent intermediaries in the mid-market, who treated GOs as price-differentiated commodities, facilitating arbitrage and obscuring their true origin from end-users. Also, as GOs typically pass through multiple profit-driven intermediaries before reaching the end-users, only a small share of the end-users' payments ultimately reach the producers. This "breach of the market's purpose" motivated HP to envision a future GO market that delivers impact beyond supporting existing RE production. The market failure also allowed him to recognize a business opportunity to create a new kind of intermediary firm, purposed for impact creation, thus challenging current trading practices.

Consequently, the hybrid Becour was founded by HP and four partners. Becour would act as the only intermediary between a GO buyer and the producers, and offer portfolio management with an "open-book" policy to foster transparency and trust. It would leverage innovative digital ledger technology (DLT) to develop a digital platform for tracking and trading GOs. Becour gained initial equity by recruiting two Norwegian RE producers as strategic owners. Their interest went beyond providing capital, as both brought in specific expertise to support Becour's vision and intended to actively participate in its strategic

decision-making. Funding from a public innovation fund enabled the launching of a multi-organization R&D project to support the digital platform development.

The founders opted not to delay operations until the platform was completed. Thus, Becour initially relied on existing trading procedures involving phone calls, emails, and spreadsheets. Leveraging HP's existing network, Becour quickly built a supply-side customer base of RE producers providing a wide inventory of GOs to sell. However, in finding demand-side customers (corporate GO buyers), Becour had to start from scratch. Confident in corporate interest, the goal was to quickly sign 1–2 global brand giants to provide proof of concept and leverage their reputation to attract more customers. Yet, during its first year, Becour only sold to a few small, local companies. This rendered revenues far lower than expected. Entering Becour's second year, HP began searching for additional owners to gain financial relief.

From start, Becour actively built a media presence. HP's industry renown led to requests for expert opinions in industry outlets and presentations at events. To enhance credibility and global reach, partnerships were formed with two international trading companies. As GOs are only sold in Europe, these partners could provide other RE certificate solutions (e.g., RECs in North America) to customers with global operations. Locally, Becour joined the Norwegian Reference Group for GOs, which addresses GOs' economic importance and the related political debate. The group took collective action against actors seeking to demolish the GO system in Norway, for example by lobbying politicians. Becour also acted independently to defend the GO system, for instance, through publishing open letters in the media.

While the digital platform was under development, a "mockup" was created to demonstrate its value. Although potential customers showed interest, Becour's competitors responded by downplaying the benefits of digital trading when discussing with the same companies. They portrayed Becour's platform as unnecessarily complicating the trading of GO commodities. Nevertheless, Becour garnered attention from large companies, which invited it to participate in tenders (i.e., to submit bids for GO solutions), competing against incumbent traders. Becour lost the tenders, however, as the corporate evaluation criteria for the bids were designed to prioritize the lowest possible prices.

Becour decided to change its sales approach. Personal selling and participation in tendering processes were resource intensive and slow. As an interim solution, Becour created an online sales channel, a GO webshop, that would eventually integrate into the finished DLT-based platform (thus automating the technical trading process). The webshop introduced a novel online interface, allowing companies to select GOs from their preferred production facilities. However, sales numbers did not immediately improve, leading to internal friction over the next steps.

Nevertheless, three positive developments proved to HP that Becour's business idea was valid. First, Becour signed a partnership with a prestigious incumbent CertCo (a pseudonym), a leading global business assurance firm. By providing third-party verification to all Becour's transactions, CertCo increased its legitimacy. Second, Becour signed pilot projects with a handful of well-known corporations to build solutions for their complex RE needs on the forthcoming digital platform. Third, Becour's financial status was secured as two more RE producers joined its ownership group.

HP diagnosed that the internal friction and problems in signing customers, despite heightened interest, stemmed from divergent perceptions regarding Becour's market approach. The team was reorganized, and some of the staff left the company. HP took on more sales responsibilities himself. Becour prioritized the pilot projects, accelerating the platform development. The focus shifted from chasing global brand giants to targeting customers with complex, long-term, and/or global GO solution needs, who genuinely valued quality over price and did not purchase GOs through tendering. During the Covid-19 lockdown, Becour accelerated the digitalization of its internal and external processes and tripled its sales. Upon launching the finished digital GO trading platform three years after its founding, Becour was financially stable.

4.3. Firm-level market-shaping processes for environmental impact

Our analysis suggests that firm-level market shaping for environmental impact is advanced through several intertwined processes that evolve in parallel. The identified processes are: visioning the future market, redefining the market configuration, developing a hybrid business model, engaging market actors, equipping market actors, and legitimizing the hybrid market-shaping firm and the change agenda. These processes consist of several subprocesses.

4.3.1. Visioning the future market

Most GO market actors seemed to allude to the idea that they were contributing to sustainability just by operating in the market. However, HP's involvement in GO trading since its founding, combined with his commitment to sustainability enabled him to recognize the market's failure in creating positive environmental impact. He saw the bloated mid-market and the lack of trading transparency upheld by it as prominent reasons for this failure. An industry study confirmed that intermediaries collectively gained around 80 % of the GO sales revenues, while only 20 % ended up with the producers (Oslo Economics, 2018).

> Over the years, a market structure has arisen where traders and middlemen buy and sell [GOs]. The producer sells to a trader, who sells to another trader selling to another trader, who sells to an energy supplier, which then sells [the GOs] to an end customer. And this is a breach of purpose. Because the purpose was that the energy consumers may choose renewable energy, and the economic benefit was to be provided to the producers so that they had an incentive to produce more renewable and fewer fossil fuels. Now, more than 80 percent of the economic benefit disappears on the road to the producer. And this is a breach of purpose and a business opportunity. *(Founder and CEO HP)*.

HP was convinced that despite their sustainability claims, most traders were motivated by money and exploiting arbitrage opportunities. As corporate buyers had low understanding of the GO market, they could not evaluate its real impact. They settled with buying unspecified, low-cost GOs as it allowed making legal claims about RE use. On the other hand, RE producers were uninterested in the mid-market as GO trade generated some extra income from their existing production. This income was, however, too little to be strategically important. Also, there was no pressure to show GO profits being reinvested in new production.

HP formed a vision of the future market aligned with the GO market's original purpose. The vision was driven by the need to both shape the GO market from the inside and maintain its existence in Norway. In this future market, end-users prioritize GOs based on environmental impact rather than price. High demand for more expensive, high quality GOs has reduced the number of arbitraging intermediaries. RE producers' increased revenues are directed to investments in new RE production. Proven impact has helped rebut criticisms and secure the market's position in Norway. The vision also presented a business opportunity to establish a new kind of intermediary firm promoting impact and transparency and challenging the profit-driven and opaque trading practices of incumbent traders.

4.3.2. Redefining the market configuration

Upon the founding of Becour, the founders started delineating *what* exactly needed to change in the GO market to achieve the market vision. In other words, they were redefining the market's current configuration by elucidating the changes required in its elements. Becour's change agenda entailed redefining the exchange practices, the market actor roles, the pricing logic, and the object of exchange (see Table 3). Like the market vision, these market change assumptions remained stable

Table 3
Becour's market change assumptions and corresponding business model elements.

Market element	Required market change	Corresponding business model element
Market actors	Steer larger revenue share to RE producers from GO trading.	Guaranteeing 80 % of GO trading revenue to producers.
	Decrease the power of arbitrageurs.	Allying with RE producers.
	Increase the power of GO buyers.	Educating GO buyers, providing transparent information.
	Create a new kind of intermediary actor.	Operating with an "open book" principle.
Object of exchange	Change the perception of GOs from commodities to high-quality products.	Connecting buyers to the natural energy sources.
		Enabling buyers to select GOs from preferred producers based on unique criteria.
Pricing logic	Change from cost-based to value-based pricing to foster higher GO prices.	Educating GO buyers, helping them understand the added value of GOs proving additionality
		Helping buyers use GOs in stakeholder communication
Exchange practices	Decrease redundant GO transactions between multiple intermediaries.	Acting as the only intermediary between RE producers and GO buyers
	Digitalize trading practices to allow transparency.	Developing a digital GO tracking and trading platform

throughout the market-shaping processes.

Technological development was essential in motivating the redefining process. Even though HP had long questioned the market's status quo, it was not until the emergence of digital ledger technology (DLT) that he became confident of his business idea. In short, DLT is a system for recording and managing transactions in a decentralized and secure manner, commonly associated with blockchain technology. DLT improves the security, traceability, and transparency of peer-to-peer exchange, frees small actors from constrictions of geographic boundaries, and enhances low-cost scalability (George, Merrill, & Schillebeeckx, 2021).

4.3.3. Developing a hybrid business model

Simultaneously with redefining the market configuration, the founders imagined *how* those changes could be catalyzed by the new firm. Consequently, when planning Becour's hybrid business model, its elements corresponded to the required market changes (see Table 3). For example, Becour saw that buyers' perception of GOs needed to shift from commodities to high-quality products. On the digital platform, buyers would be linked to RE power plants, visually and descriptively showcasing their uniqueness and direct link to natural power sources like wind or sun behind the GOs.

As Becour started testing its business model in the market and gaining feedback, its perception of how the market changes could be achieved evolved, leading to the continuous shaping of the business model. As an example, Becour learned that merely enabling a larger revenue share for RE producers from GO trades would not ensure reinvestments in new production as they had no processes to earmark the revenue usage. This prompted Becour to expand its offering and start developing such solutions.

> [The CCO] is trying different ways to hit the market. And each time we miss, we learn something about how we should continue. So, we're developing a technology and we're running market tests all the time. (*Founder and CEO HP)*.

The hybrid business model was built for both impact creation and to allow Becour's development into a leading market player through digitalization. Becour wanted to grow but not by any means. For example, it refused to trade GOs from energy producers whose portfolio included fossil-fuel-based production. Becour also avoided funding from venture capital investors, which would have enabled a substantial increase in resources, but would have created pressure for short-term revenue growth. By recruiting strategic owners with patient capital, Becour was able to develop its hybrid business model on its own terms.

4.3.4. Engaging market actors

Becour communicated its market vision through public presentations, media interviews, and its website. It actively invited, persuaded, and motivated actors such as owners and partners to support its change agenda. In addition, Becour involved actors in supporting the GO system's resilience in Norway. Becour advocated for continuing political acceptance through independent efforts (e.g., writing to politicians) and collective efforts through the Norwegian Reference Group for GOs. The group not only provided Becour with a platform to share its ideas but also facilitated insights into other actors' (such as competitors') plans, challenges, and views.

However, the market vision was not the primary message when directly engaging customers. Becour learned that it lacked the power to convince large corporates to buy more expensive GOs with the impact argument, or in other words, to change their 'business case for sustainability' approach. Hence, Becour begun to underline the economic benefits of its value proposition. Accomplishing Becour's market vision did not require producers and end-users to champion the vision. Instead, they needed to recognize that maintaining current practices could hurt their business by exposing them to greenwashing accusations and loss of credibility.

While well-known for his long market experience and proven business management skills, HP was also known for his environmental orientation. This facilitated networking and gave Becour's hybrid agenda credibility. HP effectively leveraged existing goodwill towards the company, for example by facilitating smooth access to Norwegian RE producers needed as both owners and GO suppliers.

> We really believe in [Becour] and the business case and the person behind it. For companies like that to succeed, they need an entrepreneur who's really all in and really believes in it … (who is) really committed and has no exit plan. It's that or nothing. And [HP] is that kind of guy. He's all in. And that's important for us. *(Energy incumbent, Owner 1)*.

4.3.5. Equipping market actors

Becour noticed that other actors typically lacked the necessary understanding or interest in the market's functioning to take the required action. Thus, Becour engaged in equipping market actors by providing them with the means to adopt and implement new ideas and behaviors in their organizations and, ultimately, to catalyze change in their value chains. For example, Becour educated end-users to understand why price-driven procurement led to insufficient environmental impact and why purchasing high-quality GOs allowed them to present credible sustainability claims and counter greenwashing accusations.

> In the customer interviews we ran we saw that there's so much lack of knowledge, and the competence is so low. So, to go in and shape the market in a way, shape the customers, would be a benefit for the old market and also for being positioned when they're ready. *(Founder and CEO HP)*.

Becour also created specific tools, material market devices, to shape action. Examples of such tools are Becour's GO webshop and the DLT-based GO trading platform, that enabled informed decision-making and thus facilitated the transition away from arbitraging incumbent traders. The key to the scalability of Becour's market vision was digitalization. Rather than trying to win one large customer at a time through face-to-face selling alone, the digital platform offered a basis for global scalability.

4.3.6. Legitimizing the hybrid firm and the change agenda

Becour managed external legitimation primarily through partnerships with respected entities (e.g., the strategic owners, CertCo, pilot project customers). While HP's background facilitated Becour's credibility as a competent GO market intermediary, the challenge lay in distinguishing the firm from incumbent traders who benefited from the perception of enhancing sustainability simply by operating in a market considered 'sustainable by default'. Thus, legitimizing also entailed efforts to *de*legitimize the existing unsustainable practices and conceptions and the incumbent traders who perpetuated them.

Becour also had to manage its internal legitimation, which initially appeared strong due to the founders' alignment with the market vision and the hybrid business model. However, it began to erode as difficulties in selling persisted and disagreements appeared over how Becour should engage the market. Re-establishing the company modus operandi and reorganizing the staff fostered internal re-legitimation and helped avoid mission drift.

> My interest [in running Becour] would burn out if I saw that we became just opportunists, trying to make money out of the green shift. Then I'm not interested. We are becoming too much of an opportunist… well, I'm not saying that we are, but instead of going the way I want to go, we're slightly turning into a more traditional business. (*Founder and CEO HP*)

During the digital platform development, Becour had to rely on existing non-digital GO trading practices. That influenced internal legitimation negatively by causing tensions between the sales and R&D teams over resource allocation. Treading both paths also hindered external legitimation by blurring Becour's external image and giving competitors the ability to portray Becour as nothing unique. Accelerating the digitalization of its services enabled Becour to truly differentiate, consolidate its external image, and thus become a more credible market shaper.

Fig. 1 presents our conceptualization of firm-level market shaping for environmental impact, placed within the context of a hybrid firm operating in an existing sustainability market. Market shaping comprises six intertwined and simultaneously evolving subprocesses. Visioning the future market was an internal process, which began on an individual level, in the mind of the entrepreneur, and was later advanced collectively with the co-founders. The visioning process produced a market vision that remained stable for Becour over time and guided its efforts. The processes of redefining the market configuration, developing a hybrid business model, engaging market actors, and equipping market actors influenced and were influenced by the process of legitimizing Becour and its change agenda in the market.

4.4. Being a hybrid and shaping a "sustainability market"

Unlike many technology firms, Becour's aim as a hybrid was not to grow fast, maximize profits, and be sold. Although the firm strived to generate revenue as soon as possible, it was not driven by quarterly financial results. Protected by the patient capital from its strategic owners, Becour could test its business model without compromising its values. Not being set up for an exit was key in shaping the firm's culture and external perception.

> This is what we *want to do*. And that is a different perspective. Because you run such an operation differently than if you, say, have a three-year or five-year business plan with a very clear exit based on "Yes, in five years we're going to sell this to a venture fund." Then that is driving your business. But we don't have that. Our exit is our pension. *(Founder and CEO HP)*.

Becour understood the limited influence one firm could exert on a market. Rather than immediate radical changes, the aim was to convince a few companies to accept Becour's value proposition and thereby sow the seeds for a new kind of sustainability thinking in the market. HP believed that with small nudges in the desired direction, "the system would start to move".

> This is (about creating) ripples in the water and we want to play with precision. … to start a chain reaction. Because we think that sustainability and renewable energy is something that you do in value chains and value networks. It's not something one company can decide to achieve on its own. It's about upstream and downstream. *(Founder and CEO HP)*.

Becour initially shared its knowledge and ideas openly, which was appreciated by corporate buyers. Many companies took the opportunity to learn, but when it came to signing business contracts, they declined.

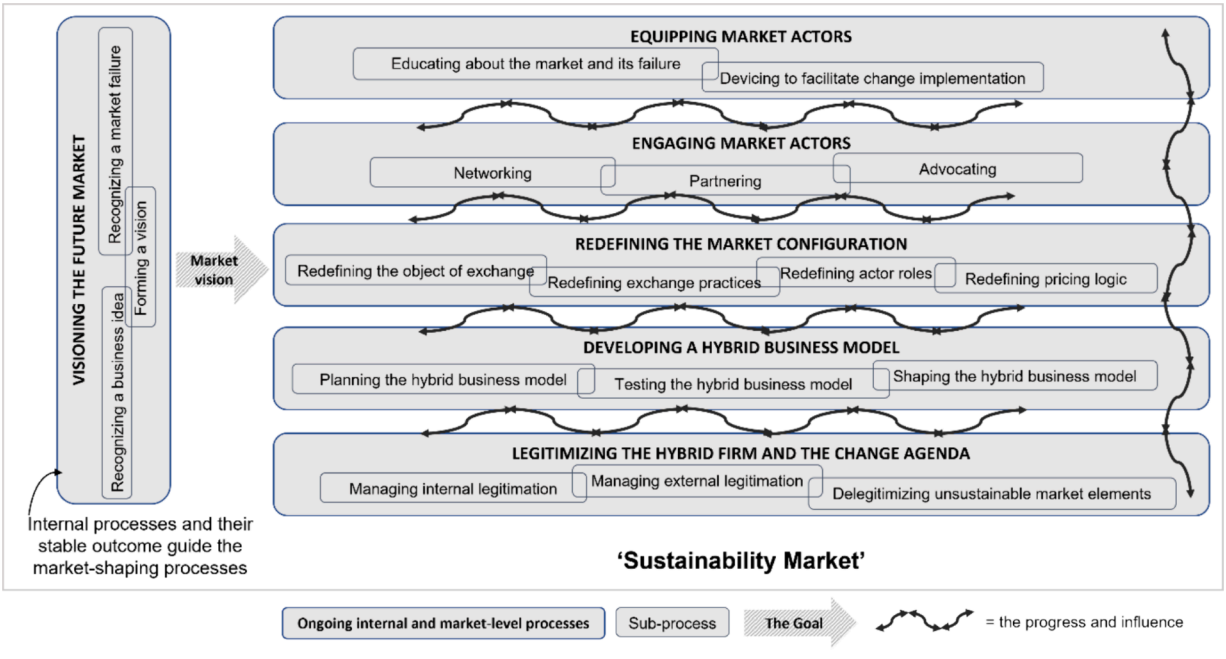


Fig. 1. A process model of market shaping for environmental impact.

This was problematic because although Becour could educate buyers and motivate them to demand transparency from their current GO providers, paying customers were needed to stay in business. Thus, Becour was forced to limit its open knowledge sharing.

Becour hoped to incentivize competition that embraced its mission. A wider front of similar actors would benefit all stakeholders (except for incumbent traders) and accelerate market change. However, no such competitors appeared, forcing Becour to compete with incumbents who portrayed the GO market's continuous growth as a sign of its success. Incumbents had succeeded in black-boxing the value creation mechanisms of the market in such a way that its ability to generate environmental value had become blurred and taken for granted. Most corporate buyers settled with the GO market's 'sustainability market' status, afforded to it by EU regulation. Moreover, the voluntary GO market was the primary market only for the intermediaries. RE producers are not dependent on GO revenue, and for corporate buyers, GOs are instrumental in matching a fragment of their sustainability reporting needs. The market's peripheral role in most market players' business strategies diminished their genuine interest in understanding how GO revenues were utilized.

> This is only a small part of our sustainability report. So it's not very high up on our agenda. We want to be a leader on sustainability. That's why we use them – because the governance says so! (*Corporate GO buyer*).

No large corporation that Becour approached opposed its market vision, yet the vision alone did not prompt them to alter their price-driven procurement practices. In a market perceived as 'sustainable by default', corporations could claim to have sustainability as their order-winning strategy, even though they were merely assuring minimum sustainability requirements in their procurement (Ciccullo, Pero, Gosling, Caridi, & Purvis, 2020). A more effective way to influence corporates turned out to be highlighting the risks related to their competitiveness.

The characterization of the focal market as a 'sustainability market' foregrounds the complexities of market shaping for environmental impact. Market-based mechanisms like GOs, provide simplified, cost-effective solutions for companies to meet sustainability reporting requirements without the need to fully understand the market's functioning (and thereby its failure to generate impact). Profit-driven market actors, like arbitrageurs, support this'blissful ignorance' and the presumed sustainability of the market.

Hybrid market shapers, enacting 'true business sustainability' through challenging key business norms and assumptions ingrained in mainstream corporate sustainability, thus confront a daunting task if they focus on attempting to change incumbent actors' approach to sustainability. Instead, our case underlines the vital role of hybrids in educating market participants (Keränen et al., 2023) and introducing market devices (Doganova & Karnoe, 2015; Geiger & Gross, 2018) that allow new market behavior (e.g., to buy GOs from a webshop) and empower market agents (e.g., to make informed decisions). As a result, some actors may realize the need for a different kind of sustainability thinking, leading to action, while many more are likely to adjust their behavior primarily for profit-driven motives. Either way, the market vision is advanced. Hybrids themselves must balance between increasing market understanding (and awareness of its failure) and generating revenue from the customers they educate to ensure their own financial sustainability.

5. Discussion and implications

To answer our research question, *how do the processes of market shaping for positive environmental impact unfold,* we investigated an extreme case (Eisenhardt et al., 2016) of a hybrid firm shaping an existing 'sustainability market'. The case serves as a powerful illustration of 'true business sustainability' put in action and provides rich insights into the focal phenomenon that may otherwise have remained less pronounced. The resulting process model illustrates how market shaping for environmental impact by a hybrid firm unfolds through six intertwined processes that are inherently connected to the organization's development. The subprocess of visioning the future market acts as a stabilizing force, generating a clear market vision that consistently guides the other processes. Redefining the market configuration, developing a hybrid business model, engaging market actors, equipping market actors, and legitimizing the hybrid firm and its change agenda are interdependent processes that collectively work towards realizing this vision. Changes and advancements in one subprocess often necessitate adjustments or enhancements in others, illustrating their interconnected nature within the broader framework of market shaping for sustainability.

5.1. Theoretical implications

Our study contributes to existing market-shaping literature in several ways. First, we offer a processual conceptualization of market shaping for sustainability on a firm level. We explicitly view a hybrid's market shaping as intertwined and continuously evolving process*es,* consisting of various subprocesses, using the language of becoming. This is an alternative, processual conceptualization to e.g., Jaworski et al. (2020) and Nenonen and Storbacka (2020) that view a firm's market-shaping proc*ess* encompassing discrete activities occurring during various stages. Our model captures the real-world fluidity and complexity of incipient market shaping. By elucidating the micro-dynamics of market shaping, we extend the findings of Harrison & Kjellberg (2016) and Ottosson et al. (2020), which analyze how various actors' collective activities add up to multiple market-level processes that transform a market.

Second, in contrast with incumbents as market shapers (e.g., Kindström et al., 2018; Werner et al., 2022), our results highlight that market shaping for a hybrid firm is "fundamental", i.e., the reason to exist, rather than an optional strategy (cf. Nenonen & Storbacka, 2020; Flaig et al., 2021a) and that it begins on an individual level, before a firm-level exists. As Nenonen and Storbacka (2020) suggest, the hybrid market shaper first hypothesizes the required market changes to achieve its vision. We extend this notion by showing how, for a hybrid, redefining the market configuration is inextricably linked to the continuous development of its business model. In essence, every adjustment to the business model must align with achieving the envisioned market changes, even if this results in slower growth.

Third, we add to prior studies on firm-level market-shaping by highlighting the coexistence of defensive and offensive market-shaping strategies in one firm (cf. Flaig et al., 2021a). We show that these strategies can be hybridized when the focal actor aims to simultaneously maintain a market and change it. In our case study, the market shaper was maintaining the market through both individual and collective actions to increase the market's resilience against external attacks (Beninger & Francis, 2021). However, the firm also aimed to transform the market from the inside (Geiger & Gross, 2018) to allow positive environmental impact generation in addition to profit generation, thereby hindering the market from destroying itself by losing its credibility. Moreover, our results show how market-widening, described as 'increasing the size of the value pie' to encompass more market actors and market activities (Flaig et al., 2021a; Nenonen et al., 2019b), may be considered from a hybrid perspective as also 'improving the ingredients of the pie' to allow more just value distribution and ultimately market output that benefits all life on the planet.

Fourth, in contrast with prior research emphasizing the need for mobilizing and orchestrating other actors around the market shaper's vision (Flaig et al., 2021a, b; Jaworski et al., 2020), we show that other actors' adoption of the market-level vision *per se* may not be required. Our findings indicate that they need to accept the stakeholder-specific market-shaping value proposition derived from the vision, as

suggested by Nenonen et al. (2020). Our case company did not create a revolutionary market vision but rather tried to convey the market's original idea to the other actors who had very low interest in it. There was no need to rally actors around the vision, it was enough to convince each player to start acting differently on its own (and spreading the change in its value chain), albeit for profit-related reasons. Thus, market change for environmental impact can occur if market actors perceive value for themselves from adopting a new practice (e.g., buying GOs based on origin instead of price only) or tool (e.g., digital trading platform) and do not object to the vision. Using the vocabulary by Helgesson and Kjellberg (2020), other actors' behavior does not need to be programmatic (both compliant *and* aligned to the vision) to contribute to the realization of a market vision.

Finally, we contribute by showing how the market shaper's intermediary role in the focal market allowed it to advance its shaping efforts toward the market's supply- and demand-side actors simultaneously. In addition to market shaping through supply (e.g., introducing environmental products) (Werner et al., 2022) or through purchasing (Ulkuniemi, Araujo, Tähtinen, 2015), intermediation can effectively drive market change by, e.g., connecting actors and offering translations between differing views. Our results also highlight the importance of non-human intermediaries (Kjellberg & Helgesson, 2007), as evidenced in Becour's translation of its change agenda into a digital platform that can intervene in market practices, increasing the agency of GO buyers and reducing that of incumbent traders.

5.2. Managerial implications

This study provides insights for managers in both hybrids and conventional firms (especially in Western contexts), as market shaping for true business sustainability is an equally relevant topic for them. Practitioners should approach market shaping as a combination of iterative processes that require not only a market vision based on understanding of the entire market system but also an initial agenda that identifies the concrete market changes needed to achieve the vision. Recognition of the market-shaping processes allows managers to link their firm's business model development to the required changes in market elements. At the same time, market shapers must retain a high level of agility when implementing and adjusting that agenda. Furthermore, as the firm introduces triggers in the market, the market response may, in turn, trigger changes in the firm. We advise managers to build a strategy for managing internal legitimation as this can affect the firm's externally oriented market-shaping efforts.

Our findings highlight that a market-shaping aim of creating positive environmental impact involves specific challenges. For social purpose organizations, their customers are typically also the beneficiaries of the operation (e.g., microfinancing, where loans are provided to extremely poor people) (Battilana & Dorado, 2010). Conversely, the beneficiaries of a for-profit hybrid's environmental mission extend beyond customers, encompassing all living beings on the planet. The ultimate mission to mitigate the effects of climate change by, for example, accelerating the energy transition is more abstract than pulling a sociodemographic group out of poverty. Besides being difficult to measure and communicate, intangible benefits make the market shaper's goals susceptible to incumbents' undermining efforts. For these reasons, if the realization of the market vision does not require other actors' active internalization of the vision, hybrids are advised to approach customers through specific value propositions tailored to each actor's motivation, whether primarily financial or not.

5.3. Limitations and suggestions for future research

The scope of this study is limited to the processes of market shaping for sustainability by a single market actor. We call for further research extending the analysis beyond the early stages of development, which would require longitudinal case studies over longer periods. An extended scope would allow further mapping of the market-shaping processes and potentially the identification of additional processes and sub-processes. Such studies would also help in connecting the early-stage, firm-level market-shaping efforts to prior conceptualizations of the alignment of multiple actors' engagement in collective market shaping that lead to new institutionalized rules and practices (Kleinaltenkamp, Conduit, Plewa, Karpen, & Jaakkola, 2021). A logical next step would be to investigate the tangible outcomes of market shaping, as suggested by other scholars (Nenonen, Storbacka, & Frethey-Bentham, 2019a; Stathakopoulos, Kottikas, Painesis, et al., 2022), particularly pertaining to environmental outcomes.

Our study was conducted in a specific context of an existing sustainability market. We encourage further studies in similar contexts that are intended to foster sustainability but are (potentially) failing to generate positive impact, such as plant-based food production (Creswell, 2021). Future research could also expand the research design to include a wider variety of informants beyond the focal firm and its closest stakeholders to reveal more nuanced contextual dynamics between multiple levels of analysis (Kullak et al., 2022). As our study shows, investing in longitudinal follow-up research, although time and resource consuming, enables the collection of rich data and a deeper understanding of complex processes.

This study has illustrated how the process of visioning of a future market may begin long before a firm-level exists. As noted by others (Nenonen et al., 2019a; Flaig et al., 2021a; Storbacka et al., 2022), more research is needed to understand the genesis and process of visioning. Due to the centrality of impact for advancing sustainability through market shaping, understanding visioning related to such intended impacts in crucial, as it influences the following business model, strategy, and network development. Hence, future research may need to extend data collection to times prior to the establishment of a market-shaping firm.

Funding

This work was supported by the Dr. h.c. Marcus Wallenberg's Foundation. Mariia Syväri's doctoral research was supported by the Finnish Cultural Foundation the Foundation for Economic Education. Sini Nordberg-Davies benefitted from funding from the KAUTE Foundation.

Declaration of interests

None.

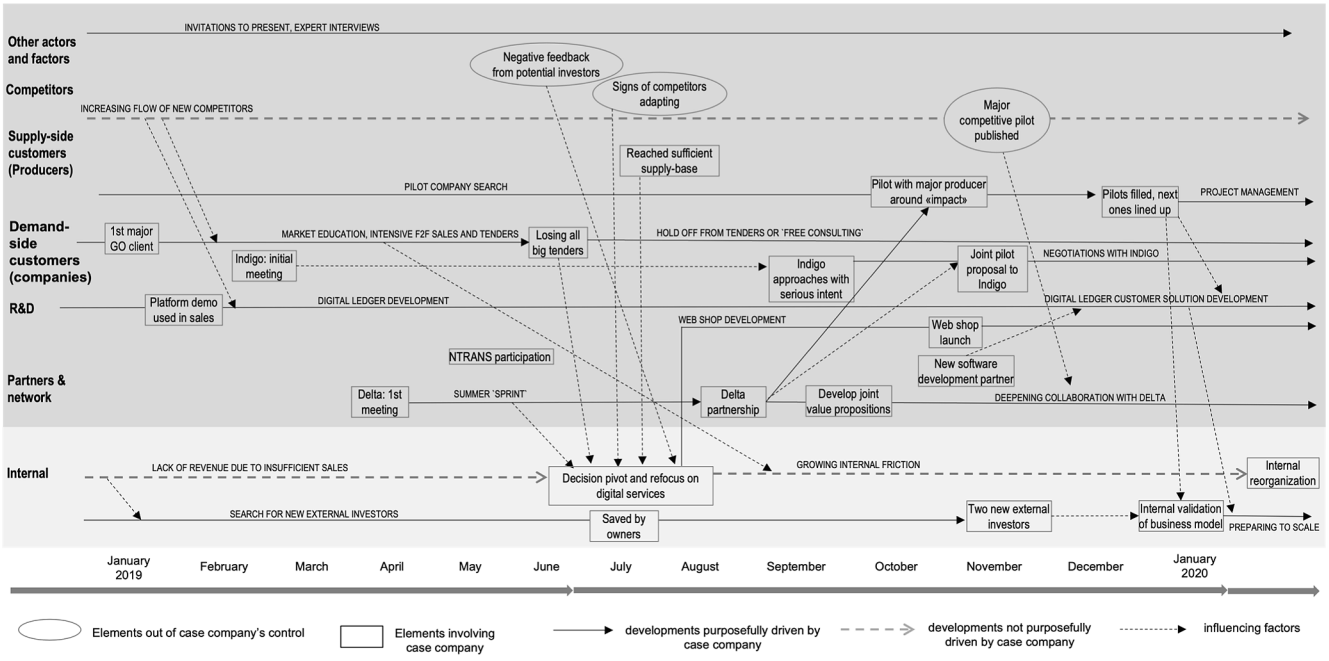
CRediT authorship contribution statement

Mariia Syväri: Writing – review & editing, Writing – original draft, Validation, Project administration, Methodology, Funding acquisition, Formal analysis, Data curation. **Jaana Tähtinen:** Writing – review & editing, Writing – original draft, Visualization, Validation, Methodology, Conceptualization. **Sini Nordberg-Davies:** Writing – review & editing, Validation, Funding acquisition, Conceptualization.

Appendix A. Empirical primary data collection by source in chronological order

VISIT	Interview (60 min)	Co-Founder 2 and Co-Founder 3, Becour
08.03. – 09.03.2018	Interview (60 min)	Co-Founder 4, Becour
	2 interviews (30, 34 min)	Founder and CEO, Becour
	Interview (60 min)	Co-Founder 2, Becour
22.03.2018	Observing (via Skype) (60 min)	Becour's internal meeting
11.4.2018	Interview (via Skype) (60 min)	Founder and CEO, Becour
VISIT	Observing (180 min)	Becour 's board meeting
11.6. – 12.6.2018	Interview (60 min)	Director in Owner 1
	Interview (60 min)	Chief Commercial Officer, Becour
VISIT	Observing (60 min)	Becour 's key corporate customer meeting
21.08. – 22.08.2018	3 interviews (51, 60, 22 min)	Founder and CEO, Becour
	Interview (20 min)	Client adviser 1 and 2, Becour
	Interview (23 min)	Chairman of the Board, Becour
29.10.2018	Interview (via Skype) (25 min)	Founder and CEO, Becour
VISIT	Observing (65, 160 min)	Workshops with international partner
22.11. – 23.11.2018	2 interviews (20, 40 min)	Founder and CEO, Becour
	Interview (22 min)	Managing Director, international partner
10.01.2019	Interview (via Skype) (45 min)	Founder and CEO, Becour
VISIT	Observing (360, 240 min)	*REC Market Meeting 2019, Amsterdam*
12.03. – 13.03.2019	Interview (60 min)	Chief Commercial Officer, Becour
VISIT	2 interviews (20, 37 min)	Founder and CEO, Becour
21.03.- 22.03.2019	Interview (21 min)	Market analyst, Europe, Becour
	Observing (180 min)	R&D project group meeting
20.05.2019	Observing (via Skype) (30 min)	Becour and CertCo's workshop
VISIT	4 interviews (60, 15, 34, 36 min)	Founder and CEO, Becour
06.06. – 07.06.2019	Observing (60 min)	Becour and CertCo's project meeting
24.06.2019	Interview (via Skype) (60 min)	Chief Commercial Officer, Becour
07.07. – 08.07.2019	2 interviews (20, 35 min)	Founder and CEO, Becour
VISIT	Observing (240 min)	*Energy Norway GO Training Day, Oslo*
29.10. – 30.10.2019	2 interviews (21, 38 min)	Founder and CEO, Becour
	Observing (44, 40 min)	2 presentations by Founder and CEO, Becour
	Interview (50 min)	Becour's key corporate customer
28.11.2019	Interview (via Teams) (55 min)	Founder and CEO, Becour
VISIT	Interview (30 min)	Chief Commercial Officer, Becour
16.01. – 17.01.2020	Interview (61 min)	Founder and CEO, Becour
	Interview (47 min)	Co-Founder 2, Becour
	Observing (120 min)	R&D project reference group meeting
29.05.2020	Interview (via Teams) (53 min)	Founder and CEO, Becour
05.06.2020	Interview (via Teams) (43 min)	Founder and CEO, Becour
19.06.2020	Interview (via Teams) (41 min)	Founder and CEO, Becour
26.06.2020	Interview (via Teams) (46 min)	Co-Founder 1 and Co-founder 4, Becour
10.09.2020	Interview (via Teams) (43 min)	Founder and CEO, Becour
03.11.2020	Interview (via Teams) (55 min)	Director of Projects and Portfolio Mgmt, Becour
13.11.2020	Interview (via Teams) (40 min)	Director of Brand and Marketing, Becour
23.11.2020	Interview (via Teams) (49 min)	Founder and CEO, Becour

Appendix B. Excerpt of a visual map



Appendix C. Data analysis, illustrative quotes

Market-shaping processes.

Processes	Subprocesses	Illustrative quotes
Visioning the future market	Recognizing a sustainability-related market failure Recognizing a related business opportunity Forming a market vision	The purpose of the system was to give customers an opportunity to influence the market. Instead, the power sellers have created a market that suits themselves well, he states. This in turn has given [Becour] a market – which will only grow as more companies put sustainability at the top of the agenda. (HP's interview in local newspaper). The purpose is the same as the purpose of the Guarantees of Origin market: to enable consumers to choose renewable energy and to ensure that the producers of renewable energy get the economic benefit of that choice. (HP)
Developing a hybrid business model	Planning the hybrid business model Testing the hybrid business model Shaping the hybrid business model	If we don't make money, we will be out of business and cannot do what we think is good for the future. So the idea is to utilize the green shift as a business opportunity and implementing it we need money and then to deploy the solutions that create a good, a better future. (HP) [The sales team] is trying different ways to hit the market. (HP). It might be that we have to step down on that and re-focus. That's part of the iteration. Not walking all the way back to the starting line but we are iterating forward, I would say. (HP)
Redefining the market configuration	Redefining object of exchange Redefining exchange practices Redefining actor roles Redefining pricing logic	Renewable energy with guaranteed origin is not a tradable commodity. It is the opposite. It is a quality product, a branded product. …The bottom line is that every power plant, with all its attributes, is a separate product. (Becour in industry outlet) The ambition is to develop new technology to digitize the tracking mechanisms and connect producers and energy users more closely. (Becour's R&D funding application) …the partner philosophy is that every customer is actually a partner. And a producer is actually a partner as well. And you build your partners stronger. (Co-Founder 3, Becour) 80/20 Revenue share model and additionality measures create more renewable energy. (Becour's company presentation)
Legitimizing the firm and the change agenda	Managing internal legitimation Managing external legitimation	It was also an internal friction between the research project and the rest of the organization. Because it was like, "we are doing the important work and what you are doing over there in this project, we don't understand why we do this, need this project." (Co-founder 2, Becour) We see the benefit of having [Owner 1] and [Owner 2] as owners very high. …to increase that strategic platform is of high value because it gives us legitimacy and also it gives us inventory. It gives us access to their portfolios and their logos. That gives us legitimacy when it comes to talking to other producers. (HP) If we name this partnership to clients … some of the big clients they work with [CertCo] and it directly rings a bell. Even when we didn't have that much, it wasn't that concrete, they certified all that we are doing. The clients saw this as really different from what they are used to seeing in the GO market. So only to have the name was good. (Director of Projects and Portfolio Mgmt, Becour)

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Processes	Subprocesses	Illustrative quotes
	Delegitimizing unsustainable market elements	[Co-founders 2 & 3] are asking: "So where do you buy from?". And people say: "I don't know". And then they say: "Well, you should know. Because it's a Guarantee of *Origin*. It's not a commodity". And then the second question is: "Ok, so what is the money being spent for? Does anything happen? (HP)
Engaging market actors	Networking	We are a small startup company together with huge companies in this project. Because we have another view on things. (Co-founder 1, Becour)
	Partnering	This is developing into something that could be of enormous value for us….They have 10 000 consultants all over the world talking to the companies we want to talk to. (HP)
	Advocating	The fact that international industry players with operations in Norway, on par with other international companies, have to pay to document that they use our renewable energy, is a small cost compared to the gain for Norway and the climate. (HP's interview in industry outlet)
Equipping market actors	Educating the market	Customers have to be led into this, they're not ready. Because they haven't heard about this before. So, it's not that they know what they want. It's like you have to train them to understand the value. Because they're trained to be relaxed based on a very simplified solution. (HP)
	Devicing to facilitate change implementation	The pilot will help [Becour and CertCo] to finalize the development of the tools needed so that many other companies can create transparent links between renewable generation and consumption to support the transition to 100 % renewable electricity. (Becour's press release)

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