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The equivocal image of young social enterprises—How self- versus other-oriented values influence external perceptions

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Abstract

Social enterprises follow the dual mission of achieving social aims as well as attaining financial sustainability and therefore elude easy categorization into either a non-profit or for-profit organization. Consequently, social enterprises might struggle with their image since external stakeholders (e.g., job applicants and customers) could hold back their support when the enterprise's dual aims seem unusual to them. Despite the importance of the image to gain stakeholder support, factors that determine how individuals perceive social enterprises are underexplored, especially in their early life stages before they have developed reputational capital and brand recognition. Following human value theory, we propose that stakeholders' self-transcendence ("other-oriented") versus self-enhancement ("self-centered") values explain how they evaluate social versus commercial enterprises. In a vignette study with 945 individuals, we reveal that social enterprises are more likely to attract self-transcendent individuals whereas individuals with stronger self-enhancement values are less likely to feel attracted to social enterprises.

Moreover, our findings show that individuals' values were more strongly related to the image of social enterprises than to the image of commercial enterprises. Thus, external individuals' values lead to stronger and more contrasting reactions regarding social compared to commercial enterprises. The findings indicate that the image of social enterprises is more equivocal and distinct compared to commercial enterprises and therefore might require a different theoretical understanding and careful management as it depends on stakeholders' deep-seated values.

1 | INTRODUCTION

By harnessing market-based methods to solve social issues, social enterprises have received great attention from researchers and practitioners (Asarkaya & Keles Taysir, 2019; Heinze et al., 2016; Ip et al., 2021; Saebi et al., 2019). According to the literature, young social enterprises—defined as social enterprises younger than 12 years old (Hannan et al., 1996; Siqueira et al., 2018)—often face legitimacy issues related to their image since they follow dual objectives which are simultaneously profit and non-profit oriented (Costanzo et al., 2014; Ebrahim et al., 2014; Vedula et al., 2022). An enterprise image is defined as the overall external impression, set of beliefs, feelings, and associations of the enterprise (Riordan et al., 1997; Zhu & Chang, 2013). This image is vital for any enterprise as it represents the basis for any assessment and evaluation of its actions and accomplishments (Barnett et al., 2006; Foroudi et al., 2020; Villena Manzanares, 2019). Young enterprises are particularly dependent on a positive image as it can grant legitimacy to the enterprise that helps launch and grow the business by attracting customers, investors, and employees (Bublitz et al., 2018; Lin-Hi et al., 2020; Younger & Fisher, 2020). As young social enterprises straddle the binary organizational categories of non-profit or for-profit, individuals often find it hard to grasp the concept of what a young social enterprise entails, and hence may question their legitimacy (Austin et al., 2006; Barraket et al., 2016; Dart, 2004; Grieco, 2018).

Although the image is critical and challenging for a young social enterprise's success (Dacin et al., 2011; Goldberg et al., 2003; Riordan et al., 1997; Spear, 2006), a systematic understanding of its antecedents is still limited. While some research has been conducted on how young social enterprises use their image to attract individuals, such as customers in local communities and investors (e.g., Ruebottom, 2013; Smith et al., 2010; Teasdale, 2010), it remains unclear which factors influence the image of a young social enterprise. This study sets out to contribute to the discussions on the legitimacy of early-stage social enterprises before they have developed their reputation or any brand recognition (Kibler et al., 2018; Murphy et al., 2019; Weidner

et al., 2019). We specifically investigate the characteristics that determine how external individuals evaluate the image of young social enterprises.

Based on human value theory (Schwartz, 2003; Schwartz & Bilsky, 1987) and value congruence (Ihm & Baek, 2021; Muchinsky & Monahan, 1987), we argue that the image of a young enterprise depends on an individual's deeply rooted value system and that this relationship varies for young social versus commercial enterprises. Human values are defined as a person's desirable goals which guide the evaluation of actions, policies, people, and events (Agle & Caldwell, 1999; Meglino, 1998; Schwartz, 2003). Human value theory argues that values are arranged in a circular structure representing the corresponding and conflicting potential of each type of value (Schwartz, 2003, 2012). In this vein, values concerning self-orientation (i.e., self-enhancement) oppose values reflecting a fundamental orientation toward others (i.e., self-transcendence) (Schwartz, 2003, 2012). In our study, we propose the conflicting *self-transcendence* versus *self-enhancement* value dimension of individuals as being highly relevant to understand differences between the image of young social versus commercial enterprises. A person's positive perception of an enterprise's image is determined by the congruence between his/her value system and the value system that is expressed by the enterprise's main mission (e.g., social vs. commercial) (Muchinsky & Monahan, 1987). Consequently, individuals' personally held values and how they perceive the values of an organization and its founders should play a key role in explaining why individuals perceive young social enterprises differently than commercial enterprises.

For this paper, we conducted a vignette study with 945 university students entering the job market. We presented a between-subject vignette design containing an interview with a founder of a young social or commercial enterprise. The vignettes specifically include information on the founders' goals and objectives for forming the enterprise. Compared to more established enterprises, the founders of young enterprises develop the enterprises closely around their meanings and values (Blake et al., 2015; O'Neil & Ucbasaran, 2016; Sieger et al., 2016). Hence, using an interview with a founder who spoke about his/her enterprise, increased the external validity of our vignette study. Additionally, in the enterprise's inception phase, where entrepreneurial teams are still small, the enterprises evolve around the founders' ideas, putting them at the center of attention (e.g., Andersson & Walk, 2022). Especially in the context of young social enterprises and non-profit organizations, founders use storytelling as a marketing approach which helps gaining legitimacy from their stakeholders (Margiono et al., 2019). For instance, founders use themselves as a main character in an engaging story of how they started the social enterprise which can evoke the empathy of stakeholders and thereby enables their support in terms of (non-)financial resources (Margiono et al., 2019). We regard students close to graduation as one of the most relevant populations of external individuals as they, depending on their specific life course, will occupy a variety of roles relevant to social enterprises, such as business founders, applicants, customers, investors, journalists, and politicians.

This study contributes to the literature along two lines. First, our study introduces human value theory as an explanatory framework for understanding how external individuals generate an image of young enterprises. We learn about the antecedents of the evaluation of young social enterprises. Thus, we can point to particular human dispositions that result in a supporting or deprecating stance toward newly founded social enterprises. This finding is particularly fruitful since research thus far has considered a marketing perspective in non- and for-profit organizations (e.g., Michaelidou et al., 2015; Michel & Rieunier, 2012) but only tentatively investigated the enterprise image of young social enterprises. Our research proposes that social enterprises may suffer from having an enterprise image, which signals the role of the enterprise as a social

contributor, but at the same time creates disinterest in individuals with opposing values, which eventually leads to an equivocal image of social enterprises. Consequently, this equivocal image could create difficulties when seeking to access economically driven resources and capabilities needed for the young enterprise's survival, such as attracting potential customers, employees, and investors—who may hold differing values.

Second, our research adds to the literature on social entrepreneurship by showing differences between young social and commercial enterprises. Particularly, the differences in the perception of young social and commercial enterprises indicate that mechanisms, such as investment seeking, networking activities, and decision-making, may vary systematically depending on whether the young enterprise is of a social or a commercial type (Nicholls, 2010; Riedo et al., 2019; Shaw & Carter, 2007; Wry & York, 2017). Hence, we extend research by showing that social and commercial enterprises do not only differ regarding their structures and the motivation of their founders (Beugré, 2014; Yitshaki & Kropp, 2016) but also differ regarding the perception of the young enterprise itself. Our study demonstrates that a central tenet of the human value theory (Schwartz, 2003), specifically, the proposition that individuals cannot simultaneously hold contradictory self-oriented versus other-oriented values helps to explain a plethora of human attitudes and behaviors relevant to the (social) entrepreneurial process such as recruitment or investment decisions.

2 | THEORY AND HYPOTHESES

2.1 | Young social enterprises and their struggle for legitimacy

Social enterprises follow the dual mission of achieving social aims as well as attaining financial sustainability and, therefore, blur our understanding of for-profit and non-profit organizations (Dart et al., 2010; Doherty et al., 2014; Saebi et al., 2019). Social enterprises, for instance, strive to improve the lives of disadvantaged people or secure biodiversity by implementing entrepreneurial methods that help generate revenues (Doherty et al., 2014; Saebi et al., 2019). In contrast to this dual mission, for-profit or commercial enterprises focus on maximizing shareholders' financial returns while social aims are secondary (Battilana & Lee, 2014; Saebi et al., 2019; Vedula et al., 2022). Likewise, the dual mission distinguishes social enterprises from non-profit organizations, which may also generate income (e.g., donations). However, in non-profit organizations, the revenue is typically bound to a specific project and is not included in the organization's mission (Saebi et al., 2019). Although social enterprises differ in many ways from commercial and pure non-profit organizations (e.g., governance structure, strategies, norms; Dart et al., 2010), their dual mission is one of the most crucial distinguishing factors. The dual mission is the guiding post for strategic decision-making (Doherty et al., 2014; Saebi et al., 2019). Furthermore, it is part of the interaction with stakeholders, particularly in the early emergence of social enterprises (Battilana & Dorado, 2010; Nielsen et al., 2021).

The dual mission of social enterprises, however, entails the challenge of gaining legitimacy from stakeholders (i.e., employees, potential customers, potential investors, and suppliers), which is particularly necessary for young enterprises (Doherty et al., 2014; O'Neil & Ucbasaran, 2016; Siqueira et al., 2018; Wiklund et al., 2010). Hence, legitimacy is a prerequisite for young social enterprises' success, making it particularly important (Vedula et al., 2022). Social enterprises, on the one hand, face the challenge that incorporating two missions can produce conflicting demands and implies a balance between social and economic means and aims.

This need to balance both missions makes the categorization by stakeholders difficult (Doherty et al., 2014; Suykens et al., 2019; Vedula et al., 2022). On the other hand, the effort to gain legitimacy is more intense during the enterprises' emergence phase. Notably, their liability of newness, which implies that young social enterprises lack established routines and organizational capabilities, hinders them from obtaining critical resources (Battilana & Dorado, 2010; Uzuegbunam et al., 2021; Wiklund et al., 2010).

The legitimacy issues are further reflected in the young social enterprise's marketing strategy (Mitzinneck & Besharov, 2019) since external individuals (e.g., potential customers) often criticize a social enterprise when the impression arises that one of the two goals inherent in the enterprise's mission might be overprioritized (Liu et al., 2015). Remarkably, this criticism arises since the young enterprise's social mission is particularly relevant in the eyes of potential customers and the general public (Doherty et al., 2014). Hence, current research stresses that young social and commercial enterprises must distinguish marketing capabilities and approaches, since an overemphasis on economic objectives endangers the possibility for social enterprises to gain legitimacy (Liu et al., 2015). However, balancing both missions is particularly challenging because social enterprises must implement commercial enterprise means while also addressing social or environmental problems with their efforts (Liu et al., 2015).

The research underlines that being oriented toward a social mission calls for more marketing and branding efforts (Michaelidou et al., 2015; Michel & Rieunier, 2012). Notably, the social enterprise's image is essential to its efforts to position itself in the market and has the power to shape consumers' attitudes and actions (e.g., purchasing behavior) (Michaelidou et al., 2015; Riordan et al., 1997; Younger & Fisher, 2020). Despite its importance, we know very little about which factors shape the image of young social enterprises. When following a social mission, the image of the enterprise relates not only to functional associations (e.g., functional benefits of the product/service) but also to symbolic associations (e.g., associations with the values of the organization) (Michel & Rieunier, 2012). Symbolic associations affect the enterprise's success since they are closely related to stakeholders' values and behavior, such as their willingness to donate to the organization's cause (Michel & Rieunier, 2012). Since young social enterprises encompass elements of non-profit organizations and, at the same time, aspects of commercial enterprises, creating a positive enterprise image is particularly challenging. Ultimately social enterprises that incorporate a dual mission need to address external individuals from both spheres (i.e., social/symbolic and commercial/functional) and hence need to align their marketing efforts with stakeholders' values.

2.2 | Human value theory

Values have become an important subject not only in psychological research but also in the field of management. For instance, studies show that values influence engagement in corporate social responsibility (Baumgartner, 2014), the formation of an organizational stigma (Devers et al., 2009; Tracey & Phillips, 2016), work attitudes among employees (Arieli et al., 2019; de Hoogh et al., 2005), customer intention and decision making (Ahmad et al., 2020) and also employer attractiveness (Chatman, 1989). We draw on Schwartz's human value theory (Schwartz, 2003; Schwartz & Bilsky, 1987) because it captures the different foci of human values and provides an overarching structure showing the pattern of conflict and congruity among values. Schwartz (2012, p. 17) states that "values are one important, especially central component of our self and personality, distinct from attitudes, beliefs, norms, and traits. Values are
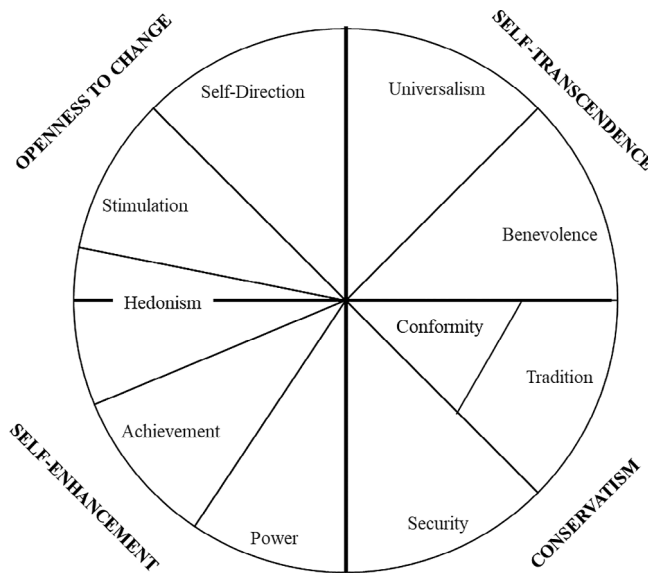
FIGURE 1 Theoretical circular structure of human values (own illustration based on Schwartz, 2003, p.270)

critical motivators of behaviours and attitudes". Furthermore, Bardi and Schwartz (2003, p. 1208) claim values to be "relatively stable motivational characteristics of persons that change little during adulthood". Schwartz (2003) proposes a set of 10 values that reflect the most fundamental foci: universalism, benevolence, tradition, conformity, security, power, achievement, hedonism, stimulation, and self-direction.

As values imply similar classes of specific goals and standards, some values will be congruent with others of similar classes of goals (e.g., striving for power and striving for achievement). In contrast, values may stand in conflict with each other when the underlying goals imply conflicting ends (e.g., serving oneself versus serving others). Figure 1 is an illustration of values in a circumplex structure according to human values theory (Schwartz, 2003, 2012); which helps to delineate the contradictory or compatible nature of values and their two orthogonal dimensions. Although an individual's values regarding the dimension of openness to change versus conservation might affect all kinds of innovation and entrepreneurship topics, we propose that an individual's values regarding the dimension of self-enhancement/self-transcendence hold explanatory value for differences in their evaluation of the image of a young social or commercial enterprise.

Self-transcendence is reflected by values that transcend an individual's striving for his/her personal benefit (Schwartz, 2012). This dimension concerns values of universalism and benevolence, which are connected to the welfare and interest of others (Schwartz, 2012). Schwartz (2003, p. 268) defines universalism as the "understanding, appreciation, tolerance and protection for the welfare of all people and for nature" and benevolence as the "preservation and enhancement of the welfare of people with whom one is in frequent personal contact". In contrast, *self-enhancement* is concerned with the pursuit of one's own interest and success (Schwartz, 2012). Self-enhancement consists of the values power and achievement. Schwartz (2003, p. 267) defines power as a value that aims for "social status and prestige, control or dominance over people and resources" and achievement as "personal success through demonstrating competence according to social standards". The pursuit of self-enhancement and

self-transcendence are motivational opposites and, therefore, individuals are unlikely to endorse both sets of values to an equal extent (Schwartz, 2012).

Although the theory of human values stresses the compatible versus the conflicting potential of different sets of values, we argue that this postulate can be generalized to a potential compatibility versus conflict between a person's value and the actual or signaled values of other persons or collectives. This generalization implies that the image of a firm should be a function of the degree of congruence between the values of an individual and the values that an enterprise signals (Hoffman & Woehr, 2006; Kristof, 1996; O'Reilly et al., 1991). For instance, research shows that job applicants regard the similarity between their own and the perceived values of a potential employer as an important basis for their intention to apply (Judge & Bretz, 1992). Furthermore, research suggests that value congruence is a determinant of job satisfaction and organizational identification (Ihm & Baek, 2021; van Vianen, 2018). We propose that the subjective value congruence between the individual's values and those values expressed by the young enterprise through its stated mission, marketing strategy, or the explicit behavior visible to the individual provides the basis for image generation. For instance, if an individual with strong other-oriented values perceives an enterprise and its founders to have those same values, he/she will be more likely to positively evaluate the enterprise's image. Conversely, if the same individual perceives the enterprise and its founders to hold strong self-enhancement values, we expect the individual to evaluate the enterprise's image more negatively. This proposition does not require that these expressed values are actually held by the organization nor that the person validly and correctly observes the behavior of the enterprise.

2.3 | The role of values for the perception of the Enterprise image

Following human value theory (Schwartz, 2003, 2012), we propose that self-transcendence values result in a more positive evaluation of the image of young social enterprises. Within social enterprises, the aim to benefit the collective interest is seen as outweighing the importance of economic value creation (Bacq et al., 2016; Peredo & McLean, 2006; Shaw & Carter, 2007). Young social enterprises are founded by compassionate people, who have a high sense of empathy with their (typically deprived) target group(s) (Forster & Grichnik, 2013; Miller et al., 2012). Thus, social enterprises focus on creating value for the benefit of society or the environment (e.g., reducing poverty, and carbon emissions), while they capture value to sustain their primary social welfare objective (Costanzo et al., 2014; Doherty et al., 2014; Michaud & Tello-Rozas, 2020). Based on human value theory, we propose that self-transcendence values will positively affect an individual's appreciation of the social welfare goals of young social enterprises to the extent that an individual perceives the enterprise and its founders' goals and motivations to match his/her value system.

In contrast, we further propose that self-transcendence values are likely to negatively relate to the image of young commercial enterprises. Although commercial enterprises may also seek to contribute to the collective interests of a specific target group or wider society (van de Ven et al., 2007), they are more strongly connected with a commercial logic and the enterprise is expected to act in a profit-generating manner (Ebrahim et al., 2014; Riedo et al., 2019; Yitshaki & Kropp, 2016). High self-transcendence values will lead to a less positive evaluation of young commercial enterprises due to the enterprise's striving for financial success and, thus, self-enhancement aims. This notion is strengthened through findings from prior research on person-organization fit suggesting that individuals are likely to identify with an enterprise if the
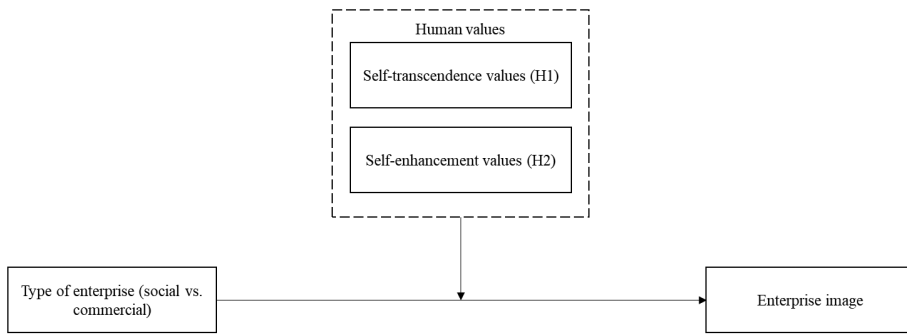
FIGURE 2 The research model based on human value theory (Schwartz, 2003, 2012)

values portrayed by the enterprise are congruent with their own values, and more likely to distance themselves when they cannot connect to the enterprise's values (Hoffman & Woehr, 2006; Kristof, 1996; O'Reilly et al., 1991).

> **Hypothesis 1.** *Individuals' self-transcendence values interact with the type of enterprise (i.e., social vs. commercial) such that, the higher one's self-transcendence values, the more positive one's image of social enterprises compared to commercial enterprises.*

Next, we suggest that individuals with high self-enhancement values are more likely to have a less positive image when being confronted with a young social enterprise that they associate with having a strong orientation toward others. Due to the prominence of the social mission in social enterprises (Austin et al., 2006; Miller et al., 2012; Nicholls, 2010), an individual with strong self-enhancement values should have a less positive evaluation of the image of young social enterprises due to signaling standards and goals that are in conflict with their own self-enhancing goals.

Analogously, we argue that individuals' values of self-enhancement lead to the generation of a more positive image when being confronted with a young commercial enterprise since the individuals perceive that the enterprise shares those values. Although social enterprises prioritize their social mission over economic aims (Saebi et al., 2019; Santos, 2012), commercial enterprises represent the realization of needs such as the need for income, status, and prestige, which in turn match the motivational objectives of self-enhanced individuals (Hirschi & Fischer, 2013; Holland & Shepherd, 2013). Hence, the image of young commercial enterprises should be evaluated more positively by individuals with high self-enhancement values due to the matching goals of the enterprises and self-enhancement-oriented individuals. According to human value theory (Schwartz, 2003), self-enhancement values and self-transcendence values are in conflict with each other. Thus, we propose that strong self-enhancement values are congruent with young commercial enterprises' goals, and less congruent with values reflected in young social enterprises (e.g., enhancing the overall societal well-being) (Riedo et al., 2019). Following the previous and following hypotheses, the research model of our study is depicted in Figure 2.

> **Hypothesis 2.** *Individuals' self-enhancement values interact with the type of enterprise (i.e., social vs. commercial) such that, the higher one's self-enhancement values, the less positive one's image of social enterprises compared to commercial enterprises.*

3 | METHOD

To test our hypotheses, we conducted a vignette study. A vignette study provides a realistic setting and enables the manipulation of factors of interest (Aguinis & Bradley, 2014). To this end, we randomly assigned participants to different versions of a scenario in which variables of interest such as the enterprise's mission are varied. In our case, the scenario consisted of the description of a fictitious interview with the founder of an enterprise. Presenting an interview resembles real-life examples since founders tend to underline their enterprise's mission by establishing marketing approaches aimed at pro-social motives (e.g., image movies incorporating the disadvantaged group, positioning themselves as heroes, etc.) (Ruebottom, 2013). In particular, research shows that in young enterprises, the founders and their backgrounds can be regarded as a proxy for the enterprise itself (e.g., Blake et al., 2015; Breugst et al., 2015), making their own statements particularly important. Hence, we increased our study's validity by confronting participants with the description of a fictitious interview with the founder of an enterprise.

We randomly assigned the participants to one of two forms of the scenario (social vs. commercial enterprise) in a between-subject design. The first form consisted of the presentation of a young commercial enterprise developing coffee with a prolonged awakening effect. The second form consisted of a description of a young social enterprise selling fair coffee. Both scenarios differed in four characteristics. First, the social enterprise's idea was generated due to the experience with a disadvantaged group (i.e., coffee farmers in South America without access to clean water), whereas the commercial enterprise's idea was generated based on the founders' self-interest in studying for long hours. Second, the social enterprise focused on the disadvantaged group (i.e., the coffee farmers), whereas the commercial enterprise was oriented toward external consumers. Third, in the social enterprise scenario, the long-term goal of the enterprise aims at improving the overall living conditions of the disadvantaged group. In contrast, the long-term goal of the commercial enterprise aims at increasing the enterprise's sales. Fourth, the social enterprise's founders guaranteed a reasonable salary for coffee farmers, whereas the commercial enterprise was solely concerned with the quality of the coffee (see Appendix A).

3.1 | Participants

Our study was conducted with 969 students from various disciplines at three German universities, which had on average 1.76 years of studies left until graduation (54% females; mean age = 22.9, SD = 2.9). Sampled participants were enrolled in business ($n = 56\%$), engineering ($n = 13\%$), informatics and information systems ($n = 7\%$), media ($n = 8\%$), psychology ($n = 4\%$), humanities ($n = 5\%$), and other studies ($n = 4\%$).

Whereas some scholars criticized the use of student samples in business research (Peterson & Merunka, 2014), we regard students as the relevant target population because they face the major decisions in their early career decision phase that might result in an occupation relevant for young social enterprises. In particular, students are an appropriate sample to test our hypotheses due to three theoretical considerations. First, students who are in a career development context, are or become customers and employees that shape interactions with commercial and social enterprises either because they decide on whether to purchase at, work for/with, or start these types of enterprises (Grégoire et al., 2019; Türk et al., 2020). Second, we investigate human values which are shown to remain relatively stable over time (Ahmad et al., 2020;

Schwartz, 2003). Third, in the realm of entrepreneurial motivation, there are no substantial empirical differences between student and non-student samples (Steinmetz et al., 2021). For instance, a recent meta-analysis predicting entrepreneurial intention based on over 260,000 individuals showed no differences between student samples, samples comprised of specific occupations, and broad, probability-based population samples (Steinmetz et al., 2021).

3.2 | Procedure

The participants were randomly assigned to one vignette that either presented an interview with a founder of a social enterprise or a commercial enterprise (see Appendix A). We described the young social enterprise by presenting its mission to enhance well-being in society, whereas the economic mission of the young commercial enterprise solely referred to making profits.

Each vignette was constructed in an iterative process, which was based on discussions with actual founders and comparisons to other experimental studies on related issues (e.g., Diekman et al., 2011; Gupta et al., 2008). The goal was to stylistically design the vignette such that it resembles an interview with a real founder (Aguinis & Bradley, 2014). We based the content of the interview on real-life examples such as *BeanZ & Co.*, an enterprise with a socially focused mission (www.beanzandco.com) versus *Cometeer*, an enterprise with a commercially-focused mission (www.cometeer.com). We used the following guidelines to create the vignettes: To achieve comparability in all respects despite the manipulated factors and the generated clear and distinct presentation, we presented all missions as targeting the creation and distribution of coffee. However, we varied the vignettes in specific details to capture the enterprise's mission (e.g., "selling coffee to make profit versus selling fair-trade coffee to support local farmers," or "running a café for profit reasons" versus "running the café to employ people with disabilities"). In this way, we kept the main characteristics of the context identical while varying essential features across treatments. After reading the vignette, participants responded to measures of the main constructs.

3.3 | Measures

The image was measured with three items and the participants were asked how interesting they perceived the portrayed enterprise to be, how successful they thought the enterprise is, and how likable they perceived the founder of the enterprise presented in the vignette. The three items were evaluated on a seven-point rating scale ranging from 0 ("not interesting at all/ not likable at all/ not successful at all") to 6 ("very interesting/ very likable/ very successful"). To assess the reliability of our measures, we calculated McDonald's omega, which is recommended in contrast to the traditional measure, Cronbach's alpha (Cho & Kim, 2015; Deng & Chan, 2017; Sijtsma, 2009). The reason is that Cronbach's alpha relies on the assumption of essential tau-equivalence (i.e., equal factor loadings) which in case its violated, underestimates the true reliability. McDonald's Omega, in contrast, results in correct estimates even in cases where factor loadings are unequal which is most often the case (Cho & Kim, 2015; Deng & Chan, 2017; Sijtsma, 2009). McDonald's omega for the image measure was .90 (Cronbach's $\alpha = 0.81$), which is considered excellent (Gadermann et al., 2012).

Self-transcendence and *self-enhancement values* were measured with the Portrait Value Questionnaire (PVQ; Schmidt et al., 2007; Schwartz, 2003). The PVQ presents a series of

statements about the value orientations of a fictitious person and respondents are requested to indicate how similar they were to that person prompted by the question "how similar are you to the person described below?". Within the PVQ each statement describes a different random person's goals and what he/she deems to be important in life (e.g., "He/She believes it is important that everyone in the world should be treated equally. He/She believes that everyone should have equal opportunities in life"). By rating their similarity to the fictitious person, the respondent's own value orientation was indicated. For *self-transcendence values*, four items represent statements that indicate the importance of "helping people," "caring for their well-being," "being loyal," "caring for the environment" and "treating everyone fairly" (Schwartz, 2003). Respondents rated their similarity to the person mentioned in each item on a seven-point Likert scale ranging from 0 ("very dissimilar") to 6 ("very similar"). McDonald's omega for self-transcendence was 0.79 (Cronbach's $\alpha = 0.74$) and thus indicates good reliability regarding the measurement of self-transcendence (Gadermann et al., 2012). *Self-enhancement values* were assessed with four items, which included asking how relatable the participants were to a person that "is aiming for being wealthy," "likes taking the lead," "demonstrates his/her abilities," and "aims to be successful" (Schwartz, 2003). McDonald's omega for our self-enhancement scale was 0.90 (Cronbach's $\alpha = 0.82$), which is considered excellent (Gadermann et al., 2012). The *type of enterprise* represented the assigned scenario. Hence, it was a binary variable coded with 0 for a commercial enterprise and 1 for a social enterprise.

3.4 | Pretest

To maximize comprehensibility and validity, we conducted cognitive probing interviews (Alaimo et al., 1999; Willis, 2005) to test the comprehension of the vignettes and the appended questionnaire. In such interviews, techniques including thinking aloud, and comprehension probing are applied to identify elements of improvement. The pre-test was conducted with 18 persons from different disciplines who faced career decisions in the near future (mean duration = 49.81 min/interview, SD = 20.65 min). Interviews were conducted iteratively: Whenever a participant indicated comprehension problems, the problem was discussed within the team of authors and the construction of the scenario or the questioned wording was adjusted. Afterwards, the updated questionnaire went into a new round of interviews until no further problems occurred.

3.5 | Checks of implementation quality

The length of the vignettes was comparable (403 to 417 words). Nevertheless, we included questions that measured the implementation success of the scenarios to test whether understanding the content of the scenarios was hampered by unintended difficulties (Shadish et al., 2002). To this end, we measured the participants' need to concentrate while reading the scenarios, their level of tiredness, and the vignette's closeness to reality. Regressing these three implementation measures on the type-of-scenario variable resulted in non-significant relationships regarding the need for concentration ($\beta = 0.05$, $p > 0.10$), the level of tiredness ($\beta = 0.10$, $p > 0.10$), and the closeness to reality ($\beta = -0.01$, $p > 0.10$). Thus, the scenarios did not deviate systematically according to these factors. Finally, we administered a manipulation check that tested whether the participants had grasped the social versus commercial mission of the presented enterprise.

The manipulation check questions were placed right at the beginning of the questionnaire following the description of the enterprise. In particular, we tested participants' understanding of the overall content of the scenario (e.g., whether the venture opportunities had arisen from previously insufficient products/services or bad living conditions). We eliminated 24 participants who incorrectly answered either one of the three questions. Thus, our final sample size amounted to 945 responses.

3.6 | Analytical procedure

To analyze differences in the effects of values on the image of young social versus commercial enterprises, we followed Frederiks et al. (2019), Hsu et al. (2019), and Nagel et al. (2019) by opting for a regression analysis rather than an AN(C)OVA. Both analytical procedures are statistically equivalent models and reflections of the same statistical model (i.e., the general linear model) with the AN(C)OVA being a special case of regression analysis. Hence, both types of analyses lead to the same results (King, 1986). Regression analysis allows us to observe the direction of the interactions by interpreting the regression coefficient (Shepherd & Zacharakis, 2019). We conducted a moderated regression analysis in which the effect of each of the type-of-scenario variable (i.e., *social* vs. *commercial enterprise*) on the dependent variable (i. e., *image*) interacted with *self-enhancement* versus *self-transcendence values*. As previous studies provide evidence for gender differences within the Schwartz value theory (i.e., females show higher self-transcendence values and lower self-enhancement values Borg, 2019), we further included the respondents' gender (female = 1, male = 0) as a covariate in the regression. In contrast, the vignettes were formulated in a gender-neutral form.

The selected research design and analytical procedure allow testing for the differences in the role of a certain value dimension (e.g., self-transcendence) for the evaluation of the image of the respective type of enterprise being either a young social or a commercial enterprise. The product terms in the regression indicate the change in mean differences in the image between both enterprise types along the respective value dimension. Beyond the interaction analysis, we conducted a simple slope analysis for each type of enterprise (i.e., social vs. commercial) to examine the exact relationship between a respective value and the image of the type of enterprise.

4 | RESULTS

Table 1 presents the means, standard deviations, and correlations of the study variables. As illustrated, young social enterprises were, on average, more positively evaluated than young commercial enterprises ($r = 0.11$, $p < 0.01$). Likewise, respondents' self-transcendence values correlated positively with their evaluation of young social versus commercial enterprises ($r = 0.23$, $p < 0.01$), whereas respondents' levels of self-enhancement values, showed a slightly negative relationship with their perceptions of social enterprises ($r = -0.07$, $p < 0.05$). The non-significant and close-to-zero correlations between both value dimensions and whether the organization in the vignette was a social enterprise supports the success of the randomization procedure.

The results of our regression analysis are presented in Table 2. The results of the main effect show a significant effect of the treatment variable (i.e., the type of enterprise) on the dependent

TABLE 1 Means, standard deviations, and correlations of model variables

	Mean	SD	1	2	3	4
1. Type of enterprise	0.49	0.50				
2. Female	0.54	0.50	0.03			
3. Image	3.68	1.45	0.11**	0.23**		
4. Self-transcendence values	4.22	1.12	0.03	0.25**	0.23**	
5. Self-enhancement values	3.14	1.36	−0.04	−0.06	−0.07*	−0.14**

Note: Means, standard deviations, and correlations of model variables are reported. $N = 945$. Type of enterprise is dummy-coded ($1 = social\ enterprise$, $0 = commercial\ enterprise$); gender is dummy-coded ($1 = female$, $0 = male$).
**$p < 0.01$ (two-tailed); *$p < 0.05$ (two-tailed).

TABLE 2 Results of the moderated regression analysis

Dependent variable: Enterprise image	Model 0 β (SE)	Model 1 [H1] β (SE)	Model 2 [H2] β (SE)
Independent variables			
Type of enterprise	0.19 (0.06)**	0.19 (0.06)**	0.19 (0.06)**
Female	0.35 (0.06)**	0.36 (0.06)**	0.35 (0.06)**
Moderator variables			
Self-transcendence values	0.17 (0.04)**	0.06 (0.05)	0.17 (0.04)**
Self-enhancement values	−0.03 (0.03)	−0.03 (0.03)	0.06 (0.05)
Product terms			
Self-transcendence values × Type of enterprise		0.22 (0.07)**	
Self-enhancement values × Type of enterprise			−0.17 (0.06)**
F (df1, df2)		23.08 (5, 940)**	20.75 (5, 940)**
R^2		0.11	0.10

Note: β = unstandardized coefficient; SE = standard error; $N = 945$. Type of enterprise is dummy coded ($1 = social\ enterprise$, $0 = commercial\ enterprise$); gender is dummy coded ($1 = female$, $0 = male$).
**$p < 0.01$ (two-tailed);
*$p < 0.05$ (two-tailed).

variable (i.e., enterprise image; $\beta = 0.19$, $p < 0.01$). The results indicate a significant interaction of self-transcendence values and the treatment (i.e., type of enterprise) ($\beta = 0.22$, $p < 0.01$). This positive interaction shows that the positive effect of the type of enterprise treatment was stronger (i.e., more positive) for individuals with greater self-transcendence values. This result provides support for hypothesis 1. Figure 3 illustrates the interaction. The figure shows the means for one standard deviation below ("low self-transcendence") versus one standard deviation above the mean of self-transcendence values ("high self-transcendence"). The interaction is visible in the change of the differences between both enterprise types for low versus high self-transcendence. The results of the simple slope analysis are depicted in Table 3. Table 3 shows the significant effect of self-transcendence on the social enterprise image ($\beta = 0.28$, $p < 0.01$). This effect is visible in Figure 3 in the form of the mean difference in the right panel (i.e., the image of young social enterprises). As Figure 3 illustrates, individuals with high self-transcendence
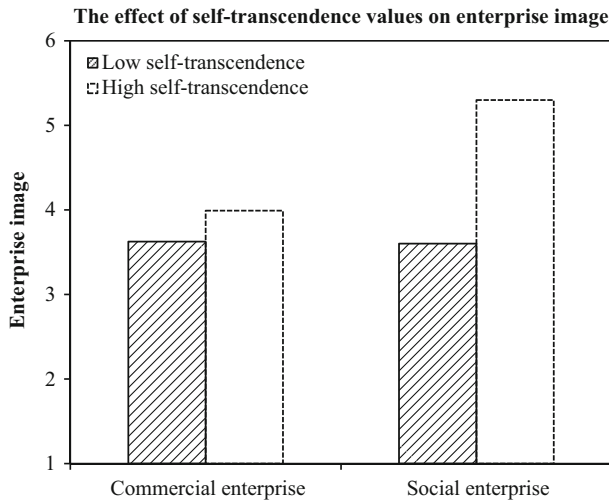
FIGURE 3 Interaction effect between the type of Enterprise and self-transcendence values. Low self-transcendence = 1 SD below the average; high self-transcendence = 1 SD above the average.

TABLE 3 Results of the simple slope analysis

Dependent variable: Enterprise image	β	t
Self-transcendence values		
Social enterprise	0.28	8.95**
Commercial enterprise	0.06	1.11
Self-enhancement values		
Social enterprise	−0.12	−3.64**
Commercial enterprise	0.06	1.04

Note: Based on a two-way interaction. $N = 945$. Type of enterprise is dummy-coded (1 = *social enterprise*, 0 = *commercial enterprise*); gender is dummy coded (1 = *female*, 0 = *male*).
**$p < 0.01$ (two-tailed);
*$p < 0.05$ (two-tailed).

values, as well as individuals with low self-transcendence values evaluated young commercial enterprises similarly.

Hypothesis 2 predicted a significant interaction between individuals' levels of self-enhancement values and the type of enterprise treatment on the enterprise's image, which was supported (see Table 2; $\beta = -0.17$, $p < 0.01$). As expected, the coefficient of the product term variable indicated that the positive image effect of the type of enterprise treatment (i.e., if the assigned organization was a social enterprise) is weaker for individuals with higher levels of self-enhancement values. Figure 4 shows the means for low self-enhancement versus high self-enhancement. The interaction is visible in the change of the differences between both enterprise types for low versus high self-transcendence. Figure 4 shows that individuals with low self-enhancement values evaluate young social enterprises more positively than young commercial enterprises. However, the effect of the type of enterprise treatment (i.e., if the assigned organization was a social enterprise) is actually expected to be negative for individuals with the
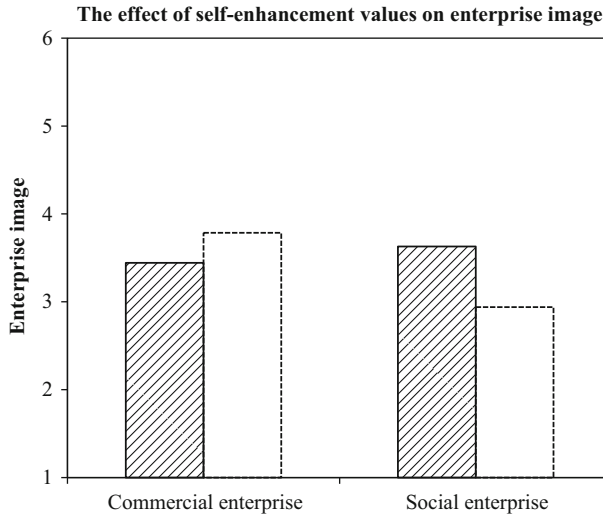
FIGURE 4 Interaction effect between the type of Enterprise and self-enhancement values. Low self-enhancement = 1 SD below the average; high self-enhancement = 1 SD above the average.

highest levels of self-enhancement values resulting in a negative evaluation of young social enterprises. The results of the simple slope analysis showed a significant effect of individuals' levels of self-enhancement values on their image of young social enterprises ($\beta = -0.12$, $p < 0.01$). Furthermore, the findings of the simple slope analysis showed a non-significant relationship for the effect of an individual's self-enhancement values on the evaluation of the image of young commercial enterprises ($\beta = 0.06$, $p > 0.10$). A post hoc simple comparison of the means of the evaluations of the enterprises reveals that young social enterprises are generally perceived more positively than their commercial counterparts ($p < .01$). However, as explained above, this warm glow effect on the image of social enterprises depends on an individual's levels of self-transcendence and self-enhancement values. Figure 4 demonstrates the effects of individuals' self-enhancement values on their image of young social enterprises with the pillars to the right, while the effect of individuals' self-transcendence values on young commercial enterprises is demonstrated with the pillars to the left.

5 | DISCUSSION

Social enterprises elude easy categorization into either a non-profit or for-profit organization, in turn, posing a challenge for external individuals to fully grasp the concept of social enterprise and to fully evaluate those enterprises compared to commercial (or non-profit) organizations (Austin et al., 2006; Bacq & Alt, 2018; Barraket et al., 2016; Peiffer et al., 2020). This study extends our understanding of individual-level factors that explain external stakeholders' evaluation of social enterprise image compared to their perceptions of commercial enterprises operating in the same industry. The results show that self-transcendence values (i.e., other-oriented values) positively influence individuals' evaluation of the image of young social enterprises, whereas self-enhancement values (i.e., self-centered values) are negatively related to social enterprise image. Surprisingly, our findings also reveal that high self-transcendence values

positively relate with the image of young commercial enterprises, whereas self-enhancement values were not related with the image of commercial enterprises.

5.1 | Theoretical implications

First, this study shows the fruitfulness of using human value theory for social entrepreneurship research to investigate the evaluation of the image of young social versus commercial enterprises by external individuals. Viewing social enterprises from a values perspective lends an important and understudied lens to understand the roots of motivations, perception, affective responses, and actions of humans (Kruse, Wach, Costa & Moriano, 2019). Although we focused on the role of values for the evaluation of external individuals, values further concern the aspirations, goals, and strategies of founders and, their employees, or consumers. Human values do not only act as guiding principles but also function as antecedents of actions and behavior (Schwartz, 2003, 2012). In line with previous research on the importance of values for pro-social behavior and intentions (Ahmad et al., 2020; Ip et al., 2021; Sastre-Castillo et al., 2015) we suggest that implementing human value theory contributes not only by acknowledging which aspects are positively related to social enterprises (Bacq & Alt, 2018; Mair & Noboa, 2006; Ruskin et al., 2016), but also adds an explanation for which aspects might deteriorate the image of social enterprises.

Furthermore, our findings suggest that values play a crucial role in explaining phenomena connected to social enterprises. According to our results, social enterprises are more likely to attract self-transcendent individuals whereas individuals with stronger self-enhancement values are less likely to feel attracted to social enterprises. As values are fairly stable and explain attitudes and behaviors (Schwartz, 2003; Vecchione et al., 2016), they might also determine the extent to which social enterprises attract employees, customers, and investors. As we discuss, this can be especially important for young social enterprises as they seek investment, donations, customers, and other support to grow and sustain their operations (Ihm & Baek, 2021; Lee, 2021). Research has already shown that welfare versus commercial orientation in the way human resource practices by social enterprises are crafted, influences the acquisition of employees (Moses & Sharma, 2020). Our study adds the importance of individual-level factors that influence the effects of such organization-level actions and attributes. As our findings show, individuals with high self-enhancement values hold less favorable views of social enterprises which might affect the behavior of potential job candidates, customers, and investors. Particularly in areas where self-enhancement values might be more inherent in everyday practices (e.g., profit-seeking in investment and business), social enterprises could face problems, such as disinterest, and negative expectations relative to commercial enterprise counterparts.

Moreover, past research has shown that self-enhancement values such as achievement and power are likely to arise in combination with openness to change values such as stimulation and self-direction (Steinmetz et al., 2012), which are crucial drivers for entrepreneurial activities (Hirschi & Fischer, 2013). By solely focusing on the social mission, social enterprises might run the risk of signaling non-enhancement-related goals and characteristics. Thereby, they might fail to attract individuals with high self-enhancement values and, thus, might miss out on leveraging crucial entrepreneurial characteristics, such as the motivation for growth and profitability (Giones et al., 2020; Gorgievski et al., 2011; Tykkyläinen et al., 2016). On the other hand, emphasizing the economic similarity to commercial enterprises could be expected to deter individuals with self-transcendence values. However, we find self-transcendence values to have a

positive (rather than a negative) effect on the image of young commercial enterprises as well, implying that self-transcendent individuals are not deterred from commercial enterprises. A possible reason for this unexpected effect could be that individuals with high self-transcendence values associate concern and empathy for others with emergent enterprises independently of the type. Empathy for others is required to understand customers' problems and increase their interest in a product or service (Gabbott & Hogg, 2001; Wieseke et al., 2012). Furthermore, particularly self-transcendent individuals might regard commercial enterprises as socially desirable, despite their economic orientation, since they also provide a societal value (e.g., creating potential job opportunities). We encourage future research to further investigate other self-oriented personality traits that might explain the relationship between self-transcendence values and the positive image of commercial enterprises. External individuals could associate a more profound meaning with commercial enterprises beyond achievement and power-oriented goals. Hence, different personality traits might be more relevant for evaluating young commercial enterprises.

Last, this study adds value to the debate on the distinction between social and commercial enterprises (Austin et al., 2006; Dacin et al., 2010; Peredo & McLean, 2006). Thus, this study provides insights by investigating factors explaining why and to which degree the two types of enterprises are perceived differently. Our findings suggest that perceptions of social and commercial enterprises differ depending on value profiles. Our findings further suggest that young social enterprises are on average evaluated more positively, regardless of which values individuals hold. Thereby, we add to the literature on the legitimacy of social enterprises (Dart, 2004; Nicholls, 2010; Ruebottom, 2013) by showing that the concept of social entrepreneurship is regarded positively by externals, despite the controversies on its dual missions, which is discussed in the literature (Doherty et al., 2014; Moss et al., 2011). Future research should aim at investigating which consequences may result from a stronger reaction to social versus commercial enterprises and if these reactions are related to an enterprise's survival.

5.2 | Practical implications

The study points to two important practical implications. First, our results indicate that social enterprises mainly attract self-transcendent individuals, while it also indicates that individuals with stronger self-enhancement values might be less attracted to social enterprises. When aiming to employ self-enhanced people, social enterprises may benefit from portraying not only self-transcendence values regarding their image but also self-enhancement values. Accordingly, social enterprises might benefit from tailoring their outward communications to the audience that they are trying to reach. Thereby, these enterprises may benefit from attracting a higher number of candidates with the desired and needed human values.

Second, our results suggest individuals' self-transcendent values have a positive impact on the image of both social and commercial enterprises. This finding strengthens the notion that for enterprises' engagement with social value creation as their business model, it pays to project self-transcendent values, which would result in the enterprise having a positive image and hence give them better access to resources. Communication of values related to enhancing overall societal well-being carries an important value for either type of enterprise. Our results provide further evidence that commercial enterprises benefit from highlighting the social orientation of their business practices.

5.3 | Limitations and future research

This study is subject to at least four main limitations. First, we limited our research to the simplified dichotomy between social and commercial enterprises. However, social enterprises take a variety of hybrid forms (Aileen Boluk & Mottiar, 2014; Hota et al., 2019; Mair & Martí, 2006). While the social enterprise's mission is undoubtedly one of the most distinguishing elements between social and commercial enterprises, there are further distinguishing factors (e.g., differences in governance structures and differences regarding the beneficiaries and potential investors and how to address them). Future research could extend our findings by integrating other hybrid organizations that follow mixed missions to investigate more nuanced differences. Furthermore, our study focuses on social versus commercial enterprises. Hence, we did not include non-profit organizations in the analysis as non-profit organizations differ from social enterprises because they do not aim at economic goals. Future research could enhance our understanding by investigating all three types of organizations.

Second, the participants of our study were restricted to university students and we did not investigate the differences in the effect of values on enterprise image for explicit stakeholder groups (e.g. investors, customers, and the general public). Given that individuals' values are generally stable throughout their life (Schwartz, 2003; Vecchione et al., 2016), we propose that a student-sampled study provides insights into a wider context. Nevertheless, future research could benefit from an assessment of individuals' perceptions of enterprises under topic-related circumstances (e.g., venture capitalists, politicians).

Third, our sample was restricted to a German population. Germany provides an interesting and salient context to study social entrepreneurship, as it can be regarded as representative for countries with a poor entrepreneurial culture (Bosma & Kelley, 2019; Foreman-Peck & Zhou, 2013). As values have been proven to be closely related to culture (Schwartz & Bardi, 2001), future research could extend our findings in other contexts or on an international level and investigate differences and commonalities between the effects of values and enterprise image perceptions in a cross-national or cross-cultural comparison.

Fourth, we focused on the role of human values in the perception of organizations' image in our study. Although the human values that we investigated are closely linked to the perceived legitimacy of the organizations represented in our study and strongly affect stakeholders' symbolic associations, other relevant factors might also affect external stakeholders' perceptions of social and commercial enterprises. Within our study, we controlled for any differences by gender since entrepreneurship research demonstrates that women tend to have a greater orientation toward social motives than men (Chandler et al., 2022). Our study also supports this finding. Hence, future research could benefit from investigating the role of sociodemographic factors in greater depth. For example, in addition to controlling for other socio-demographic factors, future research could benefit from analyzing which elements of an enterprise's image might be more relevant for female than male stakeholders. Future research could also go beyond socio-demographic aspects and explore which other personality traits (e.g., big five personality traits) might affect individuals' evaluation of an enterprise's image. Since previous research underlines the prosocial characteristics of social entrepreneurs and shows that entrepreneurs in general imprint their enterprises with their characteristics and values (Blake et al., 2015), other traits might be highly relevant for future research to investigate.

CONFLICT OF INTEREST

The authors declare no potential conflict of interest.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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APPENDIX A: VIGNETTE TEXTS

In the following, you will find a short report of a person who has just finished his/her studies and set up his/her own, now 3-year-old company. S/he explains how s/he experienced that move.

A.1. | Scenario—Commercial enterprise

"I developed coffee that really keeps you awake"

Founders magazine December 1, 2017

How did you come up with the idea of starting a business?

The idea was born during our studies. I have always had a lot of coffee, especially in the learning periods as a student. When I was late learning again, I was dependent on caffeine. Unfortunately, the effect of coffee was always very short. At first, I thought it was because of the type or the brand. Then, I tested everything—without any notable success. In between, I tried drinking energy drinks. But the taste was horrible. At some point I thought to myself, "There has to be another way!". Then I started to develop a coffee, with an effect that lasts much longer than the one of standard coffee.

How did you start your business?

It all started with an experimental setup in the kitchen. I ordered different beans and roasted them in different ways. To get feedback on the effect and taste, I gave my products to others for testing. I also found that a lot of people are looking for something to keep them awake longer. With a very good type of bean and a slow roasting process, I now make the coffee with the best wake-up function. Now, of course not at home in my kitchen anymore. I officially founded the business after I completed my studies. With tasting stands at street food events and a big Facebook campaign, I received my first orders for my product. Despite initial skepticism, I was able to convince a private investor to finance my wake-up coffee concept.

How do others perceive your product?

I now receive orders for my product on a regular basis, so I am busy with production and handling. I can pay myself a salary and the business is growing. I am in close contact with my suppliers and am currently discussing further financing with my investor. I would like to expand my product range to increase my sales.

How do you evaluate being self-employed?

At the beginning, I was on my own. That meant a lot of work, but I could also decide faster what to do. With my company, I have the freedom to achieve my own goals. I am very satisfied. With my coffee I managed to offer people a real wake-up call. It offers a real alternative to standard coffee.

A.2. | Scenario—Social enterprise

"I developed a fair coffee with really good taste"

Founders Magazine December 1, 2017

How did you come up with the idea of starting a business?

The idea was born during my studies. I did a long backpacking tour through South America. There I saw how bad the living conditions were for coffee farmers. The families lived in a confined space without access to clean water. The children of the farmers asked me for food. The prices for coffee beans were simply so low that the families could hardly keep themselves above water. At some point, I thought to myself, "There has to be another way!". Then I developed a fair coffee with really good taste.

How did you start your business?

It all started with some fresh coffee beans I took back from South America. I roasted the beans at home. That's when I discovered that when the beans are so fresh, they have a very intense coffee taste. I told many friends about my experiences with the coffee farmers. I found out that many people want to do something about these side effects of their coffee consumption. With the help of a local organization, I established contact with a network of fair coffee farmers. With the best coffee beans, I now produce fair coffee with really good taste. Now, of course, I do not fly in the beans myself anymore. I officially founded the business after I completed my studies. With tasting stands at street food events and a big Facebook campaign, I received my first orders for my product. Despite initial skepticism, I was able to convince a private investor to finance my wake-up coffee concept.

How do others perceive your service?

I now receive orders for my product on a regular basis, so I am busy with production and handling. I can pay myself a salary and the business is growing. I am in close contact with the coffee farmers' association and talk to my investor about further financing. In this way, I want to reach more customers in order to improve the living conditions of the coffee farmers.

How do you evaluate being self-employed?

At the beginning, I was on my own. That meant a lot of work, but I could also decide faster what to do. With my company, I have the freedom to achieve my own goals. I am very satisfied. With my coffee I have managed to guarantee a reasonable salary for the coffee farmers. A real alternative to standard coffee.