

---

## The new competitive environment of social enterprises: an experimental study on perceptions and consumer intentions for social vs. traditional enterprises

---

### Nick Lin-Hi\*

Chair of Business and Ethics,  
University of Vechta,  
Driverstraße 22, 49377 Vechta, Germany  
Email: [nick.lin-hi@uni-vechta.de](mailto:nick.lin-hi@uni-vechta.de)  
\*Corresponding author

### Regina Kempen

Department of Work and Organizational Psychology,  
Osnabrueck University,  
Seminarstrasse 20, 49074 Osnabrück, Germany  
Email: [regina.kempen@uni-osnabrueck.de](mailto:regina.kempen@uni-osnabrueck.de)

### Maja Petrushevska

Dr. Werner Jackstädt Chair of Economic and Business Ethics,  
HHL Leipzig Graduate School of Management,  
Jahnallee 59, 04109 Leipzig, Germany  
Email: [m.petrushevska@hhl.de](mailto:m.petrushevska@hhl.de)

### Kate Hatstrup

Department of Psychology,  
San Diego State University,  
5500 Campanile Dr., San Diego, CA, USA  
Email: [khatstrup@sdsu.edu](mailto:khatstrup@sdsu.edu)

**Abstract:** The present study compares external perceptions and consumer intentions for social vs. traditional enterprises in order to analyse social enterprises' competitive ability in the market for sustainable products. To this end, an experimental survey was conducted with 222 participants. The results of a multivariate analysis of variance show that social enterprises are perceived as more socially responsible and credible than their traditional counterparts and face higher expectations in terms of sustainable behaviour. However, irresponsible behaviour was not found to yield stronger negative stakeholder reactions to social enterprises than to traditional enterprises. In addition, consumers' willingness to buy and willingness to pay for sustainable products were not higher for the products offered by social enterprises than by traditional enterprises. In sum, the study indicates that it is a difficult undertaking for social enterprises to successfully compete with their traditional counterparts in the market for sustainable products in the long run.

**Keywords:** competitive advantage; consumer intentions; credibility; irresponsible behaviour; social entrepreneurship; perceived social responsibility; sustainability; willingness to buy; willingness to pay.

**Reference** to this paper should be made as follows: Lin-Hi, N., Kempen, R., Petrushevska, M. and Hattrup, K. (2020) 'The new competitive environment of social enterprises: an experimental study on perceptions and consumer intentions for social vs. traditional enterprises', *Int. J. Entrepreneurial Venturing*, Vol. 12, No. 1, pp.58–84.

**Biographical notes:** Nick Lin-Hi is a Professor of Business and Ethics at the University of Vechta, Germany. Before joining the University of Vechta, he was an Assistant Professor of Corporate Social Responsibility (CSR) at the University of Mannheim and received his PhD at HHL Leipzig Graduate School of Management. His research interests include behavioural business ethics, CSR management, corporate misconduct, digital innovations for sustainable development, sustainable consumption and working conditions in global supply chains.

Regina Kempen is a Post-doctoral Researcher at the Department of Work and Organizational Psychology with emphasis on cross-cultural business psychology at Osnabrueck University, Germany. She received her PhD from Osnabrueck University in 2016. Her research focuses on sustainable consumption, corporate social responsibility, intercultural influences on life domain balance and intercultural competence.

Maja Petrushevska is a doctoral student at the HHL Leipzig Graduate School of Management, where she also works as a Research Assistant at the Chair of Economic and Business Ethics. Before joining the HHL, she was working as a lecturer at the University of Vechta, Germany. She has 13 years of working experience from different international companies in the field of sales, marketing and purchasing. She completed her Bachelor and Master in Marketing at the Ss. Cyril and Methodius University in Macedonia. Her research interests include behavioural business ethics, nudging and corporate sustainability.

Kate Hattrup is a Professor of Psychology at San Diego State University. She received her PhD in Industrial/Organizational Psychology from Michigan State University and has held positions as an Assistant Professor at New York University and as Visiting Professor at the University of Mannheim and the Osnabrueck University. Her research interests include organisational diversity and inclusion, cross-cultural psychology, corporate social responsibility, organisational culture and change, and applied psychometric theory.

---

## 1 Introduction

Sustainable development is a central goal for societies in the 21st century. In simple terms, sustainable development requires the simultaneous realisation of social, economic, and environmental objectives with the aim of promoting a good and just society (Bansal, 2005; Elkington, 1998). To bring sustainable development to life, pressing challenges, such as poverty, hunger, climate change, gender inequality, human rights violations, and environmental pollution, need to be tackled around the globe by various societal actors.

Businesses can play a key role in promoting, or in impeding, sustainability due to their enormous social influence (Hart, 1997; Schaltegger et al., 2014).

In recent years, social entrepreneurship has been increasingly recognised as a promising vehicle for fostering sustainable development (e.g., Dees, 2007; Seelos and Mair, 2005; Weerawardena and Mort, 2006). In fact, some commentators even argue that social enterprises are among the most powerful actors capable of solving societal and environmental challenges of the 21st century (e.g., Azeez, 2014; Goyal et al., 2015; Yunus, 2007). In a nutshell, social entrepreneurship distinguishes itself through the combination of a social mission with entrepreneurial practices (Haugh, 2007; Nicholls, 2006; Seelos and Mair, 2005; Thompson and Doherty, 2006). Although it is still open to debate whether or not social entrepreneurship precludes profit making, there is a consensus that profit making is neither the motivating factor for nor the purpose of social entrepreneurship (e.g., Leadbeater, 1997; Santos, 2012; Mort et al., 2003; Weber and Kratzer, 2013). Accordingly, we understand social entrepreneurship as follows: Social enterprises pursue a mission of contributing to sustainable development through their entrepreneurial activities. In line with existing literature, we adopt a broad understanding of entrepreneurship in the sense that it is not limited to new ventures (e.g., start-ups) but includes all business activities for the creation of opportunity, growth, and value (e.g., Shane and Venkataraman, 2000; Stevenson, 1999; Zahra et al., 2009).

In a very general sense, social enterprises contribute to sustainable development in two different ways. First, by developing new resources and combining them in novel ways, they create new markets and offer products that are designed to solve societal and environmental problems (Belz and Binder, 2017; Seelos and Mair, 2005). For example, the social enterprise Cora Ball invented microfiber-catching 3D laundry balls that reduce environmental impacts stemming from harmful materials and chemicals. Second, social enterprises also enter existing markets by offering products with sustainability-related features (Belz and Binder, 2017). An example of this kind of social entrepreneurial activity is provided by Fairphone, a social enterprise that produces smartphones under fair working conditions and with minimal environmental impact. Other examples of social enterprises that operate in traditional markets are the German producer of sustainable condoms, Einhorn, the American bakery, Greyston, and the Spanish fashion company, Ecoalf.

Consumers are becoming increasingly sensitive to sustainability-related consumption issues (Cone Communications and Ebiquity, 2015). This development has encouraged a growing number of traditional enterprises to intensify their strategic efforts in the field of sustainability. For example, Adidas produces functional sports clothing from plastic waste gathered from the oceans, Dell reduces packaging waste by implementing creative design, better logistics, and innovative materials, and Siemens offers innovative technologies to lower energy consumption.

As a consequence of traditional enterprises' increasing sustainability efforts, the distinctions between traditional and social entrepreneurship are becoming more subtle (Carragher et al., 2016) – or in the words of Roberts and Woods (2005): “The boundaries are far more blurred, particularly as commercial businesses become more socially responsible and develop triple bottom line reporting measures” (p.50). In a similar vein, Halberstadt and Kraus (2016) note that many traditional enterprises imitate ideas and innovations developed by social enterprises. Accordingly, social and traditional enterprises increasingly compete in the same market segments (Haugh, 2005), i.e., both sell sustainable products. Thus, the more that traditional enterprises devote their attention

to sustainability issues, the more that both kinds of enterprises compete for the same resources.

The present paper is devoted to the intensifying competition between traditional and social enterprises in the market for sustainable products. It is motivated by the argument that because scaling social entrepreneurial impact is crucial for institutionalising social change (Bloom and Chatterji, 2009; Dees et al., 2004; Lumpkin et al., 2013), identifying successful scaling strategies requires answering the question of how social entrepreneurs should react to the new business reality. The paper puts forth the notion that social enterprises have a competitive advantage over traditional enterprises first, on a perceptual level, that is stakeholders' belief that social enterprises have more favourable characteristics, and second, that consumers reward social enterprises with their purchasing intentions relative to traditional enterprises. To investigate these propositions, we conducted an experimental survey that compared perceptions (in terms of perceived social responsibility and credibility) of and consumer intentions (in terms of willingness to buy and willingness to pay) toward a traditional enterprise with perceptions and intentions toward a social enterprise which both sell the same product with the same impact on sustainable development.

Although the topic of social entrepreneurship has received increasing attention in the literature, and although social enterprises face growing competitive pressure from their traditional rivals, little is known about the interactions between them and potential competition among the two (Estrin et al., 2013; Hockerts and Wüstenhagen, 2010; Zahra and Wright, 2011). In addition, the question of how the different missions of these two forms of entrepreneurship affect consumer responses has been largely neglected in research (Lee et al., 2017). Therefore, the present study fills an important research gap. Moreover, the present research makes a valuable contribution by adopting a quantitative approach in an area of research that is largely dominated by conceptual and qualitative approaches (Phillips et al., 2015; Short et al., 2009).

Below, we elaborate on the differences between social and traditional entrepreneurship and on how these differences affect stakeholder perceptions. We then turn our attention to existing stakeholder expectations regarding the performance of social and traditional enterprises in the area of sustainability and consumer intentions for sustainable consumption. Finally, we present the results of our study and discuss their implications.

## **2 The differences between social and traditional entrepreneurship**

Academics agree that, while sharing some similarities, traditional and social enterprises differ one from another (e.g., Austin et al., 2006; Bacq et al., 2013; Corner and Ho, 2010; Dorado, 2006; Vega and Kidwell, 2007). Typically, a major difference between traditional and social enterprises is seen in their motivation, purpose, and *raison d'être*: Whereas traditional enterprises are motivated by the creation of economic value and the satisfaction of the financial interests of their shareholders, social enterprises are motivated by the creation of social value and the promotion of the social good (Austin et al., 2006; Dees, 1998; Defourny and Nyssens, 2010; Zadek and Thake, 1997). Accordingly, traditional enterprises are first and foremost driven by the exploitation of opportunities to generate profits (Kirzner, 1973; Shane and Venkataraman, 2000), so that their performance is typically measured in terms of financial returns (Austin et al., 2006;

Certo and Miller, 2008). In contrast, social enterprises mainly pursue social goals that they achieve through entrepreneurial activities. As a consequence, their performance is assessed in terms of the positive change they drive in society (Austin et al., 2006; Nicholls, 2009; Zhang and Swanson, 2014).

However, recently, sustainable development has entered the world of traditional business, with traditional businesses showing an increasing interest in promoting social welfare. This is, for example, reflected in the fact that it is nowadays commonplace for traditional enterprises to practice corporate social responsibility (CSR) and voluntarily contribute to societal well-being (Du et al., 2013; Lacey et al., 2015). In a similar vein, the idea of shared value (Porter and Kramer, 2011), i.e., the realisation of economic objectives through the creation of social value within core business operations, has become very popular among traditional enterprises. In fact, traditional enterprises integrate sustainability-related issues into their supply chains, offer CO<sub>2</sub>-neutral services, cooperate with sheltered workshops, support refugees, and donate money to social causes. This shows that traditional enterprises have entered the arena of social entrepreneurship, so that the differences between the two types of entrepreneurialships in terms of their positive societal and environmental impact are becoming less significant.

In contrast to social entrepreneurs, the motivation behind traditional enterprises' growing engagement in CSR and sustainability efforts is instrumental in nature, i.e., they carry out these activities in order to improve their bottom line (Dorado, 2006; Vogel, 2005). These differing motivations are likely to affect the way that social vs. traditional enterprises are perceived by their stakeholders. In a nutshell, people appreciate activities that are carried out for moral reasons, i.e., because they are the 'right thing' to do, whereas conducting activities for the sake of furthering one's own self-interest is often perceived with skepticism (Clark and Lee, 2011). Empirically, studies have demonstrated that firms' activities that are attributed to moral motives are perceived more positively than those that are attributed to instrumental motives (Sen et al., 2006; Vlachos et al., 2010).

The attribution of different motives to traditional vs. social enterprises' business operations should also affect perceived social responsibility (pSR), which reflects stakeholders' subjective judgment of how socially responsibly an enterprise behaves (Glavas and Godwin, 2013; Evans and Davis, 2011). Although pSR is influenced by the actual activities of a firm in the field of sustainability, it can differ substantially from a firm's objective social responsibility performance, which can be quantified and ranked based on responsibility-related facts and figures, such as energy and water consumption, the amount of CO<sub>2</sub> emissions, the amount of training days per employee, the size of budget for charity, and the percentage of women in management positions. Accordingly, while an enterprise can have a good objectively-assessed social responsibility performance, it might not be perceived as socially responsible by stakeholders (Peloza et al., 2012). In this respect, Bhattacharya et al. (2009) state: "stakeholder evaluations of the company's CSR initiatives are tied to, yet often entirely distinct from, the absolute level of CSR activity at the company" (p.261).

pSR is important because stakeholder attitudes and behaviours depend more on their perceptions of the firm's social responsibility than the firm's objective social responsibility performance (Bhattacharya et al., 2009; Glavas and Godwin, 2013; Hansen et al., 2011). Ultimately, individuals do not act solely based on objective reality but also

largely on the basis of their subjective interpretations thereof (Lange and Washburn, 2012). Accordingly, the same CSR activity carried out by two different enterprises can lead to different stakeholder reactions. This is also because pSR is an overall perceptual construct that is formed in the minds of stakeholders based not only on information about particular activities in the field of sustainability but potentially on all available cues about that enterprise. These cues also include the motives stakeholders attribute to an enterprise's sustainable behaviour (Du et al., 2007; Pérez and Rodríguez del Bosque, 2015) which, in turn, renders the actual form of the entrepreneurship a relevant factor for the formation of pSR. Since the attribution of moral motives to do good has a more positive effect on stakeholder perceptions than instrumental motives, and because social enterprises are typically assumed to be guided by moral motives, we postulate the following hypothesis:

H1 Social enterprises are perceived as more socially responsible than traditional enterprises.

The different motivations of traditional and social enterprises to engage in sustainability should also affect stakeholders' perceptions of their credibility, that is, stakeholders' belief that an enterprise has the expertise and willingness to keep its promises and can be trusted to fulfil its claims (Erdem and Swait, 2004; Newell and Goldsmith, 2001). Credibility is an important intangible asset that engenders favourable stakeholder reactions toward an enterprise (Hur et al., 2014). Firm credibility differs from perceptions of a firm's social responsibility in that the former focuses more on integrity and reliability, whereas the latter is more focused on a firm's stance toward social norms and social welfare. Although the two are likely correlated, they reflect different types of perceptions, and therefore should be separated in empirical evaluations.

A social mission connotes values such as caring and benevolence which should enhance stakeholders' trust in and the perceived credibility of the firm (Doney and Cannon, 1997; Kharouf et al., 2014; Mayer et al., 1995). In contrast, the profit motive promotes the stereotypical view that traditional enterprises behave in an opportunistic manner and are willing to realise profits at the expense of society (Bhattacharjee et al., 2017). Since the risk of becoming exploited by an actor negatively affects that actor's trustworthiness (Ashnai et al., 2016; Barney and Hansen, 1994; Wang and Yang, 2013) and hence, perceived credibility, the profit-oriented mission of traditional enterprises decreases their perceived credibility.

The proposed effects of traditional vs. social entrepreneurs' mission on their perceived credibility parallel differences seen in the perceived trustworthiness of for-profit and non-profit organisations (Dreves et al., 2014; Hansmann, 1980; Lin-Hi et al., 2015; Rose-Ackerman, 1996; Speckbacher, 2013). Both social enterprises and non-profit organisations have in common that they serve the public good and are not motivated by making profits (Dees, 1998; Moore, 2000). For example, Speckbacher (2013) argues that non-profit organisations' non-distribution constraint serves as a strong signal for their trustworthiness. Indeed, empirical studies support the view that non-profit organisations are perceived as more trustworthy than for-profit organisations (Handy et al., 2010; Lin-Hi et al., 2015; Witesman and Fernandez, 2012). Thus, we predict the following:

H2 Social enterprises are perceived as more credible than traditional enterprises.

### **3 Implications of the differing stakeholder expectations of social vs. traditional entrepreneurship**

It can be argued that the differing missions of social vs. traditional enterprises affect society's general expectations regarding how sustainably the two forms of enterprises behave, for example, in terms of environmental friendliness of their operations, conditions for workers, and compliance with laws and regulations. This is because the mission-based distinction between traditional and social enterprises creates a stereotypical view of the two types of enterprises in the eyes of stakeholders. It is well known that stereotypes and other types of prior impressions shape perceptions and expectations, thus influencing the kind of behaviour people expect from an actor assigned to a specific category (e.g., Jackson et al., 1993; Jones and McGillis, 1976).

Because social enterprises distinguish themselves through their moral motive to contribute to sustainable development, they are generally expected to work towards improving society. And because traditional enterprises distinguish themselves through their profit orientation, they are expected to work towards improving the financial interests of their shareholders. Indeed, the profit motive driving traditional enterprises is often blamed for being a serious obstacle to sustainable development (e.g., Ahmad et al., 2012; Bakan, 2004; Næss, 2006). Therefore, we predict the following:

**H3** Social enterprises face higher expectations in terms of sustainable behaviour than do traditional enterprises.

Differences in expectations regarding social and traditional enterprises' sustainability performance should also have consequences for stakeholder reactions to negative or irresponsible organisational actions. Irresponsible organisational actions, such as corruption, deception of consumers, discrimination, environmental damage, exploitation of workers, and violations of human rights, adversely affect sustainable development as they typically harm the welfare of stakeholders and society as a whole (Mena et al., 2016). It is thereby widely established that irresponsible behaviour negatively affects stakeholders' opinions about and attitudes toward enterprises (Antonetti and Maklan, 2016; Lange and Washburn, 2012; Lin-Hi and Müller 2013; Zavyalova et al., 2012). Indeed, empirical research clearly demonstrates the negative effects of irresponsible practices on a variety of perceptual constructs, including reputation (Hardeck and Hertl, 2014), image (Zhu and Chang, 2013), perceived ethicality (Brunk and Blümelhuber, 2011), and trustworthiness (Leonidou et al., 2013).

The negative effects of irresponsible behaviour on stakeholder reactions are likely to differ depending on the actual enterprise form. This is because reactions to irresponsible behaviour depend on the gap between expected and observed behaviour (Lin-Hi and Blumberg, 2018; Zavyalova et al., 2012). Specifically, because social enterprises are expected to act in the public interest per se, irresponsible behaviour violates expectations more than it would in the case of profit-driven traditional enterprises. This effect is similar to the phenomenon of the 'liability of good reputation' (Rhee and Haunschild, 2006), where firms with a good reputation are likely to encounter stronger reputational damages following an act of irresponsible behaviour than firms with a poor reputation. Therefore, we postulate the following hypotheses:

**H4a** Irresponsible behaviour has a stronger negative effect on the perceived social responsibility of social enterprises than of traditional enterprises.

H4b Irresponsible behaviour has a stronger negative effect on the perceived credibility of social enterprises than of traditional enterprises.

#### **4 Consumers' intentions for sustainable consumption**

Perceptions matter in the business world. They affect stakeholder interpretations, which in turn, influence stakeholder attitudes and behaviours (Ajzen, 1991). Scholars agree that good stakeholder relations are crucial for social enterprises' ability to realise their mission (e.g., Mueller et al., 2013; Smith and Woods, 2015). According to stakeholder theory, customers are among the most important stakeholders of organisations (Clarkson, 1995; Freeman, 1984).

Via their buying behaviour, customers decide whether or not an enterprise is successful in a market. Like in the traditional business world, social enterprises' ability to sell their products at a reasonable price is critical for their success (Carraher et al., 2016). To this end, social enterprises have to fulfil classical customer demands, such as functionality, design, quality, durability, and taste (Belz and Binder, 2017; Keskin et al., 2013). Ultimately, customers buy products because of the benefits they receive from the purchased good. Thus, the better that enterprises are able to meet customers' demands, the more likely customers are to buy a product (Sheth et al., 1991).

A number of empirical investigations demonstrate that consumers' willingness to buy is positively influenced by a product's sustainability attributes (e.g., Auger et al., 2008; Rokka and Uusitalo, 2008; Weber et al., 2015). The positive link between sustainable product attributes and consumers' willingness to buy can be explained by the theory of consumption values (Sheth et al., 1991), specifically by consumers' attainment of emotional benefits, such as a good feeling, avoiding feelings of guilt, and enhanced social standing (Ha-Brookshire and Hodges, 2009; Lin and Huang, 2012; Ramirez, 2013). Emotional benefits thereby arise from 'doing the right thing' by contributing to social welfare.

Consumers' willingness to buy, of course, depends not only on concrete product attributes, but also on less tangible issues, such as a firm's trustworthiness (Gefen, 2002), brand name (Dodds et al., 1991), and reputation (Gatti et al., 2012). Thus, consumers are also driven by the potential emotional benefits of purchasing from a particular firm or brand. Ultimately, offering opportunities for consumers to realise an emotional benefit is one of the reasons why firms practice CSR (Mason and Simmons, 2014). Altogether, research shows a positive link between CSR and consumers' purchase intentions (Creyer and Ross, 1997; Mohr and Webb, 2005; Sen et al., 2006). In a nutshell, CSR serves as an important signal for positive organisational characteristics, such as honesty and reliability (Homburg et al., 2013; Siegel and Vitaliano, 2007).

Moreover, consumer behaviour is also positively influenced by perceived consumer effectiveness, that is, consumers' belief that their buying behaviour has a positive effect on broader social outcomes (e.g. Berger and Corbin, 1992; Davis, 2013; Ellen et al., 1991). Stated differently, if consumers believe that their buying behaviour has no impact on sustainable development, their willingness to buy sustainable products is diminished, whereas the greater the perceived benefit to society arising from their purchasing decisions, the more willing are customers to buy sustainable products.

Thus, consumers' willingness to buy should be higher for products produced by social enterprises than for products manufactured by traditional enterprises. In a nutshell,

social enterprises' social mission serves as a cue that the firm intrinsically cares about sustainability which, in turn, renders social enterprises effective and credible promoters of sustainable development. In contrast, traditional enterprises' activities in the field of sustainability are ultimately tied to instrumental considerations. Thus, it can be argued that consumers' expectations of achieving a real positive societal and environmental impact by buying a sustainable product from a social enterprise are higher than buying the same product from a traditional enterprise. Accordingly, we hypothesise:

H5a Consumers' willingness to buy is higher for sustainable products offered by social enterprises than for sustainable products offered by traditional enterprises.

Not only is it important to consider which products consumers choose, it is also important to consider how much consumers are willing to spend. In this respect, the basic logic applies that the higher the benefits customers expect to obtain from the purchase of a product, the higher is their willingness to pay (Ligas and Chaudhuri, 2012; Monroe, 1990). For example, research shows that emotional benefits are important predictors of the amount that consumers are willing to pay (e.g., Li et al., 2012; Pihlström and Brush, 2008).

Several studies demonstrate that consumers report a willingness to pay more for sustainable products (e.g. De Pelsmacker et al., 2005; Ha-Brookshire and Norum, 2011; Trudel and Cotte, 2009). For instance, De Pelsmacker et al. (2005) found in a survey among Belgian consumers that the average price premium respondents were willing to pay for fair-trade coffee was 10%. In addition, Ha-Brookshire and Norum (2011) reported that 54.9% of surveyed consumers in the US were willing to pay more for a sustainably produced t-shirt, on average \$5.54 for a shirt with a retail price of \$30. Research highlights that consumers' willingness to pay for sustainable products depends on the benefits they expect to obtain from the associated product choices (e.g., Abdul-Muhmin, 2007; Green and Peloza, 2011; Grimmer and Bingham, 2013).

Customers should also be willing to pay more for sustainable products from social enterprises than from traditional enterprises. This is because social enterprises provide an additional, i.e., emotional, consumer value stemming from their social mission and the associated perceptions of high consumer effectiveness. Put differently, the mission of social enterprises to benefit society increases consumer value by providing emotional benefits associated with consuming the firms' products. Since the benefits consumers obtain from a product positively influence their willingness to pay extra for sustainable development, we formulate the following hypothesis:

H5b Consumers' willingness to pay for sustainable products offered by social enterprises is higher than for sustainable products offered by traditional enterprises.

## 5 Method

### 5.1 Participants and procedure

Participants in this study were recruited via personal contacts, online platforms (e.g., online forums, blogs, and shopping advice websites), and social networks (e.g., Facebook groups for online surveys), using snowball techniques, and asked to complete an online

questionnaire. Data collection took place in spring and summer 2017. Overall, 222 valid data sets were obtained, whereby the criteria for a valid data set was that less than 30% of items were left unanswered. Of the sample, 62.9% of participants were male, 34.3% female, 0.5% other, and 2.4% chose not to specify their gender (missing = 5.4%). The mean age of participants was 25.29 years ( $SD = 7.02$ , range = 17–61, missing = 10.4%). In terms of achieved educational degree, 4.7% of participants did not finish school or had finished lower secondary school, 60.3% had obtained a higher secondary school degree, 33.6% had obtained a graduate or postgraduate degree, and 1.4% reported a doctorate (missing = 3.6%). Less than one tenth (7.9%) of participants reported having no occupation, whereas 3.3% identified as school students, 62.6% as university students, 22.4% as employees, 0.9% as civil servants, and 2.8% as self-employed (missing = 3.6%). Of all participants, 57.4% were in a relationship and 42.6% were single (missing = 5.9%). In terms of children, 9.1% of participants had at least one child, whereas 90.9% reported no children (missing = 5.9%).

In addition to demographic data, information about mobile phone use and mobile phone purchase intentions was also collected. Nearly all participants (98.1%) were in possession of a smartphone (missing = 4.5%), and 96.6% of participants indicated using a smartphone at least several times a day (missing = 4.5%). During the 12 months prior to answering the questionnaire, 38% of participants made a mobile phone purchase, whereas 62% did not obtain a new phone (missing = 4.1%). Regarding purchase intentions, 13.8% of participants were planning to buy a new mobile phone in the three months following their completion of the survey, compared to 86.2% not considering a purchase in this time frame (missing = 5.4%).

Participants were randomly assigned to one of the four experimental conditions. In each condition, participants were asked to read a description of a fictitious mobile phone company (called 'LiETEQ'). The description included general information about the production system of the company and the overall quality of the products. This general information was identical for all of the four conditions. Two manipulations were implemented in the description of the firm to test the hypotheses. The first manipulation contrasted between a traditional enterprise and a social enterprise. Both enterprises were introduced as international companies that have been active in the market for smartphones for almost five years. In the traditional enterprise version, the company was described as striving for higher profits and for increasing shareholder value. In the social enterprise version, the company was described as being motivated to solve of societal problems and to contribute to sustainable development. A second manipulation in the company description varied whether the firm was characterised as having committed irresponsible behaviour. Specifically, in the irresponsible behaviour condition, information about a television report was provided alleging that the enterprise was accused of unpaid overtimes and of unfair payment of women in comparison to men. The firm was described as having refused to comment on the television report. This information was not included in the no-irresponsible behaviour condition. The material (full company descriptions) can be found in the Appendix. Taken together, the four survey conditions included a traditional enterprise without any reference to irresponsible behaviour (condition 1), a traditional enterprise with information about irresponsible behaviour (condition 2), a social enterprise without information about irresponsible behaviour (condition 3), and a social enterprise with information alleging irresponsible behaviour (condition 4).

After reading the company description, participants were asked to answer several questions regarding their perceptions of the company and buying intentions. As an incentive to participate in the study, participants were invited to take part in a raffle after completing the survey.

## 5.2 Measures

- Perceived social responsibility (pSR): pSR was measured with four items based on a scale by Stanaland et al. (2011). A sample item is: 'LiETEQ is committed to well-defined ethics principles'. All items were rated using a Likert scale anchored 1 = 'strongly disagree', to 7 = 'strongly agree'. Cronbach's alpha for this scale was .89.
- Perceived credibility: Perceived credibility was measured with seven items based on Newell and Goldsmith (2001). A sample item is: 'LiETEQ is an honest company'. Cronbach's alpha for this scale was .95.
- Behavioural expectations: Behavioural expectations were assessed with a self-developed scale with six items. The scale comprised different sustainable behaviours such as environmentally-friendly production, production of long-lasting products, decent working conditions, rejection of child labour in the smart phone industry, and tax compliance. A sample item is: 'I believe that LiETEQ aims to produce as environmentally friendly as possible'. Cronbach's alpha for this scale was .87.
- Willingness to buy: Willingness to buy was assessed with the four willingness to buy indicators developed by Dodds et al. (1991). A sample item is: 'The likelihood of purchasing a LiETEQ smartphone is very high'. Cronbach's alpha for this scale was .95.
- Willingness to pay: To assess willingness to pay, participants were informed that in a comparison of smartphones, LiETEQ's smartphones were rated second in a field of competitors, with a score of 820 points (out of 1,000). The winning smartphone was said to have earned 850 points and was available for Euro 549. Participants were given 20 options to indicate the maximum price they would pay for a smartphone by LiETEQ, ranging from Euro 399 to Euro 599.

The survey was administered in German language. Items were translated into German by the authors using the back-translation method.

## 6 Results

Table 1 shows the means and standard deviations of the study variables for each experimental condition. As can be seen in the table, the means of the traditional vs. social enterprises' condition were in the expected direction for pSR, credibility, behavioural expectations in terms of sustainability, and willingness to buy. As expected, social enterprises were rated higher than traditional enterprises in terms of pSR, credibility, behavioural expectations in terms of sustainable behaviour, and willingness to buy. The

amount that respondents were willing to pay, however, did not differ between social and traditional enterprises.

**Table 1** Means and standard deviations of the dependent variables for the different survey conditions

<i>Dependent variable</i>	<i>Traditional enterprise/no irresponsible behaviour N = 53</i>	<i>Traditional enterprise/irresponsible behaviour N = 55</i>	<i>Social enterprise/no irresponsible N = 54</i>	<i>Social enterprise/irresponsible behaviour N = 56</i>
pSR	4.698 (1.049)	3.328 (1.127)	5.273 (1.022)	3.759 (1.139)
Credibility	4.392 (.924)	2.830 (.949)	4.813 (.866)	3.301 (1.147)
Behavioural expectations	4.228 (1.094)	3.632 (.821)	4.789 (1.067)	4.269 (1.031)
Willingness to buy	4.062 (1.275)	3.439 (1.360)	4.165 (1.570)	3.438 (1.381)
Willingness to pay	499.80 (62.199)	474.65 (61.596)	491.90 (74.527)	474.58 (60.177)

To test the hypotheses, a multivariate analysis of variance (MANOVA) was conducted. To test the normal distribution of the study variables and the equivalence of covariance matrices (as conditions of the MANOVA), a Kolmogorov-Smirnov Test and a Box's M Test were conducted. The study variables were normally distributed, as assessed by the Kolmogorov-Smirnov-Test ( $p > .05$ ). Additionally, the Box's M value of 55.232 is associated with a p value of .207. Thus, the covariance matrices between the groups were assumed to be equal for the purposes of the MANOVA.

Hypothesis 1 predicted that social enterprises are perceived as more socially responsible than traditional enterprises. As Table 2 shows, the multivariate result was significant for the main effect of an enterprise's form on pSR ( $F = 12.202$ ,  $df = 1$ ,  $p = .001$ ), fully supporting H1. The partial  $\eta^2$  value of .061 indicates a medium size effect. Hypothesis 2 predicted that social enterprises are perceived as more credible than traditional enterprises. Results show a significant main effect of company's form on perceived credibility ( $F = 13.478$ ,  $df = 1$ ,  $p = .000$ ), supporting H2. The partial  $\eta^2$  value of .067 indicates a medium size effect. Hypothesis 3 predicted that social enterprises face higher expectations in terms of sustainable behaviour than traditional enterprises. The results fully support this hypothesis ( $F = 16.378$ ,  $df = 1$ ,  $p = .000$ ) with a medium effect size ( $\eta^2 = .081$ ). Hypothesis 4a predicted that irresponsible behaviour has a stronger negative effect on the perceived social responsibility of social enterprises than of traditional enterprises. The interaction effect of irresponsible behaviour and company form was not significant for pSR ( $F = 0.041$ ,  $df = 1$ ,  $p = .840$ ). Thus, Hypothesis 4a was not supported. The same holds for Hypothesis 4b, predicting that irresponsible behaviour has a stronger negative effect on the perceived credibility of social enterprises than of traditional enterprises. The results show no significant interaction effect for credibility ( $F = 0.354$ ,  $df = 1$ ,  $p = .552$ ). Hypothesis 5a predicted that consumers' willingness to buy is higher for sustainable products offered by social enterprises than for sustainable products offered by traditional enterprises. The results show no main effect for company's form ( $F = 0.058$ ,  $df = 1$ ,  $p = .000$ ) and thus, H5a was not supported in the present study. Hypothesis 5b predicted that consumers' willingness to pay for sustainable products offered by social enterprises is higher than for sustainable products offered by

traditional enterprises. As mentioned above, contrary to the expectations, the means for traditional enterprises are slightly higher for this dependent variable but the difference between the two is not significant. Hence, H5b was not supported.

**Table 2** Multivariate analyses of variance of brand related outcomes by enterprise form and entrepreneur's behaviour

<i>Source</i>	<i>Dependent variable</i>	<i>df</i>	<i>F</i>	<i>part. <math>\eta^2</math></i>	<i>p</i>
Enterprise form					
	pSR	1	12.202	.061	.001
	Credibility	1	13.478	.067	.000
	Behavioural expectations	1	16.378	.081	.000
	Willingness to buy	1	0.058	.000	.810
	Willingness to pay	1	0.105	.001	.746
Entrepreneur's behaviour					
	pSR	1	85.805	.315	.000
	Credibility	1	131.754	.413	.000
	Behavioural expectations	1	14.874	.074	.000
	Willingness to buy	1	6.039	.032	.015
	Willingness to pay	1	4.833	.025	.029
Enterprise form x entrepreneur's behaviour (interaction)					
	pSR	1	0.041	.000	.840
	Credibility	1	0.354	.002	.552
	Behavioural expectations	1	0.580	.003	.447
	Willingness to buy	1	0.004	.000	.955
	Willingness to pay	1	0.342	.002	.560
Error					
	pSR	214			
	Credibility	213			
	Behavioural expectations	216			
	Willingness to buy	216			
	Willingness to pay	199			

## 7 Discussion

### 7.1 Theoretical contribution

Sustainable development has become an increasingly important consideration for traditional enterprises. This new business reality also comes with changes in the markets within which social enterprises attempt to compete. Whereas in the past, social enterprises had a 'monopoly' on engaging in sustainability, today they compete in markets often occupied by traditional enterprises which are now taking an active role in promoting social welfare. Thus, competition with traditional enterprises has become an

integral part of social enterprises' daily operations. Of course, social enterprises' existence does not depend on profitability. Nevertheless, they must secure access to critical resources in order to survive (Liu et al., 2015).

Existing research has devoted limited attention to the competition between social and traditional enterprises in shared markets (Estrin et al., 2013). Little is known about how social enterprises can be successful in markets in which they have to compete with traditional enterprises that often sell well-known products at lower prices. This lack of knowledge might be rooted in the fact that the financial performance and non-social outcomes of social entrepreneurship have been largely neglected in the literature (Dacin et al., 2010; Halberstadt and Kraus, 2016). However, paying attention to the issue of competitiveness is important in research on social entrepreneurship, as it ultimately affects social enterprises' scaling possibilities and hence, their potential social contributions.

Motivated by this research gap, the present study investigated stakeholder perceptions and consumer intentions for social vs. traditional enterprises in an experimental survey study that compared reactions to firms offering smartphones made from recyclable materials where both the social and the traditional enterprises exhibited the same sustainability performance. Because of the experimental design, the differences we observed in reactions to the two enterprises can be causally ascribed to the enterprise form. The present study demonstrates that social enterprises enjoy enhanced perceptions of social responsibility and perceived credibility relative to traditional enterprises. Thus, social enterprises have a competitive advantage over traditional enterprises, at least in terms of stakeholder perceptions.

Research on status and stereotypes demonstrates that the way people perceive an actor affects their expectations regarding that actor's future behaviour (e.g., Driskell and Mullen, 1990; Giordano, 1983; Jackson et al., 1993; Tiedens et al., 2000). Thus, the more that perceivers attribute positive social responsibility to a firm, the more they expect socially desirable behaviour on the part of that firm. Indeed, the results of this study support this prediction, in that expectations of sustainability performance were higher for the firm described as being a social enterprise.

The predicted interaction between enterprise form and irresponsible organisational behaviour was not supported in the present study, however. We reasoned that irresponsible behaviour would be considered a particularly strong violation of expectations for social enterprises, leading to stronger negative reactions than when firms are characterised as pursuing a profit motive. Research holds that the higher existing expectations are, the stronger are the reactions to negative violations of those expectations (Lin-Hi and Blumberg, 2018; Rhee and Haunschild, 2006). However, the results of the present study show that the perceptions of both forms of enterprises are damaged substantially, and to about the same degree, in the event of irresponsible behaviour. Evidently, the prevention of irresponsible behaviour is not only of relevance to traditional enterprises (Margolis et al., 2009; Wood, 2010), but also to social enterprises. Yet, research on irresponsible behaviour among social enterprises is rare, with the present study suggesting a need for further research.

In addition to investigating stakeholders' perceptions of social and traditional enterprises, the present study examined consumer intentions in terms of willingness to buy and willingness to pay for sustainable products offered by social vs. traditional enterprises. Although research shows that consumers express favourable purchase intentions for sustainable development (e.g., Auger et al., 2008; Rokka and Uusitalo,

2008; Weber et al., 2015), we did not find significant differences between the two kinds of enterprises in terms of respondents' purchase preferences and spending intentions. Contrary to our expectations, consumers' willingness to pay was somewhat higher in the traditional enterprises condition (without irresponsible behaviour), although this difference was not significant. Thus, our study indicates that consumers do not prefer social over traditional enterprises in terms of their purchase intentions in cases where both forms of enterprises have the same sustainability performance. This result might be explained by the differences in perceptions of organisations triggered by enterprise form in terms of warmth (e.g., kindness, generosity, helpfulness) vs. competence (e.g., intelligent, effective, efficient) (Fiske et al., 2007; Judd et al., 2005). Non-profit organisations are often assumed to be higher in warmth than for-profit organisations, whereas for-profit organisations are seen as more competent (Aaker et al., 2010). Perceived competence, in turn, has been shown to be more important for consumers' purchase intentions than perceived warmth (Aaker et al., 2010; Han et al., 2015), in particular for high involvement products such as smartphones (Zawisza and Pittard, 2015). Thus, although consumers might support social enterprises' mission, their purchasing intentions might substantially be determined by perceptions of competence.

Altogether, research is sorely needed that investigates how consumers form perceptions and purchasing intentions regarding firms that differ in terms of their social vs. traditional entrepreneurial focus. In particular, future research could investigate the existence of competing mediation paths in terms of perceived competence/warmth and perceived consumer effectiveness. For instance, perhaps consumers must reach a threshold of subjective value, where the perceived loss associated with purchasing from a firm that is considered less competent is compensated by a perceived personal effect on the social welfare.

## *7.2 Managerial implications*

Research emphasises that traditional enterprises have several advantages over social enterprises, for example, in terms of financial and human resources (Austin et al., 2006) and marketing skills (Newbert, 2012). In contrast, social entrepreneurs frequently lack the associated business competencies that traditional firms typically possess, and have less access to resources (Austin et al., 2006; Doherty et al., 2014; Glänzel and Scheuerle, 2016). In addition, scholars have pointed out that social enterprises have to constantly balance trade-offs between economic and social objectives to fulfil their social mission which, in turn, increases managerial complexity (Battilana et al., 2012; Doherty et al., 2014). In sum, the literature suggests that social enterprises are, *ceteris paribus*, less prepared than traditional enterprises to be successful in competitive markets.

Ultimately, via their purchasing behaviour, consumers determine the success or failure of firms. The findings of the present study indicate that while consumers perceive social enterprises in a positive light, these perceptions are not especially likely to alter their purchase intentions in favour of social enterprises. The results suggest that enterprise form does not necessarily affect consumer intentions and consumers seem not to care whether they buy a sustainable product from a social or a traditional enterprise. This consumer indifference puts social enterprises' long-term success at risk by making them less capable of compensating for the aforementioned competitive disadvantages vis-à-vis traditional enterprises. From a pessimistic point of view, it might be the case that social enterprises will not be able to compete successfully with traditional enterprises

in the market for sustainable products in the long run. Thus, the question arises: How should social enterprises react to their traditional rivals' increasing sustainability efforts?

Social enterprises pursue the mission to improve social welfare. To this end, they create new markets and innovative products with the aim of contributing to sustainable development. At the same time, social enterprises stimulate efforts on the part of traditional enterprises to devote more attention to sustainability (Hockerts and Wüsthagen, 2010; Seelos and Mair, 2005). Traditional enterprises have already started to imitate the business models of social enterprises and adapt their innovative ideas (Halberstadt and Kraus, 2016). Put differently, successful social enterprises serve as blue prints for sustainable business models and pave the way for the integration of sustainability issues in the traditional business world. The fact that traditional enterprises are increasingly improving their sustainability performance leads to the side effect of intensifying competition between social and traditional enterprises. Thus, the more those social enterprises are successful, the more traditional enterprises adapt their ideas, which in consequence, makes it harder for the social enterprises to remain competitive over the long run. Thus, social enterprises are change agents for sustainable development with a use-by date.

The results of the present study suggest that social enterprises might want to consider carefully whether they should devote their limited resources to competing with traditional enterprises within the same market. Instead, they might consider using their resources to develop new business models for sustainable development. Here, they can build on their advantage of not being restricted by traditional considerations of the business world that have been, time and again, identified as barriers to sustainable development (Ahmad et al., 2012; Bakan, 2004). Indeed, the development of new entrepreneurial approaches to promote sustainable development is regarded as an important task of social entrepreneurship (Schaltegger and Wagner, 2011; Seelos and Mair, 2005). This point receives support from the present study's finding that social enterprises are faced with higher stakeholder expectations in terms of sustainable behaviour than their traditional counterparts. Because meeting stakeholder expectations is a precondition for the survival of firms (Oliver, 1991; Pfeffer and Salancik, 1978), social enterprises may have to constantly innovate in their sustainability performance to remain competitive with traditional firms. This would allow them to realise their mission more effectively than by attempting to compete directly with the products offered by traditional enterprises.

## **8 Limitations and directions for future research**

As with all empirical investigations, the present study has a few limitations that should be noted. First, our use of fictional companies described by written information may limit generalisability to some degree. However, the description of the different enterprises (social vs. traditional) was based on realistic information about sustainable smartphone companies and was in accordance with realistic product descriptions. In addition, the use of a vignette study design generally has the advantage of increasing both internal and external validity (Aguinis and Bradley, 2014).

Second, consumers' willingness to buy and willingness to pay may be affected by different variables not assessed in the present study. For example, studies show that factors such as knowledge about sustainability (e.g., Polonsky et al., 2012) and sustainability-related self-concepts (e.g., Oliver and Lee, 2010) influence sustainable

consumption. Thus, future studies should investigate factors at the individual level of analysis that may affect consumers' attitudes toward different types of enterprises.

Third, our findings may be unique to the type of product we depicted in our written descriptions of the firms. We used smartphones because they are an everyday item with which most of our respondents had some experience and knowledge. In addition, smartphones are among the products that are repurchased regularly so that study participants could put themselves into a buying decision situation relatively easily. However, smartphones are high involvement products. Research shows, purchasing a high involvement product is associated with a higher financial risk than purchasing a low involvement product (Young et al., 2010). In addition, high involvement products differ from low involvement products in their information demand, the duration of decision making, and the development of decision criteria (Sammer and Wuestenhagen, 2006). Because consumers' product involvement acts as a moderator of the relationship between attitudes and buying intentions (e.g., Steenkamp et al., 2010), we expect stronger consumer reactions for high involvement products. Accordingly, future research is needed that compares purchasing intentions for other types of products, especially those with lower involvement, cost, and consumer experience. Future research might also investigate high involvement products that have historically been associated with poor sustainability, like automobiles.

Moreover, the present study relied on a convenience sample using a snowball sampling technique. In particular, the present sample, to a large extent, consists of young persons (mean age of 25.29 years), and thus, it would be worthwhile to replicate the findings with a more diverse sample in terms of age. Furthermore, to avoid priming the participants, the present study did not include a manipulation check for the manipulated factors, namely, it did not assess whether participants perceived the companies as representing a social or as traditional enterprise. Thus, it cannot be ruled out that the differences found between the groups were due to other information or cues provided in the scenarios. However, the experimental character of the study allows the conclusion that the differences between the groups are attributable to the variation of the scenarios. Nevertheless, future research should include a manipulation check to validate the findings.

## **9 Conclusions**

Overall, the present study is unique in investigating consumer perceptions and purchasing intentions for social vs. traditional enterprises. Although previous research has indicated that social and traditional enterprises pursue different strategies and compete in different ways, little empirical evidence has been reported that consumers notice these differences and that these differences matter for firm perceptions and purchase intentions. Our findings indicate that social enterprises enjoy better social perceptions than do traditional enterprises, in terms of better perceived social responsibility and credibility. However, these differing perceptions do not appear to translate into sales, as purchasing intentions do not appear to differ between social and traditional enterprises. This creates new risk for social enterprises, given that more and more traditional firms are focusing on sustainability development as part of their business. On a certain level, our findings suggest that an important value served by social entrepreneurship lies in its tendency to motivate traditional firms to focus more on activities that benefit society. This is a

powerful way social enterprises accomplish their social mission and drive sustainable development.

## References

- Aaker, J., Vohs, K.D. and Mogilner, C. (2010) 'Nonprofits are seen as warm and for-profits as competent: firm stereotypes matter', *Journal of Consumer Research*, Vol. 37, No. 2, pp.224–237.
- Abdul-Muhmin, A.G. (2007) 'Explaining consumers' willingness to be environmentally friendly', *International Journal of Consumer Studies*, Vol. 31, No. 3, pp.237–247.
- Aguinis, H. and Bradley, K.J. (2014) 'Best practice recommendations for designing and implementing experimental vignette methodology studies', *Organizational Research Methods*, Vol. 17, No. 4, pp.351–371.
- Ahmad, W., Soskolne, C.L. and Ahmed, T. (2012) 'Strategic thinking on sustainability: challenges and sectoral roles', *Environment, Development and Sustainability*, Vol. 14, No. 1, pp.67–83.
- Ajzen, I. (1991) 'The theory of planned behavior', *Organizational Behavior and Human Decision Processes*, Vol. 50, No. 2, pp.179–211.
- Antonetti, P. and Maklan, S. (2016) 'An extended model of moral outrage at corporate social irresponsibility', *Journal of Business Ethics*, Vol. 135, No. 3, pp.429–444.
- Ashnai, B., Henneberg, S.C., Naudé, P. and Francescucci, A. (2016) 'Inter-personal and inter-organizational trust in business relationships: an attitude-behavior-outcome model', *Industrial Marketing Management*, January, Vol. 52, pp.128–139.
- Auger, P., Devinney, T.M., Louviere, J.J. and Burke, P.F. (2008) 'Do social product features have value to consumers?', *International Journal of Research in Marketing*, Vol. 25, No. 3, pp.183–191.
- Austin, J., Stevenson, H. and Wei-Skillern, J. (2006) 'Social and commercial entrepreneurship: same, different or both?', *Entrepreneurship Theory and Practice*, Vol. 31, No. 1, pp.1–22.
- Azeez, A. (2014) 'Revisiting the prospects of social entrepreneurship on social development: an analysis', *Quest Journal of Management and Research*, Vol. 5, No. 1, pp.9–18.
- Bacq, S., Hartog, C. and Hoogendoorn, B. (2013) 'A quantitative comparison of social and commercial entrepreneurship: toward a more nuanced understanding of social entrepreneurship organizations in context', *Journal of Social Entrepreneurship*, Vol. 4, No. 1, pp.40–68.
- Bakan, J. (2004) *The Corporation: The Pathological Pursuit of Profit and Power*, Free Press, New York, NY.
- Bansal, P. (2005) 'Evolving sustainably: a longitudinal study of corporate sustainable development', *Strategic Management Journal*, Vol. 26, No. 3, pp.197–218.
- Barney, J.B. and Hansen, M.H. (1994) 'Trustworthiness as a source of competitive advantage', *Strategic Management Journal*, Vol. 15, No. S1, pp.175–190.
- Battilana, J., Lee, M., Walker, J. and Dorsey, C. (2012) 'In search of the hybrid ideal', *Stanford Social Innovation Review*, Vol. 10, No. 3, pp.50–55.
- Belz, F.M. and Binder, J.K. (2017) 'Sustainable entrepreneurship: a convergent process model', *Business Strategy and the Environment*, Vol. 26, No. 1, pp.1–17.
- Berger, I.E. and Corbin, R.M. (1992) 'Perceived consumer effectiveness and faith in others as moderators of environmentally responsible behaviors', *Journal of Public Policy and Marketing*, Vol. 11, No. 2, pp.79–89.
- Bhattacharjee, A., Dana, J. and Baron, J. (2017) 'Anti-profit beliefs: how people neglect the societal benefits of profit', *Journal of Personality and Social Psychology*, Vol. 113, No. 5, pp.671–696.

- Bhattacharya, C.B., Korschun, D. and Sen, S. (2009) 'Strengthening stakeholder-company relationships through mutually beneficial corporate social responsibility initiatives', *Journal of Business Ethics*, Vol. 85, No. 2, pp.257–272.
- Bloom, P.N. and Chatterji, A.K. (2009) 'Scaling social entrepreneurial impact', *California Management Review*, Vol. 51, No. 3, pp.114–133.
- Brunk, K.H. and Blümelhuber, C. (2011) 'One strike and you're out: qualitative insights into the formation of consumers' ethical company or brand perceptions', *Journal of Business Research*, Vol. 64, No. 2, pp.134–141.
- Carraher, S.M., Welsh, D.H. and Svilokos, A. (2016) 'Validation of a measure of social entrepreneurship', *European Journal of International Management*, Vol. 10, No. 4, pp.386–402.
- Certo, S.T. and Miller, T. (2008) 'Social entrepreneurship: key issues and concepts', *Business Horizons*, Vol. 51, No. 4, pp.267–271.
- Clark, J.R. and Lee, D.R. (2011) 'Markets and morality', *Cato Journal*, Vol. 31, No. 1, pp.1–25.
- Clarkson, M.E. (1995) 'A stakeholder framework for analyzing and evaluating corporate social performance', *Academy of Management Review*, Vol. 20, No. 1, pp.92–117.
- Cone Communications and Ebiquity (2015) *Global CSR Study* [online] <http://www.conecomm.com/2015-cone-communications-ebiquity-global-csr-study-pdf> (accessed 14 September 2017).
- Corner, P.D. and Ho, M. (2010) 'How opportunities develop in social entrepreneurship', *Entrepreneurship Theory and Practice*, Vol. 34, No. 4, pp.635–659.
- Creyer, E.H. and Ross, W.T. (1997) 'The influence of firm behavior on purchase intention: do consumers really care about business ethics?', *Journal of Consumer Marketing*, Vol. 14, No. 6, pp.421–432.
- Dacin, P.A., Dacin, M.T. and Matear, M. (2010) 'Social entrepreneurship: why we don't need a new theory and how we move forward from here', *Academy of Management Perspectives*, Vol. 24, No. 2, pp.36–56.
- Davis, I. (2013) 'How (not) to market socially responsible products: a critical research evaluation', *Journal of Marketing Communications*, Vol. 19, No. 2, pp.136–150.
- De Pelsmacker, P., Driesen, L. and Rayp, G. (2005) 'Do consumers care about ethics? Willingness to pay for fair-trade coffee', *Journal of Consumer Affairs*, Vol. 39, No. 2, pp.363–385.
- Dees, J.G. (1998) *The Meaning of Social Entrepreneurship* [online] [https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article\\_Deas\\_MeaningofSocialEntrepreneurship\\_2001.pdf](https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article_Deas_MeaningofSocialEntrepreneurship_2001.pdf) (accessed 14 September 2017).
- Dees, J.G. (2007) 'Taking social entrepreneurship seriously', *Society*, Vol. 44, No. 3, pp.24–31.
- Dees, J.G., Anderson, B.B. and Wei-Skillern, J. (2004) 'Scaling social impact: strategies for spreading social innovations', *Stanford Social Innovation Review*, Vol. 1, No. 4, pp.24–32.
- Defourny, J. and Nyssens, M. (2010) 'Conceptions of social enterprise and social entrepreneurship in Europe and the United States. Convergences and divergences', *Journal of Social Entrepreneurship*, Vol. 1, No. 1, pp.32–53.
- Dodds, W.B., Monroe, K.B. and Grewal, D. (1991) 'Effects of price, brand, and store information on buyers' product evaluations', *Journal of Marketing Research*, Vol. 28, No. 3, pp.307–319.
- Doherty, B., Haugh, H. and Lyon, F. (2014) 'Social enterprises as hybrid organizations: a review and research agenda', *International Journal of Management Reviews*, Vol. 16, No. 4, pp.417–436.
- Doney, P.M. and Cannon, J.P. (1997) 'An examination of the nature of trust in buyer-seller relationships', *Journal of Marketing*, Vol. 61, No. 2, pp.35–51.
- Dorado, S. (2006) 'Social entrepreneurial ventures: different values so different process of creation, no?', *Journal of Developmental Entrepreneurship*, Vol. 11, No. 4, pp.319–343.

- Drevs, F., Tscheulin, D.K. and Lindenmeier, J. (2014) 'Do patient perceptions vary with ownership status? A study of nonprofit, for-profit, and public hospital patients', *Nonprofit and Voluntary Sector Quarterly*, Vol. 43, No. 1, pp.164–184.
- Driskell, J.E. and Mullen, B. (1990) 'Status, expectations, and behavior: a meta-analytic review and test of the theory', *Personality and Social Psychology Bulletin*, Vol. 16, No. 3, pp.541–553.
- Du, S., Bhattacharya, C.B. and Sen, S. (2007) 'Reaping relational rewards from corporate social responsibility: the role of competitive positioning', *International Journal of Research in Marketing*, Vol. 24, No. 3, pp.224–241.
- Du, S., Swaen, V., Lindgreen, A. and Sen, S. (2013) 'The roles of leadership styles in corporate social responsibility', *Journal of Business Ethics*, Vol. 114, No. 1, pp.155–169.
- Elkington, J. (1998) 'Partnerships from cannibals with forks: the triple bottom line of 21st-century business', *Environmental Quality Management*, Vol. 8, No. 1, pp.37–51.
- Ellen, P.S., Wiener, J.L. and Cobb-Walgren, C. (1991) 'The role of perceived consumer effectiveness in motivating environmentally conscious behaviors', *Journal of Public Policy and Marketing*, Vol. 10, No. 2, pp.102–117.
- Erdem, T. and Swait, J. (2004) 'Brand credibility, brand consideration, and choice', *Journal of Consumer Research*, Vol. 31, No. 1, pp.191–198.
- Estrin, S., Mickiewicz, T. and Stephan, U. (2013) 'Entrepreneurship, social capital, and institutions: social and commercial entrepreneurship across nations', *Entrepreneurship Theory and Practice*, Vol. 37, No. 3, pp.479–504.
- Evans, W.R. and Davis, W.D. (2011) 'An examination of perceived corporate citizenship, job applicant attraction, and CSR work role definition', *Business and Society*, Vol. 50, No. 3, pp.456–480.
- Fiske, S.T., Cuddy, A.J. and Glick, P. (2007) 'Universal dimensions of social cognition: warmth and competence', *Trends in Cognitive Sciences*, Vol. 11, No. 2, pp.77–83.
- Freeman, R.E. (1984) *Strategic Management: A Stakeholder Approach*, Pitman, Boston, MA.
- Gatti, L., Caruana, A. and Snehota, I. (2012) 'The role of corporate social responsibility, perceived quality and corporate reputation on purchase intention: implications for brand management', *Journal of Brand Management*, Vol. 20, No. 1, pp.65–76.
- Gefen, D. (2002) 'Reflections on the dimensions of trust and trustworthiness among online consumers', *ACM Sigmis Database*, Vol. 33, No. 3, pp.38–53.
- Giordano, P.C. (1983) 'Sanctioning the high-status deviant: an attributional analysis', *Social Psychology Quarterly*, Vol. 46, No. 4, pp.329–342.
- Glänzel, G. and Scheuerle, T. (2016) 'Social impact investing in Germany: current impediments from investors' and social entrepreneurs' perspectives', *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, Vol. 27, No. 4, pp.1638–1668.
- Glavas, A. and Godwin, L.N. (2013) 'Is the perception of 'goodness' good enough? Exploring the relationship between perceived corporate social responsibility and employee organizational identification', *Journal of Business Ethics*, Vol. 114, No. 1, pp.15–27.
- Goyal, S., Sergi, B.S. and Jaiswal, M. (2015) 'How to design and implement social business models for base-of-the-pyramid (BoP) markets?', *The European Journal of Development Research*, Vol. 27, No. 5, pp.850–867.
- Green, T. and Peloza, J. (2011) 'How does corporate social responsibility create value for consumers?', *Journal of Consumer Marketing*, Vol. 28, No. 1, pp.48–56.
- Grimmer, M. and Bingham, T. (2013) 'Company environmental performance and consumer purchase intentions', *Journal of Business Research*, Vol. 66, No. 10, pp.1945–1953.
- Ha-Brookshire, J.E. and Hodges, N.N. (2009) 'Socially responsible consumer behavior? Exploring used clothing donation behavior', *Clothing and Textiles Research Journal*, Vol. 27, No. 3, pp.179–196.
- Ha-Brookshire, J.E. and Norum, P.S. (2011) 'Willingness to pay for socially responsible products: case of cotton apparel', *Journal of Consumer Marketing*, Vol. 28, No. 5, pp.344–353.

- Halberstadt, J. and Kraus, S. (2016) 'Social entrepreneurship: the foundation of tomorrow's commercial business models?', *International Journal of Entrepreneurial Venturing*, Vol. 8, No. 3, pp.261–279.
- Han, S., Lee, J., Kang, J. and Kim, H. (2015) 'Consumer reactions to products of social enterprises', *Asia Marketing Journal*, Vol. 17, No. 1, pp.149–160.
- Handy, F., Seto, S., Wakaruk, A., Mersey, B., Mejia, A. and Copeland, L. (2010) 'The discerning consumer: is nonprofit status a factor?', *Nonprofit and Voluntary Sector Quarterly*, Vol. 39, No. 5, pp.866–883.
- Hansen, S.D., Dunford, B.B., Boss, A.D., Boss, R.W. and Angermeier, I. (2011) 'Corporate social responsibility and the benefits of employee trust: a cross-disciplinary perspective', *Journal of Business Ethics*, Vol. 102, No. 1, pp.29–45.
- Hansmann, H.B. (1980) 'The role of nonprofit enterprise', *The Yale Law Journal*, Vol. 89, No. 5, pp.835–901.
- Hardeck, I. and Hertl, R. (2014) 'Consumer reactions to corporate tax strategies: effects on corporate reputation and purchasing behavior', *Journal of Business Ethics*, Vol. 123, No. 2, pp.309–326.
- Hart, S.L. (1997) 'Beyond greening: strategies for a sustainable world', *Harvard Business Review*, Vol. 75, No. 1, pp.66–77.
- Haugh, H. (2005) 'A research agenda for social entrepreneurship', *Social Enterprise Journal*, Vol. 1, No. 1, pp.1–12.
- Haugh, H. (2007) 'New strategies for a sustainable society: the growing contribution of social entrepreneurship', *Business Ethics Quarterly*, Vol. 17, No. 4, pp.743–749.
- Hockerts, K. and Wüstenhagen, R. (2010) 'Greening Goliaths versus emerging Davids – theorizing about the role of incumbents and new entrants in sustainable entrepreneurship', *Journal of Business Venturing*, Vol. 25, No. 5, pp.481–492.
- Homburg, C., Stierl, M. and Bornemann, T. (2013) 'Corporate social responsibility in business-to-business markets: how organizational customers account for supplier corporate social responsibility engagement', *Journal of Marketing*, Vol. 77, No. 6, pp.54–72.
- Hur, W.M., Kim, H. and Woo, J. (2014) 'How CSR leads to corporate brand equity: mediating mechanisms of corporate brand credibility and reputation', *Journal of Business Ethics*, Vol. 125, No. 1, pp.75–86.
- Jackson, L.A., Sullivan, L.A. and Hodge, C.N. (1993) 'Stereotype effects of attributions, predictions, and evaluations: no two social judgments are quite alike', *Journal of Personality and Social Psychology*, Vol. 65, No. 1, pp.69–84.
- Jones, E.E. and McGillis, D. (1976) 'Correspondent inferences and the attribution cube: a comparative reappraisal', in Harvey, W. et al. (Eds.): *New Directions in Attribution Research*, pp.389–420, Erlbaum, Hillsdale, NJ.
- Judd, C.M., James-Hawkins, L., Yzerbyt, V. and Kashima, Y. (2005) 'Fundamental dimensions of social judgment: understanding the relations between judgments of competence and warmth', *Journal of Personality and Social Psychology*, Vol. 89, No. 6, pp.899–913.
- Keskin, D., Diehl, J.C. and Molenaar, N. (2013) 'Innovation process of new ventures driven by sustainability', *Journal of Cleaner Production*, Vol. 45, pp.50–60.
- Kharouf, H., Lund, D.J. and Sekhon, H. (2014) 'Building trust by signaling trustworthiness in service retail', *Journal of Services Marketing*, Vol. 28, No. 5, pp.361–373.
- Kirzner, I. (1973) *Competition and Entrepreneurship*, University of Chicago Press, Chicago, IL.
- Lacey, R., Kennett-Hensel, P.A. and Manolis, C. (2015) 'Is corporate social responsibility a motivator or hygiene factor? Insights into its bivalent nature', *Journal of the Academy of Marketing Science*, Vol. 43, No. 3, pp.315–332.
- Lange, D. and Washburn, N.T. (2012) 'Understanding attributions of corporate social irresponsibility', *Academy of Management Review*, Vol. 37, No. 2, pp.300–326.
- Leadbeater, C. (1997) *The Rise of the Social Entrepreneur*, Demos, London, UK.

- Lee, S., Bolton, L.E. and Winterich, K.P. (2017) 'To profit or not to profit? The role of greed perceptions in consumer support for social ventures', *Journal of Consumer Research*, Vol. 44, No. 4, pp.853–876.
- Leonidou, L.C., Leonidou, C.N. and Kvasova, O. (2013) 'Cultural drivers and trust outcomes of consumer perceptions of organizational unethical marketing behavior', *European Journal of Marketing*, Vol. 47, Nos. 3/4, pp.525–556.
- Li, G., Li, G. and Kambele, Z. (2012) 'Luxury fashion brand consumers in China: perceived value, fashion lifestyle, and willingness to pay', *Journal of Business Research*, Vol. 65, No. 10, pp.1516–1522.
- Ligas, M. and Chaudhuri, A. (2012) 'The moderating roles of shopper experience and store type on the relationship between perceived merchandise value and willingness to pay a higher price', *Journal of Retailing and Consumer Services*, Vol. 19, No. 2, pp.249–258.
- Lin, P.C. and Huang, Y.H. (2012) 'The influence factors on choice behavior regarding green products based on the theory of consumption values', *Journal of Cleaner Production*, Vol. 22, No. 1, pp.11–18.
- Lin-Hi, N. and Blumberg, I. (2018) 'The link between (not) practicing CSR and corporate reputation: psychological foundations and managerial implications', *Journal of Business Ethics*, Vol. 150, No. 1, pp.185–198.
- Lin-Hi, N. and Müller, K. (2013) 'The CSR bottom line: preventing corporate social irresponsibility', *Journal of Business Research*, Vol. 66, No. 10, pp.1928–1936.
- Lin-Hi, N., Hörisch, J. and Blumberg, I. (2015) 'Does CSR matter for nonprofit organizations? Testing the link between CSR performance and trustworthiness in the nonprofit versus for-profit domain', *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, Vol. 26, No. 5, pp.1944–1974.
- Liu, G., Eng, T.Y. and Takeda, S. (2015) 'An investigation of marketing capabilities and social enterprise performance in the UK and Japan', *Entrepreneurship Theory and Practice*, Vol. 39, No. 2, pp.267–298.
- Lumpkin, G.T., Moss, T.W., Gras, D.M., Kato, S. and Amezcuca, A.S. (2013) 'Entrepreneurial processes in social contexts: how are they different, if at all?', *Small Business Economics*, Vol. 40, No. 3, pp.761–783.
- Margolis, J.D., Elfenbein, H.A. and Walsh, J.P. (2009) 'Does it pay to be good... and does it matter? A meta-analysis of the relationship between corporate social and financial performance', <http://dx.doi.org/10.2139/ssrn.1866371>.
- Mason, C. and Simmons, J. (2014) 'Embedding corporate social responsibility in corporate governance: a stakeholder systems approach', *Journal of Business Ethics*, Vol. 119, No. 1, pp.77–86.
- Mayer, R.C., Davis, J.H. and Schoorman, F.D. (1995) 'An integrative model of organizational trust', *Academy of Management Review*, Vol. 20, No. 3, pp.709–734.
- Mena, S., Rintamäki, J., Fleming, P. and Spicer, A. (2016) 'On the forgetting of corporate irresponsibility', *Academy of Management Review*, Vol. 41, No. 4, pp.720–738.
- Mohr, L.A. and Webb, D.J. (2005) 'The effects of corporate social responsibility and price on consumer responses', *Journal of Consumer Affairs*, Vol. 39, No. 1, pp.121–147.
- Monroe, K.B. (1990) *Pricing: Making Profitable Decisions*, McGraw-Hill Companies, New York, NY.
- Moore, M.H. (2000) 'Managing for value: organizational strategy in for-profit, nonprofit, and governmental organizations', *Nonprofit and Voluntary Sector Quarterly*, Vol. 29, No. 1, pp.183–204.
- Mort, G.M., Weerawardena, J. and Carnegie, K. (2003) 'Social entrepreneurship: toward conceptualization', *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol. 8, No. 1, pp.76–88.
- Mueller, S., Chambers, L. and Neck, H. (2013) 'The distinctive skills of social entrepreneurs', *Journal of Enterprising Culture*, Vol. 21, No. 3, pp.301–334.

- Næss, P. (2006) 'Unsustainable growth, unsustainable capitalism', *Journal of Critical Realism*, Vol. 5, No. 2, pp.197–227.
- Newbert, S. L. (2012) 'Marketing amid the uncertainty of the social sector: do social entrepreneurs follow best marketing practices', *Journal of Public Policy and Marketing*, Vol. 31, No. 1, pp.75–90.
- Newell, S.J. and Goldsmith, R.E. (2001) 'The development of a scale to measure perceived corporate credibility', *Journal of Business Research*, Vol. 52, No. 3, pp.235–247.
- Nicholls, A. (2006) *Social Entrepreneurship. New Models of Sustainable Social Change*, Oxford University Press, Oxford, UK.
- Nicholls, A. (2009) 'We do good things, don't we?': 'Blended value accounting' in social entrepreneurship', *Accounting, Organizations and Society*, Vol. 34, No. 6, pp.755–769.
- Oliver, C. (1991) 'Strategic responses to institutional processes', *Academy of Management Review*, Vol. 16, No. 1, pp.145–179.
- Oliver, J.D. and Lee, S.H. (2010) 'Hybrid car purchase intentions: a cross-cultural analysis', *Journal of Consumer Marketing*, Vol. 27, No. 2, pp.96–103.
- Pelozo, J., Looock, M., Cerruti, J. and Muyot, M. (2012) 'Sustainability: how stakeholder perceptions differ from corporate reality', *California Management Review*, Vol. 55, No. 1, pp.74–97.
- Pérez, A. and Rodríguez del Bosque, I. (2015) 'How customer support for corporate social responsibility influences the image of companies: evidence from the banking industry', *Corporate Social Responsibility and Environmental Management*, Vol. 22, No. 3, pp.155–168.
- Pfeffer, J. and Salancik, G.R. (1978) *The External Control of Organizations*, Harper & Row, New York, NY.
- Phillips, W., Lee, H., Ghobadian, A., O'Regan, N. and James, P. (2015) 'Social innovation and social entrepreneurship: a systematic review', *Group and Organization Management*, Vol. 40, No. 3, pp.428–461.
- Pihlström, M. and Brush, G.J. (2008) 'Comparing the perceived value of information and entertainment mobile services', *Psychology and Marketing*, Vol. 25, No. 8, pp.732–755.
- Polonsky, M.J., Vocino, A., Grau, S.L., Garma, R. and Ferdous, A.S. (2012) 'The impact of general and carbon-related environmental knowledge on attitudes and behaviour of US consumers', *Journal of Marketing Management*, Vol. 28, Nos. 3–4, pp.238–263.
- Porter, M.E. and Kramer, M.R. (2011) 'The big idea: creating shared value', *Harvard Business Review*, Vol. 89, No. 1, pp.62–77.
- Ramirez, E. (2013) 'The consumer adoption of sustainability-oriented offerings: toward a middle-range theory', *Journal of Marketing Theory and Practice*, Vol. 21, No. 4, pp.415–428.
- Rhee, M. and Haunschild, P.R. (2006) 'The liability of good reputation: a study of product recalls in the US automobile industry', *Organization Science*, Vol. 17, No. 1, pp.101–117.
- Roberts, D. and Woods, C. (2005) 'Changing the world on a shoestring: the concept of social entrepreneurship', *University of Auckland Business Review*, Vol. 7, No. 1, pp.45–51.
- Rokka, J. and Uusitalo, L. (2008) 'Preference for green packaging in consumer product choices – do consumers care?', *International Journal of Consumer Studies*, Vol. 32, No. 5, pp.516–525.
- Rose-Ackerman, S. (1996) 'Altruism, nonprofits, and economic theory', *Journal of Economic Literature*, Vol. 34, No. 2, pp.701–728.
- Sammer, K. and Wüstenhagen, R. (2006) 'The influence of eco-labelling on consumer behaviour – results of a discrete choice analysis for washing machines', *Business Strategy and the Environment*, Vol. 15, No. 3, pp.185–199.
- Santos, F.M. (2012) 'A positive theory of social entrepreneurship', *Journal of Business Ethics*, Vol. 111, No. 3, pp.335–351.
- Schaltegger, S. and Wagner, M. (2011) 'Sustainable entrepreneurship and sustainability innovation: categories and interactions', *Business Strategy and the Environment*, Vol. 20, No. 4, pp.222–237.

- Schaltegger, S., Harms, D., Windolph, S.E. and Hörisch, J. (2014) 'Involving corporate functions: who contributes to sustainable development?', *Sustainability*, Vol. 6, No. 5, pp.3064–3085.
- Seelos, C. and Mair, J. (2005) 'Social entrepreneurship: creating new business models to serve the poor', *Business Horizons*, Vol. 48, No. 3, pp.241–246.
- Sen, S., Bhattacharya, C.B. and Korschun, D. (2006) 'The role of corporate social responsibility in strengthening multiple stakeholder relationships: a field experiment', *Journal of the Academy of Marketing Science*, Vol. 34, No. 2, pp.158–166.
- Shane, S. and Venkataraman, S. (2000) 'The promise of entrepreneurship as a field of research', *Academy of Management Review*, Vol. 25, No. 1, pp.217–226.
- Sheth, J.N., Newman, B.I. and Gross, B.L. (1991) 'Why we buy what we buy: a theory of consumption values', *Journal of Business Research*, Vol. 22, No. 2, pp.159–170.
- Short, J.C., Moss, T.W. and Lumpkin, G.T. (2009) 'Research in social entrepreneurship: past contributions and future opportunities', *Strategic Entrepreneurship Journal*, Vol. 3, No. 2, pp.161–194.
- Siegel, D.S. and Vitaliano, D.F. (2007) 'An empirical analysis of the strategic use of corporate social responsibility', *Journal of Economics and Management Strategy*, Vol. 16, No. 3, pp.773–792.
- Smith, L. and Woods, C. (2015) 'Stakeholder engagement in the social entrepreneurship process: identity, governance and legitimacy', *Journal of Social Entrepreneurship*, Vol. 6, No. 2, pp.186–217.
- Speckbacher, G. (2013) 'The use of incentives in nonprofit organizations', *Nonprofit and Voluntary Sector Quarterly*, Vol. 42, No. 5, pp.1006–1025.
- Stanaland, A.J., Lwin, M.O. and Murphy, P.E. (2011) 'Consumer perceptions of the antecedents and consequences of corporate social responsibility', *Journal of Business Ethics*, Vol. 102, No. 1, pp.47–55.
- Steenkamp, J.B.E., Van Heerde, H.J. and Geyskens, I. (2010) 'What makes consumers willing to pay a price premium for national brands over private labels?', *Journal of Marketing Research*, Vol. 47, No. 6, pp.1011–1024.
- Stevenson, H.H. (1999) 'A perspective on entrepreneurship', in Sahlman, W.A. et al. (Eds.): *The Entrepreneurial Venture*, 2nd ed., pp.7–22, Harvard Business School Press, Boston, MA.
- Thompson, J. and Doherty, B. (2006) 'The diverse world of social enterprise: a collection of social enterprise stories', *International Journal of Social Economics*, Vol. 33, Nos. 5/6, pp.399–410.
- Tiedens, L.Z., Ellsworth, P.C. and Mesquita, B. (2000) 'Sentimental stereotypes: emotional expectations for high-and low-status group members', *Personality and Social Psychology Bulletin*, Vol. 26, No. 5, pp.560–575.
- Trudel, R. and Cotte, J. (2009) 'Does it pay to be good?', *MIT Sloan Management Review*, Vol. 50, No. 2, pp.61–68.
- Vega, G. and Kidwell, R.E. (2007) 'Toward a typology of new venture creators: similarities and contrasts between business and social entrepreneurs', *New England Journal of Entrepreneurship*, Vol. 10, No. 2, pp.15–28.
- Vlachos, P.A., Theotokis, A. and Panagopoulos, N.G. (2010) 'Sales force reactions to corporate social responsibility: attributions, outcomes, and the mediating role of organizational trust', *Industrial Marketing Management*, Vol. 39, No. 7, pp.1207–1218.
- Vogel, D. (2005) *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, The Brookings Institution, Washington, DC.
- Wang, X. and Yang, Z. (2013) 'Inter-firm opportunism: a meta-analytic review and assessment of its antecedents and effect on performance', *Journal of Business and Industrial Marketing*, Vol. 28, No. 2, pp.137–146.
- Weber, C. and Kratzer, J. (2013) 'Social entrepreneurship, social networks and social value creation: a quantitative analysis among social entrepreneurs', *International Journal of Entrepreneurial Venturing*, Vol. 5, No. 3, pp.217–239.

- Weber, T., Baier, K. and Willers, C. (2015) 'Sustainable (green) food and purchase intention-an analysis of influence factors', *International Journal on Advanced Science, Engineering and Information Technology*, Vol. 5, No. 4, pp.311–313.
- Weerawardena, J. and Mort, G.S. (2006) 'Investigating social entrepreneurship: a multidimensional model', *Journal of World Business*, Vol. 41, No. 1, pp.21–35.
- Witesman, E.M. and Fernandez, S. (2012) 'Government contracts with private organizations: are there differences between nonprofits and for-profits?', *Nonprofit and Voluntary Sector Quarterly*, Vol. 42, No. 4, pp.689–715.
- Wood, D.J. (2010) 'Measuring corporate social performance: a review', *International Journal of Management Reviews*, Vol. 12, No. 1, pp.50–84.
- Young, W., Hwang, K., McDonald, S. and Oates, C.J. (2010) 'Sustainable consumption: green consumer behaviour when purchasing products', *Sustainable Development*, Vol. 18 No. 1, pp.20–31.
- Yunus, M. (2007) *Creating a World without Poverty: Social Business and the Future of Capitalism*, PublicAffairs, New York, NY.
- Zadek, S. and Thake, S. (1997) *Practical People, Noble Causes: How to Support Community-Based Social Entrepreneurs*, New Economics Foundation, London, UK.
- Zahra, S.A. and Wright, M. (2011) 'Entrepreneurship's Next Act', *Academy of Management Perspectives*, Vol. 25, No. 4, pp.67–83.
- Zahra, S.A., Gedajlovic, E., Neubaum, D.O. and Shulman, J.M. (2009) 'A typology of social entrepreneurs: motives, search processes and ethical challenges', *Journal of Business Venturing*, Vol. 24, No. 5, pp.519–532.
- Zavyalova, A., Pfarrer, M.D., Reger, R.K. and Shapiro, D.L. (2012) 'Managing the message: the effects of firm actions and industry spillovers on media coverage following wrongdoing', *Academy of Management Journal*, Vol. 55, No. 5, pp.1079–1101.
- Zawisza, M. and Pittard, C. (2015) 'When do warmth and competence sell best? The 'golden quadrant' shifts as a function of congruity with the product type, targets' individual differences, and advertising appeal type', *Basic and Applied Social Psychology*, Vol. 37, No. 2, pp.131–141.
- Zhang, D.D. and Swanson, L.A. (2014) 'Linking social entrepreneurship and sustainability', *Journal of Social Entrepreneurship*, Vol. 5, No. 2, pp.175–191.
- Zhu, D.H. and Chang, Y.P. (2013) 'Negative publicity effect of the business founder's unethical behavior on corporate image: evidence from China', *Journal of Business Ethics*, Vol. 117, No. 1, pp.111–121.

## Appendix

### *Description of scenarios (translated to English)*

#### *Scenario 1*

The international electronic company LiETEQ has been active in the smartphone market for almost five years and is regarded as highly innovative in the industry. The company develops and sells smartphones in all price categories and its products regularly perform well in test reports. Customers are typically satisfied with smartphones from LiETEQ, but they sometimes complain that the internal memory is too small.

With respect to the development of its smartphones, LiETEQ states that it is consistently applying the principle of circular economy and is designing its smartphones in a way that at the end of their life cycles, they can be recycled to at least 90%. During

the recycling process, the smartphones are dismantled into their individual components, so that valuable raw materials can be re-used over and over again.

- About the company: LiETEQ views itself as a technology company which delights its customers. As with all companies, LiETEQ's business is geared towards generating profits and increasing profitability. The company is strongly committed to its shareholders and regularly distributes the majority of its profits to them.

### *Scenario 2*

The international electronic company LiETEQ has been active in the smartphone market for almost five years and is regarded as highly innovative in the industry. The company develops and sells smartphones in all price categories and its products regularly perform well in test reports. Customers are typically satisfied with smartphones from LiETEQ, but they sometimes complain that the internal memory is too small.

With respect to the development of its smartphones, LiETEQ states that it is consistently applying the principle of circular economy and is designing its smartphones in a way that at the end of their life cycles, they can be recycled to at least 90%. During the recycling process, the smartphones are dismantled into their individual components, so that valuable raw materials can be re-used over and over again.

- About the company: LiETEQ views itself as a technology company which delights its customers. As with all companies, LiETEQ's business is geared towards generating profits and increasing profitability. The company is strongly committed to its shareholders and regularly distributes the majority of its profits to them.

Last week, a TV report covered the production of LiETEQ smartphones. The report reveals that for the same work, LiETEQ's female manufacturing employees receive much lower payments than its male employees. Furthermore, several employees of LiETEQ independently reported that they are regularly forced to work unpaid overtime. Until today, LiETEQ has refused any comment on the TV report.

### *Scenario 3*

The international social enterprise LiETEQ has been active in the smartphone market for almost five years and is regarded as highly innovative in the industry. The company develops and sells smartphones in all price categories and its products regularly perform well in test reports. Customers are typically satisfied with smartphones from LiETEQ, but they sometimes complain that the internal memory is too small.

With respect to the development of its smartphones, LiETEQ states that it is consistently applying the principle of circular economy and is designing its smartphones in a way that that at the end of their life cycles, they can be recycled to least 90%. During the recycling process, the smartphones are dismantled into their individual components, so that valuable raw materials can be re-used over and over again.

- About the company: LiETEQ views itself as a technology company which delights its customers. As with all social enterprises, LiETEQ's business is geared towards solving societal problems and the promotion of sustainable development. The company is strongly committed to society and regularly reinvests the majority of its profits in the realisation of societal goals.

*Scenario 4*

The international social enterprise LiETEQ has been active in the smartphone market for almost five years and is regarded as highly innovative in the industry. The company develops and sells smartphones in all price categories and its products regularly perform well in test reports. Customers are typically satisfied with smartphones from LiETEQ, but they sometimes complain that the internal memory is too small.

With respect to the development of its smartphones, LiETEQ states that it is to consistently applying the principle of circular economy and is designing its smartphones in a way that that at the end of their life cycles, they can be recycled to least 90%. During the recycling process, the smartphones are dismantled into their individual components, so that valuable raw materials can be re-used over and over again.

- About the company: LiETEQ views itself as a technology company which delights its customers. As with all social enterprises, LiETEQ's business is geared towards solving societal problems and the promotion of sustainable development. The company is strongly committed to society and regularly reinvests the majority of its profits in the realisation of societal goals.

Last week, a TV report the production of LiETEQ smartphones. The report reveals that for the same work, LiETEQ's female manufacturing employees receive much lower payments than its male employees. Furthermore, several employees of LiETEQ independently reported that they are regularly forced to work unpaid overtime. Until today, LiETEQ has refused any comment on the TV report.