Moral Value Trade-offs and Decision Difficulty in Social Enterprises

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Abstract

How do people cognitively process trade-offs between competing social and economic values in social enterprise contexts? Building on protected value literature, we argue that individuals with stronger commitment to social values engage in longer deliberation when making such trade-offs. This is especially true when decisions involve larger transgressions of social values, regardless of the final choice. We test these predictions in an experiment with varying monetary rewards in fictional social enterprises and measure the time subjects take to make an effort allocation choice between commercial and social tasks. Individuals with stronger commitment to social values take longer to decide, but we only find weak evidence of longer decision times for higher-powered incentives. These responses are concentrated among those most socially motivated and women. Social values in social enterprises need not be strictly protected, with implications for these hybrids' strategic choices.

Keywords: social entrepreneurship, protected values, hybrid organizations, taboo trade-offs, decision making, cognition, experiment
JEL Classification: D91, J33, L21, L31

1 Introduction

Social enterprises harnessing market forces to achieve social impact often experience tensions between purpose and profits (Pache and Santos, 2010; Dacin et al., 2011; Battilana et al., 2015; Smith and Besharov, 2019). In this contested field, commercial and social actions generate trade-offs for both organizations and individuals (Battilana and Dorado, 2010; Dees, 2012; Pache and Santos, 2013), whose magnitude and resolution are determined by goal alignment and desired balance among goals (Ebrahim et al., 2014; Wry and York, 2017; Grimes et al., 2019; Shepherd et al., 2019). Social enterprise actors tend to display highly prosocial preferences (Miller et al., 2012; Grimes et al., 2013; Stevens et al., 2015; Roumpi et al., 2019), so observers express concerns that adopting practices stemming from a commercial logic, such as financial incentives may lead organizations astray (Austin et al., 2006; Zahra et al., 2009; Dees, 2012; Vladasel et al., 2024). Despite potentially valuable contributions to long-run financial sustainability (Tracey et al., 2011; Smith et al., 2013), idealistic employees may view such practices as conflicting with their own and their employers' identity (Besharov, 2014) and only reluctantly engage with commercial activities. In this paper, we assess how strongly economic value-creation actions are perceived to violate social impact commitment, asking: how do individuals cognitively process trade-offs between moral values in social enterprise contexts?

We develop a protected value framework to analyze how value trade-offs generate decision difficulty. Individual decision-making is heavily influenced by the social-relational frames expected to apply in a given context: *communal sharing* expectations imply guiding principles emphasizing the greater collective good, whereas considerations of efficiency and cost-benefit analyses prevail under *market pricing* norms (Fiske, 1992). Each frame entails specific 'sacred' or 'protected' moral values, whose entry into trade-off calculations with competing values significantly undermines their worth (Baron and Spranca, 1997; Fiske and Tetlock, 1997; Amir and Ariely, 2007). As a result, individuals are reluctant to violate domain-specific guiding principles and find 'taboo trade-offs' cognitively difficult (Krosch and Weber, 2012; Tetlock et al., 2017). Social enterprises, with their strong 'ethics of care', social mission emphasis, and highly compassionate workforce (Moss et al., 2011; Miller et al., 2012; Stevens et al., 2015; Roumpi

et al., 2019), conform to communal sharing precepts, so prosocial values are often viewed as protected and shape decision making.

Transgressions stemming from market pricing norms induced by employee involvement in commercial actions are likely to create cognitive tensions. Because such tensions require individuals to reconcile competing social and economic considerations, they are expected to manifest in increased deliberation. Accordingly, we predict that more prosocial individuals engage in longer deliberation when deciding on effort allocation trade-offs across commercial and social tasks. Moreover, we argue that stronger economic value signals challenge workers' perception of both social enterprises' identity and their own identity; this process entails larger violations of prosocial values and, consequently, higher decision difficulty.

Collecting non-intrusive individual-level decision difficulty data in the field is challenging. Thus, we test our predictions in an online experiment that replicates core social enterprise features, using a labor market framing and realistic company descriptions. We analyze data collected for a study of financial incentives on social enterprise workers' division of effort over commercial and social tasks (Vladasel et al., 2024), leveraging the time subjects take to choose their effort allocation as a measure of decision difficulty (Diederich, 2003; Rubinstein, 2007). The random variation in incentive strength signals the importance of economic values, expected to clash with subjects' prosocial motivation, and the extent of value trade-offs. Socially motivated individuals deliberate longer on average, an effect driven by high levels of prosociality (top 25%) and treatments with positive (non-zero) incentives. Women experience higher cognitive difficulty than men in trading off social and economic values, despite making similar effort allocation choices. After ruling out alternative predictions based on stricter protected value theoretical attributes, we interpret the evidence to suggest that, contrary to initial expectations, only a minority of subjects hold social values as sacred in the context we study.

The key contribution of this paper is to investigate the cognitive dimension of moral value trade-offs in social enterprise contexts. This novel approach addresses fundamental perceptions of conflicting values and allows us to obtain insights into individuals' reasoning process that would be difficult to achieve through choice outcomes alone. Larger trade-offs between economic and social values are not associated

with higher decision difficulty for *most* individuals, inconsistent with predictions based on sacred social values. This implies that social enterprises could perhaps reduce their concern with using practices originating in the commercial sector as they attend to their economic bottom line (Bacchiega and Borzaga, 2001; Austin et al., 2006; Zahra et al., 2009), so their selective coupling strategy (Pache and Santos, 2013) could include more typical for-profit tools such as financial incentives (Vladasel et al., 2024).

Nevertheless, *some* individuals do hold protected social values: shifts toward economic values may threaten their perception of themselves and the social enterprise, with both identities constructed around other-regarding preferences and collective welfare. In this case, social enterprises must carefully align individual and organizational identities. Beyond further hybridization of goals (Jay, 2013; Pache and Santos, 2013; Ebrahim et al., 2014), protected value literature suggests additional, complementary tools for alleviating tensions. Fostering a pluralistic environment where workers are comfortable with the presence of competing values, partly through hiring and socialization practices (Tetlock et al., 1996; Fiske and Tetlock, 1997; Battilana and Dorado, 2010; Besharov, 2014; Wry and York, 2017), could help social enterprises relieve the cognitive tensions employees experience. Organizations may also shift the normative boundaries of competing logics by reframing taboo trade-offs as routine ones, perhaps by clarifying how market tools drive social impact (Tetlock, 2002; McGraw and Tetlock, 2005).

2 Theoretical framework

2.1 Protected values and trade-offs

Despite the appeal of modeling individuals as rational decision-makers who easily reach decisions between competing alternatives based on (opportunity) costs and benefits, in reality, individuals often deviate from the normative prescriptions of these models and exhibit difficulties in making trade-offs (Tversky and Shafir, 1992; McGraw et al., 2003). Individual decision making is often guided by the social-relational frames expected to apply in a particular context, choice, or social interaction, which influences how a given trade-off is processed and resolved (Fiske, 1992). These frames sometimes introduce such strong norms that trade-offs are resisted, allowing the 'sacred' values associated with a particular frame to be 'protected' (Baron and Spranca, 1997; Fiske and Tetlock, 1997), although morally challenging decisions

around value trade-offs are perceived as difficult (Krosch and Weber, 2012).

Fiske's (1992) relational theory posits four distinct frames that people apply to social interactions, which provide the context for a given choice. Under *communal sharing*, members of a community based on shared identity (or in-group) are seen as equivalent and undifferentiated, and share both rights and duties; members treat each other the same, focusing on commonalities rather than distinctions, and non-members may be entirely excluded, while decision rules tend to emphasize the greater collective good. *Authority ranking* decision rules, by contrast, are determined by the ordinal ranking of individuals and one's rank in this hierarchy determines both status and direction of accountability. In *equality matching* relationships, the driving principle is one of balance and equity, mainly based on egalitarian norms of resource and justice distribution, reciprocity, and equal compensation (as well as retaliation and revenge); this tit-for-tat guiding logic entitles individuals to the same amount as others in the relationship, avoiding imbalances in effort provision and reward reception. Finally, the *market pricing* frame implies a focus on the value or utility of different alternatives, computed through cost-benefit analyses and subject to monetary transactions in the marketplace.

Though silent on which frame should take priority in a given social relationship, this theory predicts that once a given domain has been agreed on – usually the result of cultural evolution, decisions within a frame proceed smoothly (Fiske, 1992; Fiske and Haslam, 1996; Fiske and Tetlock, 1997). Each frame's underlying logic and associated moral values provide the guiding principles and behavioral rules that determine the final choice (Amir and Ariely, 2007; Bartels and Medin, 2007). These 'sacred' or 'protected' values are considered inviolable and resistant to trade-offs and people often believe that entering them into a trade-off calculus with competing notions subverts or undermines their worth. For example, many people object to placing an economic value on human lives, honor, justice, health, or friendship and routinely reject such trade-offs (Baron and Spranca, 1997; Fiske and Tetlock, 1997).

Protected values not only guide decisions, but their absoluteness can also provide a cognitive shortcut or decision-making heuristic, simplifying choices (Hanselmann and Tanner, 2008). In practice, protected values are often less absolute than the theory predicts, such that they *can* be traded off against other values,

albeit not without cognitive difficulty (Baron and Leshner, 2000; Tetlock, 2003; Bartels and Medin, 2007). Tetlock et al. (2017) propose that values occupy a continuum, where each value allows a certain number of caveats: sacred values have fewer caveats and are more resolutely protected, but are not necessarily inviolable. Thus, even for protected values, individuals consider relevant trade-offs, such as contrasting social and economic values in social enterprises, with possibly varying degrees of decision difficulty.

A decision frame seldom applies unambiguously. Many situations require individuals to alternate between frames as they interact with the same person, but as long as decisions are made sequentially, each frame's guiding rules will drive decision-making (McGraw and Tetlock, 2005). Things become more complicated when comparisons across domains are required – comparisons often viewed as ambiguous and problematic (Tetlock et al., 1996; Fiske and Tetlock, 1997; Krosch and Weber, 2012). Whereas within-domain comparisons are routine, those between domains may violate deep-seated normative intuitions regarding social relationship integrity, leading to 'taboo trade-offs' (Tetlock et al., 1996; Fiske and Tetlock, 1997; McGraw et al., 2003; McGraw and Tetlock, 2005). These trade-offs and the protected value transgressions they engender elicit strong emotional responses of moral outrage, both when an individual is making the decision and when they observe others contemplating it (Tetlock et al., 2000; Tetlock, 2003). Individuals go to great lengths to avoid confronting moral value contradictions, reframing trade-offs to alleviate cognitive challenges (Fiske and Tetlock, 1997; Tetlock, 2002). Tragic trade-offs – pitting one sacred value against another (e.g. life versus honor) – elicit more negative emotions and make decisions even more difficult, but are nowhere near as rife as taboo trade-offs (Hanselmann and Tanner, 2008; Krosch and Weber, 2012; Duc et al., 2013).

One of the most common and potentially most problematic protected value violations stems from the application of market pricing decision rules in situations where other frames are expected. The 'calculus of capitalism', with its individualistic focus on self-interest and efficiency, is especially perceived to contrast strongly with the collective welfare logic of communal sharing. Its application to social relationships monetizes and cheapens protected social values, so people hesitate to engage in this type of trade-off (Fiske and Tetlock, 1997; Tetlock, 2002, 2003; McGraw and Tetlock, 2005). In an experimental setting

closer to ours, communally-focused religious and pharmaceutical companies – centered around religious and health-based values rather than economic principles – induced substantial distress among subjects when they highlighted their commercial marketing strategies (McGraw et al., 2012). Having established the existence of moral values potentially resistant to trade-offs, particularly with market pricing norms, we now discuss conflicting values in the social enterprise context, arguing that social values are often regarded as protected in these hybrids.

2.2 Protected values in social enterprises

Given their double bottom line in terms of purpose and profits, social enterprises often experience tensions between economic and social values (Austin et al., 2006; Dacin et al., 2011; Battilana and Lee, 2014; Santos et al., 2015). The degree of tension (or conflict) varies with the alignment of commercial and social value creation mechanisms (Mair et al., 2012; Ebrahim et al., 2014; Shepherd et al., 2019) and the desired balance between these activities or firm identity (Wry and York, 2017; Grimes et al., 2019; Varendh-Mansson et al., 2020), but economic and social value trade-offs tend to permeate and be salient at all levels of the organization. How these trade-offs are individually and collectively resolved influences hybrids' ability to maintain course or the deviations from this balance they exhibit, from mission drift, where the search for profits leads social enterprises away from their social purpose (Jones, 2007; Ramus and Vaccaro, 2017; Wry and Zhao, 2018), to revenue drift, where purpose is prioritized over profits (Tracey et al., 2011; Smith et al., 2013; Vladasel et al., 2024).

Since most social enterprise hybrids deploy a partially integrated business model (Gamble et al., 2020), commercial actions potentially only loosely related to social returns – such as infrastructure investments, market development activities, or ensuring constant revenue streams – must be undertaken in order to prevent the organization from suffering short-term operational problems and long-term threats to financial sustainability and survival (Tracey and Jarvis, 2006, 2007; Tracey et al., 2011; Bruneel et al., 2016; Beer et al., 2017; Davies and Doherty, 2019). The success of these practices requires managers and employees to engage with both social and economic values (Jay, 2013), despite a general view in the social enterprise community that commercial activity is at best instrumental to social impact and that poor economic

performance should not be punished strictly (Austin et al., 2006).

The pervasive primacy of collective welfare values in social enterprises stems partly from founders, often characterized by high levels of other-oriented preferences and compassion (Miller et al., 2012; Grimes et al., 2013; Ruskin et al., 2016; Bacq et al., 2016). As they acquire social, financial, and human capital for their organization, social entrepreneurs' communication is centered around the social purpose pursued more than the market mechanism used to achieve it (Dees, 2001; Smith et al., 2013). For example, customers are initially enticed by the company's social mission (Fosfuri et al., 2016), investors are convinced by appeals to their investment as a vehicle for helping others (Allison et al., 2015), and social entrepreneurs promote their cause to stakeholders through the elicitation of strong emotions, including moral shock (Barberá Tomás et al., 2019). The workers who join these hybrids also have strong social preferences (Besley and Ghatak, 2017; Brolis, 2018; Roumpi et al., 2019) and prior experience in the social rather than commercial sector (Battilana and Dorado, 2010; Besharov, 2014; Hockerts, 2017). Unsurprisingly, social enterprises take their cue from founders who imprint the organization (Zahra et al., 2009; Stevens et al., 2015) and display a predominant concern for social impact and not always the economic tools required to sustain it (Staessens et al., 2019).

Social enterprises' identity, constructed around concerns for the welfare of others, subsequently informs the perception and resolution of trade-offs (Wry and York, 2017; Grimes et al., 2019), so how is this identity expressed and what decision frame does it imply? Using award-winning social enterprises' mission statements, Moss et al. (2011) show that these organizations display a relatively weak utilitarian (product/market oriented) identity, but a strong normative (social/people oriented) identity; an especially strong emphasis falls on norms of commonality, such as conformity, partnership, friendship, self-sacrifice, or consensus. Moreover, Roumpi et al. (2019) find that social enterprise decision making revolves around values associated with 'ethics of care', espousing a culture of acceptance, inclusion, and empowerment rather than a focus on economic efficiency. These values align strongly with traditional elements of communal sharing decision frames, whose guiding principles include caring, kindness, altruism, and selfless generosity (Fiske, 1992; Fiske and Tetlock, 1997).

Together, these arguments suggest that social values have a strong hold in social enterprise environments and may be construed as 'sacred' or 'protected' in these organizations (Baron and Spranca, 1997; Fiske and Tetlock, 1997). It follows, therefore, that individuals in such settings may have trouble processing trade-offs between social and economic values, which may affect organizations' ability to reach their desired balance. In the next section, we discuss the cognitive dimensions of such trade-offs as experienced in social enterprise contexts.

2.3 Hypothesis development

A practical guiding question for this study is whether using monetary rewards – a typical commercial practice – in social enterprises encroaches upon individuals' protected social values, reflected in the decision difficulty experienced and, empirically, the time taken to allocate effort. Accordingly, we first establish a baseline result in a setting where economic and social values are pitted against each other to an extent even without incentives, as signaled by the presence of commercial and social tasks. Despite variation in how tightly aligned these tasks are in social enterprises' business models (Pache and Santos, 2010; Ebrahim et al., 2014; Gamble et al., 2020), at the very least they occasionally place competing demands on decision-makers' attention and effort, making this baseline condition directly relevant (Vladasel et al., 2024).

The broader social entrepreneurship community shares the view that purpose must be prioritized over profits, with founders, employees, and stakeholders espousing strong other-oriented, prosocial preferences (Zahra et al., 2009; Miller et al., 2012; Stevens et al., 2015; Bacq et al., 2016). And while commercial activity does take place in social enterprises, employees may engage in it reluctantly, especially when imperfectly aligned with social returns (Vladasel et al., 2024). This reluctance could stem from an initial transgression of social values when market-based activity is used in contexts where socially motivated individuals might expect other relational norms (McGraw et al., 2003; McGraw and Tetlock, 2005). The monetization of trade-offs involving protected social values pertaining to lifting individuals out of poverty or environmental conservation may be viewed as distasteful or even downright impermissible, given a fear of eroding moral behavior (Weisbrod, 2004; Dees, 2012).

In other words, highly prosocial individuals – most likely to hold sacred values – may think that entering economic values into a trade-off calculus with social values undermines the latter, whereas those with less prominent social preferences do not (Baron and Spranca, 1997; Fiske and Tetlock, 1997; Tetlock, 2003). This perceived conflict, stemming from the mere presentation of competing, monetized social and economic demands for individuals' time, makes it more difficult for socially motivated decision-makers to decide on their effort allocation (Krosch and Weber, 2012), leading to delayed choices or longer decision times for this group (Tversky and Shafir, 1992; Piovesan and Wengström, 2009). We therefore predict:

Hypothesis 1 *Individuals with stronger social preferences take longer to make their effort allocation choice.*

The introduction of progressively larger monetary rewards for commercial tasks likely amplifies the cognitive difficulty of trading off social and economic values. First, financial incentives anchor commercial activity deeper into the domain of market transactions by signaling the organization's stronger engagement with economic values in a 'market pricing' frame and induce a larger incongruence with the anticipated communal sharing value system (Heyman and Ariely, 2004; McGraw and Tetlock, 2005). This stronger violation of the organization's expected social values, the ideological basis of the worker-firm psychological contract (Thompson and Bunderson, 2003), then triggers increasingly larger negative emotions that individuals must mentally process, with an associated increase in decision difficulty and ultimately the time required to decide (Luce et al., 1997, 1999; Tetlock et al., 2000; Tetlock, 2003).

This 'progressive conflict' reasoning contrasts with research showing that protected values could actually simplify choice by providing a set of heuristic decision rules. If people abide by guiding principles and quickly dismiss options conflicting with 'do-and-don't' principles (Amir and Ariely, 2007; Hanselmann and Tanner, 2008; Duc et al., 2013), then decision time should decrease with conflict strength. The clear implications of commercial action rewards on payoffs, however, may imply that individuals can better compare the economic and social consequences of their effort allocations, so heuristic decision rules are not activated; put differently, the setting we consider facilitates cost-benefit calculations to an extent, such that heuristic reliance on hard and fast rules may be avoided. We revisit this view in section 4.2.

Second, the payoffs associated with commercial action appeal to individuals' economic interests and financial incentives are known to work across a wide array of applications (Lazear, 2000; Gerhart and Rynes, 2003; Gneezy et al., 2011; Shaw and Gupta, 2015; Jones et al., 2018). Importantly, extrinsic and prosocial motivation need not be entirely orthogonal or mutually exclusive, such that other-oriented individuals also respond to financial incentives (Heckman et al., 1997; Dal Bó et al., 2013; Ashraf et al., 2014, 2020). So if strong social value commitment individuals are willing to consider trade-offs with economic actions, how does incentive strength affect perceived conflict and decision time?

People usually hold strong views on their own identity or sense of self (Bénabou and Tirole, 2011; Oyserman et al., 2012). Highly prosocial individuals construct their identity around other-regarding preferences and collective welfare contributions as protected social values they are reluctant to betray (Baron and Spranca, 1997; Fiske and Tetlock, 1997). As a result, they may perceive the private economic benefits resulting from their actions as contrasting with their self-constructed identity (Brekke et al., 2003; Ariely et al., 2009; Bénabou and Tirole, 2011; Kirgios et al., 2020) and, hence, a threat (Petriglieri, 2011). Higher-powered incentives for commercial action amplify the cost of perceived deviations from desired identity while also increasing private monetary rewards, such that trade-offs between competing economic and social values require additional consideration. People weigh the costs of transgressing protected social values against the pecuniary benefits they stand to gain and, as the latter become progressively larger, the alternatives become closer to each other in attractiveness, conflict is perceived as more severe, and individuals take longer to make their effort allocation choice (Tyebjee, 1979; Chatterjee and Heath, 1996; Liberman and Förster, 2006; Chabris et al., 2009).[1]

Together, these arguments imply that higher incentives for commercial tasks represent a larger transgression of protected values in both the organizational and individual domains, with an attendant increase in perceived conflict and decision time (Tetlock, 2003), so we expect:

Hypothesis 2 *The stronger the monetary incentives for the commercial task, the longer individuals with stronger social preferences take to make their effort allocation choice.*

[1] Larger incentives generate longer decision times when individuals choose among lotteries (Wilcox, 1993), but the empirical setting we study does not involve risky choices, so this confounding effect is not present.

Hypotheses 1 and 2 take for granted social values sacredness, or that subjects are reluctant to consider acting contrary to such values. Their falsification (i.e., rejection) would then speak to the possibility that this fundamental premise is, in fact, not true (Baron and Spranca, 1997). To exclude competing interpretations, we discuss other plausible predictions of a protected value framework in section 4.2, arguing that they cannot match the empirical effort allocations. And while our arguments relating value trade-offs and decision time are largely silent on effort allocation, economic theory does suggest a possible progressive shift in effort toward commercial tasks when the latter are more strongly incentivized (Canton, 2005; Nellas and Reggiani, 2015). We now turn to an empirical test of our hypotheses examining the experimental data in Vladasel et al. (2024), using a novel response time variable as a measure of decision difficulty.

3 Experimental design and data

Due to the challenges of eliciting individual decision difficulty measures when trading off social and economic values in the field, experimental approaches are helpful. We draw on data collected for a study of social enterprise incentives and effort allocation (Vladasel et al., 2024), an online experiment replicating key contextual features of different organizational forms and using a labor market framing to enhance external validity (Ariely and Norton, 2007). Figure 1 summarizes the experimental design.[2] The core task requires subjects to move a set of sliders (Gill and Prowse, 2012) to positions corresponding to a commercial action (with individual payoffs) and a social action (with good cause payoffs) across a set of contracts describing fictional, but realistic for-profits, non-profits, and social enterprises. The treatment manipulates the strength of commercial task incentives in social enterprises; subjects are randomly allocated to a given incentive level from the start. We focus on the design features directly relevant here, allowing us to test the link between social preferences and the intensity of the trade-off between social and economic values.

After a brief introduction, in Part 1 subjects are asked to select a good cause they can earn money for during the experiment. These good causes ensure context salience by determining the firm descriptions

[2] The original experimental design, instructions, and hypotheses were preregistered and are available within the Open Science Framework (Vladasel et al., 2019). The current analysis was not preregistered, although social enterprise decision time was collected during the experiment with such an analysis in mind; the decision time variable for non-profits and for-profits was not collected, as incentives do not vary in these contracts. For brevity, the details of all variables collected, power calculations, and a battery of balance and robustness checks are not reported here, but are available in the Online Appendix to Vladasel et al. (2024).

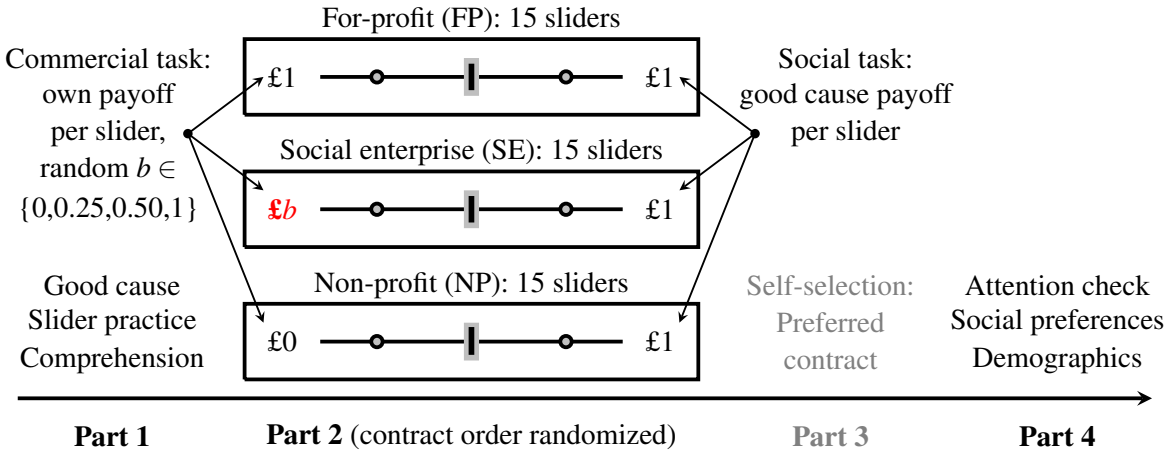

Figure 1: Experimental design summary.

subjects see (Tonin and Vlassopoulos, 2015; Cassar, 2019), are representative of social organizations' missions – workforce reintegration; fair and equitable trade; water quality and environment (Mair et al., 2012; Eldar, 2017), and lend themselves to a contrast between commercial and social tasks. Subjects are explained and allowed to practice the slider task, followed by a comprehension check regarding payoff calculations. The task consists of 15 identical horizontal sliders, labeled from 0 to 100 and initially positioned at 50; to its right, each slider displays a number corresponding to its current position and subjects can move the mouse as desired to drag and readjust sliders as long as necessary. Placing the slider at positions 25 and 75 represents effort on the commercial and, respectively, social task (with attendant own and good cause payoffs); all other positions are considered 'incorrect' and do not generate payoffs.[3] Importantly, while the task requires non-trivial 'real effort' in placing sliders, the physical cost of exerting effort on the commercial and social task is equal, with the trade-off between economic and social values made salient by individuals' social preferences.

In Part 2, subjects perform the effort allocation task in three contracts, each corresponding to a different organizational form (for-profit, non-profit, and social enterprise). For instance, the environmental social enterprise is described as follows: 'Imagine you are working for a company providing environmentally sustainable water services to a variety of other organizations on the market. It is in the best interests of

[3] Empirically, we consider positions 23-27 and 73-77 'correct' since they are likely due to minor positioning issues and reflect intentions to exert commercial or social effort; restricting the analysis only to sliders placed at exactly 25 and 75 does not affect the results, although it decreases estimate precision slightly. As the instructions state, subjects are only rewarded for precisely placed sliders.

the organization that both ensuring that production and delivery are done with minimal environmental impact and increasing revenues by expanding market access receive attention.' Subjects are told that with each correctly placed slider they can 'generate revenue for the company by expanding market access' as a commercial task or 'reduce the carbon emissions resulting from product packaging and delivery' as a social task. The former produces a randomly allocated own payoff ('bonus') per slider of £0, £0.25, £0.50, or £1; the latter produces a £1 good cause payoff (fixed for all company types). Social enterprise incentives thus span the gamut from those in non-profits (£0 per slider) to those in for-profits (£1 per slider), providing economic transgressions of social values of varying magnitude.

Part 3 then allows subjects to choose their preferred contract from those in Part 2 and repeat the slider task (but the results from this stage fall beyond the scope of this paper). Finally, Part 4 of the experiment asks subjects to answer demographic questions and an attention check, as well as elicits a variety of social preference measures through a set of incentivized and hypothetical games, psychological scales, and self-reported answers.

Dependent variable Our core theoretical focus is on how difficult individuals perceive the trade-off between social and economic values to be. While we lack a direct measure of this concept, psychologists and economists consider response time a good way to quantify decision difficulty (Diederich, 2003; Rubinstein, 2007; Chabris et al., 2009; Pleskac and Busemeyer, 2010). In the experiment, *Decision time* captures not just the time (in seconds) individuals took to place the sliders and subsequent readjustments, but also their deliberations on appropriate effort allocation; that is, how many sliders to place at a position corresponding to social action and how many at one corresponding to commercial action. *Decision time* thus encompasses all the steps individuals go through in order to arrive at a decision and should be a reliable measure of the difficulty they perceive in the trade-off between social and economic values.

Independent variables We measure social values commitment in two ways. We first measure *Compassion* by asking subjects for their level of agreement with eight five-point scale items (Cronbach $\alpha = 0.75$) including, e.g., 'it is difficult for me to contain my feelings when I see people in distress' (Perry, 1996).

Though highlighted in social entrepreneurship (Miller et al., 2012; Grimes et al., 2013), compassion may not fully capture social preference complexity, so we complement it with additional correlates. For *Altruism*, subjects decide how much to share with a randomly matched subject in an incentivized £10 dictator game (Galizzi and Navarro-Martinez, 2019); for *Hypothetical altruism*, they decide how much to donate after a hypothetical £1,000 lottery win; for *Inequality aversion* they state their minimum acceptable offer as recipients in a hypothetical £10 ultimatum game (Fehr and Schmidt, 1999); for *Willingness to share* they state how much they are willing to share with others on a 0 to 10 scale (Falk et al., 2018); and *Prosocial behavior* captures self-reported past social sector experience, including donations, volunteering, and working for/with nonprofits (Tonin and Vlassopoulos, 2015). We perform a common factor analysis with orthogonal rotation to obtain subjects' latent *Social motivation*: we obtain a single factor with eigenvalue exceeding 1, on which *Willingness to share*, *Compassion*, *Hypothetical altruism*, and *Prosocial behavior* load strongly and which explains 80% of variance. High prosocial motivation, a desire to protect and promote others' well-being (Grant, 2007), normally implies higher chances of holding sacred values.

Control variables The models control for demographics possibly associated with social preferences and response times. These include indicator variables for gender, student status, age (18-24; 25-34; 35-44; 45-54; 55-64), highest education level (high school; bachelor; master) and background (business and economics; arts, architecture, and design; science and technology; law, social sciences, and humanities; medicine and health), income levels (below £10k; up to £25k, £50k, £75k; above £75k), chosen good cause, plus risk and time preferences (self-reported, 0 to 10 scale). We control for *Comprehension time*, the time individuals took to answer the payoff calculation comprehension check, which captures subjects' grasp of slider placement outcomes and proxies for general thinking style, which may affect *Decision time*.

Procedure and sample Participants were recruited on Prolific Academic, an online platform allowing researchers and startups to perform surveys and experiments, with a track record of providing high data quality, access to a diverse and representative population, and fast response times (Peer et al., 2017; Palan

and Schitter, 2018). As social enterprises are an increasingly popular organizational form in the United Kingdom (Tracey et al., 2011; Ganguli et al., 2021), the subject pool is restricted to UK residents aged 18-64, either students or active in the labor market, with prior approval rates on the platform higher than 90% to enhance data quality. Bonus levels were randomized within gender, such that equal numbers of men and women participate. Subjects receive a fixed £3 fee for participation and can earn up to £60 from the slider task and the dictator game (as givers and receivers). 40 out of 796 subjects were selected for payment randomly, an incentive strategy equivalent to paying small sums with certainty (Charness et al., 2016). The final sample requires subjects to place a maximum of 10 incorrect sliders and not to fail the attention and manipulation checks, completing the experiment in 10 to 40 minutes, for a total of 708 subjects, evenly distributed across treatments.

Descriptive statistics Table 1 displays the summary statistics for the sample. Half the subjects are women, 15% are students, and all age, education, and income brackets are represented. The average *Compassion* level is 29 out of 40, and subjects self-report a *Willingness to share* of 6.4 out of 10. Workforce reintegration, fair trade, and environmental missions were chosen in 25%, 18.6%, and 56.4% of cases. On average, subjects spent roughly 18 minutes in the experiment, practicing the slider for 40 seconds, and passing the comprehension check in 67 second. The average social enterprise *Decision time* was 112 seconds, with substantial variability. For the randomly selected subjects, the average own and good cause payoffs were £28.9 and £33.

4 Results

4.1 Decision time

The main results appear in Table 2, where we estimate ordinary least squares models regressing *Decision time* on the variables of interest. Controlling for *Comprehension time* (positive and significant, as expected) and bonus levels, columns (1) and (5) show that individuals with higher *Compassion* and *Social motivation* take longer to reach their effort allocation decision. Going from the 25th to the 75th percentile of *Compassion* leads to a 6.4-second (5.7%) rise in *Decision time*, while going from the 10th to the 90th

leads to a 12.8-second (11.4%) increase; going from the 25th to the 75th percentile of *Social motivation* leads to an 8.4-second (7.5%) rise in *Decision time*, while going from the 10th to the 90th leads to a 16.9-second (15%) increase.[4] This result survives the inclusion of controls in columns (3) and (5), providing initial evidence consistent with Hypothesis 1: while the main effect of incentive levels in these models is not significant, individuals with stronger social preferences perceive a larger degree of difficulty in making their choice between economic and social values across all treatments.

For a more precise test of Hypotheses 1 and 2, we add interactions between social preferences and treatments, without (columns (2) and (6)) and with controls (columns (4) and (8)). None of these interactions are significant, suggesting that individuals with stronger social preferences do not perceive the decisions to be more difficult as incentives increase, contrary to the prediction of larger transgressions of protected social values in Hypothesis 2. The *Compassion* and *Social motivation* coefficients in these models – capturing their effect in the £0 treatment – are positive, as predicted by Hypothesis 1, but not statistically significant. The mere presentation of conflicting economic and social values does not engender decision difficulty.

To further investigate these patterns, we estimate similar models using dummies for an individual being in the top 25% of *Compassion* or *Social motivation*. The main effect of social preferences is again positive and significant across all treatments, and about 50% larger in magnitude than in Table 2. The effect of *Compassion* on *Decision time* does not differ across treatments. Those with top quartile *Social motivation* take 40, 24.5, and 11.5 seconds longer to decide in the £0.25, £0.50, and £1 treatments, but not in the £0 treatment. These interactions are jointly significant ($p = 0.025$), although there is a significant difference between the £0.25 and £1 treatments ($p = 0.046$).[5] At the highest social preference levels, individuals perceive the trade-off between economic and social values to be difficult, taking longer to decide as a result. That said, the evidence for either hypothesis is not particularly strong, suggesting that

[4] A slider takes around 4.5-5 seconds to physically place, so these numbers should be compared with the residual thinking time; going from the bottom to the top quartile of *Social motivation* represents a roughly 20% increase, or about 40% when going from the bottom to the top decile.

[5] Randomization inference standard errors, dealing with potential high-influence observations in small samples (Young, 2019), for the interaction coefficients are similar. In combining the £0.25, £0.50, and £1 treatments into a single 'positive incentive' variable to improve estimate precision, its interaction with *Social motivation* is positive, significant ($p = 0.013$), and different from the effect of *Social motivation* in the £0 baseline ($p = 0.067$).

social values need not be 'protected' for most individuals and that as long as incentives are non-zero, their intensity may be a second order concern.

Additionally, we investigate potential gender differences in decision difficulty due to larger trespasses of protected social values. Not only are women more prosocial than men (Luthar and Karri, 2005; Croson and Gneezy, 2009), but they are also more likely to prefer social over commercial activities in a social entrepreneurship context (Dimitriadis et al., 2017; Hechavarría et al., 2017); hence, to the extent that social values are protected, it would be natural to expect this to be true to a larger degree for women. We test this proposition in Table 3, estimating models similar to those in Table 2 separately for men and women. *Compassion* and *Social motivation* remain positively associated with *Decision time* and there are no significant interactions between social preferences and treatment levels for men or between *Compassion* and treatment levels for women; however, the final column shows that the effect of women's *Social motivation* on *Decision time* is positive and statistically significant in the £0.25 and £1 treatments, and almost significant in the £0.50 treatment.[6] Highly prosocial women experience larger decision difficulty when economic values are highlighted, consistent with Hypothesis 2.

Robustness checks To ensure analytical choices do not influence the results, we perform several robustness checks. First, as the distribution of *Decision time* is skewed, we use its normally distributed natural logarithm: the results show no change in sign, magnitude, or significance; similarly, winsorizing decision time at the top decile leaves results unaffected (columns (3)-(6)). Second, decision time may reflect the number of correctly positioned sliders, such that potentially less prosocial subjects who move fewer than the maximum 15 sliders respond faster. However, the number of correct sliders does not differ across treatments and controlling for it does not affect the results (columns (7)-(8)).[7] Third, *Practice time* and demographics *Questions time* as alternate thinking style measures are not correlated with *Decision time*

[6] The three coefficients are not different from each other ($p > 0.65$), though a test of joint significance has a p-value of 0.131. Randomization inference standard errors for the interaction coefficients are similar. When we use the single 'positive incentive' variable, its interaction with *Social motivation* is positive, significant ($p = 0.018$), and different from the effect of *Social motivation* in the £0 treatment ($p = 0.069$) for women.

[7] Controlling for correctly placed commercial and social sliders separately increases the joint significance of the interactions between *Social motivation* and treatments for women ($p = 0.102$) and for the top 25% of *Social motivation* in the full sample ($p = 0.018$).

and do not affect the results. Fourth, individual social preference components display similar patterns (columns (9)-(14)): their interactions with bonus levels are generally insignificant, but higher *Willingness to share* subjects take longer in the £0.25 and £1 conditions. These subjects may place social enterprises more firmly in the communal sharing frame, with bigger bonuses seen as larger domain boundary violations, and a willingness to share with others without expecting anything in return may be more at odds with economic values and thus the relevant dimension of sacred social values. Fifth, to address learning effects in slider placement, we control for the (random) order of contracts subjects received: decision time is higher when the social enterprise contract is offered first, but the interaction effects only decrease slightly in magnitude and statistical significance. Overall, the evidence mainly points toward small decision difficulty differences between less and more socially committed individuals.

Effort allocation A detailed analysis of effort allocation is beyond the scope of this paper (and discussed by Vladasel et al., 2024), but these choices are informative. In social enterprise contracts subjects could place a total of 15 sliders at a position corresponding to social action or one corresponding to commercial action: subjects exert on average 10.9 units of social effort in the absence of incentives, with 40% choosing to exert *only* social effort. Looking at how the allocation changes with steeper incentives, we estimate models similar to those in Table 2 with social effort as the dependent variable. Individuals with larger *Compassion* and *Social motivation* exert more social effort and that monetary rewards (regardless of strength) lower social effort by about 3.5 units, such that with non-zero incentives effort is split roughly equally between commercial and social tasks. But while we find basically no interaction between *Compassion* and incentives, these interactions are positive and significant for *Social motivation*, although smaller than the main effects in magnitude.

Whereas individuals across the distribution exert around 11 units of social effort (out of 15; the differences are only weakly significant) in the £0 treatment, there is a positive relationship between *Social motivation* and social effort for the £0.25, £0.5, and £1 treatments. The largest social effort differences across treatments are observed at the lowest social motivation levels, consistent with a larger crowd-out of social effort for less socially committed individuals; conversely, at the highest level of prosociality (top

decile), individuals do not respond to monetary rewards by allocating more effort to commercial tasks. In principle, such behavior is consistent with sacred social values, invariant to competing economic values' strength, only a small share of subjects populate this area of the *Social motivation* distribution where the trade-off is always resolved in favor of social effort. The effort allocation is similar by gender, though men exhibit a slightly larger social effort crowd-out when altruism is costly ($p = 0.078$ in the £0.50 and £1 conditions; Andreoni and Vesterlund, 2001). For people at all but the highest levels of social preferences, the trade-off between economic and social values is not only considered, but also increasingly resolved in favor of commercial effort when incentives are offered.

4.2 Alternative predictions

Our hypotheses stem from the notion that socially committed individuals' decision time increases with perceived conflict between economic and social values. This represents the most intuitive and straightforward interpretation, but one can use alternative protected value or economic arguments to produce competing predictions. A key distinction is that our proposed hypotheses do not have clear implications for the actual choice, whereas the alternatives do; these testable implications allow us to tease out confounding explanations.

The first alternative prediction draws on 'quantity insensitivity,' often considered a defining feature of protected values (Baron and Spranca, 1997). If protected values arise from absolute, resolute beliefs about the desirability of an outcome and course of action, any threat to these protected values should be detected and treated (i.e., dismissed) equally. In this 'to compare is to destroy' view (Fiske and Tetlock, 1997; Amir and Ariely, 2007), the mere suggestion of trade-off between tasks should clash with social commitment, regardless of how large the rewards for commercial actions are. As a result, the decision time *should not vary* with incentive intensity, and neither should the final decision, namely that socially committed individuals should exert effort solely on social tasks. The former prediction is consistent with the response time results, but the latter stands in contrast with the effort allocation findings, where positive monetary rewards induce changes in the effort allocation. This strict alternative interpretation appears to have limited applicability, in line with other evidence that the quantity insensitivity assumption is often too

strong and that protected values *are* sensitive to quantity (Baron and Leshner, 2000; Bartels and Medin, 2007; Tetlock et al., 2017).

The second contrasting prediction is that as incentives become 'too large,' socially committed individuals rely on protected values as a heuristic and dismiss economic values out of hand, making the effort allocation decision more easily (Amir and Ariely, 2007; Hanselmann and Tanner, 2008). In this scenario, decision time *decreases* with incentive strength and the tension occurs at lower incentive levels. But this approach provides straightforward effort allocation implications: the larger the incentives, the more individuals should dismiss commercial activity and focus their attention on social activities. The empirical effort allocation results contradict this prediction, as individuals on average spend their time roughly equally on commercial and social tasks, rather solely only on the latter. Moreover, considering the case of highly committed individuals – the top 25% of *Social motivation*, most likely to hold protected values, there does not appear to be any relationship between exerting *only* social effort and the time taken to reach that decision across incentive levels, instead of the increasingly negative relationship predicted by a heuristic approach. Together, these results suggest this alternative interpretation may also be inappropriate in the context we study.[8]

The third alternative prediction turns the perception of competing values on its head. Target income-based economic reasoning could suggest that socially committed individuals deliberate less when bonuses are bigger. When commercial tasks carry no rewards, effort on such tasks does not bring individual benefits, but requires foregoing infinitely more valuable social tasks; this strongly violates socially committed individuals' sacred values and implies additional decision time. Conversely, larger incentives require giving up less social effort in order to achieve a given target income (Nellas and Reggiani, 2015) and reduce the compromise required, such that the decision should proceed *faster*. Yet, this also implies that as incentives rise, individuals allocate progressively less effort to commercial, relative to social tasks, a result that does not obtain, limiting the applicability of this competing interpretation.

Overall, alternative links between economic value prominence and decision time for socially commit-

[8] While social enterprises incentives cover the full range from non-profit bonuses (£0 per slider) to for-profit bonuses (£1 per slider) in the experiment, it is possible that respondents would behave differently at substantially higher (albeit less realistic) incentive levels, where heuristic decision making may be activated.

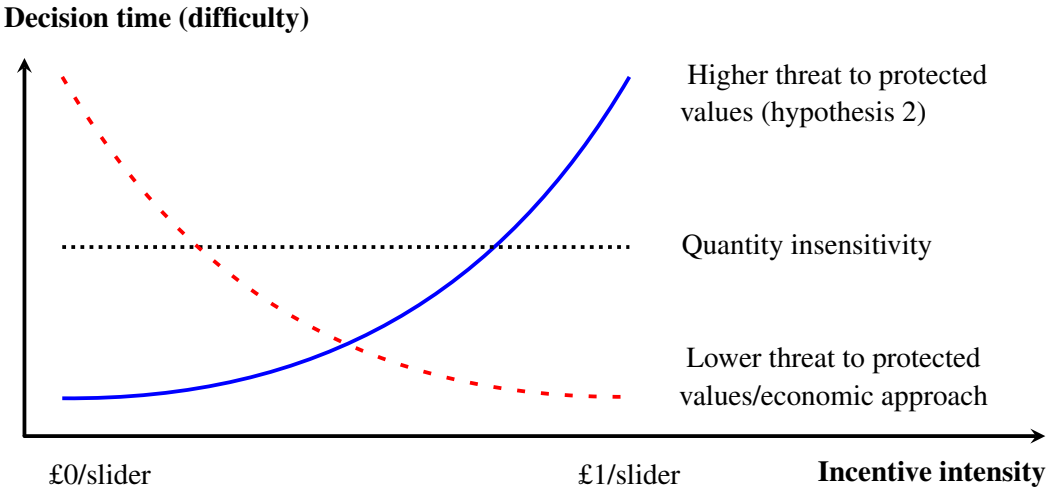

Figure 2: Stylized model of prosocial individuals' decision time under different interpretations.

ted individuals (summarized in Figure 2) deliver decision predictions inconsistent with the data. Under the premise of competing, incompatible economic and social values, the proposed hypotheses remain the only plausible predictions; their falsification speaks directly to the extent of perceived clash of moral values in a stylized social enterprise context.

5 Discussion

Social enterprises – hybrid organizations tackling social issues via market activities – represent a field contested by social and commercial logics. Individuals in social enterprise contexts regularly make moral value trade-offs when they allocate effort to commercial and social tasks; these ostensibly conflicting values may render decision making challenging, with implications for social enterprises' balance of purpose and profits. We develop a protected value framework to argue that if social values are sacred, socially-oriented individuals should deliberate longer on their effort allocation, even more so when commercial actions are rewarded due to larger social commitment transgressions. Our experimental test partially support these predictions, although alternative predictions are refuted by the data. Individuals with higher social preferences take longer to reach a decision across experimental conditions, but this effect is mainly restricted to those in the top quartile of social motivation and to treatments with positive, non-zero incentives for commercial action. Women perceive a larger conflict between social values and the economic values signaled by incentives than men, yet their effort allocation is similar.

Theoretical and practical implications This study introduces a novel focus on cognitive aspects of value trade-offs in social enterprises, capturing fundamental perceptions of tensions in a natural, non-intrusive manner. Its findings can be interpreted in two distinct, but complementary ways. On the one hand, larger trade-offs do not elicit higher decision difficulty for *most* individuals, inconsistent with predictions premised on sacred social value pervasiveness. So while individuals in social enterprise contexts are generally highly compassionate and show a strong desire to contribute to others' welfare (Miller et al., 2012; Bell and Haugh, 2014; Brolis, 2018; Roumpi et al., 2019), they may not be entirely unwilling to compromise (short-run) social impact. Instead, they may be responsive to organizational attempts to strengthen the economic bottom line, contrary to the oft-expressed concern that practices originating in the commercial sector are perceived as suspicious on ideological grounds (Bacchiega and Borzaga, 2001; Austin et al., 2006; Zahra et al., 2009; Dees, 2012).

Practically, typical for-profit strategic practices – operational investments, market development, financial incentives, joint ventures, or mergers and acquisitions – could be more tightly integrated into social enterprises' selective coupling approach (Pache and Santos, 2013) without employees experiencing cognitive dissonance. Revenue generation activities are often viewed as instrumental to social impact rather than core to social enterprises' business model, but are essential for staving off revenue drift, ensuring long-run viability and social goal attainment (Tracey et al., 2011; Smith et al., 2013; Stevens et al., 2015; Vladasel et al., 2024). Imperfectly protected social values in social enterprises may help these hybrids deliver on their dual mission by facilitating action on the relevant dimension, be it social or economic.

On the other hand, given diversity in social enterprise employees' identity and the presence of 'idealists' (Besharov, 2014), *some* individuals do hold protected social values and may experience decision difficulty when presented with putative taboo trade-offs.[9] Practices espousing a commercial focus indicating a shift toward economic values may threaten how these people view themselves and the organization they work for. Social enterprises attending to operational sustainability should avoid signaling deviations from an identity constructed around other-oriented behavior and collective welfare. To guard against in-

[9] In one of the microfinance organizations studied by Battilana and Dorado (2010), employees with a social sector background were seen as 'dangerous idealists' and identity conflicts appeared between workers with different prosociality levels, further highlighting the need for fostering pluralistic values.

dividual and organizational tensions, a common suggestion is for social entrepreneurs to adopt business models that increase the alignment of commercial and social activities, deepening hybridization (Jay, 2013; Pache and Santos, 2013; Ebrahim et al., 2014). Protected value theoretical arguments then suggest complementary options.

Social enterprises could embrace moral value trade-offs, but foster a pluralistic environment where workers are comfortable with the presence of competing values and willing to engage with actions typical of each decision frame (Tetlock, 1986; Tetlock et al., 1996; Fiske and Tetlock, 1997; Wry and York, 2017). This 'compromise' strategy (Pache and Santos, 2010) encourages self-reflective thought on the cultural rules embodying the organization and can be integrated with hiring and socialization practices (Battilana and Dorado, 2010; Besharov, 2014; Hsieh et al., 2018; Newman et al., 2018). In practice, social enterprises can foster pluralism by acknowledging the legitimacy of negative reactions to taboo trade-offs, allowing workers with different levels of idealism to craft (individually or in groups) courses of action that help the organization reach its dual mission, and collectively reflect on the proposals best suited for this purpose (Fiske and Tetlock, 1997). Such practices allow employees to accept and resolve moral value trade-offs integral to hybrid functioning, while shaping social enterprise identity.

An alternative approach to relieving cognitive tensions is to shift competing logics' normative boundaries by reframing taboo trade-offs as routine ones (Tetlock, 2002, 2003; McGraw and Tetlock, 2005; Tetlock et al., 2017). In this 'manipulation' strategy (Pache and Santos, 2010), social entrepreneurs can gently alter employees' perspective on the appropriate decision frame by clarifying how actions commonly associated with market pricing are congruent with communal sharing norms and conducive to collective welfare. Social entrepreneurs should take more care in communicating precisely how market-based mechanisms drive social impact and the required timeline (Santos, 2012; McMullen and Bergman Jr, 2018; Grimes et al., 2019), helping transform trade-offs and cognitive processes and alleviating identity threats (Petriglieri, 2011). Instead of worrying that actions improving social enterprises' economic standing are violations of sacred social values, employees should find it easier to decide which action brings the most long-run value to the organization and its beneficiaries. As a result, social enterprises

using for-profit tools may gain legitimacy (Dart, 2004) and potentially avoid protracted identity conflicts between different factions in the organization (Fiol et al., 2009).

Non-negotiable protected values can form part of employees' psychological contract with an employer when the latter espouses strong value commitment or an ideology. Beyond economic and social reciprocal obligations between individuals and firms, ideology-infused contracts also generate a bilateral commitment to a valued social cause, whose breach or violation may entail negative reactions; ideological obligations often entail substantial subjectivity, but may include moral claims that reject compromise (Thompson and Bunderson, 2003). For social enterprises, commitment to social welfare induces ideological obligations that may constrain the ability to adapt to environmental changes, so understanding the actions that lead employees to perceive a violation of contract is vital. Here, monetary rewards do not trigger large breaches of the psychological contract: despite an apparent deviation from organizational ideology, modest and contextually justified (Lindenberg and Foss, 2011; Vladasel et al., 2024) commercial tools may help social enterprises respond to environmental pressures and thrive in the long-run.

The comparison of men and women's behavior highlights heterogeneity in holding potentially protected social values. In line with evidence that women have stronger social preferences than men (Luthar and Karri, 2005; Croson and Gneezy, 2009) and that their entrepreneurial behavior leans more toward social rather than commercial activity (Dimitriadis et al., 2017; Hechavarría et al., 2017), monetary rewards generate choice difficulty in this group. Highly prosocial women take longer to decide on their effort allocation when economic values transgress social concerns even when actions are not publicly visible, whereas men appear insensitive to this transgression. Despite the cognitive difficulty associated with trade-offs, gender differences in effort allocation are minor (Vladasel et al., 2024): holding a larger degree of sacred social values does not prevent women from responding to organizations' signals that economic activities are important. Still, it would be interesting to understand how the share of women leading or working in social enterprises affects their agility in reacting to deviations from desired balance and the potential negative wellbeing effects for individuals repeatedly making decisions that induce conflict with sacred values. More generally, exposure to taboo trade-offs varies with individuals' role inside social

enterprises (Wry and York, 2017), so it is natural to ask whether job design and technical function, as a carrier of role identity, affect trade-off perception and wellbeing.

Limitations and future research In line with an experimental paradigm reliant on relatively abstract settings where the concepts of interest can be cleanly analyzed, the experiment uses realistic firm descriptions and tasks to enhance external validity. However, it concentrates on the starkest expression of contrast between economic and social values, which place fully competing demands on subjects' attention. In reality, social and commercial tasks align to different degrees (Mair et al., 2012; Bull and Ridley-Duff, 2019; Gamble et al., 2020): the value trade-off need not be as stark. Our core interest was to assess how trade-offs are processed cognitively, so the finding that social values need to be entirely protected may suggest an even more muted trade-off for more strongly aligned tasks. By contrast, despite reflecting individuals' preferred good cause in the company descriptions, the experiment may not activate the strong social values held in real social enterprises; in this case, the findings represent a lower bound for the extent of clashing values. An experiment manipulating the extent of value overlap and the strength of preference matching between individuals and firms – in both lab and field – could boost external validity and refine our grasp of value clashes in social enterprises, disentangling the importance of goal alignment and shared identity for trade-off resolution.

The experimental design focused on obtaining clear measures of individual decision difficulty, so subjects did not observe each others' behavior. This leaves open the possibility that real-world trade-offs are processed differently, namely that individuals wish to signal their prosociality not just in outcomes, but also in the process leading up to those outcomes (Ariely et al., 2009), or that individuals in social enterprises wish to preserve their social identity (Pan et al., 2019). If social enterprise stakeholders hold sacred social values, the longer individuals ponder trade-offs with economic values, the more morally suspect they become in others' eyes (Fiske and Tetlock, 1997; Tetlock et al., 2000, 2017). So when behavior is visible to others, individuals may act more in accordance with protected values and exert additional social effort. It is vital to examine how normative pressures conferring social values a sacred status evolve in the social enterprise arena, possibly starting with the founder (Stevens et al., 2015), and

how hiring and socialization tools affect this process (Battilana and Dorado, 2010; Besharov, 2014; Hsieh et al., 2018; Newman et al., 2018), entrenching potentially non-optimal practices.

Conclusion This paper introduces a novel focus on cognitive dimensions in social enterprise settings, providing evidence that people are willing to engage with trade-offs between economic and social values. Despite some choice difficulty, social values are not always protected, helping social enterprises navigate tensions between competing goals. How individual and organizational identity jointly influence the cognitive perception of moral value trade-offs in social enterprises and other hybrids remains an important question for future research.

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Table 1: **Descriptive Statistics**

	Mean	Std. dev.	*N*	Min	Max
A. Demographics					
Female	0.499	(0.500)	708	0	1
Student	0.165	(0.372)	708	0	1
Education high school	0.359	(0.480)	708	0	1
Education bachelor	0.398	(0.490)	708	0	1
Education master	0.127	(0.333)	708	0	1
Education other	0.116	(0.320)	708	0	1
Income < £10,000	0.215	(0.411)	708	0	1
Income £10,000 – £25,000	0.329	(0.480)	708	0	1
Income £25,000 – £50,000	0.307	(0.461)	708	0	1
Income £50,000 – £75,000	0.077	(0.268)	708	0	1
Income > £75,000	0.025	(0.158)	708	0	1
Income missing	0.025	(0.211)	708	0	1
Age 18 to 24	0.216	(0.412)	708	0	1
Age 25 to 34	0.356	(0.479)	708	0	1
Age 35 to 44	0.226	(0.419)	708	0	1
Age 45 to 54	0.140	(0.347)	708	0	1
Age 55 to 64	0.062	(0.242)	708	0	1
B. Social preferences					
Compassion	29.195	(4.969)	708	12	40
Altruism	4.207	(2.181)	708	0	10
Inequality aversion	2.698	(2.275)	708	0	10
Hypothetical altruism	134.859	(159.739)	708	0	1,000
Willingness to share	6.404	(2.354)	708	0	10
Prosocial behavior	1.254	(1.159)	708	0	5
Social motivation (factor)	0.000	(0.757)	708	-2.450	2.307
Risk taking	5.130	(2.474)	708	0	10
Time discounting	6.532	(2.193)	708	0	10
C. Experimental parameters					
Workforce reintegration	0.250	(0.433)	708	0	1
Fair and equitable trade	0.186	(0.390)	708	0	1
Water and environment	0.564	(0.496)	708	0	1
Practice time (seconds)	40.049	(31.011)	708	0.000	608.147
Comprehension time (seconds)	67.419	(37.004)	708	18.617	300.324
Questions time (seconds)	28.359	(23.547)	708	8.341	280.372
Experiment time (seconds)	1,111	(351.909)	708	600	2,399
Decision time (seconds)	112.178	(60.758)	708	39.618	621.514
Social effort	8.090	(3.950)	708	0	15
Treatment: £0	0.240	(0.427)	708	0	1
Treatment: £0.25	0.251	(0.434)	708	0	1
Treatment: £0.50	0.261	(0.440)	708	0	1
Treatment: £1	0.247	(0.432)	708	0	1
Own payoff (£)	28.894	(12.342)	40	3	60
Good cause payoff (£)	33.025	(12.305)	40	6	60

Table 2: **Social Enterprise Effort Allocation Decision Time**

Social preference:	Compassion				Social motivation			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Comprehension time	0.368***	0.367***	0.355***	0.355***	0.363***	0.361***	0.350***	0.349***
	(0.075)	(0.075)	(0.073)	(0.073)	(0.074)	(0.074)	(0.071)	(0.072)
£0.25	4.561	-17.837	4.994	-19.108	4.726	4.876	5.401	5.518
	(5.559)	(34.408)	(5.836)	(34.407)	(5.542)	(5.551)	(5.821)	(5.806)
£0.50	8.229	24.461	9.472	21.965	8.025	8.090	9.366	9.361
	(6.342)	(38.721)	(6.300)	(37.160)	(6.357)	(6.421)	(6.289)	(6.327)
£1.00	4.612	23.099	5.048	16.550	4.587	4.532	5.108	4.925
	(6.774)	(31.680)	(6.712)	(31.569)	(6.767)	(6.801)	(6.706)	(6.732)
Social preference	0.915**	1.023	0.743*	0.733	8.533***	3.882	8.283**	2.726
	(0.435)	(0.781)	(0.447)	(0.750)	(2.945)	(4.923)	(3.259)	(4.850)
Social preference × £0.25		0.771		0.828		11.770		13.233
		(1.178)		(1.175)		(7.900)		(8.105)
Social preference × £0.50		-0.552		-0.427		1.371		1.795
		(1.244)		(1.197)		(7.835)		(7.490)
Social preference × £1.00		-0.639		-0.401		6.113		8.499
		(1.036)		(1.027)		(7.313)		(7.381)
Controls	No	No	Yes	Yes	No	No	Yes	Yes
R^2	0.056	0.058	0.091	0.092	0.062	0.065	0.096	0.101

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. $N = 708$. Robust standard errors in parentheses. Controls include dummies for gender, age, student, level and field of education, level of income, risk and time preferences, and mission choice.

Table 3: **Social Enterprise Effort Allocation Decision Time, by Gender**

Social preference:	Men				Women			
	Compassion		Social motivation		Compassion		Social motivation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Comprehension time	0.308***	0.314***	0.299***	0.303***	0.434***	0.440***	0.427***	0.414***
	(0.106)	(0.107)	(0.103)	(0.105)	(0.111)	(0.114)	(0.109)	(0.110)
£0.25	1.771	-5.296	2.696	3.198	8.372	-22.235	8.362	5.918
	(8.630)	(55.871)	(8.511)	(8.843)	(8.214)	(40.289)	(8.285)	(8.295)
£0.50	7.030	38.855	7.286	6.457	11.452	-17.093	11.888	9.439
	(10.403)	(55.329)	(10.317)	(10.340)	(7.508)	(53.958)	(7.534)	(7.944)
£1.00	7.067	11.309	7.305	7.151	1.816	15.850	2.268	0.382
	(9.741)	(46.667)	(9.661)	(9.759)	(9.236)	(47.078)	(9.371)	(9.451)
Social preference	0.361	0.668	8.076*	10.809†	1.314**	0.906	9.324*	-7.461
	(0.682)	(1.308)	(4.330)	(6.706)	(0.583)	(0.889)	(4.831)	(7.989)
Social preference × £0.25		0.249		2.028		1.024		24.980**
		(1.940)		(12.077)		(1.360)		(11.222)
Social preference × £0.50		-1.122		-9.664		0.930		19.756†
		(1.855)		(10.410)		(1.706)		(12.095)
Social preference × £1.00		-0.149		-1.150		-0.489		22.706*
		(1.601)		(9.475)		(1.503)		(12.493)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	355	355	355	355	353	353	353	353
R^2	0.089	0.091	0.098	0.101	0.145	0.147	0.145	0.156

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$, † $p = 0.103$. $N = 708$. Robust standard errors in parentheses. Controls include dummies for gender, age, student, level and field of education, level of income, risk and time preferences, and mission choice.