Strategic Management Journal
Strat. Mgmt. J., **36**: 1006–1016 (2015)
Published online EarlyView 8 May 2014 in Wiley Online Library (wileyonlinelibrary.com) DOI: 10.1002/smj.2265
Received 30 November 2011; Final revision received 20 January 2014

ATTENTION ALLOCATION TO MULTIPLE GOALS: THE CASE OF FOR-PROFIT SOCIAL ENTERPRISES

ROBIN STEVENS,[1] NATHALIE MORAY,[2] JOHAN BRUNEEL,[1] and BART CLARYSSE[1,3]
[1] *Department of Management, Innovation, and Entrepreneurship, Faculty of Economics and Business Administration, Ghent University, Ghent, Belgium*
[2] *Department of Management and Organization, University College Ghent, Ghent, Belgium*
[3] *Innovation and Entrepreneurship Group, Imperial College Business School, London, U.K.*

The complexity of issues firms have to attend to make it impossible for CEOs to give their full attention to all issues concurrently. Drawing on the "attention-based view" of the firm, this paper opens the black box of attention allocation in for-profit social enterprises by showing how attention structures and the context in which the firm operates interplay. Utilizing empirical data on 148 for-profit social enterprises, findings show that the attention structures—other-regarding values, utilitarian identity, and resource availability—have a significant impact on the relative attention to social goals, while past firm performance as a context variable moderates these relations. Applying the principles of structural and situated attention, this paper makes an important contribution to management theory and attention allocation in for-profit social enterprises.

INTRODUCTION

How decision makers attend to multiple organizational goals is a key issue in strategic management research (Ocasio, 2011). Decision makers are confronted with competing claims on their attention while their bounded rationality prevents them from giving full attention to each goal (Cyert and March, 1963). Attention allocation has profound implications for the strategic orientation of organizations and influences learning processes (Rerup, 2009), headquarters-subsidiary relationships (Ambos, Andersson, and Birkinshaw, 2010), entry into new markets (Eggers and Kaplan, 2009), formation of service orientation in the business strategy (Gebauer, 2009), and innovation (Yadav, Prabhu, and Chandy, 2007).

The attention-based view (ABV) argues that firm behavior is the result of how firms channel and distribute the attention of their decision makers (Ocasio, 1997). Within this view, attention structures are the determinants of where decision makers focus their attention, which is also influenced by the particular context they are confronted with. Interestingly, there is little insight into how the different elements of attention structures concurrently influence the attention allocation of decision makers between conflicting organizational goals and how attention structures and contextual factors interplay in directing the attention allocation in firms.

The present study addresses this gap in the literature by investigating hypotheses derived from ABV theory in a sample of for-profit social enterprises. For-profit social enterprises are exemplar in their endeavors to concurrently pursue social and economic objectives (Dacin, Dacin, and Matear, 2010).

Keywords: attention-based view; for-profit social enterprises; social goals; economic goals; social entrepreneurship
*Correspondence to: Robin Stevens, Tweekerkenstraat 2, 9000 Gent, Belgium. E-mail: robin.stevens@hogent.be

Scholars have argued that the key decision makers in these firms are typically confronted with the tension between pursuing multiple goals and that attending to them is a matter of relative priority (Mair and Marti, 2006).

Further, this study contributes to ABV theory by looking at how the different elements of attention structures operate independently and in concert, by including CEO values, organizational identity, and slack resources (structural distribution of attention) in one model, and by explicitly recognizing the influence of the context (situated attention) in which decision makers find themselves.[1] As such, this study acknowledges ABV as a cross-level theory and is unique in its endeavor to explain the relative attention to social goals, by providing a comprehensive empirical test of attention allocation in the context of multiple goals.

THEORETICAL FRAMEWORK AND HYPOTHESES

The central argument of the ABV is that firm behavior can be explained by looking at how firms distribute and regulate the attention of their decision makers (Ocasio, 1997). More specifically, ABV theory argues that the structural distribution of attention in the firm provides decision makers with a structured set of interests and identities (Ren and Guo, 2011), suggesting that a number of "attention structures" such as the players, the rules of the game, and resources regulate the organization's attention to specific issues (Ocasio, 1997).

First, the *players* are the key individuals that regulate the firm's attention through the specific skills, beliefs, and values they bring to the firm (March and Olsen, 1976). Previous studies have examined how demographics of top management teams (Cho and Hambrick, 2006) and board members (Tuggle *et al.*, 2010) as well as cultural dimensions of key decision makers (Souitaris and Maestro, 2010) influence their focus of attention. Second, the *rules of the game* represent the organizing principles that guide decision makers in realizing the firm's goals and constitute a set of assumptions, norms, values, and incentives on how to succeed. Prior research found that the company's accounting system (Yu, Engleman, and Van de Ven, 2005), the level of formality in board meetings (Tuggle *et al.*, 2010), and the incentive systems used to reward executives (Cho and Hambrick, 2006) influence the attention allocation of decision makers. Finally, organizational resources include tangible and intangible assets available to the firm to realize its objectives. Sapienza and colleagues (2005) show that more resources committed to foreign activities diverts attention from learning in the domestic market.

Next to the attention structures in the firm, the ABV proposes that the context of the firm also impacts attention allocation (Ocasio, 1997). The external environment provides stimuli that direct the focus of decision makers' attention and influence the extent to which any given stimulus will be responded to. Previous studies have examined how characteristics of the industry such as the level of uncertainty (Daft, Sormunen, and Parks, 1988), turbulence (Angriawan and Abebe, 2011), and velocity (Nadkarni and Barr, 2008) as well as changes in institutional logics (Thornton and Ocasio, 1999) affect the focus of attention. Other researchers observed how organizational situational factors such as firm performance (Sullivan, 2010; Tuggle *et al.*, 2010), firm reputation (Rhee, 2009), and network relationships (Fernhaber and Li, 2013) affect attention allocation.

We complement extant ABV research in a number of ways. To begin with, how CEO characteristics affect attention allocation has received limited attention. Eggers and Kaplan (2009), as an exception, investigated both the main and interaction effects of CEO and organization-level attention to an emerging technology to explain market entry in the fiber optics product market. Our analysis is complementary to theirs as we explicitly incorporate CEO values as an explanatory factor in understanding attention allocation to multiple goals. Second, this study is the first to examine the influence of multiple attention structures (structural distribution of attention) in concert and to analyze their interaction with the context of the firm (situated attention).

Structural distribution of attention

Players

An important component of the firm's attention regulation refers to the individuals who are considered to be "the players" as "individuals [who] ultimately do the attending" (Ocasio, 1997: 189). The

[1] Graphic presentation of the theoretical model is available in Appendix S1.

CEO's values are particularly important to understanding the values to which the organization will attend (Adams, Licht, and Sagiv, 2011). In contrast to other individual characteristics such as personality traits, values are trans-situational criteria. They apply not only to one's own actions but also to actions by others, including corporations (Adams *et al.*, 2011). Organization-level attention can be (partially) seen as a result of the values of players at decision-making levels (Cho and Hambrick, 2006).

Schwartz (1992) describes the tension between self-enhancement (power and achievement values) and self-transcendence (benevolence and universalism) as one of the key guiding principles in peoples' lives. Agle, Mitchell, and Sonnenfeld (1999) have further elaborated this tension as a continuum ranging from self-regarding (the self-enhancement values) to other-regarding (the self-transcendence values). Individuals who place a strong weight on others' interest will tend to focus on maximizing the benefits for others in society (Santos, 2012). We expect that CEOs with a high degree of other-regarding values will transpose these values into the mission of the firm and engage in activities to transfer these values throughout the firm (Waldman, Siegel, and Javidan, 2006). We therefore hypothesize:

> *Hypothesis 1: In for-profit social enterprises, the level of other-regarding values of the CEO is positively related to the relative attention to social goals.*

Rules of the game

The second attention structure we include—the "*rules of the game*"—is defined as "the formal and informal principles of action, interaction, and interpretation that guide and constrain decision makers in accomplishing the firm's tasks and in obtaining social status, credits, and rewards in the process" (Ocasio, 1997: 196). Rules of the game are specified by appropriate rules and norms linked to organizational identity (March, Schulz, and Zhou, 2000). Organizational identity is defined as the members' shared perceptions about their organization's central, distinctive, and enduring qualities (Brickson, 2007; Dutton, Dukerich, and Harquail, 1994; Foreman and Whetten, 2002). Albert and Whetten (1985) conceptualize organizational identification in terms of two competing identities: (1) a normative system, emphasizing traditions and symbols, internalization of an ideology, and altruism; and (2) a utilitarian system, characterized by economic rationality, maximization of profits, and self-interest. Building on the ABV and the extant research on organizational identity, we can therefore expect that the organizational identity of the firm will influence the attention decision makers devote to either social or economic goals. Hence, we hypothesize:

> *Hypothesis 2: In social for-profit enterprises, the level of utilitarian identity is negatively related to the relative attention to social goals.*

Resources

Finally, the third attention structure included in the model—"*resources*"—is broadly defined by Ocasio (1997: 198) as "the human, physical, technological, and financial capital available to the firm at any moment in time for its objectives." Resources shape the consideration of alternatives and influence the repertoire of answers of the decision makers (Ocasio, 1997). In particular, slack resources influence the attention of decision makers by including (or excluding) different options as the availability of resources provides the organization with the possibility to perform a wide variety of tasks (March and Shapira, 1992).

As such, slack resources represent extra resources available to the organization that enable managers to change their focus of attention (Chen and Miller, 2007). Firms without slack resources will focus in first instance on short-term goals forcing managers to improve allocation efficiency (George, 2005), while firms with abundant slack resources will be more likely to use it as a buffer that can redirect the attention of managers to other goals.

In case of limited slack resources, decision makers will tend to focus on efficiency and attend more to economic goals. Executives choose to divest parts of the firm that do not obtain the expected financial targets, while they do significantly less so when slack resources are available in the firm (Shimizu, 2007). This means that, when slack resources are abundant, decision makers can attend much more to other goals beyond economic goals in the organization. Thus, we hypothesize:

> *Hypothesis 3: In social for-profit enterprises, higher levels of slack resources are positively related to the relative attention to social goals.*

DOI: 10.1002/smj

Situated attention: firm performance and attention allocation

Moving on to attention structures, research has shown how the context of the firm influences the attention pattern of managers (e.g., Cho and Hambrick, 2006; Sullivan, 2010). Scholars consider performance as one of the most important contextual variables to affect attention allocation (Shimizu, 2007). Managers use performance as a means of assessing managerial effectiveness (Tuggle *et al.*, 2010). Empirical evidence shows that decision makers are more likely to make changes when they face poor performance (Sullivan, 2010). Low performance creates a context in which decision makers need to deal with the performance situation first (Ketchen and Palmer, 1999). In contrast, high firm performance relaxes the focus of attention on activities associated with short-term performance, which allows firms to divert attention from economic goals to social goals (Brammer and Millington, 2008). Therefore, firm performance acts as a moderating variable in the relation between attention structures and the relative attention to social goals.

We hypothesized that other-regarding values of decision makers have a positive influence on the relative attention to social goals. However, firm representatives such as board members tend to focus more on financial monitoring of activities rather than value-adding activities when firm performance is low (Tuggle *et al.*, 2010). So, decision makers have to focus more on the performance of the firm, which implies that their personal values will have to be set aside. Low firm performance forces decision makers to allocate more attention to commercial activities in order to maintain firm sutainability. Hence, we can expect that the positive relationship between other-regarding values and relative attention to social goals will be moderated by firm performance, leading to the following hypothesis:

> *Hypothesis 4a: In social for-profit enterprises, the positive relationship between other-regarding values and relative attention to social goals will be weaker if firm performance is low.*

Along the same lines, we expect performance to moderate the impact of organizational identity. In firms where there is a strong utilitarian identity, we might expect that high performance will facilitate the use of part of their profit for social purposes. In contrast, low performance may exacerbate the negative relationship between utilitarian identity and the relative attention to social goals as it enhances the focus of decision makers on profit maximization and cost minimization. In other words, a context of low performance moderates the relation of a strong utilitarian identity by shifting attention away from social goals to economic goals. This leads us to the following hypothesis:

> *Hypothesis 4b: In social for-profit enterprises, the negative relationship between utilitarian identity and the relative attention to social goals will be stronger if firm performance is low.*

Finally, we hypothesized that slack resources lead to more attention to social goals. However, if firm performance is low, we might expect that decision makers will use available resources to ameliorate the economic position of the firm to ensure sustainability rather than pursue social goals (Greve, 2008). In contrast, high performance will further fuel the attention to social goals as it motivates relaxing controls. This leads us to the following hypothesis:

> *Hypothesis 4c: In social for-profit enterprises, the positive relationship between slack resources and the relative attention to social goals will be weaker if firm performance is low.*

DATA AND METHODOLOGY

The hypotheses have been tested in a purposive sample of for-profit social enterprises. Purposive sampling is a technique in which a sample is collected to include particular groups or areas of a population in which the phenomenon of interest is particularly salient (Kerlinger, 1986). For-profit social enterprises pursue a social and commercial objective (Moss *et al.*, 2011), which implies that their decision makers need to continually divide their attention between these potentially conflicting objectives (Dacin *et al.*, 2010).

Sample construction

We used existing lists of social enterprises in Flanders (region in Belgium) from which we extracted the firms with a for-profit judicial form. First, we

DOI: 10.1002/smj

listed the work integration social enterprises in Flanders. These firms create employment for a specific target population through productive activity (Nyssens, 2006) and commit themselves to proactively incorporate socially responsible actions in their business. Second, we merged two lists of enterprises with people- and planet-oriented objectives (obtained from Coopkracht and VOSEC). Third, we included the enterprises who received venture capital between 2004 and 2007 provided by four social investors active in Flanders. Following this, we identified all "*Vennootschappen met sociaal oogmerk (VSO)*," which is a special Belgian judicial label for firms that explicitly integrate social objectives in their core activities. The judicial form of VSO can be positioned within the tendency of governments to create judicial forms for social enterprises like the community interest company (CIC) in the U.K. and the low-profit limited liability company (L3C) and the benefit corporation (B Corporation) in the United States.

After removing overlaps between the lists and some organizations with a nonprofit organizational form, we arrived at a sample frame of 285 firms in Flanders that are known as for-profit social enterprises.

We sent out a standardized survey to the CEOs in the period 2008–2009.[2] In addition, we collected financial data from the annual financial statements that are available via Bureau van Dijk's Bel-first. The use of data collection through primary and secondary data sources reduces problems associated with common method bias (Podsakoff *et al.*, 2003). To maximize response rate, we made several follow-up calls resulting in a total response of 148 social entrepreneurs (response rate of 53 percent).

Measures

Dependent variable: relative attention to social goals

The existing literature rarely offers scales for the operationalization of attention allocation (Gebauer, 2009). This paper uses the model of Carroll (1979) as a proxy for measuring the attention to social and economic goals of the firm (initially developed by Aupperle, Carroll, and Hatfield, 1985). This model measures the degree of social responsibility of organizations by positioning firms on a continuum of increasing levels of responsibility ranging from the purely economic, over the legal and ethical, to a discretionary or philanthropic level of social responsibility. This measure has been employed successfully in numerous studies (e.g., Agle *et al.*, 1999; Angelidis and Ibrahim, 2004; Ibrahim and Angelidis, 1995). We asked respondents to allocate 10 points among four items representing the four areas of responsibility. We shortened the instrument to a manageable four sets of four items in our questionnaire, although the original instrument contains 20 sets. The forced-choice methodology minimizes the social desirability of responses (Aupperle *et al.*, 1985) and forces a choice between an attention toward social and economic goals. In line with theoretical insights of McWilliams and Siegel (2001), we made two summarized scales: the economic and legal perspective on the one hand and the ethical and philanthropic perspective on the other hand, defined as "the actions that appear to further some social good, beyond the interests of the firm, required by law." Exploratory factor analysis on the 16 items supports this decision by generating one factor (loadings all of which are higher than 0.5) in which economic and legal items are highly positively related whereas ethical and philanthropic items are highly negatively related, explaining more than 50 percent of the variance. Further, Cronbach alphas of the eight economic and legal items and eight ethical and philanthropic items are higher than 0.7. This variable ranges between 0 and 40 with 0 being full attention to economic goals and 40 being full attention to social goals. To validate our scale, we performed a *post hoc* test via a follow-up telephone survey with a subsample of 39 social for-profit enterprises. We included the approach by Tuggle *et al.* (2010) and asked for the amount of time spent discussing social and economic goals at the board meeting preceding our follow-up. In addition, we followed Bouquet and Birkinshaw's (2008) approach to capture the attention to social activities/goals relative to economic activities/goals via three Likert-scale items. Subsequently, we performed an exploratory factor on these two attention-based variables together with our measure. One factor emerged with an eigenvalue greater than 1, which explained 60 percent of the variance. The factor loadings ranged from 0.76 for the measure based on Tuggle *et al.* (2010), 0.77 for the measure based on Bouquet and Birkinshaw (2008), to 0.79 for our measure. This result provides

[2] A detailed overview of the survey items is available in Appendix S1.

DOI: 10.1002/smj

further validation of our approach to measure relative attention to social goals.

Independent variables: other-regarding values, utilitarian identity, and slack resources

Agle *et al.* (1999) constructed a measure capturing the level of *other-regarding values*. Values are expected to vary from profit maximization-firm-centered values to other-system-centered values. We included three items measuring the other-regarding values construct (e.g., "helpful—working for the welfare of others" and "loving—being affectionate, tender"). Respondents rate each item on a seven-point scale.

To measure the adherence to a *utilitarian identity*, we use the operationalization of Foreman and Whetten (2002). We included four items that represent the utilitarian identity (e.g., value of products or services). Respondents indicate the importance of the items on a seven-point scale.

Our debt-to-equity method was used to measure *slack resources* in the firm as financial data provide verifiable indicators of managerial behavior. This variable can be characterized as a long-term resource and reflects the firm's borrowing capacity. A firm with a low debt-to-equity ratio has a relatively high ability to obtain additional funds, which increases the freedom to reallocate resources (Bromiley, 1991; Cheng and Kesner, 1997).

Moderating variable: firm performance

We operationalize firm performance as the return on total assets (ROA). ROA is widely used in the strategic management literature as an accounting-based measure of firm performance (Wang and Qian, 2011) because it is not affected by the firm's financial leverage (Vissa, Greve, and Chen, 2010) and better reflects the influence of internal management than market-based measures (He and Huang, 2011).

Control variables

To exclude alternative explanations, we include five variables in the regression as controls. First, we control for *age* and *size* (number of full-time equivalents). As a firm grows older, economic goals can potentially overwhelm the initial social objectives. Small firms may pay more attention to economic goals than larger established firms. Second, we control for *judicial form* by including a dummy variable (1 for cooperative and 0 otherwise) as cooperatives are argued to have a more collectivistic identity orientation than Ltd. and PLC firms (Brickson, 2005). Third, we control for the extent to which the firm has *external investors* since they have expectations about the financial return that may influence the relative attention allocation to social goals. Finally, we include three sector dummies to control for *broad industry effects* in the model.

Validity tests

We conducted a Harman's single-factor test to address potential common method bias. First, we performed a common factor analysis wherein all variables are allowed to load on a single factor. The model demonstrated poor fit. Further, we performed a principal component analysis on all survey measures. The analysis returned five factors with eigenvalues greater than 1. These results indicate that our findings are less likely to be affected by common method bias. To add to this, the Cronbach alphas of all constructs exceed the 0.6 threshold (Bagozzi and Yi, 1988) and range from 0.6 to 0.9, which indicates a good inter-item reliability. Additionally, we tested for multicollinearity and heteroskedasticity by examining the variance inflation factors (VIF) and a graphic plot of the residuals, respectively. Both did not appear to be a problem since VIFs had values lower than two, and we found no evidence of a pattern in the residuals plot.

RESULTS

The descriptive statistics and bivariate correlations among the variables are shown in Table 1 ($N = 148$). Table 2 shows the results of our regression analysis in which the relative attention to social goals is the dependent variable. In the first model, we included only the control variables. In Model 2, we added the main effect variables to test Hypotheses 1, 2, and 3. Consistent with Hypotheses 1 and 2, other-regarding values have a significant positive influence and utilitarian identity has a significant negative influence on the relative attention to social goals. We also find that a high debt-to-equity ratio decreases the focus on social objectives, supporting Hypothesis 3.

In the third model, we introduce the interaction effects between other-regarding values and firm performance, utilitarian identity and firm

Table 1. Descriptive statistics and correlations

	Variable	Mean	*S.D.*	1	2	3	4	5	6	7	8	9
1	Relative attention to social goals	20.19	5.12	1								
2	Other-regarding values	5.41	0.89	0.30	1							
3	Utilitarian identity	5.83	0.86	−0.26	0.27	1						
4	Slack resources	1.95	19.55	−0.08	0.09	0.11	1					
5	Firm performance	0.01	0.67	−0.09	−0.09	−0.08	0.06	1				
6	Age[a]	18.59	23.79	−0.10	−0.04	0.003	0.04	−0.17	1			
7	Size[a]	43.13	102.76	−0.31	−0.11	0.12	−0.05	0.27	0.08	1		
8	Judicial form			−0.45	−0.09	0.21	0.11	0.05	0.09	0.18	1	
9	External investor			0.28	0.12	0.03	−0.10	−0.10	−0.06	−0.07	−0.18	1

$N = 148$
[a] Logarithm was used in correlations and regressions due to variable skewness; actual values used in descriptive statistics.
All absolute values higher than 0.16 are significant at $p < 0.05$.

performance, and resources and firm performance to examine Hypotheses 4a–c. Before entering the interaction terms into the model, we orthogonalized the variables to deal with potential multicollinearity (Pollock and Rindova, 2003). Our results indicated an opposite effect for Hypothesis 4a, which states that the positive effect of other-regarding values on the relative attention to social goals will be stronger at higher levels of firm performance. The coefficient of this interaction effect is negative and significant. Hypothesis 4b states that the negative effect of utilitarian identity on the relative attention to social goals will be weaker at higher levels of firm performance. The coefficient of this interaction effect is positive and significant, thus providing support for Hypothesis 4b. Finally, Hypothesis 4c states that the positive effect of resources on the relative attention to social goals will be stronger

Table 2. Results of hierarchical regression analysis predicting relative attention to social goals

Variable	Relative attention to social goals		
	Model 1	Model 2	Model 3
Controls			
Age	0.01(0.64)	−0.07(0.60)	0.07(0.64)
Size	−0.37*(0.08)	−0.30*(0.07)	−0.32*(0.09)
Judicial form	−3.76**(0.57)	−3.20**(0.43)	−3.16**(0.34)
External investor	2.02$^+$(0.83)	1.77(0.98)	1.76(0.92)
Firm performance	−0.03(0.07)	−0.002(0.06)	−0.02(0.12)
Industry controls	Included	Included	Included
Main effects			
Other-regarding values		1.79*(0.56)	1.47*(0.40)
Utilitarian identity		−1.09*(0.34)	−0.52$^+$(0.30)
Resources		−0.02*(0.005)	−0.27**(0.03)
Interactions with firm performance			
Firm performance × other-regarding values			−0.49**(0.09)
Firm performance × utilitarian identity			0.91*(0.35)
Firm performance × resources			0.18(0.21)
Constant	24.29***(1.88)	20.73***(3.40)	23.48**(2.13)
Adjusted R^2	0.35	0.43	0.46
F	10.74***	10.60***	12.51***

$N = 148$
Unstandardized coefficients are reported, with standard errors in parentheses. Industry dummies are included in the analysis, but not reported in order to conserve space. One-tailed tests are used for theorized (directional) effects. Two-tailed tests are used for control variable effects.
***$p \leq 0.001$; **$p \leq 0.01$; *$p \leq 0.05$; $^+p \leq 0.10$

at higher levels of firm performance. The coefficient of this interaction effect is positive but not significant, so Hypothesis 4c is not supported.[3]

DISCUSSION

The main purpose of this study is to empirically investigate how different attention structures concurrently influence the attention allocation of decision makers between conflicting organizational goals and how attention structures and contextual factors interplay in directing the attention allocation in for-profit social enterprises. We found a positive influence of other-regarding values and a negative influence of utilitarian identity and debt-to-equity on the relative attention to social goals, respectively. Second, we found that the positive effect of other-regarding values on the relative attention to social goals is stronger when firm performance is low while firms with a strong utilitarian identity will have more relative attention to social goals when firm performance is high.

These findings contribute to ABV theory and the strategic management literature in several ways. First, we contribute to the ABV by including CEO values in our model. ABV research traditionally focuses on organization characteristics where behavior is assumed to be less dependent on the characteristics of the individuals (Barnett, 2008). Research has shown, however, that CEO attention is a critical driver of innovation (Yadav *et al.*, 2007), accelerates entry into new technological markets (Eggers and Kaplan, 2009), and contributes to changes in strategy (Cho and Hambrick, 2006). Our results extend this by adding the role of CEO values on the relative attention to social goals. These findings also contribute to the social entrepreneurship literature where scholars have argued that the values of the entrepreneur are important in understanding social value creation (Thompson, Alvy, and Lees, 2000).

Second, we are the first to include the three attention structures as described in the ABV (Ocasio, 1997) simultaneously in the same model to explain variation in the attention focus of firms. Previous studies focused mostly on one attention structure such as the players (e.g., Souitaris and Maestro, 2010) or the rules of the game (e.g. Cho and Hambrick, 2006). The results show that all three attention structures had a significant impact in the final regression model. As such, this study provides a comprehensive analysis of ABV by empirically validating the relation between the attention structures and the focus of attention.

Third, our study shows that the interactions between the elements of the attention structure and contextual factors form a complex set of relations. In line with our predictions, companies with strong utilitarian identities will allocate more attention to social goals when firm performance is high. In contrast to our hypothesis, however, we find that lower performance companies tend to have a stronger relationship between individual values and the relative attention to social goals. This opposite finding could be explained by theories on organizational reaction to low performance and "threats" (Shimizu, 2007).[4] Prospect theory suggests that managers redirect their attention towards economic goals when confronted with low performance (Sullivan, 2010). In contrast, threat-rigidity theory suggests that economic adversity (like low performance) may result in "restriction of information processing, such as a narrowing in the field of attention," and increased rigidity, rather than change, in organizations (Staw, Sandelands, and Dutton, 1981: 502). In reconciling the tension between prospect theory and threat-rigidity theory, Ocasio (1995) argues that organizations will rely on their existing schemas and will make changes that are congruent with core assumptions and beliefs as interpreted by decision makers in the face of economic adversity. Our finding that CEOs with high other-regarding values in social for-profit enterprises focus even more attention to social goals in situations of low performance reflects this argument.

In spite of the study's unique contributions, there are some limitations inherent to the research design, opening avenues for further research. First, the interpretation of our results is limited by the usual concerns about generalizability. We focused on the tension between social and economic goals in for-profit social enterprises in Flanders. Future work should examine the relationship between conflicting goals other than social and economic goals such as sustainable development versus financial well-being or explorative versus exploitative activities. Similar studies that include types of firms other

[3] Graphic presentation of the significant interactions are available in Appendix S1.

[4] We thank an anonymous reviewer for this suggestion.

than for-profit social enterprises will contribute to the generalizability of our findings. Second, data limitations prevented us from adopting the empirical method used by Greve (1998), which measures the effects of firm performance above and below aspiration levels. In our study, we operationalized firm performance as ROA. Future studies may use operationalization based on aspiration levels. Third, future studies could consider more fine-grained sector-level controls such as a demand-pull effect on the sectors in which the firms operate or control for additional demographic-based characteristics of the CEO. Fourth, future studies should employ alternative measurement to operationalize firm attention more directly.

In conclusion, this study answers the call for a further elaboration of the ABV and aims at further opening the black box of attention allocation in firms. Our findings add to the strategic management literature by showing that the CEO's values, firm identity, and slack resource all have an impact on how firms direct attention. Additionally, the study reveals that the mechanisms guiding the attention allocation can be different, depending on firm performance. We hope that our study of attention allocation in for-profit social enterprise encourages future research into how decision makers allocate attention to multiple goals in firms.

ACKNOWLEDGEMENTS

An early version of this paper was presented at the Academy of Management 2011 Annual Meeting in San Antonio. We appreciate the guidance from editor Tomi Lamaanen and the constructive and thoughtful comments provided by two anonymous reviewers during the review process.

REFERENCES

Adams RB, Licht AN, Sagiv L. 2011. Shareholders and stakeholders: how do directors decide? *Strategic Management Journal* **32**: 1331–1355.

Agle BR, Mitchell RK, Sonnenfeld JA. 1999. Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal* **42**(5): 507–525.

Albert S, Whetten DA. 1985. Organizational identity. In *Research in Organizational Behavior* (Volume **7**), Cummings LL, Staw BM (eds). JAI Press: Greenwich, CT; 263–295.

Ambos TC, Andersson U, Birkinshaw J. 2010. What are the consequences of initiative-taking in multinational subsidiaries? *Journal of International Business Studies* **41**(7): 1099–1118.

Angelidis J, Ibrahim N. 2004. An exploratory study of the impact of degree of religiousness upon an individual's corporate social responsiveness orientation. *Journal of Business Ethics* **51**(2): 119–128.

Angriawan A, Abebe M. 2011. Chief executive background characteristics and environmental. Scanning emphasis: an empirical investigation. *Journal of Business Strategies* **28**(1): 75–96.

Aupperle KE, Carroll AB, Hatfield JD. 1985. An empirical-examination of the relationship between corporate social-responsibility and profitability. *Academy of Management Journal* **28**(2): 446–463.

Bagozzi RP, Yi YJ. 1988. On the evaluation of structural equation models. *Journal of the Academy of Marketing Science* **16**(1): 74–94.

Barnett ML. 2008. An attention-based view of real options reasoning. *Academy of Management Review* **33**(3): 606–628.

Bouquet C, Birkinshaw J. 2008. Weight versus voice: how foreign subsidiaries gain attention from corporate headquarters. *Academy of Management Journal* **51**(3): 577–601.

Brammer S, Millington A. 2008. Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal* **29**(12): 1325–1343.

Brickson SL. 2005. Organizational identity orientation, forging a link between organizational identity and organizations' relations with stakeholders. *Administrative Science Quarterly* **50**(4): 576–609.

Brickson SL. 2007. Organizational identity orientation: the genesis of the role of the firm and distinct forms of social value. *Academy of Management Review* **32**(3): 864–888.

Bromiley P. 1991. Testing a causal model of corporate risk taking and performance. *Academy of Management Journal* **34**: 37–59.

Carroll AB. 1979. A three-dimensional conceptual model of corporate performance. *Academy of Management Review* **4**(4): 497–505.

Chen WR, Miller KD. 2007. Situational and institutional determinants of firms' R&D search intensity. *Strategic Management Journal* **28**: 369–381.

Cheng J, Kesner I. 1997. Organizational slack and response to environmental shifts: the impact of resource allocation patterns. *Journal of Management* **23**: 1–18.

Cho TS, Hambrick DC. 2006. Attention as the mediator between top management team characteristics and strategic change: the case of airline deregulation. *Organization Science* **17**(4): 453–469.

Cyert RM, March JG. 1963. *A Behavioral Theory of the Firm*. Prentice-Hall Inc.: Englewood Cliffs, NJ.

Dacin PA, Dacin MT, Matear M. 2010. Social entrepreneurship: why we don't need a new theory and how we move forward from here. *Academy of Management Perspectives* **24**(3): 37–57.

Daft RL, Sormunen J, Parks D. 1988. Chief executive scanning, environmental characteristics, and company performance. *Strategic Management Journal* **9**: 123–139.

Dutton JE, Dukerich JM, Harquail CV. 1994. Organizational images and member identification. *Administrative Science Quarterly* **39**(2): 239–263.

Eggers JP, Kaplan S. 2009. Cognition and renewal: comparing CEO and organizational effects on incumbent adaptation to technical change. *Organization Science* **20**(2): 461–477.

Fernhaber SA, Li D. 2013. International exposure through network relationships: implications for new venture internationalization. *Journal of Business Venturing* **28**(2): 316–334.

Foreman P, Whetten DA. 2002. Members' identification with multiple-identity organizations. *Organization Science* **13**(6): 618–635.

Gebauer H. 2009. An attention-based view on service orientation in the business strategy of manufacturing companies. *Journal of Managerial Psychology* **24**(1-2): 79–98.

George G. 2005. Slack resources and the performance of privately held firms. *Academy of Management Journal* **48**: 661–676.

Greve HR. 1998. Performance, aspirations, and risky change. *Administrative Science Quarterly* **43**(1): 58–86.

Greve HR. 2008. A behavioral theory of firm growth: sequential attention to size and performance goals. *Academy of Management Journal* **51**(3): 476–494.

He J, Huang Z. 2011. Board informal hierarchy and firm financial performance: exploring tacitstructure guiding boardroom interactions. *Academy of Management Journal* **54**: 1119–1139.

Ibrahim NA, Angelidis JP. 1995. The corporate social responsiveness orientation of board members – Are there differences between inside and outside directors. *Journal of Business Ethics* **14**(5): 405–410.

Kerlinger FN. 1986. *Foundations of Behavioral Research*. Harcourt Brace College Publishers: New York.

Ketchen D, Palmer T. 1999. Strategic responses to poor organization performance: a test of competing perspectives. *Journal of Management* **25**: 683–706.

Mair J, Marti I. 2006. Social entrepreneurship research: a source of explanation, prediction, and delight. *Journal of World Business* **41**(1): 36–44.

March JG, Olsen JP. 1976. *Ambiguity and Choice in Organizations*. Universitetsforlaget: Bergen, Norway.

March JG, Schulz M, Zhou X. 2000. *The Dynamics of Rules: Change in Written Organizational Codes*. Stanford University Press: Stanford, CA.

March JG, Shapira Z. 1992. Variable risk preferences and the focus of attention. *Psychological Review* **99**: 172–183.

McWilliams A, Siegel D. 2001. Corporate social responsibility: a theory of the firm perspective. *Academy of Management Review* **26**(1): 117–127.

Moss TW, Short JC, Payne GT, Lumpkin GT. 2011. Dual identities in social ventures: an exploratory study. *Entrepreneurship: Theory and Practice* **35**(4): 805–830.

Nadkarni S, Barr P. 2008. Environmental context, managerial cognition, and strategic action: an integrated view. *Strategic Management Journal* **29**(13): 1395–1428.

Nyssens M. 2006. *Social Enterprise*. Routledge: London, UK and New York.

Ocasio W. 1995. The enactment of economic adversity: a reconciliation of theories of failure-induced change and threat-rigidity. *Research in Organizational Behavior* **17**: 287–331.

Ocasio W. 1997. Towards an attention-based view of the firm. *Strategic Management Journal* **18**: 189–206.

Ocasio W. 2011. Attention to attention. *Organization Science* **22**(5): 1286–1296.

Podsakoff PM, MacKenzie SB, Lee JY, Podsakoff NP. 2003. Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology* **88**(5): 879–903.

Pollock TG, Rindova VP. 2003. Media legimitimation in the market for initial public offerings. *Academy of Management Journal* **46**(5): 631–642.

Ren C, Guo C. 2011. Middle managers' strategic role in the corporate entrepreneurial process: attention-based effects. *Journal of Management* **37**(6): 1586–1610.

Rerup C. 2009. Attentional triangulation: learning from unexpected rare crises. *Organization Science* **20**(5): 876–893.

Rhee M. 2009. Does reputation contribute to reducing organizational errors? A learning approach. *Journal of Management Studies* **46**: 676–703.

Santos F. 2012. A positive theory of social entrepreneurship. *Journal of Business Ethics* **111**(3): 335–352.

Sapienza HJ, De Clerck D, Sandberg WR. 2005. Antecedents of international and domestic learning effort. *Journal of Business Venturing* **20**(4): 437–457.

Schwartz SH. 1992. Universals in the content and structure of values: theory and empirical tests in 20 countries. In *Advances in Experimental and Social Psychology*, Vol. **25** Zanna M (ed.). Academic Press: New York; 1-65

Shimizu K. 2007. Prospect theory, behavioral theory, and the threat-rigidity thesis: combinative effects on organizational decisions to divest formerly acquired units. *Academy of Management Journal* **50**(6): 1495–1514.

Souitaris V, Maestro BM. 2010. Polychronicity in top management teams: the impact on strategic decision processes and performance of new technology ventures. *Strategic Management Journal* **31**(6): 652–678.

Staw BM, Sandelands LE, Dutton JE. 1981. Threat-rigidity effects on organizational behavior. *Administrative Science Quarterly* **26**: 501–524.

Sullivan BN. 2010. Competition and beyond: problems and attention allocation in the organizational rulemaking process. *Organization Science* **21**(2): 432–450.

Thompson J, Alvy G, Lees A. 2000. Social entrepreneurship – a new look at the people and the potential. *Management Decision* **38**(5): 328–338.

Thornton PH, Ocasio W. 1999. Institutional logics and the historical contingency of power in organizations: executive succession in the higher education publishing industry 1958–1990. *American Journal of Sociology* **105**: 801–843.

Tuggle CS, Sirmon DG, Reutzel CR, Bierman L. 2010. Commanding board of director attention: investigating how organizational performance and Ceo duality affect board members' attention to monitoring. *Strategic Management Journal* **31**(9): 946–968.

DOI: 10.1002/smj

Vissa B, Greve HR, Chen WR. 2010. Business group affiliation and firm search behavior in India: responsiveness and focus of attention. *Organization Science* **21**: 696–712.

Waldman DA, Siegel DS, Javidan M. 2006. Components of CEO transformational leadership and corporate social responsibility. *Journal of Management Studies* **43**(8): 1703–1725.

Wang H, Qian C. 2011. Corporate philanthropy and corporate financial performance: the roles of stakeholder response and political access. *Academy of Management Journal* **54**(6): 1159–1181.

Yadav MS, Prabhu JC, Chandy RK. 2007. Managing the future: CEO attention and innovation outcomes. *Journal of Marketing* **71**(4): 84–101.

Yu JS, Engleman RM, Van de Ven AH. 2005. The integration journey: an attention-based view of the merger and acquisition integration process. *Organization Studies* **26**(10): 1501–1528.

SUPPORTING INFORMATION

Additional supporting information may be found in the online version of this article:

Appendix S1. Theoretical model, interaction graphs, and survey items.