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Assessing Value Differences Between Leaders of Two Social Venture Types: Benefit Corporations and Nonprofit Organizations

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Abstract This study considers key value differences between leaders of two types of social ventures: for-profit social benefit corporations and nonprofit organizations. The research question asks to what degree the value sets of leaders of benefit corporations are congruent with those of similarly situated individuals in nonprofit organizations. The results show the values of leaders working in benefit corporations and nonprofit organizations are in many ways aligned, but there are notable statistical differences. A sectoral association of values is also present with employees in both types of organization, especially when the previous work experience of employees is considered.

Keywords Values · Benefit corporations · Nonprofit organizations · Social enterprise · Social venture

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Introduction

Extant literature addressing questions regarding leaders' values in the public, nonprofit, and private sectors is substantial (e.g., Lane 1994; Van der Wal et al. 2006; Kaufman 1956). Over the last two decades, the role and importance of identifying leaders' values have increased due to an emphasis on accountability, ethics, and corporate culture (Kernaghan 2000; Park and Word 2012). Recently, work has begun to determine the differences in values held by public and nonprofit leaders (Jaskyte 2016; Miller-Stevens et al. 2015). We contribute to this important stream of research by providing an initial comparison and discussion of the key value differences between leaders of for-profit social benefit corporations and leaders of nonprofit organizations.

In the USA, the primary difference between for-profit social benefit corporations and nonprofit organizations is the allocation of profit. For nonprofit organizations, by law all profits of the corporation are reincorporated into mission delivery but this law does not apply to for-profit social benefit corporations. The latter is a new legal structure in the USA, with enacting legislation first considered in 2010 in Maryland, New Jersey, and Vermont (Pelsinger and Esposito 2017). Without further study, we are unable to predict the outcomes and potential impact of such corporations. It is important to note that not all countries define these types of corporations in a similar manner to the USA. However, as social enterprises grow in Europe, Eastern Asia, and Latin America (DeFourney and Nyssens 2010), this line of inquiry contributes to our knowledge about these emerging organizational forms around the world.

Values serve to shape ethical action and influence individual and organizational decision making (Simon 1948; Omurgonulsen and Oktem 2009). Previous research has compared value differences between leaders in public and nonprofit organizations (Miller-Stevens et al. 2015) and between leaders in public and private organizations (Stackman et al. 2006; Karl and Sutton 1998; Lane 1994; Posner and Schmidt 1996; Van der Wal et al. 2006, 2008; Tait 1997; Lee and Wilkins 2011). However, a comparison between leaders of for-profit social benefit corporations and nonprofit organizations is absent from the literature. This is noteworthy because the number of for-profit social ventures has risen considerably across the globe (Sabeti 2011; DeFourney and Nyssens 2010; Short et al. 2009), yet our understanding of the individuals leading these organizations remains trivial. Thus, this study explores the values of leaders of one type of for-profit social ventures in the form of benefit corporations as compared to their nonprofit counterparts to determine whether their value sets are congruent or dissimilar.

This research is important for several reasons. First, the blurring of sectoral differences (Heilman and Johnson 1992; Gidron and Hasenfeld 2012), coupled with a greater role of the fourth sector in the provision, production, and delivery of traditional public goods (Bornsetien and Davis 2010; Howieson and Hodges 2016), brings into question the values that serve as the foundation of efforts to meet public needs. If the values of for-profit social benefit corporation leaders are congruent with those of nonprofit sector leaders, as is the case with leaders of public sector and nonprofit ventures (Miller-Stevens et al. 2015), then for-profit social benefit corporations may become an important resource for collective and social-cause needs. Likewise, if there is a value difference between the leaders, we can be more certain that nonprofit organizations and for-profit social benefit corporations are two different kinds of organizations. In addition to providing insight as to whether the profitability of social enterprises can promote efficiency in reaching social impact goals, understanding leaders' value differences may help social enterprises attract and motivate workers.

Second, the US nonprofit sector context can be identified by an Internal Revenue Service (IRS) status granting tax exemption in exchange for social and collective enhancement. For-profit social benefit corporations provide similar social and collective enhancement *without* the same IRS benefit, yet the total number of this type of organization continues to rapidly grow (Sabeti 2011). This study seeks to explore whether the growth in for-profit social benefit corporations could, in part, be reflective of the values of individuals leading those organizations as compared to the values of leaders of nonprofit organizations.

Finally, the present era of declining resources for public needs requires that governments seek new partners to help meet citizen demands for goods and services. Previous research (Donahue 1989; Kettl 1993) illustrates the importance of a smooth and functional working relationship between cross-sectoral partners and has shown that partners who share similar values and goals are preferable in the delivery of public goods and services (Evers 2005). We suggest that value congruence between leaders in the nonprofit sector and those in for-profit social benefit corporations is a desirable condition, and we seek to identify the degree to which this condition exists.

Literature Review

Globally, the work of organizations has been defined by purpose and profit. The purpose for organization has been either private or public, while the profits of organization have been distributed among shareholders (private), redistributed to meet the public interest (public), or reinvested into the achievement of a social, charitable mission (nonprofit). More recently, the boundaries of the public, private, and the nonprofit sectors have become less distinct as numerous organizations have merged societal impact and profit business models (Sabeti 2009). The shift in the behavior of organizations has included sectoral blurring (Dees and Anderson 2003), particularly with regard to the expectations of behavior in public, private, and nonprofit organizations.

The orientation of for-profit organizations with social impact or nonprofit organizations has slowly changed from simple charitable giving to more complex relationships in cause-related marketing, corporate social responsibility, and sustainable enterprises. Initially, nonprofit organizations were maintained through corporate philanthropy or voluntary giving. These characteristics were later expanded to include corporate social responsibility and mandated giving. Corporate social responsibility is framed as specific policies and actions undertaken by private business that balance "stakeholders' expectations and the triple bottom line of economic, social, and environmental performance" (Aguinis 2011, p. 855). More recently, the nonprofit business model broadened with the rise of cause-related marketing campaigns (Varadarajan and Menon 1988) and the development of sustainable enterprises. An extension of corporate philanthropy, cause-related marketing links "fundraising to benefit a worthy cause to the purchase of a firm's products or services," which improves corporate performance (Varadarajan and Menon 1988, p. 59). Sustainable, or green, enterprises represent an extension of corporate social responsibility in which the firm commits in its charter to having "minimal negative impact on the global or local environment, community, society, or economy" (Cooney 2012) and meets a *triple bottom line* with social, environmental, and financial outcomes (Spreckley 1981; Elkington 1997).

Sector definitions are further complicated by nonprofit organizations as they pursue both earned and contributed revenue streams through government contracts, business activities, and charitable giving (Dees and Anderson 2003) to meet their political (Ott 2001), economic (Weisbrod 1977), and social roles (Ott 2001; Salamon 1999). The increased use of multi-sectoral partnerships and collaborations to pursue collective action (Kettl 2002), particularly in the nonprofit sector (Smith and Lipsky 1993; Agranoff 2012; Mayhew 2012; Morris and Miller-Stevens 2016), has also contributed to the ambiguity of public and private ventures' roles. Young (1999) explains the relationship between the nonprofit and public sectors as supplementary (i.e., nonprofits supplement the provision of public goods and services after market or government failure), as complementary (i.e., nonprofits partner with government to meet shared goals), and as adversarial (i.e., nonprofits increase their participation in the public policy process). The varying public-sector approaches to working with nonprofit organizations are multidimensional and are not mutually exclusive, contributing to sector blurring (Young 2000). Dees and Anderson (2003) posit that our understanding of these multi-sector relationships is evolving into communities of practice, where multiple organizational forms take collective action.

While the purpose and intention of profit in different organizational forms in the public, private, and nonprofit sectors are becoming more alike, there is more to the shift than sectoral blurring. Hybrid organizational forms are being created to address complex, public problems. They blend characteristics and methods from all sectors and are not easily fit into the three-sector model. Sabeti (2009) described these hybrid forms as chaordic organizations, civic and municipal enterprises, community development financial institutions, cross-sectoral partnerships, faith-based enterprises, nonprofit enterprises, sustainable enterprises, community wealth organizations, social enterprises, blended value organizations, and social economy enterprises. Ebraham et al. (2014) describe hybrid organizations, specifically social enterprises, as "neither typical charities nor typical businesses; rather they combine aspects of both their primary objectives to deliver social value to the beneficiaries of their social mission, and their primary revenue sources is commercial, relying on markets instead of donations or grants to sustain themselves and to scale their operations" (p. 82). These ideas are reflected in Seibel's (2015) definition that "hybrids may be conceived as formal or informal institutional arrangements of overlapping sectoral segments and/or combinations of governance mechanisms" (p. 697).

Hybrid organizations are an "international, multi-sector phenomena" that encompasses an emerging and growing silo of research (Billis 2010, p. 46). Studies on hybrid organizations have explored governance practices of this type of organization and issues related to mission drift (Evers 2005; Ebraham et al. 2014), differences in organizational structure as compared to private and nonprofit sector organizations (Cooney 2006), management and performance measurement (Doherty et al. 2014), definitions and characteristics of hybrid organizations (Seibel 2015), international trends in social enterprises (Kerlin 2006; DeFourney and Nyssens 2010), and the legal implications of hybrid organizations (Blount and Offei-Danso 2013; Galera and Borzaga 2014).

Most recently, two new types of corporations in the private sector have originated to meet the dual purpose of profit and public interest, inviting private investment and integrating societal impact: the low-profit limited liability corporation (L3C) and the for-profit social benefit corporation (Sabeti 2011). These hybrid organizational forms in the USA illustrate the fragmentation and chaotic beginnings of a fourth sector (Sabeti 2009). For-profit social benefit corporations must have the dual purpose of generating societal impact for stakeholders and generating profits for shareholders. Legally, the for-profit social benefit corporation is a protected entity for the pursuit of social value that surpasses profit motives (Alcorn and Alcorn 2011). Third parties weigh the corporation's interests and that of its societal impact. Additional public accountability is provided shortly after the end of the fiscal year when the public "benefit" report is published, indicating how the corporation has met its dual purpose of public benefit and financial health (Clark and Babson 2012; Cummings 2012). However, the motivations of for-profit social benefit corporations may be different than nonprofit organizations and corporations. If values form the basis for decision making and behavior in organizations, then perhaps values also drive the choice of organizational form: for-profit social benefit corporation or nonprofit organization.

In contrast, the L3C is a mix between a nonprofit and a for-profit entity, providing pass-through tax treatment and liability protection. The purpose of this hybrid organization is to maintain a charitable mission with profits as a secondary goal. However, this is a relatively new hybrid organization with few states recognizing the new structure (e.g., Vermont, Rhode Island, Maine, Michigan, Illinois, North Carolina, Utah, Louisiana, Wyoming). One of the strategies of the L3C is to engage program-related investments from private foundations with similar charitable purpose, distributing those post-tax profits to its owners (Raz 2012). From a regulatory perspective, the for-profit social benefit corporation and the L3C are not dissimilar from corporations. Profits generated are taxable, and contributions and investments in these hybrid organizations are not tax deductible (Cooney 2012).

Several case studies regarding the motivations for starting a social enterprise have recently been conducted (Addae 2013; Bull 2007; Haigh et al. 2015; Katre and Salipante 2012; Ruskin et al. 2016). Other recent studies have explored the values of employees as they relate to career choices and attraction to the public, private, or nonprofit sectors (Warr 2008; Jaskyte 2016). However, scant empirical research has been found regarding the motivations or determinants of choosing for-profit social benefit corporation over nonprofit organizational forms (Austin et al. 2006; Taylor 2016). It is at this intersection of choice of organizational form where this study may contribute significantly by understanding the differences or congruence in value sets of the nonprofit and for-profit social benefit corporation managers.

Role of Values

> A value is a complex and broad-based assessment of an object or set of objects (where the objects may be concrete, psychological, socially constructed, or a combination of all three) characterized by both cognitive and emotive elements, arrived at after some deliberation, and, because a value is a part of the individual's definition of self, it is not easily changed and it has the potential to elicit action (Bozeman 2007, p. 117).

The academic literature regarding values has a rich multidisciplinary history: law, philosophy, political science, sociology, management, economics, public administration, and philosophy (Gaus 1990; Rokeach 1973; de Bruijn and Dicke 2006; Van Wart 1998; Bozeman 2007). While there is not uniform agreement on a definition of values or the role they play in organizations, Bozeman (2007) posits that the multiple disciplines informing the values discourse each convey a "constructed" assessment of values, with their disciplinary differences in language, divergent interests in values concepts, and different analytical traditions. A comprehensive review of the varied perspectives regarding values suggests that how we talk about values is multifaceted (Gaus 1990; Taylor 1989), that behaviors and decision making are influenced by values (Raz 1986; Harman 1985; Cooper 1981), and that values can be both congruent and dissimilar (Cadwallader 1980; Gert 1973; Lewis 1971; Nozick 1974; Prall 1918; Rescher 1969). Furthermore, there is agreement in the discussion; values inspire, shape, and influence decision making in organizations (Omurgonulsen and Oktem 2009). Values inform ethical decision making and organizational behavior. Thus, administrators can lean on values to understand how to make better decisions within the boundaries of what is also considered to be ethical (Gortner 2001). This study focuses on the comparison of nonprofit and for-profit social benefit corporation managers' values.

There is a body of research developing on public service values and ethical action (Beck Jorgensen 1999, 2007; Beck Jorgensen and Bozeman 2007; Goss 2003; Kernaghan 1994, 2003; Omurgonulsen and Oktem 2009; Palidauskaite 2006; Posner and Schmidt 1996), with limited theoretical considerations (Frederickson 1997; Van Wart 1998; Beck Jorgensen and Bozeman 2007). Several findings give cautionary warnings about government reform movements giving rise to the emergence of market oriented approaches and values in public service. As a result, the interest in comparative work between the public and private sectors has risen and more recently, comparative work between the public and nonprofit sectors has found that the value sets of public and nonprofit managers to be more similar than different (Miller-Stevens et al. 2015).

Also, values influence many functional areas in organizational behavior, and, as a cornerstone of ethical decision making, values represent a set of guideposts for all activities and decision points in organizations. Additionally, values guide decision making in public policy as strategic decisions are made about resource allocation and the delivery of public goods and services. Consequently, many organizations across the sectors have integrated the clarification of a value set in the mission and vision statements during the strategic planning process; however, the presence of a values statement does not always inform its use (Omurgonulsen and Oktem 2009; Kernaghan 2000).

The values that nonprofit managers and for-profit social benefit corporation managers prioritize are relevant to decision making because, as organizations dedicated to broad societal impact and public interest goals, the expectation of stakeholders is that managers' values are reflective of those shared by society (Bornsetien and Davis 2010). Managers in both for-profit social benefit corporations and nonprofit organizations face diverse stakeholders, such as donors, investors, communities, beneficiaries, board members, and staff. There is an expectation that managers will share the same values as their diverse stakeholders and subsequently make good decisions in the public interest (Gue and Bielfeld 2014).

Values have been discussed widely, and most often within their professional frame of reference. Van Wart (1998) organized the values into individual, professional, organizational, and legal domains in accordance with the American Society for Public Administration's (ASPA) Code of Ethics. Kernaghan (2000) arranged the values into ethical, professional, and democratic domains in accordance with the Canadian Task Force on Public Service Values and Ethics. Beck, Jorgensen, and Bozeman (2007) centered their discussion around the outcomes of values using values constellations in the Structure of the Public

Values Universe. Miller-Stevens et al. (2015) classified the sets of values into individual, democratic, and organizational categories, drawing upon the recent discourse in public and nonprofit administration.

Several authors have highlighted the influence of the private sector in nonprofit organizations with special attention on efficiency, suggesting that nonprofits can benefit from a focus on managerialism, in addition to mission fulfillment (Brimson and Antos 1994; Dropkin and La Touche 1998; Eadie and Schrader 1997; Firstenberg 1996; Pappas 1995; Pynes and Schrader 1997). However, Frumkin and Andre-Clark (2000) posit that the uniqueness of the nonprofit organizational form is in the *value-driven dimension*; the expressive values of service and generosity through volunteers, donors, and staff, including the instrumental values of effective resolution in the public interest.

The discussion of values in the workplace is closely connected to the motivations of employees and is a central tenet in previous research on the distinctive nature of motivations of employees in public service. There is a bifurcation of core motives when distinguishing for-profit from public or nonprofit service: rational choice, self-utility maximization or the preference of the public interest and altruism. Both are grounded in a core set of values, known to be influenced by environmental, political, and institutional factors (Perry 1997). Given that values are a set of enduring beliefs, their influence on the motivations and action of employees is significant. Perry and Wise (1990) posit that the motivations of public servants are distinctly different than those in the private, for-profit sector and define their willingness to participate in the public service sector as public service motivation (PSM), "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (p. 368). Originating in this pivotal research, several studies consider the impact of the presence or absence of PSM, such as PSM and job performance (Alonso and Lewis 2001), person–environment fit and PSM (Steijn 2008), and PSM and organizational citizenship behavior (Kim 2006). Vandenabeele (2007, p. 547) broadened this definition to "the belief, values and attitudes that go beyond self-interest and organizational interest, that concern the interest of a larger political entity and that motivate individuals to act accordingly whenever appropriate." It is within this larger discussion of public service motivation that the focus on value differences or similarities may impact our perception and understanding of for-profit social benefit corporations and nonprofit organizations.

Comparative analysis of motivation and values between the public and private sectors has yielded a variety of results. It is often assumed that private-sector employees prefer economic incentives and prestige more so than their public service counterparts. However, Frank and Lewis (2004) found that helping others, coupled with a desire for job security, increases the likelihood that employees will be motivated; the effect was consistent across sectors. Any difference in values between the public and private sectors is explained by the extent to which individual productivity can be linked to external or extrinsic motivations. For example, theorists of public service motivation argue that private-sector employees place a higher value on extrinsic rewards like shorter work hours, and public-sector employees place value on work that is perceived as important (Houston 2000). Later, Lyons et al. (2006) investigated value preferences and organizational commitment of employees in private, public, and parapublic-sector organizations, showing slight differences in perceived benefits of work: prestige for the private-sector employees versus intellectually stimulating and fulfilling work for public employees. In another study, Battilana and Dorado (2010) found that employees of social enterprises with previous work experience in the private sector tend to align their behavior and values more toward a private-sector ethos.

Scholars note that social enterprise founders believe social good can be produced along with profits (Reiser 2011). However, for-profit maximization may triumph over time, distancing value congruence from investors, consumers, partners, and employees that bought into the social aspect of the for-profit social benefit corporation. Others argue that employees of for-profit social benefit corporations are held to more value neutral performance standards with an accommodation of stakeholder interests and market driven performance criteria, while others assert that the social mission of the for-profit social benefit corporation is as value laden as that of a nonprofit in that both organizations are trying to achieve social impact (Cummings 2012; Deskins 2011; Westaway and Sampselle 2013). Battilana and Dorado (2010) discuss this blend of social and business goals, suggesting that hybrid ventures can originate in public, private, and nonprofit arenas. The defining characteristic of these new hybrid organizations is the extent to which they encourage innovation and risk-taking. Social entrepreneurs find for-profit social benefit corporations attractive because they are able to articulate and enforce dual missions, expand funding streams, brand enterprises, and achieve sustainability (Reiser 2011). It is with this background in mind that we seek to determine the degree to which the value sets of executives, managers, and supervisors of nonprofit and for-profit social benefit corporations are congruent, in addition to providing insight as to whether values impact an individual's choice to found or work for one type of organization over the other and whether leaders' value differences may help attract, retain, and motivate workers.

Methodology

Sample

Survey data were collected between 2012 and 2013 for this study from two sector-specific groups of executives, managers, and supervisors. Group one includes executives, managers, and supervisors of social enterprises that are a registered for-profit social benefit corporation or that have obtained "benefit corporation" certification. The names of executives and managers of the for-profit social benefit corporations were collected from websites listing states with benefit corporation legislation (benefitcorp.net 2013) and organizations with benefit corporation certification status (bcorporation.net 2013). The names of 671 executives and managers were collected of individuals who work for for-profit social benefit corporations and organizations with benefit corporation status, herein referred to as benefit corporations, across the USA.

The second group includes executives, managers, and supervisors of nonprofit organizations from the Hampton Roads region of Virginia which includes eleven cities, six counties, and a population of 1.7 million (Virginia.org 2016). Metropolitan statistical area (MSA) data of the Hampton Roads Virginia region are nearly identical to the statistics of the general population across the USA (see the U.S. American Community Survey at http://www.census.gov/acs/www/). Therefore, it is appropriate to compare data across the regional sample of nonprofit managers and the national sample of benefit corporation executives and managers.

An introduction letter was sent via email to executives and managers of the benefit corporations and nonprofit organizations. A link to the survey was embedded in the introduction email, and the survey was administered via Surveymonkey.com. Reminder emails were sent to non-respondents every 2 weeks for 6 weeks. Of the 671 potential respondents from benefit corporations, 121 initial surveys were completed for an 18.03% initial response rate within this group. After eliminating cases that were incomplete, the final sample consisted of 91 respondents. The sample of 91 respondents is comprised of 34 females and 57 males.

Executives, managers, and supervisors of nonprofit organizations were identified using a listserv that is coordinated by a program manager of a prominent continuing education program for nonprofit executives. The research team was not given access to the listserv, nor information regarding the listserv. Thus, response rates for the group of nonprofit executives and managers are not available. Within this group, 132 usable surveys were received. Of this group, 91 are female and 41 are male.

Measures

Respondents were asked questions related to employee values and time spent working in the public, nonprofit, and private sectors. Survey questions were adopted from a survey instrument developed by Miller-Stevens et al. (2015) that measures perceived importance of individual employee values and the impacts of time spent working in the public, nonprofit, and private sectors on these values. Respondents were first given a set of 20 prevalent values that were identified as the most commonly mentioned values in an extensive review of the public, private, and nonprofit literatures on employee value sets (Miller-Stevens et al. 2015). The set of 20 values listed in the question "represents both traditionally public-sector values (e.g., accountability, representativeness, justice), private sector values (e.g., entrepreneurial, individualism), and nonprofit sector values (e.g., generosity, charity, and altruism)" with some values overlapping between the sectors (Miller-Stevens et al. 2015, p. 14). Participants were asked to review the 20 values and think about the degree of importance of each value to the individual using a seven-point Likert-type scale ranging from 1 = definitely not important to 7 = very important.

For the questions asking about time spent working in the public, nonprofit, and private sectors, participants were asked to identify the total number of years spent working in each sector over their entire careers. Respondents' answers were then recoded into ordinal variables of 0 years, less than or equal to 2 years, 3–5 years, 6–10 years, 11–15 years, 16–20 years, or more than 20 years.

Design Considerations

Surveys relying on self-reported data are vulnerable to artifactual findings (Paulhus and Vazire 2007). In an effort to increase confidence in the findings, general design considerations were based on the recommendations of Rosnow and Rosenthal (1989). A priori research design procedures were taken to combat the occurrence of common methods bias. Specifically, we implemented different questionnaire sections, instructions, and response scales (Podsakoff et al. 2003). A marker variable and various response formats were used to diminish programmed responses. Statement ambiguity was reviewed by pretesting the survey on non-student individuals (Tourangeau et al. 2000). Also, all variables in the survey were separated by sections (e.g., different screens, new instructions and response formats), and respondents were not allowed to return to previous sections after they finished a section. This was done to further mitigate the possibility of implicit theories, social desirability biases, and illusory correlations (Podsakoff et al. 2003).

To evade participation fatigue or avoidance, the survey was designed to take approximately 15 min to complete. Respondents were instructed to answer honestly, allowed to respond anonymously, and they were assured there were no correct or incorrect answers. These procedures are thought to attenuate evaluation apprehension and make respondents less likely to edit their responses to be more socially desirable, lenient, acquiescent, and consistent with how they believe the researcher wants them to respond (Podsakoff et al. 2003).

Analytical Techniques

For each of the 20 prevalent values listed in the survey, independent samples *t* tests were run to ascertain whether statistically significant differences exist between the sector-specific groups of executives, managers, and supervisors including those employed in benefit corporations and those employed in nonprofit organizations. Independent samples *t* tests were then run to compare values as rated by the subset of executives, managers, and supervisors with previous employment experience in the other sectors than where they currently work. Finally, independent samples *t* tests were run to compare values within the subset of executives, managers, and supervisors who have not worked in another sector than the one where they are currently employed.

Results

Executives, managers, and supervisors from benefit corporations and nonprofit organizations were first asked to rate 20 individual employee values in terms of importance to the individual. Table 1 shows the mean scores of the respondents, ratings from one through twenty (as indicated by the highest to lowest mean scores for each group), and a notation of values with statistical significance. As Table 1 indicates, respondents in both groups had nearly identical ratings of the first four values (integrity, trust, effectiveness, and accountability), the middle set of values (flexibility, responsiveness, and equity), and the last two values (representativeness and individualism). Innovation and entrepreneurship illustrate the biggest difference in ratings of values between the two groups. Executives, managers, and supervisors from benefit corporations rate innovation as the sixth most important value, whereas nonprofit respondents rate the value as fifteenth. Similarly, respondents from the benefit corporations rate entrepreneurship as the eighth most important value, while nonprofit respondents rate the value as the least important of the twenty. While innovation and entrepreneurship often reflect the blurring of the nonprofit and private sectors (Dees and Anderson 2003; Ott 2001), the placement of these values in the list is surprising given that innovation and an entrepreneurial ethos are often deemed essential for a nonprofit organization to succeed.

In a similar vein, one value often associated with both the nonprofit and private-sector employees that of efficiency (Brimson and Antos 1994; Dropkin and La Touche 1998) is rated somewhat high by nonprofit respondents and low by respondents from benefit corporations. Nonprofit respondents rate efficiency as the fifth most important value, whereas respondents from benefit corporations rate the value as fifteenth. This result is especially interesting since efficiency is a value associated with both nonprofits and corporations, yet mean scores of nonprofit respondents rate this value ten placements higher than their benefit corporation counterparts.

Eleven values produced mean rating scores that are significantly different showing variation between the groups. Five of those values are most often associated with the nonprofit sector including service, justice, altruism, charity, and representativeness. Six of the values are primarily associated with the private sector including integrity, effectiveness, accountability, innovation, entrepreneurship, and efficiency. With the exception of efficiency, the eleven values showing statistical significance reflect the predetermined sectoral values of employees in the private and nonprofit sectors. In contrast to the values showing statistical significance, when observing only the ratings of the 20 values between groups, many similarities can be found supporting a blending of values across the two groups (Heilman and Johnson 1992; Ott 2001; Dees and Anderson 2003).

Impact of Sector Employment

The initial findings indicate similarities across many of the 20 values in terms of ratings by mean scores, but when considering statistical significance, differences across sectoral lines are observed. To help explain these findings, respondents' sectors of employment are explored. In order to keep the groups large enough for valid comparison, respondents have first been divided into two groups: nonprofit respondents that worked for any period of time in the private sector (70% of the total nonprofit group) and respondents from benefit corporations that worked for any period of time in the nonprofit sector (46% of the total benefit corporation group). Table 2 presents differences between the two groups.

In the comparison of respondents who spent time working in the other sector, only five of the 20 values

Table 1 Values as rated by executives, managers, and supervisors

	Executive/manager/supervisor type							
	Benefit corporation ($n = 91$)			Nonprofit organization**** ($n = 130$)				
Value	Mean***	SD	Order	Mean***	SD	Order	*t*	*df*
Integrity	6.74	(0.49)	1	6.89	(0.34)	1	2.50*	146
Trust	6.70	(0.55)	2	6.80	(0.47)	2	1.37	175
Effectiveness	6.36	(0.68)	3	6.60	(0.61)	4	2.77*	217
Accountability	6.32	(0.77)	4	6.74	(0.46)	3	4.64**	134
Fairness	6.29	(0.91)	5	6.38	(0.77)	7	0.80	219
Innovation	6.27	(0.84)	6	5.97	(0.90)	15	− 2.54*	218
Transparency	6.18	(0.97)	7	6.32	(0.93)	8	1.14	219
Entrepreneurship	6.16	(0.93)	8	5.28	(1.36)	20	− 5.71**	218
Generosity	6.16	(1.05)	9	6.13	(0.88)	14	− 0.19	218
Flexibility	6.13	(0.86)	10	6.22	(0.89)	11	0.68	218
Responsiveness	6.10	(0.86)	11	6.28	(0.73)	10	1.66	219
Equity	6.06	(1.08)	12	6.16	(0.86)	12	0.75	215
Service	6.04	(1.01)	13	6.42	(0.70)	6	3.29**	219
Justice	6.02	(1.14)	14	6.30	(0.85)	9	2.07*	218
Efficiency	6.00	(0.95)	15	6.46	(0.56)	5	4.57**	218
Liberty	5.94	(0.96)	16	5.82	(1.11)	17	− 0.84	217
Altruism	5.57	(1.23)	17	5.97	(0.91)	16	2.64*	154
Charity	5.51	(1.46)	18	6.16	(0.90)	13	− 3.81**	137
Representativeness	5.46	(1.11)	19	5.80	(1.07)	18	2.24*	216
Individualism	5.27	(1.31)	20	5.31	(1.33)	19	− 0.18	219

*$p \leq .05$, ** $p \leq .001$, *** seven-point scale of 1 = definitely not important to 7 = very important

****See Miller-Stevens et al. (2015) for comparison to local government workers

produce a significant difference in mean scores. Three of those values are most often associated with the private-sector employees (innovation, entrepreneurship, and efficiency), and the two remaining values are most often associated with nonprofit sector employees (accountability and service). When comparing the mean score ratings of these five values, the gaps in ratings are wide with the exception of accountability which is rated fifth by respondents from benefit corporations and third by nonprofit respondents. The results indicate that some predetermined sectoral differences are evident, regardless of time spent working in the other sector. However, the remaining values on the list have similar mean score rating across groups which indicates a like-mindedness between the two sets of employees, with the exception of flexibility, generosity, justice, and charity.

Results of this comparison indicate a blending of some values across the groups (e.g., integrity, trust, effectiveness, transparency, equity, responsiveness), which could be a result of time spent working in the other sector; lending support to Battilana and Dorado's (2010) assertion that sectoral values follow employees that have crossed into a new sector. However, some values on the list reflect a predetermined sectoral association (e.g., innovation, entrepreneurship, service), which is in keeping with results found in the complete sample in Table 1.

Finally, as shown in Table 3, benefit corporation and nonprofit respondents who have never worked in the other sector are compared. The groups include benefit corporation employees who have never worked in the nonprofit sector (30% of the total benefit corporation group) and nonprofit employees who have never worked in the private sector (54% of the total nonprofit group). Comparison between the two groups produces statistically significant mean scores across eight values. Seven of the eight values are consistent with the values that had significant mean scores in Tables 1 and 2, including effectiveness, accountability, entrepreneurship, representativeness, service, efficiency, and charity. One value, altruism, was not observed to be statistically significant in Tables 1 and 2, but was found to be statistically significant between the two groups represented in Table 3. This finding is notable because altruism is an individual value most often associated with nonprofit sector employees (Clohesy 2000), yet it was not found to be statistically significant until a comparison was made between groups that have not worked in the

Table 2 Values as rated by executives, managers, and supervisors with employment experience in the other sector

Value	Executive/manager/supervisor type							
	Benefit corporation worked in nonprofit sector (n = 42)			Nonprofit organization worked in private sector (n = 91)				
	Mean***	SD	Order	Mean***	SD	Order	t	df
Integrity	6.76	(0.43)	1	6.89	(0.35)	1	1.69	67
Trust	6.76	(0.43)	2	6.78	(0.49)	2	0.21	131
Effectiveness	6.45	(0.63)	3	6.56	(0.62)	4	0.93	131
Fairness	6.40	(0.89)	4	6.33	(0.78)	7	− 0.50	131
Accountability	6.38	(0.73)	5	6.70	(0.48)	3	2.67*	58
Innovation	6.29	(0.77)	6	5.96	(0.92)	15	− 2.01*	131
Flexibility	6.24	(0.76)	7	6.15	(0.88)	11	− 0.54	131
Generosity	6.21	(1.16)	8	6.09	(0.90)	14	− 0.68	131
Entrepreneurship	6.14	(1.05)	9	5.22	(1.34)	20	− 3.94**	131
Transparency	6.12	(0.97)	10	6.29	(0.90)	9	0.97	131
Equity	6.12	(1.13)	11	6.11	(0.85)	13	− 0.05	131
Responsiveness	6.10	(0.82)	12	6.23	(0.72)	10	0.97	131
Efficiency	6.07	(0.95)	13	6.42	(0.54)	5	2.68*	131
Service	6.05	(0.94)	14	6.41	(0.70)	6	2.47*	131
Liberty	6.02	(0.96)	15	5.81	(1.13)	17	− 1.04	130
Justice	6.02	(1.14)	16	6.32	(0.86)	8	1.66	131
Representativeness	5.74	(0.96)	17	5.74	(1.08)	18	0.02	89
Charity	5.71	(1.42)	18	6.12	(0.93)	12	− 1.70	58
Altruism	5.60	(1.19)	19	5.90	(0.87)	16	1.49	62
Individualism	5.36	(1.43)	20	5.33	(1.33)	19	− 0.11	131

*$p \leq .05$, ** $p \leq .001$, *** seven-point scale of 1 = definitely not important to 7 = very important

other sector. Thus, one can posit that nonprofit employees who have dedicated their careers to the nonprofit sector are more inclined to report high ratings of altruism and those who have not worked in the nonprofit sector are less altruistic. This result supports Perry's (1997) bifurcation of core public service motives between for-profit and public or nonprofit workers.

When comparing ratings of the twelve values that were not statistically significant across the two groups, most of the values are similarly rated with the exception of innovation and generosity. Innovation, a value that is important to both private and nonprofit sector employees is rated fifth by respondents from benefit corporations and sixteenth by nonprofit respondents who have never worked in the other sector. This finding could indicate that respondents from benefit corporations who have never worked in the nonprofit sector are more focused on the entrepreneurial ethos of innovation that characterizes social entrepreneurs (Reiser 2011). Similar to the comparison in Table 2, respondents from benefit corporations in Table 3 rate generosity higher than nonprofit respondents, ninth and fourteenth, respectively. This difference could reflect the emergence and momentum of social enterprises that have energized the growth of the fourth sector (Battilana and Dorado 2010; Sabeti 2011).

Implications

At the beginning of this article, three areas of importance were identified as contributions to this body of literature. First, the overall purpose of the study is to explore the values of employees working in organizations that represent the blurring of the private and nonprofit sectors, but more specifically the research seeks to determine the degree to which the value sets of nonprofit executives, managers, and supervisors are congruent with those of similarly situated individuals from benefit corporations. The results indicate that the values of executives, managers, and supervisors working in benefit corporations and nonprofit organizations are in many ways aligned. This alignment supports the notion that benefit corporations with like-minded leaders as nonprofit organizations may become an important resource for addressing collective and social-cause needs. However, there is also an indication of sectoral association of values, especially when the previous work experience of employees is considered. This is most

Table 3 Values as rated by executives, managers, and supervisors with no previous employment in the other sector

	Executive/manager/supervisor type							
	Benefit corporation *never* worked in nonprofit sector ($n = 49$)			Nonprofit organization *never* worked in private sector ($n = 39$)				
Value	Mean***	SD	Order	Mean***	SD	Order	t	df
Integrity	6.73	(0.54)	1	6.90	(0.31)	1	1.84	77
Trust	6.65	(0.63)	2	6.85	(0.43)	2	1.70	84
Effectiveness	6.27	(0.71)	3	6.68	(0.57)	4	2.92*	84
Accountability	6.27	(0.81)	4	6.82	(0.39)	3	4.22**	72
Innovation	6.27	(0.91)	5	6.00	(0.87)	16	− 1.38	85
Transparency	6.22	(0.99)	6	6.41	(0.99)	8	0.88	86
Entrepreneurship	6.18	(0.83)	7	5.44	(1.41)	19	− 2.93*	58
Fairness	6.18	(0.93)	8	6.49	(0.76)	6	1.65	86
Generosity	6.10	(0.95)	9	6.23	(0.81)	14	− 0.66	85
Representativeness	6.10	(0.90)	10	6.38	(0.75)	9	2.87*	85
Flexibility	6.04	(0.94)	11	6.36	(0.90)	10	1.59	85
Service	6.04	(1.08)	12	6.46	(0.72)	7	2.09*	86
Justice	6.02	(1.16)	13	6.26	(0.85)	11	1.06	85
Equity	6.00	(1.03)	14	6.26	(0.89)	12	1.24	82
Efficiency	5.94	(0.95)	15	6.56	(0.55)	5	3.63**	85
Liberty	5.88	(0.96)	16	5.85	(1.09)	18	− 0.13	85
Altruism	5.54	(1.27)	17	6.13	(0.99)	15	2.35*	84
Charity	5.33	(1.49)	18	6.26	(0.82)	13	− 3.72**	77
Responsiveness	5.22	(1.18)	19	5.92	(1.05)	17	1.58	86
Individualism	5.20	(1.21)	20	5.26	(1.33)	20	− 0.19	86

*$p \leq .05$, ** $p \leq .001$, *** seven-point scale of 1 = definitely not important to 7 = very important

apparent when observing the value of altruism in nonprofit employees who have not worked in the private sector, supporting the notion that altruism is a value most often associated with the nonprofit sector (see Clohesy 2000). This understanding of sectoral association of values may help leaders of nonprofit organizations and benefit corporations attract, retain, and motivate workers.

Second, the study sought to explore whether the growth in benefit corporations could, in part, be reflective of the values of the individuals leading those organizations. As noted previously, scant empirical research has been conducted to determine the motivations of an individual to found or work for a benefit corporation over a nonprofit organization (Austin et al. 2006; Taylor 2016). This study offers insight into these motivations by showing that founders and employees of benefit corporations are similar to their nonprofit counterparts in their philanthropic values. However, there are differences between the two groups with regards to innovation, entrepreneurship, and efficiency. These differences could reflect the profit-driven approach of employees and founders of benefit corporations, while the like-minded philanthropic values of the two groups reflect the social impact ethos. Thus, one could posit that founders and employees of benefit corporations and nonprofit organizations are both inspired by their desires for social impact, yet founders and employees of benefit corporations are also motivated by an inherent sense of profit-making emphasized by the triple bottom line (Elkington 1997; Aguinis 2011). This notion would support the view that employees of benefit corporations are more inclined to accommodate stakeholder interests and market driven performance criteria in that they are not solely mission-driven organization (Cummings 2012; Deskins 2011; Westaway and Sampselle 2013; Ebraham et al. 2014).

The study also supports the third contribution noted at the beginning of the article that relates the importance of functional relationships between cross-sectoral partners and the notion that partners with leaders who share similar values and goals are preferable in the delivery of public goods and services (Evers 2005; Donahue 1989; Kettl 1993). The results illustrate that the values of employees from nonprofit organizations and benefit corporations are both congruent and divergent, and the differences often result from employees' previous work experience in the other sector. Yet, it is clear the value sets of each group reflect the sector blurring that is evident in countries across the globe (Sabeti 2009, 2011; DeFourney and Nyssens 2010). The similarities of values between groups could result in the development of stronger partnerships between nonprofit organizations and social enterprises in their efforts to pursue collective action (Kettl 2002; Evers 2005).

Conclusions

The research on social enterprises and social entrepreneurship is steadily growing, yet there are still many unknown questions. This study addresses one important issue relevant to social entrepreneurs worldwide—that of employee values. By exploring individual employee values, practitioners and academics will better understand the blurring of the for-profit and nonprofit sectors. This awareness will improve employee recruitment and retainment practices and will help academics and practitioners understand the socially minded, profit-driven ethos of social enterprises and hybrid organizations.

In addition, the study lends insight to social entrepreneurs trying to determine whether to achieve their goals by opening a nonprofit organization or social enterprise such as a benefit corporation. The findings suggest that nonprofit organizations and benefit corporations are different kinds of organizations, yet leaders within these organizations reflect a similar ethos of social impact. This similarity between leaders may lessen the fragmentation and chaos of a fourth sector (Sabeti 2009) by recognizing the overarching goal of social impact that is inherent to all hybrid enterprises in this emerging sector.

While this study addresses the implications of sector blurring on individual employee values, there are many sectoral and organizational questions left unanswered. For example, in some US states, laws recognizing low-profit limited liability corporations are being revoked, while in other states, benefit corporation legislation is being passed. The social and economic impacts of each type of corporation are still relatively unknown and should be studied further to inform both social entrepreneurs and policymakers of each type of corporation's benefits. In addition, the advantages of federal tax-exempt status on nonprofit organizations should be explored to determine whether this asset provides the nonprofit organizations a competitive advantage over social enterprises. Finally, leadership theories should be applied to make connections between the values individuals hold and the impact organizations have on those values. We encourage further research on these topics as the fourth sector grows.

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