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Abstract

In today's 24/7 globally interconnected world, effective leaders are needed more than ever. As organizations face new economic and competitive challenges, leadership qualities, characteristics, and behaviors may need to adapt to the new reality. This study examined the entrepreneurial behavior of leaders in nonprofit membership associations and analyzed how an entrepreneurial orientation (EO) is manifested in these organizations. Using an emergent mixed-methods methodology, this study surveyed nonprofit CEOs and board chairs to collect data on the viability and application of the three-part framework of an entrepreneurial orientation: innovativeness, ability to accept risk, and being proactive. Findings indicate that nonprofit leaders are at least as entrepreneurial as their for-profit counterparts and that higher EO scores are strongly associated with increased entrepreneurial activity. Results suggest that EO behavior in nonprofit organizations is not limited to business-like behaviors such as financial undertakings or competitiveness, but can also be observed and measured in other NPO activities.

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The Relationship between Entrepreneurial Orientation and Organizational Effectiveness:
An Analysis of How Entrepreneurial Orientation is Manifested in the Nonprofit Context

By

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Submitted in partial fulfillment
of the requirements for the degree
Ed.D. in Executive Leadership

Supervised by

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St. John Fisher College

August, 2013

Biographical Sketch

Philip C. Uncapher is currently in the research phase of determining the parameters of his fourth career. He has kept body and soul together throughout the Ed.D. program by conducting wine tours in New York's Finger Lakes region. Mr. Uncapher attended the University of Northern Colorado, in Greeley, from 1974-1975. He graduated with a Bachelor of Arts degree and majored in Interpersonal Communications and Organizational Communications. He attended the American University, in Washington, D.C., from 1976-1978, and graduated with a Master of Arts degree. His major fields of study were International Communications and Cultural Anthropology. Mr. Uncapher came to St. John Fisher College in the summer of 2011 and began doctoral studies in the Ed.D. program in Executive Leadership. He pursued his research on the relationship between entrepreneurial behavior and nonprofit organizational effectiveness under the direction of Dr. Bruce Blaine and Dr. Karyl Mammano. He received his Ed.D. in August, 2013.

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In today's 24/7 globally interconnected world, effective leaders are needed more than ever. As organizations face new economic and competitive challenges, leadership qualities, characteristics, and behaviors may need to adapt to the new reality. This study examined the entrepreneurial behavior of leaders in nonprofit membership associations and analyzed how an entrepreneurial orientation (EO) is manifested in these organizations.

Using an emergent mixed-methods methodology, this study surveyed nonprofit CEOs and board chairs to collect data on the viability and application of the three-part framework of an entrepreneurial orientation: innovativeness, ability to accept risk, and being proactive.

Findings indicate that nonprofit leaders are at least as entrepreneurial as their for-profit counterparts and that higher EO scores are strongly associated with increased entrepreneurial activity. Results suggest that EO behavior in nonprofit organizations is not limited to business-like behaviors such as financial undertakings or competitiveness, but can also be observed and measured in other NPO activities.

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Chapter 1: Introduction

The business environment is undergoing rapid change and moving quickly toward a model being defined by instantaneous communications, rapid advances in technology, globalization, and continuous 24/7 operations (Fernald, 2005; Wood, 2010). These changing operational parameters have affected every business sector from Fortune 500 companies to sole proprietorships and from retail outlets to nonprofit organizations. With the business climate changing, is it necessary for individuals and organizations to also change and adapt to the new paradigm? Many studies seeking insights into this question have looked to the literature on entrepreneurship.

Entrepreneurship has become the symbol of business tenacity and achievement.

This entrepreneurial revolution is becoming more powerful to the twenty-first century, than the Industrial Revolution was to the twentieth century.

Entrepreneurs will continue to be critical contributors to economic growth through their leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity, and formation of new industry. (Kuratko, 2007, p. 4)

Problem Statement

In today's 24/7 globally interconnected world, effective leaders are needed more than ever. As organizations meet and adapt to new economic and competitive challenges, leadership qualities, characteristics, and behaviors may also need to change. This study suggests relationships between sets of phenomena and extends existing knowledge

concerning entrepreneurial leadership behavior and organizational effectiveness. Prieto (2010) says that the concept of entrepreneurial leadership has become increasingly important because organizations must be more entrepreneurial to enhance their performance, their capacity for adaptation, and long-term survival. Simply stated, since the business environment is undergoing rapid change and is moving quickly toward a model defined by globalization and 24/7 operations, do these changing business parameters require a corresponding change in leadership characteristics and behaviors?

This study focused on the impact leaders have on their organizations. The study's scope was narrowed by limiting the nature of the inquiry to the impact entrepreneurial leaders may have on nonprofit organizations and specifically examined association/membership type organizations. There is little empirical data that specifically addresses the impact of entrepreneurial leadership on nonprofit organizational effectiveness (Morris, 2007). Many studies skirt the issue by stating that nonprofit organizations (NPOs) should be more entrepreneurial or "business-like" for the purposes of attaining financial security or remaining competitive.

A comprehensive review of the literature resulted in the discovery of a theoretical framework that addresses three specific behavioral characteristics of the entrepreneurial leader: innovativeness, proactiveness, and the ability to accept risk. These behaviors, when applied simultaneously, make up what is referred to in much of the literature as an entrepreneurial orientation or EO. Several research efforts in the nonprofit sector have indicated that these "business-like" characteristics apply equally in both the for-profit sector as well as the nonprofit. This study contributes to the field by examining what effect entrepreneurial leadership behaviors have on nonprofit organizational performance

and/or the ability of a nonprofit to improve service capabilities and achieve its mission and goals.

Historically, the bottom line focus on mission rather than money-making has been the defining feature of nonprofit organizations. Nonprofits seem to adopt entrepreneurial activities as a coping strategy when financial circumstances threaten to limit the scope of their service provisions. (LeRoux, 2005).

Much of the topical literature applies narrow definitions similar to LeRoux's that assume for-profit, entrepreneurial activities only involve financial considerations. Although this may be the most critical need for the nonprofit sector, NPOs are facing increasing levels of internal and external uncertainty such as expanding organizational roles and mission objectives, as well as competition for resources and markets from other NPOs and for-profit firms. Twombly (2003), states that competition among NPOs creates rivalry for capital, labor, customers, and revenues in addition to vying with other organizations for noneconomic factors such as board members, reputation, and volunteers. This environmental turbulence highlights several non-financial reasons for NPOs to adopt entrepreneurial thinking and behavior.

In a study examining the factors affecting the entry and exit (birth and death) of nonprofit organizations, Twombly states NPOs must focus on the acquisition of economic resources to promote their survival and pay particular attention to activities that maintain their legitimacy in the public arena. He indicates that static behavioral patterns leading to inertial pressures often prevent NPOs from engaging in timely and effective change. Twombly goes on to say that nonprofits often lack the flexibility or organizational culture to reorient themselves to meet evolving community needs, thus

hastening their demise. Other reasons for NPO exits include: (a) Size: Larger nonprofits are less likely to die; (b) Age: Older NPOs have a higher survival rate than younger NPOs with the exception of very young nonprofits which are 72% less likely to fail than the oldest; and (c) The probability of nonprofit death in moralistic and traditionalistic cultural environments is significantly higher than in individualistic environments (Twombly, 2003).

Factors affecting NPO survival as well as their overall effectiveness include environmental turbulence, competition, inertia, lack of timely and effective change, lack of flexibility or organizational culture, size, age, and traditional versus individualistic environments. Entrepreneurial thinking can create innovative solutions to organizational operations such as going outside the core constituency to find new board members; creation of new programs to better serve the existing mission; or deciding to expand the original mission to provide services for additional community or social needs.

Several research questions were developed while researching the literature on entrepreneurship linked with nonprofit organizational effectiveness:

- What are the definitions of entrepreneurial thinking, behavior, and practice; and do these definitions apply to nonprofit organizations?
- Do entrepreneurial skills and characteristics improve organizational performance?
- What is the relationship between entrepreneurial leadership and organizational effectiveness in nonprofit organizations?

These research questions, in turn, gave rise to the problem statement for the proposed study: Faced with increasing environmental turbulence and competition for scarce

resources, nonprofit organizations may find it necessary to adopt an entrepreneurial orientation in order to remain viable and fulfill their missions.

Theoretical Rationale

The theoretical underpinnings of this study are based upon the outgrowth of leadership and organizational research over the past 100 years. This thread is traced through research on leadership traits and behaviors intersecting with organizational change and performance; through studies examining the relationship between leadership and entrepreneurship; and through a tight focus on the possible impact entrepreneurial leaders may have on organizational effectiveness. These building blocks are then combined with research on a relatively new type of organizational model referred to as “voluntary” or “nonprofit” organization. NPOs, unlike for-profit companies, cannot distribute excess revenues to employees or other stakeholders, but must reinvest such funds back into the organization’s programs or mission.

In this paper leadership is viewed both traditionally and as moderated by the concept of entrepreneurship. A traditional leader has power and control due to positionality and roles are separated between leaders and followers. Much of the earlier research on leadership involved the testing of various combinations of personality traits and characteristics of successful leaders. By way of contrast, an entrepreneur is less about traits and characteristics and more about actions stemming from certain behaviors and the outcomes obtained through these specific behaviors. As defined by Rosshem (1995), an entrepreneurial leader seeks to innovate, improving the organization by adapting to changing environmental conditions, and initiating development projects while continuing to optimize resources.

Zhao (2010) reports that by the late 1980s, reviews of the literature had concluded that there was no consistent relationship between personality characteristics and entrepreneurship and that future research using the trait paradigm should be abandoned. However, Poon (2006), explored entrepreneurial orientation as a process variable through which certain personality traits affect firm performance. He examined relationships among three self-concept traits (internal locus of control, achievement motive, and generalized self-efficacy) and the variables of entrepreneurial orientation (a concept relating to being innovative, proactive, and willing to take risks) and firm performance as indicated by increased revenues. Poon concluded by saying there is evidence that EO is significantly related to firm performance.

Utilizing computer processing technology which was non-existent in the 1980s, Zhao (2010) conducted a meta-analysis study examining the relationship of personality characteristics to outcomes of the entrepreneurial process. These outcomes were entrepreneurial intentions, defined as the intention to find and manage one's own business, and entrepreneurial performance, defined as the individual's ability to continue as an entrepreneur (Zhao, 2010). In this instance, results show that five personal attributes (risk propensity, emotional stability, extraversion, openness to experience, and conscientiousness) were positively associated with both variables (Zhao & Siebert, 2006). Zhao indicates that personality characteristics do play a role in the emergence and success of entrepreneurs. It is interesting to note that Zhou's personality characteristics directly relate to Poon's concept of entrepreneurial orientation involving innovativeness, being proactive, and willingness to take risks.

At about the same time as Zhao, Prieto (2010) conducted a study that suggested the attributes of a proactive personality (the tendency to show initiative and take action in order to effect change), an organizational identification (individuals who are concerned with the well-being of their work organization), and political skill (the ability to understand and influence others in a way that enhances organizational objectives), may play a role in the context of entrepreneurial leadership. These studies by Zhao and Prieto illustrate how current research is morphing from strict, trait-based research into the realm of behavioral characteristics and actions to study, define, and analyze what it means to be an entrepreneurial leader.

As noted above, another construct important to the proposed research is that of leadership behavior. Leadership behavior is defined by Gilley (2009) as having skills in activities such as coaching, communicating, involving others, motivating, rewarding, and building teams. Gilley says her research indicates that specific leader behaviors—the ability to motivate, communicate, and build teams—are predictors of successful implementation of organizational change.

Moderating this behavioral view of leadership with the concept of entrepreneurship, Hmieleski (2007) says that the use of empowering leadership skills should be a useful behavioral tactic for entrepreneurs who must gain commitment from their management teams. Darling (2007) states that entrepreneurial leadership is all about breaking new ground, going beyond the known, and helping to create the future. He suggests that successful entrepreneurial leadership can be thought of as leading a process that creates value for organizational stakeholders by bringing together an innovative package of resources to respond to a recognized opportunity (Darling, 2007). These

studies follow the theoretical thread mentioned above and suggest a trend toward behavioral-based research and away from trait-based research in seeking insights into the effect entrepreneurial activities may have on organizational performance.

A common denominator throughout the literature is that business and organizational life continues to become increasingly more complex and therefore requires different leadership characteristics than were common during earlier times. Schumpeter (1934) discussed the need for innovative management during the industrial revolution when entire industries were superseded by new manufacturing technologies requiring leaders who were adept at managing change caused by “gales of creative destruction.” This creative destruction process also underlies the current 21st century information revolution. Gupta (2009) posits that the entrepreneurial leader operates in a world that is highly unpredictable and in which competitive action “inexorably and rapidly” erodes whatever advantage the firm currently enjoys. Instead of organizational leadership trying to develop detailed plans based on accurate predictions which lead to long-term sustainable advantages, like the standard business processes in the first half of the 20th century, the entrepreneurial leader must now create flexible organizational units that are constantly repositioned to take advantage of changing marketplace conditions.

The tripartite construct of EO as previously described by Poon (2006), consisting of the three variables of risk-taking, innovativeness, and proactiveness, encompasses the true theoretical thread underlying all of the literature examined to date. Poon offers a schematic that illustrates his suggestion of a direct link between EO and firm performance (Figure 1.1).

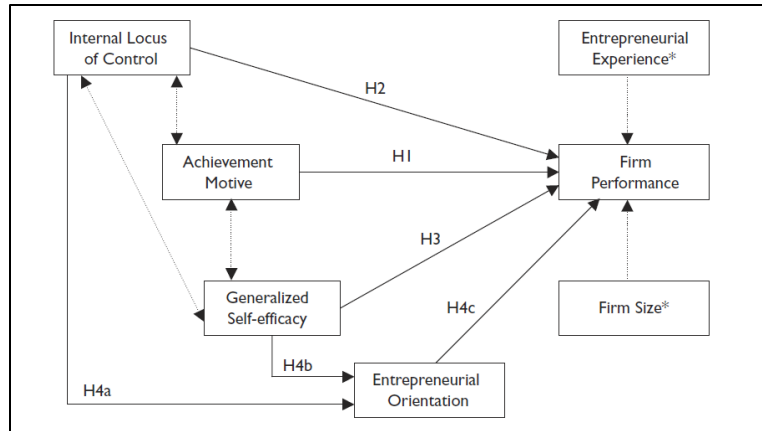


Figure 1.1. Link between entrepreneurial orientation and firm performance.

Adapted from “Effects of self-concept traits and entrepreneurial orientation on firm performance,” by J. M. L. Poon, R. A. Ainuddin, and S. H. Junit, 2006, *International Small Business Journal*, 24: 1, p. 67.

Morris (2007) explored the relevance of market orientation (MO) and EO in the nonprofit context presented in his model in Figure 1.2.

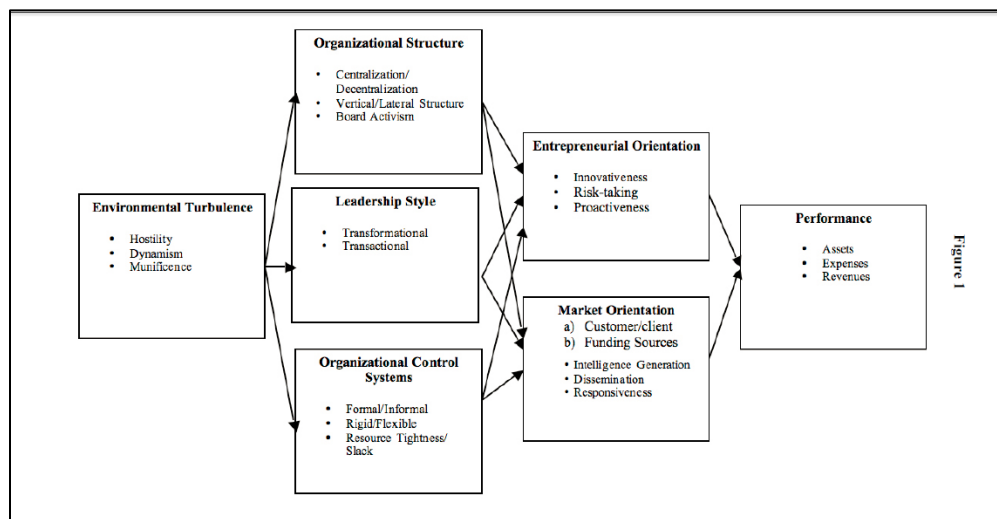


Figure 1.2. Relationship between MO and EO in the nonprofit context. Adapted from “Antecedents and outcomes of entrepreneurial and market orientations in a non-profit context: Theoretical and empirical insights,” by M. H. Morris, S.

Coombes, M. Schindehutte, and J. Allen, 2007, *Journal of Leadership & Organizational Studies*, 13: 4, p. 18.

This model not only supported the idea of a direct correlation between EO and organizational performance, but also illustrated the supporting roles played by environmental factors, organizational characteristics, and leadership styles.

Lastly, Kim (2010) focused her study on entrepreneurial practices in the public sector and provided this diagram showing the relationship between organizational characteristics and the concept of entrepreneurial orientation (Figure 1.3).

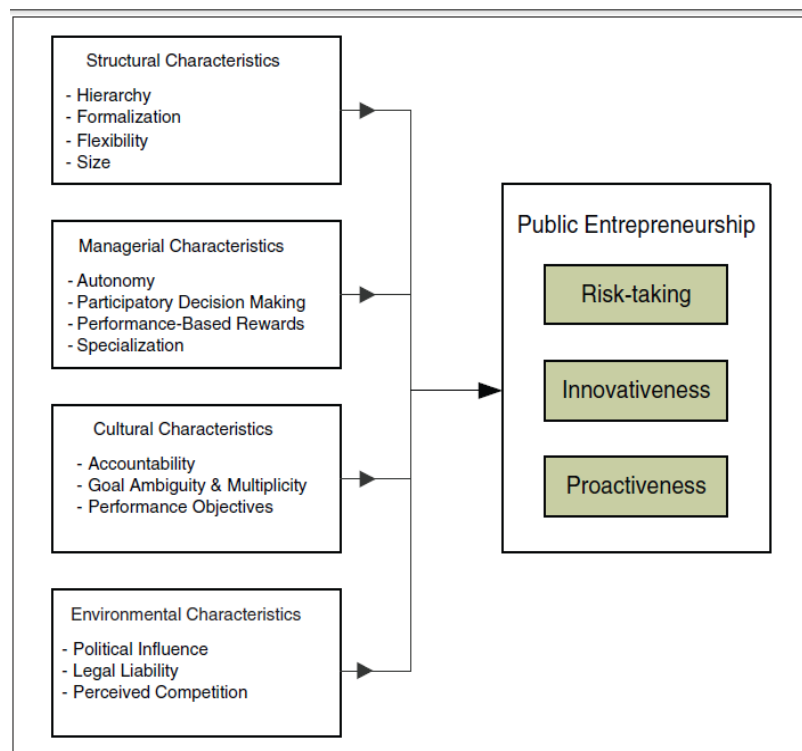


Figure 1.3. The relationship between organizational characteristics and the concept of entrepreneurial orientation. Adapted from “Stimulating entrepreneurial practices in the public sector: The roles of organizational characteristics,” by Y. Kim, 2010, *Administration & Society*, 42: 7, p. 793.

Morris (2007), building on the work of Poon (2006), Harbison (1956), Knight (1921, 1964), Schumpeter (1934), and Marshall (1890), provides the most comprehensive discussion of the EO framework and states that little is understood regarding the role of entrepreneurial leadership in the development, growth, and sustainability of nonprofit enterprises. Morris suggests that the fundamental logic for nonprofit entrepreneurship is less apparent than in for-profit enterprises given the NPOs' social mission and the number of different stakeholders involved. In other words, absent a profit motive, it is more difficult to see how a nonprofit organization fits into an entrepreneurial orientation. However, Morris concurs with the earlier studies and strongly suggests that in order to be entrepreneurial NPOs must simultaneously encompass each factor in the tripartite model of entrepreneurial orientation:

- innovation (seeking creative or novel solutions to problems)
- risk-taking (a willingness to commit resources to opportunities having a reasonable chance of failure); and
- proactiveness (tendency to show initiative and take action to effect change).

Morris concludes that his research on these inherent complexities within NPOs strongly suggests that entrepreneurship has a legitimate role to play in nonprofit organizations.

In summary, nonprofit organizations are facing increasing levels of uncertainty due to funding availability, expanding roles and mission objectives, and competition for resources and markets from other NPOs as well as from for-profit firms. Proactive personality characteristics have been shown to play a role in the emergence and success of entrepreneurial leaders and may have an impact on organizational performance. Research has also shown that specific leadership behaviors can predict successful

implementation of organizational change that is necessary in turbulent times. As a result of these findings, the theoretical framework of entrepreneurial orientation involving risk-taking, innovativeness, and proactiveness has explicit applicability to the question being researched here: How is EO manifested in nonprofit organizations?

Statement of Purpose

The purpose of this study is to examine the effect of entrepreneurial leadership on nonprofit organizations. Specifically, this study proposes to examine the relationship between entrepreneurial orientation and organizational effectiveness with a focus on how EO is manifested in the organizational elements of nonprofit membership organizations.

Research Questions

There are three quantitative research questions for the study and three qualitative questions:

Quantitative Research Question 1: What is the entrepreneurial orientation of CEOs of nonprofit membership organizations?

Quantitative Research Question 2: Is there a relationship between the entrepreneurial orientation of CEOs and certain demographic characteristics of nonprofit CEOs in Upstate New York?

Quantitative Research Question 3: Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and entrepreneurial activities carried out in their organizations?

Qualitative Research Question 1: How entrepreneurial do CEOs and board chairs view their organizational activities?

Qualitative Question 2: Does an entrepreneurial orientation affect organizational activities in membership-based NPOs?

Qualitative Question 3: How is an entrepreneurial orientation manifested in the organizational elements or activities in membership-based NPOs?

Potential Significance of the Study

Much of the research conducted in the area of entrepreneurial leadership and organizational effectiveness offers criticisms of the field as summarized by the following three authors. Yukl (2002) says that much of the leadership literature fails to consider the underlying mechanisms through which leadership behavior influences group processes. Hmieleski (2007) says they have not identified any empirical investigations in the organizational behavior, strategic management, or entrepreneurship literatures that have considered the joint interaction among these three factors. Finally Morris (2007), states that little is understood regarding the role of entrepreneurial leadership in the development, growth, and sustainability of nonprofit enterprises. Critiques, then, involve the lack of consensus about basic underpinnings of the field, failure to reach agreement on terms and definitions, and the dearth of studies comparing relationships among variables.

This study provided some insight on the issue of what effect entrepreneurial leadership may have on the institutional performance of nonprofit organizations. In other words, is there a measurable impact on nonprofit organizational effectiveness when the executive leadership has an entrepreneurial orientation?

Definitions of Terms

Leadership behavior: Having skills in activities such as coaching, communicating, involving others, motivating, rewarding, and building teams (Gilley, 2009).

Entrepreneurial orientation is comprised of three factors involving simultaneous application of innovativeness, risk-taking and proactiveness.

Innovativeness: seeking creative or novel solutions to problems

Risk-taking: a willingness to commit resources to opportunities having a reasonable chance of failure

Proactiveness: the tendency to show initiative and take action to effect change (Morris, 2007).

Entrepreneurial leader seeks to innovate, improving the organization by adapting to changing environmental conditions, and initiating projects while continuing to optimize resources (Rossheim, 1995).

Nonprofit organizations are categorized in what is called the third sector, or voluntary sector, and are prohibited from distributing surplus funds to any stakeholders.

Organizational performance encompasses three specific areas of firm outcome: Financial performance, product market performance, and shareholder return.

Organizational effectiveness is broader and captures organizational performance plus many internal performance outcomes normally associated with more efficient operations (Richard, Devinney, Yip, & Johnson, 2009).

Management effectiveness is defined as the organizational and management characteristics that describe an organization and the actions of managers within it.

Program effectiveness is where profit and nonprofit organizations begin to diverge. Program effectiveness in for-profit firms is how well the activity contributes to the

bottom line. In nonprofit organizations, it is defined as how well the specific service or intervention is provided by the organization.

Chapter Summary

This chapter has briefly introduced the development of the research topic and the area of interest. As a result of this process, a problem statement was created relating to the possible need for nonprofit organizations to adopt entrepreneurial practices to maintain viability and fulfill their missions. The research has revealed a gap in both the general leadership literature as well as the literature in the nonprofit arena that this study will help to fill. This relatively unexplored area for additional research defines the underlying mechanisms through which entrepreneurial leadership behavior influences nonprofit organizational effectiveness. The research findings cited here, involving individual leaders and top management teams reinforce the thought that entrepreneurial skills add value to nonprofit organizational performance.

Chapter 2: Review of the Literature

Introduction and Purpose

The business environment is undergoing rapid change and moving quickly toward a model defined by instantaneous communications, rapid advances in technology, globalization, and continuous 24/7 operations (Wood, 2010). These changing operational parameters affect every business sector from Fortune 500 companies to sole proprietorships and from retail outlets to nonprofit organizations.

As organizations change to meet new challenges and adapt to environmental turbulence, leadership qualities and behaviors may also need to change. This literature review looks for relationships between sets of phenomena and existing knowledge concerning entrepreneurial leadership behavior and organizational effectiveness. Focusing on the impact that leaders have on organizations, the review was further narrowed by limiting the nature of the inquiry to the impact entrepreneurial leaders may have on nonprofit organizations.

Background and Context

There is little empirical data that specifically addresses the impact of entrepreneurial leadership on nonprofit organizational effectiveness (Morris, 2007). However, the literature review uncovered a theoretical framework addressing three specific behavioral characteristics of an entrepreneurial orientation: innovativeness, the ability to accept risk, and proactiveness. Several research efforts in the nonprofit sector indicated that these “business-like” characteristics apply equally to for-profit firms as

well as the nonprofit sector. This review focused on empirical studies that examined the relationship between entrepreneurial leadership, defined through the three-factor model of Entrepreneurial Orientation (EO), and nonprofit organizational performance defined by the ability to maintain solvency, improve service capabilities and achieve the organizational mission and goals.

Beginning with a short introduction regarding the background of the issue and brief definitions of key variables, this literature review continues with an examination of the empirical research regarding the relationship of entrepreneurial orientation and nonprofit organization performance. The scientific literature was clustered into three sections: (a) contextual research on entrepreneurship and entrepreneurial orientation in for-profit firms; (b) transitional studies that examined the migration of an entrepreneurial orientation from for-profit firms to nonprofit organizations; and (c) research specific to the relationship of the adoption of an entrepreneurial orientation by nonprofit organizations. The chapter concludes with a discussion of gaps and recommendations for future research.

Contextual Research on Entrepreneurship and EO in For-Profit Firms

Although research on entrepreneurship in for-profit firms dates back into the late 1800s (Marshall, 1890) and the early 1900s (Schumpeter, 1934), this section looks at several frequently-cited studies published over the past 10 years. The first study examined the direct effects of self-concept traits on firm performance and investigated the role of EO as a potential mediating variable for explaining how or why such traits affect firm performance (Poon, 2006).

A survey was developed and sent to 600 entrepreneurs, defined in this study as individuals who operate their own business, with 96 responses (16%) being used in the data analysis. Business activities of the sample population included manufacturing (64%), services (32%), and trading (4%). A 5-point Likert-type scale was used as the response format. The dependent variable was firm (financial) performance; the firm-level behavioral variable was entrepreneurial orientation; and the three self-concept traits measured were: achievement motive, defined as a desire to do well in order to achieve a sense of personal accomplishment; internal locus of control, defined as a person's perception of their ability to exercise control over the environment; and self-efficacy, defined as one's perceived ability to accomplish a certain level of performance.

The three self-concept traits were significantly and positively correlated among each other and each was significantly and positively correlated with EO. An unexpected finding was the non-significant relationship between achievement motive and firm performance. The path from generalized self-efficacy to EO and the path from EO to firm performance were both significant and positively correlated. The direct relationship between generalized self-efficacy and firm performance did not reach significance.

The ability to identify individuals who are entrepreneurial has widespread appeal to business operations since this type of person has the potential to create or contribute to high-performing organizations. This study indicated that with a strong EO involving innovativeness, proactiveness, and risk-taking, the firm was able to achieve sustainable competitive advantage and superior performance.

The second article in this section examined the effects of three strategic process variables: Strategic decision-making participativeness, strategy formation mode, and

strategic learning from failure, on the EO/firm-sales-growth-rate relationship (Covin, 2006). Data were collected by mailed surveys from 418 firms with the cooperation of a regional development organization. The criteria for firm selection required that they be manufacturing based, non-diversified business units, with 50 or more employees. Two questionnaires were sent to the senior executive in each firm. The most senior executive was considered the primary respondent and data from the secondary respondent were used only for measure-corroboration purposes. The study focused on 110 firms for which complete data were available.

EO by itself had a marginal effect on sales growth rate. EO had a strong effect on the sales growth rate when major operating and strategic decisions were made in autocratic versus participative manners. EO also had a positive effect on sales growth rate when strategies emerged, rather than when they were planned in advance of actions taken. The interaction of EO and strategic learning from failure was highly significant. However, it was in the opposite direction of what was originally hypothesized.

Consistent with the results, a more autocratic/less participative style of top management was advocated for firms with growth-seeking strategies. EO was more definitively claimed to fit with planning flexibility because this combination promoted the firms' sales growth rate. Surprisingly, conservative firms benefited more than entrepreneurial firms in a growth-facilitating sense when they learned from their strategic mistakes. Conservative firms strongly emphasized the exploitation of known opportunities over the exploration of new opportunities because conservative firms did not have a safety net of innovativeness as a basis of growth (Covin, 2006).

The third study examined the relationship of entrepreneur leadership behavior, top management team heterogeneity, and industry environmental dynamism on new venture performance (Hmieleski, 2007). Entrepreneur leadership behavior was defined as empowering and directive. Performance was defined as comprising both revenue growth and employment growth. Two different samples were used; the *Inc. 500* list of America's fastest growing startups, and a national (USA) random sample of new business ventures.

Top management team members from both samples were mailed identical packets. Brief follow-up telephone interviews were conducted with the firms' CEOs in order to confirm the performance data as well as their role as top management team leaders. Out of the 1,142 questionnaires sent to the *Inc. 500* sample, 168 useable responses were received representing 66 firms for a response rate of 13.2%. Out of the 1,242 questionnaires sent to the national random sample, 417 useable responses were received representing 154 firms for a response rate of 30.8%.

In dynamic environments, startups with heterogeneous top management teams were found to perform best when led by individuals high in directive leadership behavior and low in empowering leadership behavior. In contrast, homogenous top management teams were found to perform best when led by individuals low in directive leadership behavior and high in empowering leadership behavior. In stable environments, startups with heterogeneous top management teams were found to perform best when led by individuals high in empowering leadership behavior and low in directive leadership behavior; whereas homogenous top management teams were found to perform best when led by individuals low in empowering leadership behavior and high in directive leadership behavior.

The results also provided strong support for the value in contextual models of leadership. Both top management team heterogeneity and industry environmental dynamism may influence the extent to which empowering and directive leadership are positively versus negatively related to performance.

The next article focused on the more than 100 studies that have researched the EO framework and examined them in a meta-analysis that explored the magnitude of the EO/performance relationship and assessed the potential moderators affecting this relationship (Rauch, 2009). This article documented, reviewed, and evaluated the cumulative knowledge on the relationship between EO and business performance in for-profit organizations.

Several strategies were used to locate studies including database searches by keywords such as *entrepreneurial behavior*, *strategic orientation*, *strategic posture* and *EO*. In addition, manual searches were conducted in scholarly journals, and conference proceedings were analyzed for topic-specific venues. To be included in the meta-analysis, studies had to be empirical, report sample sizes, measurement procedures, and zero-order correlations or similar calculations. The initial cut resulted in 134 publications, further reduced to 51 studies that reported in all 53 independent samples with a total of 14,259 cases for the meta-analysis.

Initial results showed how the EO field expanded over time: In the 1980s 3 studies were published; the 1990s saw 14 studies; and from 2000-2006 there were 34 studies. This ramp-up in the number of studies lends credence to the importance of the meta-analysis in assessing the value added of additional EO research and for determining if there are specific issues needing further attention in future studies.

The correlation between EO and performance, corrected for measurement and sampling errors, was considered to be moderately large. The correlations between individual dimensions of EO and performance were: innovativeness (.195), proactiveness (.178), and risk-taking (.139). Additional results concerning context moderators included the following: Business size moderated the relationship between EO and performance with the effect of EO on performance being greater in small organizations (correlations were .345 for micro businesses, .198 for small businesses, and .240 for large businesses). Also, businesses operating in dynamic industries where technology and/or customer preferences change rapidly were found to be more likely to benefit from entrepreneurial initiatives.

With regard to performance measures, results indicated that EO has similar relationships with perceived financial performance, perceived nonfinancial indicators of performance, and archival performance. An implication of this finding was that the primary function of an EO is to enhance financial outcomes rather than to advance other goals that organizations and their managers may pursue. However, although the correlation between EO and both perceived and archival financial performance was strongly positive, it was not significantly larger than the correlation between EO and perceived nonfinancial performance measures. This suggests that the EO-performance relationship is robust not only to different measures of EO, as previously reported, but also to differences in the measurement of performance.

The final study in this section looked at a slightly different research question: How do individual characteristics of multiple team members combine to affect a firm's strategic orientation and performance? This study provided a possible answer to this

question by considering entrepreneurial drive as an individual characteristic that then became a collective orientation for the top management team. The study then examined the idea that the collective entrepreneurial drive of the top management team affected their strategic choices and ultimately impacted the firm's financial performance relative to competitors (Wood, 2010).

The methodology used in this study was a strategic management simulation called *Airline* in which participants functioned as top management teams of individual airlines that competed against one another in the commuter airline industry. Participants were 325 undergraduate management students broken into 86 teams representing 86 independent companies.

After the simulation was run, the top management team (TMT) characteristic of entrepreneurial drive was found to be an important predictor of firm performance, with higher levels of entrepreneurial drive leading to increased firm performance. Firms that chose a more entrepreneurial strategy enjoyed higher levels of performance relative to the rest of the industry. The results indicated that there was an important alignment or fit that must take place between the TMT characteristic of entrepreneurial drive and the type of strategy pursued by the firm. Entrepreneurial-prospector type strategies are most effective when used by an entrepreneurial-minded TMT. Additionally, the use of an entrepreneurial strategy by a conservative-minded TMT resulted in poorer performance outcomes. The entrepreneurial drive-strategy alignment appeared to be a crucial determinant of financial performance.

Conclusions reached by this study revealed a strong positive relationship between the TMT's entrepreneurial drive and firm performance. TMTs which were higher in

entrepreneurial drive outperformed their industry competitors. Therefore, entrepreneurial drive was identified as a previously overlooked upper echelon characteristic that is an important predictor of firm performance.

Section summary. The studies outlined in this section involving contextual research on entrepreneurship and entrepreneurial orientation in for-profit firms, are representative of the field and their findings. The major themes include: (a) Firms with a strong EO involving innovativeness, risk-taking, and proactiveness, will be able to achieve sustainable competitive advantage and superior performance; (b) EO can be more definitively claimed to fit with planning flexibility because this combination promotes the firms' sales growth rate; (c) The EO/performance relationship is robust not only to different measures of EO but also to differences in the measurement of performance; and (d) Entrepreneurial drive is identified as a previously overlooked upper echelon characteristic that is an important predictor of firm performance. The next section begins the process of transitioning away from research that looked solely at for-profit firms to studies that tried to apply EO concepts to nonprofit organizations.

Transitional Studies Examining the Migration of EO from For-Profit Firms to Nonprofit Organizations

A caveat offered by many studies in this topical area states that little research has systematically examined the concept of what it means to be “business-like” in the context of a nonprofit organization. Dart (2004) used this statement as his research question and conducted an in-depth qualitative case study of a single nonprofit human services organization. The case study was developed as the basis for a grounded-theory-focused analysis, was designed for a specific organization, and set the stage for additional cross-

sectional analytical studies. Data collection took place over a 12-month period and involved multiple interviews with service delivery staff and their managers. In addition to 33 long interviews, many short discussions were held, documents collected, and on-site observations were made.

A grounded theory methodology was used to examine the interview transcripts and other textual materials. The qualitative analysis application, NUD*IST4, was utilized to organize emerging data trends and provide thematic and code-based analysis. The collected material was open coded and produced 82 emergent categories. Compiled data from the case study showed four distinct areas of business-like activity: Business-like goals, business-like organization in terms of service delivery, business-like organization in terms of management, and business-like organizational rhetoric. Definitional descriptions of these business-like activities provided critical insights that assisted with the interpretation of the research findings.

Business-like goals referred to program areas that involved revenue generation, surplus funds, or profit (in the business sense). Two of the three major programs at the organization being studied defined their goals in this fashion. Results of the study indicated that for-profit goals and nonprofit goals can have some compatibility. Results also indicated that other forms of valued service-provisioning were diminished because of the need to focus on revenue-producing, mission focused services. In other words, business goals may only be compatible with a narrow grouping of traditional nonprofit organizing values. A third and perhaps contradictory result indicated that since some [newer] revenues were used to augment salaries, similar to human resource practices in

for-profit firms, the options for the use and value of business-like goals in NPOs may be broader than surmised.

Business-like organization in terms of service delivery referred to commonly held notions of business services that included quick turn-around, increased volume of clients, broader use of automation, and reduction or elimination of time-consuming tasks. A primary result from the case study indicated that the reorganized service delivery process bore a strong resemblance to for-profit “lean and mean” organizational models and may have created entirely new services rather than simply improving existing ones. This revamping of the service delivery process reframed and reprioritized the original nonprofit values of the programs.

Business-like organization in terms of management referred to a strong managerial and entrepreneurial approach to organizational management, an organizational focus on value creation and results, and a concentration on leveraging available resources for maximum results. The data provided evidence of management behavior being used in a business-like manner for the advancement of personal interest rather than mission-oriented collaboration.

Business-like organizational rhetoric referred to widespread use of business terms and vocabulary in discussions about program areas, mission objectives and organizational structure. The data suggested that the use of business references and vocabulary may have been used as means of establishing legitimacy or reinforcing new ideas of organizational culture. The data also suggested that this may only be a “linguistic veneer” and no more than a management fad of limited importance.

This article developed four distinct dimensions (goals, service delivery, management, and organizational rhetoric) concerning what it means to be business-like in a single nonprofit organization case study. The study is important since much of the literature views the concept of “business-like” as being solely concerned with securing program revenues or maintaining financial solvency. The typology of business-like goals, organization, and rhetoric discussed here is useful for future application in additional research.

As an example of the above mentioned attitude prevalent in much of the literature that views being business-like or entrepreneurial as only financially focused, LeRoux (2005) examined the adoption of entrepreneurial activity among nonprofit agencies over a five-year period with the goal of determining the factors that contribute to efforts generating earned income. LeRoux defined the term *entrepreneurial* to refer to any income-generating strategies that were characteristic of for-profit businesses.

The data used in this study were collected from executive directors of nonprofit organizations in a mail survey sent to 91 organizations with 63 agencies responding for a total response rate of 69%. The survey used both open- and closed-ended questions to gather information on a variety of organizational variables. The survey contained a single open-ended question asking for a description of any significant changes to the agency’s budget in the previous five years. Responses to this question were coded and the dependent variable called *entrepreneurial adoption* was created if the response included one or more of these activities: development of a new business enterprise, commercial sales activity, and/or charging fees for services. Predictor variables for entrepreneurship

were created from questions involving marketing, advertising, board representation, and agency size. Data was analyzed using logit regression.

Results were divided into two categories: First, at what rate do NPOs adopt entrepreneurial approaches? Twenty percent reported adopting one or more commercial (for-profit) income strategies over the 5-year study period. Second, what are the factors associated with entrepreneurial adoption? A difference in means tests indicated that organizations adopting entrepreneurial approaches were more than 3 times as likely to have had a major loss in government funding than organizations which did not become entrepreneurial (70% versus 21%). These organizations were also more than twice as likely to report declining revenues from private donations (46% versus 17%). Two other major differences separated the entrepreneurial adopters from other organizations: They were substantially larger, based on the number of full-time staff (mean of the log 4.3 versus 2.6), and were more than twice as likely to have a religious affiliation (64% versus 25%).

Another finding indicated that board representation from business, law, or finance industries did not appear to be a decisive factor in adopting entrepreneurial activities. And there appeared to be no difference in the two types of organizations pertaining to advertising, marketing, and public relations activities. Logit regression was utilized to determine if any of these factors served as predictors of entrepreneurial adoption. Governmental budget cuts were the most significant predictor of entrepreneurial activity and larger organizations were more likely to follow entrepreneurial strategies. As indicated by logit regression, neither religious affiliation nor decreased private contributions had a significant effect on entrepreneurial adoption.

This analysis indicated that government funding and agency size were significant contributors to the adoption of entrepreneurial activities by NPOs. The evidence also suggested that NPOs adopted entrepreneurial activities as a coping strategy when faced with the loss of funding. The constantly changing economic environment was a continual challenge for nonprofit organizations and required that their leaders be able to innovate and take advantage of nontraditional opportunities by developing an entrepreneurial orientation.

In what is viewed as seminal research for the current study, Morris (2007) conducted an empirical study examining the relevance of entrepreneurship in nonprofit organizations. Morris defined entrepreneurship by the previously described term EO comprising innovative, risk-taking, and proactive behaviors. Building on studies conducted in the for-profit sector he proposed a conceptual model of antecedents and outcomes of EO on NPOs.

To test the model, data were collected from two sources: IRS form 990, required of most 501(c) organizations, provided performance data for the selected population of NPOs, and a self-report survey was designed to measure several variables including environmental turbulence (12 items), leadership style (12 items), organizational control (3 items), EO (15 items), and other organizational descriptors. The sampling frame was created through the use of the National Center for Charitable Statistics and the Guidestar.org databases which identified all the 501(c) organizations in an upstate New York metropolitan region. The final questionnaire was mailed to the top manager at 685 NPOs and 145 completed surveys were returned for a response rate of 21%.

For purposes of the current study and literature review, reported findings from Morris's research are limited to indicators of EO. An exploratory factor analysis was conducted on all organizational variables to ensure that scale items loaded correctly and to estimate the percentage of explained variance. A clear rejection of the hypothesis of independence and a KMO measure of sampling adequacy in the middling range (.75) indicated that the matrix was appropriate for component analysis. Two of the EO items did not meet the criteria and were eliminated from further analysis. Even with this elimination the remaining items targeting entrepreneurship revealed sufficient coverage for capturing the three dimensions of EO.

Paths from transformational leadership to EO were statistically significant. Paths from discretionary control and board activism to EO were significant and positive. Additional positive correlations between EO and marketing orientation (client) constructs were also significant. These findings suggested that EO has important implications for NPOs with the caveat that the role of EO in nonprofits may be more complex than in for-profit organizations.

Additional findings indicated that NPOs flourish with active board involvement on setting entrepreneurial expectations and demanding accountability for change, and that entrepreneurship occurs regardless of the level of environmental turbulence since managers are more internally focused or mission focused. For them, the driver of entrepreneurship is the need to serve clients.

A study by Diochon (2010) pinpointed a gap in the EO literature concerning board involvement. Exploring the role of nonprofit boards of directors in encouraging entrepreneurship as a strategy for goal achievement, Diochon used a qualitative case

study approach involving multiple data collection methods to determine the possible linkages between governance, entrepreneurship, and effectiveness.

The study involved 12 nonprofit organizations in two rural communities that were part of a larger study of community economic development. Primary and secondary data collection techniques were used although the emphasis was placed on in-depth interviews with non-support staff and two board members from each organization. The field work took place over a six-month period of time and resulted in over 50 interviews.

Research findings showed that governance matters. Organizations with higher levels of goal achievement and innovation had boards that utilized social processes resulting in the fostering of an entrepreneurial orientation. Board members in these organizations acted proactively in doing whatever it took to drive success and showed willingness to model risk-taking behavior by committing significant resources to projects with an unknown likelihood of success or failure. These boards also exhibited innovativeness by their approach to recruiting new board members who understood the value of being entrepreneurial.

These findings clearly indicated that boards of directors can play a deciding role in developing an organization's capacity for entrepreneurial thinking and activity. Underscored here is the concept of encouraging boards to adopt social processes that foster entrepreneurial behavior rather than trustee, or caretaker behavior. This research has shown that organizational effectiveness is dependent upon how persuasive and widespread the concept of EO is within the organization.

Another study that examined the transition of EO from for-profit firms to NPOs was conducted by Davis (2011), who explored differences in EO by profit status.

Entrepreneurial Orientation was defined here as representing the underlying mindset of top managers that guide the development of the overall firm strategy and reflected the extent to which the firm's management was willing to take business-related risks, to be innovative, and to be proactive in competing with other firms (Davis, 2011). The research question here was whether or not nonprofit providers behave in a manner different from the profit-maximizing behaviors of the for-profit providers.

Data for this study were drawn from a population of 670 nursing homes in Florida obtained from the website of the Agency for Health Care Administration. A five-page survey was developed and sent to all 670 homes. An online version of the survey was also developed. Excluded were any responses from nursing homes owned by local, state, or federal government agencies. The total response rate was 22%. This data was merged with data from the Online Survey Certification and Reporting (OSCAR) system collected by Medicare. Prior research has shown that in Florida specific behaviors appear to be correlated with ownership status and this status is a significant predictor of various institutional outcomes. Several control variables such as location, chain membership, and nursing home size, among others, were used to adjust for market and organizational differences that might impact the associations among the measures of interest.

The survey was created using a Likert-type 7-point scale and data analysis run through SPSS-16 using the generalized linear model. This GLM process permitted the exploration of the dependent variable described as differences in profit status, while adjusting for factors and covariates. All questions were grouped into four categories (external information gathering, remaining abreast of changes, rank your facility's

environment, and EO). It was determined through factor analysis and reliability tests that each category represented a unique scale.

Of the 134 sample population, 33 self-identified as nonprofit organizations and 101 self-identified as for-profit. (For the purposes of the current study, only results involving EO will be reported here). Several measures of EO had noteworthy findings: More homes had made dramatic changes to their existing product and service lines, and most administrators employed more proactive strategies. Nonprofit administrators scored higher on the EO scale than their for-profit counterparts. However, overall results revealed there is no significant difference in the level of EO between nonprofit and for-profit nursing homes.

This last result is surprising based on theoretical and empirical research concerning entrepreneurial orientation and therefore shows no support for the overarching hypothesis that nonprofit nursing homes may be more likely to be innovative and proactive but less likely to engage in risk-taking activities than for-profit nursing homes. This finding may suggest that over time, nonprofit nursing homes may begin to engage in activities that were once considered to be limited to for-profit firms.

The final article in this second section analyzing the transition of EO from for-profit to nonprofit organizations examined how entrepreneurial practices may be stimulated in the public sector (Kim, 2010). Kim looked at the relationship between organizational characteristics and public entrepreneurship in an attempt to provide empirical support for entrepreneurial practices in U.S. state governments. Data were drawn from surveys sent to 957 heads of state government departments in the lower 48 states. The self-administered questionnaire used the closed-ended question format

resulting in a uniform frame of reference. To measure respondents' intensity of views, the semantic-differential approach was used along with a 7-point Likert-type scale. The questions were grouped by topic to measure factor intensity and included areas such as structural, managerial, cultural, environmental, entrepreneurial practices, and organizational demographics. Four fairly equal geographical regions in the U.S. were used to create the sampling frame: Southern, 13 states; Northeast, 12 states; North-Central, 12 states; and Western, 11 states. The total response rate was 34.9% and the valid response rate was 31.3% (n = 299).

Public entrepreneurship was characterized here by the same three characteristics used in previous studies on EO: innovativeness, risk-taking, and proactiveness, and these became the dependent variables. Cronbach's alpha coefficients for risk-taking and proactiveness were .68 and .72; Cronbach's alpha value for innovativeness was finalized at the .68 level.

Multiple regression was used to test the hypotheses concerning the relationships between organizational characteristics and public entrepreneurship. In the risk-taking model eight variables were statistically significant at the 5% level with six having a positive propensity on risk-taking; (flexibility, participatory decision making, autonomy, performance objectives, accountability, and perceived external competition). These results indicated that structural rigidity has discouraged state departments from attempting any risky undertaking that may, or may not, result in better outcomes.

The innovativeness model indicated that structural flexibility ($p = .000$) had the strongest effect on promoting innovative behaviors in state governments. The results also implied that empowering state employees is the best approach to obtain this outcome.

The proactiveness model confirmed that a flexible organizational structure promotes active entrepreneurial activity by linking an opportunity to an implementation stage. Additional results ascertained the most significant positive effects of accountability and flexibility across the three dimensions of public entrepreneurship: innovativeness, risk-taking, and proactiveness. The single most important action for increasing public entrepreneurship was found to be accountability. The government needs to be held accountable by citizens and relevant stakeholders to build trust in its ability to undertake risky ventures, and well-designed entrepreneurial strategies would help government obtain more accountability from citizens and political entities for entrepreneurial activities.

Section summary. This section has examined several empirical studies that analyze the transition of EO from for-profit firms to other business sectors. Several broad conclusions concerning EO can be drawn from this review of the literature: (a) A constantly changing economic environment is a continual challenge for nonprofit organizations and requires that leaders be able to innovate and take advantage of nontraditional opportunities by developing an entrepreneurial orientation; (b) Several findings suggest that EO has important implications for NPOs with the caveat that the role of EO in nonprofits may be more complex than in for-profit organizations primarily due to having multiple stakeholders in most NPOs and their focus on mission rather than profit; (c) Research has shown that organizational effectiveness is dependent upon how persuasive and widespread the concept of EO is within the organization; (d) Over time, nonprofit organizations may begin to engage in activities that were once considered to be in the domain of for-profit firms; and (e) Due to the multiple

stakeholders inherent to nonprofit and public sector organizations, adopting an entrepreneurial orientation must be supported from all sides, from boards to leaders to staff and clients, and from government entities to programs to citizens. The next section examines research specific to the adoption of EO by NPOs.

Research Specific to the Use or Adoption of an EO by Nonprofit Organizations

Having examined the conceptual origins of EO through research based on for-profit firms, and followed several transitional studies tracing the movement of EO from for-profit to nonprofit, attention is now focused on studies that look at the use or adoption of EO by NPOs. Familiar keywords will be found in the following articles: entrepreneurship, performance, EO including innovativeness, risk-taking and proactiveness, social entrepreneurship, and nonprofit boards.

An exploratory study examined five factors for successful organizational performance with respect to nonprofit managerial activities such as market orientation, learning orientation, entrepreneurship, creativity, and organizational flexibility (Barrett, et al., 2004). Using a multiple response methodology along with a snowball sampling technique, numerous perspectives were collected on how the organization was perceived and rated on each of these five factors and its performance. The resulting sample consisted of 267 individual responses within 23 NPOs in two different sectors, health care and education.

The 71-question survey was constructed by using a 7-point Likert scale. The data were reviewed for normality, outliers, and non-response bias. Testing reliability used Cronbach alphas and exceeded the minimum requirement of 0.70. The study showed that all five of the critical success factors are complementary, and positively highly correlated

to organizational performance. There was little mean difference between business and nonprofits on the five critical success factors. None of the factors was statistically different even at a conservative 0.10 level of significance.

The study concluded with several statements concerning the similarities between nonprofit and for-profit organizations: First, for-profits and nonprofits can learn from each other. Second, the growing area of social entrepreneurship overlaps both types of organizations if the primary emphasis by any business focuses on its social mission rather than profitability. Third, since NPOs must constantly focus on their financial viability, these types of business organizations are continuously utilizing the underlying behaviors inherent in the entrepreneurial orientation construct.

The second article in this section based its research question on the relationship between EO and creativity (Voss, et al., 2005). This study examined the link between entrepreneurship and multiple stakeholder support within the realm of the nonprofit professional theater industry. The objective of this study was to explore the evolutionary relationships between different dimensions of EO and heterogeneous stakeholder support (Voss, 2005).

The study used a mixed methods approach that included focus groups and survey questionnaires. The focus group comprising theater industry experts had as their primary task to explore the meaning, dimensions, and impact of EO as it related to nonprofit professional arts organizations. For this study, two additional behaviors were added to EO: Employee autonomy, defined as encouraging employees to be creatively self-directed and independent; and competitive aggressiveness, defined by the term *competitive scanning*, which is a commitment to monitoring industry trends and best

practices. Four of the focus groups analyzed the EO dimensions which were then vetted and validated by a fifth focus group.

The empirical study was designed to decrease endogeneity and simultaneity and examine the EO/stakeholder support relationship over three years. Surveys were mailed to managing directors of 324 theater industry organizations using the single-key-informant approach. The response rate was 42%. A forward and backward set of regression analyses was used to examine how support from diverse stakeholders influenced entrepreneurial behaviors and how these entrepreneurial behaviors influenced future stakeholder support.

The results indicated that royalty revenue was positively related to innovativeness. This result was found to be consistent with predictions that innovativeness would be positively related to support from creative stakeholders. Contributed revenue was also positively related to market proactiveness. This result suggested that philanthropic stakeholders may encourage the development of new marketplace initiatives. Royalty and contributed revenues were positively associated with risk taking and ticket revenue was negatively related to risk taking. These results are consistent with predictions that philanthropic stakeholders value risk taking and customer stakeholders do not.

The results indicated that when the relationship between stakeholder influence and EO behaviors is transparent, managers develop reciprocal, strategic relationships that reinforce valued behaviors (Voss, 2005). When this relationship is less transparent, managers have a much harder time contending with complex and conflicting stakeholder demands and therefore require a high level of managerial sophistication.

This study also suggested a caveat for NPOs that have both creative and business missions: Namely, placing too great an emphasis on business development aspects may be detrimental to the art. This highlighted the tensions managers face when trying to balance EO activities that may affect each group of stakeholders differently.

The next article focused on an organizational type not commonly viewed as entrepreneurial. EO has been conceptually developed and empirically tested to explain performance differences in for-profit businesses. This study investigated whether nonprofit religious congregations could improve their performance by adopting EO behaviors (Pearce, 2009). Similarly to the previous study discussed above, this research extended the traditional three-factor definition of EO to include autonomy and competitiveness. In addition, the study explored the importance of environmental resources defined as environmental munificence or the carrying capacity of the environment to sustain growth.

This was an empirical study with a sample population drawn from semi-autonomous religious organizations affiliated with a large mainline denomination in five metropolitan areas. Survey questions were developed and tested with a group of four pastors and business terms were modified to reflect church content. EO was assessed by 15 of the 35 total questions. Questionnaires were mailed out to 493 pastors with a valid return of 250 (52.17%). Secondary data such as attendance and giving records were retrieved from archival resources in each church to supplement the self-reported data and to minimize threats to validity due to mono-method bias. The archival and subjective performance data were compared and found to be significantly correlated, and yielded similar findings.

The assumption that religious congregations varied in their use of entrepreneurial strategies was validated. Data showed that entrepreneurial religious congregations do exist in the nonprofit sector; 36% scored above the median or neutral value on the Likert type questionnaire, and another 8% scored well above the median indicating a rarity of highly entrepreneurial organizations. This finding supported the position that the five EO behaviors can be viewed as rare under the resource-based view and therefore they are a source of competitive advantage.

Regression analysis indicated that innovativeness, autonomy, and environmental munificence are the primary determinants of performance in religious congregations. Therefore, EO was positively associated with performance and when combined with an overall strategy helped the congregations improve their attendance and contribution numbers.

Another finding supported the hypothesis that environmental munificence would have a positive effect on performance. This finding extended previous research in manufacturing and commercial service settings to include the nonprofit sector. These findings also indicated that hostile environments make it more difficult to reach performance goals as measured by attendance and dollar giving. The hypothesis that EO has a greater effect when the organization faces a hostile environment was not supported. EO had a similar effect on performance in both good and bad environments.

Associations between specific entrepreneurial behaviors and performance were mixed. Three EO behaviors failed to receive statistical support when compared individually with performance: proactiveness, risk-taking, and competitive aggressiveness. However, the two remaining behaviors were strongly correlated with

performance. First, innovativeness had the strongest effect on performance, indicating that religious congregations that make more changes, changes that are more dramatic, and emphasize new services and activities have superior performance to congregations that take a more conservative approach. The findings suggested that innovation is a lever for improved performance in these congregations in terms of improved attendance growth and monetary giving. Second, autonomy (congregational autonomy) was found to be positively associated with performance. This finding indicated that religious congregations that empower their membership to design and implement a mission, goals, and plans, perform at a higher level than those that are more autocratic and structured.

The research found that performance in religious congregations improved by following a strategy of EO behaviors and activities. Therefore, EO can be a source of competitive advantage or strategic renewal for local religious organizations. The evidence provided here offers cautious support for suggestions in the literature that the laws of performance that govern competition in for-profit arenas may operate similarly among nonprofit organizations.

The next article continues the analysis begun previously concerning the impact a nonprofit board has on the EO of an organization. Specifically, this study examined the relationship between the board of director's behavioral orientation and the NPO's entrepreneurial orientation and performance (Coombes, 2011).

To test the model and hypotheses, a cross-sectional survey research design was developed. Sampling framework was developed from 725 randomly selected 501(c)3 NPOs with revenues over \$25,000 per year, located in six major metropolitan areas in New York state, and filing IRS 990 forms in the preceding two years. Questionnaires

were mailed to the executive director, board chairperson and one random board member. The goal was to generate three responses per organization. Data were received from 439 respondents representing 140 organizations. A pre-test was conducted with 20 NPO directors to identify negative issues and minor modifications were made.

The findings demonstrated that the board's behavioral dimensions did play a meaningful role in determining the NPO's entrepreneurial orientation. Board activism was significantly linked to the nonprofit's EO. In supporting EO, the board could effectively manage its resources to take advantage of opportunities. Additionally, NPOs demonstrated significantly less EO behavior when governed by passive boards. Board cohesiveness also showed a positive link to EO. The study also confirmed the significance of the link between EO and social performance. However, there was no significance to the link between EO and financial performance. This lends support to the argument that using financial measures may be a less appropriate way to gauge performance in NPOs (Coombes, 2011).

This research provided an in-depth analysis of how entrepreneurship is utilized in NPOs and how the behavioral orientation of the board can help shape EO activities. Important findings showed a positive relationship between EO and social performance but indicated there was no relationship between EO and financial performance.

Section summary. This section focused on studies that look at the use and/or adoption of EO by NPOs. Several findings concerning EO are highlighted here. (a) Since NPOs are continuously focused on their financial viability, these types of organizations are constantly utilizing the underlying behaviors described by the EO construct. (b) A caveat for NPOs which have both creative and business missions is that placing too great

an emphasis on business-like activities may be detrimental to their creative mission. (c) Attendance and monetary giving performance in religious congregations improved after following a strategy implementing EO behaviors, offering cautious support to the idea that the laws of performance governing competition in for-profit arenas may operate similarly among nonprofit organizations. (d) Board activism was positively linked to the nonprofit's EO. (e) There is a positive relationship between EO and social performance. (f) Using financial measures may be a less appropriate way to gauge performance in NPOs.

Chapter Summary

This literature review examined the extant pool of scientific research pertaining to the relationship of entrepreneurial orientation (a construct comprising innovativeness, proactiveness and risk-taking) and nonprofit organizational effectiveness. The literature captured here in 15 empirical studies looks at this relationship from three different directions: (a) contextual research on entrepreneurship and entrepreneurial orientation in for-profit firms, (b) transitional studies that examine the migration of entrepreneurial orientation from a focus on for-profit firms to nonprofit organizations, and (c) research specific to the relationship of the adoption of an entrepreneurial orientation by nonprofit organizations.

Generalized research findings drawn from this discussion include:

- A strong EO will provide organizations with planning flexibility, a sustainable competitive advantage, and superior performance with regard to financial and other performance measures.

- Entrepreneurial drive is an overlooked leadership characteristic and an important predictor of firm performance. In NPOs, the driver of EO is the need to serve clients.
- The role of EO in nonprofits may be more complex than in for-profit firms due to their unique characteristics such as active boards, multiple stakeholders, and their focus on mission rather than profitability.
- To be most effective, the EO must be widespread throughout the organization and supported by all stakeholders (board, staff, volunteers, membership, and donors).
- Too much emphasis on business-like performance may be detrimental to the NPO's mission.
- EO is unrelated to religious affiliation or to loss of private contributions.
- EO adoption is much greater in organizations that lose government funding, and large NPOs are more likely to implement EO behaviors.
- EO is significantly related to transformational leadership, discretionary control, and board activism.

These findings from the 15 studies made specific contributions to the knowledge and understanding of the field. Perhaps of equal importance is the discussion on gaps and recommendations for future research. General themes have emerged from the gap analysis described previously: What is the causal relationship between specific organizational variables or strategies and EO in nonprofits? What are the descriptive components of entrepreneurial drive in nonprofit leadership? Outside of financial considerations, how is performance measured in NPOs? Additional studies in these areas

will further advance the understanding of the relationship between entrepreneurial orientation and nonprofit organizations. The next chapter explains the rationale for choosing the current study's methodology and is followed by a discussion of the results.

Chapter 3: Research Design Methodology

Introduction

As organizations change to meet new challenges and adapt to changing environmental conditions the qualities and behaviors of effective leadership may also need to change. This study examined certain aspects of the relationship between entrepreneurship and organizational performance with a specific focus on how an entrepreneurial orientation is manifested in the organizational elements of a membership-based NPO.

A comprehensive review of the literature uncovered a theoretical framework that addressed three specific behavioral characteristics of the entrepreneurial leader: innovativeness, the ability to accept risk, and proactiveness. Research efforts in the field commonly refer to this tripartite construct as an entrepreneurial orientation or EO. The study examined the relationship between an EO and its effect on organizational elements. Specifically, the study addressed the question: How is EO manifested in the organizational elements of nonprofit organizations?

This study began as a proposed quantitative analysis to determine the relationship between EO and organizational performance. However, during the literature review phase, it was determined that several studies had already concluded that there was a positive and significant relationship between these two variables, which necessitated a course adjustment in the direction of how EO is actually manifested in nonprofit organizations. Due to the exploratory nature of the study, the use of a single data source

was determined to be insufficient in both the data collection phase as well as the data analysis phase. The chosen method of developing an understanding of the application of EO in nonprofit organizations was to interface directly with the leadership structure, thereby gaining contextual explanations that would be coupled with the broad relationships among variables uncovered through the quantitative portions of the survey. Therefore, the original quantitative design was reconstructed into an emergent mixed-methods design.

The actual typology used in this study was the convergent parallel design as defined by Creswell & Clark (2011). Both the quantitative and qualitative strands were implemented concurrently during data collection, with each strand having equal priority. The strands remained independent during the data analysis phase and the results were then mixed during the interpretation phase.

This study expanded upon the research conducted by Morris (et al., 2011) into the relationship of EO and nonprofit organizations. The current study investigated the relationship between the self-perceived EO of executive leaders and board chairs in nonprofit membership organizations, and how EO is manifested in different organizational elements. In addition, the study examined the perceptual differences of EO by having the nonprofit executive and the board chairperson of each NPO complete the survey.

Three quantitative research questions were developed for the study, and three qualitative questions:

Quantitative Question 1: What is the entrepreneurial orientation of nonprofit CEOs and board chairs in the target city?

Quantitative Question 2: Is there a relationship between the entrepreneurial orientation of CEOs and board chairs and certain demographic characteristics of NPOs in the target city?

Quantitative Question 3: Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and board chairs and entrepreneurial activities carried out in their organizations?

Qualitative Question 1: How entrepreneurial do CEOs and board chairs view their organizational activities?

Qualitative Question 2: Does an entrepreneurial orientation affect organizational activities in membership-based NPOs?

Qualitative Question 3: How is an entrepreneurial orientation manifested in the organizational elements or activities in membership-based NPOs?

The purpose of the qualitative portion of the study was to provide additional data for interpretation concerning the application of EO in nonprofit membership organizations.

A mixed-methods study focusing on the integration of quantitative and qualitative research data needs to include a mixed-methods question (Creswell & Clark, (2011). The mixed- methods research question for the proposed study asks, “In what ways do the qualitative data reporting the actions and behaviors of nonprofit leaders help to explain the quantitative results about high or low EO levels for NPO leaders and board chairs?”

A survey comprised of both closed- and open-ended questions was used for data collection. The study was cross-sectional, with data collected at one point in time, and not longitudinal. The cross-sectional design format was chosen to provide a snapshot of the

effect of EO behavior on organizational dimensions, and to analyze possible group trends as well as differences among sub-groups (Fitzpatrick, 2011).

Research Context

The study was conducted in a five-county area surrounding a metropolitan city in the northeastern region of the United States. Formerly a major manufacturing location with worldwide impact, the city had gradually changed its economic base from predominantly blue-collar industries into white-collar and service-sector occupations. This five-county metropolitan area is the second largest regional economy in the state with a population of just over 1 million people. The largest employer is a renowned university with strong research facilities and educational connections to a major regional hospital. As service industries have grown, so have philanthropic activities, as evidenced by the establishment of a multitude of NPOs. IRS data indicated more than 2,000 NPOs in the target area. This number was reduced by selecting only membership-type NPOs from the IRS categories and further restricted by limiting eligible organizations to zip codes contained in the targeted, five-county metropolitan area. This process identified 576 nonprofit membership-type organizations in the target area.

Research Participants

Once specific NPOs were identified by name, a manual, online search was conducted to collect leadership names and email addresses. This process was labor intensive and resulted in collecting actual names and email addresses for leaders in 226 organizations. Potential survey respondents included two categories of individuals in the targeted nonprofit organization: (a) the top leadership position such as the CEO or executive director; and (b) the chairperson of the board. Anticipating that in a few

situations the top positions in both categories may be vacant, the interim CEO or acting executive director as well as the acting board chair was selected to receive the survey.

Instruments Used in Data Collection

The research design used a sample of subjects drawn from the population of nonprofit organizations located in the previously defined metropolitan city in the Northeast. The Qualtrics software program, housed on a local college campus, was used to build the survey instrument for data collection. This questionnaire collected quantitative and qualitative data from the subjects and included open-ended responses to elicit how specific operational functions were carried out. The survey (Appendix C) had three groups of questions as described here:

1. Demographic, including gender (M/F), NPO executive or board chair, whether or not subject was founder of organization, size of NPO (budget range), size of staff (range), and age of organization (range).
2. A series of 10 questions comprising the Entrepreneurial Application Scale was designed to elicit how EO is manifested in NPOs (see Appendix A). These questions were derived from, but were not the intent of, the *NonProfit Organizational Model* created by C. Terrill Thompson (2011). This model combines dozens of organizational functions and operations into a list of ten elements. These elements are Mission, Programs, Leadership, Technology, Funding, Infrastructure, Marketing and Image, Community Relations, the External Environment, and Organizational Culture. The researcher in the current study then created the 10 survey questions that address each one of

these elements using a rating scale, and also asks the subject to give an example of how they have taken action with regard to each element.

For example, Survey Question #8 reads as follows:

Rate how entrepreneurial you are in carrying out your organizational mission (using a 5-point Likert scale).

Survey Question #9 then asks for written input as to why the subject responded to the first question the way they did:

Give an example of how you have been entrepreneurial in carrying out your organizational mission (open-ended, short descriptive answer).

Each of the remaining questions in this portion of the survey asking for responses to the additional nine organizational elements followed the same format.

3. A series of 14 questions comprising the Entrepreneurial Orientation Scale developed by Michael Morris (1998) (Appendix B). This fourteen-item scale determines the degree of entrepreneurship reflecting innovativeness (six items), risk-taking (four items), and proactiveness (four items).

Section 3 outcomes include the identification and rating of High EO and Low EO NPO executives and board members. This rating was then compared with the subjects' coded open-ended responses.

Procedures Used

Once the survey was fully developed a pilot study was conducted to try out procedures and discover any problems before the main study began. The audience used for the pre-testing procedures were leaders in local nonprofit organizations.

To initiate the main study, names and email addresses of selected subjects were entered into a database and three mailings were sent out. The first was an introductory letter describing the survey and contained the online link. The second mailing was sent under the auspices of the Director of a local nonprofit development agency and also contained the online link to the survey instrument. The third email duplicated the first mailing. Respondents were invited to record their contact information to receive an abstract of the study results. Subjects had a 30-day window to complete the online survey.

The issue of informed consent was presented and included with the survey completion instructions prior to beginning the questionnaire. Subject confidentiality was assured by the removal of all identifying information from the data collection process and by limiting the use of the raw data to the primary researcher.

Data Analysis

Quantitative data analysis. The quantitative data collected by the survey instrument comprises Section 1 (Demographic Variables) and Section 3 (Entrepreneurial Orientation Scale) as well as Part A on Section 2 (Entrepreneurial Application Scale). Section 1 collected demographic data on the survey respondents; Part A of each question in Section 2 is a self-report rating on entrepreneurial behavior on ten organizational elements; and Section 3 comprises the Morris 14-point EO rating scale.

The Statistical Package for the Social Sciences (SPSS) software program provided detailed data analysis for the study. Various descriptive statistics such as frequencies, percentages, and standard deviations were instrumental in interpreting the study findings. A nonparametric correlation coefficient was used to measure the association between the

independent variable EO, and the dependent variable EA. A scatter plot was created to show this relationship.

Qualitative data analysis. The qualitative data collected by the survey instrument was captured by the written responses entered by the survey participants on Part B on each question in Section 2 (Entrepreneurial Application Scale). Part B elicited written responses on how entrepreneurial behavior is manifested in each of the organizational elements. These responses were coded, thereby reducing the written data to summary codes and themes.

Mixed-methods data analysis. The data summaries from the qualitative findings were compared and related to the quantitative statistical data collected through the rating questions. The complementary results were synthesized to develop a more complete understanding of how EO is manifested in nonprofit organizational elements.

Methodology Summary

This chapter has explained the methods used in a mixed-methods study that explored the relationship between entrepreneurship and organizational performance. More specifically, it investigated the strength of the interaction between a theoretical framework referred to as an entrepreneurial orientation and its manifestation in the 10 organizational elements.

A mixed-methods approach called a convergent design was used to obtain different but complementary data on the same topic (Creswell and Plano Clark, 2011). Both quantitative and qualitative data were collected from self-report responses on a survey asking closed- and open-ended questions. These responses were triangulated by

comparing and contrasting the quantitative statistical results with qualitative findings for the purposes of corroboration and validation.

The objective of the study was to obtain statistical data regarding a topic that had not been researched from the perspective of nonprofit association/membership type organizations. As such, the data has wide applicability as NPOs seek new ways to improve service capabilities, maintain viability, and achieve their missions. The next chapter presents the results of the study.

Chapter 4: Results

This study examined certain aspects of the relationship between entrepreneurship and organizational performance with a specific focus on how an entrepreneurial orientation (EO) is manifested in the organizational elements or activities in membership-based NPOs. Three quantitative research questions were developed for the study, and three qualitative questions:

Quantitative Question 1: What is the entrepreneurial orientation of nonprofit CEOs and board chairs in the target city?

Quantitative Question 2: Is there a relationship between the entrepreneurial orientation of CEOs and board chairs and certain demographic characteristics of NPOs in the target city?

Quantitative Question 3: Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and board chairs and entrepreneurial activities carried out in their organizations?

Qualitative Question 1: How entrepreneurial do CEOs and board chairs view their organizational activities?

Qualitative Question 2: Does an entrepreneurial orientation affect organizational activities in membership-based NPOs?

Qualitative Question 3: How is an entrepreneurial orientation manifested in the organizational elements or activities in membership-based NPOs?

This chapter presents the results of the study based on a statistical analysis of responses to the study's survey questionnaire, and a content analysis of open-ended responses to follow-up questions included in the survey. The chapter has three sections: The first section presents the analysis and results to the survey items in the context of the quantitative research questions; the second section presents the analysis and results to the survey items in the context of the qualitative research questions; and the third section provides a summary of the chapter and briefly introduces the discussion of the findings that are detailed in chapter 5.

Quantitative Analysis

A population of 226 potential respondents received the survey. Of these, 8 individuals requested to be removed from the list resulting in ($n = 218$). Of the remaining association CEOs and board chairs, 21 started the survey. After removing incomplete responses, a total of 14 CEOs or board chairs completed the survey, representing a 6% response rate. A similar number of responses came from CEOs ($n = 6$) as from board chairs ($n = 8$).

For purposes of statistical analysis, the dependent variable was the self-reported EO of the nonprofit CEOs and board chairs. The independent variables included demographic characteristics, organizational parts or elements, and the self-reported entrepreneurial application (EA) of the nonprofit CEOs and board chairs.

Quantitative research question 1: *What is the entrepreneurial orientation of nonprofit CEOs and board chairs in membership-based NPOs?* This question was answered by the replies of the respondents to the survey questions that replicate the EO scale created by Morris (1998) and comprise what is identified in the literature as the

tripartite model of entrepreneurial orientation. The three parts of the model include: innovativeness, risk-taking, and proactiveness. (Appendix C contains the entire survey. Questions 28-33 apply to innovativeness, questions 34-37 apply to risk-taking, and questions 38-41 apply to proactiveness.) The EO scale utilizes a 5-point Likert scale ranging from “strongly disagree” to “strongly agree.” The mean scores of the EO scale ranged from 2.94 to 3.89 (mean = 3.30) regarding the CEOs’ and Board Chairs’ perceptions of how the survey questions applied to their nonprofit association. There was little evidence of differences in EO scores between these two groups. Overall, respondents (regardless of their position) reported more innovation and risk-taking than proactiveness, but the means on all three subscales tended toward the midpoint of the scale. These results are depicted in Figure 4.1 along with results for quantitative research question number 2.

Quantitative research question 2: *Is there a relationship between the entrepreneurial orientation of CEOs and board chairs, and certain demographic characteristics of these leaders and their NPOs?* This question is an extension of question 1 and refers to whether or not EO is moderated by certain demographic variables. The demographic variables for question 2 included gender, budget size, and age of the association (Appendix C, questions 2-7). There was small evidence of differences in EO scores when looking at gender with females reporting slightly higher scores than males in all three categories. There was also small evidence of differences in EO scores, when looking at the grouped categories comprising the budget demographic: less than \$25,000 per year and more than \$25,000 per year. It is interesting to note, but not statistically significant, that associations with budgets over \$25,000 scored slightly

higher in all three EO dimensions than associations with smaller budgets. The third demographic variable, NPO age, also showed small evidence of differences in EO scores. Due to the small sample size, responses to this demographic were also grouped into two categories. Again, it is interesting to note, without being statistically interpretable, that associations less than 20 years old scored slightly higher in all three EO dimensions than associations more than 20 years old. These results are depicted in Table 4.1 along with results for quantitative question number one.

Table 4.1 shows the summary statistics for the mean, standard deviation (SD) and 3-part EO dimension scores by demographic variables. In general terms, each demographic variable shows a slight moderation of EO. Each is somewhat higher in the dimensions of innovation and risk-taking than the proactiveness dimension without being statistically significant.

Quantitative research question 3: *Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and board chairs and entrepreneurial activities carried out in their organizations?* This question was answered by correlating two separate variables created by the survey. The first variable, EO, was determined by the previously described replication of the EO scale created by Morris (1998). An overall EO score was calculated for each respondent, in which higher numbers indicate a greater entrepreneurial orientation.

Table 4.1

Mean, SD, and EO dimension scores by demographic variables

Demographic Variable		<i>n</i>	Innovativeness	Risk-Taking	Proactiveness
Position	NPO Executive	6	3.53	3.70	2.96
	<i>SD</i>		(.43)	(.53)	(.37)
	Board Chair	8	3.44	3.67	2.63
	<i>SD</i>		(.44)	(.34)	(.52)
Gender	Male	10	3.24	3.39	2.78
	<i>SD</i>		(.22)	(.28)	(.48)
	Female	4	3.92	4.19	2.88
	<i>SD</i>		(.40)	(.13)	(.43)
Budget	<\$25,000	9	3.37	3.44	2.67
	<i>SD</i>		(.42)	(.24)	(.40)
	>\$25,000	5	3.63	4.06	3.13
	<i>SD</i>		(.42)	(.40)	(.43)
NPO Age	<20 Years Old	4	3.71	3.81	2.62
	<i>SD</i>		(.44)	(.43)	(.52)
	>20 Years Old	10	3.33	3.56	2.89
	<i>SD</i>		(.38)	(.43)	(.42)

Note: Two additional demographic variables, staff size and NPO founder, were included in the survey but have been removed due to low response rates.

The second variable, entrepreneurial application (EA) was adapted from an article by C. T. Thompson (2011), which outlined a nonprofit organizational model.

Thompson's model categorizes every nonprofit activity into one of 10 organizational parts or elements. Survey questions were developed for each of the 10 organizational elements (Appendix C even-numbered questions 8-26). Respondents were asked to self-

report on how entrepreneurial they were in questions such as “How entrepreneurial are you in carrying out your organizational mission?” or, “How entrepreneurial are you in securing funding for your associations?” Each of these 10 questions used a 4-point Likert scale ranging from “not at all entrepreneurial,” to “very entrepreneurial,” resulting in an entrepreneurial application score for each respondent, in which higher numbers indicate a greater application of entrepreneurial behavior. This EA scale received a Cronbach’s Alpha inter-item reliability score of (.87) suggesting that the survey items are measuring the same underlying construct. A nonparametric correlation coefficient was used to measure the association between the two variables EO and EA. Spearman’s $r(13) = .67$, $p = .009$.

A scatterplot of these data is shown in Figure 4.1. EO data is shown on the x axis and EA data is shown on the y axis. A trend line has been included that indicates the positive nature of the correlation between the EO and EA variables. The data support quantitative question number 3: Higher EO scores are strongly associated with increased entrepreneurial activity.

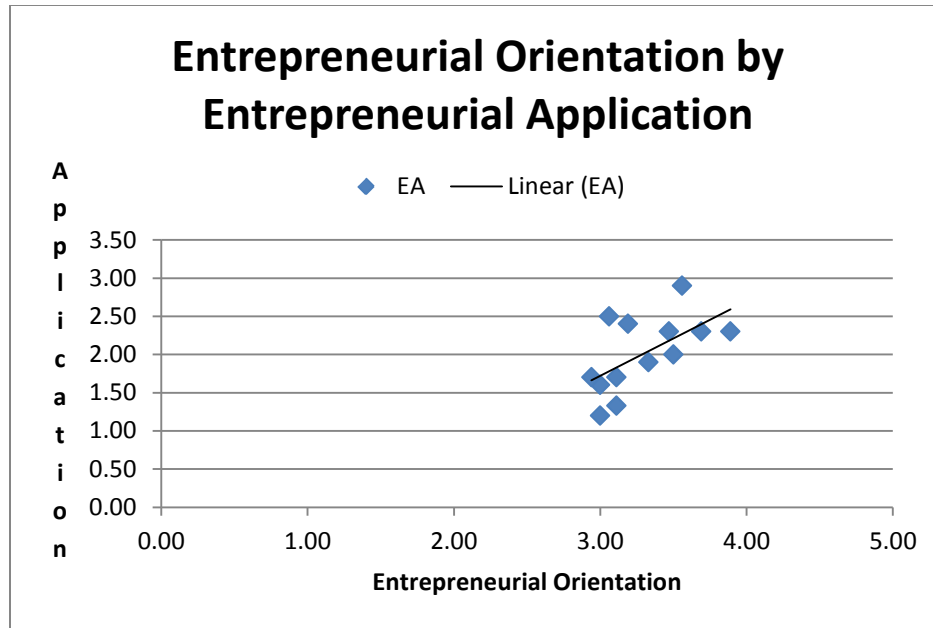


Figure 4.1. Entrepreneurial Orientation by Entrepreneurial Application.

Qualitative Analysis

This section describes the results stemming from the three qualitative research questions:

Qualitative question 1: How entrepreneurial do CEOs and board chairs' view their organizational activities?

Qualitative question 2: Does an entrepreneurial orientation affect organizational activities in membership-based NPOs?

Qualitative question 3: How is an entrepreneurial orientation manifested in the organizational elements or activities in membership-based NPOs?

The underlying purpose for the qualitative portion of the study was to elicit richer content, by way of anecdotal reporting, of the type of entrepreneurial behavior that is manifested in various organizational processes. The scatter plot depicted in Figure 4.1 shows how the data supports quantitative question 3, that higher EO scores are strongly

associated with more entrepreneurial activities. What was needed, as anticipated in arriving at a mixed-methods methodology, were examples of specific entrepreneurial activities initiated by the nonprofit membership associations that would underscore this strong relationship. The qualitative analysis informs how EO is applied in the nonprofit organizational context by providing specific examples of entrepreneurial behaviors.

Qualitative research question one: *How entrepreneurial do CEOs and board chairs' view their organizational activities?* This question was answered by the results from a series of ten questions described here and listed in Appendix A. Each question has a quantitative component (Appendix A, Part A), and a corollary, qualitative component (Appendix A, Part B). These questions requested self-report diagnostics as well as descriptive text responses on entrepreneurial activities in ten common organizational processes or elements. In the actual survey, the quantitative questions (Appendix C, even-numbered questions 8-26) required respondents to use a 4-point Likert scale and self-report on how entrepreneurial they rated themselves on various organizational processes or activities. The ratings ranged from “not at all entrepreneurial,” to “very entrepreneurial.”

Responses in the four rating categories were bundled into two groupings: low (responses 1-2), and high (responses 3-4). The low group includes “not at all entrepreneurial” and “somewhat entrepreneurial.” The high group includes “more entrepreneurial than average” and “very entrepreneurial.” Only questions receiving four or more “high” responses were included for analysis.

Again referencing the actual survey, the second half of the paired questions, the qualitative responses (Appendix C, odd-numbered questions 9-27) required respondents

to provide written examples of how they have been entrepreneurial in conducting the organizational activities specified by these 10 operational elements:

1. Carrying out your organizational mission
2. Creating new programs and meeting program goals
3. Applying leadership skills to board, staff, and volunteers
4. Using technology
5. Securing funding for your association
6. Creating marketing plans and handling the association's image
7. Community relations and dealing with the public
8. Handling infrastructure issues such as policies and procedures, developing communication channels and employee performance methods
9. With regard to the external environment
10. With regard to building and maintaining your organizational culture

Results of the first half, or quantitative portion of the 10 paired questions are exhibited in Table 4.2. This table shows the mean, SD, and EO dimension scores compared with the organizational activity variables delineated by high and low response groupings.

Table 4.2

Mean, SD, and EO dimension scores by organizational activity variables

Organizational Activity Variables		<i>n</i>	Innovativeness	Risk-Taking	Proactiveness
Creating new programs and meeting goals	low	9	3.24	3.52	2.81
	<i>SD</i>		(.22)	(.36)	(.46)
	high	5	3.90	3.89	2.81
	<i>SD</i>		(.40)	(.60)	(.47)
Applying leadership skills	low	8	3.27	3.44	2.84
	<i>SD</i>		(.25)	(.42)	(.46)
	high	6	3.73	3.95	2.75
	<i>SD</i>		(.51)	(.33)	(.47)
Using technology	low	7	3.36	3.38	2.71
	<i>SD</i>		(.19)	(.47)	(.43)
	high	7	3.52	3.86	2.89
	<i>SD</i>		(.56)	(.32)	(.48)
Securing funding	low	9	3.50	3.56	2.81
	<i>SD</i>		(.49)	(.50)	(.45)
	high	5	3.33	3.81	2.81
	<i>SD</i>		(.24)	(.31)	(.52)

Note: Six organizational activity variables have been removed due to low response rates: organizational mission, creating marketing plans, community relations, handling infrastructure issues, external environment, and building organizational culture.

Overall, there was little evidence of differences in EO dimension scores between the grouped responses for each organizational activity variable. Respondents reported more innovation and risk-taking than proactiveness, but all three subscale means tended toward the midpoint on the scale.

Descriptive text responses from the second half, or qualitative portion of the 10 paired questions were analyzed and distributed into codes derived from the three-part framework comprising the entrepreneurial orientation scale: Innovativeness, risk-taking, and proactiveness. These three a priori codes were used to initially assess and assign the descriptive text responses matching the code definitions. (A full listing of all descriptive text responses is in Appendix D.) After grouping applicable text responses into the three a priori codes, each response group was then analyzed for emerging themes. A third analysis was then undertaken looking for themes and relationships among the three sets of grouped responses. A fourth analysis looked for themes within the pool of responses unassigned to the three a priori codes.

Code 1: Innovativeness. The first code, innovativeness, is defined as seeking creative or novel solutions to problems. Respondents report frequent use of brainstorming, listening to new member issues and concerns, embracing newer technology such as email and smartphone usage, and being creative with fund-raising efforts. Examples include:

- “We hold regular meetings and brainstorm consistently so that new ideas are kept flowing to attract members to our group. Although each of us has a different reason for joining this group, there are always new ways to consider doing things.”
- “We have equipped our library to distribute information by email. This eliminates postage and lets us eliminate the charges so our members are more able to use the resources. We have installed software to let us typeset old manuscripts for publication so they become available to members.”

- “On the second Friday of each month we offer FREE tech courses to our members. We also hold ‘APPY Hours’ to teach each other new Smartphone applications that enhance our business.”
- “Twice a year we have Fundraising Events. We are almost totally funded by the monies received by our Annual Golf Tournament in June. The second and biggest fund raiser is our Annual Fashion Show. A certain percentage is divided among our favorite charities. Last year we gave \$11,500 to 5 different charities, and still kept a healthy profit for our organization.”

Code 2: Risk-taking. The second code, risk-taking, is defined as a willingness to commit resources to opportunities having a reasonable chance of failure. This second code received the fewest number of written responses among the three a priori codes. Respondents reported a willingness to consider many novel ideas as well as defining an interest in attempting new approaches to the critical area of fund-raising. Examples include:

- “We will try many new and different things if people bring them to our attention.”
- “I proposed a new fundraiser, researched the project and presented the plan with a PPP, showing equipment needed, cost of the goods required, estimated sales based on known data, etc. We are going for it in the Fall!”

Code 3: Proactiveness. The third code, proactiveness, is defined as the tendency to show initiative and take action to effect change. Respondents reported on a variety of organizational change initiatives including new member recruitment, outsourcing the

fund-raising process, requiring board members to attend leadership conferences, and using a novel approach to running meetings. Examples include:

- “We actively run programs to encourage new members to join. For example, regular posting of flyers and internal TV announcements, and holding demo and open informational meetings.”
- “Hiring Full time professional fundraiser to increase revenue for nonprofit.”
- “Our Executive committee is required to attend Leadership Conferences twice a year across the United States, PLUS twice a year within our state, to learn skills and share experiences with other members.”
- “Our meetings are scheduled through a software program. Each member accesses the site to volunteer for roles at each of our meetings. It is an automated process that makes organizing meetings simpler and less time-consuming.”

Theme 1: Education and training. Themes and relationships among the three sets of grouped responses highlighted the importance of professional development, continuing education, and training on NPO activities. Many of the descriptive responses assigned to the three a priori codes have education as their theme. Involvement in education or training programs is a recognized way to improve future performance. Comparing this emergent theme with the definitions making up the tripartite EO model, there is a strong relationship between training or professional development and the definition of proactiveness defined as the tendency to show initiative and take action to effect [future] change.

The quantitative findings have shown that higher EO scores are strongly associated with more entrepreneurial activity. Tables 4.1 and 4.2 both indicate stronger EO dimension scores in innovativeness and risk-taking. The qualitative findings indicate that even though the descriptive text responses can be distributed into each of the three a priori code categories, a majority of the distributed text responses are proactive in nature. These recorded EO activities are primarily geared toward taking initiatives that will effect or impact future changes in the organization.

Theme 2: General education. A fourth analysis looked for themes within the pool of responses unassigned to the three a priori codes in that they did not fit the description of being entrepreneurial. The first of these themes from the unassigned text responses is general education.

- “At least six times per year we provide educational events for our members. We offer classes in technology, Continuing Education credit, information on community resources, etc.”
- “We now have the organization using Power Point® presentations, internet banking, videos, financial software, etc., that had not been used previously.”
- “We are entrepreneurial in securing funding for our organization through education and experience.”

Theme 3: Marketing activities. The fourth analysis also uncovered the additional theme of organizational marketing. Similar to the theme of general education, the marketing activities mentioned by the survey respondents are not entrepreneurial in nature but are important because they emerged from a survey on entrepreneurial activities.

- “Each committee works on their own marketing plan, but our national council dictates how the association’s image must be portrayed. Logo, mission, vision, etc.”
- “We have a public relations chairman to write articles for the newspapers with photos of our events. We have membership seminars during the year. We make certain our logo is always visible in correspondence, at fundraisers, etc.”
- “Our annual Fashion Show gives us the most exposure and opportunity to get into the public eye. We also try to attend local events that are specific to helping promote women.”
- “Our meetings are run efficiently, although not with an iron hand. We have one hour during lunch to complete our agenda items and other announcements before returning to work. Therefore, efficiency is important. Prospective members see an encouraging environment with respect to everyone's time.”

Chapter Summary

This study examined certain aspects of the relationship between entrepreneurship and organizational performance with a specific focus on how an entrepreneurial orientation (EO) is manifested in the organizational elements or activities in membership-based NPOs. This chapter presented the results of the study based on a statistical analysis of responses to the study’s survey questionnaire, and a content analysis of open-ended responses to follow-up questions included in the survey.

The dependent variable was the self-reported EO of the nonprofit CEOs and board chairs. The independent variables included demographic characteristics, organizational parts or elements, and the self-reported EA of the nonprofit CEOs and board chairs. A

scatterplot and trend line indicated the positive nature of the correlation between the EO and EA variables. The data support quantitative question number 3: Higher EO scores are strongly associated with increased entrepreneurial activity.

The descriptive text responses were analyzed and distributed into codes derived from the three-part framework comprising the entrepreneurial orientation scale: innovativeness, risk-taking, and proactiveness. The addition of a qualitative component to the survey/questionnaire provided practitioner examples that assisted in the understanding of how an entrepreneurial orientation is manifested in organizational activities. Although the quantitative analysis indicates stronger EO scores for the innovativeness and risk-taking dimensions than for the dimension of proactiveness, the descriptive text responses demonstrate that a predominant number of entrepreneurial activities undertaken by nonprofit membership associations are proactive in nature. Therefore, all three dimensions comprising the EO construct, as defined by the literature, are demonstrated by this mixed-methods analysis.

The next chapter provides a discussion and interpretation of the findings in this study, as well as implications for practitioners in the field and recommendations for future research.

Chapter 5: Discussion

This chapter presents a discussion and interpretation of the results found in Chapter 4 and is divided into five sections: summary of the study; implications of the research findings; limitations of the study; recommendations for future research; and concluding remarks.

Summary of the Study

In today's globally interconnected world, effective leaders are needed more than ever before. Since the business environment is undergoing rapid change and moving quickly toward a model defined by globalization and 24/7 operations, the overarching purpose of the study was to examine whether or not these changing business parameters require a corresponding change in leadership characteristics and behaviors. Examining possible relationships among sets of phenomena, this study focused on the impact entrepreneurial leaders have on their organizations. The study's scope was narrowed by limiting the inquiry to the impact entrepreneurial leaders may have on nonprofit organizations, and specifically in the context of nonprofit membership organizations. Membership-based nonprofits were selected because of the researcher's familiarity with this type of NPO and to elicit responses from organizational leaders serving in similar organizations.

As organizations of all types meet and adapt to new economic and competitive challenges, nonprofit organizations face increasing levels of uncertainty due to funding availability, expanding roles and mission objectives, and growing competition for

resources and markets. Entrepreneurial thinking can create innovative solutions to these organizational issues such as going outside the core constituency to find new board members, creating new programs to better serve existing constituents, or deciding to expand the original mission and provide additional community services.

A comprehensive literature review uncovered a theoretical framework that addresses three specific behavioral characteristics of the entrepreneurial leader: innovativeness, the ability to accept risk, and proactiveness. These behaviors, when applied simultaneously, make up what is referred to in much of the literature as an entrepreneurial orientation or EO. Several research efforts in the nonprofit sector have indicated that these characteristics fall under the nomenclature of being “business-like” and apply equally well to organizations in the for-profit sector as well as the nonprofit.

Research has also shown that specific leadership behaviors can predict successful implementation of organizational change that is necessary in turbulent times. As a result of these findings, the theoretical framework of entrepreneurial orientation involving innovativeness, risk-taking, and proactiveness has explicit applicability to the question researched in the current study: How is EO manifested in nonprofit organizations?

With this specific focus on the manifestation of EO in the activities of membership-based NPOs, three quantitative research questions and three qualitative research questions were developed for the study. The quantitative questions include:

1. What is the entrepreneurial orientation of nonprofit CEOs and board chairs in membership-based NPOs?

2. Is there a relationship between the entrepreneurial orientation of CEOs and board chairs and certain demographic characteristics of these leaders and their NPOs?
3. Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and board chairs and entrepreneurial activities carried out in their organizations?

The qualitative questions include:

1. How entrepreneurial do CEOs and board chairs view their organizational activities?
2. Does an entrepreneurial orientation affect organizational activities in membership-based NPOs?
3. How is an entrepreneurial orientation manifested in the organizational elements or activities in membership-based NPOs?

Initially proposed as a quantitative analysis to discover the relationship between EO and organizational performance, the literature review phase determined that several studies had already provided conclusive evidence of a positive and significant relationship between these two variables. As noted above, the final research focus of the study was modified to investigate the manifestation of EO in nonprofit organizations. Due to the exploratory nature of the study, the use of a single data source was determined to be insufficient in both the data collection phase and the data analysis phase. The chosen method of developing an understanding of the application of EO in nonprofit organizations was to interface directly with the NPO leadership structure, thereby gaining contextual explanations that could be coupled with the broad relationships among

variables uncovered through quantitative analysis. Therefore, the original quantitative design was reconstructed into an emergent mixed-methods design, incorporating a qualitative element into the methodology.

A survey comprised of both closed and open-ended questions was used for data collection. A cross-sectional design format was chosen to provide a snapshot of the effect of EO behavior on organizational dimensions, and to analyze possible group trends as well as differences among subgroups. The study was conducted in a five-county area surrounding a metropolitan city in the northeastern region of the United States with IRS 990 data indicating more than 2,000 NPOs in the target area. Nonprofit membership organizations were selected for the study from this large pool of local NPOs ($n = 587$). Actual survey respondents included two categories of individuals in the targeted nonprofit organization: The top leadership position such as the CEO or executive director; and the board chairperson. Both quantitative and qualitative data were collected from self-report responses on a 42-question survey (Appendix C). The survey responses were triangulated by comparing and contrasting the quantitative statistical results with qualitative findings for the purposes of corroboration and validation.

A population of 226 potential respondents received the survey. Of these, 8 individuals requested to be removed from the list resulting in ($n = 218$). Of the remaining association CEOs and board chairs, 21 started the survey. After removing incomplete responses, a total of 14 CEOs and board chairs completed the survey, representing a 6% response rate.

For purposes of statistical analysis, the dependent variable was the self-reported entrepreneurial orientation of the nonprofit CEOs and board chairs. The independent

variables included demographic characteristics, organizational parts or elements, and the application of entrepreneurial behavior to organizational activities.

Implications of the Research Findings

The results of this study provide several implications related to the relationship between EO and organizational effectiveness, specifically in the context of nonprofit membership-based organizations. Morris, et al. (2007), highlighted several challenges in applying EO in a nonprofit context: First, some might be concerned that an emphasis on entrepreneurship could compromise the basic values, missions and services of the nonprofit; second, nonprofit managers with less business-specific skills may find the amount of time, resources, and effort involved with establishing and maintaining innovations can distract them from their core social missions; third, since nonprofit leaders are focused heavily on their current missions, their ability to recognize new opportunities may be reduced; and fourth, donors and funding may become alienated when the nonprofit attempts to engage in entrepreneurial actions.

The current study found little, if any, indication that these challenges proposed by Morris caused any discomfort to the NPO leaders responding to the survey. It appears the opposite may be true, that entrepreneurship has become part and parcel of the NPO leadership tool kit. A possible explanation for this difference may lie in the basic philosophical meaning behind the concept of entrepreneur. From a for-profit perspective, where bottom line financial goals take overriding precedence in all organizational activities, these potential challenges make sense. However, if the concept of entrepreneurship is seen metaphorically, so that entrepreneurial behavior can be observed

in many business activities and not in just financial undertakings, then these potential challenges do not become impediments to nonprofit organizational effectiveness.

Nonprofit membership-based organizations have an additional level of responsibility not found in their counterparts in government or privately funded human services organizations. Membership associations, like other types of nonprofit organizations, serve the needs of their stakeholders and work to fulfill the mission of the organization. Additionally, membership associations must also work continuously to retain current members as well as to attract new ones. This additional level of complexity may have contributed to the results of this study since leaders in membership associations may already have a higher EO score because of their efforts in creating innovative membership marketing and retention programs.

Quantitative research question 1: *What is the entrepreneurial orientation of nonprofit CEOs and board chairs in membership-based NPOs?* This question was answered by the replies of the respondents to the survey questions that replicate the EO scale created by Morris (2007), and comprise what is identified in the literature as the tripartite model of entrepreneurial orientation. The three parts of the model include: innovativeness, risk-taking, and proactiveness. The mean scores of the EO scale ranged from 2.94 to 3.89 (*mean = 3.30*) regarding the CEO and board chair perceptions of how the survey questions applied to their nonprofit organization. There was little evidence of differences in EO scores between these two groups. Overall, respondents (regardless of their position) reported more innovation and risk-taking than proactiveness, but the means on all three subscales tended toward the midpoint of the scale. The Morris EO

scale provided a point of reference or common denominator that was used throughout the statistical analysis of the survey.

Quantitative research question 2: *Is there a relationship between the entrepreneurial orientation of CEOs and board chairs, and certain demographic characteristics of these leaders and their NPOs?* This question extends question 1 and asks whether or not EO is moderated by certain demographic variables such as gender, budget size, and age of the organization. There was small evidence of differences in EO scores when looking at gender with females reporting slightly higher scores in all three categories than males. Comparing male/female EO scores across a larger nonprofit population may be an intriguing focus for future researchers.

There was also little evidence of differences in EO scores when looking at the budget demographic. Again, it is interesting to note, without being statistically significant in the current study that associations with budgets over \$25,000 scored slightly higher in all three EO dimensions than associations with smaller budgets. Determining the causation in this suggested relationship is another avenue for exploration in future studies.

The third demographic variable, NPO Age, also showed small evidence of differences in EO scores. Due to the small sample size, responses to this demographic were also grouped into two categories. Again, it is interesting to note that associations less than 20 years old scored slightly higher in all three EO dimensions than associations more than 20 years old. Perhaps younger organizations are in the start-up phase and more willing to embrace entrepreneurial behaviors than older nonprofits with established reputations.

Quantitative research question 3: *Is there a relationship between the entrepreneurial orientation of nonprofit CEOs and board chairs and entrepreneurial activities carried out in their organizations?* This question was answered by correlating two separate variables created by the survey. The first variable, EO, was calculated for each respondent in which higher numbers indicate a greater entrepreneurial orientation.

The second variable, entrepreneurial application (EA) was adapted from an article by C. T. Thompson (2011), who proposed a nonprofit organizational model. Thompson's model categorizes every nonprofit activity into one of 10 organizational parts or elements. Survey questions were developed for each of the 10 organizational elements and respondents were asked to self-report on how entrepreneurial they viewed their activities to be. These questions asked, for example, "How entrepreneurial are you in carrying out your organizational mission?," or, "How entrepreneurial are you in securing funding for your associations?" These questions resulted in an EA score for each respondent in which higher numbers indicate a greater application of entrepreneurial behavior.

This EA scale received a Cronbach's Alpha inter-item reliability score of (.87) suggesting that the survey items are measuring the same underlying construct. A nonparametric correlation coefficient used to measure the association between the two variables EO and EA came in at a fairly strong $r = .67$. Also, the trend line shown in Figure 4.2 indicates the positive nature of the correlation between the EO and EA variables. Therefore, the data support quantitative question number 3 in that higher EO scores are strongly associated with increased entrepreneurial activity.

The current study also strongly suggests that EO behavior, rather than being limited to “business-like” behaviors such as financial issues or competitiveness, can be observed and measured in other NPO activities as well. Results from this study indicate that in at least four organizational activity areas, EO behaviors are both recognizable and measurable. The four activity areas having measurable EO behaviors include: creating new programs and meeting program goals; applying leadership skills to board, staff, and volunteers; using technology; and securing funding for the organization.

NPO leadership self-ratings in Table 4.2 compared mean EO dimension scores with organizational activity variables. In three of the four variables, (excluding securing funding for the organization), the high entrepreneurial leaders scored consistently higher on innovativeness and risk-taking, but not on proactiveness, compared with the low entrepreneurial leaders. In this small group of NPO leaders, innovativeness and risk-taking seem to push entrepreneurial activity more than proactiveness. This conclusion is seemingly at odds with the literature which states that to be entrepreneurial is to simultaneously demonstrate innovativeness, risk-taking, and proactiveness (Morris, 2007).

The resolution to this disparity is found in the qualitative analysis in Chapter 4. The qualitative findings indicate that even though the descriptive text responses can be distributed into each of the three a priori code categories, a majority of the distributed text responses are proactive in nature. These recorded EO activities are described in Chapter 4 as Theme 1: Education and Training; and Theme 2: General Education. Both themes are primarily oriented toward proactiveness, defined by taking initiatives that will effect or impact future changes to the organization. Combining the quantitative and qualitative

responses resulted in affirming that all three EO dimensions, innovativeness, risk-taking, and proactiveness, are present in nonprofit entrepreneurial activities as suggested by the literature. Therefore, the three-dimensional EO construct applies equally well to leaders in nonprofit associations as it does to individuals in for-profit organizations.

An unforeseen outcome of this study was the development of a new instrument to measure how EO is manifested in nonprofit organizations. The entrepreneurial application (EA) scale measures EO behavior in ten organizational activity areas. The literature review uncovered no other means to document the application of EO in NPOs, although several studies, notably Morris, et al. (2007), called for such development. This new EA scale requires additional validation by future researchers examining the manifestation of EO nonprofit organizations.

Limitations of the Study

A major difficulty faced by the researcher was finding valid leadership names and email addresses for the target population of nonprofit membership organizations in the target city. Many of these NPOs were extremely small and were not members of umbrella groups such as local chambers of commerce or national associations. Many NPOs listed in the IRS 990 data did not have a dedicated website or, if they had an organizational website, many did not have listings of board officers and staff.

Because of the difficulty in finding valid email addresses for CEOs and board chairs, it was impossible to determine if both types of leaders from the same organization responded to the survey. In this regard, overall organizational EO scores cannot be determined from this study.

Although tantalizing to contemplate, the low 6% survey return rate made it difficult to apply current findings to any wider audience other than in very general terms. Replication of the study in other areas of the country with larger pools of nonprofit membership organizations would increase the reliability of the survey instrument and, hopefully, further validate the findings. Additionally, the low response rate also severely limited the potentially rich qualitative data collected by the text-entry questions. Other coding variables would likely emerge from an increased number of responses including the possible differentiation between NPO executives and board chairs.

Recommendations for Future Research

It is clear that this relatively new field of study examining the relationship between entrepreneurship and nonprofit organizations has come a long way from its roots in entrepreneurial research on for-profit organizations. Several studies suggested that applying the EO construct in innovative ways to the organizational structure of nonprofit organizations may result in tremendous advantages to this sector (Dart, 2004; Voss, 2005; Pearce, 2010).

Based on the outcomes and results of the current study, recommendations for further research on the relationship between EO and nonprofit organizations include the following:

- What is the role of entrepreneurship in NPOs? Is it a major or minor component of the NPO leadership tool kit?
- What are the general EO and EA tendencies in other types of nonprofit organizations outside of the membership-based NPOs studied here?
- What are the differences in EO between male and female NPO leaders?

- What is the role of financial stability and organizational age in the use or adoption of EO behaviors?
- What type of entrepreneurial training programs work best with NPO leaders?
- Would larger studies validate the reliability of the new EA scale?

These proposed research areas would provide critical insights into the relationship between EO and the unique features of nonprofit organizations such as boards of directors, governance issues, multiple stakeholders, and mission fulfillment.

Conclusion

This study examined possible relationships between sets of phenomena concerning entrepreneurial leadership behavior and organizational effectiveness. The scope of the study was limited to the impact entrepreneurial leaders have on nonprofit membership type organizations. The dependent variable was the self-reported EO of the nonprofit CEO's and Board Chairs. The independent variables included demographic characteristics, organizational parts or elements, and the self-reported EA of nonprofit CEOs and board chairs. A scatterplot and trend line indicates the positive nature of the correlation between the EO and EA variables: Higher EO scores are strongly associated with more entrepreneurial activity.

An unforeseen outcome of this study was the development of a new instrument to measure how EO is manifested in nonprofit organizations. The EA scale measures EO behavior or activities in ten organizational activity areas resulting in a respondent score in which higher numbers indicate a greater application of entrepreneurial behavior.

The descriptive text responses were analyzed and distributed into a priori codes derived from the three-part framework comprising entrepreneurial orientation:

innovativeness, risk-taking, and proactiveness. The addition of a qualitative component to the survey/questionnaire provided practitioner examples that assisted in the understanding of how an entrepreneurial orientation is manifested in organizational activities. Although the quantitative analysis indicated stronger EO scores for the innovativeness and risk-taking dimensions than for the dimension of proactiveness, the descriptive text responses demonstrate that a predominant number of entrepreneurial activities undertaken by nonprofit membership associations are proactive in nature, thus providing support for the theory that to be entrepreneurial is to simultaneously demonstrate all three EO dimensions.

Based on the findings of this study, the researcher concludes that the field of entrepreneurship, and more specifically the application of an entrepreneurial orientation, is a viable construct to assist in the study of nonprofit organizations. It is hoped that future researchers build on the incremental findings of this study to advance the knowledge and understanding of how an entrepreneurial orientation impacts nonprofit organizational effectiveness.

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procedures, developing communication channels and employee performance methods
 Not Very 1 2 3 4 5 Very Much

8B: Give an example of how you have been entrepreneurial in handling infrastructure issues (open-ended, short descriptive answer).

9A: Rate how entrepreneurial you are with regards to the external environment
 Not Very 1 2 3 4 5 Very Much

9B: Give an example of how you have been entrepreneurial with regards to the external environment (open-ended, short descriptive answer).

10A: Rate how entrepreneurial you are with regards to building and sustaining your organizational culture
 Not Very 1 2 3 4 5 Very Much

10B: Give an example of how you have been entrepreneurial with regards to building and sustaining your organizational culture (open-ended, short descriptive answer).

Appendix B

Entrepreneurial Orientation Scale developed by M. Morris, 1998

Please circle the number that best corresponds to your level of agreement with each of the following statements:

Our organization is characterized by:	Strongly Disagree			Strongly Agree	
1. a high rate of new program and service development compared to other organizations in our field or area	1	2	3	4	5
2. an emphasis on continuous improvement in methods of operation or service delivery	1	2	3	4	5
3. risk-taking by key managers or administrators in seizing and exploiting new opportunities	1	2	3	4	5
4. a "live and let live" philosophy in dealing with other organizations that compete for the same resources we do	1	2	3	4	5
5. the seeking of unusual, novel solutions by senior managers to problems via the use of "idea people," brainstorming, etc.	1	2	3	4	5
6. a management philosophy that emphasizes proven services, programs, and approaches	1	2	3	4	5
7. a management philosophy that emphasizes the avoidance of heavy expenditures on developing new programs	1	2	3	4	5
8. a charismatic leader at the top	1	2	3	4	5
At our organization, decision making is characterized by:	Strongly Disagree			Strongly Agree	
9. cautious, pragmatic, step-at-a-time adjustments to problems	1	2	3	4	5
10. active searches for major new opportunities	1	2	3	4	5
11. major social change as a dominant goal	1	2	3	4	5
12. large, bold decisions despite uncertainty	1	2	3	4	5
13. compromises among the conflicting demands of the different publics we serve, including sources of funding, clients, employees, government, board members, etc.	1	2	3	4	5
14. adherence to the status quo and stability as primary concerns	1	2	3	4	5

Appendix C

Actual Survey Used in Study

Q1: Informed Consent-- I agree to participate in the study: ____ yes ____ no

Part I: Demographic Data

Q2. Please indicate your **position**: Nonprofit Executive Nonprofit Board Chairperson
1 2

Q3. Please select your **gender**: ____ Male ____ Female

Q4. Are you the **Founder** of the organization? ____ Yes ____ No

Q5. Please select the size of your organization's **budget**:

Under \$50K	\$50-99K	100-249K	250- 499K	500-999K	over \$1 million
1	2	3	4	5	6

Q6. Please select the size of your **paid staff**:

1-4	5-10	11-25	26-50	51-74	75-99	over 100
1	2	3	4	5	6	7

Q7: How many **years old** is your organization?

1-5	6-11	12-20	21-30	over 30
1	2	3	4	5

Part II: (Organizational Elements)

Q8: Rate how entrepreneurial you are in carrying out your **organizational mission**

not at all	somewhat	average	more than average	very much
1	2	3	4	5

Q9: Give an example of how you have been entrepreneurial in carrying out your **organizational mission**: (please write a short descriptive answer in the space provided)

Q10: Rate how entrepreneurial you are in **creating new programs and meeting program goals**

not at all	somewhat	average	more than average	very much
1	2	3	4	5

Q11: Give an example of how you have been entrepreneurial in **creating new programs and meeting program goals** (please write a short descriptive answer in the space provided)

- Q12: Rate how entrepreneurial you are in **applying leadership skills** to board, staff and Volunteers
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q13: Give an example of how you have been entrepreneurial in **applying leadership skills** to board, staff and volunteers (please write a short descriptive answer in the space provided)
- Q14: Rate how entrepreneurial you are in **using technology**
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q15: Give an example of how you have been entrepreneurial in **using technology** (please write a short descriptive answer in the space provided)
- Q16: Rate how entrepreneurial you are in **securing funding** for your organization
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q17: Give an example of how you have been entrepreneurial in **securing funding** for your organization (please write a short descriptive answer in the space provided)
- Q18: Rate how entrepreneurial you are in **creating marketing plans and handling the organizations image**
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q19: Give an example of how you have been entrepreneurial in **creating marketing plans and handling the organizations image** (please write a short descriptive answer in the space provided)
- Q20: Rate how entrepreneurial you are in **community relations and dealing with the public**
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q21: Give an example of how you have been entrepreneurial in **community relations and dealing with the public** (please write a short descriptive answer in the space provided)
- Q22: Rate how entrepreneurial you are in **handling infrastructure issues** such as policies and procedures, developing communication channels and employee performance methods
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |
- Q23: Give an example of how you have been entrepreneurial in **handling infrastructure issues** (please write a short descriptive answer in the space provided)
- Q24: Rate how entrepreneurial you are with regards to **the external environment**
- | | | | | |
|------------|----------|---------|-------------------|-----------|
| not at all | somewhat | average | more than average | very much |
| 1 | 2 | 3 | 4 | 5 |

Q25: Give an example of how you have been entrepreneurial with regards to **the external environment** (please write a short descriptive answer in the space provided)

Q26: Rate how entrepreneurial you are with regards to **building and sustaining your organizational culture**

not at all somewhat average more than average very much
1 2 3 4 5

Q27: Give an example of how you have been entrepreneurial with regards to **building and sustaining your organizational culture** (please write a short descriptive answer in the space provided)

Part III (Entrepreneurial Orientation)

Please indicate the response that best corresponds to your level of agreement with each of the following statements:

Our organization is characterized by:

Q28: a high rate of new program and service development compared to other organizations in our field or area

Strongly Disagree Disagree Neutral Agree Strongly Agree
1 2 3 4 5

Q29: an emphasis on continuous improvement in methods of operation or service delivery

Strongly Disagree Disagree Neutral Agree Strongly Agree
1 2 3 4 5

Q30: risk-taking by key managers or administrators in seizing and exploiting new opportunities

Strongly Disagree Disagree Neutral Agree Strongly Agree
1 2 3 4 5

Q31: a “live and let live” philosophy in dealing with other organizations that compete for the same resources we do

Strongly Disagree Disagree Neutral Agree Strongly Agree
1 2 3 4 5

Q32: the seeking of unusual, novel solutions by senior managers to problems via the use of “idea people,” brainstorming, etc.

Strongly Disagree Disagree Neutral Agree Strongly Agree
1 2 3 4 5

Q33: a management philosophy that emphasizes proven services, programs, and approaches

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q34: a management philosophy that emphasizes the avoidance of heavy expenditures on developing new programs

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q35: a charismatic leader at the top

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

At our organization, decision making is characterized by:

Q36: cautious, pragmatic, step-at-a-time adjustments to problems

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q37: active searches for major new opportunities

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q38: major social change as a dominant goal

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q39: large, bold decisions despite uncertainty

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q40: compromises among the conflicting demands of the different publics we serve, including sources of funding, clients, employees, government, board members, etc.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Q41: adherence to the status quo and stability as primary concerns

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
----------------------	----------	---------	-------	-------------------

1 2 3 4 5

Q42: If you would like to receive an abstract of the research findings, please enter your contact information below.

Appendix D

Descriptive text responses to Survey Questions 9-27

Survey Q9: Responses for “Carrying out the organizational mission”

- “Hiring Full time professional fundraiser to increase revenue for nonprofit.”
- “We are an organization whose mission is: ‘We are a network of successful REALTORS® empowering women to exercise their potential as entrepreneurs and industry leaders.’ We accomplish this by mentoring, leading, educating, etc. at most of our events.”
- “We are a Toastmasters Club consisting of company employees only. We hold regular meetings and brainstorming consistently so that new ideas are kept flowing to attract members to our group. We are all employees of one company, although each of us has a different reason for joining this group, so there are always new ways to consider doing things.”
- “Not sure how to answer the question.”

Survey Q11: Responses for “Creating new programs and meeting program goals”

- “We will try many new and different things if people bring them to our attention.”
- “At least 6 times per year we provide educational events for our members. We offer classes in technology, Continuing Ed Credit, Community Resources, etc.”
- “We actively run programs to encourage new members to join. For example, regular posting of flyers and internal TV announcements, and holding demo and open informational meetings.”
- “Again not sure - - I need an example or a definition of what you mean.”

Survey Q13: Responses for “Applying leadership skills to board, staff and volunteers”

- “Our Executive committee is required to attend Leadership Conferences twice a year across the United States, PLUS twice a year within New York State, to learn skills and share experiences with other Realtor Members in the United States, PLUS twice a year within New York State, to learn skills and share experiences with other Realtor Members.”

- “Listening is key! A leader must be an active listener. Good ideas are sometimes softly spoken so leaders must make an effort to truly hear what's being said. Providing encouragement and recognition are also very important.”
- “Prior to retiring in year 2001 I worked for two different companies. I began as a salesman with each company and later became their VP of Sales and Marketing.”

Survey Q15: Responses for “Using technology”

- “We have equipped our library to distribute information by email. This eliminates postage and lets us eliminate the charges so our members are more able to use the resources. We have installed software to let us typeset old manuscripts for publication so they become available to members.”
- “My college education.”
- “On the second Friday of each month we offer FREE tech courses to our members. We also hold ‘APPY Hours’ to teach each other new Smartphone applications that enhance our business.”
- “Our meetings are scheduled through a software program. Each member accesses the site to volunteer for roles at each of our meetings. It is an automated process that makes organizing meetings simpler and less time-consuming.”
- “Now have the organization using Power Point presentations, Internet banking, videos, financial software, etc. that hadn't been used previously.”

Survey Q17: Responses for “Securing funding”

- “Through education and experience.”
- “Twice a year we have Fundraising Events. We are almost totally funded by the monies received by our Annual Golf Tournament in June. The second and biggest fund raiser is our Annual Fashion Show. A certain percentage is divided among our favorite charities. Last year we gave \$11,500 to 5 different charities, and still kept a healthy profit for our organization.”
- “Proposed a new fundraiser to undertake. I researched the project and presented the plan with a PPP, showing equipment needed, cost of the goods required, estimated sales based on known data, etc. We are going for it in the Fall!”

Survey Q19: Responses for “Creating marketing plans and handling the organizations image”

- “Each committee works on their own marketing plan, but our National Women’s Council of Realtors dictates how the association's image must be portrayed - Logo, Mission & Vision, etc.”

- “Have a Public Relations chairman to write articles for the newspapers (with photos) of our events. We have membership seminars during the year. We make certain our logo is always visible in correspondence, at fundraisers, etc.”

Survey Q21: Responses for “Community relations and dealing with the public:”

- “Again through education and years of experience.”
- “Our Annual Fashion Show gives us the most exposure and opportunity to do get into the public eye. We also try to attend local events that are specific to helping promote women (eg YWCA). One of our events in 2011 was geared toward families and internet safety.”

Survey Q23: Responses for “Handling infrastructure issues such as policies and procedures, developing communication channels and employee performance methods”

- No responses recorded for this question.

Survey Q25: Responses for “With regard to the external environment”

- “Don't understand the question.”
- “Only in the sense that some of our CE classes include ‘Green’ technology.”

Survey Q27: Responses for “Building and sustaining your organizational culture:”

- “Mentoring our members.”
- “Our meetings are run efficiently, although not with an iron hand. We have one hour during lunch to complete our agenda items and other announcements before returning to work. Therefore, efficiency is important. Prospective members see an encouraging environment with respect to everyone's time.”