

Social Enterprise: A Social Entrepreneur Leadership Model Used to
Enhance Nonprofit Organizational Performance

by

Darlene Pierre-Louis

Dissertation

Submitted to the faculty of

Olivet Nazarene University

School of Graduate and Continuing Studies

in Partial Fulfillment of the Requirements for

the Degree of

Doctor of Education

in

Ethical Leadership

September 24, 2021

The Dissertation In Practice Committee for darlene Pierre-Louis certifies approval
of the following Dissertation In Practice:

Social Enterprise:

DISSERTATION IN PRACTICE TITLE

A Social Entrepreneur Leadership Model Used to Enhance Nonprofit Organizational
Performance

DISSERTATION IN PRACTICE TITLE

A comparative exploratory case study methodology based on qualitative research

METHODOLOGY

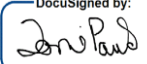
Committee:


Toni Pauls, Ph.D.

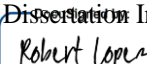
_____, Dissertation In Practice Coach

Rob Simpson, Ph.D.

_____, Reader

DocuSigned by:

8CD28F9884DD477...

Dissertation In Practice Coach

E8A285BE03ED42C...

Dissertation In Practice Reader

5D6E354548934F9...

Robert Lopez, Ed.D.
Associate Dean of Education

09/24/21

Date Approved: _____

ACKNOWLEDGEMENTS

I am grateful to Olivet Nazarene University for approving my research project on social entrepreneurship; a topic that I enjoy researching and presenting on at academic conferences in the United States and abroad such as at the American Society of Public Administration, 4th International Social Innovation Research Conference, Social Equity Leadership Conference, Nonprofit Academic Centers Council, and the International Conference on Democratic Governance: Challenges in Asia and Africa. I am especially grateful for my Dissertation Chair and reader, Dr. Toni Pauls and Dr. Rob Simpson who guided me to the end of this lifelong dream. I am truly grateful for my Professors, Kyle Ireland, Jonathan Pickering, Allison Young Reusser, David Van Heemst, Jay R. Martinson, Jeff Williamson, Emmanuel Reinbold, and Robert Lopez. Many thanks for Chaplain David Brock's encouraging videos, ONU staff at the Registrar Office, Benner Library, and the Academic Advising Center.

DEDICATION

For Family and Friends Who Are Committed to My Degree Completion and Never Wavered

in Providing Encouragement:

Jude Pierre-Louis

Moriah Pierre-Louis

Wendy Powell

Phyllis King

Addie Mix

Barbara Dickinson

and,

Gedeon Mudacumura, Ph.D.

I Am Grateful.

ABSTRACT

Nonprofit leaders are competing for limited resources; Boards of Directors who achieve their financial goals and social missions are standing in the winners' circle. However, small-to-midsize nonprofits struggle to profit from the social enterprise activity which promises to be a solution for dwindling budgets and program sustainability. Even more important, small-to-midsize nonprofits with annual revenue between \$25,000 and \$250,000, and that do not have a paid staff dedicated to earned income opportunities must retool to reap financial rewards. The study examined the impact that entrepreneurial behaviors had on operating successful nonprofit social enterprises to attract financial resources. The objective of the study was to determine whether non-entrepreneurial leaders (who do not have business experience), who operate small-to-midsize nonprofits can successfully incorporate social enterprise activities into their nonprofit agencies to enhance organizational performance. The review of the literature revealed that there is some evidence that nonprofit entrepreneurial leaders may demonstrate greater resiliency in adverse economic conditions over traditional nonprofit leaders. A comparative exploratory case study methodology based on qualitative research was used in this dissertation. Additionally, an inclusion of quantitative methodology served to supplement and complement the core qualitative study. The findings from the study showed that there were no significant differences between Boards of Directors' entrepreneurial behaviors that will enhance the likelihood of operating a successful social enterprise into a small-to-midsize nonprofit agency to attract financial resources. However, the social enterprise nonprofit showed higher means' scores overall on the Entrepreneurial Orientation and Board Behavioral Orientation Scales compared to the ordinary nonprofit.

TABLE OF CONTENTS

Chapter		Page
I.	INTRODUCTION.....	1
	Statement of the Problem.....	3
	Background.....	5
	Research Questions.....	7
	Description of the Terms.....	8
	Significance of the Study.....	11
	Process to Accomplish.....	12
	Summary.....	18
II.	REVIEW OF THE LITERATURE.....	20
	Introduction.....	20
	The Nonprofit Economy.....	21
	Origins Of Social Entrepreneurship.....	23
	Criticisms of the Social Entrepreneurship Model.....	32
	Social Entrepreneurship Impact on the Nonprofit Economy.....	34
	Social Enterprise.....	35
	Patterns of Innovation.....	36
	Nonprofit Board EO and Nonprofit Performance.....	39
	Board of Directors and Organizational Performance.....	40
	Agency Theory.....	41
	Group Decision Process Theory.....	42

	Resource Dependency Theory.....	43
	Conclusion.....	44
III.	METHODOLOGY.....	47
	Introduction.....	47
	Research Design.....	47
	Population.....	49
	Data Collection.....	51
	Analytical Methods.....	56
	Limitations.....	57
	Summary.....	58
IV.	FINDINGS.....	61
	Introduction.....	61
	Summary of Results.....	99
V.	CONCLUSIONS AND RECOMMENDATIONS.....	105
	Discussion of Findings.....	105
	Limitations.....	116
	Recommendations.....	117
	Recommendations for Future Research.....	117
	Summary.....	118
	REFERENCES.....	121
	APPENDICES.....	138
	A. Earned Income Opportunities Scale.....	140
	B. Board of Directors Personal Interview Script.....	148

C. Entrepreneurial Orientation Scale.....	153
---	-----

LIST OF TABLES

Tables	Page
1. Social Enterprise Nonprofit Characteristics.....	63
2. Nonprofit Characteristics	71
3. Entrepreneur Orientation Scale – Social Enterprise	84
4. Entrepreneur Orientation Scale – Ordinary Nonprofit.....	85
5. Significant Revenue Changes In The Last 3 Years? Social Enterprise	86
6. Signficiant Revenue Changes In The Last 3 Years?	87
7. Status Of Current/Recent Earned Income Opportunities – Social Enterprise	87
8. Status Of Current/Recent Earned Income Opportunities.....	88
9. Nonprofit Organizational Identity – Social Enterprise	89
10. Nonprofit Organizational Identity.....	89
11. Organizational Financial Constraints Factor Description – Social Enterprise	90
12. Organizational Financial Constraints Factr Description	91
13. Stakeholder Salience – Social Enterprise	92
14. Stakeholder Salience.....	92
15. Future Earned Income Opportunity Activity – Social Enterprise.....	93
16. Future Earned Income Opportunity Activity	94
17. Future Eio Activity, Factor Description Scale Details – Social Enterprise	95
18. Future Eio Activity, Factor Description Scale Details.....	96
19. Comparative Descriptives.....	63

LIST OF FIGURES

Figures	Page
1. Nonprofit Board Leaders Who Deliberately Care About How They Are Communicating to their Primary Stakeholders and Solving Social Problems Transform their Communities.....	79
2. Nonprofit Board Leaders Gender Can Play a Distinctive Role In Creating Innovative Solutions at the Programmatic Level.....	80
3. Nonprofit Performance Is Enhanced When Board Members Practice Habits Of Good Governance	81
4. Nonprofit Board Leaders With Work Histories Related To The Agency Mission Are Poised To Make Improved Operational Judgments, And Influence Their Stakedholders In The Direction That Enhances Agency Outcomes	81
5. Nonprofit Board Leaders Who Operate Using A Small Number Of Board Members, Capitalize On Understanding Their Missions And Delivery Models, Because Of Their Dual Role Of Strategizing And Operationalizing The Agency Mission.....	82

LIST OF GRAPHS

Graph	Page
A. A Comparison of the Means' Scores for the Social Enterprise and Ordinary Nonprofits Across Entrepreneur Orientation, Earned Income Opportunities, and Board Behavioral Orientation.....	98

CHAPTER I

There is a familiar saying in the US, “you must think big to get bigger results!” Now, more than ever, the common adage is growing in popularity in nonprofit contexts. Even more important, small-to-midsize nonprofits with annual revenue less than \$250,000, and that do not have paid staff dedicated to specific operational tasks must retool to become more competitive to reap financial rewards. Modern nonprofits are running their agencies like big businesses. Nonprofit leaders are thinking strategically (Ibrahim & Shariff, 2016; Gruber-Muecke & Hofer, 2015), taking more risks, and not waiting for handouts that, in too many instances, do not meet their current operating budgets. Competition for voluntary contributions among nonprofit organizations (NPOs) is a fierce game of attracting voluntary actions and formulating plans to achieve financial strategies. Proactive nonprofit leaders have decided how to deliver an effective pitch for resources, cultivated relationships that lead to financial support, and arranged people and work designs to their advantage. Nonprofit leaders are competing for limited resources; those leaders who achieved their financial strategies are standing in the winners’ circle.

The social entrepreneur designation is the moniker that refers to nonprofit leaders who are engaged in business activities for a profit to create social impact (Alvord, Brown, & Letts, 2004; Banks, 1972; Bloom, 2009; Dees, 2001, 2007; Hardy, 2007; Kronos, 2013; Wilburn & Wilburn, 2014). The renaming of nonprofit leaders to social entrepreneurs places a new demand on nonprofits to raise sustainable income. Those 21st century nonprofit leaders who do not engage in entrepreneur-like behaviors,

such as social enterprise (SE), will lag behind social entrepreneurs in generating sustainable income. Scholars, (Choi, Chang, Choi, & Seong, 2018; Di Domenico, Haugh & Tracey, 2010; Elson & Hall, 2012; Harman, 2008; and Darby & Jenkins, 2006) defined social enterprise as a business design. For example, leaders designed their operations to include activities, such as the selling of products and services to generate earned income or commercial income in nonprofit settings. Growing concern around the dwindling financial support for many NPOs have leaders re-thinking their common practice of relying heavily on donor contributions to fund their activities (Gruber-Muecke & Hofer, 2015; Leroux, 2005). Leaders now turn their attention to balancing two fundamental goals: achieving their missions and building their assets. Thompson and Doherty (2006) referred to entrepreneurial nonprofits as having dual obligations because of their “double bottom line.” A double bottom line calls for the maximization of social and financial value in equal proportions. Extending the double bottom line theory, other researchers claimed that leaders will need to have a triple bottom line (TBL) focus. As an example, emerging are opportunities for change (Light, 2009) resulting from the rearrangement of economic, social, and environmental factors, which are creating a new model for nonprofit leadership and management (Olsen & Galimidi, 2009). Consequently, paradigmatic shifts in the new economy in which nonprofits operate call for an entrepreneurial skill set that, at a minimum, brings about both social and financial equities (Olsen & Galimidi, 2009; Thompson & Doherty, 2006; Twersky & Blair, 2002).

Studies on nonprofit network partnerships that included other nonprofits and government (Choi, Chang, Choi, & Seong, 2018), and studies on the impact of economic,

environmental, and cultural factors on social enterprise activities (Elson & Hall, 2012) have shown that social enterprise is a possible solution to declining budgets by generating revenue; therefore, SE is touted in the literature as a means to enhance NPO performance. According to Meadows and Pikes (2010) there are four entrepreneurial standards that foundation recipients must meet. The standards that the investor sets for its investees include knowing how funds are applied, demonstrating impact, identifying core competencies of the SE, and demonstrating medium to long-term strategies. For NPOs demonstrating impact, researchers found that programs guided by leaders with an entrepreneurial orientation improved service quality performance (Escamilla-Fajardo, Núñez-Pomar, & Prado-Gascó, 2018). Darby and Jenkins (2006) analyzed social accounting tools and indicators used to measure SE effectiveness utilizing a pilot study methodology. The purpose of Darby and Jenkins' study was to develop sustainability indicators, that is, indicators useful for measuring performance. Darby and Jenkins learned that economic impact, entrepreneurial strategies, cultivation of networks, and educational development, were many of the indicators impacting SE performance. Darby and Jenkins' findings confirmed that cultivating networks and enlarging agency capacity through a continuation of leadership development and training, are important factors toward generating sustainable income. Decidedly, both funders and nonprofit researchers heralded social and economic goals as critical factors driving the nonprofit economy.

Statement of the Problem

The applications of entrepreneurial strategies in small-to-midsize nonprofit organizational contexts require that nonprofit leaders retool their skill sets. Entrepreneurial behaviors, such as innovation (Isaac, Chanrith & Emmanuel, 2018;

Schrotgens & Boenigk, 2017; Shaw & Carter, 2007), social transformation (Ebrashi, 2013; Alvord, Letts, & Brown, 2004), and financial self-sufficiency (Meadows & Pike, 2010) are learned skills. Social enterprise is viewed as a likely solution to attract needed financial resources for nonprofits (Di Domenico, Haugh & Tracey, 2010; Elson & Hall, 2012; Escamilla-Fajardo, Núñez-Pomar, & Prado-Gascó, 2018), because SE is inherently innovative. However, SE requires additional entrepreneurial skills that many small-to-midsize NPO leaders lack. Unless 21st century NPO leaders are innovative, socially transformative, and financially self-sufficient, they could jeopardize the financial health of their organizations and put their social missions at-risk. The problem addressed in the study was to determine whether non-entrepreneurial leaders (who do not have practical business experience) can successfully adopt SE activities in their small-to-midsize agencies to enhance their performance.

The purpose of this study was to identify entrepreneurial behaviors that will enhance the likelihood of operating a successful SE in a small-to-midsize agency to attract financial resources. According to social entrepreneur theorists (Olsen & Galimidi, 2009; Thompson & Doherty, 2006), the economy in which nonprofits now operate calls for entrepreneur strategies that bring about both social and financial equity. Consequently, and to meet a dual objective, many nonprofit leaders engage in SE activities. Social enterprise is a business design used to address social and financial problems (Meadows & Pike, 2009; Teasdale, 2010). Nonprofit leaders with entrepreneurial skills attract financial resources beyond traditional methods of revenue generation received from annual fundraisers and membership dues. For example, greater weight is placed on leadership vision and their ability to meet the needs of clients when

organizations are newly formed (Avery, 2004); however, after inception sustaining a nonprofit requires a financial strategy. The researcher conducted a case study design involving two small-to-midsize nonprofit agencies with modest annual revenues below \$250,000. Both agencies serve youth in the State of Illinois. One agency is engaged in SE activities, the other agency does not engage in activities resembling a SE. The researcher will examine entrepreneur behaviors of both agencies and compare the interrelationships among variables within each case then make comparisons across cases.

Background

Social enterprise is not a new phenomenon. Social enterprise application is new in small-to-midsize nonprofit context; that is, small-to-midsize nonprofits with modest annual revenue and no paid staff. Social enterprise is a market-based financial strategy inclusive of social objectives that has been around since the early 1970s (Banks, 1972) and used more widely in the 1980s (Drayton, 2012) but is currently viewed in the social entrepreneur literature as a promising solution to generate sustainable income for nonprofits. For social entrepreneurs concerned with reestablishing a valid organizational model according to stakeholders' expectations, their demonstration of sustainable income proves to funders that their organizations are strategically focused. In other words, the rearrangement of agency structures and patterns of behaviors to meet the current demands of external stakeholders legitimizes the ongoing activities of the NPO (Bolman & Deal, 2003). Hence, those NPOs are viewed by their stakeholders as valid organizational models poised to become financial recipients of investors. According to social entrepreneur theorists (Olsen & Galimidi, 2009; Thompson & Doherty, 2006), new management skills geared toward creating financial and social value have greater

potential to counter declines in nonprofit funding. Moreover, Gerschewski, Lindsay, and Rose, (2016) claimed that nonprofit leaders with an entrepreneurial orientation improve their competitive advantage mainly because of their passions and perseverance.

Nonprofit stakeholders have changed how they dole out money. Stakeholders have an expectation that NPOs who received funding have rearranged organizational structures, people, and strategies to demonstrate sustainable agencies and social effectiveness. Social entrepreneurs who respond to these external pressures by engaging in social enterprises potentially generate sustainable income and help to create a complex operating culture that requires an entrepreneurial skill set. For example, leaders are transitioning their NPOs from narrowly focused philanthropies to multifaceted value-creating operations that resemble for-profit businesses. Nonprofits transformation to complex business units is necessary because the former, single-focused leadership paradigm in which voluntary associations comprised of passionate citizens uniting to achieve a common public purpose will not have the capacity to bear up under the weight of increased social pressures and competition for limited resources.

NPO leaders have the dual task to accomplish their missions and respond to greater-than-before pressure from private funders for better measurement and accountability matrices. Therefore, social entrepreneur scholars Gerschewski, Lindsay, and Rose, (2016); Gruber-Muecke and Hofer, (2015) have advocated for the infusion of a business model, that is SE commonly used in the for-profit sector, and the larger well-established nonprofits as a viable nonprofit solution to address dwindling budgets. A caveat, according to Benjamin, (2008), is that if business models are to achieve their intended benefits in nonprofit settings, leaders must ensure that the evaluative processes

that funders use to measure nonprofit activity accurately capture the agencies' inputs and outputs. Capturing, classifying, and interpreting financial data require an understanding of entrepreneurial principles. Few in-depth studies have been conducted on identifying entrepreneurial behaviors that will enhance the likelihood of operating a successful SE in a small-to-midsize agency with modest annual revenues and no paid staff. Therefore, a gap exists in the SE literature regarding the broad application and successful execution of SE across NPOs. It is expected that this research will generate knowledge that will contribute to the interdisciplinary study of nonprofit leadership and its entrepreneurial role. The knowledge that emerges will serve as a conceptual model for future studies in the nonprofit sector.

Research Questions

1. What patterns of innovation do social entrepreneurs exhibit that generate earned-income opportunities for their nonprofits?
2. What behaviors do Boards of Directors engage in that lead to greater organizational performance?
3. What entrepreneurial behaviors used by social entrepreneurs lead to increased income?

Description of Terms

Accountability. For the purposes of this study, accountability is “the extent to which one must answer to higher authority, legal or organizational, for one’s actions in society at large or within one’s particular organizational position” (Shafritz, Russell, & Borick, 2009).

Double bottom line. In this study, the goal of the double bottom line is meeting both social and financial objectives in an organizational setting (Thompson & Doherty, 2006).

Effectiveness. In this study, effectiveness is a valid organizational model according to stakeholders’ perceptions (Erlandson, Stark, & Ward, 1996).

Entrepreneurial. This refers to “the creation of a new business or activity in the face of risk and uncertainty for the purpose of achieving a profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them” (Zimmerer, Scarborough, & Wilson, 2008, p. 5).

Entrepreneurial Orientation Scale. This refers to three dimensions of entrepreneurial orientation, such as risk-taking, innovation, and proactiveness. The higher the score on the scale, the greater degree entrepreneurial orientation is present in the NPO (Covin & Slevin, 1989).

Institutional theory. Institutional theory refers to an open system that is affected by external changes occurring in the social, political, and economic environments. Stakeholders’ perceptions of the impact of external specificities are responsible for new demands directed toward nonprofit agency operations. The rearrangement of agency

content, and patterns of behaviors to meet the current demands of external stakeholders, legitimates the ongoing activities of the nonprofit agency (Bolman & Deal, 2003).

Nonprofit organization. In the context of this study, nonprofit organizations are those that meet IRS section 501(c)(3) requirements for federal tax exemptions. “In addition, contributions made to these organizations by individuals and corporations are deductible under IRS Code Section 170”. Moreover, “the term emphasizes the fact that the organization does not exist primarily to generate profits for their owners” (Salamon, 1999, p 9.).

Organizational performance. Organizational performance is defined as “the ability to attract and sustain resources and the ability to satisfy key stakeholders” (Selden & Sowa, 2004, p. 396).

Philanthropy. Philanthropy is the uncompensated giving of money, property, time, valuable services, and products for public use in nonprofit contexts (Angelica, 2002).

Social change. According to Vago, (2004), social change is “conceptualized as the process of planned or unplanned qualitative or quantitative alterations in social phenomena that can be analyzed in terms of identity” (p.10). Undergoing rapid change is the nonprofit organizational identity, due to necessary cultural-specific responses to economic and social uncertainty occurring in the environment. The result is the establishment of new behaviors, practices, and patterns of interaction between donors, agencies, and nonprofit management (Vago, 2004).

Social enterprise. For the purposes of this study, social enterprise intersects the utility of business mechanisms, such as the selling of products and services to generate

earned income or commercial income (Harmon, 2008), to generate income to sustain program revenue (Beaumont, 2020), and the creation of sustainable social value (Young & Lecy, 2014) in a nonprofit social service organization.

Social entrepreneurs. For the purposes of this study, social entrepreneurs are persons who create relevant social value for their nonprofit organizations through successful utility of innovative business strategies that solve pressing social problems (Schlee, Curren, & Harich, 2009; Dees, Emerson, & Economy, 2002).

Social entrepreneurship. Alvord et al. (2004) argued that the concept of social entrepreneurship, as opposed to that of social entrepreneur, has taken on several meanings owing to its close association with business entrepreneurial goals (creating value beyond cost). Alvord et al. defined social entrepreneurship in terms of organizational transformation supported by organizational and social movement theories. In other words, the authors claimed that social entrepreneurship is substantive changes in political, social, and economic contexts.

Sociological institutionalism. Social theory plays a primary role in the rearrangement of the nonprofit culture from a traditional form to the new hybrid form. Change occurring in the relationships between donors and agencies, in how they relate and behave, is responsible for creating the new institution. Thus, sociological institutionalism occurs when a subculture takes on the behaviors of a larger culture to sustain itself (Hall & Taylor, 1996).

Transparency. Transparency means that information in its completeness is available and presented in an understandable format to those who are affected by it (Shafritz, Russell, & Borick, 2009).

Voluntary associations. Voluntary associations refer to the uniting of people to achieve a common public purpose that provides mutual benefits to a society in the absence or insufficiency of government/market services. Moreover, the people making up these associations are free to exercise their conscience, they are provided a platform to advocate their ideas, and they are empowered to improve the condition of the race through their philanthropic participation (Tocqueville, 1835).

Significance of the Study

A gap exists in the social enterprise (SE) literature regarding the broad application of SE across nonprofit organizations. Economic and social pressures have reshaped the way nonprofit leaders are operating their organizations. The issues being raised in this study question whether leaders of NPOs have the capacity to keep pace with declines in nonprofit funding? Are nonprofit leaders satisfying stakeholders' demands? And are leaders demonstrating medium to long-term financial strategies (Darby & Jenkins, 2006). Stakeholders continue to place new demands on agencies for better accountability and more transparency, and many nonprofit leaders are readjusting their agency's strategies and operating cultures in response to those demands. However, not all nonprofit leaders are operationally prepared—or skilled—to adopt entrepreneurial solutions. For many of these leaders their relevance is at-risk, particularly if they are unable to demonstrate that their NPOs are self-sustaining and socially effective. NPOs perceived by stakeholders as resembling self-sustaining and effective operations will have a better chance to receive funding (Balsler & McClusky, 2005).

Process to Accomplish

The researcher utilized a comparative exploratory case study methodology based on qualitative research for this study. Additionally, an inclusion of quantitative methodology served to supplement and complement the core qualitative study. Case studies are used to study a phenomenon in a specific context such as in a group, setting, or an organization (Adams & Lawrence, 2019; Creswell, 2007; Gay, Mills, & Airasian, 2010; Leedy & Ormrod, 2005; Robson, 2002; Saldana, 2016). An advantage to using a case study design is that case studies capture unique variations because they are individualized. Furthermore, case studies do not use random sampling procedures. The researcher selected site visits as the means to collect data. Other researchers (Alvord, Brown, & Letts, 2004; Cooney, 2006; Di Domenico, Haugh, & Tracey, 2010; Gerschewski, Lindsay & Rose, 2016; Harman, 2008; Lall, 2019; Leroux, 2005; Meadow & Pikes, 2010; Samaras, 2007; Teasdale, 2010; Turner & Martin, 2005), have examined the social enterprise phenomenon utilizing a case study design.

The researcher analyzed entrepreneurial behaviors of nonprofit leaders. The plan for the application of the case study was to explain the casual link between social enterprise activities and performance. The researcher's examination consisted of two NPOs in the State of Illinois that fall under the IRS tax code 501(c)(3) for tax exemption, and those who filed the IRS tax form 990 with income over \$25,000 but less than \$250,000. One of the two organizations engaged in social enterprise. The second organization did not engage in social enterprise activities. Both nonprofits shared a social mission to provide services to youth. According to the National Center for Charitable Statistics (NCCS), in 2015 there were 559 public charities aimed at youth development in

the State of Illinois. According to the US Social Enterprise Database, there are only 74 self-identified SE nonprofit organizations in Illinois. The modest number of SEs in the State of Illinois is because the phenomenon referred to as SE is still growing; however, in the United Kingdom and Canada the presence of SEs is more prevalent than in the US. In the process of receiving permission from participants to include them in the case study via telephone calls, pre-screening questions were used to determine whether the prospective nonprofit operated as a SE or not. The pre-screening questions were posed to prospective participants by the researcher. The researcher asked prospective participants if they had a strategic fiscal alliance with a company or another organization for a mutually beneficial outcome, and if the NPO engaged in the selling of products or services for earned income. Prospective participants who answered affirmatively to one or both questions were considered social enterprise nonprofits. Prospective participants who denied a strategic fiscal alliance and did not engage in the selling of products or services for earned income were not considered a social enterprise, but rather an ordinary nonprofit. The selection of cases was based on accessibility and feasibility.

Ethics. Questionnaires were distributed directly to Boards of Directors and were not made available to the public. Nineteen board members were surveyed. One of the two nonprofit organizations consisted of 10 board members. The second nonprofit organization had nine board members. To minimize potential harm to participants, participation in the research project was voluntary. Participants were informed about the nature of the questionnaire. An informed consent letter was attached to the questionnaire. Completed questionnaires and consent forms were returned to the researcher upon the researcher's second on-site visit. Participants' responses were kept confidential. To

protect anonymity, a coding system was designed and used to remove all identifiable participant labels. Furthermore, conflicts of interests, if any, were fully disclosed to the University. Moreover, errors when discovered in methodology or conclusions drawn were corrected immediately. Lastly, inferences made to the broader population were communicated using the identical constraints in which the research was conducted. For example, any limitations of the study and factors beyond the researcher's control such as the inability to obtain participants (Gay, Mills, & Airasian, 2010) were disclosed. Lastly, the researcher made an analytic generalization. "In analytic generalization, previously developed theory is used as a template against which to compare the empirical results of the case study" (Yin, 1984, p.32). The Entrepreneurial Orientation (EO) Theory underpinned the study. According to EO, organizations add value to their bottom line by taking risk, assuming innovation, and acting proactively.

Methodology

The researcher collected primary data from two social service nonprofits. Thus, their primary goal, by designation, is to achieve social outcomes. Limiting the sample to 501(c)(3) organizations assured some measure of consistency regarding the importance of social achievements in the organization's mission and assured the researcher that the data would be representative of the larger population of socially motivated nonprofit organizations. Constraining the study to the State of Illinois was based on consistency, representation, and feasibility. Lastly, because the researcher opted to use on-site visits to meet with participants, maximizing what can be learned in the period available for the study was an important goal.

Instruments. During the introductory phase, the researcher conducted one-hour face-to-face semi-structured interviews at each site with leaders of the NPOs, such as the Chief Executive Officer and Board of Directors. The interviews were conducted privately between the researcher and board member. Responses from the interviews were not shared with other board members. The researcher used the Board of Directors Personal Interview Script from an earlier study (Coombes, 2008). The purpose of conducting semi-structured interviews with leaders of NPOs was to examine the impact the nonprofit board of directors had on organizational performance. The semi-structured questionnaire was developed consisting of fifty-two response items—fourteen of which dealt with board features such as formality/informality, three with heterogeneity/ homogeneity, seven with strength/weakness, four with cohesiveness/fractionalization, two with centralization/decentralization, three with strategic/operational, five with entrepreneurial/conservative, two with interlocks/non-interlocks, and six with active/passive attributes. Five items addressed more general aspects of the board, including the number of directors, the executive director's role on the board, and his/her perceptions regarding the role of the board. Further, to gain preliminary evidence of entrepreneurial orientations within the nonprofit organization, five items dealt with the degree of innovation and entrepreneurship within the NPO itself (Coombes, 2008).

The researcher used two pre-existing questionnaires from earlier studies on social entrepreneurship and earned-income opportunities (Stevens, 2008), and Entrepreneurial Orientation (Covin & Slevin, 1989). Steven's questionnaire design was a 7-point Likert scale with closed-end questions to provide participants with a choice among several fixed alternatives. The advantages of using the 7-point Likert scale to measure entrepreneurial

actions were that a range of possible choices of entrepreneurial actions were available to participants. The range of choices enabled participants to be more specific; therefore, the dependability of participants' responses increased. Moreover, the questionnaire design itself revealed patterns of entrepreneurial actions, earned income opportunities, organizational identity, and resource dependency which provided confidence in the scale's applicability and validity. Covin & Slevin survey that measured entrepreneurial behaviors was administered to provide complementary and supplementary evidence for the case study. For example, the Entrepreneur Orientation (EO) scale captured three salient entrepreneurial components that included risk taking, innovation, and proactiveness (Covin & Slevin, 1989). Each entrepreneurial component consisted of three indexes which included strategic posture, environmental hostility, and organization structure for a total of nineteen items used to measure the degree to which a nonprofit demonstrated an entrepreneurial orientation. The questionnaire was developed consisting of nineteen response items—eight of which dealt with earned income opportunities/proactiveness, three with cultivation of stakeholders / risk taking, and three with patterns of innovation. In summary, primary data was collected from the information gathered from the semi-structured interviews and questionnaires. Secondary data was collected from the agencies' archives and the researcher's analytic notes and observations. Complementary and supplemental data was collected using two pre-existing survey instruments.

Method / Data / Procedure / Analysis. The researcher will employ the case-oriented analysis to explain the causal relationship between entrepreneurial behaviors and organizational performance. The researcher will examine interrelationships among

variables within each case then make comparisons across cases. The researcher used the Cronbach's alpha test to assess reliability. Moreover, a descriptive table was used to organize and systematically display data. The researcher examined patterns identified across 2-cases on three aspects: patterns of innovation, board engagement, and entrepreneurial behaviors.

To answer the following research question, "what patterns of innovation do social entrepreneurs exhibit that generate earned-income opportunities for their nonprofits?" the researcher used descriptive tables to analyze data collected from Stevens (2008) questionnaire instrument, followed by content analysis to interpret text data from Coombes (2008) semi-structured interview instrument. The researcher identified the dependent variable as innovation. Utilizing the EO scale Covin and Slevin (1989), questions related to new products and services, research and development, enhanced technology, and organizational structures were used to answer research question 1. For example, organizational structure was the extent in which the NPOs under examination were proactive.

To answer the following research question, "what behaviors do nonprofit Boards of Directors engage in that lead to greater organizational performance?" the researcher used descriptive tables to analyze data collected from Stevens (2008) questionnaire instrument, followed by content analysis to interpret text data from Coombes (2008) semi-structured interview instrument. The researcher identified the dependent variable as board engagement. Utilizing the EO scale (Covin & Slevin, 1989), questions related to the NPOs responsiveness to internal and external hostilities were used to answer research question 2. For example, environmental hostilities were the extent to which the board

members monitored and planned for external threats. Internal hostilities were the extent to which the board members adapted to change and planned for budgetary shortfalls.

To answer the following research question, “what entrepreneurial behaviors used by social entrepreneurs lead to increased income?” the researcher used descriptive tables to analyze data collected from Stevens, (2008) questionnaire instrument, followed by content analysis to interpret text data from Coombes (2008) semi-structured interview instrument. The researcher identified the dependent variable as entrepreneurial behaviors. Utilizing the EO scale (Covin & Slevin, 1989), questions related to the NPOs strategic positioning, risk-taking, proactivity and financial performance were used to answer question 3.

Viability of the Study. There are widespread interests in the subject of social enterprise and social entrepreneurship in the United States, United Kingdom, and Canada. Other social entrepreneurs and social enterprise academicians have conducted similar studies using pre-existing questionnaires, a case study methodology, and the Covin and Slevin (1989) scale to measure EO. The researcher has received written approval to collect data from two groups of nonprofit Board of Directors. One of the two nonprofits was a self-identified social enterprise. The researcher was not aware of any barriers at the present time.

Summary

Chapter 1 of this dissertation introduced the study, highlighting the need for development of entrepreneurial strategies, necessary for the attainment of financial and social returns, in an unpredictable economic climate. Much questioning from stakeholders about the need for self-sustaining nonprofit operating models, have

placed nonprofit organizational performance issues as a top priority. Stakeholder scrutiny of nonprofit activities was a contributor toward driving nonprofits to engage in social enterprise (SE). The problem addressed in the study was to determine whether non-entrepreneurial leaders (who do not have practical business experience) can successfully adopt SE activities into their agencies to enhance their performance. The issue is problematic for 21st century nonprofit leaders for several reasons: First, not all leaders of NPOs are social entrepreneurs; therefore, for these leaders adding to their bottom line may require the development of entrepreneurial skill sets. Second, if the public is to perceive NPOs as valid organizational models, NPOs will need to provide evidence of agency self-sufficiency. Third, nonprofit leaders will need to surpass having good intentions to understanding empirical outcomes. Last, the reputations of NPOs are determined by their external stakeholders, and leaders lacking the capacity to meet stakeholder expectations will not be endorsed as competent, nor will they receive financial benefits.

CHAPTER II

REVIEW OF THE LITERATURE

Introduction

The study examined the impact that entrepreneurial behaviors had on operating successful nonprofit social enterprises to attract financial resources. The objective of the study was to determine whether non-entrepreneurial leaders (who do not have business experience), who operate small and midsized nonprofits, that is, with annual budgets between \$25,000 and \$250,000 and who do not have paid staff dedicated to specific operational tasks can successfully incorporate social enterprise activities into their nonprofit agencies to enhance organizational performance. The questions driving the research were:

- What entrepreneurial behaviors used by social entrepreneurs lead to increased income?
- What patterns of innovation do social entrepreneurs exhibit that generate earned-income opportunities for their nonprofits?
- What behaviors do Boards of Directors engage in that lead to greater organizational performance?

The chapter begins by outlining the literature surrounding the nonprofit economy. The researcher examined the origins of the social entrepreneur leadership model and associated entrepreneurial behaviors that lead to increased income potential. Next, the researcher identified the innovative role that social enterprise play to generate earned income in nonprofit settings. Thereafter, the researcher expounded on patterns of

innovation exhibited by nonprofit board members and their impact on nonprofit agency performance.

The Nonprofit Economy

Throughout the 1990s and the early 2000s, several scandals involving the financial mismanagement of nonprofit organizations (NPOs) due to leadership improprieties gained national attention. For example, the Red Cross (Greenberg, 2001), the United Way (Strom, 2002), and the Nature Conservancy (Light, 2006), were all reported in the press for egregious leadership violations. Compounding the scandals, growing interests regarding the legitimacy of nonprofit tax exemptions began to surface in government and academic circles, resulting in investigations of nonprofit tax status and board governance practices (Dart, 2004; Mangan, 2004; Mead, 2008). As the public's mistrust in the integrity of NPOs and corporate leadership improprieties grew, untimely decreases in government grants and private donations placed NPOs in precarious financial positions. Furthermore, nonprofit budgetary crises have multiple explanations according to social entrepreneurship (SE) literature. For example, privatization of government and social services has re-routed resources to for-profit enterprises (Leroux, 2005; Townsend & Hart, 2008). A reduction in corporate sponsorship during the current economic recession plays a significant role, and the establishment of the 1996 U.S. Welfare Reform legislation reduced government contracts significantly (Leroux, 2005; Morris, Coombes, Schindehutte, & Allen, 2007).

Next, the events of September 11, 2001, drew astronomical public support to relief agencies such as the Red Cross, thereby, shrinking local nonprofit budgets not directly servicing social problems related to antiterrorism. Climatic events, such as the

aforementioned made it more difficult for nonprofit leaders to achieve their social purposes and sustain their operations. Many nonprofits that contracted with governments ran into financial problems when governments cut funding in the middle of the contract year (Leroux, 2005). Leroux reported that funding cuts by federal and state government agencies and by individual donors in the middle of the contract year threaten nonprofits livelihood. As a result of decreases in available funding, many NPOs have adopted a social enterprise strategy as a possible solution. Social enterprise uses income-earning strategies to attract resources and sustain operations. For example, income-earning strategies included, but are not limited to, fees for services, products for sale, and publications (Eikenberry & Kluver, 2004). The outlook for nonprofits was bleak when the federal government re-routed federal dollars from local agencies toward its effort to establish a national security program (Gibelman & Gelman, 2004). Many nonprofit organizations relied on government entitlements to fund a large portion of their annual budgets; however, changes in the nonprofit economy and in national priorities diverted those funds from welfare services to other areas, which impact nonprofits budgets adversely (Leroux, 2005).

Additionally, private funders shifted their investments and attention to new NPOs who offered greater promise of social change, over older and more established agencies that made little measurable impact (Light, 2009). Moreover, escalating competition among NPOs for limited resources (Schmid, 2004) drove the need for agencies to identify unconventional ways to raise money. Lastly, a growing number of poor and underserved people have placed greater demands on existing nonprofit providers (Bloom, 2009), and renewed interest in market-based solutions applied in the public sector as a means to

reform government were partly responsible for the development of innovative solutions found in the nonprofit sector (Bielefeld, 2009). In sum, all those aforementioned factors played an active role in reshaping nonprofit activities toward an entrepreneurial orientation. The purposes of the prevailing social entrepreneurship and social enterprise literature are to examine the roles, strengths and benefits associated with income-generating activities in non-traditional forms.

Origins of Social Entrepreneurship

Even though the nonprofit sector had experienced major cutbacks during the 2000s in governments and philanthropic foundations cash awards, as well as record reductions in individual contributions, Eikenberry and Kluver, (2004) found that 52% of the growth in the sector during the same period was a result of commercial-income generation. The outcome may help to explain why there are several economic theories in the SE literature used to explain the rise and drive of the development of entrepreneurial orientation in nonprofit contexts (Dees, 2007; Hartigan, 2006; Leroux, 2005; Olsen & Galimid, 2009; Roper & Cheny, 2005). Economist Schumpeter (2002) posited that Entrepreneurial Theory has its roots in innovation, hence why innovation is inherent in the economy. Schumpeter argued that the economy responds to external forces each period by adjusting. Corrective-adjustments that address disruptive economic activities are considered innovative responses, that is because external forces are different each period requiring a new solution. When external forces negatively impact the NPOs financial positioning, the NPOs must respond to those external pressures innovatively by seeking new opportunities. The act of discovering new opportunities becomes a creative organizational process (Schumpeter, 1934) as nonprofit leaders adjust their current

operating practices to establish new revenue sources. Hence, the establishment of new opportunities in a quasi-static economy is viewed in Entrepreneurial Theory as a dimension of entrepreneurship orientation (Schumpeter, 1934, 2002).

Hartigan (2006) argued that economic theory underscores the social entrepreneur phenomenon, because economic models amplify the role that nonprofit organizational leaders, work structures, and processes play in leading agencies to recognize earned income and social transformation. For example, infrastructures are needed, such as accounting units and a professional staff to capture and report financial data accurately. Moreover, nonprofit leaders and board members must seek new opportunities to support their fluctuating budgets. Academicians, Mort, Weerawardena and Carnegie (2003) posited that entrepreneurial theory best described the term, because many social behaviors and agency capacities found in for-profit enterprise mirror those same social behaviors and agency capacities found in nonprofit activities useful for generating income such as, attention paid to return on investment. Additionally, Leroux (2005) attributed the collapse of the welfare state economic model as the impetus for nonprofit entrepreneurial activities. The Welfare State Theory defined the nonprofit organization as the primary institution responsible for providing solutions for societal problems that cannot be corrected by government or private enterprise alone (Weisbrod, 1972). Consequently, and in the absence of government and private sectors support, nonprofit performance will reflect both sectors' activities, such as the achievement of a common good, and exploiting income-generating opportunities.

Previous studies have defined social enterprise as a hybrid business model (Hartigan, 2006; Olsen, & Galimid, 2009) from which economic theory drives its

popularity and usage. The hybridization classification means that nonprofits have divided their attention to meeting social and economic organizational objectives, and consequently, infrastructures and processes are aligned to those distinct goals. For example, Cooney (2006) analyzed nonprofit hybrid organizations that had been formed to provide training to welfare recipients. The hybrid organization was partly social enterprise, partly nonprofit venture, and partly social purpose. The purpose of Cooney's study was to identify the point of dual tensions in the NPO, which could result in conflicting leadership priorities. Cooney argued that hybrid organizations experienced tensions when attempting to maintain a cash surplus, balancing social and economic objectives, and creating initiatives external to the work environment. Cooney concluded that to ease tensions, separating facilities was more useful than compartmentalizing competing operations. Separating units may be helpful for some social enterprises but separating units of social enterprises may not be practical for small and midsized nonprofits.

Echoing Cooney (2006), other researchers posited that tensions developed in two forms, that is, before and after social enterprise inception (Smith, Knapp, Barr, Stevens, & Cannatelli, 2011). Smith et al. (2011) discovered that nonprofits that function as social enterprises after inception experience tension from stakeholders in membership and mission. Smith et al. reasoned that a better way to manage dual identity tensions inherent in social enterprise is to compartmentalize competing operations rather than blending them. Moreover, Cooney and Smith et al. were concerned that competing values in the hybrid organizational form could ultimately minimize both social and economic outcomes— or worse— one will drive out the other. However, to preserve the integrity of

traditional philanthropy, the act of separating financial objectives from non-financial objectives could be viewed as a solution; although, it may require non-entrepreneurial NPO leaders to become more accountable to their stakeholders regarding financial matters.

A major criticism of much of the literature on social entrepreneurship is that multiple theories, such as Social Movement Theory (Alvord, Brown, and Letts, 2004; Bloom, 2009; Drayton, 2012), Public Administration Theory (Korosec & Berman, 2006), and Economic Theory (Dees, 2007; Hartigan, 2006; Leroux, 2005; Mort, Weerawardena & Carnegie, 2003; Olsen & Galimid, 2009; Roper & Cheny, 2005) have been used to define the social entrepreneurship phenomenon. For example, Drayton (2012) posited that, social entrepreneurs are innovative individuals, responsible for wide-scale social change, solution-driven, and practical. Similarly, Alvord et al. (2009) defined the concept of social entrepreneurship, in terms of organizational transformation undergirded by social movement theories. Alvord et al. analyzed the transformative characteristics of social entrepreneurship using an exploratory study design. The researchers examined the widespread problem of poverty and its alleviation through social entrepreneurs' transformational qualities. The purpose of the study was to identify common patterns of successful social entrepreneur initiatives that have transformed the lives of poor and marginalized people. The researchers learned that early political and financial support can be responsible for changing social patterns. The findings are important, because attracting financial support does not exclude internal revenue-generation. For example, NPOs who have sufficient funding whether internally-or-externally-derived drive social transformation.

Contrasting the findings of Alvord, Brown, & Letts (2004) to Bloom (2009), Bloom claimed that theories of social change undergirded the social entrepreneurial mindset to build a case that social entrepreneurs are revolutionary individuals. According to Entrepreneurship Theorists, sociological factors also underpin entrepreneurship such as, theories of religion and social change. Therefore, a social entrepreneur having been viewed as revolutionary is not a far-fetched idea. To support his assertion, Bloom proceeded by composing a list of well-known grant-awarding agencies that rewarded innovative individuals fitting the description of the term, based on the “most widely accepted definition” (p.128). That is, a definition that he borrowed from Dees (2001), who described social entrepreneurs as “individuals who create and sustain social value, pursue opportunities, engage innovatively, act boldly, and who are accountable to constituents” (p.5). The following scholars, Alvord et al. (2004), Bloom (2009), Dees (2001) and Drayton (2012), were primarily focused on who social entrepreneurs were—as opposed to identifying the skill-sets—that enable them to positively impact nonprofit performance.

Research conducted by Nga and Shamuganathan (2010) analyzed social entrepreneur characteristics using a quantitative design. The researchers examined the influence of openness, extroversion, agreeableness, conscientiousness, and neuroticism on social entrepreneurial activities. Entrepreneurial activities included: creating vision and innovation, sustaining operations, guaranteeing financial returns, and developing social networks. Nga and Shamuganathan revealed that agreeableness, openness, and conscientiousness are primary traits of social entrepreneurs, which positively influence the outcomes associated with the riskier business of engaging in entrepreneurial

activities. Multiple definitions in the SE literature frustrated the researcher's aim to put the concept to consistent use. However, several factors did emerge from the literature. As an example, Hervieux, Gedajlovic, and Turcotte (2010) discovered that there was a high degree of convergence among consultants, foundations, and academicians regarding five key characteristics that shape the boundary of social entrepreneurship theory. The five building blocks shaping SE theory, listed in order of importance included: social mission, socio-economic organizations, social change, innovation, and sustainability. Each of these building blocks contributes to society by creating social and economic values that empower marginalized groups. Finding solutions for marginalized groups is the primary focus; many scholars advocate that social entrepreneurship is the means to that end. Lastly, Dees (2007) explained that, regardless of the economic or sociological model used to generate income, finding sustainable solutions requires a highly adaptive and innovative leadership model with access to private funding. Scholars opined that in critical financial times, leaders are finding it difficult to navigate through complex organizational issues using traditional solutions (Rahmani, Moakher, Sedaghat, & Daigahi, 2012). That is, organizational leaders today must blend entrepreneurial behaviors to their style of management. The next section will analyze entrepreneur behaviors used in a nonprofit context to increase income.

Entrepreneurial refers to “the creation of a new business or activity in the face of risk and uncertainty for the purpose of achieving a profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them” (Zimmerer, Scarborough, & Wilson, 2008, p. 5). Entrepreneurial skills are critical to attract financial resources beyond traditional methods of revenue generation received

from annual fundraisers and membership dues. For example, greater weight is placed on leadership vision and a leader's ability to inspire others when starting a nonprofit (Avery, 2004); however, after inception sustaining a nonprofit requires a financial strategy. If social enterprise is to be used by nonprofit leaders to sustain their operations financially, entrepreneurial skills are needed to understand the workings of social enterprise. Moreover, some researchers claimed that "evidence has suggested organizations that learn how to facilitate entrepreneurship in its various forms are more competitive and perform better than those that do not" (Fox, 2005; p. 25). "Some even believe that the lack of attention focused on implementing entrepreneurial actions successfully in the fast-paced and complex economy will result in failure" (Fox, 2005; p. 25).

Perhaps the most compelling argument about the benefits derived from social entrepreneurs' leadership practices during times of economic uncertainty and change, is that transformative (Alvord, Brown, & Letts, 2004), innovative (Drayton, 2012), and active risk-taking (Kreiser & Davis, 2010). NPOs display positive movement (Schumpeter, 2002) and act boldly (Dees, 2001) in the direction of agency self-sufficiency. As an example, research showed that the term social entrepreneur was first used to describe the attributes of an individual who had both an entrepreneurial orientation gained from industry experience coupled with a compelling social mission. Evidence of the term's first usage was as early as 1972, by J. Banks in his book titled, *The Sociology of Social Movements*. Researchers, in the social entrepreneurship literature (Dees, 2007; Gordis, 2009; Light, 2009; Muscat & Whitty, 2009) made claims that Bill Drayton, CEO and Founder of the Ashoka Foundation coined the term social entrepreneur. The Ashoka Foundation formed during the 1980s is a global nonprofit

association awarding financial grants and lending technical support to social entrepreneurs by providing new venture capital and systems support for the purposes of bringing revolutionary ideas to market. However, Banks (1972) published work refutes the claims that Drayton first coined the term social entrepreneur. Banks' social movement theory used the term social entrepreneur, to describe Robert Owens, a successful British industrialist during the early 1800s, who had earlier profited from enterprise. Owens set out to create a new society based on cooperation and communitarian principles to revolutionize the education of poor people.

According to Banks (1972), Robert Owens, deeply dissatisfied with the prevailing attitudes toward formal learning, was inspired to change the way the people of his day undervalued education. Attributing to British indifference toward education, were lengthy wars with France that robbed many citizens from having equal opportunities for self-development. The poor concentrated on building an economic base in efforts to secure socio-economic security over educational pursuits. Owen's mission to change the British indifference to education by establishing the New Lanark Institute, an innovative mutual cooperative school, funded through the philanthropy of business partners to educate the poor became his paramount goal. Owens relied on his entrepreneurial orientation, that is, a mix of innovation, proactiveness, and risks-taking to engage supporting networks with purchasing power. Owens had established those critical networks in industry, much later, those networks helped to fund the opportunity to establish a school for the poor (Banks, 1972).

Comparatively, Muhammad Yunus of the Grameen Bank established micro-lending (Kent & Dacin, 2013; Cull, Demirgüç-Kunt, & Morduch, 2009) by persuading

his supporting networks with purchasing power to provide an economic-base for women at the bottom 20% in wealth of those living in Bangladesh. Yunus' (1999) micro-lending bank provided small loans with little interests in the absence of collateral to poor women. Loans to the poor were paid in full to Grameen Bank within a 12-month period. Yunus' micro-lending idea is considered an innovative solution, but an antithesis to economic theory tradition. Both, Owens and Yunus were deeply dissatisfied with the inhumane conditions of the poor. Owens' application of an entrepreneurial skill set mixed with supporting networks with purchasing power, couple with a deep personal dissatisfaction concerning the plight of the poor is what Banks described as social entrepreneurship. Some scholars have argued that the strategy of social entrepreneurship has been successful in terms of gaining access to private funds (Olsen & Galimidi, 2009; Thompson & Doherty, 2006) as the aforementioned historical accounts illustrated. However, their criticism is that specificity about the expected financial and social return on investment is lacking, which could weaken donors and volunteers' expectations. The last statement is an important issue to consider because donor and volunteer contributions are directly associated with nonprofit impact. Issues related to the impact that social entrepreneurs have using social enterprise activities will be discussed later in the chapter. Nevertheless, because social entrepreneurs are closely associated with using business models to achieve social purposes, they have been criticized for diminishing traditional and important nonprofit values in the process, such as fairness and justice (Eikenberry & Kluver, 2004).

Criticisms of the Social Entrepreneurship Model

The theory of social entrepreneurship has been strongly challenged in recent years by several academics (Burlingame, 2009; Sud, VanSandt & Baugous, 2009). Burlingame argued that the study of nonprofit leadership underscores the development of management skills, and not enough importance has been placed on issues of leadership integrity in the educational curriculum. Sud et al. (2009) argued that among other things, “social entrepreneurs operate under the Amoral Theory of Business, because they introduce market-based solutions into their nonprofit agency activities” (p.205). Amoral Theory of Business theorizes that business is not ethical, because its driver is efficiency over morality (Shepard, J., Shepard, M., Wimbush, & Stevens, 1995). The implication is not so much that social entrepreneurs would behave unethically, rather the issue is problematic because incongruities are sure to arise when blending the nonprofits social maximization values with the market’s profit maximization values (Shepard et al.).

Comparatively, Foster and Bradach (2005) posited that social entrepreneurs have conflicting priorities, because of their need to achieve both social and financial objectives. On one hand, nonprofit leaders may feel compelled to engage in earned-income strategies without having to do so, because little evidence of significant earned-income is found in the current literature. On the other hand, Foster and Bradach opined that, “they may, for instance, feel obligated to pay what they consider a living wage or to hire employees from some disadvantaged pool of people...placing themselves at a disadvantage in the marketplace” (pp.96-97). Furthermore, academicians claimed that the failure of the free market neo-liberalism economic model, marked by deregulation, globalization, welfare reform, and privatization of social services ushered in entrepreneurial activities in nonprofit contexts (Roper & Chaney, 2005). However, Roper

and Chaney argued that the neo-liberalism economic model failed, because it did not readdress demands for socioeconomic security, as citizens watched gaps widen between the-haves-and-have-nots.

Next, Corner and Ho (2010) examined the process of recognizing and creating value in nonprofit settings using existing social entrepreneurship research literature. The researchers sought to describe an effective way of solving social problems. According to Corner and Ho, value creation should not be limited to economic value creation, as earlier SE research indicated. Corner and Ho posited that finding solutions to society's most pressing social problems require innovative creation. Although scholars, made critical claims against the use of the social entrepreneurship model to address a host of nonprofit economic and social concerns (Burlingame, 2009; Corner & Ho, 2010; Foster & Bradach, 2005; Roper & Chaney, 2005; Shephard, Shepard, & Stephens, 1995; Sud, VanSandt & Baugous, 2009), the model stands a better chance at resolving financial challenges when nonprofit leaders' prior market experiences and supporting networks with purchasing power combine with the activities of social enterprise. In sum, regarding supporting networks, Haugh (2007) examined resource acquisition and network creation in nonprofits pursuing economic, social, or environmental goals. Haugh's research revealed that formal networks, such as governments and business organizations are needed to establish social enterprises. Tailor-made networks, such as the organizations' volunteers and employees are needed to support social ventures post-inception. Both networks tap into knowledge and financial resources of local authority and local community development groups.

Social Entrepreneurship Impact on the Nonprofit Economy

Social entrepreneurship is a leadership model that utilizes economic models, such as social enterprises in some cases, to achieve social purposes and to attract financial resources (Dees, 2007; Hartigan, 2006; Leroux, 2005; Mort, Weerawardena & Carnegie, 2003; Olsen & Galimid, 2009; Roper & Cheny, 2005). Social entrepreneurs whose organizations generate earned income are more likely to be perceived as well-performing nonprofits. The type of leadership needed to propel nonprofits into effective social problem solvers are those who exhibit an appropriate level of dissatisfaction with the current social problems, and the necessary capital and business experience to make a difference (Banks, 1972; Yunus, 1999). Social entrepreneurs are practical functionalists who integrate their penchant toward seeking opportunities with their philosophy for social change making them best suited to affect wide-scale change (Bloom & Chatterji, 2009). Furthermore, social entrepreneurs structure their work environments to buttress their objectives (Bloom & Chatterji, 2009). Because social entrepreneurs are primarily opportunity seekers (Schumpeter, 2002) specifically innovative (Bielefeld, 2009; Dees, 2001; Drayton, 2012), and generally adaptive (Schumpeter, 2002) they are not limited to fundraising initiatives used in the past, such as membership drives and mail solicitations. Although membership drives and mail solicitations can effectively lead to increased revenue, sole reliance on those traditional fundraising strategies can narrow the strategic scope for meeting substantial financial goals.

Bloom and Chatterji (2009) argued that scaling is an organizational skill set that underpins the success or failure of a social entrepreneur's ability to achieve wide-scale social impact. Scaling is a term used to define nonprofit activity that enlarged its capacities from being a local phenomenon to a regional or national phenomenon. Scaling

also refers to servicing a greater number of people. Bloom and Chatterji viewed the attainment of wide-scale impact as a critical consideration, because wide-scale impact introduces a supporting network of activities that work in conjunction to— and not distinctly from— the influence of social entrepreneurs. The supporting network relates to an agency’s capacity to become self-sufficient and to bring about social improvement. Bloom and Chatterji distinguished seven elements of scaling which included: “staffing, communication, alliance building, lobbying, earnings generation, replication, and stimulating market forces” (p.115). That is to say, nonprofits have an adequate number of people performing the necessary duties. Stakeholders are persuaded in the direction that benefits the agency, supporting networks external to the agency are established, that is, those networks with purchasing power or access to it. Moreover, Bloom and Chatterji appeared to suggest that social entrepreneurs with a view toward scaling up their programs are practical functionalists, who innovatively find creative solutions to society’s most pressing problems, but they also structure their work environments to buttress their objectives; specifically, these leaders close the gaps between organizational needs and opportunities that promise a solution.

Social Enterprise

Social enterprise in a nonprofit context is currently viewed as a creative leadership response to funding challenges that make use of proven business models to solve social and economic problems (Austin, Stevenson, & Wei-Skillern, 2006; Bloom, 2009; Schlee, Curren, & Harich, 2009; Thompson & Doherty, 2006; Uddin, Bose, & Yousuf, 2015).). According to research conducted by Ferguson and Xie (2008), social enterprise maximizes social impact. Teasdale (2010) claimed that leaders engaged in

social enterprise activities need to balance their dual responsibilities to create value in both social and economic domains. Bridgstock, Lettice, Ozbilgin, and Tatl (2010) posited maintaining diversities in networks and funding sources of small-sized social enterprises are important considerations for tapping into external talent and accessing revenue.

Researchers, seemed to agree that social enterprise in nonprofit settings has benefits, but those benefits are not automatic (Bridgstock et al., 2010; Ferguson & Xie, 2008; Liu, Ko, & Chapleo, 2018; Silvestri, & Veltri, 2017; Teasdale, 2010).

Patterns of Innovation

Social entrepreneurs engage in social enterprise as a creative and innovative response to changing economic conditions. Social enterprise activities in a nonprofit context transform traditional agency activities (Dart, 2004), and management strategies (Zacca & Dayan, 2018). That is, transforming the nonprofit organizational form from strict philanthropic agencies that primarily focused on promoting the common good in the absence of government and market provisions (Salamon 1999; Weisbrod 1972) to a blend of performance-driven operations [hybrid enterprises] that balance economics to social impact (Dees, Emerson & Economy, 2001; Liu, Ko & Chapleo, 2018). The rearrangement of economic, social, and environmental factors is creating a new model for nonprofit leadership and management (Olsen & Galimidi, 2009; Zacca & Dayan, 2018), and creating opportunities for change (Light, 2009). Thompson and Doherty (2006) referred to entrepreneurial nonprofits as having dual obligations, as the result of its double bottom-line objectives. That is, a double bottom-line aim that calls for the maximization of social and financial value in equal proportions. Extending the idea further, Olsen and Galimidi claimed that social enterprise is much more robust and paradigmatic. The authors claimed that social enterprise shifts attention to achieve triple

bottom-line objectives, i.e., financial, social, and environmental considerations (Olsen & Galimidi, 2009). For example, the current global economy and its success in the future will need to refocus on the processes and management strategies that achieve financial and non-financial objectives.

Changes in nonprofit activities, such as the introduction of market-based solutions in traditional philanthropic agencies, can create challenges for non-entrepreneurial leaders (who do not have business experience). Spear, Cornforth, and Aiken (2009) analyzed the challenges that board members experienced when governing social enterprises. Spear et al. (2009) learned that recruitment of experienced board members, the selection of an appropriate business structure, stakeholder, and membership management practices, and balancing the tensions between social and economic goals represented common challenges experienced by governing boards. Furthermore, Spear et al. showed that nonprofits who adopted an economic purpose after inception were more likely to lack business expertise needed to impact agency financial performance positively. Nonprofits that adopted social enterprises well-after their inception are likely to follow known paths as a response to change (Schumpeter, 1947). However, engaging in social enterprise activities in the current context requires creative entrepreneurial responses.

Meadows and Pikes (2010) examined the conditions under which social enterprises received funding through the utilization of a modified balance scorecard. The researchers used an action research methodology to determine those conditions. A balance scorecard was a management technique used across sectors to properly align organizational strategies to organizational initiatives. The balance scorecard evaluates

financial and non-financial factors, which is why it is perceived in performance management research literature, as having a holistic value. The researchers examined the performance management practices of a social venture capitalist doing business as Adventure Capital Fund (ACF) who provided the purchasing power for social enterprises. The researchers conducted an analysis of the ACF case study. Meadows and Pike learned that there are four standards that recipients of ACF investments must meet. The standards that the investor sets for his investees included, knowing how funds were applied and what change would result, demonstrating impact, identifying the core competencies of the social enterprise, and demonstrating medium to long-term strategies. The researchers concluded that the modified version of the balance scorecard that ACF used was difficult to apply and required a great expenditure of time to decipher. Furthermore, the researchers concluded that interpreting results was difficult, although, the balance scorecard provided many insights. Meadow and Pikes recommended that social enterprises and future researchers use the modified version of the balance scorecard despite its difficulties, because it underscored the need for careful planning. Moreover, ACF highlighted the need for NPOs to establish a connection to critical networks with purchasing power. In sum, the study provided additional evidence with respect to the need for social enterprise nonprofits to pay close attention to tracking program results.

Lastly, Madill, Brouard, and Hebb (2010) analyzed key dimensions of social enterprises. The researchers examined social transformation, financial self-sufficiency, and innovation in Canadian social enterprises. The purpose of the study was to assess the extent of key dimensions occurring in the activities of Canadian social enterprises. The researchers discovered that agency self-sufficiency rated higher in the success of social

enterprises over the other two dimensions. The implication is that if nonprofits are to achieve agency self-sufficiency, their leaders will require strategic management skill sets (Kong, 2010; Zacca & Dayan, 2018). Perhaps the best argument for the development of a new nonprofit leadership skill set to address the challenges of meeting double or triple bottom-line objectives is the current application of Social Return on Investment (SROI) methodologies to measure financial, social, and environmental outcomes. In its simplest form, return on investment is a common business concept used to measure the rate of profit or return on income spent. On the other hand, SROI adds the feature of social attainment when calculating return on investment. Researchers, defined SROI as a measurement combining outcomes, such as customers, suppliers, commitments, taxpayers, and natural resources, that tells a more holistic story about whether the nonprofit and board leadership are profoundly engaged in attaining social improvement and financial success through its activities (Baker & Moran, 2011; Olsen & Galimidi, 2009).

Nonprofit Board Entrepreneurial Orientation and Nonprofit Performance

There are several opportunities and challenges that confront nonprofit boards as they seek to respond to greater financial demands in economically distressed environments (Gibelman & Gelman; Leroux, 2005; Morris, Coombes, Schindehutte, & Allen, 2007; Townsend & Hart, 2008) and respond to increasing and pressing social problems at the same time (Bloom, 2009). First, the present challenges of generating sustainable income while seizing opportunities that mitigate social problems create a different kind of nonprofit functioning board. The new and enhanced nonprofit functioning boards will utilize new technologies, such as SROI methodologies (Baker &

Moran, 2011; Olsen & Galimidi, 2009) that demonstrate their market savvy. Moreover, nonprofit boards will exhibit specific competencies that lead to enhanced organizational performance (Brown, 2005; Chait, Holland, & Taylor, 1996).

Spear, Cornforth, and Aiken (2009) posited that recruitment of experienced boards play a significant role in board governance, because good governance leads to greater organizational performance. Lastly, the fact that leaders report to multiple stakeholders with various perspectives on nonprofit effectiveness becomes problematic for leadership as well. For example, Herman and Renz (2008) opined that under the multiple constituency approach, stakeholders have different expectations about nonprofit effectiveness. Furthermore, the greater the number of constituencies, the greater the number of possible variations in judgment. Consequently, reliance on a homogeneous best practice manual does not guarantee improved performance. The task at hand is for NPO leaders to isolate practices that work and provide a comparative perspective as to why they do work.

Boards of Directors and Organizational Performance

There is persistent need for board members to show greater involvement in strategic planning to establish viable performance measures to test third sector performance. Brown (2005) argued that financial indicators single-handedly do not provide sufficient evidence that nonprofit boards are operating optimally, because NPOs have social objectives and nonprofits vary in size. Depending on nonprofit volume, in terms of the number of active board members, programs, and annual receipts, large nonprofits may appear more successful than the small and mid-sized NPOs, but it is not necessarily true (Brown, 2005). According to Brown, three theoretical perspectives offer greater promise when linking board strategic involvement to organizational performance.

For example, Agency Theory, Group/Decision Process Theory, and Resource Dependency Theory when used in conjunction with six board competencies (Chait, Holland & Taylor, 1996) lead to better governed boards and greater organizational performance. According to Chait, et al. (1996) the six board competencies were: “contextual, educational, interpersonal, analytical, political, and strategic” understanding (p.8). Under the next heading Agency Theory is explored. As an example, Agency Theory fundamentals resemble profit maximizing business structures.

Agency Theory

Agency theory differentiates between the roles of ownership and management. The duty of ownership through board activism is to honor the nonprofit mission, monitor inputs and outputs, and to represent the interests of external constituents, to prevent those who are assigned management duties from abusing their authority. The underlying assumptions are dual tensions exist between board members’ stewardship and monitoring responsibilities and their managements controlling responsibilities (Brown, 2005). Moreover, management have access to information that they can exploit for personal gain because management is involved in day-to-day operations. Board members meet less often and review transactions after they occurred (Van Slyke, 2005)

Comparatively, Miller-Millesen (2003) posited that, “a fundamental assumption of the theory is that the interests of management will not always be perfectly aligned with the interests of constituents” (p.528). Consequently, boards’ awareness of the problems associated with dual tensions create an opportunity for them to act with due diligence. When boards fulfill their duties within a framework of contextualization Brown (2005) stated that, “the board has recognized the importance of honoring historical precedence and mission direction of the organization” (p.322). Furthermore, Brown posited that,

“The board is expected to understand the professional context of the organization’s operating environment, and use the capabilities in the organization, including [their] philosophical values” (p.322). Moreover, Brown and Guo (2010) argued that depending on how boards perceive their organizational context, they will place greater weight on certain strategies over other ones. However, Callen, Klein, and Tinkelman (2010) found that Agency Theory when examined within the framework of contextualization, will positively impact nonprofit performance when internal monitoring takes place during periods of organizational volatility. Callen, et al. claimed that during periods of organizational stability, Agency Theory will not impact nonprofit performance. Consequently, a nonprofit functioning board ought to studiously examine and monitor contextual factors against the backdrop of volatile organizational conditions to lead their organizations to greater performance.

Group/Decision Process Theory

Enhanced nonprofit performance is furthered achieved using Group/Decision Process Theory, because of the theory’s reliance upon group cohesion and relational dynamics to maximize decision-making (Brown, 2005; Chait, Holland & Taylor, 1996). The ease to which boards exchange knowledge, ideas and creative energies foster opportunities for innovative decision-making (Granados, Hlupic, Coakes, & Mohamed, 2017). When group cohesion among board members is present, optimal decisions are likely reached regarding the procedural and operational direction the organization ought to pursue under specific conditions. That is, specific conditions aligned to the most current and relevant information available. The rationale is explained this way, when the right procedures and processes are fulfilled under specific congruous conditions, board preparedness is evident, and the subsequent results add value to the NPO (Brown, 2005).

Providing additional insight, Sicilian (2008) explicated that too much attention is given to board participation in strategic plans, and not enough focus is concentrated on interrelationships. Interrelationships are critical for establishing harmonious working conditions between boards and management. Sicilian argued that when boards and management diverge on operational decisions, disputes about who should receive credit for strategic vision ensue. Consequently, lessons to be learned in the leadership research literature by surveying boards and management teams generate disparate accounts from each group about the benefits derived by board strategic involvement and organizational performance. What can be learned from Sicilian is that there is no one right way to improve organizational performance. Both, board strategic visioning and the development of healthy relationships with their management are critical factors. In financially precarious nonprofit environments such as the current one, multiple solutions are needed to fix socioeconomic problems. The next section highlights the benefits of board involvement in strategic planning.

Resource Dependency Theory

The third and last theory under consideration in this section is the Resource Dependency, which draws from the idea that board members are considered resources who bring financial and professional training value to NPOs, thereby, minimizing the NPOs risks and maximizing opportunities to establish networks with purchasing power. Board prospects are recruited to serve on boards to fulfill an ongoing access strategy. That is, the sitting board members' strategy is to gain access to: money, persons of power and influence, and informational networks (Farrell, 2005). Therefore, Resource Dependency Theory examines how well existing boards connect to potential members

who can deliver on those aforementioned attributes (Brown, 2005). The underlying assumption is that the right composition of board members prevents specific uncertainties, that is, a failure to accomplish agency mission and failure to sustain operations. Brown admonished boards to modify their strategies to include monitoring of management activities and reporting, engaging in regulatory debates, cultivating strategic partnerships, developing new products, and tapping into new service markets. The rationale is that sitting boards ought to recruit members with the skill set to serve in the specific areas that protect the NPO from risk associated in those same areas.

de Andes-Alonso, Cruz, and Romero-Merino (2006) theorized that when sitting boards recruit active donors with large donations to serve on their boards, the result is a better performing organization. The nonprofit's performance is enhanced, because donors who make large cash donations are influential, they have access to financial information, and they use financial reporting mechanisms to see how their donations are used. A caveat, however, is that progressive governing boards ought to ensure that veteran and new members share the same organizational values and are passionate about the NPOs mission and financial objectives.

Conclusion

The study examined the impact that entrepreneurial behaviors had on operating successful social enterprises in a nonprofit setting, in order to attract financial resources. The objective of the study was to determine whether non-entrepreneurial leaders (who do not have business experience), who operate small and midsized nonprofits, that is, with annual budgets between \$25,000 and \$250,000 and fewer than five paid staff, can successfully adopt social enterprise activities into their nonprofit agencies to enhance

organizational performance. The research revealed that there is some evidence that suggested entrepreneurial leaders may demonstrate greater innovation in adverse economic conditions than non-entrepreneurs. Furthermore, entrepreneurial leaders with access to networks with purchasing power may outperform non-entrepreneurs. Moreover, entrepreneurial leaders who identify the point of dual tensions created by having to meet double-bottom line objectives, which could result in conflicting leadership priorities, are likely to outperform non-entrepreneurs. Lastly, entrepreneurial leaders who understand their organization's contextual environment, by using skills to examine historical precedence, mission direction, and philosophical values, are likely to outperform non-entrepreneurs.

The questions driving the research were: What entrepreneurial behaviors used by social entrepreneurs lead to increased income? What patterns of innovation do social entrepreneurs exhibit that generate earned-income opportunities for their nonprofits? Lastly, what behaviors do Boards of Directors engage in that lead to greater organizational performance? A review of the literature indicated that entrepreneur behaviors that lead to increased income included: the presence of a financial strategy (Fox, 2005), facilitating entrepreneurship in its various forms, such as fast-paced and complex environments (Fox, 2005; Rahmani, Moakher, Sedaghat, & Daigahi, 2012), creating conditions for transformation and innovation to occur (Alvord, Brown & Letts, 2004; Bloom, 2009; Drayton, 2012), acting boldly, taking measured risks (Kreiser & Davis, 2010), and establishing supporting networks with purchasing power (Nga & Shamuganathan, 2010). That is, the preceding activities all of which pointed toward positive movement in the direction of organizational self-sufficiency.

Furthermore, a search through the literature revealed that the patterns of innovation social entrepreneurs exhibit that generated earned-income opportunities for their NPOs included: transforming their work environments to buttress organizational goals, shifting management attention and strategies to meet social and financial objectives and sometimes environmental goals, recruiting capable staff, creating new paths, and using the balanced scorecard as a holistic approach to evaluating financial and non-financial factors. Lastly, a review of the literature provided strong evidence that Boards of Directors can operate under an ideal composition, such as when board prospects are recruited to fulfill an ongoing access strategy, group cohesion is present, and internal monitoring takes place specifically during periods of organizational volatility. In the following chapter, the investigator analyzed the entrepreneurial characteristics of social entrepreneurs using a case study design. The plan for the application of the case study was to explain a casual link between social enterprise activities and nonprofit performance.

CHAPTER III

METHODOLOGY

Introduction

Chapter 2 was a critical analysis of entrepreneur behaviors, and their impact on operating successful nonprofit social enterprises to attract financial resources. The review of the literature revealed that there is some evidence that suggested nonprofit entrepreneurial leaders may demonstrate greater resiliency in adverse economic conditions over traditional nonprofit leaders. Furthermore, the literature review hinted those nonprofit entrepreneurial leaders who have established social networks with purchasing power have greater access to capital (Darby & Jenkins, 2006; Presutti & Odorici, 2018). Those aforementioned social networks serve to infuse a flow of cash to help sustain nonprofit social enterprises during times of economic instability (Krasnopolskaya & Meijs, 2019). Moreover, nonprofit entrepreneurial leaders with secondary financial- and primary social-goals tend to identify with greater precision the point of dual tensions created by having to meet competing double-bottom line objectives. Lastly, Chapter 2 revealed that nonprofit entrepreneurial leaders tend to maintain a broad view of their operating cultures, which shield their agencies against self-imposed barriers to innovation, such as risk-avoidance.

Research Design

A comparative exploratory case study methodology based on qualitative research was used in this dissertation. Additionally, an inclusion of quantitative methodology served to supplement and complement the core qualitative study. Comparative

exploratory case study designs are employed when making comparisons of two or more cases to develop new theoretical propositions, make theoretical generalizations or build theory about a specific phenomenon (Agranoff & Radin, 1991; George, 1979; Leedy & Ormrod, 2005; Lijphait, 1975; Yin, 2003). Researchers use exploratory case studies to study phenomena in specific contexts, such as in a group, a setting, or an organization (Gay, Mills, & Airasian, 2010; Leedy & Ormrod, 2005; Robson, 2002; Silkand, 2009; Yin, 2003). An advantage of using an exploratory case study design is that case studies capture unique variations, because they are individualized. The purpose of this comparative exploratory case study was to identify entrepreneurial behaviors in a nonprofit social enterprise context— a dimension of social entrepreneurship—and to test the Theory of Entrepreneurship (Schumpeter, 1934) using the Entrepreneurial Orientation Scale (Covin & Slevin, 1989). The objective of the case study was to determine whether non-entrepreneurial leaders (who do not have business experience), who operate small and midsized nonprofits, can adopt social enterprise activities into their operations with an equal degree of success as social entrepreneurs. The intent of the comparative exploratory case study design was to answer the following three research questions:

1. What patterns of innovation do social entrepreneurs exhibit that generate earned-income opportunities for their nonprofits?
2. What behaviors do Boards of Directors engage in that lead to greater organizational performance?
3. What entrepreneurial behaviors used by social entrepreneurs lead to increased income?

The researcher's analytic goals following the response to each research question was to develop theoretical propositions specific to nonprofit entrepreneurial behaviors in unique nonprofit social enterprise settings. The newly developed propositions served as a springboard for future studies to generalize, albeit limited generalizations using inductive logic. Examples of case studies supporting the use of analytic generalizations in single case study designs were, Allison (1971) explanatory single case study on the 1962 Cuban-Missile Crisis, and William F. Whyte (1943 & 1955) descriptive single case study on the Cornerville community, titled Street Corner Society, both of which were generalizable to a broader community. According to social scientist Robert K. Yin, "In analytic generalization, previously developed theory is used as a template against which to compare the empirical results of the case study" (Yin, 1984, p.109). The Theory of Entrepreneurship (Schumpeter, 1934) underpinned this comparative exploratory case study. Schumpeter a seminal author on entrepreneurship found that entrepreneurship and innovation occupy the same space. In other words, wherever entrepreneurship emerges—innovation will be found as well. The researcher projected that this case study will reveal higher levels of innovation leading to greater performance in the nonprofit social enterprise over the ordinary nonprofit organization.

Population

Two nonprofit organizations were examined in this study. The nonprofit social enterprise consisted of nine key informants and the ordinary nonprofit agency consisted of five key informants, all of whom were surveyed and interviewed by the researcher. The Executive Boards of Directors for each nonprofit organization (NPO) were the study's informants. Case studies utilize Purposeful Sampling procedures as opposed to

Random Sampling procedures (Creswell, 2007; Leedy & Ormrod, 2005). Criterion Sampling strategy is a sub-dimension of Purposeful Sampling procedures. The researcher selected the Criterion Sampling strategy (Creswell, 2007) as the means to identify the units of analysis to investigate that would provide substantive data about the nonprofit social enterprise phenomenon. The two nonprofit cases that the researcher selected served as the sample in the study (Leedy & Ormrod, 2005). The criterion by which the sample cases were selected was based on the two nonprofits fitting the IRS tax code of a 501(c)(3), being headquartered in the State of Illinois, and those who filed the IRS tax form 990 with income over \$25,000 but less than \$250,000.

One of the two nonprofit organizations (NPOs) engaged in social enterprise activities. The second NPO did not engage in social enterprise activities which provided sufficient heterogeneity between the units of analysis. By establishing heterogeneity, the strength for making theoretical generalizations in future studies increased. Both NPOs shared a social mission to provide services to youth and had an operating history of four years or more. Because the NPOs shared a similar mission and both had an established history of operations, economic trends could be compared. Moreover, the similarities between the units of analysis increased potential for this study's replication.

According to the National Center for Charitable Statistics (NCCS), in 2015 there were 559 public charities aimed at youth development in the State of Illinois. According to the US Social Enterprise Database, there are only 74 self-identified social enterprise nonprofit organizations in Illinois. There is a modest number of nonprofit social enterprises in the State of Illinois because this type of nonprofit organizational structure is a new phenomenon. However, the social enterprise literature indicated that in the

United Kingdom and Canada the presence and variations of social enterprises are more prevalent than in the US. Telephone calls were made to gain permission from the participants. Pre-screening questions were used to determine whether the prospective participants operated as a nonprofit social enterprise or not. The pre-screening questions were posed to prospective participants by the researcher. The researcher asked prospective participants if they had a strategic fiscal alliance with a for-profit business or another organization for a mutually beneficial outcome, and whether the agency engaged in the selling of products or services for a profit. Prospective participants who answered affirmatively were considered nonprofit social enterprises. Prospective participants who denied a strategic fiscal alliance and did not engage in the selling of products or services were not considered a social enterprise, but rather an ordinary nonprofit. The selection of cases that met the stated criteria provided useful quality assurance for the comparative exploratory case study.

Data Collection

This study used a pre-existing Board of Directors Personal Interview Script (Coombes, 2008) for the purposes of collecting raw data from two nonprofit locations in the State of Illinois. Interviewing key informants is known to increase reliability when collecting data in unique settings (Gay, Mills, & Airasian, 2010; Leedy & Ormrod, 2005; Robson, 2002). The semi-structured interview questions were placed in small modules containing a set of two to ten thematically related inquiries that were categorized in the following manner: Questions one through five were general in nature. Questions six through 19 related to board structure; Questions 20 through 22 related to heterogeneity/homogeneity; Questions 23 through 29 related to strong/weak governance;

Questions 30 through 33 related to cohesive/fractionalized relationships; Questions 34 and 35 related to centralized/decentralized decision-making; Questions 36 through 38 related to strategic/operational orientation; Questions 39 through 43 related to entrepreneurial/conservative risks patterns; Questions 44 and 45 related to interlocking/non-interlocking responsibilities; Questions 46 through 51 related to active/passive tendencies, and finally Question 52 related to innovation and entrepreneurship qualities. Moreover, the agencies' documents and the researcher's analytic notes and observations served to provide raw data.

This study also used a pre-existing 7-point Likert questionnaire instrument (Stevens, 2008) for the purposes of collecting raw data from two nonprofit locations in the State of Illinois. Survey instruments are known to increase reliability when collecting data in unique settings (Gay, Mills, & Airasian, 2010; Leedy & Ormrod, 2005; Robson, 2002). Other social enterprise and social entrepreneurship researchers (Alvord, Letts, & Brown, 2004; Cooney, 2006; Di Domenico, Haugh, & Tracey, 2010; Leroux, 2005; Harman, 2008; Meadow & Pikes, 2010; Samaras, 2007; Teasdale, 2010; Turner & Martin, 2005) used the survey strategy to collect data about the phenomena. The questions on the instrument were placed in small modules containing a set of three to eight thematically related questions that were categorized in the following manner: Questions one through six were general in nature, questions seven, 14, 15, 16, 17, 18, 19, and 20 related to the entrepreneur behaviors an independent variable in the study; Questions eight, nine and ten related to board behavior another independent variable; And questions 11,12, and 13 related to innovation the third independent variable. The study tested Entrepreneurship Theory on two outcome variables, namely, income and

performance. The researcher viewed the income and performance outcome variables as not having mutual exclusivity. In other words, a nonprofit agency that enhanced its performance also increased its income.

Entrepreneurship Orientation Scale (EO)

The researcher elected to use the Entrepreneurial Orientation (EO) scale developed by Covin and Slevin (1989) to measure Entrepreneurship Theory. The EO scale is identified in the entrepreneurship literature (Barringer & Bluedorn, 1999; Namin & Slevin, 1993) as a reliable and consistent measurement of strategic orientation. For example, the psychometric properties of the EO scale combine three key factors, namely innovation, risk-taking, and proactiveness. When those three key factors are working in aggregate in an organization, a strategic orientation is present and is measurable using the scale. The survey instruments and the Board of Directors interview script contained embedded strategic orientation themes, supporting the use of the EO scale as both a reliable and valid measure of entrepreneurial performance.

Collection of Raw Data Step-by-Step Procedures

1. Investigator met participants for Case #1 at participant's place of business over a two-day period.
2. Investigator explained in detail the nature and purpose of the project. Duration 20 minutes.
3. Investigator explained in detail the Informed Consent Document. Duration 10 minutes.
4. Investigator obtained signatures on Informed Consent Documents. Duration 10 minutes.

5. Investigator interviewed the Executive Director and Board of Directors separately, using the same Board of Directors Personal Interview Script. The interview script remained with the investigator for the duration of the interview. Duration 35 minutes per participant.
6. Ten board members were interviewed. Interviews were conducted separately and privately.
7. Investigator hand delivered a copy of the survey instruments to each of the 10 participants at Case #1. Day 2; Duration 10 minutes.
8. Investigator was available to answer any questions the participants had regarding the questionnaire. Duration 10 minutes.
9. Completed surveys were mailed, using the US Postal Service, to the investigator's residence. No identifiers were on the returned surveys.
10. No incentives were offered to the participants for the completion of the questionnaire.

A two-month period had elapsed between the collection of raw data at case #1 and case #2. There are no substantive explanations for the time lapse other than normal scheduling conflicts and opportunity. The same step-by-step data collection procedures were followed for case #2 as it was for case #1. Moreover, the investigator did not experience any irregularities during the data collection phase. The procedures were as follows:

1. Investigator met participants at Case #2 at their place of business over a two-day period.

2. Investigator explained in detail the nature and purpose of the project. Duration 10 minutes.
3. Investigator explained in detail the Informed Consent Document. Duration 10 minutes.
4. Investigator obtained signature on Informed Consent Document. Duration 10 minutes.
5. Investigator interviewed the Executive Director and Board of Directors separately, using the same Board of Directors Personal Interview Script. The interview script remained with the investigator. Duration 35 minutes per participant.
6. Five board members were interviewed. Interviews were conducted separately and privately.
7. Investigator hand delivered a copy of the survey instruments to the participants in case #2. Day 2; Duration 15 minutes.
8. Investigator was available to answer any questions the participants had regarding the questionnaires. Duration 15 minutes.
9. Completed surveys were mailed, using the US Postal Service, to the investigator's residence. No identifiers were on the returned surveys.
10. There were no incentives offered for the completion of the questionnaire.

Once raw data was collected and gathered from the nonprofit locations, the case study raw data and the researcher's analytic notes were entered into a case study database using the SPSS program. New patterns emerging from the raw data were coded into additional thematic groupings. A flash-drive was used to remove the case study database

from the computer hard drive. The flash-drive containing the case study database was locked in a secure place at the home office of the researcher.

Analytical Method

During phase 1, the researcher developed a matrix of categories in which to place qualitative evidence from each case, that is, the nonprofit social enterprise and the ordinary nonprofit organization into the respective categories. The researcher organized qualitative data from each case around the area of interests (i.e., entrepreneurial behaviors) then used frequency tables to display and tabulate data in search of new thematic groupings collected from the qualitative data sources. Descriptive statistics, namely the mean, a measure of central tendency, was used to highlight repeat patterns, search for emerging words and phrase patterns, and to examine tabulations. Moreover, the mean statistic was utilized to identify specific patterns of entrepreneurial behaviors that enhanced organizational performance and lead to increased income. The researcher used tables to graphically display the categorical data. Moreover, the researcher elected to compare patterns across the two cases in this exploratory study using tables and matrices to identify patterns and similarities (Campbell, 1975; King & Kraemer, 1985; Levy, 1988; Yin, 1984). The results from this analytical procedure were to generate new theoretical propositions for further testing.

During phase 2, the researcher applied descriptive statistics to quantitative data. The researcher organized quantitative data from each case around the area of interests (i.e., innovation, proactiveness, and risk-taking) then used the central tendency table to tabulate the data, and a bar chart to graphically display the ordinal data. Descriptive statistics, namely the mean, a measure of central tendency was used to highlight average

entrepreneurial behaviors. Moreover, the mean statistic was utilized to identify specific entrepreneurial behaviors that enhanced organizational performance and lead to increased income. The researcher looked to show that there is at least one significant difference among the means. Lastly, the triangulation and integration of qualitative and quantitative analyses aided the researcher in understanding the qualitative findings.

Limitations

The researcher could have used a different form of research question to explore the phenomena. For example, the researcher could have used one research question to ask how strategic orientation leads to increased income. How and why questions can offer greater explanations about the differences between cases. Secondly, if the researcher used two or more cases of nonprofit social enterprise and two or more cases of an ordinary NPO in the study, having increased the number of cases would have provided greater strength to support entrepreneurship theory replication. Thirdly, the researcher's presence, selection of data to collect, and interpretation of that data provided an approximate, but not absolute reality of the phenomena. Fourthly, as members of the board in each case entered new roles and exited out of their existing roles, key data was lost. Furthermore, exploratory case studies lend themselves to making very limited theoretical generalizations. Moreover, these specific sample cases produced a small number of key informants to survey and interview further limiting theoretical generalizations. Lastly, because the raw data was collected from the same source of participants, any defects in one source had potential to contaminate both data collection strategies.

Summary

A comparative exploratory case study methodology based on qualitative research was used in this dissertation. Additionally, an inclusion of quantitative methodology served to supplement and complement the core qualitative study. Comparative exploratory case study designs are employed when making comparisons of two or more cases to develop new theoretical propositions, make theoretical generalizations or build theory about a specific phenomenon (Agranoff & Radin, 1991; George, 1979; Leedy & Ormrod, 2005; Lijphait, 1975; Yin, 2003). The purpose of this comparative exploratory case study was to identify entrepreneurial behaviors in a nonprofit social enterprise context— a dimension of social entrepreneurship—and to test the Theory of Entrepreneurship (Schumpeter, 1934) using the Entrepreneurial Orientation Scale (Covin & Slevin, 1989). The study tested Entrepreneurship Theory on two outcome variables, namely, income and performance. The researcher viewed the income and performance outcome variables as not having mutual exclusivity. In other words, nonprofit agencies that enhanced its performance also increased its income. The researcher's analytic goals following the response to each research question was to develop theoretical propositions. Lastly, the newly developed propositions could serve as a springboard for future studies to make theoretical generalizations, although, limited ones.

In Chapter IV, the researcher showed that nonprofit leaders are thinking outside of the box to get bigger results! Modern nonprofits are running their agencies like for-profit businesses. Nonprofit leaders are thinking strategically, taking more risks, and not waiting for handouts that, in too many instances, do not meet their current operating budgets. In the following chapter, the researcher analyzed entrepreneurial behaviors of

social entrepreneurs using the case study procedure. Furthermore, the researcher verified that the three research questions were answered, analyzed results using descriptive statistics, and presented a summary of the results using tables and bar graphs.

CHAPTER IV

The last chapter reported on the analytical goals to answer the following three research questions: What patterns of innovation do social entrepreneurs exhibit that generates earned-income opportunities for their nonprofits? What behaviors do Boards of Directors engage in that lead to greater organizational performance? What entrepreneurial behaviors used by social entrepreneurs lead to increased income? Using a case study design supplemented and complemented by quantitative evidence, the researcher collected data from two nonprofit cases to compare results. Both nonprofit cases served underprivileged youth. One nonprofit case was considered a social enterprise, the other nonprofit case was considered ordinary. This chapter presented the results and summary of findings. The research was conducted in two phases. The first phase represented the main study that validated Board Behavioral Orientation using a pre-existing Board of Directors Personal Interview Script. Next, an analysis of archival documents and the researcher's analytic notes and observations was conducted to triangulate the data and formulate themes. The second phase included supplemental pre-existing survey instruments to ascertain the relevance of pursuing Earned Income Opportunities (EIO) and validating Entrepreneurial Orientation (EO) as perceived by the Board of Directors. Moreover, the inclusion of complementary qualitative and quantitative data was used for elaboration and clarification of results (Green, Caracelli, & Graham, 1989).

FINDINGS

The Social Enterprise Nonprofit

The social enterprise, 501(C)(3) nonprofit was established in 1992 as an after-school program to provide mentoring to underprivileged youth between the ages of 12 to 18 years. Youth receive strategies for conflict resolution, methods for improving self-esteem, and instructions on effective study habits to enhance their academic and social performances. One of the most distinguishing characteristics of the NPO when respondents were asked about positive board relations, was that the board described themselves as a *cohesive* group. One interviewee said, “volunteers work in harmony with one another.” Group cohesion could be the result of board members sharing a deep spirituality. For example, before every meeting, board members form a circle around the room, hold hands, bow their heads, and close their eyes to pray for God’s intervention over the business at hand. Another interviewee described the observable and palpable relational attribute this way, “unity is the single most attractive characteristic at the agency.” When walking around the social enterprise home office, the researcher observed the following artifacts: Framed photographs of youth who had in previous years attended the after-school program, photographs of hundreds of scholarship recipients’, plaques hung neatly on the walls that showcased the public recognition that the nonprofit received over the years. The agency received the Social Entrepreneurship award in 2007 from the Manhattan Institute. Moreover, other artifacts included newspaper clippings about the organization and its founder, a large-framed photograph of the founder’s son, adorning a High School cap and gown. Nearby on a shelf, a praying hands plaque was nestled between religious books, there were after-school program brochures and event flyers

strewn across a very large and worn conference table, and lastly, refreshments placed several feet away from where our interviews began.

The Ordinary Nonprofit

The ordinary, 501(C)(3) nonprofit was established in 2016 as an after-school program to provide educational world-class exposure to underprivileged youth between the ages of 8 to 18 years. Underprivileged youth are exposed to the visual arts, culinary arts, music, theater, consumer economics, and other educational opportunities to help shape their worldview. Because the nonprofit focuses on providing educational traveling experiences for youth, there are numerous field trips throughout the school year to locations in the City of Chicago and surrounding localities that serve as learning incubation centers. The nonprofit agency provides buses to transport youth to and from a central location in the South suburbs. The boards' long-term plan is to provide youth with an international travel experience—once during the summer months—to expose students to different cultures, languages, and people.

Currently, the nonprofit does not have a home office. The Board of Directors' conduct their meetings and workshops in one or two classrooms at a local church in the South suburbs. One of the most distinguishing characteristics about the NPO when respondents were asked about positive board relations, was that the board described themselves as *goals and objectives* oriented. That means the board is keenly focused on deliverables such as outcomes, impact, and evaluations. One board member said, "*in terms of providing oversight, we may or may not address minor concerns to meet our major goals.*" This last statement could mean that creating positive social change in underprivileged youth, has priority over how positive social change occurs.

The first meeting with the CEO of the ordinary nonprofit was impressive. The CEO is approximately thirty-something. The CEO was born and raised in the City of Naperville, but he worked as a teacher in an area of Chicago known as the Damen district. Damen Avenue is a dense urban neighborhood on the Westside of Chicago. The CEO witnessed the plight of youth in the Damen area and set out to do something about it. During the interview with the CEO, he talked at length about his passion to close the academic gaps, the importance of cultural awareness, and his plans to enrich underprivileged youth experiences through his project called, Passion-thru-Passports.

BOARD MEMBER INTERVIEWS

Results from Nonprofit Board Members Individual Interviews

Social Enterprise Nonprofit

The social enterprise nonprofit (in Table 1) represents a small-to-midsize nonprofit meeting the research criteria with annual revenues reported at \$40,000, which is greater than \$25,000 and under \$250,000. There are no paid employees among the nine board members and 27 volunteers. One volunteer, the Founder / Board Chairperson / Executive Director is the managing officer.

	N	Minimum	Maximum	Mean	Std. Deviation
Full-Time Employees	9	0	0	.00	.000
Volunteer Board Members	9	37	38	37.11	.333
Executive Managers	9	10	10	10	.000
Managers	9	1	1	1.00	.000
AnnualRev	9	\$40,000	\$40,000	\$40,000	\$0.000

AnnualExp	9	\$30,000	\$30,000	\$30,000	\$0.000
Valid N (listwise)	9				

General Inquiry

Members of the board listed a plethora of responses when asked their views about the purpose of their board. Many said “governance”, others said “to make a positive difference in the lives of youth” (keeping to the mission), and others said to “fundraise on behalf of the nonprofit.” Next, when describing some of the board members’ frustrations, the respondents echoed that the board “failed to develop a succession plan”. The business literature supports the idea that the absence of succession planning is a failure to reach long-term strategies (Ballaro & Polk, 2017), and worse the oversight could lead to the demise of the organization entirely (Garg & Van Weele, 2012). Succession planning is perhaps more critical for this agency because many of the board members are senior citizens.

Formal/Informal

Having clearly defined roles and supporting organizational structures, such as policies, procedures, and systems enable an agency’s efficiencies. However, having clearly defined roles is difficult to sustain for small-to-midsize nonprofits that do not have paid staff. Volunteers in small-to-midsize nonprofits are expected to lend a hand wherever the work is needed. Overall, *formality* was the structure and operations of the board. For example, the board uses Roberts Rule of Orders, agency bylaws, recording of Minutes in their monthly meetings. The Chairperson considers these aforementioned practices enforceable requirements. Formality in administration is important across all board members because at its core is consideration of other’s time. For example, one

board member acknowledges that one or two board members have school-aged children and careers in addition to giving their time volunteering. Consequently, meetings are *fairly fixed* a 2-hours span, a formal agenda is distributed in advance, and minutes are approved by a voting process. It is important to note that, although the board operates formally administratively, there are occasions for informal gatherings such as when the Chairperson calls for special meetings for strategic planning or brainstorming. The board appeared to be aware that flexibility in scheduling is important to the nonprofit to allow for innovation and creativity.

Board recruitment begins when there is a vacancy on board. Individuals are vetted for board positions based on their skillsets and their experiences in fundraising. To be considered for a board position, prospective board members must be twenty-one years of age or over, have held general membership (which means paying annual association dues) to the nonprofit for at least one year, and they have been in continuous good standing for six months before nominations. Moreover, the prospective board member will have attended many programmatic meetings to mentor students during the twelve months preceding nominations, such as participation in the agency's Youth Intervention, Career Day, Grief and Loss, or Scholarship Orientation Night programs. The board term is staggered and renewable over three years. The board selects' prospects by a majority vote, in this case, six affirmative votes are necessary to receive an invitation to the board.

Heterogeneity/Homogeneity

Bridgstock, Lettice, Ozbilgin, and Tatl (2010) posited maintaining diversities in networks and funding sources of small-to-midsized social enterprises are important considerations for tapping into the external talent and accessing revenue. Going a step

further Pechersky (2016), claimed that board diversity enlarges the capacity of organizational leaders to enhance their performance. From a business perspective diversity in systems, networks, and boards yield positive benefits because all elements in the strategies and operations of an entity is represented. When asked about diversity and how it is characterized in the agency's membership, most responses were that the board was *fairly homogeneous* in terms of ethnicity, age, and where their members' home residences are located. For example, ninety percent of the agency's volunteers reside in the same city, 8 out of ten are senior citizens, and many of them were friends before the founding of the nonprofit.

When asked about how diversity could help or hinder the board? The participants agreed that greater diversity could help in fund development, grant-writing, and attracting younger people to the board. It was noted, that although visually diversity appeared to be absent at the agency, the participants' previous occupations showed the greatest sign of diversity. For example, it was noted that members had careers in information technology, accounting, sales, teaching at the grade school and college levels, pastoring, and others were small business owners.

Strong/Weak

Researchers found that programs guided by leaders with an entrepreneurial orientation were uniquely identified as stronger because leaders improved service quality performance (Escamilla-Fajardo, Núñez-Pomar, & Prado-Gascó, 2018). Darby and Jenkins (2006) learned that economic impact, entrepreneurial strategies, cultivation of networks, and educational development, were many of the indicators enhancing nonprofit

social enterprise performance. Perhaps the most convincing argument to separate stronger boards from the weaker ones is a board's ability to generate sustainable income.

Stronger board leaders utilize new technologies, such as SROI methodologies (Baker & Moran, 2011; Olsen & Galimidi, 2009) that demonstrate their market savvy. Moreover, board leaders exhibit strategic and operational competencies that lead to enhanced organizational performance (Brown, 2005; Chait, Holland, & Taylor, 1996). When members were asked about how they characterized their board, most participants responded that the agency has a *somewhat strong board*. The participants pointed out that high volunteer engagement, regular meeting attendance, a strong work ethic, and award-winning quality programs were the basis for their favorable perceptions. In this case, board members placed greater weight in the way operations and strategies were carried out over empirical programmatic outcomes. There was unanimous agreement among the Board of Directors that a deepened board engagement and group cohesion superseded the utilization of some of the current market tools.

Teamwork is a visible and palpable observation in this social enterprise nonprofit. Board members adhered to the interview schedules, came prepared with questions and completed and returned surveys quickly. The Chairperson of the board has the respect of her peers, she *drives the board and holds herself accountable to the board*. It is not surprising that board members who *tend to take strong positions* in their area of expertise, responded unanimously in support of change and innovation as directed by the Chairperson amid external criticisms. Lastly, in this case, there is not a separation between management responsibilities and leadership oversight. The Board of Directors manages and *monitors* the agency programs. Small-to-midsize nonprofits with annual

revenue less than \$250,000, and which do not have paid staff dedicated to specific operational tasks must retool their skill set to become more competitive and reap financial rewards.

Cohesion/Fractionalization

Leaders with entrepreneurial skills attract financial resources beyond traditional methods of revenue generation received from annual fundraisers and membership dues. For example, greater weight is placed on leadership vision and their ability to meet the needs of clients when organizations are newly formed (Avery, 2004); however, after inception sustaining a nonprofit requires a financial strategy. When asked if the board shared a vision for the organization, respondents responded *yes* unanimously. The vision the board has for the nonprofit is scaling up programs and influencing critical external stakeholders.

Board members share a deep spiritual connection and because spirituality is rooted in the agency culture it is *not difficult* for the board to come to decisions in a moderate amount of time and no one feels excluded. When there is a departure from the board majority concerning an issue, it was reported that board members asked dissenting voices to gather whatever additional evidence is needed before the next scheduled meeting. When the board reconvenes, the issue is discussed among the Board of Directors, and a final decision is reached.

Centralized/Decentralized

Concerning the elements of centralization and decentralization, the control of the board is guided by the Chairperson. However, neither the *Chairperson nor any board representatives dominate decision-making*. Decisions about programming, fundraising,

products, and operations emanate from the directors. In general, voluntary nonprofit boards make decisions about the strategies of an agency. However, in this Social Enterprise nonprofit board decisions crossover into management. The central functions of programmatic activities are directed by board insiders mainly because this is a small-to-midsize nonprofit with no paid staff to delegate operational responsibilities to and secondly, there are no outsiders. For example, having outsiders on the board means the inclusion of diverse stakeholder groups from outside the immediate social enterprise community. The social enterprise nonprofit began with friends and family and many of its founding members are still volunteering their time and talent. Members were asked about their nonprofit structure and how decisions are made, to which the Board of Directors unanimously agreed that *yes there is structure and decisions are made at the board level.*

Strategic/Operational

The elements of strategic versus operational means that strategically focused boards make long-term plans that extend greater than one year. Conversely, operationally focused boards place attention primarily on short-term plans under one year. Respondents were asked how they perceived their planning? Most respondents responded that the *board was either very strategic or somewhat strategic.* Two respondents responded that the board was operationally focused. For those who said that the board was strategically focused, the examples they gave were “*long-term plans to expand influence and partnerships*” in the community. Next, the other strategies were to “*brand their youth mentoring curriculum to increase product sells, and to scale-up programming.*” When asked about operational issues, the respondents provided a plethora of issues that ranged

from “*conflict with programmatic scheduling, not having enough program volunteers, and current year budgetary issues.*”

Entrepreneurial/Conservative

Nonprofit boards with an entrepreneurial orientation combine three key factors, namely innovation, risk-taking, and proactiveness (Covin & Slevin, 1989). When those three key factors are working in aggregate inside an agency, a strategic orientation is present. When asked how conservative is your board? Board members unanimously agreed that the board is *conservative*; however, they view *innovation as desirable*. Most of the board members said that when making decisions, the issues discussed are decided on a case-by-case basis which suggested that neither *tradition nor moving away from established norms is automatically practiced*. However, many board members provided evidence that the *frequency of experimentation* with innovation was *as low as 15% and only as high as 25%*. Evidence that supports that the board has engaged in *high-risk actions included*, “*partnering with external universities and institutions, providing proprietary information to prospective partners, proactively changing to the preferences of internal stakeholders, and investing limited funds.*”

Interlocking/Non-Interlocking

The Board of Directors provided evidence that between *40-50% of them were members of other voluntary boards* and that they *did not have any experience with a conflict of interest*.

Active/Passive

The Board of Directors unanimously described their board as *very active in times of surplus and deficits*. Evidence of activeness included “*hosting annual banquets, high*

volunteer participation in programs such as Career Day, Youth Intervention, traveling in teams of 6 or 7 to accept program awards outside of the city such as Dallas, New York City, Chicago, and Springfield, seeking grant opportunities, and meeting with school administrators and foundation heads. One board member said attendance at monthly meetings regularly meets its quorum. The board welcomes initiatives brought to them by the Chairperson, and the Chairperson welcomes 80% of the initiatives brought by the board.

Innovation/Entrepreneurship

The Board of Directors were asked to respond to three statements regarding their agency’s levels of aggressiveness, very aggressive, somewhat aggressive, not aggressive, and three statements regarding their agency’s levels of innovation, very innovative, somewhat innovative, and not innovative. A wide variance of responses from each interviewee was noted, suggesting that entrepreneurial orientation was present but not significant.

The Ordinary Nonprofit

The ordinary nonprofit (Table 2) represents a small-to-midsize nonprofit meeting the research criteria with annual revenues reported at \$25,000, and under \$250,000. There are no paid employees among the five board members and 1 volunteer. The Board of Directors’ serves in an administrative and operational role.

Table 2					
<i>Nonprofit Characteristics</i>					
	N	Minimum	Maximum	Mean	Std. Deviation
Full-Time Employees	5	0	0	.00	.000

Volunteer Board	5	1	1	1.00	.000
Members Executive	5	5	5	5.00	.000
Managers	5	1	1	1.00	.000
AnnualRev	5	\$25,000	\$25,000		
AnnualExp	5	\$15,000	\$15,000		
Valid N (listwise)	5				

General Inquiry

Members of the board listed a plethora of responses when asked their views about the purpose of their board. Many said, “*delegating tasks*”, others said “*to be an expert in the field of teaching*” (keeping to the mission), and others said to “*bring funds into the nonprofit.*” Next, when describing some of the board members’ frustrations, the respondents echoed that the board “*has strong personalities.*” The respondents echoed that, “*sometimes board decisions are based on dominate members’ personalities over the nonprofit mission.*”

Formal/Informal

Having clearly defined roles and supporting organizational structures, such as policies, procedures, and systems enable an agency’s efficiencies. But having clearly defined roles is difficult to sustain for small-to-midsize nonprofits that do not have paid staff. For example, volunteers in small-to-midsize nonprofits are expected to lend a hand wherever the work is needed. Overall, according to most respondents, the *somewhat formal* classification was the structure and operations of the board. For example, administratively, there is a relaxed use of Roberts Rule of Orders during official meetings. However, the board’s use of agency bylaws detailing the role of officers is enforced. Meetings are *fairly fixed* for 45 minutes. Board members meet on the 15th of

each month; although, the meeting locations vary because the nonprofit does not have a permanent office. A formal agenda is distributed in advance, but meeting minutes are not approved by a voting process. It is important to note that, although the board operates *somewhat formally* administratively, there are occasions for informal gatherings such as when the CEO calls for special meetings for strategic planning or brainstorming.

Recruitment of new board members is important for delegating tasks to individuals with the necessary skills left vacant on the board, and to fundraise on behalf of the agency. To be considered for a board position, prospective board members must be an expert in the field of education, experienced working with vulnerable kids, and selected based on a majority vote process, in this case, three affirmative votes are necessary to receive an invitation to the board.

Heterogeneity/Homogeneity

Bridgstock, Lettice, Ozbilgin, and Tatl (2010) posited maintaining diversities in networks and funding sources of small-to-midsized nonprofits are important considerations for tapping into the external talent and accessing revenue. Going a step further Pechersky (2016), claimed that board diversity enlarges the capacity of organizational leaders to enhance their performance. From a business perspective diversity in systems, networks, and boards yield positive benefits because all elements in the strategies and operations of an entity is represented. When asked about diversity and how it is characterized in the agency's membership, most respondents said that the board was *fairly homogeneous* in terms of ethnicity and professions. For example, eighty percent of the agency's volunteers are African Americans, educators, and mature adults.

When asked about how diversity could help or hinder the board? The participants agreed that greater diversity could help with attracting younger educators to the board. Moreover, it was said that “youthful board members because they are closer in age to our kids, tend to relate to them better,” which could help with the existing programs. It was noted, that although visually diversity appeared to be absent at the agency, the participants’ valued its potentiality. The participants in the study viewed themselves as a *somewhat strong board* of passionate volunteers with an orientation to get things done. That is, board members’ strong passion for changing the trajectory of underprivileged youth seems to be the key to the ordinary nonprofit agency’s success.

Strong/Weak

Stronger board leaders utilize new technologies, such as SROI methodologies (Baker & Moran, 2011; Olsen & Galimidi, 2009) that demonstrate their market savvy. Moreover, board leaders exhibit strategic and operational competencies that lead to enhanced organizational performance (Brown, 2005; Chait, Holland, & Taylor, 1996). When asked about how the board characterizes itself, most participants responded that the agency has a *somewhat strong board*. The participants pointed out that having prior experiences working with vulnerable youth, earning Bachelor’s and Masters’ Degrees in Education, and exercising can-do attitudes were the basis for their favorable perceptions. In this ordinary nonprofit, board members placed greater weight toward achieving stated agency goals and objectives over how programmatic outcomes were executed. There was unanimous agreement among the Board of Directors that achievement superseded excuses and complacency.

Organizational structure is a visible and palpable observation in this ordinary nonprofit case. Board members adhered to the interview schedules, came prepared with questions and talked openly and candidly about the nonprofit. The CEO/Chairperson of the board has the respect of his peers, he *drives the board and holds himself accountable to the board*. It is not surprising that board members who *tend to take strong positions* in their area of expertise, responded unanimously in support of change and innovation as directed by the CEO amid external criticisms. Lastly, in this case, there is not a separation between management responsibilities and leadership oversight. The Board of Directors manages and *monitors* the agency programs. Small-to-midsize nonprofits with modest annual revenue, who do not have resources to higher staff, and who do not have paid staff dedicated to specific operational tasks must retool their skill set to become more competitive and to reap financial rewards.

Cohesion/Fractionalization

Leaders with entrepreneurial skills attract financial resources beyond traditional methods of revenue generation received from annual fundraisers and membership dues. For example, greater weight is placed on leadership vision and their ability to meet the needs of clients when organizations are newly formed (Avery, 2004); however, after inception sustaining a nonprofit requires a financial strategy. When asked if the board shared a vision for the organization, respondents responded *yes* unanimously. The vision the board has for the nonprofit is finding permanent space for its after-school programs, operations, and to provide international educational excursions annually.

Board members are competent in managing classrooms, teaching methods, and organizing students. Therefore, highly organized systems are rooted in the agency

culture, and it is *not difficult* for the board to come to decisions. When there is a departure from the board majority concerning a matter, it was reported that dissenting voices will bring forward matters at the next board meeting to allow for rumination. When the Board of Directors reconvene, the matter is discussed among them, and a final decision is reached by a majority vote.

Centralized/Decentralized

Concerning the elements of centralization and decentralization, the control of the board is guided by the CEO. However, not the *CEO nor any board representatives dominate decision-making*. Decisions about programming and fundraising are not concentrated around any one board member, although there are board members with strong personalities. In general, voluntary nonprofit boards make decisions about the central strategies of an agency. However, in this ordinary nonprofit case board decisions crossover into management. The central functions of programmatic activities are directed by board members mainly because this is a small-to-midsize nonprofit with no paid staff to delegate operational responsibilities. When asked if there was structure to your organization and how decisions are made? The Board of Directors unanimously agreed that *yes there is structure and decisions are made at the board level*.

Strategic/Operational

The elements of strategic versus operational means that strategically focused boards make long-term plans that are greater than one year. Conversely, operationally focused boards place their attention primarily on short-term plans less than one year. Respondents were asked to explain how they perceived their planning. Most respondents responded that the *board was very strategic*. For those who said that the board was

strategically focused, the examples that they gave were “*future plans concerning their program curriculum, improved methodology, program implementation and evaluation, and plans to increase the number of youths being served.*” When asked about operational issues, the respondents provided a plethora of issues that ranged from “*not having permanent classroom and office space, and the need for increasing the current year budget.*”

Entrepreneurial/Conservative

Nonprofit boards with an entrepreneurial orientation combine three key factors, namely innovation, risk-taking, and proactiveness (Covin & Slevin, 1989). When those three key factors are working in aggregate inside an agency, a strategic orientation is present. When asked how conservative is your board? Board members unanimously agreed that the board is *conservative*; however, they view *innovation as desirable*. Most of the board members said that when making decisions, the issues discussed are decided on a case-by-case basis which suggested that neither *tradition nor moving away from established norms is automatically practiced*. However, many board members provided evidence that the *frequency of experimentation with innovation was as high as 80%*. Evidence that supports that the board has engaged in high-risk actions included, “*the implementation of the virtual after-school program as a response to the 2020 global pandemic.*”

Interlocking/Non-Interlocking

The Board of Directors provided evidence that *none of them were members of other voluntary boards*, and that they *did not have any experience with a conflict of interest*.

Active/Passive

The Board of Directors unanimously described their board as *very active in times of surplus and passive during deficits*. Evidence of activeness included hosting annual fundraisers, planned field trips, and cultural excursions. Board members said attendance during their educational fieldtrips is generally high. The board welcomes initiatives brought to them by the CEO, and the CEO welcomes 99% of the initiatives brought by the board.

Innovation/Entrepreneurship

The Board of Directors were asked to respond to three statements regarding their agency's levels of aggressiveness, very aggressive, somewhat aggressive, not aggressive, and three statements regarding their agency's levels of innovation, very innovative, somewhat innovative, and not innovative. A wide variance of responses from each interviewee was noted, suggesting that entrepreneurial orientation was present but not significant. For example, 66% of the respondents reported that the ordinary nonprofit was *somewhat aggressive and somewhat innovative*, 22% reported that the agency was *aggressive and innovative*, and 11% reported that the agency was *not aggressive and not innovative*.

Results from Documents' Analyses

Triangulation of data is demonstrated when, "the researcher collects multiple forms of data" (Creswell, 2007, p. 45). To validate the data, the researcher examined the previous Board of Directors Personal Interview Scripts highlighted above, and agency documents including the after-school curriculum; a youth intervention model, brochures and program awards literature, and the agency's bylaws, and its 20th -anniversary and

cultural excursion booklets, six analytic memos, and observations. To transcribe the data, the researcher used First Cycle Coding Methods, namely Process Coding and NVivo Coding. Second, the researcher sorted data in clustered significant statements into categories. Next, the larger categories were sorted into smaller categories. Third, the researcher consolidated categories of significant statements to formulate the organizing themes.

The Social Enterprise Nonprofit

Figure 1
Nonprofit Board Leaders Who Deliberately and Intentionally Care About How They Are Communicating to Their Primary Stakeholders and Solving Social Problems Transform Their Communities

Significant Statement	Formulated Meaning
Board members are intentional about how they communicate solutions to troubled youths. One board member said that it is important to <i>"Show your approval."</i> Another board member said to <i>"Avoid destructive criticism,"</i> Another board member said, <i>"It is critical to avoid heaping guilt on children."</i> Youth are the primary stakeholders for the social enterprise Case. At the core of the board's philosophy is communicating with care and intentionality.	Leaders' intentionality toward communicating alternate ways for youth to deal with social problems are demonstrating that they care.
Talking to kids, instructing kids, convincing children, removing obstacles, reducing bullying, fighting, personal job stressors, conflicting messaging, alienating situations, and disconnectedness referring bad behavior to administrators, fighting, reducing truancy, suspensions, expulsions, and taking on difficult problems, such as criminal behaviors.	Leaders who proactively engage youth and show them alternate ways to handle problems can reduce deviant behaviors that prevent youth from becoming productive citizens.
Board members are intentional, they demonstrate their intentionality by finding solutions to social problems.	Nonprofit board leaders are the solution to their community's social problems.

<p>“We are the solution.” Branding curriculum, scaling up the program, transforming neighborhoods, winning quality programs, giving of time, planning, brainstorming solutions, the founding of agency.</p>	
---	--

Figure 2

Nonprofit Board Leaders' Gender Can Play a Distinctive Role In Creating Innovative Solutions At The Programmatic Level

Significant Statement	Formulated Meaning
<p>Board members who are male affect change because they are bringing pointed messages, sharing life experiences, and career choices to low-income youths who do not have parental guidance. One board member said that these are, "Ordinary men doing extraordinary things." When referring to the agency's male board members, a second board member said that "be a positive role model," she meant that if you are male living in communities on the decline be poised to “standby and interact” with community youths, and to “steer them the right way”.</p>	<p>Ordinary board members who are males can make an extraordinary difference.</p>
<p>Bringing innovative solutions, guiding, influencing, male role modeling, and coaching, role modeling, seeking role models, modeling ways for youth to imitate, providing leadership, leading youth to make good choices, supporting and guiding youth, discussing life experiences and career choices, assisting parents, dealing with low-income children, developing volunteers and mentors, standing by, and interacting, following Bill Cosby's advice to steer the underclass toward the right road. Building rapport, mirroring.</p>	<p>Patriarchs who discover innovative ways to provide emotional support to students from low-income communities, improve students' academic and social performances.</p>
<p>Board leaders demonstrate</p>	<p>Board leader’s responsiveness to</p>

<p>commitment to the agency’s programs by being responsive to the clients they serve, thinking about ways to improve programs, and participating at all levels of business activities. Planning, scaling up programs, delegating tasks, making space for ideas, giving permission to think outside the box</p>	<p>programmatic aims creates space for innovation to emerge.</p>
--	--

Figure 3

Nonprofit Organizational Performance Is Enhanced When Board Members Practice Habits of Good Governance

Significant Statement	Formulated Meaning
<p>Presiding over business activities, Representing, Serving, Attending, Participating, Attending, Serving, playing a role in programmatic activities, Fulfilling, committing to tasks. Helping to raise funds and social awareness, Supporting, Representing the organization, Acting in the best interest of the agency. Presiding over Business and Administrative Activities, Recording Minutes, Attracting prospective skilled board members.</p>	<p>Board members are representatives of the agency with certain duties of governing.</p>
<p>Ensuring the Fiscal Integrity of Accounts, accepting legal and fiduciary responsibilities, taking responsibility for board decisions, assisting in membership drives, Recruiting new board members and volunteers. Ensuring Fiscal Integrity of Accounts, exercising good governance, and conducting fair and transparent Elections.</p>	<p>Board members are responsible for fulfilling major functions in the agency.</p>
<p>Staying informed, asking questions, requesting information, Preparing.</p>	<p>Board members must be knowledgeable about the nonprofit activities</p>

The Ordinary Nonprofit

Figure 4

Nonprofit Board Leaders with Work Histories Related to the Agency Missions Are Poised to Make Improved Operational Judgments, And to Influence Their Stakeholders in The Direction That Enhances Agency Outcomes

Significant Statement	Formulated Meaning
-----------------------	--------------------

<p>Creating positive change, contributing to the community, serving underprivileged youths, "Working in multiple school districts over the past 7 years has taught me about the need of youth today." "The easiest way to find a solution is being one that has endured the problem."</p>	<p>Board Leaders with related work histories and experiences that are in alignment with specific nonprofit missions are better positioned to find solutions that serve their community.</p>
<p>Expressing the importance of cultural awareness, equipping students with basic understanding of cultures, sharing cultures establishing a cultural space, teaching youth about different cultural realities. "Working with youth is no longer a one-communication, but a vehicle to encourage participative sharing."</p>	<p>Leaders who teach cultural awareness to others are positioned to communicate more effectively and to make good judgments that required having a developed sensitivity toward others who have different backgrounds.</p>
<p>Engaging youth, encouraging youth, training youth in artistic expression, influencing career choices, showing youth how to live prosperous lives, building trust, and creating opportunities, changing youth perspectives, opening the eyes of understanding.</p>	<p>Nonprofit board leaders who positively influence the next generation of leaders in their communities, build trust with their stakeholders and enhance agency outcomes.</p>

Figure 5

Nonprofit Board Leaders Who Operate Using A Small Number Of Board Members, Capitalize on Understanding their Mission and Delivery Models, Because of their Dual Role Of Strategizing And Operationalizing The Agency Mission

Significant Statement	Formulated Meaning
<p>Delegating tasks, planning, implementing curriculum, implementing virtual classrooms, collaborating, managing, evaluating, partnering with the City of Harvey Park District, designing rich content, increasing the current year budget, attracting younger educators, instructing, overseeing programs.</p>	<p>Board of Directors with a modest number of members serving on the board, who strategically plan for and manage the operations of their nonprofits understand the mission and delivery model.</p>

<p>Presenting, preserving, and promoting, traveling, hosting field trips and excursions, offering field trip opportunities, exploring the world, shaping students' worldview, exploring, visiting countries. "Without knowledge of what the world has to offer, how can one aspire more?" "Travel is key to altering (underprivileged youth) perspectives," "Travel is imperative for youth."</p>	<p>Board leaders who expose their internal stakeholders to desirable and possible alternate realities are change agents.</p>
<p>Motivating students academically, cultivating imagination, broadening horizons, experiencing learning, learning experiences, enhancing imagination, igniting self-exploration, getting out and learning something, "How could Ben Franklin study electricity without enjoying flying a kite?" "I love children and helping them accomplish their dreams is my business."</p>	<p>Board leaders who are passionate about creating change and motivating internal stakeholders to realize their potential stay true to the mission.</p>

Results from the Entrepreneurial Orientation (EO) Scale

Covin and Slevin's (1989) EO scale measures of Environmental Hostility, Organization Structure, and Strategic Posture was used in this research. The Board of Directors' nine responses were averaged using Measures of Central Tendency to determine a single score for each of the three indexes. Scores on the indexes ranged from 1 as the lowest and 7 as the highest. The higher the scores, the more prevalent the index was visible at the nonprofit organization. Seven board responses on the Environmental Hostility Index, which is a 3-item scale measuring hostility, showed evidence of $M=5.0$, $SD=.97183$. Next, Strategic Posture Index, which measures innovation, proactiveness, and risk-taking showed evidence of $M=3.41$, $SD=.530$. Lastly, the Organizational

Structure Index, which is a 7-item scale that measures the extent to which organizations are structured showed evidence of $M=5.9048$, $SD=.37796$ (Table 3).

The Social Enterprise Nonprofit

	N	Range	Mean	Std. Deviation
Environmental_Hostility_Scale	9	3.33	5.0000	.97183
Strategic_Posturing_Scale	9	1.33	3.4074	.52997
Organizational_Structure_Scale	9	1.14	5.9048	.37796
Valid N (listwise)	9			

The ordinary nonprofit Board of Directors’ five responses were averaged using Measures of Central Tendency to determine a single score for each of the three indexes. Scores on the indexes ranged from 1 as the lowest and 7, as the highest. The higher the scores, the more prevalent the index was visible at the nonprofit organization. Five board responses on the Environmental Hostility Index, which is a three-item scale measuring hostility, showed evidence of $M=2.87$, $SD=.988$. Next, the Organization Structure Index, which is a 7-item scale that measures the extent to which organizations are structured showed evidence of $M= 3.74$, $SD=.658$. Lastly, five board responses on the Strategic Posture Index, which measures innovation, proactiveness, and risk-taking showed evidence $M=3.04$, $SD=.169$ (Table 4).

Table 4

Entrepreneurial Orientation (EO) Scale – Ordinary Nonprofit

	N	Range	Mean	Std. Deviation
Environmental_Hostility_Scale	5	2.33	2.8667	.98883
Strategic_Posturing_Scale	5	1.57	3.7429	.65776
Organizational_Structure_Scale	5	.44	3.0444	.16851
Valid N (listwise)	5			

Results from the Earned Income Opportunities (EIO) Scale

Steven’s (2008) EIO scale measures of Earned Income Opportunities, Entrepreneurial Action, Resource Dependence, and Organizational Identity were used in this research. The EIO scale consisted of 52 questions, and the five Board of Directors’ responses were averaged using Measures of Central Tendency to determine a single score for each of the four indexes. Twenty-five questions on the Resource Dependency, Entrepreneurial Action, and Organizational Identity Indexes ranged from 1 Significantly Worse to 7 Significantly Higher. Three questions on the Resource Dependency Index ranged from 1 Significantly Higher to 3 Significantly Lower. Nine questions on the Organizational Identity Index ranged from 1 About the Same to 3 Significantly Better. Ten questions on the Earned Income Opportunities Index were either 1 meaning Yes or 2 meaning No. Lastly, four questions on the Earned Income Opportunities Index ranged from 1 Highly Unlikely to 7 Highly Likely. The higher the scores, the more prevalent the index was visible at the nonprofit organization. The following tables (five through 18)

represent board member responses using the Measurement of Central Tendency to display the findings.

The Social Enterprise Nonprofit

When estimating the revenue and expenses, the respondents report \$40,000 and \$30,000, respectively (Table 5). In the years prior, the agency received two grants from private firms, hence 88.9% of board members overwhelmingly reported that compared to the average revenue in years past, the current year revenue was significantly lower.

Table 5					
<i>Significant Revenue Changes in the Last 3 Years?</i>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	About the Same	1	11.1	11.1	11.1
	Significantly Lower	8	88.9	88.9	100.0
Total		9	100.0	100.0	

The Ordinary Nonprofit

When estimating the revenue and expenses, the respondents report \$25,000 and \$15,000, respectively (Table 6). In the years prior, the agency received a grant from a private firm and anticipates another future payout, hence 60% of board members reported that compared to the average revenue in years past, the current year revenue was about the same. Forty percent of the respondents did not consider the anticipated future payout when responding to the survey.

Table 6

Significant Revenue Change in the Last 3 Years?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid About the Same	3	60.0	60.0	60.0
Significantly Lower	2	40.0	40.0	100.0
Total	5	100.0	100.0	

When reporting on the status of current/recent earned income opportunities, 100% of the respondents reported that earned income opportunities such as the selling of products and services was an ongoing strategy at the agency (Table 7). However, more than 50% of the respondents reported that the social enterprise endeavor was not currently earning income or realizing a profit.

The Social Enterprise Nonprofit

Table 7

Status of Current/Recent Earned Income Opportunities

	Yes	No	N/A
Is EIO Ongoing?	9	0	0
Is EIO Earning Income?	4	5	0
Is EIO Making a Profit?	0	9	0
Valid N (listwise)	9		

The Ordinary Nonprofit

When reporting on the status of current/recent earned income opportunities, 80% of the respondents reported that earned income opportunities was an ongoing strategy at the agency. Additionally, 80% of the respondents reported that the ordinary nonprofit was

currently earning income, and 60% reported that the agency currently earned a profit on a new endeavor (Table 8).

Table 8			
<i>Status of Current/Recent Earned Income Opportunities</i>			
	Yes	No	N/A
Is EIO Ongoing?	4	1	0
Is EIO Earning Income?	4	1	0
Is EIO Making a Profit?	3	2	0
Valid N (listwise)	5		

When respondents were asked about how they currently perceived their social enterprise nonprofit, 44% reported that relationships with primary stakeholders were most important, which is consistent with the interview findings. Another 44% of the respondents indicated that the needs and desires of the agency were mostly important. Lastly, 12% or one board member did not view the agency one way or another (Table 9).

The Social Enterprise Nonprofit

Table 9		
<i>Nonprofit Organizational Identity</i>		
	N	Percentage
Individual Identity	0	.00
Relational Identity	4	44.00
Community Identity	4	44.00
Mixed Identity	1	12.00
Valid N (listwise)	9	

When respondents were asked about how they currently perceived their ordinary nonprofit, 40% reported that relationships with primary stakeholders were most important. Another 40% of the respondents indicated that the needs and desires of the community were just as important which is consistent with the interview findings. Lastly, 20% or two board members viewed the needs of the agency as important (Table 10).

The Ordinary Nonprofit

<i>Nonprofit Organizational Identity</i>		
	N	Percentage
Individual Identity	5	.20
Relational Identity	5	.40
Community Identity	5	.40
Mixed Identity	5	0
Valid N (listwise)	5	

Financial Constraints were the degree to which the social enterprise Board of Directors perceived external barriers to meeting their bottom-line financial objectives. The board responses showed that they rated themselves as average regarding their financial constraints. Means of various financial constraints on this reverse-coded variable (higher numbers indicated less perceived financial constraint) ranged from a low of 4.22 for current liquid short-term resources, current endowment, and future individual contributions to a high of 4.11 for all other factors. More important than the mean values, the standard deviations of each financial constraint measure (varying between .441 and .601 on a seven-point scale) suggested a low to a high degree of variability at the agency (Table 11).

Table 11

Organizational Financial Constraints - Factor Descriptions

	N	Minimum	Maximum	Mean	Std. Deviation
Current/Liquid Short-Term	9	4	5	4.22	.441
Current Fee/Income	9	3	5	4.11	.601
Current Endowment Long-Term	9	4	5	4.22	.441
Future Individual Contributions	9	4	5	4.22	.441
Future Corporate Contributions	9	3	5	4.11	.601
Future Government Contributions	9	3	5	4.11	.601
Future Foundation Contributions	9	3	5	4.11	.601
Overall Financial Constraints	9			4.16	.53

The ordinary nonprofit Board of Directors’ responses showed that they rated themselves as average regarding their financial constraints. Means of various financial constraints on this reverse-coded variable (higher numbers indicated less perceived financial constraint) ranged from a low of 4.80 for future individual and corporate donations to a high of 3.20 for current fee/income. More important than the mean values, the standard deviations of each financial constraint measure (varying between 1.23 and 1.82 on a seven-point scale) suggested a high degree of variability at the agency (Table 12).

Table 12

Organizational Financial Constraints - Factors Description

	N	Minimu m	Maximu m	Mean	Std. Deviation
Current/Liquid Short-Term	5	2	5	3.40	1.342
Current Fee/Income	5	2	5	3.20	1.304
Current Endowment Long-Term	5	2	5	3.80	1.304
Future Individual Contributions	5	2	7	4.40	1.817
Future Corporate Contributions	5	4	7	4.80	1.304
Future Government Contributions	5	3	7	4.60	1.517
Future Foundation Contributions	5	4	7	5.00	1.225
Valid N (listwise)	5				

Stakeholder Salience was the degree to which the social enterprise nonprofit Board of Directors’ attention was directed toward the agency, management team, and its governing board. There were six items in the Stakeholder Salience Index that included the Board of Directors, employees/volunteers, customers/clients, individual donors/donors, foundations/corporate funders, and civic/governmental funders. As depicted in Table 13, the mean salience values of 3.50 to 4.89 suggested that these six stakeholder groups were of average salience to the agency, and that their concerns mattered and were addressed in some way. The overall standard deviation of .83 suggested a high degree of variability in the sample (Table 13).

The Social Enterprise Nonprofit

	N	Minimum	Maximum	Mean	Std. Deviation
Received Time And Attention_From_Management	9	4.33	5.33	4.8889	.31180
Concerns_Were_Important_To_Management	9	3.00	4.00	3.5000	.42492
Received_Time_And Attention_From_Agency	9	4.00	4.67	4.4444	.27639
Valid N (listwise)	9				
Overall Salience (Avg)				4.28	.83

Depicted in Table 14, the mean saliency values of 4.03 to 4.57 for the ordinary nonprofit suggested that these six stakeholder groups were of average saliency to the agency and that their concerns mattered and were addressed in some way. The overall standard deviation of 1.02 suggested a high degree of variability in the sample.

The Ordinary Nonprofit

	N	Minimum	Maximum	Mean	Std. Deviation
Received_Time_Attention Management	5	3	6	4.53	1.127
Concerns_Important_To Management	5	3	6	4.03	1.181
RecTime_Attention_Agency	5	4	6	4.57	.822
Valid N (listwise)	5				
Overall Saliency (Avg)					1.022

On a scale of 1 as highly unlikely to 7, as highly likely Future Entrepreneurial Income Opportunities (EIO) was the degree to which the agency’s Board of Directors formally or informally pursued EIO. The Board of Directors’ responses indicated a mean score of 7.0 or 100% of them have viewed the agency as informally pursuing EIO, and that the agency will continue to pursue EIO within the next three years. However, formally, the board responses showed $M=5.78$, $SD=.667$, suggesting that the Board of Directors were less confident that systems and processes would be in place for pursuing business activity alone. Moreover, $M=4.33$, $SD=.50$ suggests that within the year, board members viewed the pursuit of EIO as being average coupled with an average degree of variability (Table 15).

The Social Enterprise Nonprofit

	N	Mean	Std. Deviation
Informally Explored EIOs	9	7.00	.000
Formally Explored EIOs	9	5.78	.667
Pursue EIOs Within the Next Year	9	4.33	.500
Pursue EIOs Within the Next 3 Years	9	7.00	.000
Valid N (listwise)	9		

The ordinary nonprofit Board of Directors’ responses indicated a mean score of 4.80 having viewed the agency as informally pursuing EIO and a mean score of 4.40 that the agency will continue to pursue EIO within the next year. However, formally, the board

responses showed a greater mean score of 5.60, and a standard deviation of 1.52, suggesting that the Board of Directors were less confident that structures, systems, and processes would be in place for pursuing the business activity. Moreover, a mean score of 5.60 a standard deviation of 2.60 suggests that within 3-years, board members indicated uncertainty about the pursuit of business activities (Table 16).

The Ordinary Nonprofit

	N	Mean	Std. Deviation
Informally Explored EIOs	5	4.80	3.033
Formally Explored EIOs	5	5.60	1.517
Pursue EIOs Within the Next Year	5	4.40	2.302
Pursue EIOs Within the Next 3 Years	5	5.60	2.608
Valid N (listwise)	5		

The degree of variability was indicated in a detailed analysis of the responses to each measure of future EIO activity, as shown in Table 17. The social enterprise nonprofit Board of Directors indicated that they were highly likely to explore and/or pursue EIOs informally (100%) and within three years (100%). However, 88.9% of the board members indicated they were somewhat likely to explore EIO activity formally, and that they were (66.7%) likely to pursue EIO activity within one year (Table 17).

Table 17								
<i>Future EIO Activity – Factor Descriptive Scale Details</i>								
	Informally Explore		Formally Explore		Pursue Within 1 Year		Pursue Within 3 Years	
	N	%	N	%	N	%	N	%
Highly Unlikely	0	0%	0	0%	0	0%	0	0%
Unlikely	0	0	0	0	0	0	0	0
Somewhat Unlikely	0	0	0	0	0	0	0	0
Uncertain	0	0	0	0	0	0	0	0
Somewhat Likely	0	0	8	88.9%	3	33.3%	0	0
Likely	0	0	1	11.1%	6	66.7%	0	0
Highly Likely	9	100%	0	0	0	0	9	100%

The ordinary nonprofit Board of Directors indicated that they were highly likely and likely to explore and/or pursue EIOs informally or formally (60%) and within three years (60%). However, 40% or two board members indicated that they were uncertain if the board would pursue EIO within a year (Table 18).

Table 18

Future EIO Activity – Factor Descriptive Scale Details

	Informally Explore		Formally Explore		Pursue Within 1 Year		Pursue Within 3 Years	
	N	%	N	%	N	%	N	%
Highly Unlikely	1	20%	0	0%	1	20%	1	20%
Unlikely	1	20%	0	0%	0	0%	0	0%
Somewhat Unlikely	0	0%	1	20%	0	0%	0	0%
Uncertain	0	0%	0	0%	2	40%	0	0%
Somewhat Likely	0	0%	0	0%	0	0%	0	0%
Likely	0	0%	3	60%	1	20%	1	20%
Highly Likely	3	60%	1	20%	1	20%	3	60%

The Ordinary Nonprofit

Comparative Analysis

Lastly, a comparative analysis of the social enterprise and the ordinary Nonprofit is presented in Table 19 Descriptive Statistics, and pictorially in the Graph A.

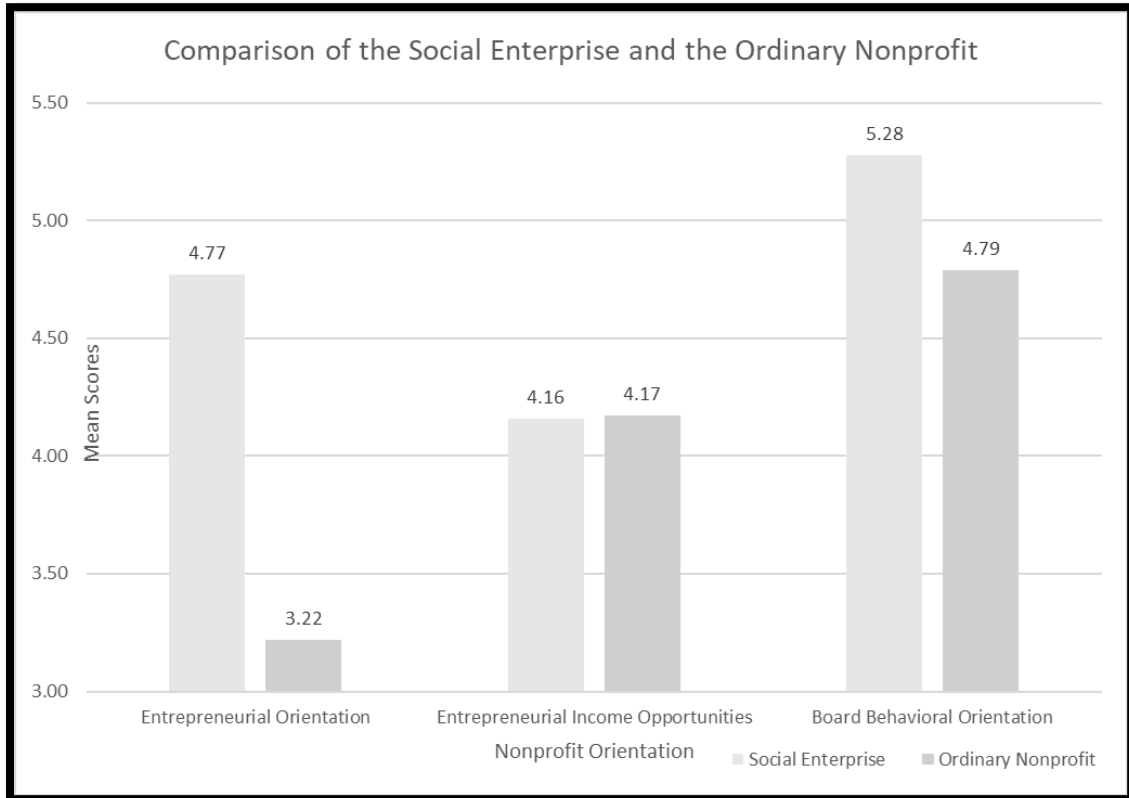
Participants in the study were a small number of 19 board members who were measured using scales of entrepreneurial orientation, entrepreneurial income opportunities, and the board behavioral orientation. The researcher wanted to learn how organizational income and performance were affected, when social entrepreneurs used the social enterprise model to conduct business in their small-to-midsize nonprofits. Recognizing the multiple levels that social entrepreneurship unfolds from 1, (highly unlikely) to 7, (highly likely) participants responded to numerous questions designed to assess entrepreneurship. The

entrepreneurial-related variables were combined into a composite score to measure entrepreneurialism. Entrepreneurial Orientation Scale M=4.77, M=3.22, and a standard deviation of 1.10 for the social enterprise and ordinary nonprofit agencies, respectively. Entrepreneurial Income Opportunities Scale M=4.16, M=4.17, and a standard deviation of .010, respectively. Board Behavioral Orientation Scale M=5.28, M=4.80, and a standard deviation of .344, respectively. There were no significant differences between a small-to-midsized social enterprise and an ordinary nonprofit of similar size and purpose (Table 19). However, the social enterprise nonprofit had higher means score in two of three categories. That is, the means' scores were higher in Entrepreneurial Orientation (EO) and Board Behavioral Orientation Scales.

	N	Mean	Std. Deviation	Std. Error	Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
EO Scale - Social Enterprise	1	4.77					4.77	4.77
- Ordinary Nonprofit	1	3.22					3.22	3.22
Total	2	3.99	1.10	0.78	-5.87	13.86	3.22	4.77
EIO Scale - Social Enterprise	1	4.16					4.16	4.16
- Ordinary Nonprofit	1	4.17					4.17	4.17
Total	2	4.16	0.01	0.01	4.07	4.26	4.16	4.17
Board Behavioral Scale- SE	1	5.28					5.28	5.28
- Ordinary Nonprofit	1	4.79					4.79	4.79
Total	2	5.03	0.34	0.24	1.94	8.13	4.79	5.28

Graph A

A Comparison of the Means' Scores for the Social Enterprise and Ordinary Nonprofits Across Entrepreneurial Orientation, Entrepreneurial Income Opportunities, and Board Behavioral Orientation.



Note: The social enterprise nonprofit indicated a higher means' scores for Entrepreneurial Orientation and Board Behavioral Orientation compared to the ordinary nonprofit. The social enterprise nonprofit indicated a lower means score for Entrepreneurial Income Opportunities compared to the ordinary nonprofit.

Summary of Results

R.Q.1. What Patterns of Innovation Do Social Entrepreneurs Exhibit That Generate Earned-Income Opportunities for Their Nonprofits?

To enable an agency to continually generate earned income, the Board of Directors must formally and informally pursue income opportunities. Overall, *formality* and *decentralization* were the structure and operations of the nonprofit board as perceived by the respondents. Establishing clearly defined policies, procedures, and systems enabled operational efficiencies in the organization. Moreover, the decentralization of decision-making permitted board members to exercise their knowledge and expertise in areas of the organization where they had greater experience.

The Organizational Structure Index (Table 3) measured the extent to which the social enterprise was structured, it showed evidence of $M=5.9048$, $SD=.37796$. The findings somewhat support the outcomes from the Entrepreneurial Income Opportunities Index (Table 15), representing $M=5.78$ for the formal pursuit of earned-income opportunities. Additionally, patterns of innovation that lead to earn-income opportunities included informal pursuits of income. The social enterprise Board of Directors' responses indicated a means' scores of 7.0 (Table 15), or 100% of them viewed the agency as informally pursuing EIO, and that the agency will continue to pursue EIO within the next three years. Moreover, 100% of the respondents indicated that EIO is an ongoing strategy of the social enterprise (Table 7).

Furthermore, to enable the social enterprise to continually generate earned income, board members were adept at engaging prospective grantors such as individuals, corporations, foundations, civic and governmental agencies, especially during budget deficits. Forty-four percent of the social enterprise nonprofit (Table 9) reported that relationships with primary stakeholders was most important. Another 44% (Table 9) of board members reported that the needs and desires of the agency was mostly important. Lastly, when comparing threats to the social enterprise's financial resources (Table 1), the mean scores (4.11% to 4.22%) in (Table 11) reflected the degree to which board members on average do not view barriers to resources in the next three years. However, there is a high degree of variability (.601) across some funding sources.

R.Q.2. What Behaviors Do Boards of Directors Engage in That Lead to Greater Organizational Performance?

Boards of Directors enhance their agencies' performances to the extent that they deliberately and intentionally care about how they are communicating to their primary stakeholders and solving social problems (Figure 1). The primary stakeholders at both nonprofit organizations are clients, board members, and individual donors. The Nonprofit Organizational Identity (Tables 9 & 10) confirmed that 88% (social enterprise board members) and 80% (ordinary nonprofit board members) reported that the relationships with their primary stakeholders and communities were most important.

Second, board leaders' gender (Figure 2), played a distinctive role in enhancing nonprofit performance at the programmatic level. The social enterprise board members are purposeful in recruiting males to the board because underprivileged youth living in unstable home environments have shown to respond positively to male role models. Male

role models are mostly absent in the lives of many vulnerable youth. One social enterprise board member referred to the male board members as "ordinary men doing extraordinary things."

Third, nonprofit organizational performance is enhanced when board members practice habits of good governance (Figure 3). Confirming the idea that the nonprofit's internal environment operates within a governance model, the EO Organizational Structure Index (Table 3), which measures the extent to which organizations are structured showed evidence of $M=5.9048$, $SD=.37796$. The findings suggested that there is the presence of open channels of communication, flexibility in managerial styles, experts are given the most to say in decision-making, adjustments are made during changing circumstances, and there is an emphasis on getting things done.

Fourth, nonprofit board leaders with related work histories (Figure 4), to the agency missions are poised to make better operational judgments and to influence their stakeholders in the direction that enhances agency outcomes. The ordinary nonprofit agency's mission is to provide educational travel experiences to underprivileged youth. Board recruitment is based on prospects having expertise in the field of education and prior teaching experience.

Fifth, nonprofit boards that have an ongoing strategy to explore earned-income opportunities enhance their agency's performance. Examining Table 8, when reporting on the status of current/recent earned income opportunities, 80% of the ordinary nonprofit respondents reported that earned-income opportunities was an ongoing strategy at the agency. Additionally, 80% of the respondents reported that the nonprofit was currently earning income, but 60% clarified that the earned income was from another business

source. However, both the social enterprise and the ordinary nonprofit reported that revenue in the last 3-years was *significantly lower* (Tables 5 and 6).

Lastly, nonprofit board leaders who operate using a small number of board members, capitalize on understanding their mission and delivery models, because of their dual role of strategizing and operationalizing the agency mission, (Figure 5). Those aforementioned board members understand their mission and delivery models. For example, the ordinary nonprofit business model is as follows: the value proposition is to provide a service that exposes disadvantaged youth to the visual arts, culinary arts, music, theater, and consumer economics. The resources on hand were \$25,000 in annual revenue (Table 2), recruiting qualified and experienced educators (Figure 4), designing customized curriculum, and tracking reports, providing school buses, and scheduling educational travel excursions that serve as learning incubators. The processes included ways of working as a team with students such as conducting classroom training, budgeting, and planning, and having a strong emphasis placed on achieving goals and objectives. The outcomes are positive changes in the worldview of disadvantaged youths and increased funding.

R.Q.3. What Entrepreneurial Behaviors Used by Social Entrepreneurs Lead to Increased Income?

First, board leaders' *levels of aggression*, measured by the Environmental Hostility Index (Table 3), played a role in boosting income at the organization. The Environmental Hostility Index confirmed that board members perceive the environment in which it operated to have tremendous competitive, political, or technological forces with a mean score of 5.0 and high variability of .973. Consequently, the board attempted

to address environmental forces by engaging in social enterprise activities, albeit informally. The findings provided evidence of entrepreneurial behaviors that lead to increased income to a lesser degree than expected. For example, the Entrepreneurial Orientation Index (Table 3), showed low strategic posturing in terms of the social enterprise agency's plan to formally introduce new products or services, and change products or services.

Second, the social enterprise Board of Directors were asked to respond to three statements regarding their agency's levels of aggressiveness, very aggressive, somewhat aggressive, not aggressive, and three statements regarding their agency's levels of innovation, very innovative, somewhat innovative, and not innovative. A wide variance of responses from each interviewee was noted, suggesting that *innovation/entrepreneurship* was present but not significantly.

Third, although *formality* was the structure and operations at the social enterprise nonprofit, there were informal structures surrounding future EIO activities (Table 15). For example, the pursuit of future EIO Activity $M=7.00$, $SD=.000$, depicts a highly likely informal pursuit of EIO activities.

Fourth, Stakeholder Salience was the degree to which the Board of Directors attention were mostly directed toward internal and external stakeholder groups. As depicted in Table 13, the mean salience value of 4.89 suggested that stakeholders received an average amount of time and attention from the social enterprise Board of Directors, and that their concerns mattered and were addressed in some way. The standard deviation of .312 suggested a low degree of variability in the sample. A better mean score would have been a five in terms of the agency— as a whole— paying close

attention to various stakeholders especially external stakeholders who dole out money. The ordinary nonprofit (Table 14), entrepreneurial index measuring entrepreneurial action $M=4.53$, $SD=1.13$, represents the time and attention that the Board of Directors paid to their stakeholder groups.

Lastly, there were no significant differences between a small-to-midsized social enterprise and an ordinary nonprofit of similar size and purpose (Table 19). However, the social enterprise nonprofit had higher means score in two of three categories. That is, the means' scores were higher in Entrepreneurial Orientation (EO) and Board Behavioral Orientation Scales.

CHAPTER V

The last chapter reported on the findings using a case study design complemented by quantitative evidence for elaboration and clarification of results to answer the following three research questions: What patterns of innovation do social entrepreneurs exhibit that generates earned-income opportunities for their nonprofits? What behaviors do Boards of Directors engage in that lead to greater organizational performance? What entrepreneurial behaviors used by social entrepreneurs lead to increased income? In this chapter, the researcher's goals were to draw conclusions, offer recommendations, disclose limitations, and provide direction for future research.

CONCLUSIONS AND RECOMMENDATIONS

The findings from the study showed that there were no significant differences between Boards of Directors' entrepreneurial behaviors that will enhance the likelihood of operating a successful social enterprise into a small-to-midsize nonprofit agency to attract financial resources (Table 19). However, the social enterprise showed higher means' scores overall on the Entrepreneurial Orientation and Board Behavioral Orientation Scales compared to the ordinary nonprofit. The researcher's expectation regarding the implementation of the social enterprise model was that social entrepreneurial leaders will outperform non-entrepreneurial nonprofit leaders on critical entrepreneurial indexes which may lead to enhanced agency performance and earned income opportunities.

Discussion of the Findings

The researcher's findings suggested that social entrepreneurs who aggressively and formally pursue income opportunities, and those who are adept at engaging their

stakeholders outperform ordinary nonprofits. It was not surprising that nonprofit social entrepreneurs operate social enterprises, because social enterprises are inherently innovative. Moreover, operating a social enterprise in a nonprofit context was viewed in the extant literature as a likely solution to attract needed financial resources according to (Di Domenico, Haugh & Tracey, 2010; Elson & Hall, 2012; Escamilla-Fajardo, Núñez-Pomar, & Prado-Gascó, 2018).

Unexpected results unfolded in the social enterprise nonprofit (Table 3), indicating a low strategic posture mean score ($M=3.41$, $SD=.530$). The finding was problematic because a low strategic posture mean score represents low entrepreneurial posturing, which is necessary to improve the nonprofit's competitive advantage, attract voluntary actions, and achieve substantial financial objectives. The low strategic posture score at the social enterprise nonprofit could be because board members focused on short-term programmatic deliverables, which required smaller risks, over aggressively pursuing riskier opportunities that may possibly lead to greater financial security.

Another plausible explanation for the agency's low strategic score could be the result of the boards' low-risk culture. Conversely, high-risk cultures have greater compatibility with innovation, which is "the linchpin of consistent success, and even of continued survival" (Brinkerhoff, 2000, p. 31). Boards that compete for limited funding must aggressively pursue those funds.

Aggressive Pursuit of Income

Small-to-midsize nonprofits with no paid staff and with fewer than 10 board members must be very aggressive or radical in the pursuit of innovative solutions of funding (Chandy & Trellis, 1998; Dewar & Dutton, 1986; Ettlie, Bridge, & O'Keefe,

1984; Duchesneau Cohn, & Dutton, 1979). In the study, the social enterprise Board of Directors were asked to respond to three statements regarding their agency's levels of aggressiveness. A wide variance of responses from each interviewee was noted, suggesting that entrepreneurial orientation was present but not significant. Unless the entrepreneurial orientation is significantly present in social enterprise nonprofit activities, board members may fail to provide evidence that their agencies are self-sufficient, which funders look for when doling out money.

Innovation is one of several key factors embedded in entrepreneurialism. Entrepreneurial behavior, such as innovation (Isaac, Chanrith & Emmanuel, 2018; Schrotgens & Boenigk, 2017; Shaw & Carter, 2007) is an adaptive skill. Dees (2007) explained that, regardless of the economic or sociological model used to generate income, finding sustainable solutions requires a highly adaptive and innovative leadership models with access to private funding. Scholars opined that in critical financial times, leaders are finding it difficult to navigate through complex organizational issues using traditional solutions (Rahmani, Moakher, Sedaghat, & Daigahi, 2012). Other researchers argued that social entrepreneurs are primarily opportunity seekers (Schumpeter, 2002), specifically innovative (Bielefeld, 2009; Dees, 2001; Drayton, 2012), and generally adaptive (Schumpeter, 2002), they are not limited to fundraising initiatives used in the past, such as membership drives and mail solicitations. Although, membership drives and mail solicitations have effectively generated revenue for the social enterprise, sole reliance on those traditional fundraising strategies can narrow the strategic scope for meeting substantial financial goals. Consequently, the social enterprise must become more focused by experimenting with higher risk opportunities to receive greater returns.

Generally, small-to-midsize nonprofit boards that practice conservative behaviors over more progressive behaviors such as proactivity, innovation, and risk-taking could be because they are more cautious with their modest budgets, may be unable to time the receipts of corporate, foundation, and government donations, and may not have the bandwidth to navigate the difficult territory of financial independence.

Formal Pursuit of Income

In the absence of normalizing the social enterprise systems of data into the agency, earned income generated from the business activity was unpredictable. To earn sustainable and substantial revenue, nonprofit board leaders must avoid adopting the social enterprise model *ab libitum* into their agencies. Nonprofits must have formal structures in place before implementing the social enterprise. Scholars, (Cooney, 2006; Dees, 2007; Hartigan, 2006; Leroux, 2005; Mort, Weerawardena & Carnegie, 2003; Olsen & Galimid, 2009; Roper & Cheny, 2005) posited that economic theory underscored the social entrepreneur phenomenon. The significance of using economic theory to underpin social entrepreneurship was because economic models amplify the role of leadership, work structures, systems, and processes that converge in leading agencies to recognize earned income and social transformation (Cooney, 2006). For example, infrastructures are needed, such as accounting units and professional staff to capture and report financial data accurately. Separating functional units may be helpful for some social enterprises but separating functional units may not be practical for small-to-midsize nonprofits. The findings suggested that nonprofits with formal structures in place before implementing the social enterprise are likely to enhance agencies' performances because data sets are consistent and replicable.

When comparing the Future EIO Activity within the next 3-years, the social enterprise board members were 100%, highly likely to pursue EIO activity (Table 17), The ordinary nonprofit board members were 60%, highly like to pursue EIO activity (Table 18). That is because board members were more optimistic about future EIO activities compared to the last 3-years (Tables 5 and 6). What this could mean is that unless the social enterprise is firmly embedded in the nonprofit agency, incompatibilities and inconsistencies are sure to surface. To address incompatibilities and inconsistencies in infrastructures, Kotter (2012) admonished organizational leaders to evaluate the effectiveness of infrastructure, systems, and processes. Leaders are urged to give attention to cultural factors and organizational values, which may conflict with organizational transformation. An examination of the nonprofit's cultural patterns seemed to be the next reasonable step in the review of results.

Cultural Patterns and Stakeholder Proficiency

A semi-structured questionnaire was developed consisting of fifty-two response items— three of which dealt with board features such as *heterogeneity/ homogeneity*. The social enterprise and the ordinary nonprofit agencies' cultures were reported as *fairly homogenous* in terms of ethnicity, age, and education. Even though the participants in the study viewed themselves as a *somewhat strong board* of committed volunteers with a strong work ethic, the homogeneity of the board could negatively affect their collective decision-making because of the underrepresentation of diverse demographics and the exclusion of external stakeholders.

Furthermore, cultural patterns of homogeneity could negatively affect the board members collective problem-solving and decision-making. An aggressive pursuit of

earned-income opportunities will require a representation of ideas from diverse stakeholders at the board level. Herman & Renz (2008) opined that under the multiple constituency approach, stakeholders have different expectations about nonprofit effectiveness. Additionally, the greater the number of stakeholders, the greater the number of possible variations in judgment. Consequently, reliance on a homogeneous best practices method does not guarantee improved performance. The task at hand is for board members to isolate practices that work and provide a comparative perspective as to why they do work.

Moreover, stakeholder salience was the degree to which the agency's Board of Directors' attention was directed toward the agency, stakeholders, and its governing board. As depicted in Table 13, and Table 14, the means salience values of 3.5 to 4.89 and 4.03 to 4.57 suggested that the stakeholder groups were of average salience to the agencies and that their concerns mattered and were addressed in some way. The overall standard deviations of .83 and 1.02 suggest a high degree of variability in the samples. The average salience value and the high degree of variability could mean that both agencies focused on short-term goals and objectives, programmatic issues, and annual budgetary concerns, as opposed to focused attention on critical long-term strategic plans such as fund development, and infrastructure development.

Next, respondents in the study were asked how they perceived their planning? Most respondents responded that the *board was either very strategic or somewhat strategic*. For those who said that the board was strategically focused, the examples they gave were *long-term plans to expand their influence and partnerships in the community*. Some strategies were *branding their after-school mentoring curriculum to increase*

product sales and the scaling-up of programming. Other examples respondents gave were plans of *reimagining their program curriculum, improving methodology, revamping the implementation and evaluation of programs, and increasing the number of youths served.* The respondents provided a plethora of action items, but conspicuously missing from the wide range of activities was a strategic plan to earn substantial and sustainable revenue.

The findings suggest that mission attainment primarily consumed the attention of the Boards of Directors. Perhaps the best arguments for nonprofit leaders to retool their skills to meet double or triple-bottom-line challenges are the need for long-term planning, and the application of Social Return on Investment methodologies to measure financial, social, and environmental outcomes. In its simplest form, return on investment is a business concept used to measure the rate of profit or return on income spent.

Researchers defined SROI as a measurement combining outcomes, such as customers, suppliers, commitments, taxpayers, and natural resources, that tells a more holistic story about whether board leaders are profoundly engaged in attaining social improvement and financial success through their activities (Baker & Moran, 2011; Olsen & Galimidi, 2009). Findings from the study suggested that there are some differences in Boards of Directors' behaviors that led to greater organizational performance, but no statistical significance. There is some evidence that board behaviors associated with related work histories, good governance models, intentional communications, and role of gender led to greater organizational performance.

Related Work Histories

The documents and analytic notes analysis led the researcher to formulate theme three in Figure 3. Nonprofit Board Leaders with related work histories matched to agency

missions are poised to make improved operational judgments and to influence their stakeholders in the direction that enhances agency outcomes. Spear, Cornforth, and Aiken (2009) claimed that recruitment of experienced board members, the selection of an appropriate business structure, stakeholder, and membership management practices, and balancing the tensions between social and economic goals represented common challenges experienced by governing boards. Respondents were asked about how boards self-characterize; most participants responded that the agencies have *somewhat strong boards*. The participants pointed out that *having prior experiences working with underprivileged youths, having education degrees, and the boards' can-do attitudes* were the basis for their favorable perceptions. Because the board members mentored youth using teaching strategies and custom curriculum, many board members were a good fit to accomplish the agencies' missions. Nonprofit board leaders with related work histories matched to agency missions are poised to make improved operational judgments and to influence their stakeholders in the direction that enhances agency outcomes. In this study, small-to-midsize nonprofits with no paid staff and with fewer than 10 board members generally put their shoulders to the wheel because of limited resources such as human and financial capital. Consequently, decisions about programming, curriculums, program evaluations, fundraising, products, and operations emanate from the directors.

In general, voluntary nonprofit boards make decisions about the strategies of an agency, evaluate programs, oversee financial goals, and hire or terminate the CEO. However, in the social enterprise and ordinary nonprofit cases in this study, board decisions crossed over into management. The central functions of programmatic activities are directed by board insiders mainly because there is no paid staff to which operational

responsibilities can be delegated. Because nonprofit board leaders who operate using a small number of board members capitalize on understanding their mission and delivery models, because of their dual role of strategizing and operationalizing the agency mission (Figure 5), matching board openings to qualified candidates is of great social and economic importance. Researchers posited that the recruitment of experienced board members plays a significant role in board governance because good governance leads to greater organizational effectiveness (Spear, Cornforth, & Aiken, 2009; Van Puyvelde, Brown, Walker, & Tenuta, 2018).

Good Governance Models

The documents and analytic notes analysis led the researcher to formulate theme three in Figure 3. Nonprofit organizational performance is enhanced when board members practice habits of good governance. Boards of Directors who both manage strategic plans and monitor agency programmatic activities experience role conflict because board governance roles such as Agency Theory (Callen, Klein, & Tinkelman, 2010; Brown, 2005; Miller-Millesen, 2003; Eisenhardt, 1989), Resource Dependency Theory (Hillman, Withers, & Collins, 2009; Farrell, 2005), and Steward Theory (Donaldson & Davis, 1994; Davis, Schoorman, & Donaldson, 1977) are complex and overlapping. Board members such as those represented in this study could miss achieving financial objectives because of their conflicting roles, and they will need to retool their skill sets to become more competitive and to reap financial rewards.

Respondents were asked how they perceived their planning on the Strategic/Operational Index? Most respondents responded that the *board was either very strategic or somewhat strategic*. Respondents were asked how they perceived the strength

of the board on the Strong/Weak Index? Most participants responded that the *board was somewhat strong*. The reason for the self-reported data may be explained using past research findings. Van Puyvelde, Brown, Walker, and Tenuta (2018) suggested that Boards of Directors perceive their board effectiveness based on how well their interactions are during boards meetings. One of the most salient features about the social enterprise nonprofit was when respondents were asked about positive board relations, board members described themselves as a *cohesive* group. One interviewee said, "*volunteers work in harmony with one another.*" Because board members shared positive experiences when conducting board meetings, they viewed their board as effective, which was consistent with other studies.

Intentional Communications

The documents and analytic notes analysis led the researcher to formulate theme one in Figure 1. Board members who deliberately and intentionally care about how they are communicating to their primary stakeholders and solving social problems, transform their communities. Entrepreneurial behaviors, such as social transformation (Ebrashi, 2013; Alvord, Letts, & Brown, 2004) are learned skills. Organizational performance is enhanced when nonprofit leaders have "the ability to attract and sustain resources and the ability to satisfy key stakeholders" (Selden & Sowa, 2004, p. 396). In this study, satisfying internal stakeholders—for example—disadvantaged youth require passion and perseverance. Board members are intentional about how they communicate solutions to troubled youths. One board member said that it is important to "*Show your approval.*" Another board member said to "*Avoid destructive criticism,*" Another board member said, "*It is critical to avoid heaping guilt on children.*" Underprivileged youth are the primary

stakeholders for the social enterprise case. At the core of the board's philosophy is communicating to youth with care and intentionality to change their trajectory of crime and incarceration. The finding is consistent with prior studies that suggest there is a link between effective organizational communication and innovation (Suh, Harrington, & Goodman, 2018), which is a critical component of social transformation. Kuchi (2006) argued that when stakeholders understand programmatic purposes and priorities, it is the result of effective communication.

Another plausible explanation for the power of effective communication in transforming the lives of underprivileged youth may be the agency's culture. Spirituality is rooted in the culture of the social enterprise. The researcher observed a deeply ingrained sense of purpose and Biblical values among the board members. According to a prior study, Garnett, Marlowe, & Pandey (2008) posited that organizational culture and its underpinning philosophy attributed to creating effective communication landscapes. These prior studies seem to be consistent with the researcher's findings.

The Role of Gender

The documents and analytic notes analysis led the researcher to formulate theme two in Figure 2, nonprofit board leaders' gender may play a distinctive role in creating innovative solutions at the programmatic level. Gerschewski, Lindsay, and Rose (2016) claimed that nonprofit leaders with an entrepreneurial orientation improve their competitive advantage mainly because of their passions and perseverance in hostile environments. Prior studies showed little to no significant differences between the role of gender and social enterprises (Camarena, Feeney, & Lecy, 2021). However, Camarena et al., noted that men are more likely to secure greater debt and that their board service is

likely in finance. Other researchers, found that men compared to women, experience fewer constraints in establishing social systems of support (Makague, Harrison, & Musoke, 2021). Perhaps, the strongest argument that there is not a significant difference between the role of gender and agency performance was Henry, Foss, and Ahl, (2016), who claimed that studies about gender differences and entrepreneurship have not kept pace with other branches of knowledge. Perhaps, the next logical question to ask is how do board members gender differences positively impact underprivileged youth programmatic outcomes?

Limitations

Boards of Directors were interviewed exclusively to provide their perceptions about their behaviors which may lead to enhancing agency performance and attracting financial resources. Although board leaders are held responsible for agency performance, multiple stakeholders were omitted in this study's analysis such as community members, corporations, foundations, and government agencies who have differing perspectives on nonprofit organizational effectiveness. Additionally, these stakeholders could have provided insight into whether the nonprofits were meeting their demands.

Furthermore, the small sample size of Boards of Directors distorted comparisons of the means using a one-way ANOVA, a descriptive statistics chart was used instead. A larger sample size would have been representative of the larger population of social entrepreneurs operating in nonprofit contexts. Next, a pre-existing questionnaire from earlier studies on Board Behavioral Orientation (Coombes, 2008), with closed-end questions to provide participants with a choice among several fixed alternatives was used. The disadvantage of using the questionnaire with several fixed alternatives was that small

samples sizes with a wide range of responses diluted significance. Next, the study compared one social enterprise nonprofit to one ordinary nonprofit because the researcher had access to the social enterprise nonprofit. Using a larger sample size would have been more presentative of the population of small-to-midsize nonprofits. Furthermore, conducting research during a global pandemic limited access to other nonprofits who may have been agreeable to participate in the study under different environmental conditions. Next, the researcher had a relationship with one of the nonprofit organizations in the study, which could have had influence on the findings if potential biases were not controlled. Lastly, because the raw data was collected from the same source of participants, any defects in one source had the potential to contaminate all data collection strategies.

Recommendations

Boards of Directors can distinguish their agencies by formalizing medium to long-term strategic plans that address the financial challenges when operating small-to-midsized nonprofits without a paid staff and with modest budgets. For example, board members ought to set time aside for annual board retreats. The purposes of the board retreats are to assess skills needed, to evaluate attitudes related to the riskier business of engaging in entrepreneurial activities, and to identify common mistakes related to the informal pursuit of income. Second, the board's formal pursuit of revenue as they achieve on their missions' means taking greater risks for greater rewards. That may mean investing in paid staff, at least part-time, to focus on sustainable income opportunities and organizational performance. Third, the board's aggressive pursuit of revenue may mean that board members meet with nonprofit consultants that provide objective third-party

evaluations. Third-party evaluations may be useful for identifying the nonprofits success measures that are important to stakeholders. Lastly, to address the Board of Directors *fairly-homogeneous* self-reported status, their having a diverse board makeup is important when recommending and choosing individuals to board positions. Prospective board members fulfill a critical need at the agency and because they do, they may bring their unique perspectives, resources, and successful track records upon acceptance of board invitations.

Recommendations for Future Research

Researchers can use a different form of the research question to explore the social entrepreneurship model phenomena. For example, the researcher could use one research question to ask how the social entrepreneur's cultural practices lead to increased income? Another question the researcher could ask is, how is it that social entrepreneurs of small-to-midsize nonprofits are different from other leaders of the same size nonprofits? How and why questions can offer greater explanations about the differences between cases. Lastly, if the researcher used two or more cases of social enterprise nonprofit and two or more cases of an ordinary nonprofit in the study, having an increased number of cases would have provided greater strength to support entrepreneurship theory replication.

Summary

A gap existed in the social entrepreneurship literature regarding the broad application of social enterprise across nonprofit organizations. The issues being raised in this study question whether leaders of small-to-midsized nonprofits without a paid staff can keep pace with declines in nonprofit funding? Are nonprofit leaders satisfying stakeholders' demands? And are leaders demonstrating medium to long-term financial

strategies (Darby & Jenkins, 2006). Economic and social pressures have reshaped the way nonprofit leaders are operating their organizations. Nonprofit leaders currently find themselves reimagining their funding opportunities.

The extant literature revealed that there is some evidence that nonprofit entrepreneurial leaders may demonstrate greater innovation in adverse economic conditions than non-entrepreneurs. Furthermore, nonprofit entrepreneurial leaders with access to networks with purchasing power may outperform non-entrepreneurs. Moreover, entrepreneurial leaders who identify the point of dual tensions created by having to meet double-bottom line objectives, which could result in conflicting leadership priorities, are likely to outperform non-entrepreneurs. Lastly, nonprofit entrepreneurial leaders who understand their organization's contextual environment, by using their acquired business skills to examine historical precedence, mission direction, and philosophical values, are likely to outperform non-entrepreneurs.

Comparing the social enterprise to the ordinary nonprofit agency, the findings from the study showed that there were no significant differences between Boards of Directors' entrepreneurial behaviors that will enhance the likelihood of operating a successful social enterprise into a small-to-midsize nonprofit agency to attract financial resources. However, the social enterprise showed higher means' scores overall on the Entrepreneurial Orientation and Board Behavioral Orientation Scales compared to the ordinary nonprofit. To address the research questions, What Patterns of Innovation do Social Entrepreneurs Exhibit that Generates Earned-Income Opportunities for their Nonprofits? And, What Entrepreneurial Behaviors Used by Social Entrepreneurs Lead to Increased Income? The researcher's findings suggest that social entrepreneurs that

aggressively and formally pursue income in culturally conducive settings, and who are adept at engaging prospective grantors outperform ordinary nonprofits.

Furthermore, to address the research questions, What Behaviors do Boards of Directors Engage in that Lead to Greater Organizational Performance? The findings from the study suggest that there are some differences in Boards of Directors' behaviors that led to greater organizational performance, but no statistical significance. There is some evidence that board behaviors associated with having related work histories, a good governance model, and intentional communications led to greater organizational performance. The study's findings were inconclusive about the role that board gender played in nonprofit organizational settings.

The research was important because it examined the broad application of the social enterprise model used by social entrepreneurs as a solution to attract sustainable financial resources and to achieve a social mission. The value-added through this study was that small to midsize nonprofits with no paid staff and fewer than 10 board members are multitaskers. Small-to-midsized nonprofit board members who multitask in their leadership roles may have difficulty delegating social or economic responsibilities to any one person. Because there was an overlap in program management and strategic planning, board members were fundamentally in conflict with the nonprofit board governance structure. An aggressive and formal pursuit of revenue may provide the Boards of Directors with additional financial resources to hire experienced professionals. Lastly, small-to-midsized nonprofit founders must be mindful that founding a nonprofit requires a passion for the mission, but to run one effectively— in a highly competitive environment with limited funding— requires an entrepreneurial spirit.

References

- Adams, K., & Lawrence, E. (2019). *Research methods, statistics, and applications*. (2nd ed.). Thousand Oaks: CA: Sage.
- Agranoff, R., & Radin, B. (1991). The comparative case study approach in public administration. *Research in Public Administration, 1*, 203-231.
- Allison, G. (1971). *Essence of decisions: Explaining the Cuban missile crisis*. Boston: Little Brown.
- Alvord, S., Brown, L., & Letts, C. (2004). Social entrepreneurship and societal transformation: An exploratory study. *Journal of Applied Behavioral Sciences, 40(1)*, 260-282. doi:10.1177/0021886304266847
- Analyze Nonprofit Data. Retrieved (n.d.), from the Guide star database.
<http://www.guidestar.org/rxg/analyze-nonprofit-data/index.aspx>
- Angelica, M. (2002). *Managing at the boundaries*: Published extended course notes. Minneapolis, MN: Walden University, Department of Public Policy & Administration.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different or both? *Entrepreneurship Theory and Practice, 30(1)*, 1-22.
- Avery, G. (2004). *Understanding leadership: Paradigms and cases*. Thousand Oaks, CA: Sage.
- Baker, C., & Moran, M. (2011). Entrepreneurialism and philanthropy. *Journal of Asia Entrepreneurship and Sustainability, 7(2)*, 148-169.

- Ballaro, J. M., & Polk, L. (2017). Developing an organization for future growth using succession planning. *Organization Development Journal*, 35(4), 41-59. Retrieved from <http://www.isodc.org/>
- Balser, D., & McClusky, J. (2005). Managing stakeholder relationships and nonprofit organization effectiveness. *Nonprofit Management & Leadership*, 15(3), 295-311. doi: 10.1002/nml.70
- Banks, J. (1972). *The sociology of social movements*. London: MacMillan.
- Barringer, B., & Bluedorn, A. (1999). The relationship between corporate entrepreneurship and strategic management. *Strategic Management Journal*, 20, 421-444.
- Beaumont, B. (2020). Getting social enterprise right: An integrated revenue business model. *Nonprofit Quarterly*, Spring Issue 2021, Retrieved from <https://nonprofitquarterly.org/getting-social-enterprise-right-an-integrated-revenue-business-model/>
- Benjamin, L. (2008). Account space: How accountability requirements shape nonprofit practice. *Nonprofit & Voluntary Sector Quarterly*, 37(2), 201-223.
- Bielefeld, W. (2009). Issues in social enterprise and social entrepreneurship. *Journal of Public Affairs Education*, 15(1), 69-86.
- Bloom, P. (2009). Overcoming consumption constraints through social entrepreneurship. *Journal of Public Policy & Marketing*, 28(1), 128-134.
- Bloom, P., & Chatterji, A. (2009). Scaling social entrepreneurial impact. *California Management Review*, 51(3), 114-133.

- Bollman, L., & Deal, T. (2003). *Reframing organizations: Artistry, choice, and leadership* (3rd ed.). San Francisco: Jossey-Bass.
- Bridgstock, R., Lettice, F., Ozbilgin, M., & Tatli, A. (2010). Diversity management for innovation in social enterprises. *Entrepreneurship & Regional Development*, 22(6), 557-574. doi:10.1080/08985626.2010.488404
- Brinkerhoff, P. (2000). *Mission-based management: Leading your not-for-profit in the 21st century*. New York: Wiley.
- Brown, W. (2005). Exploring the association between board and organizational performance in nonprofit organizations. *Nonprofit Management and Leadership*, 15(1), 317-339. doi:10.1002/nml.71
- Brown, W., & Guo, C. (2010). Exploring the key roles for nonprofit boards. *Nonprofit and Voluntary Sector Quarterly*, 39(1), 536-546. doi:10.1177/0899764009334588
- Burlingame, D. (2009). Nonprofit and philanthropic studies education: The need to emphasize leadership and liberal arts. *Journal of Public Affairs Education*, 15(1), 59-67.
- Callen, J., Klein, A., & Tinkelman, D. (2010). The contextual impact of nonprofit board composition and structure on organizational performance: Agency and resource dependence perspectives. *Voluntas*, 21(1), 101-125. doi:10.1007/s11266-009-9102-3
- Camarena, L., Feeney, M., & Lecy, J. (2021). Nonprofit entrepreneurship: Gender differences in strategy and practice. *Nonprofit and Voluntary Sector Quarterly* 1. doi.org/10.1177/0899764021999436

- Campbell, D., (1975). Degrees of freedom and the case study. *Comparative Political Studies*, 8, 178-185.
- Chait, R., Holland, T., & Taylor, B. (1996). *Improving the performance of governing boards*. Phoenix, AR: Oryx Press.
- Chandy, R., & Tellis, G. (1998). Organizing for radical product innovation: The overlooked role of willingness to cannibalize. *Journal of Marketing Research*, 35(4), 474-487. doi:10.2307/3152166
- Choi, Y., Chang, S., Choi, J., & Seong, Y. (2018). The partnership network scopes of social enterprises and their social value creation. *International Journal of Entrepreneurship*, 22(1), 1-21.
- Coombes, S. (2008). *Boards of directors and nonprofit entrepreneurial orientation: Catalyst, inhibitor, or inconsequential?* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (UMI No. 3345006)
- Cooney, K. (2006). The institutional and technical structuring of nonprofit ventures: Case study of a U.S. hybrid organization caught between two fields. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 17(2), 143-161.
- Corner, P., & Ho, M. (2010). How opportunities develop in social entrepreneurship. *Entrepreneurship Theory and Practice*, 30(4), 635-659.
- Covin, J., & Slevin, D. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), 75-87.
- Creswell, J. (2007). *Qualitative inquiry and research design: Choosing among five approaches*. (2nd ed.). Thousand Oaks, CA: Sage.

- Cull, R., Demirgüç-Kunt, A., & Morduch, M. (2009). Microfinance meets the market. *Journal of Economic Perspectives*, 23(1), 167-92. doi:10.1257/jep.23.1.167
- Darby, L., & Jenkins, H. (2006). Applying sustainability indicators to the social enterprise business model. *International Journal of Social Economics*, 33(5), 441-431. doi:10.1108/03068290610660689
- Dart, R. (2004). The legitimacy of social enterprise. *Nonprofit Management & Leadership*, 14(4), 411-424.
- Davis, J., Schoorman, F., & Donaldson, L. (1997). Davis, Schoorman, and Donaldson Reply: The distinctiveness of agency theory and stewardship theory. *The Academy of Management Review*, 22(3), 611-613.
- de Andrés-Alonso, P., Cruz, N., & Romero-Merino, M. (2006). The governance of nonprofit organizations: empirical evidence from nongovernmental development organizations in Spain. *Nonprofit and Voluntary Sector Quarterly*, 38(1), 784-809.
- Dees, G. (2001). *The meaning of social entrepreneurship*. Durham, NC: Duke University. Center for Advancement of Social Entrepreneurship. Retrieved from http://www.caseatduke.org/documents/dees_sedef.pdf
- Dees, G. (2007). Taking social entrepreneurship seriously. *Transaction Social Science and Modern Society*, 44(3), 24-31.
- Dees, G., Emerson, J., & Economy, P. (2002). *Strategic tools for social entrepreneurs: Enhancing the performance of your enterprising nonprofit*. New York: Wiley.
- Demirguc-Kunt, A., & Morduch, K. (2000). Microfinance meets the market. *Journal of Economic Perspectives*, 23(1), 167-92.

- Dewar, R., & Dutton, J. (1986). The adoption of radical and incremental innovations: An empirical analysis. *Management Science Journal*, 32(11), 1422-1433.
- Di Domenico, M., Haugh, H., & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice*, 34(4), 681-703. doi:10.1111/j.1540-6520.2010.00370.x
- Donaldson, L., & Davis, J., (1994). Boards and company performance-Research challenges the conventional wisdom. *Corporate governance: An International Review. Journal of Economics Issues*, 1(3), 877-883.
- Drayton, B. (2012). *What is a social entrepreneur?* Ashoka Innovators for the Public. Retrieved from http://www.ashoka.org/social_entrepreneur.
- Duchesneau, T., Cohn, S., & Dutton, J. (1979). *A study of innovation in manufacturing determination, processes, and methodological issues*. Vol. 1, Social Science Research Institute, University of Maine.
- Ebrashi, R. (2013). Social entrepreneurship theory and sustainable impact. *Social Responsibility Journal*, 9(2), 188-209. doi:10.1108/SRJ-07-2011-0013
- Eikenberry, A., & Kluver, J. (2004). The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review*, 64(2), 132-140.
- Eisenhardt, K.M. 1989. Making fast strategic decisions in high-velocity environments. *Academy of Management Journal*, 32(3), 543-576.
- Elson, P., & Hall, P. (2012). Canadian social enterprises: Taking stock. *Social Enterprise Journal*, 8(3), 216-236. doi:10.1108/17508611211280764
- Erlandson, D., Stark, P., & Ward, S. (1996). *Organizational oversight: Planning and scheduling for effectiveness*. New York: Eye On Education.

- Escamilla-Fajardo, P., Núñez-Pomar, J., & Prado-Gascó, V. (2018). Does the level of competition influence the relationship between entrepreneurial orientation and service quality? *Journal of Physical Education and Sport*, 18(1), 1306-1315.
doi:10.7752/jpes.2018.s3194
- Ettlie, J., Bridges, W., & O'keefe, R. (1984). Organization strategy and structural differences for radical versus incremental innovation. *Management Science*, 30, 682-695.
- Farrell, C. (2005). Governance in the UK public sector: The involvement of the governing boards. *Public Administration Review*. 83(1). pp. 89-110.
- Ferguson, K., & Xie, B. (2008). Feasibility study of the social enterprise intervention with homeless youth. *Research on Social Work Practice*, 18(1), 5-19.
doi:10.1177/1049731507303535
- Foster, W., & Bradach, J. (2005). Should non-profits seek profits? *Harvard Business Review*, 92-100.
- Fox, J. (2005). *Organizational entrepreneurship and the organizational performance linkage in university extension. (Unpublished doctoral thesis)*. The Ohio State University, OH.
- Garg, A., & Van Weele, E. (2012). Succession planning and its impact on the performance of small micro medium enterprises within the manufacturing sector in Johannesburg. *International Journal of Business Management*, 7(9), 96-107.
doi:10.5539/ijbm.v7n9p96

- Garnett, J., Marlowe, J., & Pandey, K. (2008). Penetrating the performance predicament: Communication as a mediator or moderator of organizational culture's impact on public organizational performance. *Public Administration Review*, 68, 266-281.
- Gay, L., Mills, G., & Airasian, P. (2010). *Educational research: Competencies for analysis and application* (10th ed.). Upper Saddle River, NJ: Merrill.
- George, A. (1979). Case studies and theory development: The method of structured, focused comparison. In P.G. Lauren (Ed.), *Diplomacy: New approaches to history, theory, and policy* (pp.43-68). New York: Free Press.
- Gerschewski, S., Lindsay, V. J., & Rose, E. (2016). Advancing the entrepreneurial orientation construct: The role of passion and perseverance. *Review of International Business and Strategy*, 26(4), 446-471. doi:10.1108/RIBS-08-2016-0042
- Gibelman, M., & Gelman, S. (2004). A loss of credibility: Patterns of wrongdoing among nongovernmental organizations. *Voluntas: International Journal of Voluntary & Nonprofit Organizations*, 15(4), 355-381.
- Gordis, Y. (2009). On the value and values of Jewish social entrepreneurship. *Journal of Jewish Communal Service*, 84(1/2), 37-44.
- Granados, M. L., Mohamed, S., & Hlupic, V. (2017). Knowledge management activities in social enterprises: Lessons for small and non-profit firms. *Journal of Knowledge Management*, 21(2), 376-396. doi:10.1108/JKM-01-2016-0026
- Green, J., Caracelli, V., & Graham, W. (1989). Toward a conceptual framework for mixed-method evaluation designs. *Educational Evaluation & Policy Analysis*, 11(3), 255-274.

- Greenberg, D. (2001, November 24). Blood, politics, and the American Red Cross. *The Lancet*, 358(1), 1789-1795
- Gruber-Muecke, T., & Hofer, K. (2015). Market orientation, entrepreneurial orientation, and performance in emerging markets. *International Journal of Emerging Markets*, 10(3), 560-571. doi:10.1108/IJoEM-05-2013-0076
- Hall, P., & Taylor, R. (1996). Political science and the three new institutionalisms. *Political Studies*, 44, 936-957.
- Hardy, R. (2007). Understanding social entrepreneurs. *Industry and Higher Education*, 21(1), 73-84.
- Harman, J., (2008). Successful social entrepreneurship: The case of the Eaglehawk Recycle Shop. *Journal of Services Research*, 10(2), 201-216. Retrieved from <http://archimedes.ballarat.edu.au:8080/vital/access/HandleResolver/1959.17/19903>
- Hartigan, P. (2006). It's about people, not profits. *Business Strategy Review*, 1(1), 42-45.
- Haugh, H. (2007). Community-led social venture creation. *Entrepreneurship Theory and Practice*, 31(2), 161-182. doi:10.1111/J.1540-6520.2007.00168.x
- Henry, C., Foss, L., & Ahl, H. (2016). Gender and entrepreneurship research: A review of methodological approaches. *International Small Business Journal*, 34(3), 217–241.
- Herman, R., & Renz, D. (2008). Advancing nonprofit organizational effectiveness research and theory: Nine theses. *Nonprofit Management and Leadership*, 18(1), 399-415. doi:10.1002/nml.195

- Hervieux, C., Gedajlovic, E., & Turcotte, M. (2010). The legitimization of social entrepreneurship. *Journal of Enterprising Communities: People and Places in the Global Economy*, 4(1), 37-67. doi:10.1108/17506201011029500
- Hillman, A., Withers, M., & Collins, B. (2009). Resource dependence theory: A review. *Journal of Management*, 35(1), 1404-1427. doi:10.1177/0149206309343469
- Ibrahim, M., & Shariff, M. (2016). Mediating role of access to finance on the relationship between strategic orientation attributes and SMEs performance in Nigeria. *International Journal of Business and Society*, 17(3), 473-496. doi:10.33736/ijbs.537.2016
- Isaac, L; Chanrith, N., & Emmanuel, S. (2018). Understanding social enterprise, social entrepreneurship, and the social economy in rural Cambodia. *Journal of Enterprising Communities*. 12(3), 278-298. doi:10.1108/JEC-11-2016-0041
- Kent, D., & Dacin, M. (2013). Bankers at the gate: Microfinance and the high cost of borrowed logics. *Journal of Business Venturing*, 28(6), 759-773.
- King, J., & Kraemer, K. (1985). *The dynamics of computing*. New York: Columbia University Press.
- Kong, E. (2010). Innovation processes in social enterprises: An IC perspective. *Journal of Intellectual Capital*, 11(2), 158-178. doi:10.1108/14691931011039660
- Korosec, R., & Berman, E. (2006, May/June). Municipal support for social entrepreneurship. *Public Administration Review*, 66(3), 448-462.
- Kotter, J. (2012). *Leading change*. Harvard Business School. Boston: MA.

- Krasnopolskaya, I., & Meijs, L. (2019). The effect of enabling factors on social innovation in Russian non-profit organizations. *The International Journal of Sociology and Social Policy*, 39(5), 447-463. doi:10.1108/IJSSP-09-2018-0
- Kreiser, P., & Davis, J. (2010). Entrepreneurial orientation and firm performance: The unique impact of innovativeness, proactiveness, and risk-taking. *Journal of Small Business and Entrepreneurship*, 23(1), 39-51.
- Kronos Incorporated. (2013). *Managing your double bottom line in times of uncertainty*. [White Papers]. Retrieved August 24, 2021, from Kronos Incorporated; <https://www.mmhayes.com/wp-content/uploads/2013/08/YMCA-Double-Bottom-Line-WP.pdf>
- Kuchi, T. (2006). Constant change and the strategic role of communication: A selective annotated bibliography. *Library Management*, 27, 218-235.
doi:10.1108/01435120610668160
- Lall, S. A. (2019). From legitimacy to learning: How impact measurement perceptions and practices evolve in social Enterprise–Social finance organization relationships. *Voluntas*, 30(3), 562-577. doi:10.1007/s11266-018-00081-5
- Leedy, P., & Ormrod, J. (2005). *Practical research: Planning and design* (8th ed.). Upper Saddle River, NJ: Merrill.
- Leroux, K. (2005). What drives nonprofit entrepreneurship?: A look at budget trends of Metro Detroit social service agencies. *The American Review of Public Administration*, 35(4), 350-362. doi:10.1177/0275074005278813
- Levy, S. (1988). *Information technologies in universities: An institutional case study*. Unpublished doctoral dissertation, Northern Arizona University, Flagstaff.

- Light, P. (2006, Fall). Reshaping social entrepreneurship. *Stanford Social Innovation Review*, 47-51.
- Light, P. (2009, Summer). Social entrepreneurship revisited. *Stanford Social Innovation Review*, 21-22.
- Lijphart, A. (1975). The comparable-cases strategy in comparative research. *Comparative Political Studies*, 8, 158-177.
- Liu, G., Ko, W. W., & Chapleo, C. (2018). How and when socially entrepreneurial nonprofit organizations benefit from adopting social alliance management routines to manage social alliances? *Journal of Business Ethics*, 151(2), 497-516.
doi:10.1007/s10551-016-3231-6
- Madill, J., Brouard, F., & Hebb, T. (2010). Canadian social enterprises: An empirical exploration of social transformation, financial self-sufficiency, and innovation. *Journal of Nonprofit & Public Sector Marketing*, 22(2), 135-151.
doi:10.1080/10495141003674044
- Mangan, K. (2004). Teaching business skills to people with a social mission. *Chronicle of Higher Education*, 51(10), A10-A12.
- McKague, K., Harrison, S., & Musoke, J. (2021). Gender intentional approaches to enhance health social enterprises in Africa: A qualitative study of constraints and strategies. *International Journal of Equity in Health*, 20(98), 2-15.
- Mead, J. (2008). Confidence in the nonprofit sector through Sarbanes-Oxley-style reforms, *Michigan Law Review*, 106(5), 881-901.

- Meadows, M., & Pikes, M. (2010). Performance management for social enterprises. *Systemic Practice Action and Research*, 23(2), 127-141. doi:10.1007/s11213-009-9149-5
- Miller-Millesen, J. (2003). Understanding the behavior of nonprofit boards of directors: A theory-based approach. *Nonprofit and Voluntary Sector Quarterly*, 32(4), 521–547. doi:10.1177/0899764003257463
- Morris, M., Coombes, S., Schindehutte, M., & Allen, J. (2007). Antecedents and outcomes of entrepreneurial and market orientations in a nonprofit context: Theoretical and empirical insights. *Journal of Leadership & Organizational Studies*, 13(4), 12-39.
- Mort, G., Weerawardena, J., & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualization. *International Journal of Non-profit and Voluntary Sector Marketing*, 8(1), 76-88.
- Muscat, E., & Whitty, M. (2009). Social entrepreneurship: Values based leadership to transform business education and society. *The Business Renaissance Quarterly*, 1(1), 31-44.
- Namin, J., & Slevin, D. (1993). Entrepreneurship and the concept of fit: A model and empirical tests. *Strategic Management Journal*, 14, 137-153.
- National Center for Charitable Statistics. (<http://www.nccs.urban.org/>).
- Nga, J., & Shamuganathan, G. (2010). The influence of personality traits and demographic factors on social entrepreneurship starts up intentions. *Journal of Business Ethics*, 95(2), 259-282. doi:10.1007/s10551-009-0358-8

- Olsen, S., & Galimidi, B. (2009). Managing social and environmental impact: A new discipline for a new economy. *Brown Journal of World Affairs*, 15(2), 43-56.
- Pechersky, A. (2016). Diversity in board of directors: Review of diversity as a factor to enhance board performance. *Studia Commercialia Bratislavensia*, 9(33), 88-101.
- Presutti, M., & Odorici, V. (2018). Linking entrepreneurial and market orientation to the SME's performance growth: The moderating role of entrepreneurial experience and networks. *International Entrepreneurship and Management Journal*, 1-24.
doi:10.1007/s11365-018-0533-4
- Rahmani, Z., Moakher, A., Sedaghat, M., & Daigahi, H. (2012). The survey of corporate entrepreneurship barriers: Case study; mazandaran hydro co. *American Journal of Scientific Research*, 43(1), 116-124.
- Robson, C. (2002). *Real world research* (2nd ed.). Malden, MA: Blackwell Publishing.
- Roper, J., & Cheney, G. (2005). Leadership, learning and human resource management: The meaning of social entrepreneurship today. *Corporate Governance*, 5(3), 95-104.
- Salamon, L. (1999). *America's nonprofit sector: A primer*. New York: Foundation Center.
- Saldana, J. (2016). *The coding manual for qualitative researchers*. Thousand Oaks, CA: Sage.
- Samaras, S. (2007). Seeds to success: Tough business decisions in a non-profit environment. *Journal of Enterprising Communities*, 1(4), 352-381.
doi:10.1108/17506200710833845

- Schlee, R., Curren, M., & Harich, K. (2009). Building a marketing curriculum to support courses in social entrepreneurship and social venture competition. *Journal of Marketing Education, 31*(1), 5-15.
- Schmid, H. (2004). The role of nonprofit human service organizations in providing social services: A prefatory essay. *Administration in Social Work, 28*(3/4), 1-21.
- Schrötgens, J., & Boenigk, S. (2017). Social impact investment behavior in the nonprofit sector: First insights from an online survey experiment. *Voluntas, 28*(6), 2658-2682. doi:10.1007/s11266-017-9886-5
- Schumpeter, J. (1934). *The theory of economic development*. Cambridge, MA: Harvard University Press.
- Schumpeter, J. (2002). The economy as a whole: Seventh chapter of the theory of economic development. *Industry and Innovation, 9*(1/2), 93-145.
- Selden, S., & Sowa, J. (2004). Testing a multi-dimensional model of organizational performance: Prospects and problems. *Journal of Public Administration Research and Theory, 14*(3), 395-416.
- Shafritz, J., Russell, E., & Borick, C. (2009). *Introducing public administration (6th ed.)*. New York: Pearson Longman.
- Shaw, E., & Carter, S. (2007). Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of Small Business and Enterprise Development, 14*(3), 418-434.
doi:10.1108/14626000710773529
- Shepard, J., Shepard, M., Wimbush, J., & Stephens, C. (1995). The place of ethics in business: Shifting paradigms? *Business Ethics Quarterly, 5*(1), 577-601.

- Siciliano, J. (2008). A comparison of CEO and director perceptions of board involvement in strategy. *Nonprofit and Voluntary Sector Quarterly*, 37(1), 152-162.
- Silkand, N. (2009). *Exploring research*. Upper Saddle River, NJ: Pearson-Prentice Hall.
- Silvestri, A., & Veltri, S. (2017). Ethical strategic alliances for the sustainable recovering of a territory. *Corporate Governance*, 17(2), 230-249. doi:10.1108/CG-04-2016-0093
- Smith, B., Knapp, J., Barr, T., Stevens, C., & Cannatelli, B. (2011). Social enterprises and the timing of conceptualization: Organizational identity tension, management, and marketing. *Journal of Nonprofit & Public Sector Marketing*, 22(2), 108-134. doi:10.1080/10495141003676437
- Spear, R., Cornforth, C., & Aiken, M. (2009). The governance challenges of social enterprises: Evidence from a UK empirical study. *Annals of Public and Cooperative Economics*, 80(2), 247-273. doi:10.1111/j.1467-8292.2009.00386.x
- Stevens, C. (2008). *Social entrepreneurship and earned income opportunities: An examination of the importance of institutional factors in predicting entrepreneurial action among nonprofit organizations*. (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (UMI No. 3314713)
- Strom, S. (2002, September 6). Director of the United Way in Washington steps down. *The New York Times*, A5,16.
- Sud, M., VanSandt, C., & Baugous, A. (2009). Social entrepreneurship: The role of institutions. *Journal of Business Ethics*, 85(Supplement1), 201-216. doi:10.1007/s10551-008-9939-1

- Suh, J., Harrington, J., & Goodman, D. (2018). Understanding the link between organizational communication and innovation: An examination of public, nonprofit, and for-profit organizations in South Korea. *Public Personnel Management, 47*(2), 217–244. <https://doi.org/10.1177/0091026018760930>
- Teasdale, S. (2010). How can social enterprise address disadvantage? Evidence from an inner-city community. *Journal of Nonprofit & Public Sector Marketing, 22*(1), 89-107. doi:10.1080/10495141003601278
- Thompson, J., & Doherty, B. (2006). The diverse world of social enterprise: A collection of social enterprise stories. *International Journal of Social Economics, 33*(5/6), 361-375.
- Tocqueville, A. (1835). *Democracy in America*.
- Townsend, D., & Hart, T. (2008). Perceived institutional ambiguity and the choice of organizational form in social entrepreneurial ventures. *Entrepreneurship Theory & Practice, 1*(1), 685-698.
- Turner, D., & Martin, S. (2005). Social entrepreneurs and social inclusion: Building local capacity or delivering national priorities? *International Journal of Public Administration, 28*(8), 797-806. doi:10.1081/PAD-200067342
- Twersky, F., & Blair, J. (2002). Performance information that really performs. In G. Dees, J. Emerson, & P. Economy (eds.), *Strategic tools for social entrepreneurs: Enhancing the performance of your enterprising nonprofit* (pp.161-188). New York: Wiley.

- Uddin, R., Bose, T., & Yousuf, S. (2015). Entrepreneurial orientation (EO) and performance of business in Khulna City, Bangladesh. *Journal of Small Business and Entrepreneurship*, 27(4), 343-352. doi:org/10.1080/08276331.2015.1067356
- US Social Enterprise Database. (<http://givetogetjobs.com/social-enterprise.php>).
- Vago, S. (2004). *Social change*. Upper Saddle River, NJ: Prentice-Hall.
- Van Puyvelde, S., Brown W., Walker, V., & Tenuta, R. (2018). Board effectiveness in nonprofit organizations: Do interactions in the boardroom matter? *Nonprofit and Voluntary Sector Quarterly*, 47(6), 1296-1310. doi:10.1177/0899764018762318
- Van Slyke, D. (2005). Agents or stewards: How government manages its contracting relationships with nonprofit social service providers. *Academy of Management Proceedings*. pp.1-6.
- Weisbrod, B. (1972). Toward a theory of the voluntary nonprofit sector: In a 3-sector economy. *The Journal of Political Economy*, 80(2), 422-431.
- Whyte, W. (1955). *Street Corner society: The social structure of an Italian slum*. Chicago: University of Chicago Press (Originally work published 1943).
- Wilburn, K., & Wilburn, R. (2014). The double bottom line: Profit and social benefit. *Business Horizons Journal* 57(1), 11-20.
- Yin, R. K. (1984). *Case study research: Design and methods*. California: Sage Publications.
- Young, D., & Lecy, J. (2014). Defining the universe of social enterprise: Competing metaphors. *Voluntas*, 25(1), 1307-1332. doi:10.1007/s11266-013-9396-2
- Yunus, M. (1999). *Bank to the poor: Micro-lending and the battle against world poverty*. Philadelphia, PA: Public Affairs

Zacca, R., & Dayan, M. (2018). Linking managerial competence to small enterprise performance within the dynamic capability logic. *Journal of Small Business and Enterprise Development*, 25(2), 256-276. doi:10.1108/JSBED-02-2017-0042

Zimmerer, T., Scarborough, N., & Wilson (2008). *Essentials of entrepreneurship and small business management*. Upper Saddle River, NJ: Pearson Prentice Hall.

Appendix A

Earned Income Opportunities Scale

EARNED INCOME OPPORTUNITIES SCALE

Please indicate the number of:

1. Full-time employees
 Volunteers
 Board members
 Executive managers

(director-level and above paid employees)

2. In what county is your organization located?

3. What year did your organization receive its 501(c)(3) designation?

4. Please indicate your organization's primary industry (choose the one industry that most closely fits):

- | | |
|---|--|
| <input type="radio"/> Human Services | <input type="radio"/> Communications & Media |
| <input type="radio"/> Health | <input type="radio"/> Civic & Human Rights |
| <input type="radio"/> Education | <input type="radio"/> Religion |
| <input type="radio"/> Public Affairs & Policy | <input type="radio"/> Academic Centers |
| <input type="radio"/> Arts & Culture | <input type="radio"/> Women's Interest |
| <input type="radio"/> Conservation & Ecology | <input type="radio"/> Regional Association |

5. Please estimate your organization's operating budget in your most recently completed fiscal year (approximations are acceptable):

Revenue

Expenses

6. Compared to your average revenue over the last three years, was your revenue last fiscal year:

- Significantly Higher Significantly Lower
 About The Same

7. For each of the following financial resources, how would you rate your organization's status as you currently understand it, relative to other nonprofit organizations of your size or scope?

For "current" items, please indicate your status as regards **certain** financial resources – items that are already in your possession. For "expected" items, please indicate resources that you are **reasonably certain** will be available to you with the **next three years**. Please select one value for each of the resources listed.

	Significantly Worse Than			About The Same			Significantly Better Than
Current liquid financial resources (cash on hand, buildings, property, equipment, disposable assets.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Current fee/income-generating opportunities (additional funds via services or activities).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Current endowment/non-liquid financial reserves.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected individual contributions/donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected corporate contributions/donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected governmental/public contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected foundation contributions/donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected foundation contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected individual contributions/donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected corporate contributions/donations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected governmental/public contributions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Below are three statements that describe your interaction with various stakeholder groups. Please rate these statements based on your organization's involvement with each group over the past six months. Please think about your organization as a whole, and answer based on how your organization is, rather than how you might like it to be.

8. This stakeholder group received a high degree of time and attention from our organization as a whole.

	Significantly Worse Than	About The Same	Significantly Better Than
Our board of directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our employees and volunteers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our customers/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foundations and corporate funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civic and governmental funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. This group received a high degree of time and attention from our management team.

	Significantly Worse Than	About The Same	Significantly Better Than
Our board of directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our employees and volunteers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our customers/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foundations and corporate funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civic and governmental funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Satisfying the claims/needs/demands of this group was important to our management team.

	Significantly Worse Than		About The Same			Significantly Better Than	
Our board of directors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our employees and volunteers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our customers/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual funders/donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foundations and corporate funders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Civic and governmental funders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

For each of the following questions, please rank each of the three concluding statements on their accuracy to your own organization. Which most agrees with your organization and while least agrees with your organization as it is today, not in the future? Please provide answers to every statements – each rank can only be selected once per question.

	About The Same		Significantly Better Than	
11. My organization views itself primarily as:				
distinct and standing apart from other organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a good partner to those we have significant relationships with.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a good member of a larger community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. What is most important to my organization is:				
working to improve the welfare of specific organizations and individuals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
working to improve the welfare of community(s) we belong to.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
working to promote and maintain our own welfare.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. My organization is most concerned about:				
its relationship and status in the greater community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
its distinctiveness from other organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
its relationship with particular groups, individuals, or organizations whose welfare it values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Please select your level of agreement with each of the following statements regarding your organization. As indicated earlier, please consider your organization as a whole, and answer based on how the organization is today, not in the future. Please provide an answer to every statement.

	Strongly Disagree		Undecided		Strongly Agree	
sufficient qualified staff to address all of its current tasks and activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the ability to hire and train sufficient qualified staff to manage any new opportunities we might pursue.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the financial ability to finance any new opportunities we might pursue.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
sufficient physical resources to support any new opportunities we might pursue.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
significant leadership experience (top managers and highly-involved board members) with for-profit business management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
significant leadership experience with entrepreneurship (starting a business, managing a start-up).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the ability to create and manage a detailed, long-term strategic plan for new opportunities we might pursue.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the ability to create and manage a detailed budget for new opportunities we might pursue.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the ability to communicate our mission, goals, and our accomplishments to important stakeholders, donors, and community partners.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
the ability to communicate to key stakeholders the connection between new opportunities we might pursue and our current activities/goals/mission.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Are you familiar with the term "earned-income opportunity"? Yes No

16. If so, how would you define an earned income opportunity?
What distinguishes it from other revenue-based activities?

As you answer the questions that follow, please consider the following definition of an earned income opportunity:

"Earned income opportunities are revenue-generating products, services, or activities which are intended to be self-sustaining, and need not relate to an organization's primary mission."

Earned income opportunity examples include, but are not limited to: ongoing leasing or rental arrangements for facilities, fee-based consulting services, existing client services provided to non-clients for a fee, franchising opportunities, and additional fee-based products or services offered on an ongoing basis.

17. At present, is your organization:

Informally exploring earned income opportunities (discussing with contacts, reading about ideas, etc.)? Yes No

Formally exploring earned income opportunities (forming a committee or management group)? Yes No

Pursuing an earned income opportunity? Yes No

18. Has your organization, within the last three years:

Informally explored earned income opportunities (discussed with contacts, read about ideas, etc.)? Yes No

Formally explored earned income opportunities (formed a committee or management group)? Yes No

Pursued an earned income opportunity? Yes No

19. If you have undertaken any earned income opportunities at present or in the last five years:

Has the earned income opportunity actually earned income? Yes No

Has the earned income opportunity showed an overall profit (has your organization recovered its initial investment)? Yes No

Is the earned income opportunity still underway/ongoing? Yes No

20.

How likely do you think it is that your organization will:

	Highly Unlikely		Uncertain				Highly Likely
Informally explore earned income opportunities (discuss with contacts, read about possible ideas, etc.)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Formally explore earned income opportunities (form a board committee or management group to evaluate ideas)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Actually pursue an earned income opportunity within the next year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Actually pursue an earned income opportunity within the next three years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix B

Board of Directors Personal Interview Script

Board of Directors Personal Interview Script

1. Do you have a board of directors? ___yes ___no

If yes, how many members does it have? _____

Do you serve on the board, and, if so, in what capacity? _____

2. Do you have a board of advisors? ___yes ___no

If yes, how many members does it have? _____

3. What do you view as the principal purpose of your board? (e.g. fundraising, etc.)

4. When it comes to dealing with the board, what is the single most positive thing you can say about your board?

5. What do you find to be the most frustrating thing about the board?

Formal/Informal

6. Think about the overall structure and operations of the board. Overall, how formal are board operations?

___very formal ___somewhat formal ___fairly informal

7. How does the relative amount of formality manifest itself?

8. Does the board have a formal set of bylaws, or charter? ___yes ___no

9. How detailed is the charter or set of bylaws? What major elements are covered?

10. Does the board have scheduled or fixed meetings? ___yes ___no

Please explain: _____

11. How often does the board meet? _____

12. Is there are formal agenda for every board meeting? ___yes ___no

How is this agenda determined?: _____

13. Are documents and pertinent data distributed to directors ahead of time?

14. Does meeting length vary considerably, or is the time fairly fixed?

15. Are detailed minutes of meetings kept? ___yes ___no

16. Do the members approve the minutes of prior meetings? ___yes ___no

17. Are meetings conducted using Roberts Rules of Order or some other formal set of rules? ___yes ___no

18. How are board members selected and recruited? Are there specific requirements/abilities for someone to serve on your board?

19. Are term lengths set, or staggered/classified? How long are the term lengths?

Heterogeneity/Homogeneity

20. How would you characterize the diversity of the membership of your board?
___very diverse ___somewhat diverse ___fairly homogeneous

21. To the extent there is diversity, what are the principal bases of that diversity?

22. How would more diversity help or hinder the board?

Strong/Weak

23. Would you characterize your board as relatively weak or strong?
___very strong board ___somewhat strong board ___somewhat weak board

24. In what ways does this strength or weakness manifest itself?

25. When your organization encounters speculation or criticism from outsiders, can the CEO/organization depend on the board to support changes and innovative actions?

26. Does the CEO drive the board, or does the board drive the CEO? (probe):

27. How closely does the board monitor whether changes are being effectively implemented by management?

28. How strictly does the board enforce accountability of the CEO? How is this enforced?

29. Does the board tend to take strong positions? Does it have a clear vision for the organization?

Cohesive/Fractionalized

30. Does your board have a shared vision for the organization? (i.e. similar agendas, goals, and priorities among the different members)

31. Is it difficult for your board to come to decisions or positions? Please explain:

32. Do you find that some decisions take too long, or don't get made because of differences among board members?

33. Are there usually members who are left very dissatisfied with decisions, or does compromise among members generally produce a consensus? (To what extent do members express their dissatisfaction?)

Centralized/Decentralized

34. Is there a committee structure to your organization? Do these committees make decisions, or are decisions made primarily at the board level?
35. Does decision-making influence tend to be concentrated around a few dominant board members? Who? Why?

Strategic/Operational

36. Would you categorize the board as being fairly strategic in its focus, or is it more operationally focused?
____very strategic ____somewhat strategic _____more operational than strategic
37. What is an example of strategic issues that the board deals with (i.e. major decisions regarding long-term change/resource allocation)?
38. What is an example of operational issues dealt with by the board (i.e. short-term tactical, day-to-day issues)?

Entrepreneurial/Conservative

39. How conservative is your board?
____conservative ____neither conservative nor progressive _____fairly progressive
40. When making decisions, does the board generally depend on tradition/precedence/lessons learned as a guide, or is it more willing to move away from established norms and procedures?
41. What is your board's general view regarding change and innovation? (*Do they view it as something destractable, or something that interferes with programs and operations?*)
42. Does experimentation with alternative methods occur? With what frequency? Under what circumstances? (*Does it only happen when forced to do so/when other options do not exist, etc?*)
43. What would you categorize as a „high risk“ action that your board has supported or initiated?

Interlocking/Non-interlocking

44. What proportion of your board members are members of other boards? _____
45. Do you think this leads to any conflicts for your board/organization?

Active/Passive

46. Would you characterize your board as more active or passive?
___very active ___somewhat active ___fairly passive
47. Why? What are some of the factors that lead you to this conclusion?
48. How would you characterize the board's general responsiveness/reaction to initiatives brought to them by the CEO?
49. What proportion of major strategic actions in your organization are initiated by the board? _____
By the CEO? _____
50. Would you characterize your board as more active or passive in times of budget/resource deficit?
51. Would you characterize your board as more active or passive in times of budget/resource surplus?

InnovationandEntrepreneurship

52. Finally, let me ask you about your nonprofit organization. Please indicate your opinion on the following:
- the organization is very aggressive:
___ agree ___ somewhat agree ___ disagree
 - the organization is very innovative:
___ agree ___ somewhat agree ___ disagree
 - the organization is very bureaucratic:
___ agree ___ somewhat agree ___ disagree
 - the organization is hesitant to take risks:
___ agree ___ somewhat agree ___ disagree
 - the organization is resistant to change:
___ agree ___ somewhat agree ___ disagree

Appendix C
Entrepreneurial Orientation Scale

strategic management of firms of all sizes.

Given these conclusions, future research on small-firm management might fruitfully focus on differentiating effective and ineffective management practices in various organizational and environmental contexts. The findings of this study suggest that a particularly promising line of research may be an investigation into the impact on small firm performance of the relationships

between the firm and its environment within the small firm strategic management paradigm.

ACKNOWLEDGEMENTS

The authors would like to thank the two anonymous reviewers for their many helpful insights and suggestions.

APPENDIX

The environmental hostility scale

How would you characterize the external environment within which your firm operates?

Very safe, little threat to the survival and well-being of my firm 1 to 7 Very risky, a false step can mean my firm's undoing

Rich in investment and marketing opportunities 1 to 7 Very stressful, exacting, hostile; very hard to keep afloat

An environment that my firm can control and manipulate to its own advantage, such as a dominant firm has in an industry with little competition and few hindrances 1 to 7 A dominating environment in which my firm's initiatives count for very little against the tremendous competitive, political, or technological forces

The organization structure scale

In general, the operating management philosophy in my firm favors . . .

Highly structured channels of communication and a highly restricted access to important financial and operating information 1 to 7 Open channels of communication with important financial and operating information flowing quite freely throughout the organization

A strong insistence on a uniform managerial style throughout the firm 1 to 7 Managers' operating styles allowed to range freely from the very formal to the very informal

A strong emphasis on giving the most to say in decision-making to formal line managers 1 to 7 A strong tendency to let the expert in a given situation have the most say in decision-making, even if this means temporary bypassing of formal line authority

A strong emphasis on holding fast to tried and true management principles despite any changes in business conditions 1 to 7 A strong emphasis on holding fast to tried changing circumstances without too much concern for past practice

A strong emphasis on always getting personnel to follow the formally laid down procedures 1 to 7 A strong emphasis on getting things done even if this means disregarding formal procedures

Tight formal control of most operations by means of sophisticated control and information systems 1 to 7 Loose, informal control; heavy dependence on informal relationships and norm of cooperation for getting work done

A strong emphasis on getting line and staff personnel to adhere closely to formal job descriptions 1 to 7 A strong tendency to let the requirements of the situation and the individual's personality define proper on-job behavior

The strategic posture scale

In general, the top managers of my firm favor . . .

A strong emphasis on the marketing of tried and true products or services 1 to 7 A strong emphasis on R&D, technological leadership, and innovations

How many new lines of products or services has your firm marketed in the past 5 years?
No new lines of products or services 1 to 7 Very many new lines of products or services

Changes in product or service lines have been mostly of a minor nature 1 to 7 Changes in product or service lines have usually been quite dramatic

In dealing with its competitors, my firm . . .
Typically responds to actions which competitors initiate 1 to 7 Typically initiates actions which competitors then respond to

Is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc. 1 to 7 Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.

Typically seeks to avoid competitive clashes, preferring a 'live-and-let-live' posture 1 to 7 Typically adopts a very competitive, 'undo-the-competitors' posture

In general, the top managers of my firm have . . .
A strong proclivity for low-risk projects (with normal and certain rates of return) 1 to 7 A strong proclivity for high-risk projects (with chances of very high returns)

In general, the top managers of my firm believe that . . .
Owing to the nature of the environment, it is best to explore it gradually via timid, incremental behavior 1 to 7 Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives

When confronted with decision-making situations involving uncertainty, my firm . . .
Typically adopts a cautious, 'wait-and-see' posture in order to minimize the probability of making costly decisions 1 to 7 Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities

REFERENCES

- Albert, K. J. *Straight Talk about Small Business*, McGraw-Hill, New York, 1981.
- Allen, M. J. and W. M. Yen. *Introduction to Measurement Theory*, Brooks/Cole, Monterey, CA, 1979.
- Arnold, H. J. 'Moderator variables: a clarification of conceptual, analytic, and psychometric issues', *Organizational Behavior and Human Performance*, 29(2), 1982, pp. 143-174.
- Baumbach, C. M., K. Lawyer and P. C. Kelley. *How to Organize and Operate a Small Business*, 5th edition, Prentice-Hall, Englewood Cliffs, NJ, 1973.