

DO SOCIALLY ENTREPRENEURIAL NONPROFITS PERFORM BETTER: AN
EMPIRICAL EXPLORATION

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***Abstract.** Today several funders, policy makers and academics contend that nonprofit organizations must adopt a more entrepreneurial posture as a mean to become more competitive and effective. Yet, there are few empirical studies supporting the notion that entrepreneurial nonprofits are performing better than less-entrepreneurial ones. Attempting to better understand this critical issue we explore differences in financial performance between entrepreneurial and less-entrepreneurial nonprofit organizations. Our analysis indicates that entrepreneurial behavior is indeed associated with greater levels of total revenues, program expenses and administrative costs. These findings, while not being able to show causation, provides an intriguing opening for more detailed research into the relationship between entrepreneurial behavior and performance of nonprofit agencies.*

INTRODUCTION

The challenge of operating nonprofit organizations in today's tumultuous and increasingly competitive environment has led scholars to focus on what make nonprofits viable and effective. At the same time, nonprofit practitioners are searching for new ways to lead their agencies, and to enhance their performance, competitiveness, and strategic advantage. One frequently featured concept found in these discussions is social entrepreneurship. Once described as an oxymoron (Skloot, 1988), the notion nonprofit organizations can engage in entrepreneurial activities has today become widely accepted (Austin, Stevenson, & Wei-Skillern, 2006; Morris, Webb, & Franklin, 2011). Moreover, some scholars are finding that being more entrepreneurial is repeatedly presented and accentuated as a prerequisite for nonprofit success and survival (Dart, 2004a, 2004b; Eikenberry, 2009). For example, Weerawardena and Mort (2006) assert that socially entrepreneurial nonprofits are able to achieve a sustainable competitive advantage that allows them to thrive in an increasingly competitive environment. Brinckerhoff (2000) argues that less entrepreneurial nonprofits make poorer investment decisions, are less market savvy, and less capable to accomplish their goals and mission. Short, Moss and Lumpkin (2009) report that a key reason for the interest in social entrepreneurship among nonprofits is that entrepreneurial practices are believed to lead to greater economic efficiencies. Hence, as posited by Eikenberry (2009: 583), social entrepreneurship has become a formula for success and being more entrepreneurial is "increasingly held up as the best way for nonprofit and voluntary organizations to operate."

We, however, believe that this normative stance is premature given the lack of robust empirical evidence to support the idea that more socially entrepreneurial nonprofits are indeed performing better than their less-entrepreneurial peers. Instead, the supremacy of being socially entrepreneurial has emerged from case-studies, hero stories, and anecdotal evidence rather than findings from, what Bloom (2012: 73) refers to as “research that has tested theories and found empirical insights that can improve the management practices of a broad cross-section of social entrepreneurs.” (see also Dacin, Dacin, & Tracey, 2011; Hill, Kothari, & Shea, 2010). In this paper we utilize Helm’s (2007; Helm & Andersson, 2010) behavior-oriented nonprofit entrepreneurship instrument to empirically examine differences and similarities in various financial performance indicators for thirty-one entrepreneurial and thirty-seven less entrepreneurial nonprofit organizations. Using data that showcase entrepreneurial behavior in nonprofit organizations in a major metropolitan area collected in 2006 we examine how agencies displaying higher levels of entrepreneurial behavior and agencies displaying lower levels of entrepreneurial behavior performed in 2007, 2009 and 2007-2009 in terms of total revenue, program cost, surplus margin, and administrative cost.

SOCIAL ENTREPRENEURSHIP IN NONPROFIT ORGANIZATIONS

There is no agreed upon single definition of social entrepreneurship that can be applied to the nonprofit sector (Dacin, Dacin, & Matear, 2010) and because different scholars use different definitions the accumulation of comparable empirical research and findings have been sluggish (Short, Moss & Lumpkin, 2009). Some focus on the characteristics of individual social entrepreneurs that start new organizations, others define nonprofit entrepreneurial activities as related to the application of business strategies/practices, and some focus on outputs/outcomes such as earned revenue or the change and/or social value generated by socially entrepreneurial individuals and organizations (Bornstein, 2007; Dart, 2004a, 2004b; Elkington & Hartigan, 2008; Martin & Osberg, 2007). Furthermore, while certain scholars exclusively situate social entrepreneurship within the nonprofit domain (see Lasprogata & Cotton, 2003) many argue social entrepreneurship is not a unique feature of the nonprofit sector or nonprofit organizations but can exist across sectors (Austin, Stevenson, & Wei-Skillern, 2006).

Another issue facing those wanting to understand social entrepreneurship from an organizational perspective is that there is no easy way to measure how entrepreneurial, for example, a nonprofit agency is. One approach addressing this issue and that is receiving increased attention from nonprofit scholars focuses on an organizational level construct called Entrepreneurial Orientation (EO) (Morris, Webb, & Franklin, 2011). The EO construct originated and evolved among business enterprise scholars in the 1980s and 90s, and centers on the strategic choice-making process that is the foundation for entrepreneurial decisions and actions (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Miller, 1983; Miller & Friesen, 1982). Simplistically speaking, EO captures the degree to which a firm's strategic posture and behavior tend to be entrepreneurial or conservative i.e. less entrepreneurial. What characterizes an entrepreneurial firm is that it focuses on the development of different and new services, products and processes (innovativeness), acting in anticipation of future demands by introducing services and products ahead of its competition (proactiveness), and takes bold actions by venturing into the unknown (risk-taking). EO represents a very popular construct for entrepreneurship scholars and there is robust evidence of a positive relationship between EO and firm performance (Rauch, Wiklund, Lumpkin, & Frese, 2009). According to Morris et al (2011), nonprofit scholars have started to utilize EO as a way to understand the entrepreneurial posture of nonprofit organizations. However, while the same EO characteristics have been applied in nonprofit research (p. 965) "the primary motivation of nonprofits to serve a social purpose coupled with the need to remain financially viable leads to a set of processes and outcomes that are more complex and multifaceted than those in for-profit firms." As a consequence, several nonprofit scholars have taken steps to (to a varying degree) adapt and re-configure the dimensions of EO to fit a nonprofit organizational context (see for example Morris & Joyce, 1998; Pearce, Fritz, & Davis, 2010; Voss, Voss & Moorman, 2005).

This paper employs an EO-based approach for capturing entrepreneurial behavior in nonprofit organizations developed by Helm (2007; Helm & Andersson, 2010). According to Helm, nonprofit entrepreneurship is a catalytic behavior of nonprofit organizations that engenders value and change in the sector or community through the combination of innovation, proactiveness, and risk-taking. For a nonprofit agency to be considered entrepreneurial all three of these behaviors are required to be present i.e. we expect to find a simultaneous exhibition of innovation, proactiveness, and risk-taking. He also developed measures for each of the three

behaviors and was able to demonstrate that more entrepreneurial nonprofits indeed amalgamate these behaviors. Andersson (2011) applied the same set of measures in a sample of small and medium-sized nonprofit human service organizations and was able to extract the same three behaviors proposed by Helm and also found that the three behaviors were significantly and positively correlated. While it is important to notice that Helm's approach is one among a number of EO-based approaches set to capture social entrepreneurship in nonprofit organizations (Morris, Webb, & Franklin, 2011), and that few of these approaches have been extensively tested, replicated and confirmed to date, they are still one of the few means available to nonprofit scholars to empirically examine and compare social entrepreneurship in the nonprofit sector.

Entrepreneurial Behavior and Performance

In the corporate business literature there is plenty of support for "the notion that EO has positive performance implications" and that "the effects of EO on performance can be regarded as moderately large." (Rauch et al, 2009 p. 778). However, there is little evidence of such an effect in the nonprofit literature for several reasons: (1) compared to the number of EO studies focusing on business enterprises there are very few inquires explicitly looking at EO in nonprofits; (2) nonprofit scholars have employed a range of different measures to capture the key EO constructs thereby making it difficult to compare results across different studies (see Morris, Webb, & Franklin, 2011); and (3) the performance variable is less intuitive in nonprofit organizations, for example, social and economic performance may or may not be correlated with each other making interpretations of EO's impact on overall nonprofit effectiveness a complex endeavor.

Furthermore, the small number of empirical studies looking at entrepreneurship in nonprofit agencies and performance has displayed mixed results. Morris, Coombes, Schindehutte and Allen (2007) found no relationship between entrepreneurial orientation and various financial performance indicators (including total expenses, total revenues, changes in assets and net revenues obtained from the agencies tax returns) in a sample of 145 nonprofits in Upstate New York. Pearce, Fritz and Davis (2010) used self-reported and archival data to examine 250 congregations and reported a positive relation between entrepreneurial behavior and performance measured as growth in church attendance and donations by church members. Andersson (2011) looked at self-reported items from related to financial capacity in 50 small and medium-sized

human service nonprofits and found that entrepreneurial agencies were more likely to have higher fund development capacity and also more likely to have positive operating margins. Finally, Coombes, Morris, Allen and Webb (2011) examined 140 nonprofit arts organizations and concluded that entrepreneurial behavior was positively related to social performance (which included measures such as the number of performance visitors and perceived influence on cultural development in the community) but not financial performance (measured as total revenues, net assets and fundraising ratios). In summary, the results from studies that examine the relationship between nonprofit entrepreneurial behavior and social and/or financial performance are ambiguous.

This does not mean that a continued exploration of this relationship is unwanted or irrelevant. On the contrary, Rauch et al (2009) for example conclude that there is little doubt that the strategic activities and behaviors associated with EO have significant consequences. They also note that the relationship between entrepreneurial behavior and (firm) performance not only is robust with regard to different EO measures, but also is robust to various measurements of performance (including archival financial measures and perceived nonfinancial performance measures). In other words, it seems feasible to think that entrepreneurial nonprofits are indeed different from their less-entrepreneurial peers but that it is, at this point in time, not possible to argue that they perform better, are more efficient, generate greater impact, or are more likely to survive and/or succeed. Thus, it is clear that more inquiries are needed exploring differences between entrepreneurial and less-entrepreneurial nonprofit organizations, and that we ought to consider multiple performance measures in doing so. Here we will emphasize financially derived measures based on organizational data reported to the IRS. Again, financial performance cannot be considered an overall indicator of nonprofit organizational effectiveness (Herman & Renz, 2008) but as posited by Bryce (2000 p. 3): “without money, no mission can be met or advanced in a market economy no matter how charitable or benevolent the mission may be.”

METHOD

To examine how entrepreneurial and less-entrepreneurial nonprofits perform financially we revisited the original sample of 145 nonprofits examined by Helm in 2006. Using the scores from

the EO-based instrument (ranging from three to twenty-four) we started by ranking all organizations from the highest to the lowest score. Based on the score we placed each agency in one of three groups; Group 1 - highly socially entrepreneurial; Group 2 - moderately socially entrepreneurial; and Group 3 - less socially entrepreneurial, following an approach taken by Light (2008) in his study of social entrepreneurship. To qualify as a highly entrepreneurial nonprofit an organization needed an overall score of eighteen and above. To be considered a less socially entrepreneurial nonprofit an organization need an overall score of twelve and below. Given Helm's assertion that the three behaviors will covary in entrepreneurial nonprofits an overall score of eighteen suggests that on average an entrepreneurial agency would have a score of six (out of eight) for each of the three entrepreneurial behaviors i.e. innovation, proactiveness and risk-taking). This would firmly place the agency towards the entrepreneurial side of the scale. Conversely, an overall score of twelve indicates on average individual behavioral scores of four, which would place the agency towards the more conservative side of the scale. The remaining organizations were placed in the moderate group. Because we are primarily interested in comparing and contrasting the performance of entrepreneurial and less-entrepreneurial nonprofits we decided to primarily focus on groups 1 and 3. Given that a key aspect of exploratory inquiry is to examine and distill what findings and novel ideas might be generated from something previously underexplored paying less attention to group 2 allows for a more distinct interpretation of similarities and differences in performance between organizations.

Variables

Thus, our key independent variable is a categorical variable (*Entrepreneurial- and Less-Entrepreneurial Organization*). For our dependent variable, financial performance, we focused on multiple measures as several scholars have argued that nonprofit performance (including financial performance) cannot be assessed with a single indicator (Herman & Renz, 2008). The first performance variable is *surplus margin*, which is analogous to a profit in business enterprises. Tuckman and Chang (1991) posited that a low surplus margin is a sign of increased financial vulnerability, whereas nonprofits operating with high surplus margins can better buffer themselves before they need to reduce, for example, services or staff during financial stress. Our second and third performance measures are *total revenue* and *program expenses*. To accomplish their vision and mission, nonprofits often attempts to scale its activities just as social

entrepreneurs want to see their innovative ideas spread and take root. Hence, of straightforward way to know if an organization is indeed on the path towards generating more impact is to focus on the total revenue and program expenses of a nonprofit. Total revenue is an indicator of how well it is doing “selling” its services to clients and donors, whereas program expenses shed light on the programmatic impact that revenue gains make possible. Our final performance measure is administrative cost, which is the summation of administrative and fundraising expenses. This metric is often utilized as an indicator of efficiency where a lower administrative cost means more efficient (Ashley & Faulk, 2010).

Based on previous research on we also included three control variables: (1) *mission type* i.e. nonprofit industry (Tuckman & Chang, 1991), *organizational age*, as various organizational life-stages has been associated with differences in organizational capacity (Kenny Stevens, 2001), and *size*, which is considered to have a significant impact on the governance of nonprofit organizations (Ostrower & Stone, 2010).

Procedure

While the impact of entrepreneurial initiatives could come swiftly to an organization we believe it is feasible to think that the rewards of entrepreneurial behavior may well occur once these behaviors have had a chance develop and mature within an agency, and in the eyes of its external stakeholders. Hence, given that our data was collected in 2006 we examine the performance of both entrepreneurial and less-entrepreneurial organizations in 2007 and in 2009. In order to set a baseline we first examined if there were any differences between the two groups in 2005 in the dependent variables. T-tests reveal two of the dependent variables (administration expenses and program expenses) were significantly different and two of the dependent variables (surplus/loss and total revenue) were not statistically significantly different. For the two variables where a statistically significant difference was found the entrepreneurial group had higher levels of both expenses.

The main purpose of this study is to compare and contrast entrepreneurial nonprofits with less-entrepreneurial ones with regard to their performance. Considering the type of variables used in this study with the key independent variable being a categorical group variable, the need to

include several control variables and multiple dependent performance measures to test, multivariate analysis of covariance or MANCOVA was selected as the main method for this study. MANCOVA is a statistical technique that uses categorical independent variables as predictors and analyzes variance among groups. Similar to analysis of covariance or ANCOVA (the key difference is that MANCOVA includes more than one dependent variable) this statistical technique is considered a more sophisticated method than analysis of variance techniques in terms of testing the significance of differences among group means because it adjusts scores on the dependent variables to remove the effect of confounding variables. In other words, MANCOVA is based on inclusion of additional variables (known as covariates) into the model that may be influencing scores on the dependent variable, which would not be the case if one used ANOVA or MANOVA. This lets the researcher account for inter-group variation associated not with the key independent variable itself, but from extraneous factors on the dependent variable, the covariate(s). MANCOVA can control one or more covariates at the same time. As mentioned earlier, nonprofit scholars have emphasized the importance of contingency variables when studying nonprofit organizations. Thus, by using MANCOVA, several such contingency variables can be included in the analysis.

RESULTS

Table 1 shows some basic descriptive statistics for the entrepreneurial and less-entrepreneurial group of nonprofits.

Table 1: 2005, 2007, 2009, and Avg. 2007-2009 Dependent Variable Descriptive Statistics						
		N	2005	2007	2009	2007-2009 Avg
Administration	Low level of entrepreneurial behavior	37	8.2254	9.4170	5.6869	11.6131
Cost	High level of entrepreneurial behavior	31	11.8751	12.1455	8.8980	12.91431
Program Cost	Low level of entrepreneurial behavior	37	12.8284	13.3892	13.5745	14.1871
	High level of entrepreneurial behavior	31	14.8287	15.1905	15.3586	15.59004
Surplus Margin	Low level of entrepreneurial behavior	37	.4541	1.7536	1.8471	-3.0283
	High level of entrepreneurial behavior	31	.6259	1.7005	1.8010	-2.9134
Total Revenue	Low level of entrepreneurial behavior	40	87.0395	13.6079	13.5819	14.0348
	High level of entrepreneurial behavior	33	74.7469	15.3331	15.2348	15.7948

The four financial performance indicators in entrepreneurial and less-entrepreneurial nonprofits was investigated using MANCOVA for 2007 (the year immediately after entrepreneurial behavioral score data was collected), 2009 (three years after entrepreneurial behavioral score data was collected), and the average of years 2007 through 2009 (this measure is used to minimize special one year funding from bequests, one-time grants, or capital campaigns). As fixed factors, entrepreneurial organizational type was entered, and organizational age, mission, and size (measured as the number of full-time employees) were entered as covariates. The results from the multivariate test indicate mixed results for the overall model. Tables 2 through 7 provide the results of the MANCOVAs for each year.

Table 2: MANCOVA for 2007 financial performance (using Wilks' Lambda)

Effect	Value	F	Hypothesis df	Sig.	Partial Eta Squared
Intercept	.045	284.48	4.000	.000	.955
Mission	.944	.794	4.000	.534	.056
Size	.710	5.527	4.000	.001	.290
Org. Age	.839	2.591	4.000	.047	.161
Ent. Org Type	.896	1.570 ^a	4.000	.195	.104

Table 3: Tests of Between-Subjects Effects for 2007 financial performance

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Ent. Org Type	Administration Cost ln2007	64.115	1	64.115	3.624	.062	.060
	Program Cost ln2007	17.878	1	17.878	5.465	.023	.087
	Surplus ln2007	.071	1	.071	1.370	.247	.023
	Total Revenue ln2007	15.577	1	15.577	4.910	.031	.079

Tables 2 and 3 illustrate the result of our first MANCOVA analysis. In 2007, the overall model does not meet any standard for statistical significance. Looking at the between subjects test we find the significance of the overall model is primarily hindered by the lack of difference between the two groups in surplus margin. The other three dependent variables have a significant relationship with behavioral groups. Further, descriptives in table 1 indicate the nonprofits with

higher levels of entrepreneurial behavior have higher levels of administration expenses, program expenses and total revenues.

Effect	Value	F	Hypothesis df	Sig.	Partial Eta Squared
Intercept	.006	2222.335	4.000	.000	.994
Mission	.870	2.019	4.000	.105	.130
Size	.717	5.320	4.000	.001	.283
Org Age	.785	3.688	4.000	.010	.215
Ent. Org Type	.868	2.059	4.000	.099	.132

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Ent. Org Type	Administration Cost ln2009	57.808	1	57.808	1.822	.182	.031
	Program Cost ln2009	18.058	1	18.058	5.480	.023	.088
	Surplus ln2009	.040	1	.040	3.683	.060	.061
	Total Revenue ln2009	14.425	1	14.425	4.328	.042	.071

Tables 4 and 5 illustrate the result of our second MANCOVA analysis. Unlike 2007, the overall model in 2009 is significant at the .099 level. We once again reviewed the between subjects test and find the significance of the overall model is hindered by the lack of difference between the two groups in administration expenses. The other three dependent variables have a significant relationship with behavioral groups. Further, descriptives in table 1 indicate the entrepreneurial group has higher levels of program expenses and total revenues. However, we also found the surplus margin for nonprofits with high levels of entrepreneurial behavior are lower on average.

Effect	Value	F	Hypothesis df	Sig.	Partial Eta Squared
Intercept	.032	150.709	4.000	.000	.968
Mission	.619	3.074	4.000	.040	.381
Size	.525	4.517	4.000	.009	.475
Org Age	.651	2.675	4.000	.062	.349
Ent. Org Type	.643	2.781	4.000	.055	.357

Table 7: Tests of Between-Subjects Effects for 2007-09 financial performance							
Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Ent. Org	Administration Cost ln2007-09	7.598	1	7.598	6.318	0.0194	0.216
Type	Program Cost ln2007-09	8.926	1	8.926	3.249	0.0846	0.124
	Surplus ln2007-09	0.258	1	0.258	0.306	0.585	0.0131
	Total Revenue ln2007-09	9.662	1	9.662	3.980	0.058	0.148

Tables 6 and 7 illustrate the result of our third MANCOVA analysis. This final analysis found an overall model with a .055 level of significance and an effect size of .357. Looking at the between subjects test we find the significance of the overall model is hindered once again by the lack of difference between the two groups in surplus margin. The other three dependent variables have a significant relationship with behavioral groups. Further, descriptives in table 1 indicate the nonprofits with higher levels of entrepreneurial behavior have higher levels of administration expenses, program expenses and total revenues.

RESULTS

The growth of social entrepreneurship as a meaningful construct for nonprofit practitioners demands a better understanding of the impact the behavior has on organization performance. Our exploratory analysis makes an initial effort to start better understanding the link between entrepreneurial behavior and financial performance over time. In this vein, we are able to provide some initial support for the idea that nonprofit entrepreneurial behavior is, even though we cannot say anything about a casual direction, related to the financial outcomes for nonprofit organizations.

Interpretation of our data analysis leads to four conclusions.

1. Nonprofits with higher levels of entrepreneurial behavior have higher levels of financial outputs.
2. Nonprofit entrepreneurial behavior appears to have a small inverse relationship with an organizations surplus margin.
3. Nonprofit entrepreneurial behavior is positively related with total revenues.

4. Nonprofit entrepreneurial behavior has a greater impact on performance as time progresses.

We briefly discuss the implications of each finding.

Nonprofits with higher levels of entrepreneurial behavior have higher levels of financial outputs.

Two of the three MANCOVA models were statistically significant meaning entrepreneurial behavior has a relationship with nonprofit financial performance. For three of the dependent variable, administrative expenses, program expenses, and total revenues, entrepreneurial nonprofits had higher levels than their counterparts demonstrating less entrepreneurial behavior. While we cannot infer causation at this point, it is clear organizations behaving entrepreneurially on average have higher administrative expenses, program expenses and total revenues. As mentioned earlier, high administrative costs are sometimes considered a sign of inefficiency but one could also argue that administrative costs illustrates investments in organizational capacity needed to implement and support a nonprofit's programmatic activities. The finding that both administrative cost and program expenses higher in entrepreneurial organizations is therefore not surprising as entrepreneurial organizations are trying to generate greater impact via their programs. Still, it is interesting to consider the ramifications for entrepreneurial organizations (for example in terms of donations) if external stakeholders chooses to view higher administrative costs as a sign of inefficiency.

The inverse relationship found with surplus margin adds an additional layer of interest. Are more entrepreneurial nonprofits better at generating revenues and thus less disciplined with expenditures? Is there a prevailing nonprofit ethic of not having holding surpluses due to potential reputational scrutiny? Do entrepreneurial behaviors inherently demand the use of more resources at both the administration and program levels? Future analysis will have to embrace these questions, and many more, but for know we at least understand entrepreneurial behavior has a relationship with higher levels of resource generation and use.

Nonprofit entrepreneurial behavior appears to have a small inverse relationship with an organizations surplus margin.

We discussed this briefly above, but the inherent conflict with similar studies in the for-profit sector requires additional attention. Several EO studies have found a link between entrepreneurial orientation and firm financial performance. However, nonprofits with high levels of entrepreneurial behavior appear to demonstrate worse surplus margins. This finding is especially confusing considering these same organizations generate higher levels of total revenue. Again we can only offer possible reasons for this finding. It is possible organizations with less entrepreneurial behavior focus more on efficiency management. Their goal is less about growth and more about preservation of existing programming and resources. Organizations with higher levels of entrepreneurial behavior in contrast seek growth and enlarged program impact. Unlike for-profit entrepreneurs, these organizations are more concerned with numbers served than profits. An examination of program outputs and effectiveness can add clarity to this finding. Furthermore, a more detailed investigation into how nonprofits (and their stakeholders) perceive and uses surpluses is warranted.

Nonprofit entrepreneurial behavior has a positive relationship with total revenues.

This may be an expected finding in our analysis following what we know from the existing for-profit EO literature. Organizations engaging in entrepreneurial behavior are theorized to increase resource generation as several models of social entrepreneurship put forth the hypothesis, nonprofits in search of securing greater resources turn to entrepreneurship. But given that our model does not allow for causation, we are unable to support the aforementioned hypothesis. However, we are able to add to some of the existing literature that also found that nonprofit entrepreneurship behavior is related to increased revenue generation.

Nonprofit entrepreneurial behavior has a greater impact on performance as time progresses.

Finally, because we examined the relationship between entrepreneurial behavior and financial performance at different times we were able to explore how the relationship changes. Our analysis indicates a stronger relationship between entrepreneurial behavior and financial performance as time passes. This is not a surprising finding. New ideas require some time to achieve their intended implementation. Organizations exercising entrepreneurial behavior in one year conceivably launch a program in the following years. That program may then take an

additional year or more to impact financial performance. As previous reviews of the social entrepreneurship literature have called for; we need more longitudinal research that can help us better understand how entrepreneurial nonprofits evolve, scale and fail. Clearly there is a much to be examined and explored before we can come up with more robust findings of the linkage between nonprofit entrepreneurial behavior and economic and social performance.

In conclusion, our findings make a beginning at understanding how nonprofit entrepreneurial behaviors relate to nonprofit performance. Our study isolates inquiry to financial performance indicators. The data analysis supports a relationship between some key financial performance indicators and entrepreneurial behavior. Knowing more about this relationship is essential as this field of study progresses. Also, further analysis is required to understand the impact of entrepreneurial behavior on other indicators of nonprofit success.

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