HIGH GROWTH NFP'S: A MODEL OF ENTREPRENEURIAL, FINANCIAL AND SOCIAL ORIENTATION (SUMMARY)

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SUMMARY

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Principal Topic

The purpose of this paper is to design a conceptual model that explains and predicts the performance of non-for-profit (NFP) organizations. We introduce and define three separate cognitive frameworks (mindsets) used by NFP executives/teams and examine their relationship to organizational performance as measured in terms of growth (Carton and Hofer, 2006). They are categorized as entrepreneurial, financial and social orientation. We build on Lumpkin and Dess’s (1996) work on entrepreneurial orientation, and develop the other two concepts from theory. Each cognitive framework consists of a specialized set of prior experiences, knowledge, skills and mandates that form measurable constructs. The model is aimed at adding further depth and clarity to the decision making processes used by NFP executives, and analyzes how entrepreneurial behavior may effectively be explained and measured in the context of social entrepreneurship without the burden of having to reconcile the often dichotomously perceived relationship between for-profit motivation and social mission (Austin, et al., 2006; Frank, 2006)

Method

Our study looks at a highly successful non-for-profit organization, Habitat for Humanity. The organization was selected due to its business model that allows for regional autonomy (individual regional CEO control and influence) and that has a well known history for having an innovative social mission, growth and performance. Due to this de-centralized structure, NFP executive and team management orientations can be compared against other regions and controlled within a single organization/sector. Semi structured interviews were conducted with a pilot set of four CEO’s to assess and provide face validity to the model. A nation wide and international study will follow.

Results and Implications

Based on theoretical and empirical findings, we hypothesize that a function of all three orientations operating within NFP executives/teams will be a significant predictor of high growth organizational performance. The NFP executives confirmed the validity of the three constructs in the model and emphasized that entrepreneurial orientation was both rare and extremely valuable to enhancing sustainability and social missions. However, measurement of growth based on current non-uniform and diverse criteria was considered by executives as difficult to achieve. We offer measurement criteria for testing based on the model presented. Future opportunities for research are discussed.

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