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# Unpacking Not-for-profit Performance

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**ABSTRACT** *Little is known about the relationship between entrepreneurial orientation (EO) and performance within not-for-profit (NFP) organizations. Through the development of a conceptual framework for understanding how EO may function within an NFP context, we propose three separate interaction effect models to examine organizational performance outcomes as measured in terms of high growth. Four conceptualizations of high growth are offered. Based on a theoretical consideration of social capital and financial accounting theory, we propose that NFP executives who possess a combination of EO and two other key factors, a social mission orientation and financial sustainability orientation, will be a strong predictor of high-growth organizational performance. The model thus builds upon previous research that explores the relationship between entrepreneurial behavior, market orientation and performance by distinguishing between market and non-market stakeholders and the need to balance between both when pursuing entrepreneurial opportunities.*

**KEY WORDS:** Not for profit, social entrepreneurship, high growth

## Introduction

High-growth firms are often associated with the discovery of entrepreneurial opportunities, the creation of wealth and posited by many scholars to be one of the key drivers in a nation's economy (Birch 1987; Delmar 1997; Friar and Meyer 2003; Galloway and Brown 2002; Storey 1994; Wong, Ho, and Autio 2005). The importance and significance of entrepreneurial behavior across the life cycle of the most successful for profit (FP), high-growth ventures is also well theorized and documented (Davidsson, Delmar, and Wiklund 2006; Leibenstein 1968; Schumpeter 1934). Of the theories developed to explain this behavior, entrepreneurial orientation (EO) is a well-tested concept that has been linked to high-growth performance in FP organizations (Covin, Green, and Slevin 2006; Covin and Slevin 1991; Rauch et al. 2009; Wikland 1999). Less is known and many questions remain as to the role that EO may play in

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not-for-profit (NFP) organizations, whether or not it may be a suitable predictor of high growth and if the notion of high growth is a suitable measurement of performance considering the foundational, structural and operational differences that distinguish them from FP firms (Davis et al. 2011; Morris et al. 2007).

Following Lumpkin and Dess (1996), and updated through review of Covin and Lumpkin (2011) and Covin and Wales (2012), the purpose of this paper is to propose a contingency model of the EO – high-growth performance relationship in NFP organizations. This is a well-framed research gap as the theoretical basis for promoting entrepreneurship within NFP enterprises, or social intrapreneurship (Mair and Schoen 2007), has not been adequately reported upon. Morris, Webb, and Franklin (2011) point out that the NFP context may vary from the FP context for which the EO scale was developed. These contexts may be complex: riddled with multiple forms of embeddedness, atypical funding and revenue generation models and a diversity in business models, forms and organizational structures (Kistruck and Beamish 2010). While this diversity does have challenges for the interpretation of entrepreneurial behavior and its impacts within these organizations, the space between non-profit organizations and FP firms has narrowed to the point where more meaningful comparison may be useful, particularly in the area of social and economic impact (Austin, Howard, and Jane 2006; Dees 2003). Ultimately, we posit that entrepreneurial behavior (as modeled through EO and specific contingency effects) resulting in high growth is relevant to NFP contexts and seek to develop a testable conceptual framework that may provide some theoretical insights on this understudied phenomenon.

There are several compelling reasons for pursuing this avenue of research. First, it is widely observed and understood that the NFP sector has grown in size and importance in relation to both the social market and to the growth of economies in nations around the world (Cordes, Steuerle, and Twombly 2004; Spinalli and Mortimer 2001). Governments continue to devolve services to the third-party sector while also cutting back funding to social programs, a trend that covers the last 20 years (Haugh and Kitson 2007; National Center for Charitable Statistics 2012; Salamon 2003). Several authors contend that the effectiveness of government programs in the social sector has rapidly become intertwined with the performance of NFP organizations and that the social economy has greatly benefited from this complimentary partnership (Brooks and Morris 2005; Frank 2006; Salamon 1989; Smith and Lipsky 1993). Thus, questions exploring whether or not those NFP organizations observed to be engaged in entrepreneurial behavior (and the forms that entrepreneurial behavior may take) have a greater impact upon their markets and the implications these outcomes may have on the economy as a whole are highly relevant to a wide range of audiences.

Second, several parallels between the FP and NFP domains that focus on the role of entrepreneurship in general and EO in particular have yet to be fully explored. The observation that established NFP organizations have become increasingly more ‘hybridized’ and thus tend to cross subsidize core non-profit activities with commercial activities can be explained in part

by the competitive nature of social markets (Sullivan-Mort, Weerawardena, and Carnegie 2003; Weisbrod 2004). Due to this evidence, there are those scholars that argue that the EO concept is not reified by extending it into the NFP domain (Davis et al. 2011; Pearce, Fritz, and Davis 2010). Indeed, studies point to a blurring effect between the activities, structures and strategies of FP and NFP enterprises over time (Alter 2007; Dees and Anderson 2003; Ryan 1999). Thus, the question: “is the concept of EO governed by the same conventions and logics in an NFP context?” is an acceptable premise and deserves a more focused exploration.

Notwithstanding some notable authors (for example, see Stull 2005; Ruvio, Rosenblatt, and Lazarowitz 2010; Davis et al. 2011; Morris, Webb, and Franklin 2011), few substantial efforts have been made by researchers to use theoretical foundations to develop a testable conceptual model that explains what role (if any) EO plays in the high-growth performance of NFP organizations. Answering questions such as (1) can the concept of EO be successfully modeled using extant theory to understand entrepreneurship in an NFP context, (2) what role does EO play in facilitating high growth in NFP organizations, (3) does high-growth matter (is there social or economic impact?) in an NFP context and if so, why, (4) how can high-growth outcomes be compared and contrasted between the NFP and FP paradigms and (5) how may the study of EO in the NFP context add to the knowledge accumulated in the growing body of works on the concept. These are all intriguing research questions that have both the theoretical and practical values.

To explore these questions, we seek to develop a conceptual model that adequately frames the operation of EO within an NFP context that allows for the testing of hypotheses on how it may be significant to high growth. As stated above, our approach to this problem involves the rationalization of high-growth strategies within NFP organizations through the review of economics, management accounting and entrepreneurship literatures<sup>1</sup>. In doing so, we derive a conceptual foundation based on the interrelationships amongst EO and two other factors that are observed to be highly relevant to the operation of NFP enterprises: social mission and financial sustainability (Haugh 2007; Nicholls 2009; Peredo and McLean 2006). We propose that underlying theory in the areas of social capital and financial accounting is an adequate means for expanding upon the concept of market orientation (MO) that confounds current attempts to transfer FP strategies into an NFP context; namely, the twin issues of the market and non-market stakeholder interaction and the relationship to the skills and prior knowledge possessed by NFP executives (Morris et al. 2007; Morris and Mary 1998; Slater and Narver 1994).

The structure of this paper is set up as follows. The study begins with a survey of several predicate perspectives, including the legal status and organizational forms of NFP organizations, social entrepreneurship and the function of entrepreneurship in the context of NFP organizations. We then revisit Lumpkin and Dess (1996) to provide an overview of a model building with the EO construct. The most recent perspectives on the constructs and measurements of EO are then considered. Guided by the review of the NFP

context, extant theory from the social sciences and accounting disciplines are used to lay the conceptual groundwork for a model that improves upon our understanding of the relationship between EO and high-growth performance in an NFP context. This is achieved by breaking down the concept of MO into two separate and distinguishable areas. Next, we link performance outcomes to high growth and define the term by compiling a taxonomy derived from four different domains. A dimensional model for understanding the relationship between entrepreneurship and high-growth performance in NFP organizations is then postulated and illustrated. Propositions are offered to explain the function of each of the interactive effects that operate within the model. Finally, limitations of the study are discussed, concluding with implications for future research.

## **Literature review**

### *Positioning the NFP context within the social entrepreneurship literature*

The rapid growth of social entrepreneurship (SE) as a field of study has in many ways impinged upon and overcome the traditional domain of NFP organizations (Hervieux, Gedajlovic, and Turcotte 2010). While the concept of SE is far from refined and continues to seek legitimacy (Nicholls 2010, Dacin, Dacin, and Tracey 2011), its growing eminence and well-observed interrelationship with the NFP literature (especially with regard to the study of entrepreneurial behavior) requires that the two be distinguished. Cukier et al. (2011), among others, find that the study of SE can broadly encompass many different objectives, forms, factors and definitions. However, the particular context of an NFP organization often limits or impacts upon all. A detailed focus on the NFP organization is thus important to this study as it allows a straightforward approach to the study of the activity of entrepreneurship that benefits from the ability to set aside many of the outstanding issues and ambiguities with SE that often add unnecessary levels of complexity. In order to simplify this task, two structural areas are explored: legal status and organizational form.

*Definition and legal status.* NFP organizations/institutions in Canada and the UK (non-profit and non-commercial organizations in the United States and Europe) have a number of definitions and legal status requirements that are dependent upon the countries in which they are incorporated and the purposes set out within their charters. Definitions of non-profits range from general to specific across International and nation specific designations.

The OECD defines non-profit organizations as:

legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them. From OECD Glossary of statistical terms

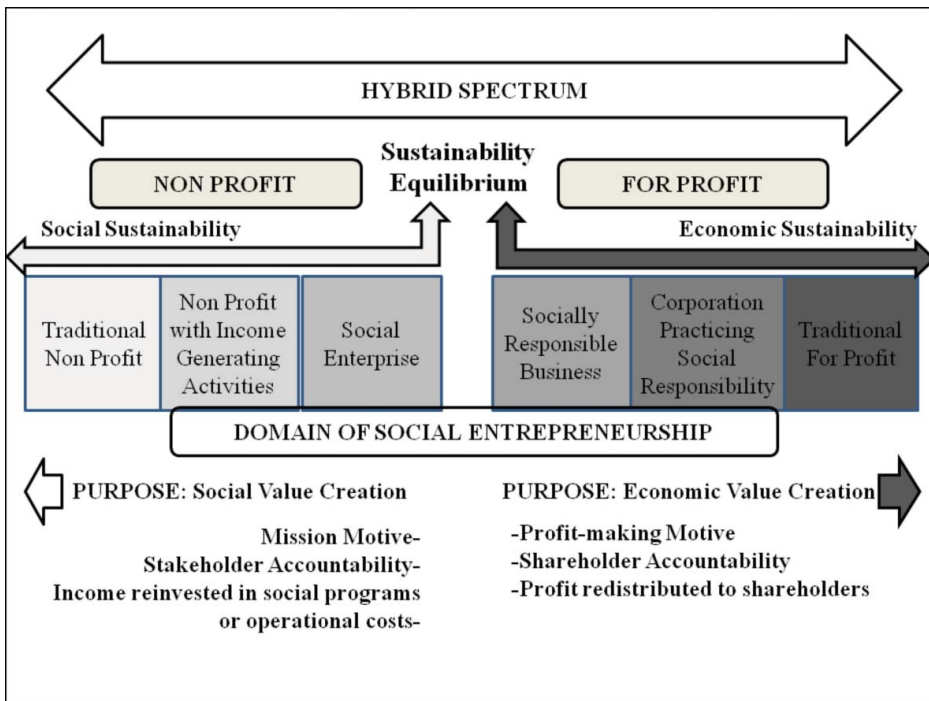
The Chartered Accountants of Canada (CICA) define NFP organizations as:

entities, normally without transferable ownership interests, organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose. A not-for-profit organization's members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization. From CICA Handbook, section 4400

Specific legal forms set out the eligibility requirements for starting up an NFP organization. In the United States, eligibility requirements are based on three principles: organization, operation and exempt purpose (or social mission) with the most common types being charitable, educational and religious (IRS Publication 4220). NFP incorporation laws often clearly state the boundaries and rules that limit what they can or cannot do as an incorporated firm.

In general, the NFP organization pays no taxes (or has a more amenable tax structure than FP entities) and must adhere to the regulatory and tax laws of the jurisdiction(s) in which it operates. The typical NFP organization is considered a 'public good', and may not sell stocks to raise equity<sup>2</sup> (but may raise charitable funds or solicit donor contributions). Most NFP laws limit ownership of assets and use of revenue. As well, NFPs tend to operate within several notable industry or market areas, such as health care, education, social services and other philanthropic areas where market failure or the identification of new unsatisfied social needs provide the opportunities for which to allow them to exist as determined by government and society (Davis et al. 2011).

*Organizational forms and business models.* One of the most important aspects of the NFP context to understand and discuss is the heterogeneity of NFP organization form and activities (Milne, Iyer, and Gooding-Williams 1996; Hogg and Baines 2011). Amongst this heterogeneity in NFP forms and business models, Smith (2010) reports that there is a 'trend toward hybrid organizations' that represents important and specific challenges. While this paper does not specifically attempt to address this wide range of forms, we do acknowledge the complexities that exist and agree with consultants working directly within the NFP domain that have found that this outstanding diversity lends to a need for simple categorization, not only for non-profits, but also for (social) entrepreneurship in general (Liu, Takeda and Ko 2012). Figure 1 illustrates a spectrum of social enterprise forms and activities that span from traditional non-profits to traditional FPs. The left side of the spectrum represents NFP forms and activities that range from no income generating activities to some income generation to hybrid social enterprises with highly focused sustainability strategies. Moving to the right (into FP forms and activities), social value creation is eroded by the need for greater focus on



**Figure 1.** A spectrum of social enterprise from non-profit to for-profit typologies adapted from Alter (2007).

economic value creation. Alter's (2007) conceptualization provides a basic and clear understanding of non-profit and FP forms within the social enterprise domain. A wide range of business models are identified on both sides (Alter 2007). We use this typological framework to carve out a space for (social) entrepreneurship within the center four blocks while limiting the scope of this study to only those three that belong on the NFP side of the spectrum. Further review of Alter's (2007) work provides a deeper evaluation of non-profit structures and are found to be organized through (1) mission orientation and motives, (2) their operational models, (3) their organizational structures or (4) by the strategies (business models) they use to create social good (Alter 2007).

These observations illustrate two key complexities that must be noted when conducting research in this area: (1) that the high level of diversity that exists within the NFP domain makes it difficult to generalize from substantive empirical studies that are highly focused on a single type of organizational form. Therefore, the specific evaluation of context (individuals, organization, market, environment, etc) is highly important when developing and testing any theory (Liu, Takeda and Ko 2012), and (2) that outcomes may diverge across NFP organizations that adopt similar strategies for performance, but do not share similar legal status or organizational forms (Austin, Howard, and Jane 2006).

Good theory development requires that concepts be simple, accurate and general (Bacharach 1989). Using both legal status and organizational forms/activities, we have followed this advice to clearly frame and limit the substantive area of our study within the SE literature to a small block representing NFP organizational types on a very general level. Next, we look at how entrepreneurship may function within the NFP range of the organizational spectrum.

*The function of entrepreneurship within an NFP context*

While cataloguing the many specific contextual factors that exist may be profligate, there are some general issues that apply broadly to a discussion on the nexus of entrepreneurship (typically observed and measured in FP firms) and NFP organizations. We agree with Dacin, Dacin, and Matear (2010) that there is a great opportunity for scholars in examining valuable assumptions and insights from entrepreneurship theories and frameworks. Therefore, we provide a brief examination of how theories used in the field of entrepreneurship have been applied within the NFP context.

Early entrepreneurship theory of NFP organizations tended to focus on the maximization of non-monetary returns that encompassed various measures of social good while non-distribution constraints of monetary profits were treated as a secondary consideration (James 1989; Rose-Ackerman 1996). Observing recent changes in the market, authors such as Ryan (1999) and Dees and Anderson (2003) argue that these two aspects have become more intertwined over time as NFP organizations face increased competition and are challenged with new ways of meeting societal needs (for example, see Stull 2010). The position that entrepreneurial behavior may be incompatible within an NFP context is not often defensible when taking into account this evolution combined with current mainstream process conceptualizations (Moroz and Hindle 2012). Thus, the achievement of social missions by pursuing entrepreneurial opportunities from within (NFP) organizations (that ultimately create social and economic value) is an acceptable premise (Austin, Howard, Jane 2006; Benz 2009; Chapelle 2010; Morris et al. 2007) and a practical goal (Alter and Dawans 2006).

However, the precise understanding of how the many factors relevant to the activity of entrepreneurship all fit together within an NFP context is less than clear (Shockley, Frank, and Stough 2008). NFP ventures are commonly limited in their revenue generation capabilities, have control structures that involve volunteers and rely on government funding and/or private donations/non-customer-based revenue streams (again see Alter 2007). This creates a very different contextual environment than those found in most FP-based ventures (Sarros, Cooper, and Santora 2010). The incentives, motivations and objectives associated with the function of innovation and entrepreneurship in NFP organizations may differ greatly.

The ability to communicate and 'sell' the ability to satisfy a specific type of social need within the NFP context is also a highly complex and significant issue that involves the need to manage multiple stakeholders simultaneously



(Kotler and Andreasen 1991). Thus, the ‘market’ can be made up of stakeholders that are (1) clients/customers and (2) (multiple) donor’s/funding organizations. Emphasis on the former over the latter may provide conflicting objectives for entrepreneurial activities, depending upon the business model. Typically, entrepreneurial opportunities are either discovered or created in conjunction with market realities that involve the satisfaction of needs that in turn generate revenues and growth (Alvarez and Barney 2007). However, stakeholders of NFPs are not as well aligned as stakeholders in FP firms (Dees and Anderson 2003). Thus, complexity may be added when entrepreneurial activities must also extend to non-client stakeholder sources of revenue for the achievement of social missions (doing social good does not necessarily equate to sustainable financial performance). This may often lead to a variety of tangible and intangible outcomes (Keller 2011).

With respect to determining the outcomes of entrepreneurial behavior, two issues stand out as key points of convergence: the measurement of performance and the diversity of business models (social mission vs. survivability vs. high growth). There are few studies that conceptually develop or test NFP performance using high growth as a measurement (Kanter and Summers, 1987; Letts, Ryan and Grossman, 2003). A quick survey of the management literature illustrates the usage of financial measures, resource acquisition and sustainability as key indicators of an NFP organization’s performance (Ritchie and Kolodinsky, 2003; Gainer and Padanyi, 2002). There is evidence that suggests market failures may often create societal needs and opportunities for NFP organizations that are not amenable to ‘FP’ activities, making these measurements only partially useful (Weisbrod, 1998). Social enterprises may also select performance measurements as a means for creating an organizational identity as well as and on top of the desire or need to maintain accountability, transparency or even sustainability (Grimes 2010). Thus, the survivability of an NFP enterprise does not always equate to the effective and efficient use of resources in creating value for society (Dees, Anderson, and Wei-skillern 2004).

As pointed out by Alter (2007), economic value creation must be balanced with the social mission in order to maximize the impact of an NFP organization. Thus, NFP business models that have high growth as a strategic objective may be more effective at creating system social impact. However, measures of NFP success are too often linked to typical profit-based motivations, objectives or outcomes. Thus, ‘high growth’ as an outcome is not often explored with respect to social impact in NFPs. This may contribute to the confounding nature of measuring success: an adequate understanding of how social mission may be optimized through a balanced entrepreneurial approach to growth and social value creation has not yet been adequately studied. This gap within the research literature leads to a need for investigating how EO and high growth may be effectively conceptualized and practically used within an NFP context.

Considering this specific context, the issues regarding an NFP organization’s challenge of facing a market that may be composed of stakeholders with conflicting demands/functions and extending observations on the

positive impact of high growth within the domain of FP firms, the next section explores the concept of EO as an adequate tool for postulating theory on the nature and impact of high-growth NFP organizations.

### **Entrepreneurial orientation and the NFP organization**

#### *A modified version of entrepreneurial orientation*

In the latest conceptualization of entrepreneurial orientation, Lumpkin and Dess (1996) suggest that the cognitive framework and motivations of entrepreneurs (and entrepreneurial teams) can be measured by the level of autonomy, innovation, risk taking, pro-activeness and competitive aggressiveness they exhibit. The concept of EO is thus anchored in a realist philosophical perspective that describes the ‘how’ of exploiting a marketable opportunity using these five dimensions. It represents a theoretical construct that captures the ‘process’ of entrepreneurship within an organization, where the concept of EO exists apart from its measurement (Covin and Wales 2012). As a reflective measurement approach, all or some of these dimensions may be present when a new venture is formed, and are moderated by broad-based multidimensional variables that include organizational structure, individuals, process and the environment (Gartner 1985; Hughes and Morgan 2007).

Noting the concerns of George and Marino (2011), we are aware of the potential for reification of the EO concept in an attempt to stretch it into other domains; in our case, the NFP domain and high-growth performance. Lumpkin and Dess (1996) argue that there is a direct relationship between EO and performance, but that it is moderated/mediated by context and that the impact of each of the five dimensions of EO may vary independently and have different effects when facilitated within different contexts. We feel that the examination of EO and its interrelationships with other factors within the NFP context are a natural progression of this research (Morris, Webb, and Franklin 2011). In this paper, we are specifically interested in a set of ‘interaction effects’ with the EO construct and two other constructs that are relevant to the perspective of an NFP organization.

As our approach to this study is to use the literature on entrepreneurial cognition to better frame the relationship between entrepreneurship and high-growth performance, we therefore modify the conceptualization of EO in order to better fit the NFP context by aligning it with the cognitive frameworks of NFP executive management/teams. EO in our model is thus comprised of a pairing of cognitive frameworks and motivations possessed by an NFP executive (or team) that consists of prior knowledge and experience in the five dimensions reported by Lumpkin and Dess with two exceptions. The first exception is with the concept of pro-activeness. In our model, the construct ‘pro-activeness’ is framed within an opportunity perspective of entrepreneurship and follows Shane and Venkataraman’s (2000) process of being alert to, discovering and evaluating opportunities for creating new means–ends value relationships, and eventually exploiting them (Knight 1921). It follows that the second exception regards ‘innovation’ as the novelty and

creativity associated with the discovery of new means–ends relationships for creating value (both social and economic).

Interpreting pro-activeness and innovation in this way broadly aligns the actual cognitive framework that underpins EO in our model with the pursuit of innovative opportunities that may or may not lead to the establishment of new products/services and that is decoupled from the creation of a new organization (Drucker 1985). Thus, the emergence or formation of a new organization or firm to exploit the opportunity is not a necessary component (Davidsson 2003). Although social entrepreneurs who become NFP executives may have created a new market for social goods and organized an NFP firm around it, the majority of entrepreneurial activities within the NFP sector arise from within already established organizations, pursued by individual agents (Mair and Schoen 2007). Thus, the rationale of modifying EO toward a more ‘opportunity’ and ‘individual’ based grounding better incorporates cognition into our NFP model and aligns well with the concept of ‘social intrapreneurship’ that ‘focuses on SE that occurs within existing, rather than start-up, organizations’ (Kistruck and Beamish 2010). This conceptualization of EO is thus consistent with classical economics where the firm and individual entrepreneur are interchangeable (Chandler and Hanks 1998), allowing for the study of the individual/firm/performance relationship within an NFP context where individual executives/directors play a significant role in the setting/achieving of objectives through an organizational level setting.

#### *Measuring contingency effects on the EO construct: NFP organizations*

In order to better understand how NFP organizations use EO to increase performance, a model had to be derived that could do two things: (1) reconcile or bypass the potential dichotomy of social mission motivation and FP motivation and their potential outcomes, and (2) allow for both objective and organizational based analysis of entrepreneurial behavior and its relationship to high-growth performance based on several contingencies: (i) the existence of multiple stakeholders within the market and (ii) several different perspectives for evaluating high-growth performance. We turn to Lumpkin and Dess (1996) following strategies for investigating the impact of third variables by Venkatraman (1989) and Boal and Bryson (1987) to provide a framework for developing our model. They suggest a method for exploring four different types of effects on the EO performance relationship: moderating effects, mediating effects, independent effects and interaction effects. Moderating effects consist of a variable (s) that is significant to arriving at a certain outcome, while mediating effects introduce a variable (s) that alters the strength of the independent and dependent variables relationship. An independent effect occurs when two or more variables must have independent effects on a dependent variable while an interaction effect encompasses a relationship that has no main effect by any one variable on the dependent variable. We explore these effects and incorporate theory on entrepreneurial cognition to establish our level of analysis as organizational, theory on MO to frame the problem of multiple market stakeholders and finally theory on social capital/

network theory and financial accounting theory to provide a better structural framework for the interrelationship between EO and the market environment. Lastly, we include theory on high-growth performance to develop a model of the EO–high-growth performance relationship in NFP organizations.

*Theory on cognition.* Researchers in the field of individual and social cognition have identified two pairs of factors that influence how individuals think. The first pair consists of the ‘person in the situation’ and deals with individual–environment interactions; the second pair consists of ‘cognition and motivation’, and makes up an individual’s pre-formed ‘orientation’ (Fiske and Taylor 1984). Together, these two factor pairings help us model how individuals use information about the social world to make decisions in a variety of contexts. Individually, they assist our understanding of behavior, and ultimately help to predict outcomes.

Cognitive frameworks pertaining to the second pairing of ‘cognition and motivation’ are also important concepts used to explore questions such as ‘how do individuals think?’ Neisser (1967) defines cognition as ‘all processes by which sensory input is transformed, reduced, elaborated, stored, recovered and used’. As an individual’s cognitive framework consists of structured processes that influence outcomes in specific situations or environments, the inputs that form these structured processes are a key factor in helping to model generic orientations. These inputs are broadly defined and referred to by scholars as ‘prior knowledge or experience’ (Baron and Ensley 2006; Shane 2000). Prior knowledge, whether derived from the past experience, education, skill sets or other means, influences an individual’s ability to comprehend, extrapolate and apply new information in ways that other individuals lacking specific prior knowledge cannot replicate (Shepherd and DeTienne 2005). A good example would be a technological orientation that provides an entrepreneur with prior knowledge in technology transfer due to experience gained in creating and understanding new technologies (Roberts 1991). Thus, in order to predict an outcome, a categorical assessment of individual prior knowledge is required to broadly assess what types or orientations are at play when a person is confronted by a certain situation or immersed in a general environment.

Two particular studies (Pfeffer 1992; Roth 1995) reflect the importance of the CEO or director of an FP firm on its organizational processes and outcomes. Although there is little consensus on the CEO/firm performance relationship, there is much agreement on the impact that these individuals have on firm direction, strategy and execution (Norburn 1989; Pearce and Robinson 1987). More emphasis has been placed on the individual/firm performance relationship when the individual in question is an entrepreneur or firm founder (Becherer and Maurer 1997; Cooper, Gimeno-Gascon, and Woo 1994). Thus, the cognitive orientations of these individuals are assumed to be highly significant to organizational performance (Chrisman, Bauerschmidt, and Hofer 1998). Based on this evidence, an extension of the individual/firm performance relationship can be made to include NFP organizations

and their managers, especially if the NFP CEO or executive is the founder of the NFP, the organization is smaller in size or the executive is highly entrepreneurial (Chandler and Jansen 1992; Van de Ven, Hudson, and Schroeder 1984).

*Market orientation.* MO is defined as an emphasis on current and future customer needs and is operationalized through environmental scanning, information sharing that enables an organization to respond to a specific market (Kohli and Jaworski 1990). There are several previous studies that seek to understand the relationship between EO and MO in an NFP context to draw suppositions upon performance (Morris et al. 2007; Morris and Mary 1998). The problem with the MO construct is that it is potentially overlapping with the EO construct in the area of pro-activeness and competitive aggressiveness with respect to how an organization engages the market (Morris, Schindehutte, and LaForge 2002). It also fails to recognize the dual (or multiple) nature of the NFP context in that some market stakeholders may generate revenues indirectly of social mission business models, while others may not. Given this complexity, there is a requirement to distinguish between MO strategies that are directed at clients and those that are directed at donors of resources. As there is potential overlap between the EO and MO constructs, better conceptual tools are required to frame the NFP market environment that is both distinguishable and interrelated with EO in order to predict high growth. The next two sections frame the market element/multiple stakeholder challenge using theory for better understanding social mission and sustainability.

*Framing the nature of identifying, communicating and selling the social mission*

There are several theories that explain or predict the ability of individuals to sell a social mission or identify social value that is relevant to the NFP context. The first is social capital and the structure of networks. Interrelated with this is the level of embeddedness an organization has within its marketplace as explained by structuration and institutional theory (Lune and Oberstein 2001; Sarason, Dean, and Dillard 2006; Zukin and DiMaggio 1990) and the importance of stakeholder theory in managing diverse sets of customers, funders, and other actors (political, social trend setters and celebrities (Knox and Gruar 2007; Mitchell, Agle, and Wood 1997)).

Coleman (1990) defines social capital as all relevant elements of social structure that can be utilized to facilitate the actions of individuals to create value within that social structure. Social network theory has been developed to measure several elements relating to social capital theory, using the constructs of weak and strong ties within a network (a pattern of ties linking environmental actors together) as the empirical basis for its evaluation (Granovetter 1979). Other approaches to social capital theory include Burt's (1992) structural hole theory (which concentrates not on the main actor, but on the relationships between the people in one's network) or Lin et al.'s (1981) social resources theory (which argues it is not the structure of the ties,

but the richness of the ties that may satisfy the requirement for resources to achieve some objective) and organizational perspectives of the concept that include a more structural analysis of the inter-organizational and extra-organizational networks possessed by the individual (Granovetter 1985; Podolny and Baron 1997).

In the field of entrepreneurship research, social network theory has emerged as an interesting and popular approach to researching entrepreneurship (Davidsson and Honig 2003; Jack and Anderson 2002; Slotte-Kock and Coviello 2010). Social networks are important across each stage of the business venture, from pre-firm to growth. This has expanded how scholars view the usage of social networks: as a key tool of entrepreneurs and an important conceptual foundation for the study of entrepreneurship (Greve and Salaff 2003).

Social capital/networks are mediated by the specific forms and structures of the NFP organization that result from the pattern of relationships that has developed within the social context in which it operates (Granovetter 1985). Thus, organizational norms, routines and cultures developed through interaction with the market help NFP executives to identify needs and opportunities to fulfill them. The strength of network ties with multiple actors within the social context of the NFP market may create higher levels of trust due to certain types of embeddedness that both constrain and/or facilitate the opportunities to create (social) value (Kistruck and Beamish 2010; Menzies et al. 2007). The level of cultural embeddedness the organization has with a community/target social groups and the ability to manage multiple and complex stakeholder groups associated with them play a large role in creating an impact and/or meeting objectives, especially in building and retaining support for the social mission (Voss, Voss, and Moorman 2005). These skills often require considerable balance, sector specific knowledge and trust/legitimacy (social capital) within the marketplace.

While most scholars in the entrepreneurship field have linked social network theory to the facilitation and growth of new ventures, we conceptualize it as a construct that may have an interactive effect on EO within the NFP context. What this means is that where researchers in the field of entrepreneurship research may view social networks as a means for discovering, evaluating and exploiting productive business opportunities through the acquisition of scarce or valuable resources, in the NFP context it also acts as a distinct and interactive construct attached to the specific context of the social opportunities themselves: being connected to the right actors, networks and having positive social capital within the community serves to help in aiding in the discovery, evaluation and exploitation (through selling the value of the social mission to donors/volunteers/government agencies, etc) of social opportunities.

We define the ability of an NFP CEO to develop social networks and generate positive social capital that aides in identifying, articulating and selling a social mission to a complex set of multiple stakeholders as social mission orientation (SMO). The SMO of an NFP CEO and its interaction with the EO construct is thus highly significant to performance outcomes. Our

development of the SMO construct that is grounded in social capital/network theory, community embeddedness theory and stakeholder theory thus operates as an interaction effect with EO. While there may be some overlap in the function of social capital/network theory across the objective of starting a new business and the objective of managing a social mission, the operation of SMO is treated as a distinct capacity held by NFP executives that is critical to the performance of NFP organizations, regardless of whether or not the NFP is perceived to be entrepreneurial or not.

*Framing the need for maintaining sustainable financial operations.* The field of management research has produced several theories that explain the operation of a diverse number of organizations. Among these are management accounting: cost accounting and management control processes (Kaplan 2001), industry drivers (Porter and Kramer 2002), resource theory: resource-based view of the firm, dynamic capabilities, slack resources, human capital, etc (Helfat et al. 2007; Penrose 1959); and organizational theory (Aldrich 1999; Mintzberg 1991; Weick 1979). These conceptual foundations underpin the manager's ability to control an organization and to formulate decisions based on the systems (both formal and informal) established to maintain sustainability and derive profit from activities.

In our conceptualization of the model, a 'financial sustainability orientation' (FSO) is another construct that has an interaction effect with EO and SMO. It is comprised of a pairing of cognitive frameworks and motivations possessed by an NFP executive that consists of prior knowledge and experience in the area of managerial accounting, reporting and financial controls that allow for the efficiency and effectiveness in the delivery of mission objectives (Nicholls and Cho 2006). In effect, it is an understanding of the 'rules of the game' with which to achieve organizational survival. Emphasis on the maximization of available resources is the key objective of FSO. This is in stark contrast to EO that is focused on discovering/creating innovative opportunities and the creation of new means-ends relationships to exploit them. Alternatively, FSO could be defined as NFP executives having 'business acumen' or being 'management savvy'. FSO addresses what the NFP executive 'can do' given the financial position, structure and human resource capacity of the organization. Under this orientation it is necessary for the executive to understand the perspective of the current business model so that sustainability is achieved and maintained within the constraints or bounded rules (provincially and federally) to which the NFP organization must adhere (i.e. legislation and regulation like the Tax Act). Executives who possess an FSO would have a clear focus on the number side of the organization (i.e. revenue generation, 'bottom line') so that resources and capabilities are used in the most efficient manner possible.

In this model, we thus concentrate on one key level of analysis: individual NFP executives (Jelinek and Litterer 1995). We illustrate that NFP executives use a process consisting of three constructs that represent the way they think about their goals (SMO), the vehicle(s) for achieving their goals (FSO) and the level of autonomy, innovation, risk taking, pro-activeness and

competitive aggressiveness they use to satisfy these goals (entrepreneurial orientation). As individual CEOs and management teams have considerable control and influence in the function of NFP organizations, it is assumed that their orientations will have considerable impact upon outputs and performance.

*Four perspectives on high growth.* The objective of this section is to review the existing literature on the measurement of private sector high growth to (1) identify concepts, tools and methods which may be extended to the NFP sector, and (2) develop a grounded understanding of what it means to use the term ‘high growth’ for NFP enterprises.

Scholars in the fields of management and economics suggest that the creation of high-growth enterprise has a significant impact upon economic and social well-being (Schumpeter 1934; Storey 1994). High-growth firms contribute to society through their ability to create employment, generate profits for shareholders, as well as disseminate economic and social value to consumers. Yet there are relatively few studies that provide empirical or analytical depth on the topic of high-growth NFPs. To illustrate a general view of this concept, a review of the literature presented four distinct high-growth categories. These categories include the cognitive, economic, accounting and strategic views on high growth.

**Cognitive high-growth:** focuses on how entrepreneurs perceive themselves as a business owner and their firm’s potential to deliver on sales projections or absorb market share. Scholars within the cognitive domain posit that high-growth firms may include the growth intentions of the entrepreneur. This could comprise of the entrepreneur’s goals or aspirations for achieving a growth trajectory (Dutta and Thornhill 2007) and how founder intentions toward growth may evolve over time (Mintzberg 1990). High-growth entrepreneurs are typically motivated to start and develop larger, highly visible and more valuable firms. They must often search for resources to fuel growth (Barney 2001), accepting risk along the way (Kirzner 1997; Palich and Bagby 1995).

Considering the relationship between high growth and entrepreneurship, the perception of the competitive environment and how it changes over time is another important facet of the high-growth cognitive schema. Coupled with cognitive style (i.e. analytic vs. holistic), the perception of the environment can also form the basis for what is classified as high growth (Dutta and Thornhill 2007). Additionally, entrepreneurial action can also explain the high-growth phenomena in terms of cognition (Mitchell et al. 2004). Under the cognitive definition of high growth, growth is a deliberate choice and the growth orientation includes motives, obstacles, goals and aspirations (Morris et al. 2007).

**Economic high-growth:** scholars who study the domain of economic high-growth posit that a firms’ growth may be attributed to the demographic characteristics of a firm, such as its size, age, industry and/or nation of operation (Stinchcombe, 1965). As job growth is viewed as a key economic indicator by governments (Fischer and Reuber 2003) rapid growing firms are firms that



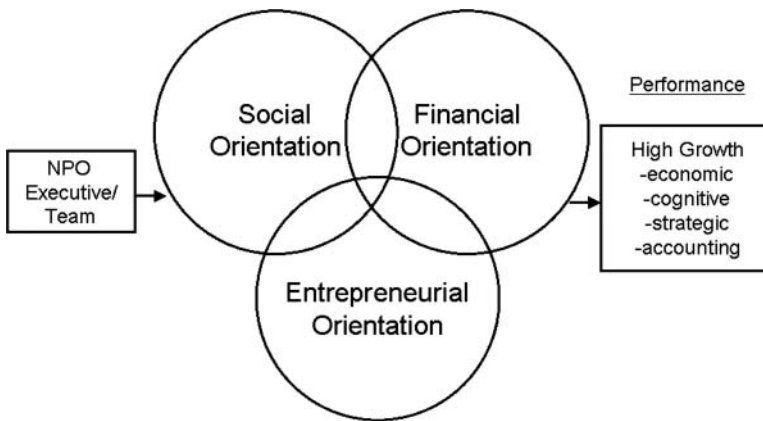
increase the number of individuals they employ by at least 15% per year (National Commission on Entrepreneurship, 2001). Alternatively, gazelle firms (Acs and Mueller 2008) hire more than 20 employees a year (up to 500 employees), maintain an average of 20% growth per year for five years and add new establishments/expansions once they reach more than 100 employees (Birch 1987).

**Accounting high growth:** the third view presented is a perspective derived within the academic disciplines of accounting and finance. This literature focuses on several items related to financial statements of the firm. Low, Henderson and Weiler (2005) consider revenue capture, which is the income to total sales of products and services, to be a good measure. Story (2004) targets firm sales as the measure of growth. For example, if a firm reaches 5–10 million pounds, then it would be deemed high growth. Alternatively, a firm that doubles sales growth in a short period of time (4–5 years) can also be perceived as high growth (Littunen and Thomo 2003; Morena and Casillas 2007).

**Strategic high growth:** the final theme is the strategic high-growth perspective. Under this lens high-growth can be derived from changes in entrepreneur's strategies, actions and or behaviors in the form of 'strategic renewal' (Markides 1998). The resources and capabilities perspective, typically seen in endogenous growth theory, could define high growth as significant improvement of the use of idle capabilities (Penrose 1959; Pettus 2001). From an exogenous perspective, high growth could represent extraordinary growth in comparison with the average growth of other firms in the same industry, and not in absolute terms (Morena and Casillas 2007). Other strategic perspectives of growth include unconventional rapid growth through acquisition of other firms, purchasing new assets, and through the development of radical new technologies. Furthermore, growth strategies may involve early exit, or sale (a strategy that increases shareholder wealth), the creation of implicit and explicit value within the company without a main focus on job growth, revenue creation or sales (proof of concept development, etc) or initial public offerings to outside investors: all paths that do not involve typical growth measures (Delmar, Davidsson, and Gartner 2003).

If high-growth NFP enterprises are more able and apt to provide solutions to social issues, then it is reasonable to assume that their presence in the marketplace aids in the rate of social development, which is valuable to the overall health of a nation's economy (Weisbrod 1997, Weisbrod 2004). For the purposes of this model, high-growth NFPs are defined using the commonalities found in the literature review. NFP firms that may be defined as having high-growth performance may thus show two marked differences when compared to their peer NFP firms: (1) the CEO has explicit intentions to grow at a fast rate as a strategy for satisfying need or creating social value, and (2) the year on year delivery of services/creation of social value is greater, relative to its peers, or measured using uniformly adopted indicators or tools, such as balanced scorecards or social return on investment (Bertotti et al. 2011).

We have set out to design a conceptual model that predicts high growth in NFP organizations. A modified version of EO is used to predict high growth.



**Figure 2.** A General Process Model of NFP Performance.

Interaction effects among EO and two other constructs are considered in this model. How all three ‘orientations’ measured on an individual/organizational level interact to predict high-growth outcomes within an NFP context is illustrated in a dimensional process model (Figure 2).

Our intention is to breakdown the interactive effects of these three constructs on the high-growth performance relationship in NFP organizations in the next section.

### **An unpacking of NFP high-growth performance**

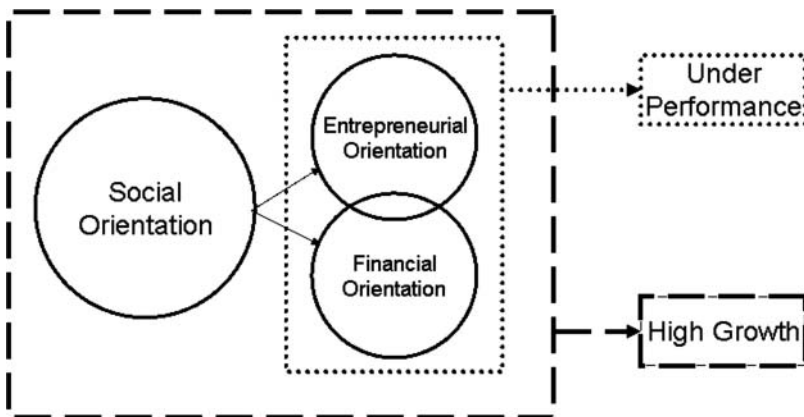
#### *Social mission orientation*

In our conceptualization of the model, SMO is a construct that has an interaction effect with two other constructs: EO and FSO. It is comprised of a pairing of cognitive frameworks and motivations possessed by an NFP executive/managerial team that consists of prior knowledge and experience which enable the executive to have a deep understanding of the ‘market needs’ for social services (i.e. knowledge of a market for public goods, services or social needs that are not satisfied, and/or relationships with stakeholders to affect positive change). This is mediated by the level and type of embeddedness the organization has within the community and the ability to manage multiple stakeholders attributed to the complexities of the context (Grimes et al. 2013). This mindset embraces the creed ‘see a need, fill a need’ and explains why many social enterprises are established solely on a social mission (Dees 1998). There are times where the desire to run a social organization might happen regardless of the executive’s ability to execute or without consideration to sustainable operations as the social entrepreneur is driven by a mission rather than a pursuit of profit (Leadbeater 1997). Although extreme, this is often reflective of the embedded nature of the executive/entrepreneur with respect to the environment or market being serviced. Thus, familiarity with the social environment acts as both a resource (seeing needs, developing a

compelling social mission around them and articulating them in a convincing way in order to satisfy them) and a constraint (making decisions based on what's right for clients instead of what's right for the organization or potentially, other funding stakeholders).

One foundational aspect of SMO is the understanding of the social forces acting on an NFP organization. It positions the NFP CEO as an expert within a geographical region or across an entire sector and/or engenders the executive with the social capital<sup>3</sup> necessary to create the social value required through the ability to manage multiple stakeholder groups effectively. This may provide a distinct competitive advantage to the executive and the organization. Second, the prior knowledge of the executive is evaluated in terms of the service-focus-characteristics. Whether the optics of the firm is product/service economics, customer economics or systems lock-in (Hax and Wilde 1999) undoubtedly impacts the continued delivery of a social mission. Third, an SMO requires that the executive is capable of clearly communicating the social mission to clients and/or multiple stakeholders via implementation of a strategic plan that meets or exceeds the demand for the particular services while satisfying funding relationships.

To show that SMO has an interaction effect with EO and FSO in the high-growth performance of NFP firms, we first examine performance without it (Figure 3). Although NFP executives may derive competitive advantages from holding a strong FSO and EO (which should translate into further innovation and/or an improved business model to ensure organizational survivability), there could potentially be several downsides that may lead to sub-optimal performance in the long run. First, as donors see or hear of the excellent financial performance of said NFP they may develop negative biases toward the successful NFP firm. Second, employees and volunteers may lose heart in the mission of the organization because the core social good gets swept under the carpet in efforts to focus on making money. There are certain market mechanisms imposed on registered NFP (i.e. Charitable Tax



**Figure 3.** Social Mission Orientation.

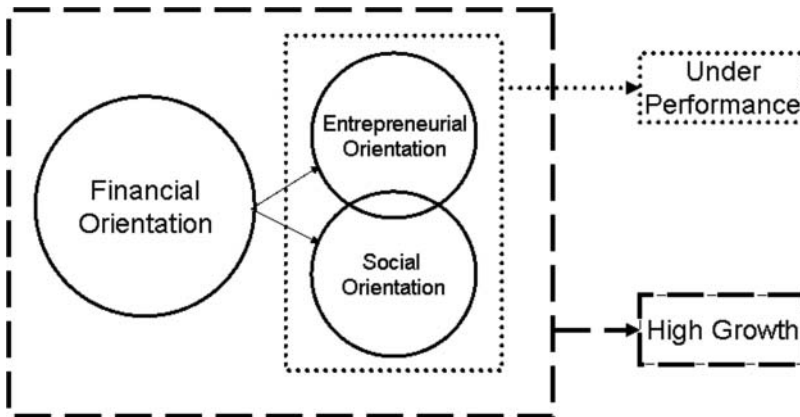


Figure 4. Financial Sustainability Orientation.

Act – Canada Revenue Agency), which limit a sole focus on financial objectives. This leads to the following propositions:

**P1:** *NFP organizations that have a CEO who possess strong EO and FSO, but weak SMO will suffer from under performance in the long run.*

**P2:** *NFP organizations that have a CEO who possess a strong SMO but only weak EO and/or FSO will not be sustainable in the long run.*

#### *Financial sustainability orientation*

Within the NFP sector, we propose that FSO has an interaction effect with SMO and EO (Figure 4). It acts as a double-edged sword. FSO is fundamental to the model and subsequent performance outcomes. Rick Aubry, Executive Director of Rubicon Programs states: ‘we are not in the business of baking cakes; we are in the business of transforming lives. We see business as the primary vehicle for achieving change’ (Alter and Dawans 2006: interview with Rick Aubry, social entrepreneur of the year award winner, 2001, Richmond, California, 2005). Thus, while an SMO may motivate NFP executives toward focusing on the social mission, FSO motivates an NFP executive to look at the business end, particularly the sustainability of the organization, as fundamental.

The most logical outcome from a weak FSO is poor firm performance, simply because they lose sense of either the sources or uses of funds. Revenue generation takes a back seat to either a focus on social commitment/desire to satisfy needs and/or the development of new processes or innovations to identify or satisfy them. This happens when an NFP executive’s SMO pervades all decision-making processes and a commitment to creating social value does not fully take into account the sustainability of the value creation process. Without a sufficient flow of donations, public funding (in the form of cash or capital) or revenues from a strong financial orientation, the firm’s long-term health suffers. Two further propositions are offered based on the above foundations:

**P3:** NFP organizations that have a CEO who possess strong EO and SMO, but weak FSO will under-perform in the long run.

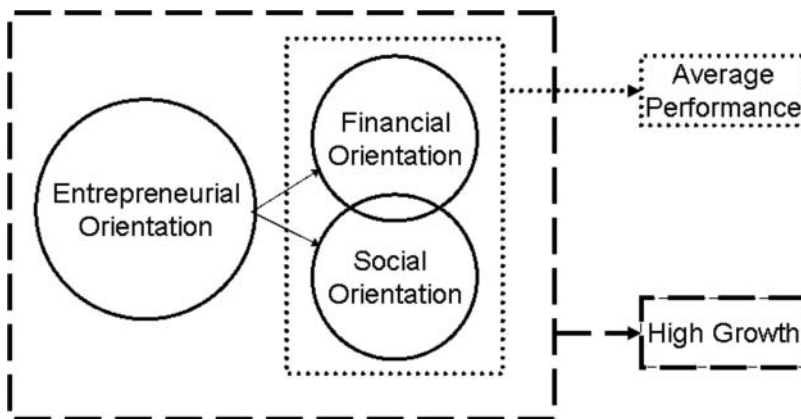
**P4:** NFP organizations that have a CEO who possess strong FSO, but weak SMO and/or EO will under-perform in the long run.

*Entrepreneurial orientation*

When compared with FSO and SMO, EO represents an uncommon orientation within NFP executives. The focus of an EO is on opportunity recognition, evaluation and exploitation of new products, services, forms of organization, or processes that aid in the growth of the organization in order to better serve a social mission. This requires some or all of the five dimensions of EO: autonomy, innovation, risk taking, pro-activeness and competitive aggressiveness. Unfortunately, in the absence of SMO (the understanding of the social market and its stakeholders), FSO (the structural ability and know-how of an organizational form to execute ideas), EO is simply about exploiting innovative opportunities that are not connected to a legitimate (or valued) social mission or the means to organizationally and financially exploit these ideas. This leads to the following proposition:

**P5:** NFP organizations that have a CEO who possess a strong EO, but weak SMO and/or FSO will under-perform in the long run.

An organization that embodies FSO and SMO will undoubtedly perform at average or slightly above average performance, depending on the balance of FSO and SMO, as discussed above. Understanding the operational model aspect of ‘the bottom line’ and communicating the social objectives to the various stakeholders is fundamental. Unfortunately, without a proclivity toward new innovative processes, services or forms of organization high growth will not occur (Figure 5). Thus, lack of newness may potentially lead to eventual stagnation. The point of EO is to better understand if the executive is



**Figure 5.** Entrepreneurial Orientation.

constantly looking, evaluating and implementing new opportunities within his/her organization. We thus propose:

**P6:** *NFP organizations that have a CEO who possess a strong SMO and FSO, but a weak EO will achieve average growth.*

A review of the EO literature points to a growing amount of confidence in the EO/performance relationship (Brown, Davidsson, and Wiklund 2001; Naman and Slevin 1993; Zahra and Covin 1995). Yet, several scholars suggest that there is a need to control for organization and environment (Covin and Slevin 1991; Zahra 1993), which we have attempted to conceptually model and represent through social mission and FSOs. Our model therefore posits that for high growth to occur, the CEO or management team of an NFP organization must have all three orientations working in concert, and apply each as needed within the context or environment in which the NFP operates. Thus our last proposition is discussed below.

**P7:** *NFP organizations that have a CEO who possess a strong SMO, FSO and EO will achieve high-growth performance.*

While several authors in the SE field have advocated for a blending of business skills and social mission (Chell 2007; Dees and Anderson 2003; Sullivan-Mort, Weerawardena, and Carnegie 2003), we strive to highlight that there is a distinct difference between what may be regarded as a ‘business approach’ and an ‘entrepreneurial approach’ in the NFP context. Moreover, there is a third consideration based on the social aspects of the market and the CEO/management team’s connection to it. By using a dimensional model with three distinct but interrelated orientations to frame the phenomenon of high growth in the NFP context, the Gordian knot of the ‘FP’ and social mission motivation debate may be expertly undone.

### **Discussion: implications and limitations**

In this paper, we have set out to design a conceptual model that predicts entrepreneurial, high-growth performance in NFP organizations. The literature on NFP organizations is surveyed to provide a contextual understanding of the entrepreneurship concept and how it may be used to predict high growth. We propose that a performance relationship exists between EO and high growth only when the interaction effects of two other constructs are evident and operating within the NFP CEO/management team: social mission and FSO. Several positions on high-growth performance in the ‘FP’ sector are outlined and used as a foundation for establishing what high-growth performance may be, and how it could be measured in an NFP context.

Analysis of our model above provides several insights. The concept of SE is often too broadly applied to the NFP context. The NFP enterprise is one of many different forms that SE may take and therefore requires a specific categorical focus. As well, the NFP context is quite diverse with respect to social missions, sectors and organizational types (Alter 2007). Scholars attempting

to build theory or develop conceptual models that explain or predict certain phenomenon should be wary of this fact and efforts should be made when empirically testing to control for as many of these variables as possible before comparing and contrasting results.

One of the main points that we wish to emphasize in this framework is that we believe that a significant relationship between high growth and EO on its own is not supported. However, we do propose that the EO construct should not be relegated to only 'FP' firms. Using our model of the interaction effects between EO, SMO and FSO, we suggest other ways to conceptualize the 'FP' (or revenue generation) and 'social mission' aspects related to entrepreneurship in an NFP context. While several authors have viewed the relationship between FP and social mission motivated entrepreneurship as polar ends on a spectrum (Austin, Howard, and Jane 2006), we argue that high-growth performance is a multidimensional concept and that may only be understood when viewed from a context specific lens (Hindle 2010). Entrepreneurship, as conceptualized through our modified version of EO, is differentiated from an FSO that is by and large numbers oriented, control system based and focused on sustainability. We also propose that SMO and the usage of social capital and networks are also differentiated from the concept of entrepreneurial orientation: creating social value relies heavily on understanding the specific social market in where an NFP organization is engaged and selling that social mission to stakeholders that may support it. In this way, the issue of multiple stakeholders holding conflicting interests may be better framed. This dimensional cognitive approach to predicting high growth in NFP organizations thus has theoretical implications for SE and how the dichotomy of 'FP' and 'social mission' motivated entrepreneurship may be resolved.

There are also several limitations to this research. First, our model relies on the individual/organizational relationship used by other scholars to investigate firm level functions, based heavily on the founder/firm relationship. While this is a valid means for investigating this type of phenomenon, typical CEOs of NFP organizations may not be the founding entrepreneurs. A greater emphasis on the leadership literature may help to bolster this weakness and provide a much more robust set of constructs for use in the model. Furthermore, the limits of individual level cognitions have been questioned by many researchers (Simon 1973; Weick 1979). Several studies support the argument that collective mental models are important and that they can be established within organizations through the shared mental models of managerial or entrepreneurial teams (Gibson 1999; Hayes and Allinson 1998; Whyte 1998). Thus, a future focus for this research path may be to include constructs that are capable of measuring team dynamics.

Second, while we have conceptually established that SMO and FSO have an interaction effect with EO so as to predict high growth, we have not fully developed these constructs, nor explored the impact of moderating or mediating variables on each of the three orientations. Neither have we delved deeper into the EO construct to determine the significance of each of the individual five factors that act as its foundation. Thus, the effect of different processes, organizational types (structure/mission), or environments (social/sustainable/

service/philanthropy sectors) have not been properly vetted due to the abstract nature of the model. It should again be noted that the NFP sector is extremely heterogeneous, with a wide range of sectors, missions, organization types and regulatory environments. Thus, there is a potential for some deviation with respect to the relationships proposed within different contexts (ex. NFP hospitals vs. highly specific charitable organizations with missions such as ‘Save the Panda’s’).

Third, it is well evidenced that the concept of high growth varies within and between the ‘FP’ and NFP sectors, and that many of the theories are not transferable between them (i.e. opportunities derived from market failure). Valid and reliable empirical testing of the model will be predicated upon a more thorough distillation of the high-growth construct, NFP business model types, industry sectors and a well-accepted and uniform means for measuring social value creation/impact.

Finally, the conceptual model developed is not fully operationalized. Although supporting theory has been provided to help develop the model, the constructs have not yet been formulated to a point where they may be empirically tested. Future research will be focused on building upon the existing frameworks proposed here to better develop the SMO and FSO construct orientations into a testable framework.

## **Conclusion**

Miller et al. (2012) suggest that ‘enthusiasm has outpaced conceptual development’ in the SE sphere. While research on the why of social enterprise is important in understanding the foundational elements of compassionate capitalism, this paper is focused more on the ‘how’ it may be done effectively. Therefore, it is our attempt, compounded by the efforts of many other scholars, to begin a slow and laborious journey back down into the roots of entrepreneurial theory in order to examine how concepts derived from the observation of new venture creation and opportunity evaluation/exploitation may provide insight into the complex and diverse contextual environments of NFP enterprise. We have presented a model that explains the relevance of entrepreneurship in an NFP context by developing a model that proposes a set of interaction effects between three cognitive domains: entrepreneurial orientation, SMO and FSO. These three orientations are outlined by the cognitive functions of NFP CEOs with respect to facilitating high-growth performance. This model clearly illustrates advantages with respect to understanding the nature of entrepreneurship within an NFP context and aids in contemplating a deeper understanding of the relationships between entrepreneurial behavior and high-growth performance so that these propositions may be formally and validly tested. It also deals directly with issues that relate to the incompatibility of constructs applied from an FP context to an NFP context.

This research offers a good starting point for development and validation of tools for empirical testing the cognitive dimensions at work within NFP executives. There are clear advantages derived from linking a functional



application of the three orientations involved with entrepreneurial performance outcomes. More specifically, this paper shows that there is a need to delve deeper into the literature to further understand the three orientations, in terms of specialized sets of prior experience, knowledge skills and mandates of executives within NFP firms. Further review of the EO concept and entrepreneurial high-growth organizations may help to further streamline the model. Future research will build on the dimensional process model developed in this paper to help identify the interaction between the three different orientations and their significance to high growth in NFP organizations across a much larger sample.

The nature of entrepreneurship (and innovation) and its impact upon organizations as proposed in our model require empirical validation in order to discern its true potential. Education, strategy and policy development may greatly benefit from a concerted effort by researchers and practitioners to attempt to understand and codify the creation of economic good through social missions. Thus, the design and testing of measurable constructs and uniformly accepted methods for evaluating outcomes is a necessary evolution of the research field. As to the theoretical contribution of our paper, by adopting a model of EO and the interaction effects of other cognitive frameworks relevant within an NFP context, the dichotomy of FP motivation and social mission observed within the writings of SE scholars may be potentially reconciled.

### Acknowledgements

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### Notes

1. The rationale for this paper is drawn from informal observations in the field that were part of our initial discovery phase that included the Saskatchewan Abilities Council and Habitat for Humanity Canada. Acting on the advice of Miles and Huberman (1994), these observations were the foundation used for consulting the literature in a purposive effort to explain patterns and interactions that were identified as important. Finding no suitable frameworks that generally and adequately explained our observations, the conceptual model of this paper was thus developed and will be forthrightly tested.
2. Some nations may have non-profit legal structures that may change these parameters somewhat, for example, the L3C in the USA and the Aboriginal incorporated association or council by the Commonwealth Aboriginal Councils and Associations Act 1976.
3. Social capital can also be negative in certain circumstances (Granovetter 1985).

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