

AN EXAMINATION OF THE SIMILARITIES AND DIFFERENCES BETWEEN
NONPROFIT LEADERS AND SMALL BUSINESS ENTREPRENEURS

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AN EXAMINATION OF THE SIMILARITIES AND DIFFERENCES BETWEEN
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VITA

Monita G. Hara grew up in West Memphis, Arkansas. She attended the University of Memphis in Memphis, Tennessee prior to enrolling at the University of Alabama in Birmingham (UAB) where she completed a Bachelor of Science degree in Elementary Education. She received a Master of Science degree in Deaf Education from the University of Alabama (UA). She accepted a teaching position with Jefferson County Schools in Alabama upon graduation from UA working with deaf and hard-of-hearing students. In 1988, Jefferson County Schools granted her a sabbatical leave in order for her to accept a fellowship to California State University, Northridge (CSUN) into the National Leadership Training Program (NLTP) where she earned a Master of Arts degree in Educational Leadership. In 1995, she accepted an administrative position with the Alabama Institute for Deaf and Blind (AIDB). While being employed at AIDB she attended Miles Law School receiving her Juris Doctor degree in 1999 and earned an Educational Specialist degree in Adult Education from Auburn University in 2003. In 2005, she accepted the position as Pupil Personnel Services Director at the New York School for the Deaf in White Plains, New York. In 2007, she was appointed Superintendent of the Scranton State School for the Deaf (SSSD) in Scranton, Pennsylvania. She maintains her home in Trussville, Alabama. She has been married to Ray Hara for 27 years. Their daughter, Emily, lives in Los Angeles, CA.

DISSERTATION ABSTRACT

AN EXAMINATION OF THE SIMILARITIES AND DIFFERENCES BETWEEN
NONPROFIT LEADERS AND SMALL BUSINESS ENTREPRENEURS

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This study presents key findings of a 2006 electronic survey which focused on a cluster of 12 personality traits that reflected the work performance levels and work satisfaction levels of 107 small business owners and nonprofit leaders. The Personal Style Inventory (PSI), which contained eighty-eight questions, was used in order to examine the similarities and differences between the two groups. Traits examined included: adaptability, autonomy, competitiveness, goal setting, work-related internal locus of control, persistence, emotional resilience, social networking, self-promotion, optimism, work-drive and tolerance of financial uncertainty.

Within this research project, three research questions were asked. First, what is the relationship of the selected work performance traits of nonprofit leaders and small business owners? Second, what is the relationship of the selected work satisfaction traits of nonprofit leaders and small business owners? Third, what is the relationship of the twelve selected personality traits between nonprofit leaders and small business owners overall?

The results indicated that 9 out of the 12 traits studied showed that there was no statistical significance between the two groups. The three traits that were statistically significant included: work-related locus of control, optimism and tolerance for financial uncertainty.

Traditionally, trait research has focused on who is more likely to start a business, while fewer studies have focused on personality traits and how they relate to entrepreneurial outcomes (Johnson, 1990). This study broadens the scope of trait research as well entrepreneurial research.

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CHAPTER 1

INTRODUCTION

Small businesses and nonprofit organizations have long been integral to the United States and central to American life (Blackford, 2003). Small business owners have needed to possess political, economic and cultural understanding since the founding of the first colonies to the present day. Alexis De Tocqueville (1835/2001) on observing America and Americans in the 1830s stated, “But what astonishes me in the United States is not so much the marvelous grandeur of some undertakings, as the innumerable multitude of small ones” (p. 215).

Nonprofit organizations such as churches and synagogues, civic groups, hospitals, day care centers, libraries, universities, symphonies, art museums, schools and organizations such as the Salvation Army and the American Cancer Society work in partnership with government to improve all of our lives. Nonprofits are the largest providers of social services in the U.S. The assumptions about the roles and functions of this sector are diverse (Hodgkinson, 1989). Powerful forces are leading nonprofit organizations toward a greater integration into the private, market driven economy. The roots of nonprofit organizations lay deep in American history (Salamon, 1989). Neilson (1979) stated, “Collaboration, not separation or antagonism, has been the predominate

characteristic”(p. 47) between government and nonprofits throughout much of our American history.

Nonprofit organizations also left an impression on De Tocqueville (1835/2001) when he wrote:

Americans of all ages, all conditions, and all dispositions constantly form associations. They have not only commercial and manufacturing companies, in which all take part, but associations of a thousand other kinds,--religious, moral, serious, futile, general or restricted, enormous or diminutive. The Americans make associations to give entertainment, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; they found in this manner hospitals, prisons or schools. If it be proposed to inculcate some truth, or to foster some feeling by the encouragement of a great example, they form a society (p. 198).

Statement of the Problem

Today, more than ever, there is an important connection between nonprofit leaders and small business owners. Both can work together to bring about real change and both need to set goals, raise funds, and achieve success. Nonprofit leaders must solve most of the same economic challenges that any small business owner must solve by ensuring a demand for their product or service, interviewing and hiring staff and overseeing operations (McLaughlin, 1998). Both of these groups need to possess highly refined entrepreneurial skills in order to survive in today’s marketplace. Nonprofits struggle to survive and seek funding through new sources and resources. Starting and running a

small business as well as a nonprofit organization in the 21st century requires political acumen, immense technical skills, vision, physical and mental stamina, and even luck and sense of humor (Grobman, 2002).

Small business owners are thought of traditionally and more often as possessing entrepreneurial skills and management skills. Fifty years ago, nonprofit leaders did not imagine themselves as needing entrepreneurial or management skills. Today, nonprofit leaders of organizations know that they need management skills in order to concentrate on their mission as well as to run their organizations (Drucker, 1990). Nonprofit leaders also need to sharpen their entrepreneurial skills in order to put them to good use (Dees & Economy, 2001).

Kuratko (2004) stated, “An entrepreneurial perspective can be developed” (p. 3) by nonprofit leaders and small business owners. “This perspective can be exhibited inside or outside an organization” or “in business or non-business for the purpose of bringing forth creative ideas” (p. 3).

Businesses or organizations make two contributions to the U.S. economy that is indispensable. First, they define the market economy in the U.S. because they are an integral part of the renewal process. Secondly, they are the essential mechanism by which millions enter the economic and social mainstream of American society (Kuratko & Hodgetts, 2004).

In this century, the permeance between the nonprofit sector and the small business sector has become stronger. Whereas, nonprofit organizations have traditionally generated a significant share of their revenues from the government contracts and grants, businesses have positioned themselves into government social services arenas such as

education, childcare, health care, elder services, employment training and placement as well as many other services. Due to each of these sectors repositioning themselves, nonprofits are refining their fees for service component and are seeking for-profit spin-offs, while the small business sector is finding potential payoffs in the nonprofit domain (Letts, Ryan, & Grossman, 1999).

Small business owners are said to have created a cornerstone of American democracy by their unique and entrepreneurial ways of doing things since the Cold War years of the 1950s (Blackford, 2003). Blackford (2003) also found that small businesses are referred to often as an entity that does things in the American way. Small business owners have tended, however, to live perilous lives. They are heralded as vehicles for socioeconomic advancement, but seek independence. Small business owners in the new millennium are continuing to contribute a significant share of America's new employment opportunities, innovations and economic growth.

Many countries throughout the world are striving to improve their competitiveness by creating new markets and developing new technologies (Cromie, 2000). Cromie found that the identification and explosion of ideas and processes is often referred to throughout the world as entrepreneurship, a process that often leads to the creation of new enterprises, but this concept is broadened to include innovation and enterprising behavior within an existing organization.

Importance of U.S. Small Businesses

Small businesses before the 1880s were the mainstay of America and provided products for merchandising, farming, manufacturing and service industries. John Beauchamp Jones, a small-scale Missouri storekeeper wrote in 1849:

Wherever the surges of 'manifest destiny' scatter the seeds of civilization whether it be in the solemn shade and solicitude of the dark forests bordering the 'Mad Missouri' or in the interminable prairie beyond the woods- the merchant or trader is always found in their midst (Blackford, 2003, p. 11).

Indeed, the glue of America's business system are businesses that are personally owned just as Jones owned his country store back in 1849 (Blackford, 2003). Small businesses in America have changed over time. Today, we see small businesses as innovators and job creators. The Business Incubator Centers promote, support, mentor and train, fund and provide networking opportunities for small business endeavors in the United States. Business incubators are comprehensive business-assistance programs. They are targeted to help start-up early stage small businesses, with the goal of improving their chances to grow to healthy, sustainable companies (Adkins, 2002).

A more national U.S. focus for business incubation centers was founded when the National Business Incubation Association (NBIA) was formed in 1985. The NBIA is located on the Ohio University at Athens campus (Powell, 2004).

Small businesses are at an advantage in their ability to respond rapidly to product innovations. This innovative advantage allows them to commercialize their findings faster than big business. Birch (1987) stated, "The bubbly, yeasty, creative segment is the small business segment" (p. 9). Whereas, big business has been characterized as unexciting and stagnant and had contributed little to the economic growth in the U.S. (Blackford, 2003).

Today, the attraction of running a small business crosses over to young adults and women. Women formed new businesses at a much higher rate than men from the late 1970s through the 1990s. By 1996, 8 million companies in the U.S., nearly all of which were small businesses, were owned by women (Blackford, 2003). As many as 5.6 million Americans younger than 34 years of age are actively trying to start their own businesses. More than 60 % of 18 to 29 year-olds report that they want to own their businesses and nearly 80 % of the soon to be or want to be entrepreneurs are between the ages of 18 and 34 (Tulgan,1999).

Importance of U.S. Nonprofits

Nonprofits, just as small business, have become yet another American way of doing things. According to Salamon and Anheier (1996) nonprofit organizations have five areas in common. The sixth area was added by Salamon in 2001 (Grobman, 2002). The six areas in common are that nonprofits are: (a) formally constituted, (b) organized separately from government, (c) non-profit seeking, (d) self-governing, (e) voluntary to some significant degree, and (f) are of public benefit.

From an economic standpoint, the nonprofit sector participation in the American economy is significant. In the 1980s, nonprofits purchased business goods and services in the amount of \$50 billion and nonprofits created 1.5 million jobs in the business sector (O'Neil, 1989). According to Gaul & Borowski (1993) nonprofits control property, cash, and investments with a value of at least \$850 billion. This amount does not include wealth controlled by churches and small nonprofits that are not required to file tax returns. If all of these entities were included the true figure of nonprofit wealth then the wealth "probably exceeds \$1 trillion" (p. 3). The nonprofit sector accounts for

8% of the U.S. gross domestic product and 7% of total employment with an annual payroll of \$480 million (Independent Sector, 1996). Nonprofits are described as a form of business (McNamara, 2005, p. 2):

Tax-exempt nonprofit corporations can, and do, operate in all other particulars like any other sort of business. They have bank accounts; own productive assets of all kinds; receive income from sales and other forms of activity, including donations and grants, if they are successful at finding that sort of support; make and hold passive investment; employ staff; and enter into contracts of all sorts.

In American society there has always been a strong reliance on nonprofits to meet collective interests. As an increasing number of individuals value the service and then government often assumes the responsibility of delivery of the service (Hodgkinson, Lyman & Associates, 1989) and small business provides the consumer products. Many times, the more enlightened attitudes on a host of human issues from civil rights to mental illness usually begins with a nonprofit being formed by a group of concerned citizens working together and being willing to raise money for a cause (Brader-Araje, 2004). Brader-Araje also found that this group effort then begins a process of coming together and creating relationships between different groups of people that may have had no reason to interact in the past. These groups could be from other nonprofits, small businesses and or government. Brader-Ajare also says that there is an important connection between these three public areas of our lives: nonprofits, for-profits and government. And, in order to bring about real changes all three have to work together.

Given the distinct missions of nonprofit leaders and small business owners and the legal constraints within which they operate, it would appear to some that these two sectors might be unconnected. There is, however, an important connection between nonprofit organizations and small businesses. Both can work together to bring about real change. Instead of being concerned that one sector is out performing the other, nonprofit leaders and small business owners should keep their focus on the overriding important issue of how to best serve a society that needs both sectors (Hodgkinson et al., 1989).

Business leaders and social entrepreneurs as nonprofit leaders are equally talented. Marketing is no longer the unpopular word that it once was in the nonprofit world just as Cause Marketing has come of age in the business world (Majeska, 2001). Cause Marketing uses the skills of advertising to effect social change that will benefit individuals or society at large. It is advertising in the service of the public (Earle, 2000). These two sectors can create a powerful team by creating consumer-focused strategic marketing plans to develop a deeper understanding of the end-result consumer. By identifying and then motivating a broader audience to support a cause, a broader base of commitment will develop. Big businesses began doing this as far back as the 1930s when Ford Motor Company renovated and then donated a fleet of open-top national park buses that are still used today in the Glacier National Park as part of a long-term commitment through the National Park Service. The Glacier Red Jammers, as they are affectionately named, got their name from the 1930s when drivers had to jam the gears into place to drive in the park (Glacier National Park, n.d.). Another example of a cause marketing campaign is the California Milk Producers having joined the Girl Scouts of America to convey the “wholesome appeal” (p. 243) of milk and cookies (Majeska, 2001).

It is not unusual for a successful business person to move into the nonprofit sector (Rosenstein, 2002) or vice versa. With this transfer of knowledge from one sector to another, there is significant opportunity for cross-training success to occur.

Profits and economic growth may be important goals for small business owners, but developing their entrepreneurial skills along the way to their independence is equally important. Ideas and plans that may seem like impossible challenges to the small business owner are just a part of their everyday persona. The nonprofit leader also thrives on impossible challenges. If every goal that was laid out by nonprofits to accomplish were accomplished then we would have a close to perfect human condition (Letts et al., 1999). As nonprofit leaders see the need to achieve and address the tasks at hand more effectively, they too must develop and refine their entrepreneurial skills.

Many countries throughout the world are striving to improve their competitiveness by creating new markets and developing new technologies. The identification and exploitation of ideas and processes is often referred to throughout the world as entrepreneurship, a process that often leads to the creation of new enterprises, but this concept has been broadened to include innovation and enterprising behavior within an existing organization (Cromie, 2000). According to Kuratko (2004) an “entrepreneurial perspective” (p. 3) can be developed either inside or outside an organization for the intent of bringing forth creative ideas. It is this perspective that has revolutionized the way business is conducted locally as well as globally.

Purpose of the Study

Because business activities do not occur in a vacuum, entrepreneurship seems to be a multitude of variant individual, situational, organizational and socio-cultural ones

(Hyrsky, 1999). And while much of the trait research that has been put forth has been focused on who is more likely to start a business, fewer studies have focused on personality traits and how they relate to entrepreneurial outcomes (Johnson, 1990).

Therefore, the purpose of this study was to present an inquiry of a cluster of twelve personality traits that are within the framework for entrepreneurial research of small business owners and nonprofit leaders. Drawing from this interest in trait research, this study focused on nonprofit leaders and small business owners work performance and work satisfaction levels.

Research Questions

Within this research project, three research questions were used. First, what is the relationship between work performance levels and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall?

Instrument

The Personal Style Inventory (PSI) A Personality Assessment Tool for the Work Place developed by Resource Associates, Inc. (Lounsbury & Gibson, 2000) was used to examine a cluster of twelve personality traits of work performance and work satisfaction levels. The identification of a cluster of relevant personality traits is more useful in measuring entrepreneurial personality (Johnson, 1990). The personality work related traits that have been carefully chosen for this study and the explanations of these traits are listed below in Table 1.

Table 1

Work Performance and Work Satisfaction Traits Studied

Traits	Description
Emotional Resilience	One who is stable, hardy, emotionally resilient and able to handle work stress and pressure.
Work-Related Internal Locus of Control	One's belief that career success is a result of one's actions rather than luck or fate.
Social Networking	One who expands business and/or social contacts for business-related purposes.
Self-Promotion	One who promotes self and products or services to other people for business related purposes.
Competitiveness	One who tries to outperform business rivals and others for business-related purposes.
Goal-Setting	One that regularly sets clear business goals and objectives.
Optimism	One that has an upbeat and positive outlook.
Work Drive	One that works long hours and extends oneself when needed to finish projects and meet deadlines.
Tolerance for Financial Uncertainty	One who has the ability to tolerate financial uncertainty.
Adaptability	One who is adaptable, flexible, and able to adjust work style to different conditions and situations.
Autonomy	One with a need for independence and autonomy at work, including not having a boss.

Table 1

Work Performance and Work Satisfaction Traits Studied (continued)

Traits	Description
Persistence	One who has the disposition to keep working on projects until completed, and perseveres despite setbacks and obstacles.

Source: From *The Personal Style Inventory (PSI) A Personality Assessment Tool for the Work Place* by Lounsbury & Gibson (2000). Knoxville, TN: Resource Associates, Inc.

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Significance of the Study

A cross-sector approach of the two groups, nonprofit leaders and small business owners, was used for three reasons. First, to uncover personality traits that may be characteristic of the individuals within each group. Second, to gain insight in how these two groups appear in relief of each other in their work performance and work satisfaction levels. Third, to expand the research in the study of entrepreneurs to investigate distinct competencies that each group may possess.

Definition of Terms

Business Entrepreneur- An individual who independently owns and actively manages a small business (Stewart & Roth, 2001). A catalyst for economic change that works creatively to establish new resources or endow old resources with a new capacity, for the purpose of creating wealth (Kuratko & Hodgetts, 1989).

Entrepreneur- An innovator who recognizes and seizes upon opportunities into marketable ideas; adding value through time, effort, money or skills; assumes the risks to implement the ideas; and realizes the rewards from these efforts (Kuratko & Hodgetts, 1989). Key individuals who play important and fundamental roles in various institutions in a market economy including: business, governmental agencies, education, and nonprofit organizations (Hisrich, 2000). An individual that is concerned with doing different things such as creating a new market or adding additional purchasing power (Drucker, 1985).

Entrepreneurial nonprofit- A nonprofit that seeks to match its core competencies with marketplace opportunities in order to simultaneously generate more earned income and expand its social impact (Boshee, 2006).

Entrepreneurship-A process of innovation and new creation through four dimensions: individual, organizational, environmental, and process which is aided by collaborative networking with governmental, educational and established institutions (Kuratko & Hodgetts, 1989).

Intrapreneur-An innovator who takes hands-on responsibility for creating innovation of any kind within an existing organization (Pinchot, 1985). Individuals who can turn ideas or prototypes into profitable realities (Kuratko & Hodgetts, 1989).

Intrapreneurship- Entrepreneurial activities that receive organizational sanctions and resource commitments for the purpose of innovative results (Kuratko & Hodgetts, 1989).

Nonprofit organization- An organization that is privately governed with a principal purpose of promoting its constituency (Grobman, 2005). An organization that has no owners; distributes no profits (dividends or capital gains); and uses any income that exceeds expenses back into the organization (Smith, Bucklin & Assoc., 2000).

Small business-A business that is independently owned and operated and which is not dominant in its field of operation according to the Small Business Act of 1953.

Social Entrepreneur- An individual who approaches a social problem with the spirit and business acumen of a business entrepreneur. Whereas, a business entrepreneur creates business, a social entrepreneur creates change (Barendson & Gardner, 2004).

Individuals that are energetic, persistent with an ability to attract others to join them in their work (Dees, Emerson, & Economy, 2002). Individuals that feel responsible to a cause or a mission (Barendsen & Gardner). An individual whose main objective is to make the world a better place (Dees, Emerson, Economy, 2001).

Importance of the Study

In recent years there has been a remarkable increase in discussion and research on entrepreneurship (Cromie, 2000) in hopes of stimulating “further research in this important area” (p. 95). In 2000, in a special issue of the *European Journal of Work and*

Organizational Psychology discussed several approaches to entrepreneurial research, which included several trait studies. Cromie stated, “Studies of birth order, childhood family environment, education, personal values, and age have all shown conflicting results” (p. 94). Researchers such as Gasse, 1971, Hisrich & Brush, 1984 & 1986, Ronstadt, 1983 have used these topics in their studies. The study of entrepreneurs from a personality perspective has mostly been concentrated on three areas. These areas are locus of control (Brockhaus, 1980, Jennings & Zietnam, 1983), need for achievement (McClelland, 1961) and risk taking (Liles, 1974, Shane; 1996).

Cromie (2000) presented an overview of some of the research on the relationship between personality variables and entrepreneurial inclinations also in the *European Journal of Work and Organizational Psychology*. He considered various aspects of personality that were characteristic of entrepreneurs and examined these characteristics in how they can be used as tests to identify individuals. Cromie also pointed out that it is important to identify the distinguishing characteristics of entrepreneurs. Entrepreneurs are said to be opportunistic, innovative, creative, imaginative, ideas-people, proactive, restless, adventurous, and agents of change (Chell, Haworth & Brearley, 1991).

According to Hisrich (2000) the study of entrepreneurship through various psychological approaches “will and should continue” in spite of “the fact that personality factors have been criticized on both theoretical and empirical grounds.” (p. 95). Within studies of entrepreneurship the psychological variables being studied should be carefully defined as well as researched under “appropriate situational-structural conditions” (p. 96).

The findings of this study are consistent with nonprofit trends in helping to define social entrepreneur and small business owner entrepreneur research. This study

highlights the view that work satisfaction and work performance involves both personal and financial investments.

Also, these findings provide insight into ways that nonprofit leader and small business owner personality traits show a relationship by studying the selected traits in tandem with two supposedly different groupings. The U.S. invests millions of dollars yearly in supporting and advocating small businesses. Whereas, the nonprofit sector invests millions per year in doing the same. As in all endeavors that involve funding, the persons involved seek to find the best businesses or organizations in which to invest their money. Cromie (2000) stated, “If entrepreneurs are needed to secure economic development it is important to consider how they can be identified. It is contended that important determinants of entrepreneurial behavior are the inherent personality traits which individuals possess” (p. 12). Rauch and Frese (2000) suggest in the personality-leadership research that personality is a better predictor of leadership emergence than leadership performance.

The personality instrument used in this study was adapted to the specific personality variables because they had a practical relation to small business owners (Schneider, Hough, & Dunnette, 1996). Nonprofit leaders must exhibit some of the same personality traits as small business owners to survive in today’s market.

Lastly, multiple perspectives on entrepreneurial success was used which includes both non-financial and financial measures. Implications for the study of personality traits are for those nonprofit leaders that are not only leaders that are seeking new ways to generate funds for their organizations but are also willing to think as social entrepreneurs. True social entrepreneurs are resourceful and innovative; they mix businesslike discipline

with passion; they take risks but know how to manage them; they have market savvy but are mission driven; and they are intensely driven to create social impact that is sustainable (Dees et al., 2002). Gibb (1987) argues that entrepreneurial attributes “are displayed and developed by a wide variety of people working in many different circumstances” (p. 10).

Personality has a place in entrepreneurship for small businesses and nonprofit organizations as well. Implications for the present study of personality traits are for those small business owners and nonprofit leaders that are seeking new ways to generate funds for their businesses/organizations but are also willing to view themselves as entrepreneurs. True entrepreneurs seek market acceptance and pursue it by setting up ventures; constantly seek opportunities and revenues for their ventures; find a place in the market place for their products; and move to new markets and distribution channels by adding new products or services to existing markets (Zahorsky, 2004).

Profits and economic growth may be important goals for small business owners, but developing their entrepreneurial skills along the way to their independence is equally important. As nonprofit leaders see the need to achieve and address the tasks at hand more effectively, they too must develop and refine their entrepreneurial skills.

Limitations of the Study

One limitation of this study was self-reporting by participants. Self-report data are vulnerable to the bias of respondents possibly giving credit where credit may not be due. Social desirability bias may occur when the respondent consciously or unconsciously distorts responses in order to reflect a positive or favorable direction (Paulhus, 1991).

Second, in an effort to construct a meaningful sample group, familiar and nationally known organizations and businesses were invited to participate in this survey. Third, it is possible that the majority (58.9%) with one to five years of employment in their position and another 19.6% with six to ten years of employment of the respondents were still enthusiastic due the newness that they may have been experiencing in their chosen professions. Participants may have been engaged in a type of survivor bias that could have affected their responses. For instance, nonprofit leaders and small business owners who seek ways to become more satisfied and perform better in their work may be more willing to participate in nonprofit and small business research.

Studies of small business entrepreneurs and nonprofit leaders fit within the realm of entrepreneurship research. Whereas, the study of entrepreneurship looks at the macro and micro perspectives on the topic, the study of entrepreneurs concentrates more on the individual in the process (Smith-Hunter, Kapp, & Yonkers, 2003)

Summary

This chapter introduced the research topic by briefly describing the problems facing nonprofit leaders and small business owners of working within the entrepreneurial environments of today's marketplace. The primary objective was discussed concerning identifying those characteristics of nonprofit leaders and small business owners that are entrepreneurial in nature related to work performance and work satisfaction via a cluster of twelve personality traits. The literature review and the primary research questions provide direction and focus of this study.

This dissertation is organized into five chapters. Chapter 1 presents the background of the study and the research problem. Chapter 2 annotates the findings of relevant

literature related to entrepreneurs, entrepreneurial research, notable researchers on personality, and a history of small business and nonprofit organizations in the United States and their historical significance as to the theoretical underpinning upon which this study is presented. Chapter 3 describes the study setting and methods of research. The results of the research are presented in Chapter 4. Lastly, Chapter 5 discusses the results as presented in Chapter 4 and makes suggestions and recommendations for future research endeavors.

CHAPTER 2

REVIEW OF THE LITERATURE

Introduction

An estimated 460 million persons worldwide were either owners or managers of a new business or were actively involved in establishing new ventures (Reynolds, Bygrave, Autio & Hay, 2002). In the United States over a thousand new businesses are started every hour of every working day. Innovative products and services are created by new businesses that change the way we work and live as well as where we work and live (Bygrave, 2004). The cornerstone of the American Enterprise System are entrepreneurs. Starting a new venture requires an entrepreneur, who uses sound judgment and planning along with a certain amount of risk-taking (Kuratko & Hodgetts, 1989).

Historical View of Entrepreneurs

Entrepreneur, in French, literally means someone who undertakes an important task. At the turn of the 19th century, the French economist Jean Baptiste Say, wrote, “The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Dees, & Economy, p. 3).

In the early 20th century, Joseph A. Schumpeter, gave a more economic and classic definition of an entrepreneur. Schumpeter's definition portrayed an entrepreneur as an individual who put into place new combinations of means of production (Schumpeter, 1934). These five possible types of new combinations were: (a) to introduce a new economic good, (b) to introduce a new method of production, (c) to open a new market, (d) to find a new source of raw materials for half-manufactured goods, and (e) to create a new organization or splitting up a monopoly (Schumpeter, 1934, p. 66).

Say and Schumpeter's writings about entrepreneurship had a large impact on economic development (Ronstadt, 1984). Until the 1950s, economists had created the majority of definitions and references on entrepreneurship (Kuratko & Hodgetts, 1989). The view held by economists of today is that an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before. One that is an innovator who (a) recognizes and seizes opportunities, (b) converts those opportunities into marketable ideas, (c) adds value through time, effort, money or skills, (d) takes risks in a competitive market place to implement these ideas, and (e) realizes the rewards from these efforts (Kuratko & Hodgetts, 2004). Drucker (1990) describes entrepreneurs as those who see the opportunities as opposed to the problems created by change. Haynes & Ou (2002) stated that "Entrepreneurs are the engine of growth and innovation in the competitive market economy. Entrepreneurs are a catalyst for the marketing economy by consistently introducing and initiating new products, new production methods and new solutions to businesses" (p. 3). Entrepreneurs are those individuals that "initiate the forces of dynamic change in the economy's industrial structure" (p. 3).

Peter Drucker (1993) stated:

Innovation and entrepreneurship are thus needed in society as much as in the economy, in public-service institutions as much as in business....What we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous (p. 254).

Sawyer (1968) argued that entrepreneurship can be found in organizations other than business where significant decisions involving change are made affecting the combination and commitment of resources under conditions of uncertainty.

Entrepreneurs and entrepreneurship have come of age as important areas of inquiry and pedagogy (Timmons, 1989) as was predicted in the 1980s. Entrepreneurs go through life cycles just as businesses and nonprofit organizations go through them.

Entrepreneur Life Cycle

Entrepreneurs are involved in both the dynamic and very complex interrelationship between financial management and business strategy (Price, 2004). However, there is a significant difference that sets entrepreneurial management apart from business management practices. According to Price, entrepreneurial management is the practice of taking entrepreneurial knowledge and utilizing it for increasing the effectiveness of new business venturing. Therefore, entrepreneurial management is a continuous juggling of vital management issues such as mission and values, goals and objectives, growth strategy, resources, organizational capacity, financial strategies, and a vision of success and go through their own life cycles shown in Table 2.

Table 2

Seven Stages in the Entrepreneurial Life Cycle

Stage	Description & Actions Taken
Opportunity Recognition	<p>At this stage it is important to research and understand the dimensions of the opportunity.</p> <p>Gestation period</p> <p>Research opportunity of interest</p> <p>Seek internal readiness from self</p> <p>Time to take action</p>
Opportunity Focused	<p>At this stage the first phase of the company should be well defined.</p> <p>Seek solid ideas for development</p> <p>Investigate objectively by using outside viewpoints from others</p>
Commitment of Resources	<p>At this stage the development of a good business plan determines what the focus will be for the future.</p> <p>Develop a business plan</p> <p>Write an effective business plan and allocate resources</p>
Market Entry	<p>At this stage profitability and success are defined.</p> <p>First sales made</p> <p>Profitable sales then business plan success</p> <p>Profitable sales then reasonable objectives met</p> <p>Capital infusion for growth or self financing</p>

Table 2

Seven Stages in the Entrepreneurial Life Cycle (continued)

Stage	Description & Actions Taken
Full Launch and Growth	At this stage the entrepreneur may choose to remain a small business or select a growth strategy. Choose a high growth strategy Consider remaining small Opt to remain as sole proprietor
Maturity and Expansion	At this stage the venture is a market leader. Growth is a natural extension Professional management team is implemented.
Liquidity	At this stage there is a focus on a business exit. Initial public offering Acquired by a publicly traded corporation Exit successfully for entrepreneur and investors

Source: From *Roadmap to Entrepreneurial Success: Powerful Strategies for Building a High-Profit Business* by Robert W. Price (2004). NY: AMACOM.

Timmons, Smollen, & Dingee (1977) concluded that “Entrepreneurship is the ability to create and build a vision from practically nothing” (p. 1). Stating that entrepreneurship is fundamentally a “human, creative act” (p. 1) and that it takes the application of energy to initiate and build an enterprise or organization. Such vision requires the “willingness to take calculated risks-both personal and financial—and then to

do everything possible to reduce the chances of failure” (p. 1). According to these authors:

Entrepreneurship is the ability to build a founding team to complement your own skills and talents. It is the knack for sensing an opportunity where others see chaos, contradiction, and confusion. It is possessing the know-how to find marshal, and control resources (p. 1).

Entrepreneurship may be defined as the act and process by which societies, regions, organizations, or individuals identify and pursue business opportunities to create wealth (George & Zahra, 2002). Stewart and Roth (2001) defined an entrepreneur as an individual who independently owns and operates a business. This particular definition has been used in the personality-entrepreneurship literature on a consistent basis (Owens, 2003). Beginning in the 1980s a more contemporary view of entrepreneurship broadened the horizon for studying entrepreneurship and provided a better understanding of the discipline (Kuratko & Hodgetts, 2004).

Entrepreneurs tend to start ventures where they are already located. It would seem that entrepreneurs would actually need to relocate to start a venture; however approximately three out of four entrepreneurs do not change where they live (Cooper & Dunkelburg, 1987). More often than not entrepreneurs get their ideas from their present line of work or experience. Eighty percent of all new high-potential businesses are founded in industries where the entrepreneur has the most experience (Bygrave, 2004). An entrepreneur or founder of an enterprise may actually begin a venture by working part-time or moonlighting, while still holding another job. The main exception to this

rule would be the professional that finds their market in another city which seems to need their services (Cooper & Dunkelburg, 1987).

Developments in Entrepreneur Research

There are differing opinions as to what should be included in the concept of entrepreneurship studies. Typically, these discussions focus on commercial and nonprofits activities; if the organizations is new or older; if the essence of entrepreneurship is disposition; if there is innovation that is enough to qualify as entrepreneurship; and if success is required and, if so what level of success (Davidsson, Low & Wright, 2001).

Historically, researchers have examined individual traits of entrepreneurs. These traits include: the need for achievement (McClelland, 1961), autonomy (Hornaday & Aboud, 1971), tolerance for ambiguity (Sexton & Bowman, 1985), and risk-taking propensity (Begley & Boyd, 1987; Brockhaus, 1980) A turning point occurred when Gartner (1989) defined entrepreneurship as a set of activities involved in the creation of an organization (Kickul & Gundry, 2002).

Researchers have reasoned that there must be something that sets entrepreneurs apart from others (Ronstadt, 1983; Umstot, 1984). Some have reasoned that an entrepreneur's lifetime experiences presumably starts with the family, including the background of the parents and their occupations or that business ownership within the family sets up role models for the young within the family (Cooper & Dunkelburg, 1987).

Some researchers (Collins & Moore, 1964; Hagan, 1971) explain that entrepreneurs may be outsiders somewhat out of the mainstream of society with the paths to success in government, military, and religion possibly closed to them so they channel their energies

into commerce (Cooper & Dunkelberg, 1987). Shapero and Sokol (1982) stated, “It is no accident that entrepreneurship is highly identified with certain ethnic groups” (p. 84) and “each wave of political refugees has produced its own special history of company formations in the country of refuge” (p. 79). According to Shapero and Sokol, the Chinese in Southeast Asia, Asian Indians in East Africa, Cubans in Miami and Jews in Western Europe and America have all been noted for high rates of new business formation and their entrepreneurial skills. For instance, in the 1960s there were 82 founders of manufacturing firms in Michigan, 55% were foreign born or had foreign-born parents (Collins & Moore, 1964).

In 1988, Low and MacMillan identified the challenges as well as published a review of the developments in entrepreneurship research. After this publication, there was an explosion of entrepreneurship research. There are four major dimensions to entrepreneurship according to Gartner (1985). These dimensions are: (a) the founder’s characteristics, (b) the organization’s characteristics, (c) the environment surrounding the firm, and (d) the process by which the new venture started. Gartner has urged researchers to explicitly describe how they have operationalized the definition of entrepreneurship in their own work, since there seems to be no set consensus as to the definition (Owens, 2003). Gartner (1990) comments on renewal in the following manner:

In the ever-renewing society what matures is a system or framework within which continuous innovation, renewal, and rebirth can occur.... Renewal is not just innovation and change. It is also the process of bringing the results of change in line with our purposes (p. 17).

Low and MacMillan (1988) suggested that entrepreneurship research should focus on new enterprise and its role in furthering economic progress. Shane and Venkataraman (2000) are concerned with the discovery and exploitation of entrepreneurial opportunities and the individuals involved in entrepreneurial opportunities.

The majority of the research to date has examined who becomes an entrepreneur (Begley & Boyd, 1987; Boulton, & Carland, 1984; Brockhaus & Horwitz, 1986; Carland, Hoy, Cooper & Dunkelberg, 1987; Crant, 1996; Sandberg, 1986; Stewart, 1996; Stewart, Watson, Carland & Carland, 1999) while relatively little research has focused on the impact of personality on performance which is entrepreneurial (Owens, 2003). A distinction of importance “because the characteristics which predispose one to become an entrepreneur aren’t necessarily the same ones that lead to successful performance” (Owens, p. 7). Rauch and Frese (2000) suggested in the personality-leadership research that personality is a better predictor of leadership emergence than leadership performance. Rauch and Frese also suggested that a similar pattern exists in entrepreneurship research.

Such information as the entrepreneur’s family background, education, career, and psychological characteristics have been examined. Some research studies (Gasse, 1971; Hisrich & Brush, 1984 & 1986; Ronstadt, 1983) have asked just how entrepreneurs differ from the general population. Another study (Hornady, 1982) determined whether entrepreneurs differ from each other in some systematic way.

In the early 1960s, entrepreneurs were characterized as individuals with a high need for achievement (McClelland, 1965). McClelland argued that under this high need for achievement individuals possess five critical attributes. These attributes are: (a) the

ability to take personal responsibility for finding solutions to problems, (b) the need for rapid feedback on their performance to judge whether or not there is an improvement, (c) the desire to avoid tasks that they perceive to be either very easy or very difficult, (d) the ability to strive to achieve targets that put forth a challenge but at the same time are not beyond their reach, and (e) high achievers are interested in tangible evidence of the results of their decisions (Smith-Hunter, Kapp & Yonkers, 2003).

Low and McMillan (1988) provided six clear guidelines when a researcher sets to investigate entrepreneurs and entrepreneurial behavior. These guidelines included: (a) to define the purpose of the entrepreneur research, (b) to examine and clearly state theoretical assumptions, (c) to provide an explanation of the entrepreneurial behavior studied, (d) to present a level of analysis that includes more than individual, group, organization, industry etc. in order to gain a richer understanding of entrepreneurial behavior, (e) to use wide time frames in addition to a cross-sectional analysis, and (f) to use methodology that develops a priori hypotheses. The undertaking of both cross-sectional and longitudinal studies on entrepreneurs is currently reported to be on the rise.

From McClelland's early research interests on the personality traits of entrepreneurs, other researchers followed with more studies that focused on the personality traits of entrepreneurs. There is empirical support for the concept that entrepreneurs do have a higher motive to achieve in comparison to non-entrepreneurs (Johnson, 1990; Liles; 1974; McClelland;1961). One of the most recent definitions of an entrepreneur is that these are individuals who are able to perceive an opportunity and create an organization to pursue it (Smith-Hunter et al., 2003). According to Carland et

al. (1984), while there is overlap between entrepreneurs and small business owners, they are distinct entities.

Even though entrepreneurs exercise their skills in different contexts and pursue different goals, it is plausible that they would have similar attributes (Cromie, 2000). Table 3 shows personality characteristics of entrepreneurs that have been addressed within selected studies and that are similar to the ones addressed within this study.

Table 3

Personality Traits that are Normally Associated with Entrepreneurs

Personality trait	Selected studies
Need for achievement	McClelland, 1965; Begley & Boyd, 1987
Risk-taking propensity	Liles, 1974; Shane, 1996
Locus of control	Herron, 1994
Autonomy	Gartner, 1985; McGrath, MacMillan & Scheinburg, 1992
Competitiveness	Hornaday & Aboud, 1971
Emotional stability	Brandstaetter, 1997
Optimism	Lee, Ashford & Jamieson, 1993
Persistence	Spencer & Spencer, 1993
Tolerance for ambiguity	Sexton & Boxman, 1985
Networking	Aldrich & Zimmer, 1986
Self-efficacy	Bandura, 1997
Work ethic	Bonnett & Furnham, 1991

Research on technical entrepreneurs suggests that organizations vary widely in how these organizations create spin off entrepreneurs who start new businesses (Cooper, 1971). Thus, some organizations almost never have spun off entrepreneurs and yet other organizations might have as their major products-entrepreneurs (Cooper & Dunkelburg, 1987).

Intrapreneurship

A hybrid form of entrepreneurship has emerged that is called intrapreneurship (Pinchot, 1985). Intrapreneurs are characterized by those who take hands-on responsibility for creating innovations of any kind within an existing organization. The major thrust of intrapreneuring is to develop the entrepreneurial spirit within an organization and within an organization's boundaries. This allows an atmosphere of innovation to prosper within an existing organization (Kuratko & Hodgetts, 1989).

Strategies for corporate intrapreneuring are and can be duplicated in the nonprofit sector in order to create an intrapreneurial climate. There are a number of advantages to creating an intrapreneurial environment. One advantage is that there is often development of new products and services which helps an organization to expand and grow. A second advantage is the creation of a work force that can assist the organization in maintaining its competitive posture. And third, an organization that promotes a climate that is conducive to high achievers also tends to motivate and keep its best people (Kuratko & Hodgetts, 1989).

The strategies for corporate intrapreneuring were developed by Naisbitt & Aburdene (1985) in order to encourage entrepreneurial activity in the business work place. These intrapreneurial strategies are: (a) the corporations that promote personal growth will

attract the best people; (b) the challenge was to retrain the manager/supervisor to be coach, teacher and mentor; (c) the best people seek ownership and the best companies will provide it with bonus plans, stock incentive plans, employee stock option plans, profit sharing and even employee ownership per se; (d) third-party contractors of labor will be used increasingly; (e) authoritarian management style is replaced by a networking, people style of management, characterized by horizontal coordination and support; (f) intrapreneurship within a corporation allows an employee to get the satisfaction of developing their ideas without the risk of leaving the company; and (g) quality will be paramount, producing a shift from mass production to information in goods and services. Nonprofits and small businesses could use the same strategies with little modifications in order to create their own intrapreneurial environments.

Entrepreneurial Education in U.S. Higher Education Institutions

Entrepreneurial behavior as well as entrepreneurial support is respected as an academic area of interest in the United States. Universities provide internally sponsored research and development of new products and processes that can be licensed to private corporations for further development, manufacturing and marketing of entrepreneurial activities. Some of the U.S. universities that have such licensing programs include: Massachusetts Institute of Technology, California Institute of Technology, University of Wisconsin, Purdue University, University of California and University of Oregon (Bygrave & Zacharakis, 2004). By mid 1985, entrepreneurship as an academic discipline had been established. Entrepreneurship classes are not only taught in several hundred business schools, but they were also being taught in community colleges, junior colleges and engineering schools. It has been recognized that liberal arts programs will teach such

classes as they shift enrollments to schools and classes that emphasize professional education (Ronstadt, 1985). Today, the number of schools teaching entrepreneur classes has grown to more than 1,600 classes from the two dozen that were offered 20 years ago (Katz, 2003; Solomon, Duffy & Tarabishy, 2002)

Developments in Personality Research

Organizational behavior and the study of evolved from the older social sciences which include psychology, sociology, social-psychology, anthropology and political science. The over-all goal of studying organizational behavior is to improve organizations effectiveness and its outcomes. Some of the major organizational effectiveness outcomes are: productivity, quality, efficiency, job satisfaction, attendance, turnover, and quality of work life (Umstot, 1984).

Three factors are most important in influencing personality. These factors are heredity, social environment and culture. Heredity determines one's capacity for learning, sex, race, body type and motor skills. Social environment impacts personality because this includes one's family, educational experience, and peer interactions. Culture also has a strong impact on personality due to factors such as one's values, language, and religion. Our personality forms during childhood and adolescence and remain relatively stable throughout our lives (Umstot, 1984).

The study of personality is rich in theory and research. Personality within our culture would fall under one of two headings. The first equates the term to social skills. Referring to an individual's effectiveness with which they are able to elicit positive reactions from a variety of persons under different circumstances. The second usage indicates how much of an impression is created in others by our interactions with others.

There is an element of evaluation under both of these headings. Therefore, personality can be both good and bad depending on the circumstances under which they are described (Hall & Lindzey, 1970).

Because personality accounts for observable regularities in people's attitudes and behaviors, it would make sense to assert that personality would also account for such regularities at work (George & Jones, 2004). A substantial body of literature in psychology and studies in organizational behavior suggest that personality is useful for predicting and explaining how workers generally feel, think, and behave on their job (George, 1992).

Personality has been shown to influence many work-related attitudes and behaviors. These include: job satisfaction, the ability to handle work-related stress, the choice of career, and leadership. Under the Big Five traits theory, there is no such thing as a good or a bad personality profile. Each person is unique and dependent on different kinds of organizational situations and different types of personality (George & Jones, 2004).

Under the Big Five theory, there are five dimensions of personality that are organized into specific personality traits as shown in Table 4. The Big Five model of personality places five general personality traits at the top of the trait hierarchy. These traits are: extraversion, neuroticism, agreeableness, conscientiousness, and openness to experience. Researchers suggest that these five traits are important for understanding not only work-related attitudes and behaviors but also for our understanding of organizational behavior. Extraversion, or positive affectivity, predisposes individuals to experience positive emotional states and to feel good about the world around them as well as themselves. Neuroticism, or negative affectivity, refers to an individual's tendency to

experience negative emotional states, feel distressed, and generally view the world and themselves negatively. Agreeableness has to do with the trait of making the distinction between individuals who get along well with others as opposed to those who do not get along well with others. Conscientiousness refers to the extent that an individual is careful, scrupulous, and persevering. Openness to experience, the last of the Big Five personality traits, captures the extent to which an individual is original, open to a wide variety of stimuli, shows broad interests, and is willing to take risks (George & Gareth, 2004).

Table 4

The Hierarchical Organization of Personality

Dimensions of Personality	Specific Traits
Extraversion	Positive emotions, gregariousness, warmth
Neuroticism	Anxiety, self-consciousness, vulnerability
Agreeableness	Trust, straight-forwardness, tender-mindedness
Conscientiousness	Competence, order, self-discipline
Openness to experience	Fantasy, actions, ideas

Source: From Foundations of Human Differences (Part A, p. 8) by J. M. George & J. R. Gareth. In *Psychological Dimensions of Organizational Behavior* (3rd ed.). by Barry M. Staw (Ed.) (2004). Upper Saddle River, NJ: Pearson Prentice Hall.

Schneider (1987) proposed that the personality of a whole organization is largely a product of the personalities of its workers. Schneider suggests through his Attraction-Selection-Attrition (ASA) framework that individuals with similar personalities tend to be attracted to an organization and in turn are hired or selected by the organization. He also suggested that individuals with other type personalities tend to leave the organization via attrition. Therefore, by the interplay of attraction, selection, and attrition there is some consistency or similarity of personalities within an organization.

Another entrepreneurial behavior is opportunity recognition. Defined by Christineson, Masden and Peterson (1989) as being able to perceive the possibility to create a new business or change or improve an existing business significantly. Opportunity recognition was extended by Koller (1988) by suggesting that entrepreneurs recognize, as opposed to seeking, opportunities for growth were externally stimulated. Cypert and March (1963) characterized opportunistic search as a form of externally stimulated opportunity recognition. Hills and Sharder (1998) found that fundamental opportunity recognition as a key ingredient of founding companies starting major new parts within an existing business or acquiring a new type of business (Kickul & Gundry, 2002). Lastly, one key way that researchers have described personality is in terms of traits. Staw (2004) defines a trait as: “a specific component of personality that describes particular tendencies a person has to feel, think, and act in certain ways” (p. 7). According to Staw, by describing a person’s traits we are referring to how a person generally tends to feel, think, and behave.

Nonprofit Organizations in the United States

Charitable organizations make a difference in every American's life. Sometimes people benefit without being aware of the reach of this country's unique nonprofit sector. Visitors can enjoy a great urban park and never realize that charitable organizations are major contributors to the gardens, playgrounds, paths, and programs. Parents of children receiving polio shots may not know that one charitable group led the campaign to develop and distribute the vaccine and another funded much of its development. And, people may not remember that the air and water that surrounds them is far cleaner because of how nonprofits have worked with government to reduce pollution (U.S. Report to Congress, 2005).

What makes nonprofits unique are not the just the indispensable services that they provide, but also how they do their work. Nonprofits are created and sustained by people who want to give their time and resources to solve problems and enrich their communities (U.S. Report to Congress, 2005). Nearly half of all adult Americans volunteer each year, and nine out of ten households make charitable contributions to nonprofit organizations (Independent Sector, 2001). According to the Independent Sector, in 1998, the value of adult volunteer time was estimated to be worth \$225.9 billion dollars.

Nonprofit organizations exist to render some type of service. Therefore, a nonprofit's success is primarily measured by how well this service is rendered. It is difficult to establish an equation between money spent and benefits received (Anthony,

1977). Nonprofit organizations provide educational opportunities, assist victims of disasters, work to alleviate poverty in the U.S. and abroad, and continue to foster worldwide appreciation of democratic values (U.S Report to Congress, 2005).

The term nonprofit is often misinterpreted or misunderstood. A nonprofit is an organization that does not distribute profits in either dividend or capital gain form to its owners. Nonprofits have no owners as compared to the for-profit sector. The nonprofit sector is as immensely diverse as the for-profit sector. There are large organizations such as universities, hospitals, and nationally known organizations, as well as state and local organizations. Just as nonprofit organizations vary so do sources of revenue. The Foundation Center estimated that fifty-one percent of the income of all nonprofits comes from fees and other charges; thirty-one percent of their income is from government, and eighteen percent from charitable giving (Smith et al., 2000).

A nonprofit organization exists to provide a particular service to the community. Nonprofits foster social benefits that are vital to a democratic society. First, the nonprofit sector allows citizens a venue for self-expression. Second, nonprofits can highlight weaknesses in society and promote solutions, by bringing voices to the forefront on a given issue. Third, nonprofits provide associations through which people can work together on common social goals (Letts et al., 1999).

The term nonprofit refers to a type of business that forbids the distribution of profits to its owners. Most nonprofits are organized into corporations. Most corporations are formed under the corporations' laws of a particular state in the U.S. Every state has provisions for forming nonprofit corporations. Provisions for forming nonprofit corporations are available in each state. Some states permit other forms of incorporating

such as unincorporated associations, trusts which operate as nonprofit businesses on slightly different terms (McNamara, 2005).

The nonprofit sector of the U.S. economy has grown in size and significance. In 1996, more than 1,500,000 nonprofits were registered with the Internal Revenue Service. Nonprofit organizations, excluding professional and trade associations, had total revenues of \$621 billion dollars in 1996. This amount was equal to approximately 6.8 percent of the nation's total economy (Smith et al., 2000).

Nonprofits have experienced rapid growth within the U.S. One reason for this growth is that the nation has grown from agriculture to manufacturing to services and information and technology. Another reason is the increased government funding to nonprofit programs during the 1960s and 1970s. However, in the 1980s federal cutbacks to nonprofits did occur (Smith et al., 2000).

Nonprofits leaders are gaining more knowledge and training in how to function as entrepreneurs. For example, Columbia University Business School's Institute for Not-for-Profit Management (INM) is training two hundred nonprofit mid and senior level managers on an open enrollment annual basis. The managers that enroll come from more than one hundred twenty organizations. The INM trains leaders from nonprofit organizations of all sizes. INM proposes that it is particularly important that community-based leaders acquire management skills to enable their nonprofit organizations to grow and to better fulfill their program goals (Columbia University, 2006).

From 1977-1996 the majority of revenue (55%) was generated by nonprofits in fees. Government support allowed for 41% and 4% came from the private sector. For social service agencies, fee for services has become more pronounced. Over two-thirds (69%) of social services agencies show revenue growth during this period which was derived from fees. Government support accounts for 22% of social services funds and 9% is gained from private giving (Salamon, 1999).

As discussed in the U.S. Report to Congress, (2005) the tradition of collaboration and innovation continues today. Although most Americans are familiar with the larger nonprofit organizations, “only 4% of all charitable organizations have annual budgets of more than \$10 million dollars. Whereas, three-quarters of nonprofits have an operating budget of less than \$500,000” (p. 11).

The nonprofit sector’s programs are supported by 11.7 million paid employees. This number of employees is 9% of the entire U.S workforce and is supported by an equivalent of nine million full-time staff members collectively in volunteer hours (U.S. Report to Congress, 2005).

Nonprofit organizations fall into eight major categories according to the Panel on the Nonprofit Sector (U.S. Report to Congress, 2005). This Panel was formed at the encouragement of the leaders of the United States Congress Senate Finance Committee. Table 5 describes the eight major categories of nonprofit organizations as reported to the U.S. Congress and the Nonprofit Sector..

Table 5

Eight Major Categories of Nonprofit Organizations

Category	Description
Arts, culture, and humanities	This includes museums, symphonies, and community theaters.
Education and research	This includes private colleges and universities, independent elementary and secondary schools, and noncommercial research institutions.
Environment and animals	This includes sites such as zoos, bird sanctuaries, wildlife organizations, and land protection groups.
Health services	This includes hospitals, public clinics, and nursing facilities.
Human services	This includes providers of housing and shelter, organizers of sport and recreation programs and youth programs.
International and foreign affairs	This includes such areas as overseas relief and development assistance programs.
Public and societal benefit	This includes private and community foundations, civil rights organizations, and civic, social and fraternal organizations.
Religion	This includes houses of worship and their related auxiliary services.

Source: From *Panel on the Nonprofit Sector: Strengthening Transparency Governance Accountability of Charitable Organizations. A final report to Congress and the Nonprofit Sector.* (2005). Washington, D.C.

Effective nonprofits rely on three types of organizational capacity. These are program delivery capacity, program expansion capacity and adaptive capacity. Program delivery capacity is the starting point for any nonprofit. First, knowledge of a given field and analysis of a given problem or social challenge leads to a program. Program delivery capacity often grows out of a profession or specialized field of practice. The program itself is studied to determine if the program produces the intended outcomes. Second, once a nonprofit decides to expand its program delivery, it faces another challenge of devoting more attention to the questions of management and organization. Thirdly, adaptive capacity is to make sure that an organization is delivering on its mission. Adaptive capacity has to do with an organization being able to ask and know whether the program is really relevant given the changing needs of clients and communities and where the program is well-delivered (Letts et al., 1999).

As nonprofit leaders search for new ways to serve their missions and generate revenues, the idea of social entrepreneurship is becoming increasingly popular. The ways and means of enterprise must be learned by many nonprofits in order for their organizations to fulfill their mission. The mission of nonprofits may be used as the catalyst to further a logical business plan. Nonprofits must also meet the challenges of developing and rewarding people, of working in collaboration with other agencies, organizations and community, and of meeting the competitive challenges most businesses face on a daily basis (Hesselbein, 2002). Social entrepreneurs that are truly successful share one thing in common. That one thing is that social entrepreneurs have a strategic service mission. By employing a strategic service mission entrepreneurs target their markets very carefully. Demographics that include age, education, income etc. have been

used for years. However, psychographics including lifestyle, likes and dislikes, fears etc. can have a higher relevance than demographics (Heskett, 2002).

The relationship between government and nonprofit organizations has changed. In a study of how top executives of nonprofit organizations classified by the Internal Revenue Service as 501 (c) (3) are handling reduced funding from government sources it was shown that nonprofit leaders are seeking new sources of revenue (Herman & Heimovics, 1989). Some ways that these executives are responding to the enhanced financial uncertainty according to Herman and Heimovics is by (a) attempting to develop boards which are linked to their communities in ways that will enhance their nonprofit revenues from private sources, (b) encouraging board members to become selectively active in the political arena to increase the flow of public funds, (c) changing their organization's program mix by reducing some programs or expanding others, and (d) developing collaborative arrangements with other nonprofits. In short, due to this vulnerability to external events such as decreased government funding, nonprofit top executives are working entrepreneurially to find resources and to revitalize the missions of their organizations.

The Internal Revenue Service (IRS) is involved because corporations are, in general, required to pay federal corporate income taxes on their net earnings. There are however various IRS circumstances under which corporations are exempt from taxes.

Nonprofits/Public Charities

As the Life Cycle of a Public Charity shows in Table 6 there are stages that must be adhered to in order for a nonprofit to function within the realms of the Internal Revenue Service governance. An IRS section 501 (c) (3) organization will jeopardize its exempt

status if the nonprofit ceases to operate exclusively for nonprofit purposes. This means that the nonprofit organization engages primarily in activities that accomplish the exempt purposes as specified by the Internal Revenue Service.

Table 6

Life Cycle of a Public Charity as Defined by the Internal Revenue Service (IRS)

Cycle	Description
Starting Out	Articles, Trust or Charter By-Laws Employee Identification Number (EIN) Charitable Solicitation
Applying to IRS	Application Forms Help from the IRS IRS Processing
Annual Filings	Annual Exempt Organization Return Unreleased Business Income Tax Help from the IRS
Ongoing Compliance	Jeopardizing Exemption Employment Taxes Substantiation and Disclosure Public Disclosure Requirements Help from the IRS
Significant Events	Notifying the IRS of Material Changes Private Letter Rulings IRS Audits
Termination of Exempt Organization	

Source: From *Life Cycle of a Public Charity*. Internal Revenue Service. (2005b)

Department of the Treasury: Washington, D.C.

The Internal Revenue Service specifies that there are activities that nonprofits must refrain from participating in or they will lose their nonprofit status. These activities include: (a) absolutely refrain from participating in the political campaigns of candidates for local, state, or federal office; (b) restrict its lobbying activities to an insubstantial part of its total activities; (c) ensure that its earnings do not inure to the benefit of any private shareholder or individual; (d) not operate for the benefit of private interests such as those of its founder, the founder's family, its shareholders or persons controlled by such interests; (e) not operate for the primary purpose of conducting a trade or business that is not related to its exempt purpose, such as a school's operation of a factory and; (f) not have purposes of activities that are illegal or violate fundamental public policy (IRS, 2007).

Tax-exempt nonprofit corporations can, and do, operate in all other particulars like any other sort of business. Nonprofit organizations have bank accounts, own productive assets of all kind, receive income from sales, grants and donations, make and hold investments, employ staff, and enter into contracts etc. (McNamara, 2005).

Many states in the U.S. list specifically the requirements for nonprofit corporations to hold an income as well as sales tax exempt status by legislative acts. For example, in Pennsylvania 72 P.S. § 7204 (1) for corporate income tax and 61Pa. Code §§ 32.1 and 32.21 for sales and use tax states that organizations must demonstrate that they meet a five-part test. This five part test is that the nonprofit must (a) advance a charitable purpose; (b) donate or render gratuitously a substantial portion of its services; (c) relieve government of some of its burden; (d) serve a substantial, indefinite class of persons who

are legitimate subjects of charity; (e) and operate entirely free from private profit motive emanating from a 1985 Pennsylvania Supreme Court decision (Grobman, 2005).

More and more nonprofit organizations are considering new and different ways to generate the funds that they need to operate. Entrepreneurial behaviors within many nonprofits have become necessary for survival. Nonprofits are viewing business skills and applying them to create social value within the communities that they serve (Roling, 2002).

History of Small Business in the United States

If small businesses have been vital to America's economic development, they have been perhaps even more important as a component of American culture. More than the cultures of other nations, that of the United States has developed as a business culture; and the love affair of most Americans with business has focused especially upon small business (Blackford, 2003, p. 3)

Small businesses, just as nonprofits, are always there, sustaining lives and invisible to the naked eye (Williams, 2005). Prior to the mid 1880s small businesses were the norm in the United States (Chandler, 1977). Small businesses dotted the landscape of America in single-unit, non-bureaucratic firms everywhere. A national ideology favorable to small business developed from the time of the founding of the first colonies in the United States (Blackford, 1991).

Economically in colonial America, the production of goods for foreign markets was a prime engine of growth. The Atlantic Ocean served as the conduit for connecting the colonies to overseas markets. By the 1760s and 1770s, the colonists were sending aboard

a substantial share of the handcrafts that were made and crops they raised creating up to 20% of the colonists' income (Blackford, 1991).

As people began to move across the Appalachian Mountains, the economic focus moved more inland. Internal development replaced foreign trade as the most powerful driving force of the American economy. Staple crops of cotton and wheat and the beginning of the American Revolution spurred manufactured items to be produced. Simultaneously, the construction of canals, turnpikes, and railroads encouraged local, regional and interregional trade. Americans soon emerged as the single most powerful ingredient to business development throughout the nineteenth century and well into the twentieth (North, 1961). From these early beginnings, America developed into a nation with a business culture.

Small business and its position in America's culture and economy have changed over time. Until about 1880, few large businesses existed. From 1880 to 1920 the emergence of big business caused small business to decline in their relative importance to the U.S. economy (Blackford, 2003). "Although the number of self-employed Americans rose from 1.2 million in 1880 to 2.6 million in 1920, the percentage of the nation's workforce who were self-employed fell from 8 percent to 6.5 percent" (Blackford, 2003, p. 43).

Many other nations did not embrace business and business people as America did. For example, in Great Britain, the first nation to industrialize, business people were not held in such high esteem. Blackford (2003) cites Samuel Courtland, whose company was the leading Great Britain textile manufacturer, denounced the "profit motive" (p. 36) that Courtland associated with the American way of life in 1927 as the Americanization of Europe with the utmost dislike. Courtland indicated that he doubted "whether American ideals of living-purely materialistic as

they are” would finally “lead to a contented working nation anywhere” once “the excitement of constant expansion” had “come to an end” (p. 36).

Blackford (2003) stated, “social independence that small business owners derived was becoming elusive by the turn of the century” (p. 74), as more people lived in large cities and worked in the offices of big businesses. According to Blackford, the rise of big business changed the world of small businesses in the late nineteenth and early twentieth century dramatically and up until the antebellum years, small businesses were doing well.

After the Civil War all changed, especially in manufacturing. Small companies became proportionately less important to the American economy. During the middle twentieth century, small businesses came under increasing pressures from larger enterprises. Businesses became more concentrated and small firms found themselves squeezed by competition. The federal government policies which were designed to protect small businesses from competition and to promote the development of small businesses did very little (Blackford, 1991).

Even as Americans embraced big business after World War II and deepened their admiration of the small business owner, Congress took action after it was noted that military contracts went to 184,000 manufacturing establishments that received 75% the army and navy contracts (Blackford, 2003). Blackford (1991) related as World War I had shown, that the federal government’s main concern was to increase the output of war materials as rapidly as possible. Government officials paid scant attention in making sure the small businesses were awarded these contracts. During this time most Americans favored big business because it was assumed that the outpouring of consumer goods meant a rise in the standard of living.

U.S. Small Business Administration

The U.S Small Business Administration (SBA) was created by Congress on July 30, 1953. It is an independent agency of the Executive Branch of the Federal Government that reports directly to the U.S. President. The SBA is charged with aiding, counseling, assisting, and protecting the interests of small business. In 2003, the SBA had 70 district offices and numerous branches scattered throughout the U.S. and its territories (Gatewood, 2004). In 2003, the SBA authorized over \$12.3 billion in loans to small businesses and more than \$1 billion was made available for disaster loans and more than \$40 billion in federal contracts to small business were secured (Small Business Administration, n.d).

The Small Business Administrative Act of 1953 defines a small business as: one which is independently owned and operated and not dominate in its field of operation. Over the years the SBA has established and revised numerical definitions for all for-profit institutions. This numerical definition is called a size standard. This standard is derived from the North American Industry Classification System (NAICS) (Small Business Administration, n.d.).

The most common size standards used by the SBA in 2007 were:

- 500 employees for most manufacturing and mining industries
- 100 employees for all wholesale trade industries
- \$6 million for most retail and service industries
- \$28.5 million for most general and heavy construction industries
- \$12 million for all special trade contractors
- \$0.75 million for most agricultural industries

Into the 1990s, small businesses generated a significant share of America's new jobs, particularly in the commercialization of new processes and products (Blackford,

1991). In 2005, there were approximately 25.8 million small businesses in the United States according to the Department of Labor. Small firms with less than 500 employees represented 99.9 percent of the 25.8 million small businesses (Small Business Administration n.d.).

Small business contributes to the U.S. economy the following ingredients: (a) creates three out of four new jobs, (b) produces more than half of the private gross domestic national product, (c) invents 55% of the nation's technological innovations, (d) provides work and income for more than 50% of the private U.S. workforce and, (e) inspires entrepreneurial activity (Gatewood, 2004).

The SBA is not without its critics. Manor (2006) indicated that the SBA is known by many as the "financier of last resort" (p. 11C) because it guarantees loans to small business that otherwise couldn't get credit. For instance, in 2005, "the SBA backed about 100,000 loans worth \$19 billion dollars. The default rate on these loans ranges up to seven percent in any given year." (p. 11C). The newly appointed 2006 Administrator of the SBA, Steven Preston, who has never owned a small business himself, stated that his agency must do a better job helping minority, rural and inner-city small companies grow and work on the federally mandated databases of contracts awarded to small businesses which has been inaccurate causing big business to get work meant for small business (Manor, 2006).

The SBA is also not without its supporters. On April 27, 2005, President George W. Bush speaking to the Small Business Week Conference in Washington, D.C. related that a vibrant small business sector is important for the economic health of our country. Furthermore, President George W. Bush has taken steps to assist small businesses in the

following ways: (a) strengthen the SBA Office of Advocacy, (b) allow small businesses to earn interest on their checking accounts, (c) seek comments from small business on how to improve regulations, (d) permit associations to provide health insurance, and (e) create new tax incentives (The White House, 2005).

Small businesses go through life cycles. Table 7 depicts the seven stages of a business life cycle as demonstrated by Zahorsky (2004).

Table 7

Seven Stages of a Business Lifecycle

Stage	Description
Seed	<p>Concept or idea for a business is born. Challenge is to seek market acceptance and pursue. Focus is to match business opportunity with skills and experience. Money sources are sought for cash, customers, and suppliers and grant funding.</p>
Start Up	<p>Business is born that legally exists. Challenge is to check to make sure business is on track. Focus is to establish a customer base and market presence. Money sources are sought for cash, suppliers, and grant funding.</p>
Growth	<p>Revenues and customers are increasing with many new opportunities and issues. Challenge is to perfect effective management. Money Sources are sought from banks, partnerships and grants.</p>

Table 7

Seven Stages of a Business Lifecycle (continued)

Stage	Description
Established	<p>Company is thriving with a place in the market. The challenge is that the marketplace is competitive and restless. Focus is towards improvement and productivity. Money sources are business profits, banks, investors and government.</p>
Expansion	<p>New market and distribution channels develop. Challenge is to move into new markets with planning and research. Focus is to add new products or services to existing markets. Money source is to seek joint ventures, banks licensing, new investors.</p>
Decline	<p>Changes are in the economy, society, or market conditions. Challenge is the dropping of sales and profits. Focus is to search for new opportunities and ventures. Money sources are suppliers, customers, owners.</p>
Exit	<p>Cash out or shut down business. Challenge is the current market sale price. Focus is to set up a business transition plan. Money sources are to seek best tax strategy to sell or close-down business.</p>

Source: From Find Your Business Life Cycle. The Seven Stages of a Business Life by Darrell Zahorsky (2004). About. Small Business Information. NY: The New York Times.

American Marketing

The American Marketing Association defines marketing as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. Entrepreneur marketers must be able to sell their products, their ideas, their passion and their company (or organizations) for long-term potential (Abdul & Seiders, 2004).

Since the late 1970s, marketing has become a subject of growing interest to managers of both the for-profit and nonprofit sector. In order for an organization to survive and succeed, the organization must: (a) attract sufficient resources; (b) convert these resources into products, services, and ideas; and (c) distribute these outputs to various consuming publics (Kotler, 1975).

According to Crompton and Lamb (1986) marketing entails learning about a customer's or client's wants within an organization and being able to use that information internally to establish programs that will satisfy targeted clientele. The social and economic justification for marketing is for the organization's existence. Therefore, under this philosophy of marketing the existence of nonprofit organizations and small businesses is to satisfy the customer. Marketing calls for the offering of value to someone in exchange for value. This makes exchange the central concept underlying marketing (Kotler, 1975).

Crompton and Lamb (1986) explain that the philosophy of marketing has evolved through the years. And, that the three most important eras in marketing's evolution were

the product era, the sales era, and the marketing era. The product era was during the early twentieth century when large quantities of relatively inexpensive products were produced on an assembly line. Customers that could not previously afford to buy these products bought these assembly lines made products as soon as they were produced. During the product era businesses were primarily concerned with producing more of what they were producing and not so concerned with selling what they produced or trying to learn what clients or customers wanted them to produce. The sales era of the 1920s saw supply exceeding demand. Businesses realized that there was a need to stimulate demand for their products. Sales departments were established within companies. From setting up sales departments, businesses moved from product orientation to a selling orientation. The main objective of the sales era was to sell products rather than what the actual benefits of the product was towards the consumer. In the marketing era of the 1950s, companies began to realize that the sale of a product was based on whether or not a customer decided to purchase a product. The perceived value of a product by the customer determined what a business was, what the business produced, and whether or not a business would prosper. These authors also point out that an important component of the marketing era is the approach that businesses should produce what they can sell as opposed to sell what they can produce. This marketing era philosophy holds that the satisfaction of the customer wants is what holds the social and economic justification for an organization's existence.

The for-profit sector eras of product, sales and marketing has been mirrored by the nonprofit sector. In the mid 1970s, most nonprofits practiced minimal marketing skills. However, in the late 1970s nonprofits adopted a more aggressive stance by starting to

promote their services in order to increase usage and to provide better justification for their budgets (Crompton & Lamb, 1986). The need for nonprofits to market their services was primarily due to the fact that consumers began to make their dissatisfactions known. Churches lost members, colleges had problems attracting quality students, arts and cultural groups were having difficulties in finding interested donors and volunteers and many trade and professional organizations experienced a decline in membership. These factors along with a tightening of economic conditions, forced nonprofits to change their marketing tactics. Marketing should not be confused with selling. For many years nonprofits themselves did not engage in marketing because marketing was thought of a hard sell or an activity that nonprofits considered unprofessional and inappropriate (Smith et al., 2000).

In marketing a product, programs and services are delivered that individuals want and that they will readily support. A marketing orientation accepts the importance of the consumer to the agency's operation. By using marketing orientation techniques an agency makes decisions regarding an agency's services, prices, location, scheduling, and advertising and promotion of services. Marketing activities are aimed at facilitating and expediting exchanges by (a) gathering information about the environment; (b) finding out what benefits or wants people desire the agency to deliver; (c) setting marketing objectives; (d) deciding exactly which wants, and which sections of the community want them; (e) possessing those wants, it is going to serve; (f) developing and implementing the appropriate mix of marketing activities; and (g) evaluating marketing efforts. These same marketing techniques can be used by nonprofits. The transferability of marketing techniques depends on two factors that stem from differences in profit and nonprofit

orientations. The first difference is that nonprofits focus on service rather than profit objectives. This creates difficulties in measuring performance levels. The second difference is that private enterprise uses direct client pricing to raise revenues but nonprofits typically rely on taxation and philanthropy for some of their revenues. A key distinction between goods and services is that the latter is intangible (Crompton & Lamb, 1986).

By using a marketing orientation, a nonprofit organization can achieve its objective more effectively and will produce four major benefits. These benefits include: (a) greater consumer satisfaction, (b) increased consumer participation, (c) better attraction of market resources, and (d) greater efficiency (Smith et al., 2000).

By seeking greater consumer satisfaction effective marketing techniques stress the importance of measuring and satisfying audience needs. By increased consumer participation products will be developed that meet known consumer needs.

Nonprofits must not only provide resources, they must attract resources in the way of volunteers, employees, donors, public support, sponsorship, and government funding. Nonprofits must be able to show that a need exists and that they can meet the need by presenting a well-designed plan and also be able to communicate that the plan will serve a targeted audience. By nonprofits having a well-integrated marketing plan, decisions regarding programs are coordinated for maximum cost efficiencies (Smith et al., 2000). It is important to remember that without a customer market no venture can be established and grow (Abdul & Seiders, 2004).

Chetkovich and Frumkin (2002) proposed a framework for thinking about nonprofit competition based the intersection of two dimensions. A domain of competition, which

is both fee-based or donative activities and a competitive strategy, which can be either price or differentiation-based. An example of this framework can be found today with the American Red Cross (ARC). The ARC competes for customers with their fee-based activities by the sale of biomedical products and in the marketing of health and safety education. Within the ARC biomedical services area, directors are subject to both increasing costs on their customers and to regulatory scrutiny. Health and safety education classes that were once offered for free are now a fee-for-services program due in part to locating and sustaining charitable support.

However, the ARC is constantly faced with competition for these services from others. People now have a choice as to services that they can utilize as they have never had before. The bottom line for the ARC has evolved into competing on the basis of price or competing on the basis of product differentiation (Chetkovich & Frumkin, 2002).

In donative competition, donations from donors are sought to pay for services to be delivered to consumers. In fee-based competition, the consumer is also the payer. Competitors for these funds differ across domains. For instance, nonprofit or public agencies are in the donative market. Whereas, there may be nonprofits or for-profits in the fee-based activities. Both organizations are subject to very different social and economic influences (Chetkovich & Frumkin, 2002).

In recent years competition in the nonprofit world has increased. Directors of nonprofits are devising new strategies that will serve both organizational needs and public interest (Chetkovich & Frumkin, 2002). There is competition due to the increasing numbers of nonprofit organizations seeking support, shifting government

funding and the presence of for-profit agencies that are delving into the human services arena (Tuckman, 1998).

In the business world, organizational strength, market conditions and the aim to enhance profits are the main strategies (Porter, 1996). As long as markets remain strong then social benefits are produced by efforts of individual businesses to be able to attract and retain customers. In contrast, nonprofits have the challenge of succeeding financially in an environment of competition plus simultaneously must serve their mission. Tension between mission and margin can and do become demanding (Frumkin & Andre-Clark, 2000).

There has been little intersection of a discussion on nonprofit strategy and the social implications of nonprofit competition in the literature. This is in contrast to the situation in business (Chetkovich & Frumkin, 2002). The nonprofit leader of today according to Chetkovich & Frumkin must constantly strive for a balance between margin and mission least they will possibly alienate their community stakeholders, board members, and supporters. They argue that the increasing importance of fees and other forms of commercial revenues has tended to blur the boundaries between nonprofits and businesses. And, that the fundamental characteristics of nonprofit organizations are being put to the test as nonprofit health, education, and human service organizations have begun to compete with other nonprofits and for-profit firms. Nonprofits need a strategy to deal with competitive situations because the alignment of strategy with mission requires a careful appreciation of the tradeoffs involved. While protecting the public benefits that justify the special status of the nonprofit organization, so too must nonprofits seek to secure fee-based and donative revenues. Managing these tensions is likely to

become the core challenge in nonprofit management, i.e., the ability to fit strategy, funding streams, and mission together in an increasingly competitive environment.

Hospitals, nursing homes, day care centers, and recreational/youth service facilities may have the same equipment and physical plants and they may provide similar services (Grobman, 2005). And, even though buildings of some types of nonprofits may look similar to their for-profit counterparts, there are clear and fundamental differences between the operations and motivations of nonprofits.

According to Grobman (2005) the difference between nonprofit organizations and for-profit business are: (a) a nonprofit is driven by its service mission philosophy rather than by the profit margin; (b) a nonprofit serves those who cannot afford to pay full costs; (c) a nonprofit's excess revenue over expenditures is funneled back into the organization to further its tax exempt purpose; (d) a nonprofit will likely remain in the community even if it suffers financial setbacks; (e) a nonprofit is more accountable to its board constituency for public service; (f) a nonprofit looks proactively at ways to respond to community needs without regard to any profit motive; (g) a nonprofit may not compensate its employees higher than "reasonable" rates; (h) a nonprofit board of directors is typically comprised of unpaid community leaders motivated by public service and serving the unmet needs of the community rather than making a profit; and (i) a nonprofit, because of its legal mission to serve rather than to make profits, often attracts thousand of hours of volunteer time and philanthropic contributions that further its purposes.

Nonprofit organizations development approaches tend to differ from the for-profit model in a critical way. Businesses stress the benefit of linking idea generation and

implementation. Whereas, nonprofits take the opposite track by replicating programs and the use of national intermediary organizations to generate ideas in one set of organizations and implement them in another (Letts et al., 1999).

Development is something that all nonprofits should strive for as they are usually better positioned than most businesses to pursue both teamwork and client focus. Many nonprofits value correspondence and aspire to their goals, collaboration and service. Also, many individuals are attracted to nonprofits precisely because of their deeply held convictions and commitments (Letts et al., 1999).

History of Nonprofits

Primitive societies were the first to develop and exhibit the concept of charity or philanthropy, for pragmatic purposes (Bakal, 1979). In primitive societies, the welfare and preservation of individuals and families required the community to share in the tasks of food gathering, hunting, and providing shelter (Block, 2001).

Philanthropy existed in ancient Egypt as far back as 2,300 B.C.E. (Block, 2001). For instance, Egyptian aristocrats were buried with records of their gifts to the poor and needy (Columbo & Hall, 1995).

For the ancient Greeks, charitable giving was designed to make the community stronger. The form of philanthropy of the Greeks was to give community gifts such as theaters and stadiums, rather than to specifically help the poor. The Code of Hammurabi (1780 B.C.E), the ruler of Babylonia, from 1795-1755 B.C., was developed to instruct his subjects was one of the first secular references to charity (Block, 2001).

At the beginning of the 11th and 12th centuries, associations for merchants were formed in Greece, China, Rome and Egypt. During this time organized craft guilds were established in order for merchants to form for the protection of commerce against the feudal governments. The merchant guilds had a tremendous amount of influence on the development of commerce. Two kinds of guilds were especially important to civic life—merchant guilds and craft guilds (Guild, 2004).

By their nature and function, in order for guilds to be effective, at least two things were required. First, some way to differentiate members from nonmembers. Secondly, guilds needed some shared norms or rules about what members must share with others (Merges, 2004). “Guilds originated as autonomous artisan collectives, and their regulations began as internal rules applying to members only and backed only by the authority of the guild itself” (Merges, p. 4). They played “an important role in generating and diffusing new techniques and information” (Merges, p. 3).

Nonprofit organizations are deeply ingrained in American culture, having evolved out of a religious tradition of serving community needs. The roots of nonprofits go back to the ancient writings in the holy books which include the Torah, New Testament, Koran and others written thousands of years ago (Grobman, 2005). Therefore, the first voluntary associations of civilization were the religious associations. Many times the religious associations were of a secret nature in order to conserve traditions and build bonds within each community (Scott, 2001).

The first law that granted tax exemptions for nonprofits was The Statute of Charitable Uses. This statute which set out lists of legitimate objectives for charities and established a procedure for accountability for charitable fraud was passed in 1601 by the

British Parliament. Queen Elizabeth I passed this law before the end of her reign in order to create a new relationship between secular and non-secular institutions in Elizabethan England (Hammack, 1998). The so called Elizabethan Poor Laws of 1597 through 1601 required churches to care for the poor. When the colonists settled in America, this same tradition for government to establish religion continued (Grobman, 2005).

However, in America many nonprofits surfaced that were not associated with religion. Benjamin Franklin created the voluntary associations for The Free Library Company, the Philadelphia Hospital and the University of Pennsylvania to defend Pennsylvania. These institutions were independent of government; however some government subsidizing was used in these efforts (Hammack, 1998). Private organizations were created after the American Revolution to provide services provided through donations and purchases of services as opposed to government grants (Hammack, 2001).

It was during the early 19th century in the writings of de Tocqueville that a comparison of his French homeland and how the New World in America was meeting the community needs that were routinely addressed by national governments in Western Europe (Ott, 2001). A firm federal and legal footing for nonprofits came in 1844 with the U.S. Supreme Court involving the last will and testament of Stephen Girard, an enormously wealthy merchant. Girard established a charitable bequest in a trust of seven million dollars for a college for orphans in Philadelphia that was enforced (Hall, 1987). In 1894, the U.S. Congress enacted the first federal income tax provided that there would be allowed an exemption for corporations, companies or associations organized and

conducted solely for charitable, religious and educational services (Columbo & Hall, 1995).

At the end of the nineteenth century, tax laws of many states accorded equal exemption privileges to all membership organizations whether they be mutual benefit associations, mutual savings banks and insurance companies, athletic organizations, charitable, educational, and religious organizations such as colleges and congregations. Pennsylvania, in contrast, offered tax exemption only to entities that could demonstrate that a substantial proportion of their activities were given to the poor (Hall, 2000).

Part of the 20th century witnessed further expansion of charitable organizations. This included private universities to community centers and from foundations to health care providers (U.S. Report to Congress, 2005). From 1950 to 1970, the United States saw the greatest and most rapid growth in philanthropic as well as nonproprietary entities. Most of these entities were non-stock holding corporations that registered with the federal government as tax-exempt nonprofit organizations (Hall, 2000).

In 1939, the estimate of the number of nonprofit organizations was 12,500. By 1967 there were more than 300,000 nonprofits registered with the Internal Revenue Service. In 2000 there were more than 1.2 million nonprofit organizations (Hall, 2000). The nonprofit domain expanded as the modern American welfare state first began to emerge after World War II due to the federal government's use of tax and other incentives to encourage growth. In higher education the G.I. Bill for returning war veterans was created, new colleges and universities were founded as well as older institutions expanded; higher education federal subsidies in the way of scholarships, capital financing and research; and powerful tax incentives to encourage philanthropy

from the private sector were present. The health care industry which was predominately run by the government and proprietary sources before the war became a predominately nonprofit domain due to federal incentives and the growth of public social assistance through the Social Security Act and private and social health insurance. By the 1970s, the single source of direct and indirect revenues for nonprofits came from the federal government (Hall, 2000).

According to Hall (2000), had a Republican been elected president of the U.S. in the 1970s, John D. Rockefeller III's Bureau of Philanthropy might have been established. Rockefeller and his advisors had envisioned the creation of a third part of government that would function as an advocate within government for charitable tax-exempt institutions. Rockefeller's vision was not to be. Jimmy Carter, a democrat, was elected instead. Carter and his administration being skeptical of another industry-dominated regulatory commission denied Rockefeller his wish. Rockefeller began working towards creating a private organization that could serve as a common meeting ground for the charitable tax-exempt cause named the Independent Sector (IS). The IS was finally established. But, due to Rockefeller's untimely death in 1978, the IS leadership effort passed to the Carnegie Corporation and John W. Gardner, the secretary of the U.S. Department of Health, Education and Welfare (HEW), renamed in 1979 to the Department of Health and Human Services (HHS), Brian O'Connell. O'Connell, Gardner's protégé, moved IS into a trade association with a strong staff which was backed by the major grant makers, who also comprised the core membership. In 1980, \$40.4 billion was directed towards nonprofit organizations from the federal government. State and local governments also made considerable contributions (Salamon, 1999).

Ronald Reagan was elected to the U.S. presidency in 1980. When President Reagan declared that his intention was to slash government social spending in order to free communities of the burdens of Big Government, he presented both an opportunity and a threat to the nonprofit world (Hall, 2000). The Reagan Administration justified some of the reductions of government spending on the basis that nonprofit organizations would need to seek private donations to fill any gaps left by government retrenchment (Grobman, 2005).

Despite the changing character of the nonprofit sector, Salamon (1999) summarized that the nonprofit sector did undergo a rapid expansion from 1977-1996, but this increase was not fueled by an increase in charitable donations. It was fueled by revenues from commercial income, fees, investment income, and sales of products.

As Hall (2000) denoted, “the common meeting ground which offered organizational vehicles through which private values could be translated into public ones without the necessity for compromise and accommodation required by political and governmental process” (p. 26) that Rockefeller had envisioned as the “second American revolution” (p. 26) was emerging in America in the way of a so called Third Sector. Hall stated that Peter Drucker was able to capture the ethos of the Third Sector in 1989, when Drucker described how the “nonprofit organizations of the so called Third Sector” (p. 26) had become the “creators of new bonds of community” (p. 26) and the political culture of mainstream society and the idea that “no matter how well-educated, how successful, how achieving, or how wealthy” (p. 26) the counterculture of the Third Sector offered arenas of privatized activism in which individuals could influence and make decisions in unique ways.

In his 1988 presidential nomination speech, George Herbert Walker Bush called for the dismantling of big government and the nurturing of “a thousand points of light” marked a defining moment in which conservative Americans embraced the possibilities of philanthropy and other forms of private volunteerism. By the 1990s, nonprofits had become a vast universe of free-standing, autonomous charitable tax-exempt entities in which membership was nominal and most of whose revenues came directly or indirectly from a mix of government grants, contracts, vouchers, and earned income from sales of goods and services (Hall, 2000).

Also in the 1990s, there were differing views on how American society had been affected by nonprofit proliferation. Harvard political scientist, Robert Putman, treated the proliferation as a symptom of declining civic engagement in his essay entitled *Bowling Alone* in 1995. Whereas, Peter Drucker portrayed an American society as one in which citizens can acquire and exercise civic skills, act efficaciously, and concentrate their energies and resource points for civil society that is different from what de Tocqueville saw, but “no less valid as a model of civic action and interaction” (Hall, 2000, p. 39).

In 1993, President Bill Clinton signed into law the National and Community Service Trust Act. This legislation created the Corporation of National Service, which administers AmeriCorps and several other programs (Grobman, 2005). Also during the Clinton Administration serious proposals were introduced from the White House to increase the ability of religious-based social service organizations to receive federal funding entitled the Personal Responsibility and Work Opportunity Act of 1996. This Act allowed faith-based organizations to be eligible for government grants and funds for social services (Linder, 2001).

Following the President Clinton era, President George W. Bush took faith-based initiatives to a higher order by signing an executive order that created the Centers for Faith-Based and Community Initiatives in the Department of Health and Human Services, Housing and Urban Development, Labor, Justice, and Education (The White House, 2001c). In President Bush's official remarks launching the proposal he said:

It is one of the great goals of my administration to invigorate the spirit of involvement and citizenship. We will encourage faith-based and community programs without changing their mission. We will help all in their work to change hearts while keeping a commitment to pluralism

In President George W. Bush's 2002 State of the Union address, months after the U.S. September 11, 2001 terrorist attacks, he called upon each American citizen to volunteer two years or at least 4,000 hours over the course of their lifetime and created the USA Freedom Corps. The purpose of the USA Freedom Corps members is to build a culture of service, responsibility, and citizenship (USA Freedom Corps, 2003).

The U.S. today has an estimated 1.5 million public charities, private foundations, and religious congregations (Smith et al., 2000) And, is considered America's largest "employer" (Drucker, 1990, p. xiii). The number of nonprofits in the U.S increases each year (U.S. Report to Congress, 2005). The National Center for Charitable Statistics reported the numbers of nonprofits in the U.S. from 1996 through 2004. Table 8 shows the percentage of change within these years.

Table 8

Number of Nonprofit Organizations in the U.S. from 1996 to 2004

Type of Organization	# in 1996	# in 2004	% of Change
All Nonprofit Organizations	1,084,897	1,397,263	28.80%
501(c) (3) Public Charities	535,888	822,817	53.50%
501 (c) (3) Private Foundations	58,774	102,881	75.00%
Other 501 (c) Nonprofit Organizations	490,235	471,565	- 3.80%
Reporting Public Charities	297,691	317,689	6.70%
Operating Public Charities	261,640	272,236	4.00%
Supporting Public Charities	36,051	45,453	26.10%
Non-Reporting, or with less than \$25,000 in Gross Receipts	238,197	505,128	112.10%
501 (3) (c) Private Foundations	58,774	102,881	75.0%
Private Grantmaking Foundations	56,377	98,529	74.8%
Private Operating Foundations	2,397	4,352	81.60%
Other 501 (c) NP Organizations	490,235	471,565	-3.8%
Civic Leagues, Social Welfare Organizations etc.	127,567	119,515	6.30%
Fraternal Beneficiary Societies	102,592	87,833	-14.40%

Table 8

Number of Nonprofit Organizations in the U.S. 1996 – 2004 (continued)

Type of Organization	# in 1996	# in 2004	% of Change
Business Leagues, Chambers of Commerce etc.	68,575	71,470	4.20%
Labor, Agriculture, Horticulture Organizations	61,729	58,494	-5.50%
Social & Recreation Clubs	57,090	56,494	-1.00%
Post or Organization of War Veterans	30,578	35,097	14.80%
All Other Nonprofit Organizations	42,104	42,794	1.60%

Sources: From *Number of Nonprofit Organizations in the United States 1996-2004*. The National Center of Charitable Statistics (NCCS). Washington D.C. Urban Institute.

Summary

This chapter contained a review of the literature on the historical views of and the developments in the areas of entrepreneurs, entrepreneurship and personality trait research. Notable researchers in entrepreneurial and personality research were highlighted. Personality traits that have been the most often studied were presented along with the personality traits that are studied within this research study. A brief history of U.S nonprofit organizations and small business was presented as well as the origins of the American marketing system. The significance of the nonprofit and small business sector in America and in American culture were discussed along with life cycles of

entrepreneurs, business and nonprofits. Various governmental enactments were discussed including faith-based and community-based initiatives. The most current figures on the number of U.S. nonprofit organizations as reported by the Urban Institute were presented.

CHAPTER 3

METHODS

Introduction

Small businesses and nonprofit organizations have long been integral to the United States and central to American life (Blackford, 2003). Small business owners have needed to possess political, economic and cultural understanding since the founding of the first colonies to the present day. Alexis de Tocqueville (1835/2001) on observing America and Americans in the 1830s stated, “But, what most astonishes me in the United States is not so much the marvelous grandeur of some undertakings as the innumerable multitude of small ones” (p. 215). Nonprofit organizations such as churches and synagogues, civic groups, hospitals, day care centers, libraries, universities, symphonies, art museums, schools and organizations such as the Salvation Army and the American Cancer Society work in partnership with government to improve all of our lives. Nonprofit organizations also left an impression on de Tocqueville (1835/2001) when he wrote:

Americans of all ages, all conditions, and all types of disposition constantly form associations. They have not only commercial and manufacturing companies in which all take part, but associations of a thousand other kind,--religious,

moral, serious, futile, general or restricted, enormous or diminutive. The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, and to send missionaries to the antipodes; they found in this manner hospitals, prisons, or schools. If it be proposed to inculcate some truth, or to foster some feeling by the encouragement of a great example, they form a society (p. 198).

Participants

In order to identify potential participants for this study directors and executive directors were contacted of various national and regional nonprofit organizations as well as small business owners via letters of invitation. The letter of invitation informed participants of the web address: <http://www.testing.resourceassociates.com> (see Appendix A). The identification code word was AUBURN and the password was SUCCESS.

Contacts for this study were primarily in the southeastern and northeastern parts of the United States. One participant responded via email that they were located in Cairo, Egypt. It is unknown if any other participants were from outside of the U.S. Two participants expressed technical difficulty. They were informed when the web site problem was corrected.

For this study, 264 letters of invitation were mailed via the U.S. Postal Service (USPS) to nonprofit directors and executive directors and small business owners. Of the 264 letters mailed 22 letters were returned by USPS as non-deliverable. Specific web sites that were related to small businesses or nonprofits were also contacted. These

Internet contacts were sent letters of invitation in PDF format. Appendix D presents a list of the organizations and businesses invited to participate in the study. If participants chose to do so an on-line report of their individual results were available immediately after they completed the survey. In the invitation letter the research also stated that should a participant seek access to their individual results they could contact the researcher. The researcher's email address was included in the invitation letter.

Resource Associates, Inc (RA) in Knoxville, TN hosted the web survey instrument. RA worked with the researcher in order to set up the especially designed web address and instrument for this study. Appendix B presents a copy of the support letter from RA. The researcher collected weekly demographic data from RA and then transposed this data into an EXCEL format. SPSS (Statistical Package for the Social Sciences, 2003) 12.0 was used to analyze the data from the survey with imported EXCEL formatting as needed.

Survey Instrument

A detailed web survey was used to collect data for this study. All twelve personality traits were assessed using existing measures. Below is a brief description of the instrument used in this study. The Personal Style Inventory (PSI) web survey developed by Lounsbury and Gibson (2000) was used to examine twelve narrow dimensions of personality (See Appendix C).

The PSI builds on the Big 5 set of personality traits that have traditionally been studied (George & Gareth, 2004). PSI greatly extends the original Big 5 Model of Personality, which holds that only five main personality factors are necessary to predict success in all walks of life (Lounsbury, Sundstrom, Loveland & Gibson, 2003).

The adapted PSI personality measure contained twelve (12) subscales and a total of eighty-eight (88) items. Each subscale represented an independent variable and was scored separately. Item responses were presented for each participant to choose one of five boxes between two bipolar verbal anchors. Participants read the two verbal anchors on each side of the individual radio buttons and then responded by filling in their responses. Scores for each personality subscale were generated by computing the mean of the participant responses (one to five) for each construct. The mean score was then converted to the PSI normed scoring matrix. Below is a brief description of the personality trait variables and examples of questions used in the study.

Emotional resilience. This subscale assesses one's stability, hardiness and emotional resilience in the face of work stress and pressure and overall level of adjustment. (e.g., "When I suffer a setback in my life, I always bounce back right away.").

Work-related internal locus of control. This subscale assesses one's belief that work success comes from personal initiative and effort rather than luck or fate. (e.g., "What happens next in my career will depend on the choices I make.").

Social networking. This subscale assesses one's tendency to develop informal social contacts for business-related purposes. (e.g., "It doesn't bother me if I don't know where my income will come from in 6 months.").

Self-promotion. This subscale assesses the ability of one to expand one's business and/or social contacts by making connections through individuals (e.g., "I like going to business-related luncheons and parties when they help me develop new contacts.").

Competitiveness. This subscale assesses one's willingness to outperform business rivals and other individuals for business-related purposes. (e.g., "I tend to perform at my best when I am in competition with others.").

Goal-setting. This subscale assesses the ability to regularly set clear business goals and objectives. (e.g., "When I suffer a setback in my life, I always bounce back right away.")

Optimism. This subscale assesses the presence of a positive and upbeat outlook concerning prospects, people and the future, even in the face of adversity. (e.g., "I always feel hopeful when I think about the future.").

Work- drive. This subscale assesses the ability to work long hours and extend oneself when needed to finish projects and meet deadlines. (e.g., "It could easily be said of me that I live, eat, and breathe my work.").

Tolerance for financial uncertainty. This subscale assesses one's ability to tolerate financial uncertainty. (e.g., "It doesn't bother me if I don't know where my income will come from in 6 months.").

Adaptability. This subscale assesses the ability to be adaptable, flexible as well as the ability to adjust one's work style to different conditions and situations and flexibility. (e.g., "When working on a project, I am very good at improvising when faced with unanticipated obstacles.").

Autonomy. This subscale assesses one's need for independence and autonomy at work, including not having a boss. (e.g., "It is very important for me to decide who I work with on my job.").

Persistence. This subscale assesses willingness to keep working on projects until completed and to persevere despite setbacks and obstacles. (e.g., “I will stay up late and even lose sleep to finish a project.”)

Data Collection and Procedure

The survey instrument was hosted on a Resources Associates, Inc. secure survey at the web address: <http://www.testing.resourceassociates.com>. A broadband Internet connection was recommended for participants such as cable, DSL or T1 lines. It was noted upon opening the web site that if participants attempted to take the assessment using a dial up connection that the pages may not load properly and that the assessment results could suffer. Participants were asked their name, gender, age, race, education level, current job title, number of years employed at their current location and the number of employees that they supervised on the initial survey page. There were seven drop-downs for the nonprofit leaders in regards to the type of nonprofit organizations where they were employed. These drop-downs included: health services, education services, arts and culture, foundations, religious, research and other. There were also seven drop-downs for small business owners as to the type of business that they owned. These drop-downs included: professional services, consumer services, retail, wholesale, manufacturing, construction and other (See Appendix C). The PSI had a total of 88 items. The survey took approximately 20 minutes to complete.

Individualized Report from Personal Style Inventory

Participants were given the opportunity to receive their results immediately at the conclusion of taking the survey on-line with an individualized Narrative Report (See Appendix C). The Narrative Report presented a personal profile showing the twelve

traits studied in order of importance, starting with those most strongly associated with both success and satisfaction of entrepreneurs. Each participant's personal strengths were listed for each personality characteristic. Table 9 lists some examples of personal strengths for each characteristic example.

Table 9

Examples of Personal Strengths Listed-PSI Individualized Narrative Report

Strength	Description
Optimism:	With a positive outlook in most situations and a fairly optimistic disposition, you tend to expect good results in your work and business.
Emotional Resilience:	Generally, emotionally stable and calm in many high-pressure situations, you manage stress fairly well and keep an even temper under a range of difficult conditions.
Locus of Control:	In analyzing your performance in work or business, you easily see the impact of factors beyond your own control-like government regulations and the national economy.
Social Networking:	Your social networking may be helpful in your business for multiple purposes, including getting new ideas, generating leads, learning about your competition, developing alliances, and social support.
Self-Promotion:	In business situations, you often promote your capabilities and alert others to the value of your services.
Competitiveness	Results show that you have a highly competitive personal style and strong motivation to out perform your peers.
Goal-Setting	With your orderly personal style, goal-setting represents a priority in your business.

Table 9

Examples of Personal Strengths Listed-PSI Individualized Narrative Report (continued)

Strength	Description
Work Drive	With an average work drive, you work hard enough to meet reasonable demands of your work, even if you sometimes have to work a few extra hours
Tolerance	Conservative and careful with money, you work for a stable financial situation and prefer predictable sources of future income.
Adaptability	Your results indicate mixed adaptable/systematic work style, comfortable dealing with moderate uncertainty as long as you have enough structure.
Persistence	Results indicate that you have average persistence and motivation to finish. What you start, as long as the obstacles aren't too great.

Source: Source: From *The Personal Style Inventory (PSI) A Personality Assessment Tool for the Work Place* by Lounsbury & Gibson (2000). Knoxville, TN: Resource Associates, Inc. Used with permission of the authors.

The PSI Narrative Report also provided to the participant a list of areas for future development. Table 10 shows examples of some areas that should be developed for one participant.

Table 10

Examples of Areas for Personal Development-PSI Narrative Report

Traits	Description
Locus of Control	When business goes badly, you blame other people, economic conditions, or bad luck. You deny personal responsibility for your own performance.
Social Networking	Once in a while you might over-extend yourself socially, spending too much time interacting with others and not enough time attending to your business.
Work Drive:	You may pass up some good business opportunities which your competitors would pursue because they seem to require too much time and effort.
Tolerance for Financial Uncertainty:	Faced with a very promising but financially uncertain business opportunity you probably would decline to invest, even though it could bring success.
Adaptability	Quick, independent decision-making may prove too difficult for you in some circumstances. You may need to function more autonomously when analyzing problems and choosing the best course of action
Persistence	At times you may abandon worthwhile projects when you encounter major barriers or setbacks.

Source: From *The Personal Style Inventory (PSI) A Personality Assessment Tool for the Work Place* by Lounsbury & Gibson (2000). Knoxville, TN: Resource Associates, Inc.

Used with permission of the authors.

Summary

The population contacted for this study was small business owners and nonprofit leaders primarily located in the southeastern and northeastern sections of the United States. A small business owner in this study was categorized as a small business owner with less than 500 employees. A nonprofit leader was defined as a director, or executive director employed by a nonprofit organization. Each participant took the survey on-line at the web site listed in the invitation letter. The web survey took approximately twenty (20) minutes to complete.

The adapted Personality Style Inventory (PSI) personality measure contained twelve subscales and a total of eighty-eight items. Each subscale represented an independent variable and was scored separately. Item responses were presented for each participant to choose one of five boxes between two bipolar verbal anchors for responses on a Likert-type scale. This configuration gave the participants more response choice freedom for in-between scores. Scores for each personality subscale were generated by computing the mean of the participant responses (one to five) for each construct. The personality traits studied were: emotional resilience, work-related locus of control, social networking, self-promotion, competitiveness, goal-setting, optimism, work drive, tolerance for financial uncertainty, adaptability, autonomy and persistence. Once each participant completed the survey on-line, they received their personalized Narrative Report that was available as a printout. In this report each participant was given information on their personal areas of strengths and areas that needed to be developed in order to improve their entrepreneurial skills.

CHAPTER 4

RESULTS OF THE STUDY

Introduction

According to Drucker (1985) “The entrepreneur always searches for change, responds to it, and exploits it as an opportunity” (p. 11). The term exploit within this description is without any shadings of taking advantage of people. It simply means to strive to take opportunities of change for furthering a mission (Dees et al., 2001).

Descriptive and inferential statistics were used in summarizing data compiled from this study. Descriptive statistics allow the researcher to describe, organize, and summarize data in an effective and meaningful way (Porter & Hamm, 1986). In the case of two or more groups descriptive statistics describes the proximity or remoteness of the relationship of the data (Leedy, 1997). Inferential statistics allow the researcher to draw a conclusion or inference about a population by studying a sample from a population (Porter & Hamm, 1986). One-way Analysis of Variance (ANOVA) procedures were used to assess differences across two groups based on means (Shannon & Davenport, 2000).

A cross-sector study of two groups, small business owners and nonprofit leaders, was conducted. Twelve personality traits of entrepreneurs were studied to investigate

whether or not there was an existing relationship between the two groups within the population sample. The current study is focused on small business owners and nonprofit leaders work satisfaction and work performance personality traits. Participants are referred to as small business owners and nonprofit leaders. Participants for this study volunteered to take a web-designed survey entitled the Personal Style Inventory (PSI).

Research Questions

Within this research project, three research questions were used. First, what is the relationship between work performance levels and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall?

Overview of Selected Personality Traits

In order to gain an understanding of nonprofit leaders and small business owners a carefully chosen set of twelve personality traits were chosen. The personality traits studied were dissected into two categories: work performance traits and work satisfaction traits as described below:

Adaptability. This subscale assesses one's ability to be adaptable, flexible as well as the ability to adjust one's work style to different conditions and situations and flexibility.

Autonomy. This subscale assesses one's need for independence and autonomy at work, including not having direct supervision at work.

Competitiveness. This subscale assesses one's willingness to outperform business rivals and other individuals for business-related purposes.

Emotional Resilience. This subscale assesses one's stability, hardiness and emotional resilience in the face of work stress and pressure and overall level of adjustment.

Goal-Setting. This subscale assesses one's ability to regularly set clear business/organizational goals and objectives.

Optimism. This subscale assesses the presence of a positive and upbeat outlook concerning prospects, people and the future, even in the face of adversity.

Persistence. This subscale assesses one's willingness to keep working on projects until completed and to persevere despite setbacks and obstacles.

Self-Promotion. This subscale assesses the ability to expand one's business/organizational social contacts by making connections through individuals.

Social Networking. This subscale assesses one's tendency to develop informal social contacts for business/organizational related purposes.

Tolerance for Financial Uncertainty. This subscale assesses one's ability to tolerate financial uncertainty.

Work- Drive. This subscale assesses the ability to work long hours and extend oneself when needed to finish projects and meet deadlines.

Work Related Locus of Control. This subscale assesses one's belief that work success comes from personal initiative and effort rather than luck or fate.

Data Collection and Data Analysis Procedures

The results of this study were analyzed in three phases. The first stage focused on describing the participants in terms of demographics using frequencies and percentages. In the second stage a one-way Analysis of Variance (ANOVA) quantitative measure was completed to address each research question to access the relationship between the work performance and work satisfaction traits on the PSI of nonprofit leaders and small business owners. The PSI traits acted as the dependent variables and the two groups, nonprofit leaders and the small business owners, served as the independent variables. Participant responses were grouped by survey items to calculate their mean score for work performance levels under the personality traits of adaptability, autonomy, competition, goal setting, work-related internal locus of control, persistence. Under work satisfaction levels were the personality traits of: optimism, work- drive, tolerance for financial uncertainty, emotional resilience, social networking, self-promotion. A significance alpha level of .05 was used, as well as Levene's test of the assumption of homogeneity of variances to test if there had been a violation. The ANOVA results were then tested for statistical significance and effect size.

The third stage of analysis focused on analyzing quantitative data that identified the nonprofit and small business entrepreneur ratings. This was then compared to the standardized norms from a ranking of the actual PSI norms of low, below average, average, above average and high.

Population Demographics

Data were collected for a total of 107 participants in the study. The participants for the study were contacted via invitation letter (Appendix A) or via Internet email, if email

addresses were available. A listing of the major organizations and agencies that were contacted for this study are listed in Appendix D. Small business owners outnumbered nonprofit leaders (see Table 11). There were 52 nonprofit leaders and 55 small business owners (51.4% and 48.6% respectively).

Table 11

Participants by Job Title

Job Title	Frequency	Percent
Nonprofit Leader	52	48.6
Small Business Owner	55	51.4
Total	107	100.0

The data in Table 12 indicates that female participants outnumbered male participants. Of all participants surveyed 73 or 68.2 % were Female and 34 or 31.8 % were Male.

Table 12

Participants by Gender

Gender	Frequency	Percent
Female	73	68.2
Male	34	31.8
Total	107	100.0

Data in Table 13 indicates the ethnicity of the participants. The majority of the participants (98) were White/Caucasian (91.6%).

Table 13

Participants by Ethnicity

Ethnicity	Frequency	Percent
Asian	2	1.9
Black/African American	4	3.7
White/Caucasian	98	91.6
Other	3	2.8
Total	107	100.0

Table 14 shows that the ages of the participants for this study ranged from 20 years old to 66 plus years. The majority of the participants were 56-60 years old (15.9%).

Table 14

Participants by Age Group

Age	Frequency	Percent
0-25	10	9.3
26-30	15	14.0
31-35	14	13.1
36-40	9	8.4
41-45	11	10.3

Table 14

Participants by Age Group (continued)

Age	Frequency	Percent
46-50	12	11.2
51-55	12	11.2
56-60	17	15.9
61-65	6	5.6
66 plus	1	9.0
Total	107	100.0

According to the Panel on the Nonprofit Sector (Report to Congress, 2005) nonprofit organizations fall into eight major categories. These categories are: (a) arts, culture, and humanities, (b) education and research, (c) environment and animals, (d) health services, (e) human services, (f) international and foreign affairs, (g) public and societal benefit; and, (h) religions.

For purpose of this study the nonprofit leaders that participated had to choose one of seven nonprofit categories. These categories were: (a) arts, culture & humanities (b) education services (c) foundations (d) health services (e) religious (f) research and (g) other, as a drop-down choice within the initial demographic section (Appendix C). There were a total of 107 participants and 52 were nonprofits leaders as shown in Table 15.

Table 15

Types of Nonprofit Organizations

Type	Frequency	Percent
Arts, Culture and Humanities	5	4.7
Education Services	22	20.6
Foundations	1	0.9
Health Services	3	2.8
Religious	1	0.9
Research	2	1.9
Other	18	16.8
Total	52	48.6

Table 16 shows the categories that the small business owners had to choose as drop-downs. These were: (a) consumer services, (b) manufacturing, (c) professional services, (d) retail, and (e) other.

Table 16

Types of Small Businesses

Type	Frequency	Percent
Consumer Services	10	9.3
Manufacturing	2	1.9
Professional Services	31	29.0
Retail	4	3.7

Table 16

Types of Small Businesses (continued)

Type	Frequency	Percent
Other	8	7.5
Total	55	51.4

Of the sample participants, 63 (58.9%) had been employed from one to five years. Twenty-one (19.6%) participants had been employed six to ten years. Eight (7.5%) had been employed eleven to fifteen years. Five (4.7%) had been employed sixteen to twenty years. Five (4.7%) had been employed for twenty-one to twenty-five years. Twenty-six to thirty years was listed by three (2.8%) of the participants. And, two (1.9%) had been employed for thirty plus years.

Research Question #1

Within this research project, three research questions were used. First, what is the relationship between work performance and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall? Below are the results of research question number one.

Results for the Work Performance Traits

The work performance traits of adaptability, autonomy, competitiveness, goal-setting, locus of control and persistence were analyzed to judge variability within the

sample mean (*M*) between the independent groups of nonprofit leaders and small business owners on the Personality Style Inventory (PSI). On the PSI participants were required to select (Likert-type scale) a number. The range of numbers was from minimum score of 1 (Min.) to a maximum score of 5 (Max.). A standard deviation, standard error and the validity norms from the PSI were shown to indicate how the participants scored within normed ranges of the PSI of Low, Below Average, Average, Above Average, and High as shown on Table 17.

Figure 1 following Table 17 demonstrates how nonprofit leaders and small business owners ranked in regards to the normed scoring of the PSI from Low to High for the work performance personality traits that were studied. For the trait of adaptability, autonomy, goal-setting, and persistence nonprofit leaders and small business owners showed an Average score. For the trait of competitiveness both scored within the Above Average range. The one trait that showed differences in scores was under work-related locus of control. Nonprofit leaders showed an Average score for this trait. Whereas, small business owners showed an Above Average score.

Table 17

Work Performance Traits and Type of Organization

<u>Personality traits</u>	<u>Type of organization</u>	<u>Number of participants</u>	<u>M</u>	<u>PSI Norms</u>	<u>SD</u>	<u>SE</u>	<u>PSI Pts. Min.</u>	<u>PSI Pts. Max.</u>
Adaptability	NPL	52	3.62	Avg.	0.57	0.08	2.14	4.86
	SBO	55	3.56	Avg.	0.55	0.07	2.43	4.71
	Total	107	3.59	Avg.	0.56	0.05	2.14	4.86
Autonomy	NPL	52	3.80	Avg.	0.56	0.08	2.67	5.00
	SBO	55	3.86	Avg.	0.67	0.09	1.83	5.00
	Total	107	3.83	Avg.	0.62	0.06	1.83	5.00
Competitiveness	NPL	52	3.52	Above Avg.	0.94	0.13	1.50	5.00
	SBO	55	3.64	Above Avg.	0.88	0.12	1.50	5.00
	Total	107	3.58	Above Avg.	0.91	0.09	1.50	5.00

NPL = Nonprofit Leader

SBO = Small Business Owner

PSI = Personal Style Inventory

Table 17

Work Performance Traits and Type of Organization (continued)

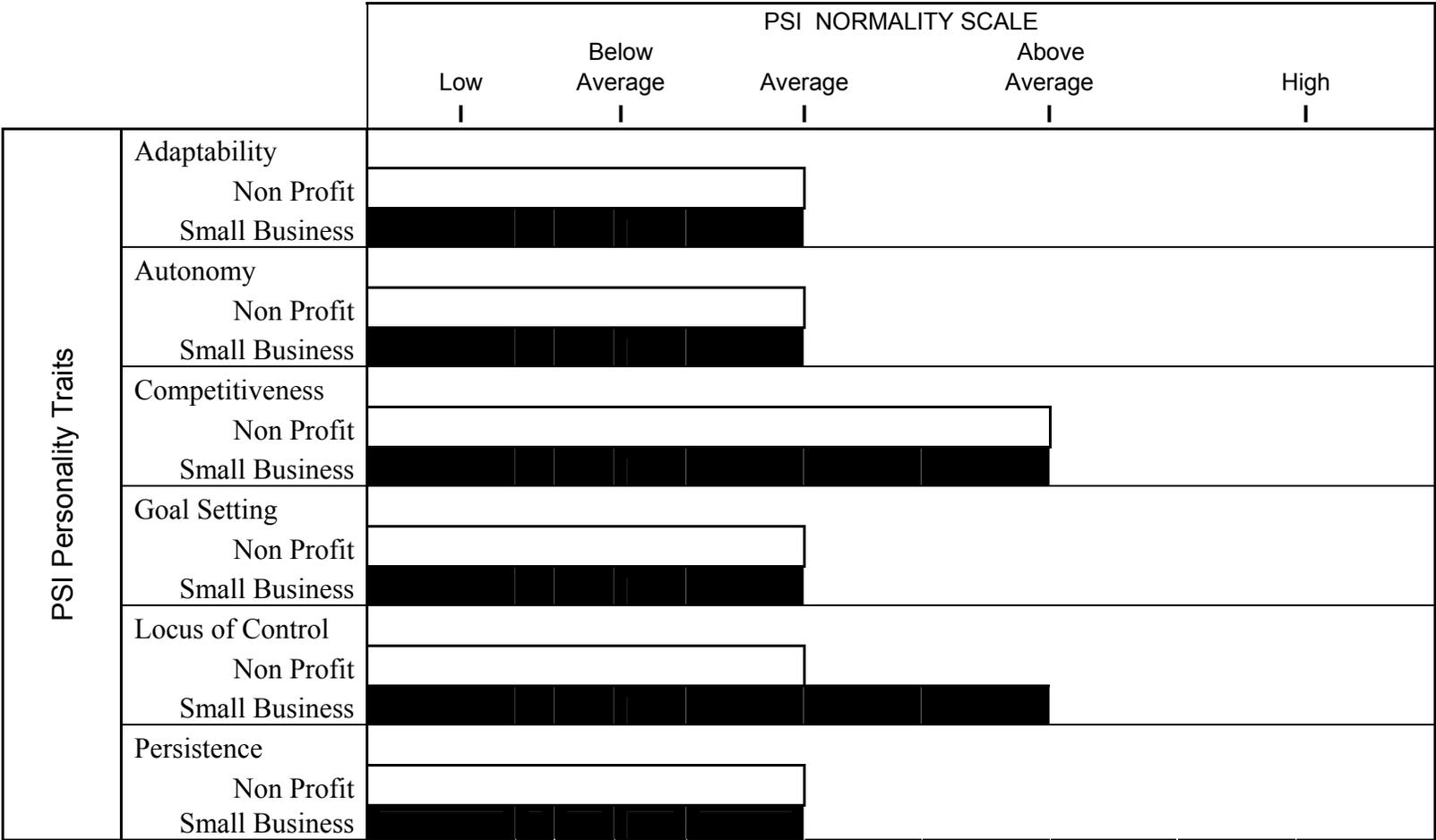
Personality traits	Type of organization	Number of participants	<i>M</i>	Norms	<i>SD</i>	<i>SE</i>	Min.	Max.
Goal Setting	NPL	52	3.76	Avg.	0.67	0.09	2.14	4.86
	SBO	55	3.65	Avg.	0.76	0.10	1.00	4.86
	Total	107	3.70	Avg.	0.72	0.07	1.00	4.86
Work-Related Locus of Control	NPL	52	4.00	Avg. Above	0.65	0.09	2.33	5.00
	SBO	55	4.27	Avg.	0.57	0.08	2.67	5.00
	Total	107	4.14	Avg.	0.62	0.06	2.33	5.00
Persistence	NPL	52	3.65	Avg.	0.55	0.08	2.13	4.63
	SBO	55	3.54	Avg.	0.72	0.10	2.00	4.88
	Total	107	3.59	Avg.	0.64	0.06	2.00	4.88

NPL = Nonprofit Leader

SBO = Small Business Owner

PSI = Personal Style Inventory

Figure 1. Work Performance Traits and Type of Organization Results Chart



Research Question #2

Within this research project, three research questions were used. First, what is the relationship between work performance levels and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall? Below are the results of research question number two.

Results for the Work Satisfaction Traits

Table 18 displays the work satisfaction traits of optimism, work-drive, tolerance for financial uncertainty, emotional resilience, social networking, and self-promotion between the independent groups of nonprofit leaders and small business owners on the PSI. On the PSI participants were required to select (Likert-type scale) as to the number that they were most likely or least likely to match. The ranges of numbers were normed for the PSI from minimum (Min.) score of 1 to a maximum (Max.) score of 5. A standard deviation, standard error and the validity norms from the PSI were shown to indicate how the participants scored within normed ranges of the PSI of Low, Below Average, Average, Above Average, and High as shown in Table 18 as well as Figure 2.

Figure 2 following Table 18 demonstrates how nonprofit leaders and small business owners ranked in regards to the normed scoring of the PSI from Low to High for the Work Satisfaction personality traits studied.

Table 18

Work Satisfaction Traits and Type of Organization

Personality traits	Type of organization	Number of participants	<i>M</i>	PSI Norms	<i>SD</i>	<i>SE</i>	PSI Pts. Min.	PSI Pts. Max.
Emotional Resilience	NPL	52	3.25	Avg.	0.72	0.10	1.25	4.38
	SBO	55	3.44	Avg.	0.59	0.08	1.75	4.63
	Total	107	3.35	Avg.	0.66	0.06	1.25	4.63
Networking	NPL	52	3.97	Avg.	0.78	0.11	1.33	5.00
	SBO	55	3.97	Avg.	0.79	0.11	1.83	5.00
	Total	107	3.97	Avg.	0.78	0.08	1.33	5.00
Optimism	NPL	52	3.59	Avg.	0.67	0.09	1.88	4.88
	SBO	55	3.85	Avg.	0.58	0.08	2.38	4.88
	Total	107	3.72	Avg.	0.63	0.06	1.88	4.88

NPL = Nonprofit Leader

SBO = Small Business Owner

PSI = Personal Style Inventory

Table 18

Work Satisfaction Traits and Type of Organization (continued)

Personality traits	Type of organization	Number of participants	<i>M</i>	PSI Norms	<i>SD</i>	<i>SE</i>	PSI Pts. Min.	PSI Pts. Max.
Self Promotion	NPL	52	3.41	Avg.	0.79	0.11	1.57	4.71
	SBO	55	3.45	Avg.	0.72	0.10	1.71	4.71
	Total	107	3.43	Avg.	0.75	0.07	1.57	4.71
Tolerance for Financial Uncertainty	NPL	52	2.30	Low	0.83	0.12	1.00	4.33
	SBO	55	2.83	Below Avg.	0.86	0.12	1.00	5.00
	Total	107	2.58	Below Avg.	0.88	0.09	1.00	5.00
Work Drive	NPL	52	3.79	Avg.	0.58	0.08	2.50	5.00
	SB	55	3.69	Avg.	0.76	0.10	1.75	5.00
	Total	107	3.74	Avg.	0.68	0.07	1.75	5.00

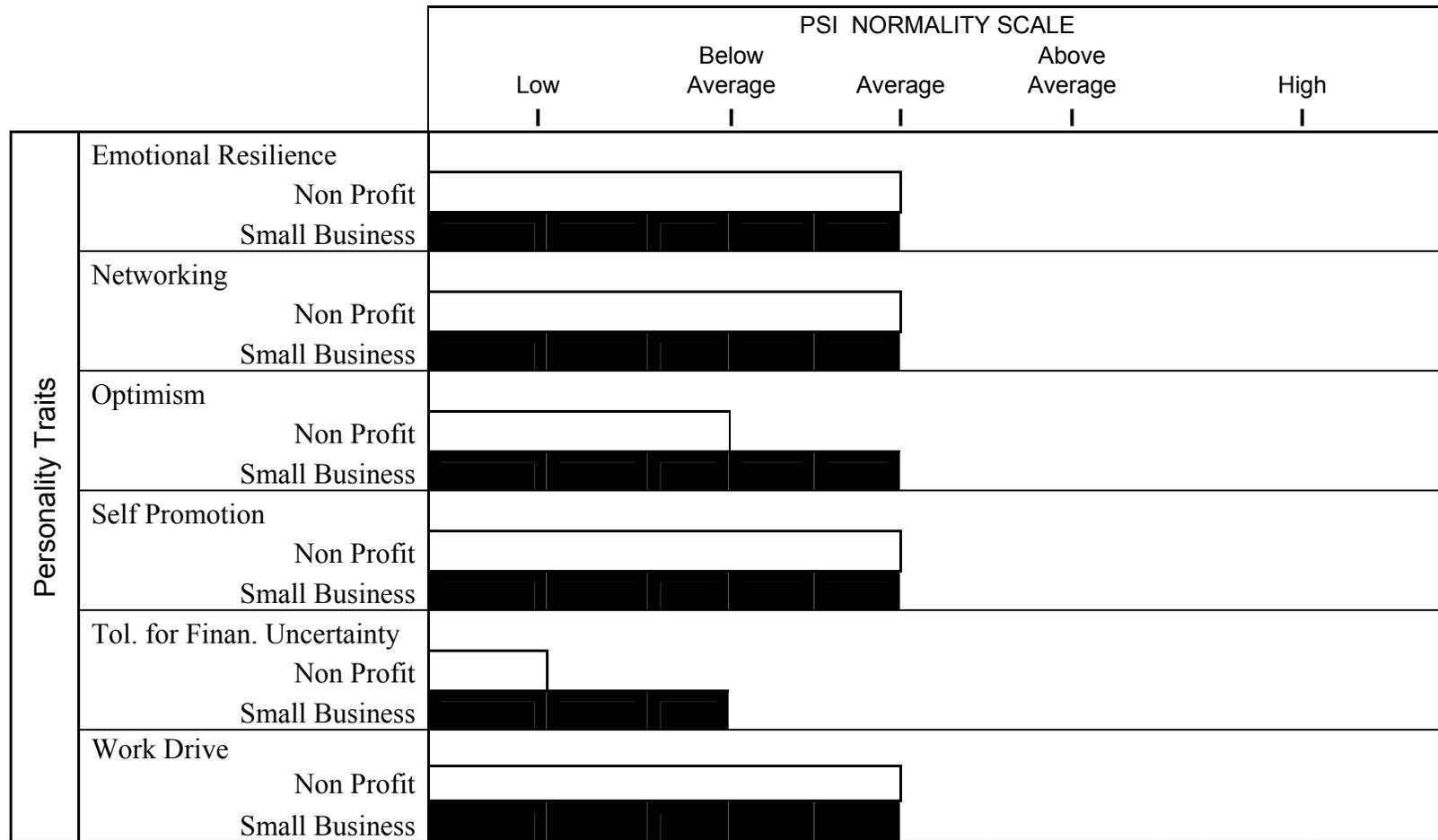
NPL = Nonprofit Leader

SBO = Small Business Owner

PSI = Personal Style Inventory

Figure 2. *Work Satisfaction Traits and Type of Organization Results Chart*

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Research Question # 3

Within this research project, three research questions were used. First, what is the relationship between work performance and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall? Below are the research result of question number three.

Personality Traits Results Overall

A One-Way Analysis of Variance (ANOVA) was completed to address the relationship between nonprofit leaders and small business owners overall. A One-Way ANOVA was chosen in order to make comparisons between the two factors (independent variables) of nonprofit leaders and small business owners and the PSI survey results as the dependent variable.

The assumptions made for this study were that the research sample of nonprofit leaders and small business owners was drawn from a normally distributed population; that each participants score was independent of all other scores; that reach population of small business owners and nonprofit leaders were equal (Pedhazur & Schmekin, (1991).

Work Performance Traits Results Overall

There were six personality traits studied. These traits included: adaptability, autonomy, competitiveness, goal setting, work-related locus of control and persistence. The results of work-related locus of control trait results from the ANOVA was statistically significant, $F = 5.338$, $p = .023$. The results of the effect size for partial eta square (η^2) of .048 as shown in Table 19.

Table 19

Analysis of Variance for Work Performance Personality Traits

Traits	<i>df</i>	<i>F</i>	η^2	<i>p</i>
Between nonprofit leaders and small business owners				
Adaptability	1	.334	.003	.564
Autonomy	1	.268	.003	.606
Competitiveness	1	.479	.005	.491
Goal Setting	1	.678	.006	.412
Locus of Control	1	5.338	.048	.023*
Persistence	1	.754	.007	.387

p = .05

Work Satisfaction Traits Results Overall

There were six personality traits studied under work satisfaction. These traits were: emotional resilience, networking, optimism, self promotion, tolerance for financial uncertainty and work drive. The trait of optimism from the ANOVA procedure was statistically significant at $F = 4.476$, $p = .037$ and η^2 of .041. The trait of tolerance for financial uncertainty was statistically significant, $F = 10.452$, $p = .002$ with a η^2 of .091 as shown in Table 20.

Table 20

Analysis of Variance for Work Satisfaction Personality Traits

Traits	<i>df</i>	<i>F</i>	η^2	<i>p</i>
Between nonprofit leaders and small business owners				
Emotional Resilience	1	2.370	.022	.127
Networking	1	.001	.000	.974
Optimism	1	4.476	.041	.037*
Self Promotion	1	.097	.001	.756
Tolerance for Fin. Uncertainty	1	10.452	.091	.002*
Work Drive	1	.611	.006	.436

* $p = .05$

Summary

Within this research project, three research questions were used. First, what is the relationship between work performance levels and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall?

A web based survey entitled the Personality Style Inventory (PSI) was used in order to analysis a cross-sector of two groups--nonprofit leaders and small business owners. A cross-sector approach of these two groups was used for three reasons. First, to uncover personality traits that may be characteristic of the individuals within each group. Second, to gain insight in how these two groups appear in relief of each other in their work

performance and work satisfaction levels. Third, to expand the research in the study of entrepreneurs to investigate distinct competencies that each group may possess.

The results of this study were analyzed in three phases. The first stage focused on describing the participants in terms of demographics using frequencies and percentages. In the second stage a one-way Analysis of Variance (ANOVA) quantitative measure was completed to address each research question to assess the relationship between the work performance and work satisfaction traits on the PSI of nonprofit leaders and small business owners. Participant responses were grouped by the survey items to calculate their mean score for work performance levels under the personality traits of adaptability, autonomy, competition, goal setting, work-related internal locus of control, persistence and work satisfaction levels for the personality traits of optimism, work-drive, tolerance for financial uncertainty, emotional resilience, social networking, and self-promotion. The third stage of analysis focused on analyzing quantitative data that identified the nonprofit and small business entrepreneur ratings. This was then compared to the standardized PSI norms of Low, Below Average, Average, Above Average and High.

There were a total of 107 participants of which 52 were nonprofit leaders and 55 were small business owners (51.4% and 48.6% respectively). Of all participants surveyed 68.2 % were Female and 31.8 % were Male. 91.6% of the participants were White/Caucasian, 3.7% participants were Black/African American, 2.8% of the participants that were listed as Other and 1.9% were Asian. The participants for this study ranged from 20 years old to 66 plus years.

In the final analysis, one work performance trait-work related locus of control, one's belief that work success comes from personal initiative and effort rather than luck or fate,

did show a statistical significance ($p = .023$). Two traits studied under work satisfaction were statistically significant. These traits were: (a) Optimism ($p = .037$), the presence of a positive and upbeat outlook concerning prospects, people and the future even in the face of adversity, and the (b) tolerance for financial uncertainty ($p = .002$), one's ability to tolerate financial uncertainty.

Overall scores on the PSI Normality Scale (Figure 1) under the six work performance traits studied, small business owners and nonprofit leaders ranked Average on four traits. These traits were: adaptability, autonomy, goal setting and persistence. Whereas, the trait of competitiveness, one's willingness to outperform business rivals and other individuals for business-related purposes ranked Above Average for both groups. And, a second trait, work related locus of control, one's belief that work success comes from personal initiative and effort rather than luck or fate, was ranked as Above Average for small business owners and Average for nonprofit leaders.

On the normality scale (Figure 2) for the PSI under the six work satisfaction trait studied, small business owners ranked within the Average range for five (5) traits with a Below Average score on tolerance for financial uncertainty. Nonprofit leaders ranked Average on four (4) of the six traits. Nonprofit leaders scored a Below Average on optimism and Low on tolerance for financial uncertainty.

CHAPTER 5

IMPLICATIONS, SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

Introduction

The primary purpose of this study was to present an inquiry of a cluster of twelve personality traits that are within the framework for entrepreneurial research of small business owners and nonprofit leaders. Drawing from this interest in trait research, this study focused on nonprofit leaders and small business owners work performance and work satisfaction levels. The personality traits studied for work satisfaction were: adaptability, autonomy, competitiveness, goal-setting, work-related locus of control and persistence. The personality traits studied under work performance were: emotional resilience, social networking, self-promotion, optimism, work-drive and tolerance for financial insecurity.

An on-line survey adapted for nonprofit leaders and small business owners was utilized in order to assess twelve selected personality traits that relate to work satisfaction and work performance levels from the Personality Style Inventory (PSI).

Taking the survey were 107 small business owners and nonprofit leaders primarily located in the southeastern and northeastern sections of the United States. Demographic

data was collected and utilized which included: gender, ethnicity, age, type of nonprofit organization, type of small business and number of years employed of each participant. An extensive review of the literature on nonprofit organizations, small business, developments in entrepreneur research and entrepreneurship as a discipline were conducted.

This study provides insight into the personality traits of selected nonprofit leaders and small business owner entrepreneurs. The main objective of this research was to identify entrepreneurial personality traits associated with these two sectors. These findings are consistent with nonprofit trends defining nonprofit leaders as social entrepreneurs as well as small business owner trends which define small business owners as entrepreneurs.

This study fits within the framework of entrepreneurial research by highlighting the view that work satisfaction and work performance involves both personal and financial investments from both sectors in addition to theoretical and methodological implications. Within the field of entrepreneurship the characteristics of entrepreneurs is one of the most heavily researched topics (Bygrave & Hofer, 1991; Churchill & Lewis, 1986; Herron & Robinson, 1993; Milton, 1989). As Cooper (1982) stated twenty-five years ago, "In our society, every person, qualified or not, is free to be an entrepreneur" (p. 195). But, as Dees and Economy (2001) stated more recently, "no one is born an entrepreneur." (p. 5). Entrepreneurs develop necessary skills and characteristics over time (Dees & Economy, 2001).

The findings of this study are critically important because the U.S. invests millions of dollars yearly in supporting and advocating for small businesses and nonprofit

organizations. Starting and running a small business as well as a nonprofit organization in the 21st century requires political acumen, immense technical skills, vision, physical and mental stamina, and even luck and sense of humor. Every single American is touched in some way by the services of a nonprofit organization or the products and service of a small business. Each has their own uniquely American attributes.

Research Questions

Within this research project, three research questions were used. First, what is the relationship between work performance levels and the type of organization? Second, what is the relationship between work satisfaction levels and the type of organization? Third, what is the relationship of the selected personality traits of small business owners and nonprofit leaders overall?

For the work performance traits studied five (5) of the six traits studied showed no statistical significance ($p = .05$). However, the trait of work-related locus of control, one's belief that work success comes from personal initiative and effort rather than luck or fate, showed was statistically significant ($p = .023$).

Under the work satisfaction traits studied four (4) of the six traits showed no statistical significance ($p = .05$). However, two (2) traits did show a statistical significance. These two traits were: Optimism, the presence of a positive and upbeat outlook concerning prospects, people and the future, even in the face of adversity ($p = .037$); and the trait of tolerance for financial uncertainty, the ability to tolerate financial uncertainty ($p = .002$)

Personality traits within this study did show a positive relationship overall (9 out of 12) between the two groups. The overall traits that showed a positive relationship were: adaptability, autonomy, competitiveness, goal setting, persistence, emotional resilience, networking, self-promotion and work drive.

Implications

Personality has a place in entrepreneurship studies of small businesses and nonprofit organizations. Implications for the present study of personality traits are for those small business owners and nonprofit leaders that are seeking new ways to generate funds for their businesses/organizations but are also willing to view themselves as entrepreneurs. Despite intensive inquiry, little is known about the entrepreneur (Stewart, Watson, Carland, & Carland, 1999). True entrepreneurs seek market acceptance and pursue it by setting up ventures; constantly seek opportunities and revenues for their ventures; find a place in the market place for their products; move to new markets and distribution channels by adding new products or services to existing markets (Zahorsky, 2005). Also, nonprofit organizations as vessels of social entrepreneurship should be held to the same standards of results, efficiency and accountability that apply to business (Brader-Araje, 2004).

Implications for entrepreneurial research efforts have been assisted by this study. One of the most recent definitions of an entrepreneur is that these are individuals who are able to perceive an opportunity and create an organization to pursue it (Smith-Hunter et al., 2003). However, to know what the opportunity is not so obvious. Role models and mentors for entrepreneurs are a necessary component for success for entrepreneurs of any

race, age or gender. There are few entrepreneurs that will deny the presence or emulation of a role model or mentor as a factor of their success (Fields, 2007).

Today, we see small businesses as innovators and job creators. For example, the Business Incubator Centers promote, support, mentor and train, fund and provide networking opportunities for small business endeavors in the United States. Business incubators are comprehensive business-assistance programs. They are targeted to help start-up early stage small businesses, with the goal of improving their chances to grow to healthy, sustainable companies (Adkins, 2002). The purpose of incubators and entrepreneurship training is “to increase small business growth, enable people to create a living for themselves and to increase employment within the community” (Powell, p. 11).

Implications for Nonprofit Leaders

Implications for nonprofit leaders and the study of personality include the ability to introduce entrepreneurial activity into their nonprofit organizations and their thought processes. This could lead to new ways to serve their missions as well as stimulate means to generate future revenues. Nonprofit leaders are required to demonstrate a large measure of social entrepreneurship ability. Cause, or social marketing, has come of age. The scope of this phenomenon has moved far ahead of the selling of ideas. Today, social marketing is a research-based process that can raise awareness, change attitudes and beliefs as well as social behaviors (Schoenfeld, n.d.). One need not look very far to see various campaigns with a social change message. For instance and most recently, the campaigns designed to get young adults to vote, literacy, recycling, ride-share, littering. Some of the messages are humorous but they do get their point across. For example, Mississippi states, “I’m Not Your Mama–Pick it Up Mississippi!” in their state litter

prevention efforts, which won first place for the National Litter Prevention Award in 2004 in Washington, D.C., and was funded by the Mississippi Department of Transportation (AASHTO, 2005). Another example of this kind of marketing against litter prevention is the Texas anti-litter campaign that states, “Don’t Mess with Texas.” This campaign has received world-wide acceptance and recognition (Graczyk, 2006). Nonprofit leaders need to fully grasp the impact of this means of advertising so that they can build their organizations and meet their missions with gusto. Cause or social marketing succeeds beyond anyone’s imagination and because of someone’s imagination.

Nonprofit leaders that have a better understanding of their work performance and work satisfaction traits via their personality traits and psychological profiles are the ones that will make even further fundamental changes in our society whether it is in education, health care, the environment, the arts, research, or any other endeavor of social impact. As our society moves towards, better and higher performing nonprofit leaders will be managing upstream and for greater impact.

A man who qualifies himself well for his calling, never fails employment.

--Thomas Jefferson

Implications for Small Business Owners

Implications for small business include developing personality traits that enhance their work performance and work satisfaction levels. Profits and economic growth are important goals for small business owners; however, developing their entrepreneurial skills along the way to their independence is equally important. The PSI used in this study was adapted and used because it had a practical relation to small business owners. Small businesses are vital to our economy, our culture and our political landscape. Many

Americans see small business owners as the best example of the American way of life (Blackford, 2000). Since the 1980s small business owners have been recognized as entrepreneurs. Nearly all of the jobs and technological innovations in modern America have come from the small business ranks (Birch, 1987). Minorities and young adults are motivated by what they see happening in small business and see themselves as potential success stories in this field. They, above all persons, understand that entrepreneurs are the ones that make jobs happen, but they need support and guidance from the already established small business owners in order to move their business ideas into solid business plans.

We should keep in mind that the humanities come before the dollars. Our first duty runs to man before business, but we must not forget that sometimes the two are inseparable. --Bernard Baruch

By small business owners being given the opportunity to analysis their personality traits as presented in research and by researchers, they in turn can turn their attention to seeking innovative and creative ways to accomplish their business goals as well as to support others by knowing what their strengths are.

Implications for the Study of Personality Traits

Implications for the study of personality traits have a place in entrepreneurship for small businesses and nonprofit organizations as well. Trait research has offered fewer studies on how personality relates to entrepreneurial outcome. The calls for additional research to identify the personality traits of entrepreneurs have gone out (Johnson, 1990; Herron & Robinson, 1993; Sexton & Bowman, 1983). This study leads to the ability to promote more research within this area.

Implications of Using a Cross-Sector Approach

Implications for the ability to gain perspective on small businesses and nonprofits when they are presented in relief of each other provides compelling new insights as supposedly dissimilar sectors are compared. By using a cross-sector approach, the ability to uncover interesting comparisons as to how each group views their work performance and work satisfaction levels is gained. The cross-sector approach that has been used in this study of examining the personality traits of nonprofit leaders and small business owners in tandem should generate more interest in future research efforts.

Implications for both small business owners and nonprofit leaders working together are enormous. Small businesses are beginning to mesh more with nonprofit organizations. A certain amount of extracting ideas from nonprofits could support and improve our lives and many more of societies needs can be met. If researchers would begin to think deeper about nonprofit leaders as innovators and job creators this would be exceptional. The Business Incubator Centers concept could be duplicated into a Nonprofit Incubator Center concept. If nonprofit entrepreneurs could have access to support, mentoring and training that is within their local areas, this would be a true American ideal. Most of the U.S. resource centers for nonprofit organizations are currently located in Washington D.C. or distant locals from the mainstream of many nonprofit organizations.

As Drucker (1990) stated:

Innovation and entrepreneurship are thus needed in society as much as in the economy, in public-service institutions as much as in business....What

we need is an entrepreneurial society in which innovation and entrepreneurship are normal, steady, and continuous (p. 254).

Summary

In the present study, the two dimensions of personality- work performance and work satisfaction were studied. The work performance dimension focuses on an individual's personal, motivational and willingness to plan and work at length to accomplish their goals. Non profit leaders and small business owners showed that the majority (5) of the six work performance traits studied were related. The sole trait in this group that showed a difference was the trait of work-related locus of control, the belief that work success comes from personal initiative and effort rather than luck or fate ($p = .002$).

Entrepreneurial individuals tend to be highly motivated and single minded visionaries in small business (Brands, 1999) and nonprofit leaders are intensely focused on creating sustainable social impact (Dees et al., 2001).

The work satisfaction dimensions focus on an individual's ability to have an overall level of adjustment when work pressures mount, developing social contacts, having a positive outlook, the ability to tolerate financial insecurity and the ability to work long hours to finish deadlines. There was statistical significance shown in two of the work satisfaction traits: optimism ($p = .037$) and tolerance for financial uncertainty ($p = .002$). However, the majority of the work satisfaction traits (4 out of 6) showed a strong statistical relationship.

The literature supporting relationships between personality characteristics and job satisfaction show a consistent connection between the two (Cropanzano, James, &

Konovsky, 1993), career satisfaction (Lounsbury et al., 1999) and self-employment (Cooper & Artz, 1995).

Recommendations for Future Research

The results of this study suggest future research directions. One of the interesting outcomes of this study is the slight variation between small business owners and nonprofit leaders. Additional studies are needed to replicate the findings with other nonprofit leaders within nonprofit organizations and small business owners within other small businesses.

Personality characteristics differ during different stages of a nonprofit leader or a small business owner's life. Longitudinal studies are needed to determine the effects of personality over a period of time. For example, a trait such as tolerance for financial uncertainty may be more important during start up than after two years of operation. Or, a trait such as optimism may change after a five years of employment in either a nonprofit organizations or small business.

As Cromie (2000) pointed out, in a world characterized by swift changes in patterns of production and consumption, in the importance of nonprofit organizations and the services that they provide, in the global trade market, in technological advances in communication and purchasing power, and in the role taken by the governments in the economic affairs of small businesses and nonprofit organizations, old certainties have been superseded by new and continuing uncertainties which make flexibility a desirable trait. For these reasons, it is important that continuing research efforts be on-going in the study of entrepreneurs and their personality traits. This is important not only for the individuals involved in entrepreneurship today, but for those individuals that will follow

in this endeavor. “Many opportunities for entrepreneurship are present as needs, markets, and technology change” (Cromie, p. 25).

The study of intrapreneurship, entrepreneurs within a corporation, is showing much research interest as witnessed by readings on entrepreneurs. Although intrapreneurship was outside the scope of this study, but nevertheless important to recite, it would be of interest to research how intrapreneurs and entrepreneurs measure up psychologically. Are these two groups more similar than different? The more these two groups are studied in tandem, the more likely it will be that a rigorous and robust model of entrepreneurs and the entrepreneurial process within these two groups will grow.

Conclusions

As Alex de Tocqueville wrote in *Democracy in America* (1835/2001), “In the United States, the greatest undertakings and speculations are executed without difficulty, because the whole population are engaged in productive industry, and because the poorest as well as the most opulent members of the commonwealth are ready to combine their efforts for these purposes” (p. 215). Americans of today are similarly industrious and innovative.

The results of this study contribute to and extend findings in personality and entrepreneurship research. Potential applications of this research include nonprofit resource centers, small business organizations, nonprofit foundations, small business owners, nonprofit leaders, nonprofit organizations, researchers involved in entrepreneurship and trait psychology research efforts, business and nonprofit corporations, entrepreneur education programs and adult education and training programs. Both groups have recognized entrepreneurial personality traits that are helping to move our nation ahead in order to ensure that the cornerstone stays put.

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APPENDICES

APPENDIX A

LETTER OF APPROVAL FORM

THE AUBURN UNIVERSITY

INSTITUTIONAL REVIEW

BOARD (IRB)

Auburn University

Auburn University, Alabama 36849



Office of Human Subjects Research
307 Samford Hall

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July 7, 2005

MEMORANDUM TO: Monita Hara
Educational Foundations Leadership & Technology

PROTOCOL TITLE: "An Examination of the Similarities and Differences Between Nonprofit Leaders and Small Business Entrepreneurs"

IRB File: #05-108 EX 0505

APPROVAL DATE: May 19, 2005
EXPIRATION DATE: May 18, 2006

The referenced protocol was approved "Exempt" from further review under 45 CFR 46.101 (b)(2) by IRB procedure on May 19, 2005. You should retain this letter in your files, along with a copy of the revised protocol and other pertinent information concerning your study. If you should anticipate a change in any of the procedures authorized in protocol #05-108 EX 0505, you must request and receive IRB approval prior to implementation of any revision. Please reference the above IRB File in any correspondence regarding this project.

If you will be unable to file a Final Report on your project before May 18, 2006, you must submit a request for an extension of approval to the IRB no later than May 5, 2006. If your IRB authorization expires and/or you have not received written notice that a request for an extension has been approved prior to May 18, 2006, you must suspend the project immediately and contact the Office of Human Subjects Research for assistance.

A Final Report will be required to close your IRB project file.

If you have any questions concerning this Board action, please contact the Office of Human Subjects Research at 844-5966.

Sincerely,


Niki L. Johnson, JD, MBA, Director
Office of Human Subjects Research
Research Compliance Auburn University

cc: William Spencer
James Witte

Auburn University

Auburn University, Alabama 36849-5221

Educational Foundations
Leadership and Technology
4036 Haley Center

Telephone: (334) 844-4460
FAX: (334) 844-3072

Auburn University Nonprofit Leaders and Small Business Study

There is a critical demand for educational programs in adult education aimed at training and developing the business, entrepreneurial, and life skills needed for success as a nonprofit leader and small business owner. This study is being conducted by Ms. Monita G. Hara, Auburn University adult education doctoral student, under the supervision of Dr. James Witte, adult education professor and advisor. You were selected as a possible participant because you are a nonprofit leader or a small business owner. We obtained your contact information from one of the following sources: Birmingham Chamber of Commerce, Alabama Department of Rehabilitation Services, Sign2Me, Inc., Alabama Institute for Deaf and Blind, New York School for the Deaf, Birmingham Museum of Art, the Nonprofit Resource Center of Alabama and individual small business owners and nonprofit leaders.

If you decide to participate, the on-line survey will first ask you some demographic information, your name and then some questions. The entire survey will take approximately 20 minutes to complete. Your name will be asked at the beginning, so that you can receive a narrative report of your personal results, should you chose to do so at the conclusion of the survey. Your name will not be sent to the researcher or to Auburn University. The researcher will only receive a number to identify your responses from Resource Associates, Inc in order to maintain confidentiality.

The web site address to take the survey is: <http://testing.resourceassociates.com>. Once you enter the site you will enter your Identification (ID) as Auburn. Next you will enter your Password (PW) as Success. You will then begin the survey. At the conclusion of the survey, you will be asked if you would like to receive the narrative report of your individual results.

Benefits of participation: 1) contributing to a better understanding of nonprofit leaders and small business owners and 2) if you so choose, you will have access to a written report of your individual results by contacting Ms. Hara.

The questionnaire is anonymous and your participation is voluntary. No identifying information will ever be associated with your responses. The information will be used for research purposes to fulfill the dissertation research component for a doctorate in education degree.

Your decision whether or not to participate will not jeopardize your future relations with Auburn University or the Adult Education Department or Resources Associates.

HUMAN SUBJECTS
OFFICE OF RESEARCH
PROJECT # 05-108 EX 0525
APPROVED 5-19-05 TO 5-18-06

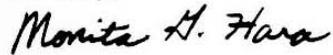
A LAND-GRANT UNIVERSITY

If you have any questions we invite you to ask. You may email your questions to Monita Hara at haramon@auburn.edu or Dr. James Witte at witteje@auburn.edu or call Ms. Hara at (205)-655-2697 or Dr. Witte at 334-844-3054.

For more information regarding your rights as a research participant you may contact the Auburn University Office of Human Subjects Research or the Institutional Review Board by phone (334) -844-5966 or e-mail at hsubjec@auburn.edu or IRBChair@auburn.edu.

HAVING READ THE INFORMATION PROVIDED, YOU MUST DECIDE
WHETHER OR NOT YOU WISH TO PARTICIPATE IN THIS RESEARCH STUDY.

Sincerely,



Monita G. Hara
Auburn University Graduate Student

APPENDIX B

INFORMED CONSENT LETTER

RESOURCE ASSOCIATES, INC.



Auburn University
The Office of Human Subjects Research
Institutional Review Board Chair
Samford Hall
Auburn, AL 36849

April 8, 2005

Dear Institutional Review Board Chair:

Resource Associates, Inc. is willing to serve as the provider of the secure web site in order for the participants of Ms. Monita G. Hara's research project entitled, *An Examination of the Similarities and Differences of Nonprofit Leaders and Small Business Owners* to take an on-line survey. The survey will consist of demographic information and twelve pre-selected personality traits. The Personality Style Inventory (PSI) developed by John W. Lounsbury, Ph.D and Lucy W. Gibson, Ph.D will utilized.

Persons that will have access to the secure web site are Dr. Lucy Gibson, V.P. of Resource Associates, Dennis Killingsworth, their programmer, and Ms. Hara, the researcher. The on-line survey will take about 20 minutes for participants to complete.

Dr. Gibson will submit weekly progress reports via email to Ms. Hara as to the number of participants and the status of the collection of data. Once all of the data has been gathered, Resource Associates will send the data to Ms. Hara in order for her to complete the analysis of the data via SPSS Data Editor.

Resource Associates supports and encourages research effort such as the one Ms. Hara is proposing.

If you have any questions or concerns, please feel free to contact Resource Associates via our email address or phone number. Thank you.

Sincerely,

Lucy W. Gibson

Lucy W. Gibson, Ph.D
Executive Vice President
LWGibson47@aol.com

resource associates, inc.

1140 Topside Rd. - Suite 3, Louisville, TN 37777-5542

Ph: 800-840-4749

APPENDIX C

PERSONAL STYLE INVENTORY

SURVEY INSTRUMENT

ra Resource Associates, Inc.

Please **Login** with the information provided to you by your test administrator.

Username:

Password:



Welcome to the Entrepreneur
Success Appraisal

We advise that you use a broadband internet connection -- for example cable, DSL, or T1 -- to take this assessment. If you use a dial-up connection, the pages may not load properly and your assessment results could suffer.

First name:*	<input type="text"/>
Middle name:	<input type="text"/>
Last name:*	<input type="text"/>
Sex:*	<input type="text" value="BLANK"/>
Age:*	<input type="text" value="BLANK"/>
Race:*	<input type="text" value="BLANK"/>
Education Level:	<input type="text" value="BLANK"/>
Current Job Title:	<input type="text"/>
Number of years employed at that position:	<input type="text"/>
Number of employees that you supervise:	<input type="text"/>
For Nonprofit Leaders: Type of Nonprofit:	<input type="text" value="BLANK"/>
For Small Business Owners: Type of Business:	<input type="text" value="BLANK"/>

Next

INSTRUCTIONS: As you read each of the following sets of phrases, think about how you act most of the time or how you most characteristically feel or think when you are at work (on your job). For most of the items, your perspective should be how you typically act or feel (or how you think you would act or feel when you are in your work role). For the other items, indicate how you typically act or feel at work in general. For each item, determine which of the 5 boxes best describes you and click the radio button for that item. For example, if the phrase to the right better reflects your view of yourself, you might want to click the radio button labeled 4 or 5. If your view of yourself is better reflected by the phrase or description to the left, you might want to click the radio button labeled 1 or 2. If you are undecided about how you feel, or if you feel in-between about the statement, you might click the radio button labeled 3.

Here are three examples:

EXAMPLE 1:

1	I will do anything I can to make sure a project gets done on time.	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input checked="" type="radio"/>	I am concerned about getting a job done on time, but know that most deadlines can be extended.
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In this example, the person clicked radio button number 5, indicating that he or she is concerned with deadlines but believes that most deadlines can be extended.

EXAMPLE 2:

2	When I am working on a problem, I hate to be interrupted by another person.	1 <input type="radio"/>	2 <input checked="" type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	When I am working on a problem, I don't mind being interrupted by another person.
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In this example, the person clicked radio button number 2, indicating, for example, that he or she typically, but not always, hates to be interrupted by another person when working on a problem.

EXAMPLE 3:

3	For me to feel good about myself, it is essential that my job is going well.	1 <input type="radio"/>	2 <input type="radio"/>	3 <input checked="" type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	I tend to feel good about myself even when my job is going poorly.
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In this example, the person clicked radio button number 3, indicating that he or she is in-between on this issue, which may mean that sometimes it is important for the person's job to be going well if they are to feel good about him/herself, but that sometimes the person feels good about him/herself even if the job is going poorly.

It is important to bear in mind that there are no right or wrong answers to the first of these questions. Please answer each of these items in terms of what is true for you. Above all, BE HONEST in how you represent yourself.

In this section you will be answering **88** questions

You have reached the end of the assessment. Please click on the "Submit Assessment" button to complete the assessment.

The assessment will not be considered complete until it has been successfully submitted to Resource Associates.

Submit Assessment

Click "Submit Assessment" only once. The process may take a few moments to complete.

Your assessment has been successfully submitted to Resource Associates and your User ID and Password have been disabled.

Thank you for taking the time to complete the Assessment. Your report is ready and can be viewed by clicking the link below.

[Click here to view your Narrative Report!](#)

Exit

PERSONAL STYLE INVENTORY (PSI)

The PSI personality inventory was used by special permission from the authors, John Lounsbury and Lucy Gibson. Copyright 2000 by Resource Associates, Inc 1140 Topside Rd., Suite 3, Louisville, TN 37777-5542. Please contact the publishers at info@resourceassociates.com for use or reproduction of the PSI.

APPENDIX D

LIST OF SMALL BUSINESSES

AND

NONPROFIT ORGANIZATIONS INVITED TO TAKE

THE PERSONAL STYLE INVENTORY SURVEY

ACLU of Alabama-Montgomery, AL
ACORN-Birmingham, AL
ACTA-Trussville, AL
Advent Episcopal School- Birmingham, AL
AIDS Alabama-Birmingham, AL
Alabama Ballet-Birmingham, AL
Alabama Children's Dance Foundation-Birmingham, AL
Alabama Department of Developmental Disabilities-Montgomery, AL
Alabama Department of Public Health-Montgomery, AL
Alabama Department of Rehabilitation Services-Montgomery, AL
Alabama Ear Institute-Birmingham, AL
Alabama Eye Foundation-Birmingham, AL
Alabama Institute for Deaf and Blind-Talladega, AL
Alabama Jazz Hall of Fame-Birmingham, AL
Alabama Kidney Foundation-Birmingham, AL
Alabama Red Cross-Birmingham, AL
Alabama Theatre-Birmingham, AL
Alabama Youth Wrestling-Trussville, AL
Alpha Graphics, Inc.-White Plains, NY
Alys Stephens Center-Birmingham, AL
Arts Council of New Orleans-New Orleans, LA
Auburn Ale House-Auburn, AL
Auburn Mazda-Auburn, AL
Augusta-Richmond Small Business Incubator-Augusta, GA
Bay County Small Business Incubator-Lynn Haven, FL
Better Business Bureau, Inc.-Birmingham, AL
Big Brothers/Big Sisters of Greater Birmingham-Birmingham, AL

Birmingham Auto Dealers Association- Birmingham, AL
Birmingham Broadcasting-Birmingham, AL
Birmingham Botanical Gardens-Birmingham, AL
Birmingham Business Journal-Birmingham, AL
Birmingham Civil Rights Institute-Birmingham AL
Birmingham Independent Living Center-Birmingham, AL
Birmingham Museum of Art-Birmingham, AL
Birmingham Regional Business-Birmingham, AL
Birmingham School of Law-Birmingham, AL
Biztech, Inc-Huntsville, AL
Bumpers- Auburn, AL
Byron's Smokehouse, Auburn, AL
Cahaba River Society-Birmingham, AL
Center for Entrepreneurial Excellence-Mobile, AL
Chip & Rita, LLC-Birmingham, AL
Cingular Wireless-White Plains, NY
City of Birmingham, Birmingham, AL
City of Center Point-Birmingham, AL
City of Indian Springs, Indian Springs, AL
City of Montevallo- Montevallo, AL
City of Trussville, Trussville, AL
Crestwood Antiques-Birmingham, AL
Entrepreneurial Center-Birmingham, AL
Enterprise Development Corporation-Boca Raton, FL
Eye Sight Foundation-Birmingham, AL
Faucher Fine Photography-Trussville, AL
Fray Products Corporation-Buffalo, NY

Laura Stewart, Inc.-Birmingham, AL
Legacy Partners in Environmental Education-Montgomery, AL
Leisure Property Development, LLC-Birmingham, AL
Levite Jewish Community Center-Birmingham, AL
McWane Center-Birmingham, AL
Meals on Wheels of Jefferson County-Birmingham, AL
Mello Mushroom- Auburn, AL
Metro Appraisals, Inc.-Birmingham, AL
Montgomery Incubator-Montgomery, AL
Nanogenesys, Inc.-Kenmore, NY
NE Alabama Entrepreneurial System-Muscle Shoals, AL
New York Auburn Alumni-New York, NY
New York School for the Deaf-White Plains, NY
Nonprofit Resource Center of Alabama-Birmingham, AL
Northlight Communications, Inc.-Mukiteo, WA
OADI Technology-Birmingham, AL
Omnipharm Research- Buffalo, NY
Organic Harvest-Vestavia Hills, AL
Operation Oswego County-Oswego, NY
Panara Bread-Auburn, AL
Polytechnic University-Brooklyn, NY
Professional Stone Installations, LLC-Birmingham, AL
Real Music, Inc.-Birmingham, AL
RCS Performance Systems, Inc.-Buffalo, NY
Ruffner Mountain Nature Center-Birmingham, AL
Second Century Innovation & Ideas Corporation- Yonkers, NY
Sensor Plus, Inc.-Amherst, NY

Sid Martin Biotechnology Development Institute-Gainesville, FL
Shoals Entrepreneur Center-Muscle Shoals, AL
Shop N Check, Inc.-Atlanta, GA
Southern Magnolia, LLC-Birmingham, AL
SW Georgia Business Development Center-Vienna, GA
TechMon Research, Inc.-Birmingham, AL
The Center of Religion & Disability, Inc.-Birmingham, AL
The Community Foundation of Greater Birmingham-Birmingham, AL
The Literacy Council-Birmingham, AL
The Tiger's Den-Auburn, AL
University of Buffalo Technology Center-Buffalo, NY
University of Arkansas-Conrad, Conrad, AR
University of Montevallo-Montevallo,AL
Urban Ministry, Inc. of Birmingham, AL
U-Start-Schenectady, NY
Veritay Technology, Inc.-Amherst, NY
Vulcan Park Association- Birmingham, AL
Wall Street Deli-Auburn, AL
Wille's Wings and Stuff- Auburn, AL
Youth Serve Corps-Birmingham, AL
YWCA of Central Alabama-Birmingham, AL

Fredwal Inc.-Lockport, NY
Gencyte, Inc.-Buffalo, NY
Georgia BioBusiness Center-Athens, GA
Glenwood Mental Health-Birmingham, AL
Golden Rule Barbeque-Auburn, AL
Governor's Office of Faith-Based Initiatives-Montgomery, AL
Greater Birmingham Association of Home Builders-Birmingham, AL:
Grow Syracuse-Syracuse, NY
Gwinnett Innovation Park-Gwinnett, GA
Hands on Birmingham-Birmingham, AL
Hanna Antiques-Birmingham, AL
Heart to Heart Quilt Shop-Trussville, AL
High Technology Incubator-Long Island, NY
Highlands School-Birmingham, AL
Indian Springs School, Indian Springs, AL
Infinite Technologies, LLC-Birmingham, AL
Irondale Café-Irondale, AL:
Jacob Burns Film Center-Pleasantville, NY
Janice Capilouto Center for the Deaf Easter Seals- Montgomery, AL
JCS Museum Café-Auburn, AL
Jefferson County EMA-Birmingham, AL
Jefferson State Community College-Birmingham, AL
Jefferson Lofts, LLC-Birmingham, AL
Jimmie Hale Mission-Birmingham, AL
Kid One Transport-Birmingham, AL
Kristal System, Inc.-Amherst, NY
Lakeshore Foundation-Birmingham, AL