

**Nonprofit Leaders and For-Profit Entrepreneurs: Similar People with Different
Motivation**

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Abstract

Today's market conditions require nonprofit leaders to act in an increasingly business-like fashion. This study asks whether NPO leaders have a similar disposition to act entrepreneurially as for-profit entrepreneurs, but hold different underlying motives. For this purpose, the study contrasts a sample of 72 leaders of nonprofit organizations with 117 entrepreneurs on their personality traits and explicit motives using standard personality tests and interviews. Both groups exhibit similar general and entrepreneurship-specific personality traits but differ significantly regarding their motivation. While nonprofit leaders' motivation stems primarily from the meaningfulness of their work, entrepreneurs are mainly motivated by the independence as well as by the income and profit provided by their work. This paper helps us understand who leaders of nonprofit organizations are.

Keywords:

personality, motivation, nonprofit leaders, entrepreneurs, Czech Republic

Introduction

In the last decade, non-governmental nonprofit organizations (NPOs) have received increasing attention due to their importance for satisfying societal needs. NPO leaders create, discover and exploit opportunities with the aim of creating primarily social and not economic value (e.g., McDonald, 2007). Their significance is illustrated by the fast growth of the nonprofit sector (Austin, Stevenson, Wei-Skillern, 2006; Gammal et al., 2005). The Czech Republic saw an upsurge of NPOs after their almost complete suppression during communism (e.g., Čepelka, 2003). However, NPOs operate in an environment that is rapidly changing due to globalization, growing societal needs and increasing competition for donors and grants (Mort, Weerawardena, Carnegie, 2003). Consequently, NPOs are increasingly forced to act in an entrepreneurial fashion, i.e., to self-finance their activities by developing own revenue streams through developing and commercializing new products and services (McDonald, 2007; Stephan, 2010) – while retaining their social focus

This paper specifically focuses on NPO leaders' psychological profile and asks whether they have a similar disposition to act entrepreneurially as for-profit entrepreneurs, and are thus prepared to act more entrepreneurially. We suggest that this is the case, i.e., that due to the nature of the tasks involved in setting up and managing an organization (be it for-profit or non-profit) people with a similar predisposition to act entrepreneurially are to be found leading those organizations. However, we expect that NPO leaders and entrepreneurs hold different motives driving their actions. The paper adds to the scarce and largely case-based research on the personality and motivational characteristics of NPO leaders and provides a systematic quantitative comparison with for-profit entrepreneurs (Austin et al., 2006). In doing so the paper draws on the long tradition and aggregated evidence in the form of meta-analyses (e.g., Rauch, Frese, 2007) in the field of entrepreneurial personality.

The theoretical rationale for expecting systematic similarities (in entrepreneurial traits) and differences (in motivation) between NPO leaders and entrepreneurs is as follows. First, Schneider's (1987) *attraction-selection-attrition* framework and similar person-job fit theories, point to the fact that people with differing personality traits and motives will be attracted into different employment forms (e.g., leading a NPO). NPO leaders with certain personality traits and motives will find their job less rewarding than others and thus withdraw from this type of (self-)employment. Moreover, stakeholders such as funding agencies, potential partners or key employees might choose to work with NPO leaders that have certain personality traits and motives but not others.

Secondly, founding and running a nonprofit organization, social venture or also a for-profit venture are all so-called *weak situations* in which few constraints exist on the actions of the person (Mischel, 1993; Rauch, Frese, 2007). Thus, we can expect to find a specific profile of personality traits and motivation for nonprofit leaders and entrepreneurs since the decision to become a nonprofit leader or entrepreneur is predominantly voluntary decision.

Our study explores these issues in the Czech Republic, where only very little research into entrepreneurial personality and motivation (e.g., Lukeš, Jakl, 2007) exists, while research on the personality and motivation of NPO leaders is absent.

Definitions

Nonprofit Organizations and Entrepreneurship

Salamon and Anheier (1998) define nongovernmental nonprofit organizations (NPOs) as organizations that are private, self-governing, not returning profits to their owners or directors, and requiring some degree of voluntary participation. NPOs develop activities satisfying the needs of either their members or the general public (Čepelka, 2003). NPOs help to integrate disadvantaged groups, enrich the life of local communities, allow people to enjoy their hobbies, and satisfy various others societal needs. NPOs act on opportunities that

typically pose problems to for-profit organizations, because customers want to use the services or products but are frequently unable to pay (Austin et al., 2006).

Entrepreneurship, in turn, is defined as a 'process by which individuals ... pursue opportunities without regard to the resources they currently control' (Stevenson, Jarillo, 1990, p. 23). This definition can also be applied to the nonprofit sector, in which case the opportunities pursued are opportunities to create social value such as satisfying societal needs; while for-profit entrepreneurs pursue opportunities to create profitable operations, i.e., economic value (e.g., Austin et al., 2006; McDonald, 2007).

Personality – Traits and Motivation

In common language, the term personality refers to stable individual differences in behaviour, feeling and thinking. Two main aspects of personality can be differentiated: personality traits and motivation. Personality traits are used to explain how people typically differ from one another in their action, emotions and thoughts (Mischel, 1993). Thus, traits describe the typical style, or the 'how', of behaviour. Motives, on the other hand, refer to the drivers of our behaviour, i.e., they 'energize' and 'direct' our actions (Schwartz, 1992; Stuchlíková, 2010). According to McClelland, Koestner and Weinberger (1989), specific, explicit motives derive from more general implicit motives. The latter are based on own emotional experiences in an early childhood, are not accessible to self-reflection and thus cannot be verbalized. The 'big three' implicit motives are achievement (to do things better), affiliation (to create and maintain good relationships with others) and power (to have influence on others) (e.g., Stuchlíková, Man, 2009). On the other hand, explicit motives are based on gradual cognitive reflection of own preferences and steer individual behaviour towards adequate personal goals (Stuchlíková, 2010), such as running an organization either with for-profit or social goals. We propose and test in this paper that entrepreneurs and NPO

leaders have the same entrepreneurial style of behaviour, i.e., personality traits, but are driven by different (for-profit vs. social) explicit motives.

Personality Traits of Entrepreneurs and NPO Leaders

Empirical research on NPO leaders' personality traits is scarce to non-existent (e.g., Gammal et al., 2005). Hence, we base our review on personality traits identified from research into the psychology of personality and of entrepreneurship where knowledge has accumulated over the past decades. Specifically, we draw on recent meta-analyses that statistically summarize the results of over 100 primary studies (Rauch, Frese, 2007; Zhao, Seibert, 2006; Zhao, Seibert, Lumpkin, 2010). These meta-analyses identify a set of general and specific personality traits that clearly differentiate entrepreneurs from other groups. We consider first general personality traits before turning to entrepreneurship-specific personality traits.

General Personality Traits

The five factor model (e.g., McCrae, Costa, 1997; Hřebíčková, 1999; Hřebíčková, Urbánek, 2001) emerged as a uniting and empirically well-established model to describe the basic dimensions of personality. The five general traits are conscientiousness, extraversion, openness to experience, emotional stability, and agreeableness. Entrepreneurs are found to be hard-working; organized and achievement-oriented (highly conscientious); sociable, communicative, active and assertive (extraverted); exploring new ideas and creative (open to experience); not depressed or anxious (emotionally stable); and acting relatively independent of the approval of others (low agreeableness) (see Schmitt-Rodermund, 2004 for a longitudinal study as well as meta-analyses by Zhao, Seibert, 2006; Zhao et al., 2010).

As NPO leaders face similar job demands to entrepreneurs because they are forced to act entrepreneurial and develop sustainable modes of self-financing their activities (e.g., Mort et al., 2003). Accordingly, we expect:

Hypothesis 1. NPO leaders do not differ from for-profit entrepreneurs in general personality traits (conscientiousness, extraversion, openness, emotional stability, agreeableness).

Specific Personality Traits

Specific personality traits relate more closely to the daily tasks an entrepreneur has to accomplish in leading his/her organization than general traits. Therefore they are better predictors of who will choose to become an entrepreneur and be successful in leading his/her organization (Rauch, Frese, 2007; Rauch, 2010).

Self-efficacy might be one of the most important entrepreneurial traits. It refers to a broad and stable sense of personal competence to deal effectively with a variety of stressful situations and to persist in the face of adversity (Bandura, 1997). Leading and founding an organization requires a strong belief in own capabilities and competences, especially since entrepreneurs are likely to be confronted with uncertain situations in which decisions need to be made quickly. Supporting these arguments, self-efficacy was found to relate to business creation and success (Rauch, Frese, 2007).

Whilst self-efficacy relates to beliefs in whether one is capable of engaging in certain behaviours, *locus of control* relates to beliefs regarding whether these behaviours will bring about the desired results or whether results are determined by external circumstances such as luck (Rotter, 1966). Entrepreneurs have a stronger internal locus of control than the general population (Šolcová, Kebza, 2005). A meta-analysis supports such a positive relation of internal locus of control with business creation and success (Rauch, Frese, 2007).

Another entrepreneurship-relevant trait is *personal initiative*, which refers to ‘an individual’s taking an active and self-starting approach to work and going beyond what is formally required in a given job’ (Frese et al., 1997, p. 38). Such self-starting, proactive behaviour seems critically relevant for entrepreneurs as they need to take initiative in order to set-up organizations, identify and act upon opportunities before other people do and proactively manage critical situations. Past research has found personal initiative to be related to business creation and success (Rauch, Frese, 2007).

Entrepreneurs are often understood to be *risk-taking*. The rationale is that setting up and running an organization involves many uncertainties and only people who are able to accept risks would therefore engage in entrepreneurship. The relationship of risk-taking with entrepreneurship is indeed positive, however smaller than the associations observed for self-efficacy, locus of control or personal initiative (Rauch, Frese, 2007).

Finally, entrepreneurs must be willing to take on *responsibility* for their decisions as they will have legal liability for them and for their employees. Supporting this notion Sarasvathy et al. (1998) report that entrepreneurs assume greater responsibility for the outcomes of their actions compared with bankers, and Stephan and Richter (2006) find entrepreneurs’ willingness to assume responsibility to be positively associated with entrepreneurial success.

To conclude, past research has identified self-efficacy, personal initiative, internal locus of control, risk taking and responsibility taking as relevant for business creation and entrepreneurial success. NPO leaders are faced with highly similar situations to those of entrepreneurs when they manage their organizations (e.g., Mort et al., 2003). They must believe that they are capable of successfully recognizing and pursuing opportunities; they need to be proactive and make decisions on organizational goals and strategies; they also need

to take risks as they innovate and implement new ideas which often have uncertain chances of success. Therefore we expect:

Hypothesis 2. NPO leaders do not differ from for-profit entrepreneurs in task-specific personality traits (self-efficacy, internal locus of control, personal initiative, risk-taking, responsibility taking).

Motives of Entrepreneurs and NPO Leaders

This section reviews evidence for our assumption that entrepreneurs and NPO leaders differ in their motives for being NPO leaders vs. entrepreneurs. Past studies identify a number of motives for being an *entrepreneur*. The most frequently identified motives across studies are those of: 1) autonomy and independence, 2) achievement motives including seeking challenge and demonstrating performance, 3) so-called extrinsic motives referring to monetary incentives as well as to status and social recognition, 4) intrinsic motives such as self-realization, personal development, opportunity to be creative and implement one's own ideas, 5) personal and family security (Kuratko, Hornsby, Naffziger, 1997; Robichaud, McGraw, Roger, 2001; Stoner, Fry, 1982). Another, partly overlapping motive categorization differentiates pull or opportunity motives from push or necessity motives (e.g., Stoner, Fry, 1982; Lukeš, Jakl, 2007). The first category includes motives described above; the second is related to entrepreneurs that found and run organizations due to the lack of alternative employment options.

In the only study to date researching *NPO leaders'* motivation, De Hoogh et al. (2005) interviewed Dutch NPO leaders regarding their role and functions as managers. The interview transcripts were coded for implicit motives, namely achievement, power and affiliation motives. NPO leaders exhibited higher affiliation (such as engaging in compassionate activities and caring about others and relationship) and lower achievement and power motivation compared to a sample of CEOs of small and medium-sized enterprises.

Based on prior research, we expect for-profit entrepreneurs to report primarily self-regarding motives such as independence and autonomy, achievement and monetary aspects (e.g., Kuratko et al., 1997). In contrast and based on the nonprofit literature (De Hoogh et al, 2005), we expect NPO leaders to report more frequently other-regarding motives such as wanting to help others or caring about others. Thus,

Hypothesis 3. NPO leaders differ from for-profit entrepreneurs in their explicit motives to run their organization: NPO leaders will report more other-regarding and less self-regarding motives than for-profit entrepreneurs.

Method

Sample and data collection

The research was conducted from 2004 to 2005 in Prague, the Czech Republic. We collected data from 117 entrepreneurs and 72 NPO leaders through face-to-face interviews, including questionnaires, at the organization's site. Interviews were conducted by trained interviewers. In order to ensure the comparability of the samples the following criteria were applied: all organizations had to be located in Prague and had to have existed for more than 3.5 years, i.e., to be established organizations that survived the first years on the market. If the organization had multiple owners or leaders, we interviewed only the one who had maximum or at least joint maximum decision-making authority and ownership. The for-profit entrepreneurs were founders, owners and managers of their firms.

Furthermore, NPOs had their main activities in the social services field, i.e., helping those with disabilities and illnesses, homeless people, drug addicts, minorities or similar target groups. Social services were selected in line with past research as they are considered to be typical for the nonprofit sector (Borzaga, Tortia, 2006). However, since the social services

sector is predominantly served either by nonprofits or by public organizations in the Czech Republic, we could not obtain a comparison sample of for-profit social service entrepreneurs. We thus selected entrepreneurs from other service industries: information technology firms, restaurants, law firms and travel agencies. We included more than one industry as well as both new and more traditional sectors in order to avoid industry specific biases.

Contact information of for-profit entrepreneurs and NPO leaders was obtained through the Yellow pages, firm databases, and internet directories. Potential participants were contacted by phone and if the criteria outlined above applied, the respondent was asked to participate in an interview in return for which all respondents were offered personal feedback and a report about the study results. Fifty eight percent of entrepreneurs and 91% of NPO leaders agreed to participate.

The 117 *for-profit entrepreneurs* typically ran companies with limited liability. Their firms have been on average active in the market for 9.34 years (SD 3.75). Twenty two percent of the firms operated within the IT sector, 43% were restaurants, 14% law offices, and 21% travel agencies. Firms were typically small (M = 19.12 employees, SD = 23.89) and owned by one or two owners (71% in total). Entrepreneurs were on average 42.7 years old (SD = 9.5 years), 83% of them were male, and 47% held master's degrees.

The 72 interviewed *NPO leaders* headed mostly civic associations (82%). The NPOs had existed on average for 10.17 years (SD 5.17), were typically small (M = 33.15 employees, SD = 71.52) and managed by one or two persons (68% in total). NPO leaders were on average 44.9 years old (SD = 11.6 years), 65% of them were female and 71% held a master's degree. All NPO leaders were the main decision making authority in their organization. NPO leaders were also entrepreneurial in the sense that they all were either the founders of their NPO (60%) and/or generated at least part of their NPO's revenue from selling products and services in the market (89% of NPOs).

For-profit firms and NPOs did not differ significantly with regard to the number of years they existed ($F(df = 1, N = 189) = 1.61, n.s.$), the number of employees ($F(1, 187) = 3.76, n.s.$), and the number of people leading them ($F(1, 189) = 0.74, n.s.$). Entrepreneurs and NPO leaders did not significantly differ regarding their age ($F(1, 188) = 2.03, n.s.$), but did differ regarding gender and education. NPO leaders were more often female ($\chi^2 = 45.22, df = 1, p < .001$) and better educated ($\chi^2 = 26.49, df = 3, p < .001$). The gender differences in our sample are in line with previous studies, i.e., larger female employment in the nonprofit sector (De Cooman et al., 2009), and entrepreneurs' being predominantly male (Lukeš, Jakl, 2007). All subsequent analyses controlled for gender and education.

Measures

Data were collected during face-to-face interviews with entrepreneurs and NPO leaders. During the interview, respondents filled in questionnaires on personality traits, they answered an open-ended question concerning their motives for leading their organization, and questions about socio-demographic and organizational characteristics. All personality traits were computed as mean sum scores and recoded if necessary so that higher scores represent 'more' of the corresponding trait.

The *Big Five personality traits* were captured with the MRS-20 instrument (Schallberger, Venetz, 1999). Entrepreneurs are known to be difficult to research and unwilling to fill in long questionnaires (e.g., Stephan & Richter, 2006). Hence, we were faced with a trade-off between a low response rate or using relatively short questionnaires. We opted for the latter and thus decided to use the MRS-20 (20 items) rather than the NEO-FFI (Hřebíčková, Urbánek, 2001) which has 60 items. Adjective check-lists are commonly used measures of the Big Five personality traits and show convergent validity with the NEO personality inventories (e.g., Piedmont, McCrae & Costa, 1991, or John & Srivastava, 1999). The MRS-20 measures each of the Big Five factors with four pairs of adjectives and

respondents indicate how well these adjectives describe them on a 6-point scale. After recoding two adjective pairs per factor, final scores are formed as mean sum scores across the four items per factor. The instrument evidenced factorial validity and satisfactory internal consistency in prior studies (Schallberger, Venetz, 1999). In the present study the Cronbach's Alphas were .73 for conscientiousness, .81 for extraversion, .64 for openness, .66 for emotional stability and .65 for agreeableness. Two items from the openness scale had to be excluded to obtain sufficient reliability.

Standard scales were used to measure task-specific personality traits. The *self-efficacy* scale (Schwarzer, Jerusalem, 1999) has 10 items, which are answered on a four-point Likert-type scale. Scale sum scores (ranging from minimum 10 to maximum 40) were created and used in our analyses. The scale exhibited excellent factorial validity, internal consistency, retest-reliabilities and criterion correlations in prior research (see Scholz et al., 2002). Cronbach's Alpha was .79 in the present study.

Locus of control was measured with a scale by Burger (1986) and was added while the research was already ongoing, thus data are available for only $n=66$ of the for-profit entrepreneurs and $n=51$ NPO leaders. The original scale contained 10 items, which were answered on a seven-point Likert-type scale. Since the original scale showed a low reliability in our sample, we ran factor analyses solution and selected those five items that had high loadings on the factor that best represented the meaning of the internal locus of control construct. Results of all analyses are available from the authors. Cronbach's Alpha was .63 for this 5-item scale. Our analyses used the mean sum score of these items.

Personal initiative was captured using Frese et al.'s (1997) scale. Respondents rated the items on a five-point Likert-type scale and mean sum scores were computed. The scale has shown high factorial validity, internal consistency, retest-reliability as well as criterion correlations in prior research (Frese et al., 1997). One of the seven scale items had to be

deleted in our research in order to achieve satisfactory reliability; this resulted in Cronbach's Alpha of .73. The analyses used the mean sum score of the remaining six items.

Risk-taking and *Responsibility taking* were captured with the corresponding subscales from the questionnaire on self-responsible behaviour by Koch (2000). One item in the risk taking scale was slightly reformulated in order to better fit the context of entrepreneurship. Prior research demonstrated good factorial validity, internal consistency and criterion validity for both scales (Koch, 2000). Respondents answered items on a six-point Likert-type scale. Exploratory factor analyses extracted two factors instead of one factor per scale. We selected the factor that was closer to the meaning of the original constructs. Results of the analysis are available from the authors. Accordingly, we calculated mean sum scores per scale based on three out of the original six risk-taking items and four of the eight original responsibility items. Cronbach's Alpha were .61 for risk-taking and .65 for responsibility taking.

Cortina (1993) demonstrated that Cronbach's Alpha is dependent on the number of items a scale has. In other words short scales with three to four items, such as the ones used in the present research, will typically suffer from lower internal consistencies. Thus, although the internal consistencies are low in the present research, they can be considered acceptable given the short scale length.

For the measurement of *personal motives* we adopted a data-driven approach. This allowed us to test and extend the validity of prior findings, which used closed survey questions and thereby obtained answers that are arguably biased by researcher's preconceptions about relevant motives (Kolvereid, 1996). We used the open-ended question 'What motivates you to lead a nonprofit organization / to be an entrepreneur?' The answers were evaluated using content analysis following the procedure outlined by Mayring (2000). We developed categories inductively, i.e., we worked through the material and determined categories step by step. From the first interviewee's answer, we determined two categories and

for each provided a direct quotation as an example. From the second interviewee's answer, we added one more quotation as an example to the first category and added two more categories and their respective examples. In this manner we worked through all interviews, continuously revising the categories. At the end of this revision process we created the final list of 11 main categories (Table 2) by merging conceptually related sub-categories under one main category. For instance, the main category 'independence & autonomy' consisted of five first-level subcategories 'independence', 'autonomy', 'freedom', 'to be my own boss' and 'multiple responses by one interviewee in this main category'. Using this procedure and also using software MAXQDA 2007, we developed a category system based on the interviewees' answers that consisted of 11 main categories (Table 2) and 23 first-level subcategories. Categories were developed so as to be distinctive (categories were mutually exclusive) and comprehensive (the categories were exhaustive and captured the whole range of responses) (Kolvereid, 1996; Mayring, 2000). Two independent raters classified all ideas, the interrater reliability coefficient V_2 (Holsti, 1969) on the level of the subcategories was 89.3%. For clarity, we present results only for the 11 main categories (Table 2). Results on the level of subcategories are available from the first author.

Results

Personality traits

The descriptive analysis of the personality traits indicated that both entrepreneurs and NPO leaders described themselves as extraverted, agreeable, conscientious, emotionally stable and open to experience. They also described themselves as having high self-efficacy, an internal locus of control, being initiative, as well as taking risks and responsibility.

We conducted multivariate analyses of covariance (MANCOVA) to compare entrepreneurs and NPO leaders in their general and task-specific personality traits, controlling

for gender by treating it as a second factor and for education as a covariate. Multivariate analyses take interdependencies among the dependent variables into account. The MANCOVA yielded no significant differences in personality traits between for-profit entrepreneurs and NPO leaders. Pillai's Trace was $F(10,113)=0.86$, n.s., $\eta^2=.08$ (and Pillai's Trace $F(9, 184)= 1.01$, n.s., $\eta^2=.05$ when the locus of control scale was excluded¹). Table 1 reports the same analyses per personality trait (ANCOVA) to visualize these results. In addition to the non-significant overall (multivariate) and specific (univariate) difference tests, the low effect sizes (eta-square) observed in these tests support both hypotheses 1 and 2, i.e., NPO leaders and entrepreneur do not differ in their personality traits.

We also tested the potential association of traits and motives using Pearson correlation coefficients. The correlations varied between -0.15 (for correlation between previous experience motive and risk-taking) and 0.22 (for correlation between emotional stability and independence motive). This indicates that the association between traits and motives is rather weak, also when compared to correlations amongst the traits (the mean of maximum correlations 0.44). This result is in line with Winter et al.'s (1998) study, who find traits and motives not to be related in line with their argument that they reflect conceptually distinct elements of personality.

 Insert Table 1 about here

Motives

Differences in motives of entrepreneurs and NPO leaders were evaluated with χ^2 tests. Analysis for hypothesis 3 showed that entrepreneurs and NPO leaders differed significantly with regard to their motives for leading their organization ($\chi^2 = 106.12$, $df = 10$, $p < .001$, see

¹ Since the Locus of Control scale was only later added to the research it is available for fewer respondents. Including it in the MANCOVA reduced the sample size from 184 to 113. Hence we report the multivariate test with and without the Locus of Control scale.

Table 2). To rule out differences in gender and education as alternative explanations, we also run chi-square tests separately for men and women and for participants with and without university degrees. Motive differences between entrepreneurs and NPO leaders were significant and in the same direction as reported in Table 2 for female ($\chi^2 = 28.72$, $df = 10$, $p \leq .001$) and male ($\chi^2 = 55.56$, $df = 10$, $p < .001$) participants and for participants with ($\chi^2 = 65.73$, $df = 10$, $p < .001$) and without university education ($\chi^2 = 44.86$, $df = 10$, $p < .001$).

 Insert Table 2 about here

We ranked the motive categories based on their frequency. We also evaluated the standardized residuals per motive category (see Buehl, Zoefel, 2000, p. 200) to identify in which specific motives entrepreneurs and NPO leaders differ. We found three significant differences based on this analysis (Table 2): Entrepreneurs most frequently mentioned ‘independence & autonomy’, whilst the same motive was significantly less frequently mentioned by NPO leaders, ranking 8 out of 11. A similar result was found for ‘income and profit’, which was the second most frequently mentioned motive for entrepreneurs but least frequently mentioned by NPO leaders. Conversely, the most frequently mentioned motive for NPO leaders was ‘meaningfulness of their work, helping others and satisfying others needs’ – which was least frequently mentioned by entrepreneurs (Table 2).

Discussion

This study explored personality traits and motives of NPO leaders and for-profit entrepreneurs. Today's market conditions require NPO leaders to act in an increasingly entrepreneurial fashion and to generate sustainable revenue streams (Gammal et al., 2005; Mort et al., 2003). Hence, both NPO leaders and for-profit entrepreneurs are confronted with increasingly similar tasks in leading their respective organizations. Drawing on person-

environment fit models (Schneider, 1987) we thus hypothesized and found that NPO leaders and for-profit entrepreneurs exhibit similar personality traits that allow them to effectively cope with their work. Thus, NPO leaders appear to be well prepared to cope with the demands of running their organizations in an entrepreneurial fashion. We further hypothesized and found that NPO leaders and for-profit entrepreneurs' hold different and distinct explicit motives for doing their work. NPO leaders reported mainly other-regarding motives (i.e., meaningfulness of work and providing help to others), while for-profit entrepreneurs reported predominantly self-regarding motives (i.e., independence, autonomy, income and profit). Our findings of similar entrepreneurial personality traits of NPO leaders and for-profit entrepreneurs but differing motivation, furthermore, empirically support the theoretical notion that NPO leaders can indeed be conceived of as a subgroup of entrepreneurs, i.e., as social entrepreneurs (Austin et al., 2006).

We find that NPO leaders and entrepreneurs mention a variety of motives beyond those pertaining to other- vs. self-interest. Notably, we also find more variety in NPO leaders' motives than was to be expected from De Hoogh et al.'s (2005) study which also used interviews but only coded for three types of implicit motives. Examining explicit motives, which are more closely related to personal goals and actions to reach these goals than implicit motives (Stuchlíková, 2010; Stuchlíková, Man, 2009), adds a new perspective to this research. In addition, while past research has explored entrepreneurial motives (e.g., Kuratko et al., 1997), little if no research has explored NPO leaders' motives but rather assumed that NPO leaders are driven e.g., by other-regarding motives. In line with our hypotheses, our research shows that for-profit entrepreneurs and NPO leaders endorse different motives.

However, some motives which past research closely associates with entrepreneurship such as self-realization and need for achievement (Kuratko et al., 1997; Rauch, 2010) are also endorsed (frequently mentioned) by NPO leaders. For instance, 'self-realization' was equally

strongly endorsed by NPO leaders and entrepreneurs. In addition and in contrast to prior research (De Hoogh et al., 2005), we found entrepreneurs and NPO leaders to be similar with regard to the ‘need for achievement’ motive.

Interestingly, the two groups differed in another core ‘entrepreneurial’ motive ‘independence and autonomy’ which was nearly 7 times more often mentioned by entrepreneurs (35.4%) compared with NPO leaders (5.4%). This might be due to the fact that, in general, there is arguably a higher level of job autonomy and flexibility in the nonprofit sector (e.g., Saidel, Cour, 2003), i.e., NPO leaders might take autonomy for granted and not worth mentioning.

Finally, we also observed some notable heterogeneity of motives within each group of respondents. In this regard the present research also contributes to our knowledge about the motivation of entrepreneurs to run their business and further challenges the perception that entrepreneurs are primarily motivated by financial gain and social status (see also Gorgievski, Ascalon, Stephan, 2011). Entrepreneurs mentioned the ambition to gain financial rewards and status less frequently compared with ‘independence & autonomy’. Notably status was among the least frequently mentioned motives for entrepreneurs. This finding is in line with the results of a van Praag and Versloot’s (2007) review that found the median incomes for entrepreneurs to be lower than for employees, while entrepreneurs at the same time report higher job satisfaction than employees. Thus, the non-pecuniary benefits of entrepreneurship, in particular obtaining independence and autonomy, are likely to be the primary motivation behind entrepreneurship.

Limitations

First, our results might not generalize to all entrepreneurs and NPO leaders in all countries, because our sample was restricted to entrepreneurs and NPO leaders from certain commercial and social services and from one city only. The sampling from one city, however

allowed us to rule out regional variation as an alternative explanation. Second, the use of an open-ended vs. closed question has the advantage of not biasing respondent answers towards a-priori determined categories (Kolvereid, 1996). However, self-reported motives might be potentially biased by social desirability. Values are less situation-specific than motives and therefore should be even more prone to social desirable responding. However, values research suggests that people are able and willing to report on their values and that these reports correspond well with and predict behaviour (Schwartz, 2005). Third, two instruments we used – MRS-20 for measuring big five traits and Koch's scales for measuring risk and responsibility taking, had relatively lower reliabilities. Nevertheless, considering that these were also short scales consisting of only a few items and that Cronbach's Alpha is dependent on scale length (Cortina, 1993) these reliabilities might still be acceptable. However, more confidence in the present findings will be gained if future research can replicate our findings with longer, more reliable questionnaires.

Fourth, underlying our argumentation about personality similarities and differences between NPO leaders and entrepreneurs is the notion that their jobs are similar in many regards and hence will – based on person-organisation fit theory - attract, select and retain people with distinct entrepreneurial personality profiles and motives. Future studies should include a comparison with the personality profiles and motives prevalent in the general population to provide further evidence that this personality profile is indeed distinct for leaders of organisations, i.e., entrepreneurs and NPO leaders, as compared with other occupational groups. Nevertheless, extensive past research, which is summarized in several meta-analyses covering over 20,000 participants and over 100 studies from various cultural backgrounds (Rauch, Frese, 2007; Zhao & Seibert, 2006; Zhao et al., 2010) clearly points to a distinctive personality profile of entrepreneurs compared with samples of managers and

employees. We used these findings as our point of departure and provide novel evidence for how NPO leaders differ from entrepreneurs.

Practical Implications

Our results can be utilized, for instance, to select NPO leaders for funding who are socially motivated but show entrepreneurial personality traits and thus are likely to put such funding to best use, for example by creating self-sustainable revenue streams in their organizations. In addition, recent evidence shows that those with an ‘entrepreneurial personality’ make good candidates for entrepreneurship training, because they particularly benefit from it (Schroeder, Schmitt-Rodermund, 2006). Thus, insights into NPO leaders’ personality and motivation can help to inform decisions on whom to grant access to special training and education programs (e.g., within nonprofit management or social entrepreneurship education), as well as being useful for career counselling.

Conclusion

Leaders of NPOs should receive more attention in research because their organizations are important for satisfying societal needs, are growing in numbers, and at the same time face challenges related to ensuring sustainable financial income. Our results show that NPO leaders do not significantly differ from entrepreneurs in general and specific personality traits that are considered to be typically ‘entrepreneurial’. On the other hand, NPO leaders differ from entrepreneurs in their motivation implying that not all findings of the entrepreneurship literature are equally applicable to the specific situation of NPO leaders. We conclude that NPO leaders form a unique group – the group of people who are entrepreneurial and yet have primarily social good in mind that motivates their behaviour. Thus, NPO leaders can well be called social entrepreneurs: ‘social’ because of their motivation and ‘entrepreneurs’ because of their personality traits.

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Table 1

Personality Traits of Entrepreneurs and NPO Leaders

	For-profit entrepreneurs			NPO leaders			<i>F</i> (<i>df</i> =1)	<i>p</i>	<i>Eta</i> ²
	<i>N</i>	<i>M</i>	<i>SD</i>	<i>N</i>	<i>M</i>	<i>SD</i>			
<i>General personality traits ('Big Five')</i>									
Conscientiousness	116	4.08	0.96	71	4.33	0.70	2.31	.13	.01
Extraversion	116	4.42	0.95	71	4.65	0.85	0.18	.66	.00
Openness	116	4.84	0.80	71	4.79	0.82	0.26	.87	.00
Emotional stability	116	4.30	0.77	71	4.28	0.71	0.06	.81	.00
Agreeableness	116	4.13	0.83	71	4.40	0.71	0.50	.37	.00
<i>Task-specific personality traits</i>									
General self-efficacy	115	30.85	3.75	72	30.63	3.59	1.53	.28	.01
Personal initiative	117	3.87	0.57	72	3.88	0.53	0.07	.78	.00
Locus of control	66	5.27	0.88	48	5.23	0.76	0.13	.72	.00
Risk taking	116	4.63	1.08	72	4.47	0.86	0.05	.82	.00
Responsibility taking	117	4.84	0.91	72	5.00	0.73	1.17	.28	.01

Note. All comparisons controlled for gender and education. Sample sizes vary due to missing data, the locus of control scale was added later in the data collection process.

Table 2

Entrepreneurs' and NPO Leaders' Motives for Leading their Organizations

	Entrepreneurs			NPO leaders		
Number of participants (N)	116			72		
Number of motives mentioned (N)	164			148		
Motive	Category frequency	Relative frequency	Rank-order	Category frequency	Relative frequency	Rank-order
Independence & autonomy	58	35.4%***	1	8	5.4%***	8
Income & profit	28	17.1%***	2	1	0.7%***	11
Work enjoyment & self-realization	27	16.5%	3	25	16.9%	2
Need for achievement and success	16	9.8%	4	20	13.5%	3
From necessity	7	4.3%	5	2	1.4%	10
Creativity & newness, i.e. doing/ experiencing something new	6	3.7%	6	14	9.5%	4-5
Impact & status	5	3.0%	7-9	6	4.1%	9
Other	5	3.0%	7-9	14	9.5%	4-5
Work with people	5	3.0%	7-9	13	8.8%	6
Previous personal experience	4	2.4%	10	11	7.4%	7
Meaning of work & helping others	3	1.8%***	11	34	23.0%***	1

Note. *** $p < .001$ standardized residuals ≥ 3.3 (Buehl & Zoefel, 2000, p. 200). $\chi^2 = 106.12$, $df = 10$, $p < .001$ for overall comparison of motives between entrepreneurs and NPO leaders. 'Independence & autonomy': standardized residuals 4.0 and -4.2, 'Income & profit': standardized residuals 3.3 and -3.5, 'meaning of work & helping others': standardized residuals -3.7 and 3.9 for entrepreneurs and NPO leaders respectively. For all other categories standardized residuals were $-1.5 \leq$ and ≥ 1.5 .