

The Right Stuff: Are Not-For-Profit Managers Really Different?

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ABSTRACT: In response to public pressure for accountability in the not-for-profit (NFP) sector, attempts have been made to adopt for-profit controls. These have generated mixed results. While many have argued that employees attracted to the NFP sector are “different,” little prior empirical evidence backs up this claim. To address this gap, we review the literature to identify claimed individual characteristics that might differ and use the survey method to examine whether these differences exist between the groups of responding managers working in the NFP and for-profit sectors. NFP respondents exhibit lower levels of narcissism, lower levels of entitlement, less extroversion, and a more externally oriented locus of control than their for-profit counterparts. In exploratory multivariate analysis, best predictors of NFP membership include extroversion, locus of control, conscientiousness, and moral reasoning. Rather surprisingly, the groups did not differ on altruism or tolerance for ambiguity. Implications for control system design are discussed.

Keywords: not-for-profit; dark triad; individual differences; control system design.

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I. INTRODUCTION

Individuals that self-select into the not-for-profit (NFP) sector generally share a public service predisposition that captures the prosocial value of serving others (Ritz, Brewer, and Neumann 2016). This reflects the NFP organizations' reliance on attracting likeminded employees that intrinsically share a predisposition to serve the public. Historically, NFP organizations have not adopted control structures typically found in the for-profit sector (Ritz et al. 2016; Dellaportas, Langton, and West 2012).¹ Yet, recent financial scandals and administrative controversies have increased the pressure on NFPs to implement accountability and control systems similar to those in the for-profit sector (King 2017; Maier, Meyer, and Steinbereithner 2016; Vermeer, Edmonds, and Asthana 2014). Not surprisingly, the efficacy of for-profit controls in the NFP sector has been mixed at best (Pallotta 2012; Frey, Homberg, and Osterloh 2013).

The traditional justification for the lack of traditional accountability-based controls in the NFP sector has been that the goals and values of NFP organizations and their employees do not lend themselves to "command and control" organizational designs (Pallotta 2012). The objectives of NFP organizations tend to be ambiguous and focused on social responsibility rather than on competition as in for-profit organizations (Sarros, Cooper, and Santora 2011). For-profit controls rely on an agency perspective assuming self-interested employees motivated by financial rewards and who require monitoring (Miller and Ratner 1998; Frank, Gilovich and Regan 1993), while the motivations of NFP employees do not always adhere to the underlying assumptions of the agency-derived control structures (Perry 2000). Consequently, it is not surprising that controls developed for for-profit organizations may be less effective in the NFP sector (Frey et al. 2013).²

Consistent with selection-socialization theory (Chatman 1991), the difference in objectives between NFP and for-profit organizations may be mirrored in the different attributes of their employees, and as a result, the motivations of NFP employees have been identified as potentially distinct from that of their for-profit counterparts. Based upon the differing goals and objectives between for-profit and the NFP sectors, it follows that values, ethics, and attitudes of employees attracted to firms in the NFP sector may also be different (Pallotta 2012; Brown and Yoshioka 2003). We suggest that the mixed findings of prior research on the performance of NFP organizations after control structures designed for for-profit organizations are applied may be due to inherently different employee attributes, goals, and characteristics.

The purpose of this study is to review the current literature to better understand which characteristics are likely to vary between sectors and to collect data to empirically test whether NFP and for-profit employees differ on these factors. To this end, we reviewed the existing accounting literature to identify published studies suggesting how individual differences interact with control systems. For example, managerial control effectiveness has been found to be moderated by individual differences such as the Dark Triad personality traits (Majors 2016) including narcissism (Wang 2017). In addition, we surveyed the NFP and voluntary sector literature to identify individual characteristics that may differ between NFP and for-profit managers. Our review revealed several articles claiming these differences exist, but only one that directly tested this proposition finding differences in terms of personality traits of MBA graduates planning

¹ By control structures we mean those organizational processes and procedures designed to align individual and organizational goals.

² While we recognize there is significant prior work on control system design from the perspective of stakeholder theory (e.g., Mouritsen and Larsen 2005; Norris and O'Dwyer 2004), we interpret the calls to make NFPs more business-like as highlighting the more traditional agency view.

to pursue employment in the for-profit or the NFP sectors (Rawls, Ullrich and Nelson 1975). Thus, further empirical examination of this issue is warranted.

Our literature review revealed eight individual characteristics with potential to vary between employees in the NFP and FP sectors. These include altruism (De Cooman, De Gieter, Pepermans, and Jegers 2009; Pattakos 2004), the Dark Triad personality traits (Young et al. 2016; Majors 2016; Murphy 2012; Judge, Piccolo, and Kosalka 2009), entitlement (Holderness, Olsen, and Thornock 2017; Berman 1999), values orientation, specifically collectivism (Ritchie, Anthony, and Rubens 2004), the Big Five personality traits (Rawls et al. 1975), moral reasoning (Brower and Shrader 2000), tolerance for ambiguity (Berman 1999), and locus of control (Ritchie et al. 2004).³

After identifying valid and reliable measures of these individual characteristics from the prior literature, we created a survey instrument comprised of these measures. We then worked with Qualtrics, a market research firm, to identify potential survey respondents from their market research panel database.⁴ Our respondents are 53 managers from NFP organizations and 53 managers from organizations in the for-profit sector. Results of our univariate analysis indicate that NFP managers in our sample were less narcissistic, less entitled, less extroverted, and had a more externally oriented locus of control than their for-profit counterparts. An exploratory multivariate analysis using stepwise logistic regression indicates the best fitting model predicting membership in the NFP versus the for-profit group (and controlling for age, gender, education, and tenure in current position) includes narcissism and locus of control as indicated by our univariate results, but also includes conscientiousness (defined as “paying attention to detail”) and moral reasoning. While these important differences were identified, respondents from each sector did not differ on several other characteristics that prior literature suggested would be important, for example, altruism. It seems NFP and for-profit employees may not be as different from each other in terms of values and personal characteristics as they are often argued to be. Rather, donor and stakeholder pressures for NFP organizations to become more business-like may have resulted in NFP organizations employing fewer of what we might think of as “traditional” NFP employees that are committed to the cause rather than viewing themselves strictly as employees who are “just doing their job.”

In Section II of the paper, we describe our survey method including a discussion of the demographic characteristics of our survey respondents. This is followed by Section III, in which we define each theoretical construct identified in our literature review, we describe the way each construct is measured, we provide descriptive statistics for these measures in each of the NFP and for-profit samples and report the results of statistical tests of differences in these measures between sectors. This is followed by a discussion of the implications of our results for theory and practice in Section IV.

³ Definitions of each of these constructs and descriptions of the identified measures are discussed in detail in the next section of the paper.

⁴ Qualtrics is a market research company that works with academics and corporate clients to collect research data. They have created a large database of potential research participants with different characteristics and for a fee, they will contact survey respondents that meet the researchers' required characteristics and invite them to participate. Qualtrics then compensates participants who complete the survey through a points system where the number of points earned are a function of the time required to complete the survey. Participants then convert points into cash, gift cards, merchandise, etc. of their choice. Once participants are sent the electronic link to the survey, they receive all traditional human subjects research materials and decide whether to participate in the research study. All of our materials were reviewed and approved for ethics by the research ethics board at each of the authors' schools.

II. SURVEY METHOD

Procedure

Potential respondents received an email invitation to complete the survey from Qualtrics. Individuals willing to participate clicked on a web link and were directed to our survey instrument. Respondents had a unique user ID and password provided by Qualtrics, which ensured that they could not respond to a survey more than once.⁵ Respondents were incentivized using a point system attached to survey completion and estimated completion time. This points system is specific to Qualtrics. All respondents read the information and consent letter and indicated consent to participate. They then moved directly to the first set of survey measures and worked through each section of the survey in turn. The demographic questions were presented at the end of the survey. Each respondent passed an attention check question that was inserted half-way through the survey instrument to ensure respondents were not losing focus as they worked through the survey. On average, the survey took 39 minutes to complete.⁶

Respondents

Our selection criteria for survey participation required respondents to be full-time managers within an NFP or for-profit organization. Respondents were 106 managers, 50 percent ($n = 53$) from NFP organizations and 50 percent ($n = 53$) from for-profit organizations. Consistent with prior research (e.g., Marz, Powers, and Queisser 2003; Deshpande 1997), demographic measures were included in our instrument for age, gender, work experience, education, income, and political orientation. Descriptive statistics for demographic measures are provided in Table 1.

As shown on Table 1, 58 percent of our sample is female and the proportion of female respondents is higher in the NFP group (66%) than in the for-profit group (51%), although this difference is not statistically significant ($\chi^2 = 2.49$, $p = 0.12$). The median age group in our sample is 24–35 years with most respondents aged 25–45 years. The proportion of the sample falling into each age group does not differ between the NFP and for-profit groups ($\chi^2 = 5.77$, $p = 0.32$). Respondents have average work experience of 7.13 years with a range between 1 and 46 years. Respondents in the for-profit group are slightly more experienced in their current position (mean tenure = 8.13, std. dev. = 6.68) than those in the NFP group (mean tenure = 6.12, std. dev. = 7.03) but this difference is not statistically significant ($t = 1.51$, $p = 0.14$). Levels of education ranged from High School through Ph.D. in both groups. A greater proportion of respondents reported having bachelor's degrees in the NFP group than the for-profit group which helps to account for the significant difference in level of education between the NFP and for-profit groups ($\chi^2 = 8.29$, $p =$

⁵ The use of a Qualtrics participant pool comes with benefits as well as costs. The benefits include efficiency in participant recruitment, distribution of materials, and compensation. Costs include the risk that there may be something different about participants who are willing to join a market research panel than those who are not. We recognize this potential cost as a limitation later in the paper and suggest future work is necessary to determine the generalizability of our findings.

⁶ We measured time to complete the survey using a counter that could not be seen by the respondents. The least amount of time taken was 12.47 minutes, the median was 38.93 minutes and 80 out of 106 respondents finished in 60 minutes or less. We also considered that those that failed to take sufficient time may reflect those that did not take our survey seriously: therefore, we considered removing those that took less than 15 minutes to complete the survey. In the end, removing those who took less than 15 minutes to complete the survey from the analysis does not qualitatively change our findings; therefore, we report results using the full sample of 106 observations.

TABLE 1
Demographics

Characteristics	For-Profit	NFP	Total	Tests for Differences between Sectors
Gender (Female)	27	35	62	$\chi^2 (1,106) = 2.49$ $p = 0.12$
(% Female)	(51%)	(66%)	(58%)	
Median Age Range	26–35	26–35	26–35	
Age (Frequency)				
Under 25	1	4	5	
26 to 35	29	23	52	
36 to 45	15	11	26	
46 to 55	6	10	16	
56 to 65	2	4	6	
Over 65	0	1	1	
Total	53	53	106	$\chi^2 (5,106) = 5.77$ $p = 0.32$
Tenure (Years in Current Position)				
Mean	8.13	6.12	7.13	$t (104) = 1.51$ $p = 0.14$
(Std. Dev.)	(6.68)	(7.03)	(6.90)	
Range	1 to 33	1 to 46	1 to 46	
Education (Frequency)				
High School	18	6	24	
Bachelor's	23	30	53	
Master's	11	14	25	
Ph.D.	1	3	4	
Total	53	53	106	$\chi^2 (3,106) = 8.29$ $p = 0.04$
Political Outlook (Frequency and Percentage)				
Liberal	23 (43.4%)	26 (49.1%)	49 (46.2%)	
Neither Liberal nor Conservative	12 (22.6%)	15 (28.3%)	27 (25.5%)	
Conservative	18 (34.0%)	12 (22.6%)	30 (28.3%)	
Total	53 (100%)	53 (100%)	106 (100%)	$\chi^2 (2,106) = 1.72$ $(p = 0.42)$

0.04). A greater proportion of respondents indicated their political outlook was liberal (46.2 percent) than conservative (28.3 percent) in the sample as a whole. While a larger proportion of respondents in the for-profit group indicated their political outlook was conservative than the NFP group (34.0 percent versus 22.6 percent), the difference in proportions between the NFP and for-profit groups was not significant ($\chi^2 = 1.72$, $p = 0.42$). We control for these demographic variables in our multivariate analysis reported below.

Covariate

Prior research indicates that participants tend to provide socially desirable responses to survey instruments such as this one (Cohen, Holder-Webb, Sharp, and Pant 2007; Chung and Monroe 2003). Social desirability bias can then distort participants' responses in a socially desirable direction (Jidan and Monroe 2017). We control for social desirability bias in our statistical tests using the Marlowe-Crowne social desirability scale (Crowne and Marlowe 1960). Higher scores on this scale indicate higher need for social approval and thus, the potential for more socially desirable responses. The mean score on the social desirability scale for the group was 17.16 (out of a possible 33 points) (std. dev. 4.85) with respondents in the for-profit group scoring slightly higher on average (mean = 19.09, std. dev. = 4.95) than the mean score in the NFP group (mean = 16.70, std. dev. = 4.48), although this difference is not significant. We treat the mean score on the social desirability scale as a covariate in our tests of differences in means reported below to control for social desirability bias in our results.

III. CONSTRUCTS, MEASURES, AND RESULTS

Univariate Analysis

For each of the individual characteristics measured in our survey, we perform tests of differences in the mean scores between the for-profit and NFP groups. We report descriptive statistics for each measure by sector in Table 2. We also report the results of tests of differences in means between sectors which were comprised of a set of ANCOVAs for each measure with *Sector* (coded as 1 for the for-profit group and 0 for the NFP group) as the independent variable and *Social Desirability* as a covariate.

Altruism

Altruism is defined as an action that benefits another, is performed voluntarily, intentionally, and without expectation of an external reward (Bar-Tal 1976). De Cooman et al. (2009) as well as Pattakos (2004) argue that NFP employees are likely to be more altruistic compared to employees in the for-profit sector because of the NFP sector's focus on helping others. To measure altruism, we relied upon Rushton, Chrisjohn, and Fekken's (1981) self-report altruism questionnaire. The scale includes 20 items and respondents are asked to indicate the frequency with which they engage in each activity on a five-point scale ranging from 1 = never through 5 = very often.

Although it has been argued in the literature that NFP employees are likely to be more altruistic compared to employees in the for-profit sector because of the NFP sector's focus on helping others (Rose-Ackerman 1996), we did not find significant differences in *Altruism* between for-profit (mean = 2.95, std. dev. = 0.62) and NFP managers (mean = 2.97, std. dev. = 0.65) in our sample. Results of an ANCOVA with *Altruism* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate also indicate no significant difference depending on sector, $F(1, 103) = 0.75$, n.s.

Dark Triad of Personality: Machiavellianism, Narcissism, and Psychopathy

The "Dark Triad" of personality traits are three intercorrelated traits that collectively and individually are predictive of "self-promotion, emotional coldness, duplicity, and aggressiveness": (1) Narcissism, (2) Machiavellianism, and (3) Psychopathy (Jones and Paulhus 2014). Narcissism is indicated by "a grandiose self-concept, a strong sense of entitlement, a tendency to exploit

TABLE 2
Descriptive Statistics and Tests of Differences in Means
between For-Profit (FP) and Not-for-Profit (NFP) Managers

Dependent Variables	Mean	Std. Dev.	Min	25th	Median	75%	Max	Possible Range	F-stat^a	p-value
<i>Altruism</i>										
NFP	2.97	0.65	1.33	2.33	3.00	3.50	4.33	1–5	F-stat (1,103) = -0.75	0.78
FP	2.95	0.62	1.67	2.50	2.83	3.33	4.33			
Total	2.96	0.64	1.33	2.50	3.00	3.33	4.33			
<i>Dark Triad Composite</i>										
NFP	2.75	0.40	1.88	2.46	2.68	3.00	3.88	1–5	F-stat (1,103) = 3.80	0.05
FP	2.88	0.48	1.90	2.54	2.84	3.22	3.84			
Total	2.82	0.44	1.64	2.52	2.76	3.12	3.88			
<i>Machiavellianism</i>										
NFP	3.02	0.51	2.00	2.67	2.89	3.44	4.00	1–5	F-stat (1,103) = 1.80	0.18
FP	3.13	0.63	2.00	2.71	3.11	3.56	4.00			
Total	3.07	0.60	2.00	2.67	3.00	3.47	4.00			
<i>Narcissism</i>										
NFP	2.89	0.49	1.89	2.56	2.89	3.22	4.22	1–5	F-stat (1,103) = 6.00	0.02
FP	3.23	0.53	2.00	2.78	3.22	3.67	4.22			
Total	3.06	0.53	1.89	2.67	3.00	3.44	4.22			
<i>Psychopathy</i>										
NFP	2.20	0.60	1.00	1.71	2.14	2.57	4.00	1–5	F-stat (1,103) = 0.55	0.46
FP	2.21	0.73	1.00	1.71	2.14	2.71	4.00			
Total	2.09	0.66	1.00	1.71	2.14	2.71	4.00			
<i>Entitlement</i>										
NFP	3.78	0.93	1.67	3.17	3.89	4.39	6.00	1–7	F-stat (1,103) = 5.35	0.02
FP	4.18	0.98	1.44	3.67	4.11	4.78	6.11			
Total	3.98	0.98	1.44	3.33	4.00	4.67	6.11			
<i>Values Orientation</i>										
<i>Collectivism</i>										
NFP	3.28	0.70	1.50	2.75	3.33	3.83	5.00	1–5	F-stat (1,103) = 2.42	0.12
FP	3.58	0.70	1.50	3.00	3.67	4.08	4.83			
Total	3.43	0.71	1.50	3.00	3.50	4.00	5.00			
<i>Big Five Personality Traits</i>										
<i>Extroversion</i>										
NFP	2.71	0.67	1.33	2.89	2.67	3.22	4.11	1–5	F-stat (1,103) = 6.91	0.01
FP	3.09	0.60	1.33	2.67	3.11	3.56	4.22			
Total	2.90	0.66	1.33	2.44	3.00	3.36	4.22			
<i>Conscientiousness</i>										
NFP	3.40	0.53	2.20	2.95	3.50	3.70	4.50	1–5	F-stat (1,103) = 4.06	0.05
FP	3.70	0.49	2.60	3.40	3.80	4.15	4.50			
Total	3.56	0.53	2.20	3.10	3.60	3.90	4.50			

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TABLE 2 (continued)

Dependent Variables	Mean	Std. Dev.	Min	25th	Median	75%	Max	Possible Range	F-stat ^a	p-value
<i>Openness</i>										
NFP	3.48	0.67	1.70	3.10	3.60	3.95	4.70	1–5	F-stat (1,103) = 2.81	0.10
FP	3.72	0.45	2.80	3.40	3.80	4.05	4.80			
Total	3.60	0.58	1.70	3.30	3.60	4.00	4.80			
<i>Neuroticism</i>										
NFP	2.95	0.73	1.63	2.44	3.00	3.38	4.50	1–5	F-stat (1,103) = 0.06	0.81
FP	2.71	0.78	1.38	2.13	2.63	3.25	4.75			
Total	2.83	0.76	1.38	2.25	2.75	3.38	4.75			
<i>Agreeableness</i>										
NFP	3.81	0.52	2.44	3.44	3.78	4.17	4.78	1–5	F-stat (1,103) = 0.31	0.58
FP	3.99	0.59	2.33	3.61	4.11	4.22	5.00			
Total	3.90	0.56	2.33	3.56	4.00	4.22	5.00			
<i>Moral Reasoning</i>										
NFP	31.08	14.87	1.15	18.75	29.23	40.56	62.15	1–100	F-stat (1,103) = 1.81	0.18
FP	27.48	12.51	1.93	18.96	27.86	34.20	55.23			
Total	29.28	13.80	1.15	18.96	28.04	37.99	62.15			
<i>Tolerance for Ambiguity</i>										
NFP	3.79	0.49	2.63	3.47	3.94	4.06	5.00	1–7	F-stat (1,103) = 1.33	0.25
FP	3.91	0.37	2.75	3.72	4.00	4.13	4.50			
Total	3.85	0.44	2.63	3.63	3.94	4.13	5.00			
<i>Locus of Control</i>										
NFP	11.47	4.02	1.00	9.00	12.00	13.50	22.00	1–23	F-stat (1,103) = -2.33	0.02
FP	9.74	3.63	2.00	7.00	9.00	12.50	17.00			
Total	10.60	3.92	1.00	8.00	10.00	13.00	22.00			

All p-values are two tailed. Bolded values are significant at $p < 0.05$.

n = 106

^a F-values based on a series of ANCOVAs with *Sector* (FP = 1 and NFP = 0) as the independent variable and *Social Desirability* as the covariate.

others, and a lack of empathy” (Young et al. 2016, 40). Machiavellianism represents a degree of indifference to the impact that one’s actions have on others. Psychopathy is indicated by antisocial behavior, impulsivity, selfishness, callousness, and remorselessness. In combination they are known as the “Dark Triad.” Previous research indicates that professional and occupational differences exist in the Dark Triad (Jonason, Wee, Li, and Jackson 2014; Babiak, Neumann, and Hare 2010; Judge et al. 2009).

We use the Jones and Paulhus (2014) measure to capture Dark Triad traits in our sample. Nine scale items were used to capture respondents’ level of *Narcissism* which included items such as “Many group activities tend to be dull without me” and “I know that I am special because everyone keeps telling me so.” Nine scale items were used to capture respondents’ level of *Machiavellianism* which included items such as “I like to use clever manipulation to get my way” and “Whatever it takes, you must get the important people on your side.” Seven scale items were used to capture respondents’ level of *Psychopathy* which included items such as “Payback needs to be quick and nasty” and “It’s true that I can be mean to others.” Moreover, we also combined all

three personality sub-scales to form a composite measure of the *Dark Triad* consistent with [Jonason and Webster \(2010\)](#) and [Wang \(2017\)](#).

Consistent with our expectations, results from Table 2 show that NFP managers scored lower on the *Dark Triad Composite* (mean = 2.75, std. dev. = 0.40) than FP managers (mean = 2.88, std. dev. = 0.48). Results of an ANCOVA with *Dark Triad Composite* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the score in the NFP group is marginally significantly lower than in the for-profit group, $F(1, 103) = 3.80, p = 0.05$. We further explore the differences between groups by separately examining results on the three sub-scales of the *Dark Triad*; namely, *Machiavellianism*, *Narcissism*, and *Psychopathy*. Results indicate that managers of NFP organizations (mean = 2.89, std. dev. = 0.49) score lower in *Narcissism* than for-profit managers (mean = 3.23, std. dev. = 0.53). Results of an ANCOVA with *Narcissism* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the score in the NFP group is significantly lower than in the for-profit group, $F(1, 103) = 6.00, p = 0.02$. As noted in Table 2, the NFP and for-profit groups do not differ significantly on *Machiavellianism* or *Psychopathy* indicating that narcissism levels are driving the differences found in the *Dark Triad Composite* between NFP and for-profit managers. NFP managers exhibit a higher level of empathy and a lower tendency to exploit others than their for-profit counterparts.

Entitlement

Entitlement is defined as “as a stable and pervasive sense that one deserves more and is entitled to more than others” ([Campbell, Bonacci, Shelton, Exline, and Bushman 2004](#), 31). According to [Berman \(1999, 151\)](#), in organizational cultures that are based on entitlement, employees’ efforts are directed toward “compliance rather than excellence, and communication is less open and frequent about matters of professional standards and agency goals . . . Getting by, making do, and avoiding blame are important managerial norms in such cultures.” This type of culture seems to be the antithesis of what would be expected in the NFP sector.

We measure entitlement using the [Campbell et al. \(2004\)](#) scale which is comprised of nine statements; for example, “I honestly feel I’m more deserving than others.” Respondents indicate their degree of agreement on a seven-point Likert scale (1 = strong disagreement, 7 = strong agreement). Results indicate that NFP managers score lower on *Entitlement* (mean = 3.78, std. dev. = 0.93) than FP managers (mean = 4.18, std. dev. = 0.98). Results of an ANCOVA with *Entitlement* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the score in the NFP group is significantly lower than in the for-profit group, $F(1, 103) = 5.35, p = 0.02$, indicating that NFP managers are less entitled than for-profit managers.

Values Orientation—Collectivism

Collectivism represents “a tight social framework in which people distinguish between in-groups and out-groups; they expect their in-group (relatives, clan, organizations) to look after them, and in exchange for that they feel they owe absolute loyalty to it” ([Hofstede 1980, 45](#)). If NFP managers value their collective efforts toward social good more than individual, self-focused outcomes, then we would expect them to score higher on collectivism. We rely upon the [Yoo, Donthu, and Lenartowicz \(2011\)](#) measure of *Collectivism*. The six-item scale includes items such as “Group welfare is more important than individual rewards.” Respondents respond using a five-point Likert scale anchored at 1 = very unimportant through 5 = very important.

Results indicate that NFP managers and for-profit managers score about equal on *Collectivism* (means of 3.28 for the NFP group and 3.58 for the for-profit group). Results of an

ANCOVA with *Collectivism* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the score in the NFP group is not significantly different in the NFP or for-profit group, $F(1, 103) = 2.42$, n.s.

Big Five Personality Traits

The gold standard for capturing individuals' personality has traditionally been the Big Five Personality Inventory (McCrae and Costa 1999). The Big Five set of personality traits include extroversion (outgoing/energetic versus solitary/reserved), agreeableness (friendly/compassionate versus challenging/detached), openness to experience (inventive/curious versus consistent/cautious), conscientiousness (efficient/organized versus easy-going/careless), and neuroticism (sensitive/nervous versus secure/confident). Using the Big Five personality scale, Rawls et al. (1975) found a significant difference in the personality of those students that selected to enter the NFP sector as compared to those in the for-profit sector.

Accordingly, we use the Big Five Personality Inventory developed by Buchanan, Johnson, and Goldberg (2005) to determine whether there are differences in the personality of managers in the NFP sector. The scale is comprised of 44 items measuring extroversion, neuroticism, conscientiousness, agreeableness, and openness. Instructions asked respondents to indicate their degree of agreement (1 = disagree strongly, 5 = agree strongly) with a series of statements representing the five underlying traits (approximately eight statements per trait) but presented in random order.

Results presented in Table 2 indicate that NFP managers score significantly lower in *Extroversion* (mean = 2.71, std. dev. = 0.67) than for-profit managers (mean = 3.09, std. dev. = 0.60). Results of an ANCOVA with *Extroversion* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the difference in means is significant, $F(1,103) = 6.91$, $p = 0.01$. In addition, we find that NFP managers are less *Conscientiousness* (mean = 3.40, std. dev. = 0.53) than for-profit managers (mean = 3.70, std. dev. = 0.49). Results of an ANCOVA with *Conscientiousness* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the difference in means is marginally significant, $F(1,103) = 4.06$, $p = 0.05$. Finally, we found no significant differences between mean scores in the NFP and for-profit sectors on *Openness*, *Neuroticism*, or *Agreeableness*.

Moral Reasoning

Moral reasoning captures the sophistication in which individuals frame an ethical dilemma (Kohlberg 1971). Individuals' level of moral reasoning is based on their stage of development that ranges from a rules-based orientation known as pre-conventional, to the conventional level that captures individuals' orientation to socially defined obligations, and finally to the post-conventional level that is based upon principles and justice. Brower and Shrader (2000) suggest and find that managers in NFP and for-profit corporations will differ in their level of moral reasoning due to differences in the expectations placed on them. They find that NFP directors demonstrate lower levels of moral reasoning than for-profit directors do. These findings for directors highlight the importance of understanding whether differences in moral reasoning also exist between managers of NFP and for-profit sectors. Accordingly, we measure moral reasoning using the N2-score of the Defining Issues Test (DIT) (Rest 1979), consistent with Brower and Shrader (2000) and Bailey, Scott, and Thoma (2010). The N2 score indicates the degree to which post-conventional items are prioritized and the degree to which personal interest items receive lower ratings than the ratings given to post-conventional items.

NFP managers' mean N2 score was higher (mean = 31.08, std. dev. 14.87) than the mean N2 score of for-profit managers (mean = 27.48, std. dev. = 12.51). Results of an ANCOVA with *Moral Reasoning* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the difference in means is not significant, $F(1,103) = 1.81$, n.s.

Tolerance for Ambiguity

Tolerance for ambiguity is "the tendency to perceive ambiguous situations as desirable" (Budner 1962, 29). Individuals with low tolerance for ambiguity seek out situations and environments that are more structured and less opaque (MacDonald 1970). Low levels of rules and bureaucracy are more attractive to individuals with a higher tolerance for ambiguity (Gupta and Fogarty 1993). Prior research has identified that some of the unique features of NFP organizations include a lower level of bureaucracy, rules, and authoritarianism (Berman 1999).

Tolerance for Ambiguity was captured using the scale developed by Budner (1962), which was comprised of 16 statements. Responses were collected on a seven-point Likert scale anchored at 1 = strong agreement through 7 = strong disagreement. Sample items include "An expert who doesn't come up with a definite answer probably doesn't know too much" and "A good job is one where what is to be done and how it is to be done are always clear." Higher scores indicate more tolerance for ambiguity.

NFP managers' mean tolerance for *Tolerance for Ambiguity* score was lower (mean = 3.79, std. dev. = 0.49) than the mean score of for-profit managers (mean = 3.91, std. dev. = 0.37). Results of an ANCOVA with *Tolerance for Ambiguity* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the difference in means is not significant, $F(1,103) = 1.33$, n.s.

Locus of Control

Locus of control is an individual's tendency to attribute causes of action to internal versus external factors (Rotter 1973). Prior research has found that locus of control is important in the NFP as it captures the accuracy of NFP executives' performance perceptions (Ritchie et al. 2004). In other words, the unique characteristics of the NFP may encourage those with higher locus of control to select into the NFP sector. *Locus of Control* is measured using the Rotter (1973) scale. This scale includes 29 items and asks the respondent to choose which of two statements they agree with the most. One statement is more externally focused while the other is more internally focused. For example, the respondent would choose which of the two following statements they agreed with the most: "Many of the unhappy things in people's lives are partly due to bad luck" or "People's misfortunes result from the mistakes they make." The overall score is the sum of the number of items for which the individual chose the more externally focused statement.

NFP managers' mean score on the *Locus of Control* scale is higher (mean = 11.47, std. dev. = 4.02) than the mean score of for-profit managers (mean = 9.74, std. dev. = 3.63). Results of an ANCOVA with *Locus of Control* as the dependent variable, *Sector* as the independent variable, and *Social Desirability* as a covariate indicate the difference in means is significant, $F(1,103) = 2.33$, $p = 0.02$. Higher scores on *Locus of Control* indicate the respondent perceives the things that happen to them are due mainly to external forces beyond their control.

Exploratory Multivariate Analysis

Table 3 presents the correlations between the independent measures. As would be expected, we find significant correlations between *Machiavellianism*, *Narcissism*, and *Psychopathy*, the three

TABLE 3

Correlations between Variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Altruism	1.00													
2. Machiavellianism	0.11	1.00 ^a												
3. Narcissism	0.10	0.39^a	1.00 ^a											
4. Psychopathy	-0.07	0.49^a	0.27^a	1.00 ^a										
5. Entitlement	0.08	0.54	0.45	0.41	1.00									
6. Collectivism	0.08	<i>0.20</i>	0.29	0.14	0.15	1.00								
7. Extroversion	0.04	0.07	0.55	0.05	0.18	0.18	1.00 ^b							
8. Conscientious	0.07	-0.13	0.16	-0.32	-0.01	0.12	0.41^b	1.00 ^b						
9. Openness	0.15	0.33	0.40	0.02	0.07	<i>0.22</i>	0.33^b	0.30^b	1.00 ^b					
10. Neuroticism	-0.08	0.12	-0.11	<i>0.22</i>	0.13	-0.18	-0.24 ^b	-0.43^b	-0.20 ^b	1.00 ^b				
11. Agreeableness	0.26	-0.35	0.04	-0.51	-0.23	0.16	0.18 ^b	0.45^b	0.15 ^b	-0.43^b	1.00 ^b			
12. Moral Reasoning	-0.01	-0.02	-0.13	0.29	-0.12	-0.02	-0.05	0.06	0.11	-0.16	0.18	1.00		
13. Tol. for Ambiguity	-0.05	0.05	0.03	0.25	0.29	<i>0.21</i>	0.12	-0.05	-0.22	0.08	-0.13	-0.22	1.00	
14. Locus of Control	-0.10	0.11	-0.16	0.02	-0.03	-0.03	-0.22	-0.33	-0.11	0.37	-0.11	-0.08	-0.02	1.00

Correlations in **bold** are significant at $p < 0.01$; correlations in *italics* are significant at $p < 0.05$.

n = 106.

^a Dark Triad.

^b Big Five.

elements of the Dark Triad of personality. In addition, we find several significant correlations between the five elements of the Big Five personality scale which is also as expected.

Table 4 presents results of a logistic regression where the dependent variable *Sector* is either for-profit (coded 1) or NFP (coded 0). The model tests the likelihood of a respondent being employed in a for-profit organization versus an NFP organization. Using binary logistic regression, we entered the control variables of age, education, tenure, and gender in the first block followed by the full set of individual characteristics as independent variables in the second block. Results are reported in Table 4 (Panels A–C). The full model yields a Nagelkerke R^2 of 50 percent. The classification table indicates 83 percent of managers working in for-profit firms and 75.5 percent of managers working in NFP firms were correctly classified by the full model.

The model was reduced using backward elimination and the likelihood ratio statistic. This method begins by including all independent variables in the model and then eliminating those variables not making a significant contribution to prediction. Table 4 (Panels D–F) presents the results of the most parsimonious model. While the Nagelkerke R^2 of this model is lower than for the full model (45 percent versus 50 percent), the models classify observations in the same way. After controlling for age, gender, tenure, and level of education, the best indicators of differences between sectors on a multivariate basis (i.e., those whose coefficients had p-values of 0.10 or less) are *Extroversion* ($p = 0.08$), *Conscientiousness* ($p = 0.09$), *Moral Reasoning* ($p = 0.08$), and *Locus of Control* ($p = 0.06$). This model predicts that NFP managers will be less extroverted, less conscientious (defined as less detail-oriented), they will have a higher level of moral reasoning, and they will be more externally oriented in terms of locus of control. While *Extroversion*, *Locus of Control*, and *Conscientiousness* were also significantly different in the univariate analysis, differences in *Moral Reasoning* only become significant after controlling for the correlations between it and the other three variables in the model.

IV. DISCUSSION

Increased concern over recent financial scandals in the NFP sector has caused some to suggest that the NFP sector should consider implementing accountability and control systems found effective in the for-profit sector. The implementation of such systems to make NFP organizations more “business-like” (Dart 2004) have been met with mixed success. Pallotta (2012) claims that these mixed results are due to differences in the values, attitudes, and beliefs of employees working in the NFP and for-profit sectors, and our study provides empirical substantiation by documenting whether and which of the claimed differences in prior literature between managers employed in each sector exist.

Our study makes two important contributions. First, we provide a profile of the characteristics and values of NFP employees that begins to answer the question “are NFP employees really different?” We find that respondents in our NFP and for-profit samples did differ on several of the individual characteristics identified as potentially important in our literature review. Our findings may help to shed light on the debate over the efficacy of for-profit controls applied in the NFP sector, and suggest that, often, for-profit control structures are incongruent with the goals and structures of NFP organizations. The controls found in for-profit organizations implicitly reflect the agency theoretic model designed to promote goal congruence between employees and shareholders by offering economic incentives, which are often designed to mitigate or at the least attempt to address ambiguity, to obtain explicit goal-consistent behavior. In contrast, the attributes of NFP organizations often include less rigor in “the degree of personnel constraints, political influence, red tape, scrutiny, control over the goals, ease of measuring performance, and

TABLE 4
Binary Logistic Regression Results

Panel A: Full Model

<u>Variable</u>	<u>Coefficient</u>	<u>(Std. Err.)</u>	<u>Wald χ^2</u>	<u>Significance</u>	<u>Exp (B)</u>
<i>Altruism</i>	0.002	(0.03)	0.003	0.97	1.00
<i>Machiavellianism</i>	-0.09	(0.69)	0.02	0.90	1.09
<i>Narcissism</i>	0.43	(0.79)	0.30	0.59	0.65
<i>Psychopathy</i>	-0.48	(0.58)	0.69	0.41	1.62
<i>Entitlement</i>	0.05	(0.04)	1.82	0.18	0.95
<i>Collectivism</i>	0.15	(0.42)	0.12	0.73	1.16
<i>Extroversion</i>	0.08	(0.06)	1.97	0.16	0.92
<i>Conscientiousness</i>	0.08	(0.07)	1.54	0.22	0.92
<i>Openness</i>	0.06	(0.06)	1.10	0.29	0.94
<i>Neuroticism</i>	0.04	(0.06)	0.47	0.49	0.96
<i>Agreeableness</i>	0.03	(0.08)	0.17	0.68	0.97
<i>Moral Reasoning</i>	-0.04	(0.02)	3.01	0.08	1.04
<i>Tol. for Ambiguity</i>	-0.01	(0.04)	0.07	0.80	1.01
<i>Locus of Control</i>	-0.15	(0.08)	3.45	0.06	1.17

Control Variables: Tenure, Age, Gender, and Education.
n = 105.

Panel B: Logistic Model Summary Statistics, continued from Panel A

<u>Log Likelihood</u>	<u>Cox & Snell R²</u>	<u>Nagelkerke R²</u>
97.29	0.37	0.50

Panel C: Classification Table—Frequency, continued from Panel A

	<u>Predicted For-Profit</u>	<u>Predicted NFP</u>	<u>Percent Correct</u>
Actual For-Profit	44	9	83.0%
Actual NFP	13	40	75.5%
Overall Percent Correct			79.2%

Panel D: Reduced Model Using Backward Elimination

<u>Variable</u>	<u>Coefficient</u>	<u>(Std. Err.)</u>	<u>Wald χ^2</u>	<u>Significance</u>	<u>Exp (B)</u>
<i>Extroversion</i>	0.09	(0.05)	3.06	0.08	0.92
<i>Conscientiousness</i>	0.09	(0.06)	2.83	0.09	0.91
<i>Moral Reasoning</i>	-0.04	(0.02)	3.06	0.08	1.04
<i>Locus of Control</i>	-0.14	(0.07)	3.61	0.06	1.15

Control Variables: Tenure, Age, Gender and Education.

(continued on next page)

TABLE 4 (continued)

Panel E: Logistic Model Summary Statistics, continued from Panel D

<u>Log Likelihood</u>	<u>Cox & Snell R²</u>	<u>Nagelkerke R²</u>
102.83	0.34	0.45

Panel F: Classification Table—Frequency, continued from Panel D

	<u>Predicted For-Profit Manager</u>	<u>Predicted NFP Manager</u>	<u>Percent Correctly Classified</u>
Actual For-Profit Manager	44	9	83.0%
Actual NFP Manager	13	40	75.5%
Overall Percent Correct			79.2%

All p-values two-tailed. One observation was dropped from the analysis due to missing information. Managers working in the for-profit sector were coded 1 while those working in the NFP sector were coded 0.

different priorities of efficiency or social equity” (Amirkhanyan, Kim, and Lambright 2008, 326). Our results suggest that belief controls, defined as policies that “communicate core values and inspire all participants to commit to the organization’s purpose” (Simons 1995, 82) and/or clan control structures involving “legitimate social agreement on a broad range of values and beliefs” (Ouchi 1979, 838) may be better suited to NFP organizations than results controls (for example, target-based incentives) when their employees’ values, attitudes, and beliefs closely reflect the social mission of the organization than controls that implicitly reflect agency values.

Second, we find that some previously assumed differences between NFP and for-profit managers may not exist (for example, altruism). It is important to consider Cohen et al.’s (2007) argument that agency-based control systems may be self-filling, which in turn may result in a misfit for NFP organizations and ultimately result in the controls changing the composition of employees within NFP organizations. For example, prior research indicates agency-based control system design can result in dysfunctional attitudes and behaviors (Ghoshal and Moran 1996; Cohen and Holder-Webb 2006). Not only have agency-based incentive contracts been shown to affect individuals’ underlying values-systems by emphasizing the expectation of self-interested behavior (Miller and Ratner 1998; Frank et al. 1993), but the monitoring of employees’ behavior through direct surveillance and control can result in employees internalizing suspicion, trusting the organization less and in turn, becoming less trustworthy themselves (Enzle and Anderson 1993). Thus, by implementing agency-based control systems in the NFP sector to make them “more business-like,” NFP organizations may inadvertently send the message that the organization wishes to pursue for-profit goals and objectives. Going one step further, Berry, Broadbent, and Otley (1995) argue that typical elements of control in for-profit organizations such as goal setting, performance measurement, and rewards may be viewed by employees in the NFP sector as secondary to the idea of doing a job that they view as worthwhile. These mechanisms may affect the types of individuals who chose to pursue a career in an NFP organization and ultimately change the prevalent traits of NFP employees.

Our findings are subject to the limitations of the method employed, which also provides opportunities for future research. First, our results rely on a sample of U.S.-based employees working in the NFP and for-profit sectors who participate in Qualtrics market-research panels.

Additional research is needed to ascertain the extent to which the implications of our study are representative of employees in other countries and of a larger and potentially more generalizable sample of employees in each sector. Second, while our study provides a first step in examining the characteristics of NFP employees that may influence the effectiveness of control systems implemented in these organizations, further research is needed to examine the combination of particular individual characteristics and the context within which NFP organizations operate (e.g., relatively ambiguous goals and altruistic objectives). In addition, managers of NFPs must consider multiple objectives for which they owe a duty of care (i.e., donors and clients) which can make control system design quite complex (Hofmann and McSwain 2013; Kitching 2009). Finally, we risked respondent fatigue given the length of our survey, yet 75 percent of respondents completed the survey in 60 minutes or less and no respondents failed an attention check question inserted half-way through the survey. This gives us some confidence that the quality of the data was not significantly compromised by the length of the survey. Notwithstanding these limitations, our study suggests that NFP organizations attract and retain individuals with some significantly different individual characteristics from that of for-profit organizations and suggest the importance of tailoring control systems for NFP organizations to take the individual differences we found into account.

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