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Social Ventures: The Development of the Theory of Sustainable Contributive Advantage and Initial Empirical Tests

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ABSTRACT

This thesis attempts to fill gaps in both a theoretical basis and an operational and strategic understanding in the areas of social ventures, social entrepreneurship and nonprofit business models. This study also attempts to bridge the gap in strategic and economic theory between social and commercial ventures. More specifically, this thesis explores sustainable competitive advantage from a resource-based theory perspective and explores how it may be applied to the nonmarket situation of nonprofit organizations and social ventures.

It is proposed that a social value-orientation of sustainable competitive advantage, called sustainable contributive advantage, provides a more realistic depiction of what is necessary in order for a social venture to perform better than its competitors over time. In addition to providing this realistic depiction, this research provides a substantial theoretical contribution in the area of economics, social ventures, and strategy research, specifically in regards to resource-based theory. The proposed model for sustainable contributive advantage uses resource-based theory and competitive advantage in order to be applicable to social ventures. This model proposes an explanation of a social venture's ability to demonstrate consistently superior performance.

In order to determine whether sustainable competitive advantage is in fact, appropriate to apply to both social and economic environments, quantitative analyses are conducted on a large sample of nonprofit organizations in a single industry and then compared to similar quantitative analyses conducted on commercial ventures. In comparing the trends and strategies between the two types of entities from a quantitative perspective, propositions are developed regarding a social venture's resource utilization strategies and their possible impact on performance.

Evidence is found to support the necessity of adjusting existing models in resource-based theory in order to apply them to social ventures. Additionally supported is the proposed theory of sustainable contributive advantage. The thesis concludes with recommendations for practitioners, researchers and policy makers as well as suggestions for future research paths.

SAMMANFATTNING

Den här avhandlingen avser att öka den teoretiska, operationella och strategiska förståelsen för frågor inom socialt företagande, socialt entreprenörsskap och nonprofit affärsmodeller. Denna studie strävar också efter att överbygga klyftan mellan sociala och kommersiella företag inom strategisk och ekonomisk teori. Mera specifikt utforskar den här avhandlingen begreppet bestående konkurrensfördel från ett resursbaserat teoretiskt perspektiv för att klargöra huruvida begreppet kan tillämpas på nonprofit organisationers och sociala organisationer situation som inte verkar kommerciellt.

Det föreslås att en social värde-orientering av begreppet bestående konkurrensfördel, skulle benämnas *bestående kontribuerande fördel*. Bestående kontribuerande fördel utgör en mera realistisk beskrivning av vad som behövs för ett socialt företag för att prestera bättre än konkurrenterna. Genom att utveckla denna begreppsram bidrar avhandlingen väsentligt till teoribildningen kring sociala företag ur ett resursbaserat perspektiv. Den föreslagna modellen för bestående kontribuerande fördel utnyttjar resursbaserad teori och föreslår att det klassiska begreppet konkurrensfördel ersätts med bestående kontribuerande fördel för att tillämpas explicit i kontext av sociala företag. Med hjälp av modellen kan man beskriva hur ett socialt företag kan skapa grunden för en fortgående framgång.

För att avgöra om bestående konkurrensfördel kan tillämpas på både sociala och traditionella företag utförs en kvantitativ analys på ett stort urval nonprofit organsiationer inom en enskild branch i USA. En motsvarande analys görs med kommersiella företag och resultaten jämförs. På basis av resultatet utvecklas förslag till det sociala företagets strategier för utnyttjande av resurser och deras eventuella inverkan på ekonomisk prestation.

Belägg för en omarbetning av existerande modeller inom resursbaserad teori för tillämpning på sociala företag presenteras, som stöds av initiala empiriska studier, för en teori om bestående kontribuerande fördel. Avhandlingen avslutas med rekommendationer för praktiker och forskare samt med förslag till framtida forskning.

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

Table of Contents

1 Introduction

1.1 Overview

This thesis attempts to fill gaps in both practical understanding and theoretical basis in the areas of social ventures, social entrepreneurship and nonprofit business models. This study also attempts to bridge the gap in strategic and economic theory between social and commercial ventures. More specifically, this thesis explores sustainable competitive advantage from a resource-based theory perspective and explores how it may be applied to the nonmarket situation of nonprofit organizations and social ventures. It is proposed that a social value-orientation of sustainable competitive advantage, called sustainable contributive advantage, provides a more realistic depiction of what is necessary in order for a social venture to perform better than its competitors over time. In addition to providing this realistic depiction, this research provides a substantial theoretical contribution in the area of economics, social ventures, and strategy research, specifically in regards to resource-based theory. The proposed model for sustainable contributive advantage uses resource-based theory and competitive advantage in order to be applicable to social ventures.

In order to determine whether sustainable competitive advantage is in fact, appropriate to apply to both social and economic environments, quantitative analyses are conducted on a large sample of nonprofit organizations in a single industry and then compared to similar quantitative analyses conducted on commercial ventures. In comparing the trends and strategies between the two types of entities from a quantitative perspective, propositions are developed regarding a social venture's resource utilization strategies and their possible impact on performance.

Evidence is found to support the necessity of adjusting existing models in resource-based theory in order to apply them to social ventures. Additionally supported is the proposed theory of sustainable contributive advantage. The thesis concludes with recommendations for practitioners, researchers and policy makers as well as suggestions for future research paths.

1.2 Motivation for the Thesis

Social ventures continue to be a major focus of research for scholars from a variety of disciplines as well as a focus for social entrepreneurs themselves. Initially, social venture research held its focus on public policy and nonprofit organizations, but has since then, grown to include the contexts of both nonprofit and for-profit (Moss, Lumpkin, and Short, 2010). While the field of social venture research has yet to reach a consensus definition on what a social venture is, a definition presented by Nicholls (2006) presents the concept as "innovative and effective activities that focus strategically on resolving social market failures and creating opportunities to add social value systematically by using a range of organizational formats to maximize social impact and bring about change" (23). Smith and Stevens (2010) lend support to this definition as it has much in common with many other definitions presented by researchers in the field (i.e. Dees, 2001; Austin, Stevenson, and Wei-Skillern, 2006; Zahra *et al.*, 2009) due to its focus on the creation of social value.

Social ventures are being formed at a faster rate than commercial ventures (Harding and Cowling, 2004). While nonprofits are only a segment of the social venture space, statistics on nonprofit and for-profit business formation are an indication of the growing trend of social venture formation. Between 2006 and 2009, the number of for-profit startups decreased by approximately 4 percent while the number of nonprofit organizations registered with the Internal Revenue Service increased 19 percent between 1999 and 2009 (Doms, 2011; Roeger, Blackwood, and Pettijohn, 2011). However, as of 2004, about 72 percent of America's nonprofits had annual revenues of less than half a million dollars (Pallotta, 2008). Social ventures are formed when economic systems fail to successfully provide a product or service to a segment of society (Hansmann, 1980). Social ventures are, in some cases, society's last resort for curing world problems such as hunger, disease, poverty, etc. It is therefore, important to examine the factors surrounding social ventures that enable them to grow and be sustainable.

For the purposes of this thesis, the term 'social ventures' encompasses socially focused businesses. These socially focused businesses may be for-profit or non-profit organizations. An example of a socially focused for-profit venture that has gained worldwide attention is TOMS Shoes. TOMS Shoes' business model is quite simple, for every pair of shoes that is purchased from the company a pair is also given to a needy child somewhere in the world. The company announced in June 2011 that they planned to expand their concept into eyewear. Many other organizations are following suit, such as BoGo Light solar powered flashlights, One World Futbol Project all terrain soccer balls, Baby Teresa children clothes, and Blanket America bedding who all operate on a 'buy one, give one' business model. While there are critiques of this model, such as the distortion of local markets when products are given away that local businesses sell, it represents the growing trend that social ventures are turning towards earned income strategies (Short, Moss, & Lumpkin, 2009).

Nonprofits, in particular, are turning to commercial practices to replace shrinking sources of funding as well as cover rising costs. Many leaders of nonprofits are moving towards commercial strategies with the belief that market-based revenues may be easier to scale and more resilient than philanthropic revenue (Dees, 1998a).

This thesis focuses specifically on the nonprofit organization due to the unique restrictions, limitations, benefits, and challenges faced by the organizational type. The reason for this focus is two-fold. First, this thesis utilizes resource-based theory for the majority of its explorations and theory development. Resource-based theory suggests that studies on ventures remain within a single industry as it helps to establish the link between the resources and strategies in question (Barney and Clark, 2007). Hence, the quantitative analyses that follow are conducted within a single industry within the nonprofit arena. Second, this focus is to explore the some of the limitations and benefits of the nonprofit organizational status. Due to restrictions and public perceptions of how a nonprofit should be run, many nonprofits struggle to sustain themselves and are also plagued with amateur administration, limited marketing budgets, growing competition, and shrinking resources (Helmig, Jegers, and Lapsley, 2004; Pallotta, 2004). In fact, many nonprofits, specifically hospitals and educational institutions, have switched from a nonprofit to a for-profit status because they found they could sustain themselves easier without the limitations of nonprofit status (James, 2003). This will be discussed in detail in later sections of this thesis but it brings into question whether the nonprofit model can be leveraged in a way that allows organizations to be competitive and more sustainable than others.

Despite the challenges faced in the nonprofit realm, according to the National Center on Charitable Statistics, the number of nonprofit organizations continues to grow. Indications of this growth are seen in the statistics, from 1998 to 2008, there was a reported 63% increase in 501(c)3 organizations (nonprofits) in the United States. Unfortunately, in 2009 it is estimated that over 100,000 nonprofits went out of business. Nearly 56% of executive directors of U.S. nonprofits reported they had to reduce their expenses in order to stay afloat. Additionally, 75% reported declines in funding from the year before. As an added challenge, in 2011 the United States Internal Revenue Service reassigned over 21% of nonprofit organizations as no longer eligible for nonprofit status and the estimate of that impact has yet to be realized.

This failure rate and looming restructuring by the IRS may be an indication that the well-intentioned social entrepreneurs and leaders of existing social ventures may not be managing their organizations in the most effective way. If social entrepreneurs and leaders of social ventures are to foster innovative, strong, and effective organizations that can truly make the world a better place, it is up to scholars and researchers to give them tools and strategies to help them. In order to do that, we must answer questions such as: can existing business strategy theory be applied to social ventures? Should existing business theory be adjusted to reflect the unique competitive dynamics at play among social ventures? How different or similar are social and commercial ventures in terms of their strategies, operations, resource-utilization, and resource acquisition? What might be learned from applying or modifying existing theories surrounding commercial ventures towards social ventures?

1.3 Purpose of the Thesis

The two longstanding and contrasting disciplines that have contributed most to nonprofit research and the study of nonprofits are economics and sociology (Helmig, Jegers, and Lapspley, 2004). However, neither of these disciplines has resolved all of the dilemmas surrounding nonprofit organizations (NPOs). The standard economic model of markets and firms does not apply well to the distinctive non-economic market situation of NPOs and the sociological perspective fails to develop action plans for NPOs (Helmig, Jegers, and Lapsley, 2004). Even though the research agenda has expanded significantly over the last decade, the theoretical challenges remain quite severe and no single theory has come to dominate the nonprofit field (Anheier and Salamon, 2006).

In general, social venture research has been described as under-developed and lacking capacity and critical mass (Peattie and Morley, 2008; Alter, 2006). Challenges of insufficient data, underdeveloped theory and unresolved definitional issues are frequent critiques of social venture research. Taylor (2007) points out "a major empirical weakness in the literature is the small size of data populations and samples, the short time scales of research, and the validity of the extrapolations that writers then propose" (6). Additionally, Short, Moss, and Lumpkin's (2009) "review of this literature reveals that conceptual articles outnumber empirical studies, and empirical efforts often lack formal hypotheses and rigorous methods. These findings suggest that social entrepreneurship research remains in an embryonic state" (161).

Even in the strategic management area, the extent to which nonprofits use strategic management activities to respond to the changing needs is not certain (Stone, Bigelow and Crittenden, 1999). Certain studies have examined how the use of formal planning was

associated with nonprofit organizational growth from a funding perspective (Siciliano, 1997; Jenster and Overstreet, 1990; Odom and Boxx, 1988) and found that formal planning was associated with organizational growth, but as these were all primarily correlation studies, the issue of causality was not addressed. "Little attention has been paid to determinants expressing changing demands for services or shifts in client needs" (Stone, Bigelow and Crittenden, 1999, 115). Several studies by Nutt (1986, 1987, 1989) found that the behaviors of executive directors were an important determinant in the activities of nonprofits. Additionally there have been numerous studies regarding the effects of board members on nonprofit performance (Morris, Coombes, Schindehutte, and Allen 2007; Bradshaw, Murray, and Wolpin, 1996; Siciliano and Floyd, 1993; Stone, 1991).

One notable example comes from the entrepreneurship literature stream and studies the effects of an entrepreneurial or market orientation within nonprofit firms (Morris, Coombes, Schindehutte, and Allen, 2007). The study found that a strong market orientation towards donors and clients led to better performance, but the study does not give specific recommendations to nonprofit organizations on how to accomplish this. Additionally, the researchers add that the theoretical basis for entrepreneurship within nonprofits has not been adequately established.

Coupling entrepreneurial behavior with a sustainable model to support entrepreneurial behavior would logically seem to lead to a successful venture. Understanding venture success or failure is central in strategy (Porter, 1991) with a clear focus on firm success. The field of strategic management conceptualizes success as having a competitive advantage over other firms (Barney, 1991), which is demonstrated by a competitive position or series of competitive positions that leads to both above average and sustainable financial performance (Porter, 1991).

Using elements of resource-based theory (RBT), to attempt to explain why some social ventures seem to perform better than others may be fruitful as a starting point. Resource-based theory proposes that resource selection and accrual are a function of both external strategic factors as well as internal decision-making (Oliver, 1997). As competition and economic issues are transformed through social entrepreneurship practices and business models, analysis of external forces can also be helpful in grasping the environment in which these firms operate. However, it does not address why and how some social ventures attain success and others fail. This is why RBT may be suitable in the context of social ventures. Entrepreneurship and resource-based theory adopt exactly the same unit of analysis – the firm resource (Alvarez and Busenitz, 2001). It is the analysis of resources that becomes the avenue to greater insight into these social ventures.

In taking from entrepreneurship, strategy, and economic literature, this thesis attempts to fill some of the gaps by adapting existing theories for entrepreneurial strategy, general strategy and competitive advantage, all through a resource-based theory lens, to fit within the nonprofit sector. The thesis then presents an adjusted model for sustainable competitive advantage within resource-based theory so that the nonmarket conditions facing nonprofits are taken into account. This adjusted model is called *sustainable contributive advantage*. The initial empirical/exploratory study then attempts to explore whether nonprofits and for-profit enterprises behave more similar than different regarding various resources from a quantitative standpoint. The results of the research demonstrated that while there are many similarities, differences do exist. The study is then replicated on

a more in-depth basis in order to ascertain if certain indicators of the resources conditions of sustainable contributive advantage play a role in overall firm relative performance.

1.4 The Research Approach

This thesis examines the existing theory of RBT and several concepts in economics within the context of social ventures. It also explores existing models developed within RBT. The thesis uses existing RBT concepts and models (initially developed for application in a purely economic market context) and explores how they might be used within a market that does not operate under typical commercial economic rules. In other words, theories and concepts developed for for-profits will be applied and explored within a social venture context.

This thesis does not attempt to disprove an existing concept or theory within RBT or economics, but rather explore these concepts and theories in a new context. Specifically, this thesis explores the social venture's ability to demonstrate consistently superior performance. Social research challenges utilize various approaches. If the research challenge, or problem, is "identifying factors that influence an outcome, the utility of an intervention, or understanding the best predictors of outcomes, than a quantitative approach is best. It is also the best approach to use to test a theory or explanation" (Creswell, 2003, 21-22). This study attempts to test a proposed explanation of understanding the best predictors of outcomes. The proposed explanation is comprosed of the factors introduced in the model for sustainable contributive advantage and the outcome is sustainable superior performance, applied specifically to social ventures.

Concepts are defined as phenomena of interest, as also defined in a model (Hanson, Creswell, Clark, Plano, Petska, and Creswell, 2005). This thesis will explore and present two specific concepts, which are resource conditions, in order to explain and possibly predict consistently superior performance by a social venture. This model is called sustainable contributive advantage (SConA).

A contribution to scientific knowledge can take one of five forms: a typology, a prediction of future events, an explanation of past events, a sense of understanding about what causes events, or a potential for controlling events (Reynolds, 2007). This thesis intends to provide an understanding about the conditions surrounding the consistently superior performance of a social venture. A secondary goal of the thesis is to determine whether factors can be determined which predict the above marginal performance of social ventures. As this study is somewhat exploratory in nature in order to determine the validity of the variables used to represent concepts and those variables contribution to overall performance, the secondary goal of prediction will need further testing beyond the scope of the study here. However, this secondary goal will be explored as well as its possible implications for researchers and practitioners.

In line with Kuhn's (1962) scientific revolution paradigms, this thesis aims to explore a conceptualization of a phenomenon: a social venture's consistent and above average performance. This thesis takes a quantitative or post-positivist assumptive research approach in the testing of the model for SConA. The post-positivist assumption focuses on empirical data, causality, rational considerations, and theory verification (Creswell, 2003). The development of the model begins with broad questions and considers multiple viewpoints. However, the model and the new concepts presented are developed in such a

way as to be empirically tested. In order to construct meaning from the interactions and behaviors of firms operating in the social context, the process of theory development also takes mainly an inductive process.

The overall research approach in this thesis uses a 'theory-then-research' approach for developing a model for sustainable contributive advantage. This approach, developed by Popper (1963) follows the strategy of "developing an explicit [model] in process description form and selecting a statement generated by the [model] for comparison with the results of empirical research" (147). As the statement relates to the model for sustainable contributive advantage and is shown to correspond with the results of the empirical work, further testing suggestions are then developed along with determining possible predictive power as well as the limitations of the model.

1.5 Research Questions

The goal of economic and social ventures is to capture enough value from the value that they create in order to become a sustainable organization. Is it possible to develop models that bring greater awareness and chances of success by viewing the developing internal activities of those firms?

This thesis proposes that the answer to the above question is yes. It therefore proposes the following three research questions:
1. Can (and should) resource-based theory be applied to social ventures?
2. Does sustainable competitive advantage exist for social ventures and what could an adjusted model, taking the nonmarket effects within the nonprofit sector into account, tell researchers about what is happening in and around social ventures?
3. What does an adjusted model of sustainable competitive advantage; called sustainable contributive advantage, look like?

1.6 Theory Development and Analysis

A review of existing literature surrounding social entrepreneurship, resource-based theory, competitive advantage, value creation, market failure, and nonprofits is presented in detail. Taking into account existing theories, the nonmarket environment within which social ventures operate in, various frameworks within which to view social ventures, and bridging together some of the economic gaps facing social ventures, the model by Peteraf (1993) for sustainable competitive advantage (SCA) is expanded within resource-based theory to construct a model of sustainable contributive advantage (SConA). This expanded view utilizes the newly developed concept of social rent (Robb-Post, et al, 2010) and includes two new resource conditions to fit the social/nonmarket environment called *abilities to scale* and *limits to scarcity*. SConA builds on and includes SCA, but the additional resource conditions social ventures must take into account in order to remain sustainably contributive reflect the differing value creation logics between social and commercial ventures. This model of SConA within resource-based theory is developed and presented along with an expanded discussion on social rent.

The quantitative portion of this thesis uses 147 social ventures' historical financial data reported to the Internal Revenue Service (IRS) to both examine whether trends in social ventures mimic those of commercial ventures as well as attempting to tease out evidence of sustainable contributive advantage in these ventures. The variables of growth and

profit, often used in the study of commercial ventures, are problematic in the context of social ventures due to their dual-goal of creating social and economic value. While some social ventures, such as non-profit organizations, do not record 'profit,' they do possess metrics that provide an efficiency measure, which is measured in financial terms. This study uses several variables to define and analyze the 'growth' and 'efficiency' measures within social ventures in order to test hypotheses regarding their relationships. The initial exploratory study used revenue growth (growth) and a ratio of revenue vs. expenses (efficiency) as measures. The results indicate that the path to 'success' within social ventures is somewhat different than the path of commercial entrepreneurship and there are financial indicators that provide support for the model of sustainable contributive advantage (SConA).

Each study is designed to build upon each other in terms of the development of the theory and testing of the model presented in this thesis called sustainable contributive advantage. Combining lessons learned, outcomes, and research results from both studies, a discussion chapter is developed which reviews implications for practitioners and policy makers. Finally, future research directions for further inquiry into social venture strategy and sustainable contributive advantage are recommended and reviewed.

2 Literature Review

2.1 Social Entrepreneurship and Social Ventures

Social entrepreneurship has emerged at a relatively fast pace as a sector within the academic research arena. Its current stage of development, however, is still in the early stages although many are beginning to recognize it as a legitimate field of interest. Regardless of its phenomenal growth and attention, research surrounding this topic is fragmented and lacking in the rigor it needs to become a clearly established field of research (Short, Moss, and Lumpkin, 2009; Peattie and Morely, 2008; Mair and Marti, 2006; Fiet, 2002). Numerous perspectives about what social entrepreneurship is (and what it is not) have begun to develop. While many may argue that the existing research is not yet rigorous in nature, there have been more than 200 academic articles published on the subject, nearly all of which since 2000 (Hill, Kothari, and Shea, 2008).

The field of entrepreneurship research has often been criticized for exactly the same types of weaknesses as the social entrepreneurship research field. Sexton (1988, 4) raised the question: "Is the field of entrepreneurship growing, or just getting bigger?" For example, the definitional debate surrounding what entrepreneurship has been said to hamper research progress (Low and MacMillan, 1988; Gartner, 1985; Vesper, 1983). The definitional debate surrounding social entrepreneurship has had a similar progression (Dacin, Dacin, and Matear, 2010; Austin, Stevensen, and Wei-Skillern, 2006; Paredo and McLean, 2006).

Much of early entrepreneurship research reported the occurrence of entrepreneurs or the personality characteristics of entrepreneurs, while lacking investigation of causal relationships or implications for practice (Low and MacMillan, 1988). "For a field of social science to have usefulness, it must have a conceptual framework that explains and predicts a set of empirical phenomena not explained or predicted by conceptual frameworks already in existence" (Shane and Venkataraman, 2000, 217). To date, the phenomenon of entrepreneurship has lacked some of this conceptual framework and more productive empirical research (Carsrud and Brännback, 2011; Bruyat and Julien, 2000; Shane and Venkataraman, 2000). Other common criticisms of entrepreneurship scholarship are that it does not contain anything new and that it lacks both theoretical and empirical rigor (Fiet, 2002).

The definition of entrepreneurship has been debated in the similar way that scholars debate over what social entrepreneurship is and how it is defined today (Paredo and McLean, 2006). Due to the current stage of development, it is helpful to use adjacent or similar fields of research as comparables or beginning frameworks. However, one should exercise caution when translating findings of from research on the creation of commercial ventures directly to the process of creating social ventures because how similar or different those processes may be have not yet been made clear (Dorado, 2006). Many have compared the general research field of entrepreneurship to social entrepreneurship, claiming that social entrepreneurship is a subset of entrepreneurship. The word "social" simply modifies entrepreneurship (Martin and Osberg, 2007). However, there have been some studies that question whether social entrepreneurship is the same as entrepreneurship, different from entrepreneurship, or both (Austin, Stevenson, and Wei-Skillern, 2006).

Along with debating what social entrepreneurship is and how it is defined; researchers have also focused on who the social entrepreneur is, what characteristics the social entrepreneur may possess, and what causes a person to become a social entrepreneur (Zahra, Gedajlovic, Neubaum, and Shulman, 2008; Light, 2000; Thompson, Alvy and Lees, 2000). Many of the initial studies on entrepreneurs examined who the entrepreneur was, what made them different, what life experiences caused them to become an entrepreneur, etc (Gartner, 1988). Similar studies of have emerged for social entrepreneurs. Researchers have even explored whether social entrepreneurs are entrepreneurs – or some other term relating closer to social change (Steinerowski, Jack, and Farmer, 2008) such as a term based on identity theory, where a social entrepreneur is actually a social activist (Simms and Robinson, 2006). Studies have examined what social entrepreneurs do and achieve for the community (Thompson, 2002), how exclusive the category of social entrepreneurship should be (Light, 2005), how social entrepreneurs rise from social welfare challenges (Leadbetter, 1997), and how social entrepreneurs play the role of change agent (Dees, 1998b). Another study examined social entrepreneurs' perceptions prior to starting the social ventures and found that a founder's perceptions of an ambiguous institutional environment are the primary factor leading to the type of structure (for-profit vs. non-profit) they choose to house their social mission (Townsend and Hart, 2008).

As the debate continues surrounding the definition of social entrepreneurship along with whom social entrepreneurs are and what motivates them, the actual process of social entrepreneurship seems to have been largely ignored. A distinct difference between the growth of the research field of social entrepreneurship when compared to the growth of the research field of entrepreneurship circles around this issue of outcomes. More specifically, how to measure the output of social entrepreneurship, how to compare the outputs of different types of social entrepreneurship, and what impact social entrepreneurship may be making on the environment they operate in. Overall, there is a "lack of existing research on social impact reporting in the social entrepreneurship area" (Nicholls, 2009, 757). This challenging domain of the research has yet to become a rigorous and theory-based domain.

There have been new developments in measuring social impact and SROI that account for "financial performance but also disclose nuanced and contingent social and environmental impacts and outcomes" (Nicholls, 2009, 755). Researchers have presented helpful analytical tools for cross-comparison. These include such tools as blended value accounting, triple bottom line (or 3BL), social return on investment (or SROI), and the Internal Revenue Service 990 statement of functional expenses which partitions expenses into three activities: charitable, administrative, and fundraising (Yetman and Yetman, 2008). However, each of these methods has significant limitations when trying to uncover how efficient or effective an organization may be.

Advocates of 3BL believe that the triple bottom line and corporate responsibility are one and the same, as for-profit firms have socially-related responsibilities in addition to maximizing shareholder value (Norman and MacDonald, 2004). The core SROI analysis does not try to quantify and capture all aspects of the value created in line with the firm's social mission, but rather to show demonstrable financial cost savings or revenue contributions that result the activity (Emerson, Wachowicz, and Chun, 2001). Blended value accounting utilizes a full spectrum of reporting tools from SROI to audits to qualitative social value data (Nicholls, 2009). However, Nicholls (2009) also cautions that

many of these models are taken directly from the commercial sector and therefore cause the results to "reflect larger power structures and normative social pressures, rather than internal processes" (766). Previous research on the IRS 990 reporting has shown a large number of non-profits reporting zero fundraising costs (Wing, Gordon, Hager, Pollak, and Rooney, 2006). In order to appear as an efficient organization to potential donors, prior research has found stakeholders reward nonprofits that report larger charitable, rather than administrative or fundraising, expenses (Yetman and Yetman, 2008). Specific findings included 37 percent of nonprofits reporting over $50,000 in contributions reporting zero fundraising or special event costs (Wing, Gordon, Hager, Pollak, and Rooney, 2006).

As helpful as these analytical tools may be, a one-size-fits-all basis for cross-comparison in social entrepreneurship across industries has not yet emerged. "There are no standardized calculative mechanisms for social value creation, nor any comparative unit of measurement" (Paton, 2003; Nicholls 2009, 758). It then becomes challenging to ascertain from an external perspective, why some social ventures perform better than others and which best practices encourage social ventures to become ultimately successful.

Additionally, there are many terms used by both entrepreneurship and social entrepreneurship researchers to describe the entrepreneur vs. the social entrepreneur. Classic entrepreneurship, business entrepreneur, traditional entrepreneur, economic entrepreneur, and economic entrepreneur are all appropriate terminology. For purposes of clear discussion, the term commercial entrepreneur or commercial enterprise will be used to differentiate from a social entrepreneur or social enterprise.

2.1.1 Entrepreneurship Areas of Research

When considering social entrepreneurship as an area of research, it is helpful to also look at entrepreneurship as a comparable area of research. While the field of social entrepreneurship research certainly new, entrepreneurship, as an academic field of study, is relatively new as well with the first course in entrepreneurship being taught at Harvard in 1947 (Cooper, 2003). From a conceptual research standpoint, the field is relatively young with the first research published in 1921 by Knight on the "factors bearing upon profits realized by entrepreneurs" (Cooper, 2003, 24). Regardless, the research field of entrepreneurship is much more developed by comparison to the research field of social entrepreneurship. If research in social entrepreneurship is to find itself with a similar growth process as entrepreneurship research, it may be of great value to model one after the other and then begin the exploration of social entrepreneurship from the vantage point of the entrepreneurship field of research.

Davidsson (2005) outlines three distinct areas of entrepreneurship research:

1. "Why, when and how opportunities for the creation of goods and services come into existence
2. Why, when and how some people and not others discover and exploit these opportunities
3. Why, when and how different modes of action are used to exploit entrepreneurial opportunities" (19)

2.1.1.1 Opportunity Area

The term opportunity is often used hand in hand with the term entrepreneurship. Adding evidence to the discourse within the field of entrepreneurship research, three seemingly opposing views of opportunity are discussed in the field. The discussion involves opportunity recognition, opportunity discovery, and opportunity creation (Shane 2003; Fiet, 2002).

Opportunity recognition happens when the opportunity for bringing together supply and demand is "recognized." The match-up happens when something new is created (i.e. a firm). Opportunity discovery only concerns itself with one side of the equation, for example; supply exists, and demand does not exist (or vise versa). It is the side that does not exist that is waiting to be discovered (Sarsvathy, Dew, Velamuri and Venkataraman, 2003). However, this lends to a bit of confusion. If an opportunity is discovered, it implies that it was always there, waiting for the entrepreneur to discover. Although these discoveries can take many forms, they all share in that the information that was uncovered was previously unknown (Fiet, 2002). Therefore, the word discovery may be a bit misleading. Many researchers have used the word discovery to imply a process (Venkataramn, 1997) and simply used the word discovery to keep some accord within the field. Finally, opportunity creation purports that neither supply nor demand exist and both must be created using several economic inventions (Sarasvathy, Dew, Velamuri and Venkataraman, 2003). It has also been posited that it takes discovery and exploitation to create opportunity (Shane and Venkataramn, 2000).

In the social entrepreneurship opportunity area of research, social entrepreneurs have often been compared to commercial entrepreneurs. Commercial entrepreneurs recognize, discover, create and exploit opportunities when there are unmet needs in the marketplace. Social entrepreneurs realize where there is an opportunity to satisfy some unmet need that the government or commercial marketplace will not or cannot meet (Thompson, Alvy, and Lees, 2000). Social entrepreneurs then gather together the necessary resources to fill that need without the promise of a direct economic return (Robb, Stamp, Brännback, Carsrud, Östermark, 2011). "Much like commercial entrepreneurs, social entrepreneurs identify opportunities in the environment and then seek resources and an entrepreneurial team to anticipate them" (Cool and Vermeulen, 2008, 4).

The focus of the opportunity itself within and surrounding social entrepreneurship has been sparse and unpredictable in terms of its development in the research field. Due to its cross-industrial nature, social entrepreneurship is indeed a multifaceted activity. Some have described it as a multidimensional construct involving entrepreneurship behaviors, thinking, and frameworks (Martin and Osberg, 2007; Thompson, Alvy, and Lees, 2000). One of the key differentiating factors is the ability to recognize social value-creating opportunities (Mort, Weerawardena, and Carnegie, 2002). The very word "opportunity" indicates a positive result and therefore, is fundamentally opposed to acknowledging some uncertain outcome (Davidsson, 2005). The economic perspective, as it relates to entrepreneurship, describes opportunity as "those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production" (Casson, 1982, pg. 200). However, Singh (2001) states:

> Researchers should not limit study to what they perceive to be "good" opportunities, because the entrepreneur's perceived reality of what constitutes an

> opportunity may be difficult to assess, particularly with respect to highly innovative new venture concepts. In such cases there is no direct historical data from which to make financial projections or to estimate potential market size, because the market has not been established. This makes it difficult to evaluate the economic potential for such opportunities (2001,11).

Adding to the argument, Drucker (1985) points out that failures are rarely associated with opportunities and that researchers must recognize many firm failures occur independent of opportunity. "Many failures are simply mistakes resulting from greed, stupidity, thoughtless bandwagon climbing, or incompetence whether in design or execution. A researcher might be tempted to dismiss the idea as not being an opportunity when, in reality, other factors may have caused the failure" (Drucker, 1985, 46).

Ultimately, Singh (2001) concludes that *opportunity* is a poorly defined concept in entrepreneurship research, but concedes to the fact that an opportunity does follow market economic rules. Therefore, an opportunity should be profit driven designed to take advantage of gaps in the marketplace. This places social entrepreneurship in the midst of a precarious debate about whether the pursuit of a social venture is the pursuit of an opportunity, or something else such as social impact.

Dees (1998b) borrowed from classic entrepreneurship definitions (Schumpeter, 1934) who described entrepreneurs as innovators who drive the "creative-destructive" process of capitalism, and Say (1803, 1971), who described entrepreneurs as those who shift economic resources out of areas of lower productivity and towards areas of higher productivity therefore, greater profit. Dees (1998b, 3) included opportunity as an integral part of social entrepreneurship. "Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value)
- Recognizing and relentlessly pursuing new opportunities to serve that mission
- Engaging in a process of continuous innovation, adaptation, and learning
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created (3)"

Entrepreneurship itself has been described as the study of opportunities (Eckhart and Shane, 2003). Entrepreneurial decisions can also be described as creative decisions. Unlike a decision maker who is trying to use the means to achieve the ends, entrepreneurs create the means, the ends, or both. Eckhart and Shane (2003) call this the means-ends framework. If then, a true opportunity is indicated by financial success after the fact, perhaps then social entrepreneurship could be described as the study of opportunities for social impact.

Going back to the commercial entrepreneurship arena and from the standpoint of economic equilibrium, prices fail to provide all of the information an entrepreneur needs to make decisions about resources (Acs and Audretsch, 2010). As prices cannot provide information regarding new markets or future demand, entrepreneurs must guess in the face of uncertainty (Hunt, 2000). In the case of opportunities and entrepreneurial decision-making, the majority of decision-making has little to do with current price information. Therefore, the process of discovery describes how entrepreneurs create new means-ends frameworks (Eckhart and Shane, 2003).

It is from this economic standpoint that clear differentiation emerges between social entrepreneurship and commercial entrepreneurship. The primary goal of commercial entrepreneurship is to take advantage of economic opportunities in the market. The opportunity therefore only exists if the entrepreneur is able to predict that the future price of an item will exceed the cost and future demand will exist. Adding to the phenomenon, if that prediction indeed comes to fruition, the value of the opportunity will decrease over time due to competition also taking advantage of the opportunity. Generally speaking, when commercial entrepreneurs exploit opportunities, they also then transfer that information to others about the opportunity and how to pursue it, whether intentionally or not (Eckhart and Shane, 2003).

When considering social entrepreneurship, replication of promising organizations and programs has been crucial to the development of the field (Racine, 2003). In fact, one of the world's leading social entrepreneur associations, Ashoka, supports the notion of replication and places it high among the criteria that gauge success for the social entrepreneur. Only by creating a solution that can be replicated and spread by local actors can social entrepreneurs achieve the scale and impact that is their life's mission (Schindler and Wells, 2006). Therefore, the goal and thereby the metrics used to judge success toward achieving that goal are glaring differentiators for commercial versus social entrepreneurship. This also brings into question what entrepreneurship or business-related terms may be appropriately applied to social ventures, such as competitive advantage, first-mover advantage, or economic rents.

2.1.1.2 Individual Area

Individual characteristics of entrepreneurs are also a large area of entrepreneurship research. The Panel Study of Entrepreneurial Dynamics, a widely known and recognized U.S. national four-wave study of entrepreneurial activity, dedicated an entire portion of its study to the characteristics of the entrepreneur. It examined cognitive characteristics, reasons for becoming an entrepreneur, and their demographic patterns (Gartner, Shaver, Carter, Reynolds, 2004). The study also looked a number of other characteristics such as how they made decisions, planned for the future, saw opportunities, and ascertained risk, along with how satisfied they were in their jobs. However, these types of factors have been proven to be poor indicators of whether or not the person will become an entrepreneur. "Situational (for example, employment status or informational cues) or individual (for example, demographic characteristics or personality traits) variables are poor predictors. That is, predicting entrepreneurial activities by modeling only situational or personal factors usually resulted in disappointingly small explanatory power and even smaller predictive validity" (Krueger, Reilly, and Carsrud, 2000, 411).

In order for a researcher to truly understand the process of entrepreneurship, figuring out what the catalyst is for entrepreneurship behavior is an important first step. Since the predictive power of situational factors or personal characteristics is low, entrepreneurship researchers have borrowed from the psychology literature in order to try and predict behavior. A particular focus has evolved around intention. Studies of entrepreneurial intentionality have shown that modeling intentions have shown the highest accuracy in predicting behavior (Ajzen and Fishbein, 1980, Shapero, 1982, Krueger, Reilly, and Carsrud, 2000). Some of the intention-related research has been extended to demonstrate

the impact of entrepreneurship education on entrepreneurial intentionality. Numerous studies have been conducted in order to ascertain whether entrepreneurship education increases or decreases a student's intention to start a business (Sanchez, 2011; Graevenitz, Harhoff, and Weber, 2010; Souitaris, Zerbinati, and Al-Laham, 2007). Yet, even these methods of research have been criticized by those stating that "attributes that differentiate entrepreneurs from other members of society are often questionable simply because those attributes confound the influence of opportunities" (Shane and Venkataraman, 2000, 218).

Researchers have looked at social entrepreneurs as individuals in the same way other studies have looked at commercial entrepreneurs. Although in recent years, researchers have generally moved away from approaches that focus on identifying types of people in society who tend to start firms (Eckhardt and Shane, 2003). Social entrepreneurs have been described as people with the same qualities and behaviors as commercial entrepreneurs, but who focus on their communities (Thompson, 2002). Aside from the characteristics of social entrepreneurs, many researchers have looked at the motivating factors behind becoming a social entrepreneur. As pure economic reasons do not seem to lend enough of a reason to engage in social entrepreneurship, personal morality and values have been linked to socially conscious behavior (Hemingway, 2005).

A review of social entrepreneurship research by Short, Moss and Lumpkin (2009) highlights eight different articles that describe the characteristics of social entrepreneurs (e.g. Dearlove, 2004; Vasakarla, 2008). Vega and Kidwell (2007) compared social and commercial entrepreneurs and found that there are similarities, but differences in terms of traits, goals, tendencies and motivational sources. Additionally, Zahra, Gedajlovic, Neubaum, and Shulman (2009) offer one notable contribution of defining three types of social entrepreneurs: social bricoleur, social constructionist, and social engineer.

In utilizing a communitarian perspective toward entrepreneurship, Cornwall (1998) suggests that the individual entrepreneur acts in a self-sacrificing manner, a manner that has direct impact on his or her own personal level of wealth, just as a social entrepreneur would act. This is compared to a corporate manager who may not think about their own motivations and the effect of their actions on the immediate community. "Entrepreneurs, regardless of the type of entrepreneur, contribute directly to the economic vitality of the communities their businesses are located in. The result is a growth in employment and wages for many for many of its members and can have the classic multiplier effect on the community economy and can create ever-growing employment opportunities within the community" (Cornwall, 1998, 142).

2.1.1.3 Action Area

Finally, there is the area of entrepreneurship research surrounding the different types of action used to exploit an opportunity. Primarily, there are two types of exploitation: the creation of a new firm or the creation of a new market (Shane and Venkataraman, 2000). Borrowing from economic, strategy, and management literature, there is a fair amount of research in the entrepreneurship field on firm creation, resource acquisition, resource management, market demand, governance, and organizational behavior. It is this particular area of entrepreneurship research that the majority of focus for this study will encompass.

2.1.2 Process of Social Entrepreneurship

As discussed previously, social entrepreneurship can be considered as a something certain people do or as a phenomenon. Social entrepreneurship can also be described as a "process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs" (Mair and Martí, 2006, 37). This is a key distinction in viewing social entrepreneurship because to imply that social entrepreneurship is indeed a unique process, also implies that it is indeed at least akin to the process of entrepreneurship and perhaps even something a little different. Mair and Marti (2006) view "social entrepreneurship as a process of creating value by combining resources in new ways. These resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs. When viewed as a process, social entrepreneurship involves the offering of services and products but can also refer to the creation of new organizations" (2006, 37).

The above definition rings close to the following popular definition of entrepreneurship (Morris, 1998) which states "entrepreneurship is the process through which individuals and teams create value by bringing together a unique package of resource inputs to exploit opportunities in the environment. It can occur in any organizational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies" (1998, 16).

The two definitions are similar to each other, using such terminology as resource combinations and exploitation of opportunities. While clearly, the Morris (1998) definition can be applied to any type of entrepreneurship, Mair and Marti's (2006) cannot. Which begs the question, are they indeed different processes? As opposed to Austin, Stevenson and Wei-Skillern (2006) who attribute the main differences between social and commercial entrepreneurship to their inputs and outputs; Mair and Martí (2006) suggest the main difference lies in the relative priority in managing the processes toward social value versus wealth creation. (Mair and Martí, 2006).

Waddock and Post (1991) go further to suggest that social entrepreneurs operate within a completely different realm than commercial entrepreneurs. In fact, their processes and individual characteristics are mapped out quite differently. They posit that social entrepreneurs are catalytic in that they do not cause the change or bring about the social change, but influence others to take action and thereby indirectly impacting society, such as through public policy making (Waddock and Post, 1991). However, they describe social entrepreneurship as more of a phenomenon than a process, as no specific strategies are laid out.

A graphical depiction of the phenomenon as they describe social entrepreneurship is shown in Figure 1. The "problem/complexity" contributes to the vision of the social entrepreneur, which then becomes the catalyst for collective action (societal), which then contributes to the commitment of the social entrepreneur. In a somewhat circular pattern, these social entrepreneurs deal with problem complexity by offering a vision and tapping into their personal resources (credibility). Together these factors draw a network together to work on the collective purpose embodied in the vision, making the circular process complete (Waddock and Post, 1991). From these factors, they propose that a network is created, attention is drawn to the cause, and societal change begins to occur.

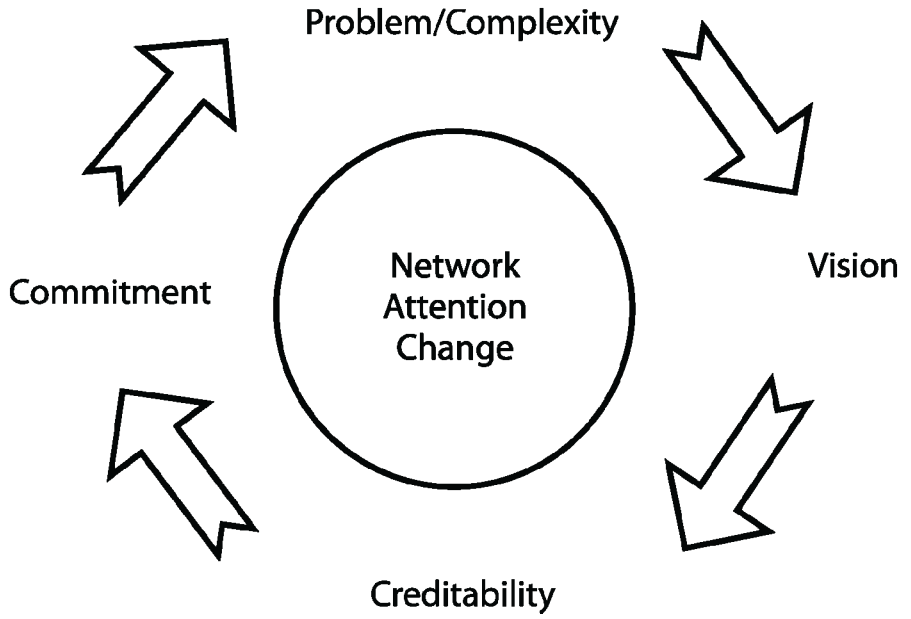

Figure1: Catalytic social entrepreneurship process (adapted from Waddock and Post, 1991)

Unfortunately, the figure merely depicts a phenomenon and gives little insight into the actual process of building a social venture. This model suggests that if a social entrepreneur has a vision, creditability, and commitment, a network will somehow appear around his/her cause. The social entrepreneur has almost magically become a catalyst for social change without an operating model or a resource acquisition strategy. This type of approach leaves little opportunity for future research or the identification of best-demonstrated practices within social entrepreneurship.

Guglu, Dees, and Anderson (2002) describe the process of social entrepreneurship as separated into two main steps. "First, a social entrepreneur *generates* a promising idea. Second, the social entrepreneur attempts to *develop* that idea into an attractive opportunity" (Guglu, Dees, and Anderson, 2002:1) The first step "generating the promising idea" and the second step "developing promising ideas" are further divided into modules. See Figure 2 below. In the first step, they attribute the success of the idea generation phase to the individual social entrepreneur's experience, background, and environment. The success of the second step in the process is dependent on the individual's skill at adopting an entrepreneurial mindset (or opportunity-oriented mindset) (Guglu, Dees, and Anderson, 2002).

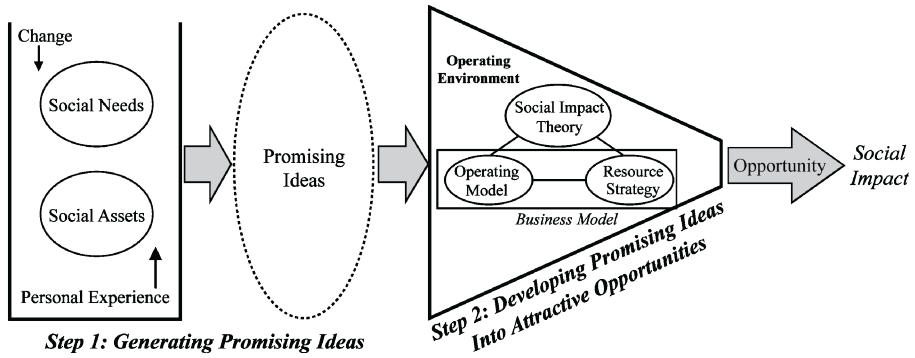

Figure 2: Opportunity creation process (Guglue, Dees, and Anderson, 2002)

The second step in the process is the point in the process that social entrepreneurs create the most value and is shaped like a funnel as that is where the majority of the promising ideas fail to make it through the process (Guglu, Dees, and Anderson, 2002). However, the process described is somewhat nebulous and not specific in terms of strategies for social venture success. They fail to clearly articulate how the various pieces fit or interact with each other and simply state that each element must be present for the social venture's success. They state that "when all these elements are feasible and aligned, the chances of success are relatively high" (Guglu, Dees, and Anderson, 2002, 14). Success and alignment perhaps might be easy to observe after the fact, but the authors fail to describe pro-forma strategies for implementation.

2.1.3 Social Entrepreneurship Versus Commercial Entrepreneurship

Similar to the definition of commercial entrepreneurship, which states "entrepreneurs creates value by bringing together a unique package of resources inputs to exploit opportunities in the market" (Morris, 1998, 16), social entrepreneurship could be considered similarly. However, social entrepreneurship attempts to addresses unmet social needs and create social value (Mair and Marti, 2006; Weerawardena and Mort, 2006), while commercial entrepreneurship could be considered to seek the creation of economic value (Austin, Stevenson and Wei-Skillern, 2006). Dees (1998b) proposed that in social entrepreneurship, "the social mission is explicit and central"(2). Others describe social entrepreneurship as "an entrepreneurial activity with an embedded social purpose" (Austin, Stevenson and Wei-Skillern, 2006, 1) or an event "where persons aim either exclusively, or in some prominent way, to create social value of some kind" (Peredo and McLean, 2006, 56). Still others classify it as "organizations that are not owned by shareholders and do not pursue profit as their main objective" (Leadbetter, 1997, 11). Others see it as "an innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors" (Austin, Stevenson, and Wei-Skillern, 2006, 2). Dorado (2006) proposed it simply as taking a strategic approach to limit a reliancy on donations and government funding in order to become a self-sufficient organization (Dorado, 2006). Martin and Osberg (2007) described social entrepreneurship as a subset of entrepreneurship and that word 'social' simply modifies entrepreneurship. In fact, the prefix 'social' itself is vague enough to create an example where just about any venture could be called 'social entrepreneurship' (Zahra, Gedajlovic, Neaubaum, and Shulman, 2009). Mair and Martí (2006) identified the term 'social' as somewhat misunderstood. They presented the simplistic view of profit motives vs. altruistic motives

and cautioned against thinking in this dichotomous nature. These two motives have been discussed at detail often through interviews or surveys of the entrepreneurs themselves (Neck, Brush, and Allen, 2009).

Dees (1998b) identified the primary characteristics of social entrepreneurship as innovativeness, risk-taking, resourcefulness, accountability and social mission. Some researchers have added on to Dees' definition by discussing the conditions of the social venture itself, such as earned income (Dees, 1998a; Dees and Anderson, 2003; Emerson and Twersky, 1996), levels of innovative practices (Alvord, Brown, and Letts, 2003; Bornstein, 2004; Dees and Anderson, 2006; Schumpeter, 1934), business strategies (Dees and Anderson, 2006), and business legal structure (Dees and Anderson, 2003; Dorado, 2006).

In what makes up the entrepreneurial process, social and commercial ventures are both similar and different when it comes to inputs, outputs, and resources mobilization techniques (Austin, Stevenson, and Wei-Skillern, 2006). A venture, whether social or commercial, produces several outputs, which may be those such as products, services, assets, loss, and value (Morris, Lewis, and Sexton, 1994).

Figure 3 identifies depicts the inputs and outputs of both kinds of ventures as different as well as similar. This study focuses on the 'process' portion of the framework. In other words, this study focuses on the mechanisms that occur between the input social ventures receive and the outputs social ventures produce. It is proposed by Meyskens and Robb-Post (2008) that the process of entrepreneurship, whether commercial or social in nature, are the same.

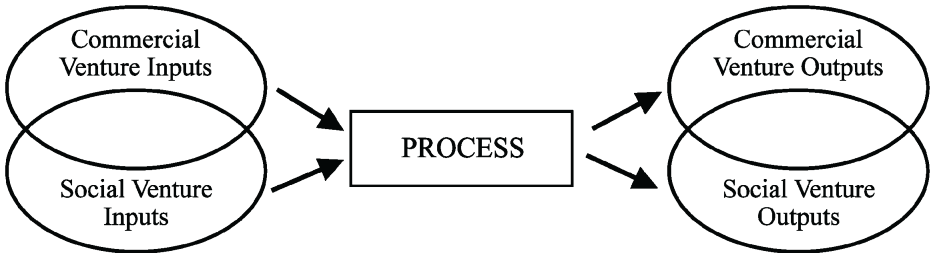

Figure3: Social and Commercial Entrepreneurial Process Framework (adapted from Meyskens and Robb-Post, 2008)

The difference in the motivating factors behind the allocation of resources to each type of venture, social venture stakeholders being philanthropic, and commercial venture stakeholders focused on financial return on investment, certainly implies different resource acquisition strategies for each types of venture (Austin, Stevenson, and Wei-Skillern, 2006). However, the resource utilization process compared between social and commercial organizations demonstrate similar patterns in terms of the organization of resources. As part of this process, both types of organizations (or entrepreneurs) must implement profitable growth strategies as well as manage diverse relationships and partnerships to gain these financial and human resources and build organizations (Dorado, 2006).

2.2 History of Nonprofits in the United States

The primary focus of this study is on the nonprofit sector within social ventures. The discussion and review of the literature that follows will focus on this nonprofit sector although much of the research may be applicable to social ventures from a broader standpoint. Figure 4 illustrates the relationships between social entrepreneurship and the private, public and nonprofit sectors. This study focuses on all of those ventures included in the bottom, right-hand circle.

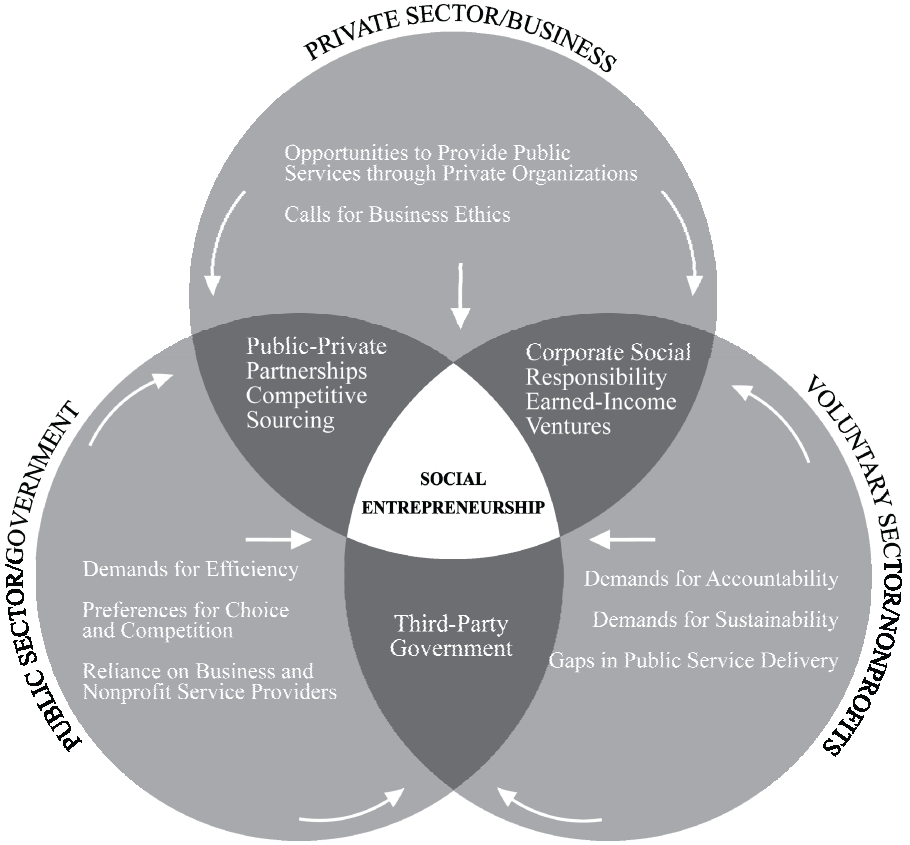

Figure 4: Relationship between social entrepreneurship and the private/public/voluntary sectors (Venture Pragmatist, 2010)

In the United States, due to federal and state funding cuts that began during the Reagan Era, nonprofit organizations have been forced to explore new strategies to sustain their operations (Besel, et al., 2004). Typically, these strategies have been merging, decentralizing, or cost cutting; these strategies have also been representative of recent trends in the for-profit sector (Ortiz and Bassof, 1988; Strom-Gottfried, 1997). The result is a competitive landscape for social enterprises similar to the competitive landscape of commercial ventures, but with more complex success criteria. This shift in competitive landscape prompts the need to examine trends in social ventures and compare those with

commercial ones in order to examine whether strategies borrowed from commercial ventures might also be appropriate for social ventures.

In tracing back the roots of nonprofit organizations, "religion has been called the godmother of the nonprofit sector" (O'Neill, 1989, 20). For the past two centuries, nonprofit organizations have been managed based on this religious and historical tradition of charity and philanthropy (Bush, 1992).

The actual term nonprofit was coined by economists in the years after World War II in order to identify a tax status classified in section 501(c)(3) and 501 (c)(4) of the Internal Revenue Code of 1954 described as non-stock corporations and trusts formed for charitable, educational, religious and civic purposes (Hall, 2006). A nonprofit organization does not distribute its profits to shareholders, but instead reinvests those profits back into the company. Due to its nonprofit status, those profits are usually exempt from federal and state income tax. Additionally, a nonprofit does not pay sales tax on many of their purchases. Individuals and corporations that contribute financially to the nonprofit enjoy their contributions as being tax deductable on their own tax returns (Grobman, 2008). There are additional types of organizations included under the umbrella of nonprofit and tax-exempt status with varying degrees of tax status and different degrees of tax exemption are based on the nature of the business. These include such entities as political organizations, farmers' cooperatives, homeowner associations, religious organizations, social and recreation clubs.

The roots and principals of charity and nonprofits in the United States were born out of the ideals and values of the New England Puritans who settled in Massachusetts in the 16th and 17th centuries (Pallotta, 2008). However, the Western roots of charity and its ideals can be traced back to Ancient Rome, Judaism, and Christianity. The Christians are believed to have created the first voluntary groups for purposes of helping the needy (Hall, 2006). The Puritans are credited to have created the free market system and capitalism here in the U.S., but they also created a system for helping the poor (Pallotta, 2008). In their view, helping the poor was a duty and a product of their economic gains. However, they were kept distinctly separate. "They authorized a regime of private property and freedom of contract but endeavored to see that it was checked and balanced by moral witness and civic restraint" (Ines, 1995, 25).

Volunteering groups and charitable giving started to appear in urban centers, such as Philadelphia and Boston by the 1750s, although they were still embryonic (Hall, 2006). By the end of the nineteenth century a handful of states recognized and encouraged philanthropic, charitable, and voluntary associations through tax exemptions. Religious organizations and universities were also a key force in the shifting of the American mindset towards associational activity and giving for public purposes (Hall, 2006). Between 1947 and 1954, Congress worked to introduce a new taxation system, which led to the 1954 Internal Revenue Code (IRC) of 501(c), which created a unified taxation system and regulatory oversight for nonprofit entities (Hall, 2006).

Today, charitable organizations, under the IRC 501(c)(3) code, represent the largest subset of tax-exempt organizations (Borris and Steuerle, 2006). These nonprofits are the only kind of nonprofit able to accept tax-deductible contributions. All the law requires of nonprofits is that they do not distribute their excess revenue in the form of dividends and that their beneficiaries are a general class of persons rather than individuals who may

benefit from the organization (Steinberg, 2006). As long as the organization conforms to the general requirements, the range of purposes for nonprofits is quite varied. However, those falling under the IRC 501(c)(3) status must be engaged in educational, religious, scientific, or other forms of charitable behavior. Other types of nonprofits can hold tax-exempt status, such as social clubs and unions, but they cannot receive tax-deductible charitable contributions (Boris and Stuerle, 2006).

2.2.1 Growth of Nonprofits

Data from the National Center for Charitable Statistics at The Urban Institute suggest that the number of nonprofit organizations continues to rise in numbers within the United States (Kerlin, 2006). According to the Independent Sector's 2005 study, the Panel on the Nonprofit Sector, pg. 10:

> The United States is home to an estimated 1.3 million public charities, private foundations, and religious congregations. However, only 4 percent of all charitable organizations have annual budgets of more than $10 million. Most are small, with nearly three-quarters operating with budgets of less than $500,000.

When compared to the annual budgets of U.S. for-profit firms, the growth and size of for-profit U.S. firms far out paces those in the nonprofit sector. In 2007, statistics about business size from the U.S. Census Bureau indicated that nearly 27% of for-profit businesses operated above $10 million compared to only 4% of all charitable organizations.

2.2.2 Economics of Nonprofits and The Nondistribution Constraint

"Economics is the study of choices under scarcity" and this applies to purchasing choices as well as time allocation and could be applied in the case of any type of resource (Steinberg, 2006, 117). The basic premise of economics is that each individual will pursue their own self-interests (Steinberg, 2006). In regards to volunteers and donors in the nonprofit sector, their self-interest may lie in the satisfaction of helping others or impacting society in a positive way.

> Economic models typically assume that for-profit firms maximize profits because that is what the owners want to do. Framed in this way, departures from profit maximization appear as 'market failures' or 'agency problems' cured by providing the proper financial incentives. Nonprofits cannot be analyzed from the same starting point. These organizations may indeed maximize their 'profits' (or financial surplus or endowment) under some circumstances. However, be interpreted anew (Steinberg, 2006, 117).

Similar to a for-profit venture, nonprofits attempt to generate revenue and keep costs low. Sometimes this results in more revenue than expenses. Just as with a for-profit, any annual amount of revenues in excess of expenses will result in a "profit." In nonprofit accounting terms, the result of "profit" is sometimes referred to as "a change in net assets." This "profit" is tax-free and while nonprofits are allowed to earn a "profit" within a given year, it is expected that these profits will be used to provide future mission-related services in line with the nonprofit's mission (Hansmann, 1980).

One of the key differentiating factors for nonprofits is their restriction regarding excess earnings. Early economic work on nonprofit organizations developed the notion of quantity maximization subject to a zero profit or nondistribution constraint (Newhouse, 1970). Net earnings, if any, must be retained (via endowments, reserves, or temporarily restricted funds) and then invested into the further growth or production of services the organization was formed to provide (Hansmann, 1980). These excess revenues must be distributed in one of three ways, each of which that will contribute to the overall mission of the nonprofit: increases operating expenses, investment in fixed assets, or kept in retained earnings.

The Internal Revenue Service has no restrictions or regulations regarding net asset accumulation and no public policy exists regarding how much surplus a nonprofit may earn in a given year, nor how long these surpluses may be retained (Calabrese, forthcoming). However, public views and recent government regulations have pushed for such restrictions to exist. In 2001, the American Red Cross became the subject of public scrutiny and a House of Representatives special hearing when it was discovered that the American Red Cross kept a portion of the donations made on behalf of 9/11 victims in order to set aside funds for future catastrophes. The public outcry was so significant that the organization's president resigned.

It is somewhat naïve to assume (and research does not support) that a nonprofit's excess earnings occur only due to unexpected donations or inaccurate forecasting (Chang and Tuckman 1990). Rather, operating profits (or positive change in net assets) may be a goal of management in an effort to either expand the organization or to serve as protection from unexpected revenue changes (Calabrese, forthcoming). However, a positive change in net assets is still not a sufficient measure for how efficient or "profitable" a nonprofit may be. This is due to the simple fact that market prices for the outputs of nonprofit organizations and even for some inputs (for example, volunteer work) do not exist (Speckbacher, 2003).

2.2.3 Market Failure

The regulations and tax exemptions provided to nonprofits, specifically those of 501(c)3 status, were designed to assist nonprofits in the covering the costs of providing services to those that either the government or the market failed to provide. Weisbrod (1975) identified two types of failures that lead to the role of the nonprofit: market failure and government failure. To summarize, markets fail to provide adequate quantities of collective goods to those in need of them and governments provide these goods in accord with the will of the people. Those who desire to see higher levels of service than the government provides, then choose to support nonprofits.

The work of Hansmann (1980) is a frequently referred to as research which built onto Weisbrod's (1975) work on nonprofit organization. Contract failure was added to the types of failures responded to by nonprofits in that it "emerges in situations of asymmetric information typical of experience goods – goods whose quality is adjustable but cannot be assessed by inspection – such as car repairs, organic fruit, education, and health, day, and elder care" (Ortmann, 1996, 471). The nondistribution constraint, described previously, is said to serve as "a crude but effective consumer protection device" from this type of failure due to the fact that stakeholders of nonprofits cannot benefit from any excess revenue, they therefore, have no reason to provide inferior quality (Hansmann, 1996, 28).

Nonprofits work to fill needs and gaps, which neither markets, nor governments, are able to fill (or choose to fill). Therefore, nonprofits operate in a unique environment where supply and demand functions and their effects on price do not function normally. From 1986 to 2006 in the United States, the number of nonprofits has increased by 63% and data from the National Center for Charitable Statistics at The Urban Institute suggest that nonprofit numbers will continue to rise (Kerlin, 2006). As more and more nonprofits enter this unique non-market environment, resources for the support of these nonprofits become harder to acquire. However, in the face of increasing competition for resources among nonprofits, it becomes important to examine how competition behaves in a non-market environment.

The two longstanding and contrasting disciplines that have contributed most to nonprofit research and the study of nonprofits are economics and sociology (Helmig, Jegers, and Lapsley, 2004). However, as previously stated neither economics nor sociology have been able to resolve all of the dilemmas surrounding nonprofits. The standard economic model does not apply well to the distinctive non-economic market environment nonprofits operate in and the sociological perspective fails to develop action plans for nonprofits (Helmig, Jegers, and Lapsley, 2004).

One of the results of the increased demand for nonprofit services coupled with a decreased availability of resources for nonprofits is increased competition within the sector (Pallotta, 2008). From these various literature streams, there appears to be a difference in the perception of competition between nonprofit and for-profit ventures. However, is this difference purely perceptual or do real economic differences exist that can affect how each organization should consider their strategies?

Recently, there have been a number of researchers specifically interested in whether social entrepreneurial strategies reflect those of their commercial counterparts (Austin, Stevenson, and Wei-Skillern, 2006). Even if a nonprofit is not new or in a start-up stage, it still may behave entrepreneurial in nature or take on entrepreneurial strategies. An older firm can behave entrepreneurial via such actions as opening a new market or offering a new service (Schumpeter, 1934). In fact, a high-growth strategy may be considered entrepreneurial in nature and the topic of firm growth within entrepreneurship research has attracted considerable attention (Delmar, Davidsson, and Gartner, 2003; Gundry and Welsh, 2001; Welbourne, 1997, Ostgaard and Birley, 1995; Collings and Porras, 1994).

2.2.4 Growth and Profit Strategies

In looking at economic ventures and their behavior in the marketplace, growth and profit dimensions have often been used to analyze performance. Researchers have suggested that firm growth is a requirement for ascertaining if indeed an enterprise is entrepreneurial in nature or whether it can attain a competitive position in the marketplace (Cole, 1949; Kor and Mahoney, 2004; Sexton and Smilor, 1997; Stevenson and Gumpert, 1991). As Penrose (1959) originally suggested, firm growth is not simply a change in size, but a change in processes. Therefore Penrose (1959) cautions about the many challenges involved in growth (i.e. managerial challenges, spreading of production, integration).

Although entrepreneurship researchers tend to have more of an interest in growth than in profitability, performance is often assessed through indicators of profitability only (Davidsson, Steffens, and Fitzsimmons, 2008; Goerzen and Beamish 2005). Certain

studies have used growth and profit jointly in research (e.g., Baum and Wally, 2003; Chandler and Jansen, 1992; Cho and Pucic, 2005; Garg, Walters and Priem, 2003; Markman and Gartner, 2002; Roper, 1999; Wiklund, 1999), but each of these studies have shown mixed results in regards to whether profit and growth are positively or negatively related, or show no relationship at all.

Recent studies, see Davidsson, Steffens, and Fitzsimmons (2009) and Brännback, Carsrud, Renko, Östermark, Aaltonen and Kiviluoto (2009), have begun to further explore the question of which dimension is more important for long-term success, growth or profit, and if one type of strategy should be pursued prior to the other. The collective results of these studies show that while profit and growth are important for the success of a commercial venture, normally the path to success is through profitability *first*, then growth.

In wanting to shed light on the path to success in nonprofits, the next step forward is to ascertain what growth and profit dimensions look like in the nonprofit sector. As previously stated, nonprofits have a different view of how profitability and other financial measures relate to how they view success. They must deal with a dual-goal of running their organization in a sustainable way and create social value via methods that may not directly lead to an economic return. To simply argue the importance of growth or profitability in nonprofits is a disjointed argument because it does not reflect the true reality they face.

2.2.5 Nonprofit Strategy

"There is no body of economic theory underpinning nonprofits' strategic choices" (Helmig, Jegers and Lapsley, 2004, 103). Although there have been numerous contributions from economics, the majority of the research surrounds the definition of nonprofits, the demand for nonprofits or the supply of nonprofits (Helmig, Jegers, and Lapsley, 2004). There do exist a number of notable descriptive contributions (Bryson, 1991; Middleton and Greer, 1996; Moore, 2000). However, theoretical contributions that tackle the general issues of nonprofit strategy have been scarce (Helmig, Jegers, and Lapsley, 2004) and nonprofit strategy has " been treated like a black box" (Ortmann, 1996, 471).

There have been some studies from the strategy literature that deal with specific circumstances or comparisons regarding nonprofit strategy. Two notable examples examine the difference between a nonprofit's strategy and a for-profit firm's strategy following mergers (Lynk, 1995; Vita and Sacher, 2001) and a comparison between governmental strategies and nonprofit strategies (Kapur and Weisbrod, 2000). While the nonprofit strategy research field has "grown in significance over the last few decades, the literature is in the early stage of development" (Weerawardena and Mort, 2008, 104). Additionally, Kong and Prior (2008) describe a "growing need for research into the competitive activities of nonprofits" (119).

Since the 1980s, commercialization strategies have become more common among nonprofits (Kong and Prior, 2008). These strategies fall in line with a broader strategy of revenue diversification, a balanced mix of donations, grants and earned income. While fundraising and grant writing are accepted and respected strategies for revenue generation, commercial activities (earned income practices) are accompanied by substantial

controversy (Froelich, 1999). The essence of charity is to provide goods and services to those who cannot pay (Hodgkinson, 1989) and therefore, by selling goods and services directly to those who can pay, the fundamental attributes of nonprofits may be in danger (Bush, 1992).

While commercial activities conducted by nonprofits might be frowned upon, it represents the single largest source of nonprofit revenue in the United States (Young, 1998; Froelich, 1999). Additionally, earned income strategies allow for protection from the negative effects of revenue volatility and goal displacement associated with traditional fundraising strategies (Froelich, 1999). As commercial activities continue to increase in the nonprofit sector, naturally the strategies used by social become closer to those of commercial ventures.

2.2.6 Nonprofits and Entrepreneurship

In any organization, the continuous cycling process of creating value and capturing value must occur if the organization is to survive. The ability of an organization to grow in this manner must mean that it has internal practices or activities in place in order to capture some of the value that it creates. Ideally, those internal operations should allow for the organization to capture more value than it is creating in order to them to achieve at least marginal growth in an organic way. Organic growth is the process of gradual business expansion due to increased output, sales or both, as opposed to instant growth through mergers, acquisitions, or takeovers (Delmar, Davidsson, and Gartner, 2003).

Nonprofits that achieve organic growth are able to leverage their own internal resources in order to generate recurring revenue streams, often time through strategies such as earned income or membership programs (i.e. commercial strategies). Boschee and McClurg (2003) support commercial strategies in nonprofits and explain unless a nonprofit organization is generating earned revenue from its activities, it not is being entrepreneurial. Rather than relying on a few large income streams (i.e. grants, endowments) many organizations work to increase their funding diversity due to its proven dependence-reducing properties (Chang and Tuckman, 1991; Gronbjerg, 1993; Kramer, 1981; Powell and Friedkin, 1986; Froelich, 1999). Entrepreneurial and effective organizations recognize the need for their independence and respond to the criteria for continued resource acquisition (Pfeffer and Salancik, 1978; Froelich, 1999).

As the addition of commercial strategies has been shown to offer greater income stability resulting from revenue diversification (Froelich, 1999), a strategy based on organic growth could prove a more appropriate strategy for social ventures. Those social ventures that are heavily resource consuming without strategies for diverse resource acquisition (value creation without value capture) may find themselves in a never-ending fight for funding. The goal of the social entrepreneur or venture would be to form an economic transaction engine by which operational processes are created and put in place that facilitate gathering economic resources in a way that increases the ability of the venture to predict its income and thereby, run more effective operations.

2.2.7 Nonprofit Strategy and Sustainability

There are many nonprofits that one would deem successful, or are considered leaders in their respective field and/or are perceived to consistently perform well. Similarly,

traditional strategy researchers have evidence that some firms consistently outperform others (Rumelt, 1991; McGahan and Porter, 1997). Strategic management research's central research question is 'Why do some firms *persistently* outperform others?'(Barney and Clark, 2007).

Early attempts to address this question focused on product-market position and the forces of power in the market (e.g. Bain, 1956, Porter, 1980). While the analysis of market forces, power, or financial success are useful in traditional strategic management research, the majority of these frameworks are unsuitable to social ventures due to the distinctive nonmarket environment in which these ventures operate (Helmig, Jegers, and Lapsley, 2004). Nonprofits receive revenue from sources other than customer purchases and the value produced by nonprofits lies in the achievement of social-related purposes rather than only generating revenues (Moore, 2000). The premise of social entrepreneurship is to disrupt the normal economic equilibrium and while commercial ventures can be judged strictly by financial terms, while social ventures are not so easily judged (Dorado, 2006).

Performance and success for nonprofit organizations has typically been defined as the demonstrated ability to acquire resources necessary for organizational survival (Stone, Bigelow, and Crittenden, 1999; Kanter and Summers, 1987; Pfeffer and Salancik, 1978; Yuchtman and Seashore, 1967). The goal of any organization, for-profit or nonprofit, is to achieve, at the very least, a state of sustainability and ideally a state of sustainable growth. Relating to the concept of social ventures, it is recognized that the output motivations may be different. In social ventures, there is an additional social component and social value and economic value are now both created and captured. Social ventures choose to combine and blend the social and economic value strategies. Whether a venture is heavily socially focused or only slightly so is not the question at hand. The question rather centers on what organizations can do that chose to add the social value component into their strategy. Sustainable growth is the hallmark of successful commercial entrepreneurial ventures as it is also with social entrepreneurial ventures.

2.3 Resource-Based Theory

Resource-Based Theory (RBT) inherently assumes that entrepreneurial firms combine and convert tangible and intangible resources to sustain a competitive advantage. Studies have discussed differences in the markets and motivations regarding financial and human capital between social and commercial ventures, which implies distinct resource mobilization techniques for each of these types of ventures (Austin, Stevenson, and Wei-Skillern, 2006). However, RBT predicts that the combination of tangible and intangible resources involved in the value creating process leads to a sustained competitive advantage (Barney, 1991). Entrepreneurs, regardless of their economic or social goals assemble resources that include financial, physical, human and organizational capital as well as intangible resources or capabilities such as knowledge management, partnerships and innovative methods. Thus, business processes or intangible capabilities that enable firms to perform activities are an additional source of competitive advantage, not just tangible resources alone (Porter, 1991). As a result it might be more appropriate to adopt the effectiveness of business processes, activities and routines as the dependent variable in evaluating the role of resources in a firm (Ray, Barney, and Muhanna, 2004).

As part of the entrepreneurial process, resources are acquired and converted into value creating activities for the firm. As part of this process, both social and commercial

entrepreneurs must implement innovation and growth strategies and manage a diverse range of relationships, partnerships, and resource flows to build organizations (Dorado, 2006). Although the RBT literature has observed these RBT based operational behaviors and resource flows in commercial ventures (Alvarez and Barney, 2006) and in the strategic management literature, this theory has not been yet been thoroughly applied to social ventures.

A recent set of exploratory studies used elements of resource-based theory (RBT) to attempt to explain why some social ventures seem to perform better than others (Meyskens, Robb-Post, Stamp, Carsrud and Reynolds, 2010; Meyskens and Post, 2008). This study found that increasing partnerships were correlated with funding sources, which could imply that the more partnerships a social venture creates, the more opportunities they have to monetize the social value they create. This approach is helpful as it allows the unit of analysis to become the resource. RBT states that it is the firm's unique bundle of potentially valuable resources that is different from competitor firms that contribute to the firm's competitive advantage (Alvarez and Busenitz, 2001). In fact, an RBT-based study demonstrated that the firm factors explained about twice as much variance in profit rates as economic factors (Hansen and Wernerfelt, 1989). Whether or not this translates directly to social ventures is not yet clear. As the analysis of economic and social outcomes across social ventures is challenging, an analysis of the social venture's resources and capabilities may be a more logical step toward understanding social ventures.

2.3.1 Origins of Resource-Based Theory

The origins of a resource-based view of the firm can be traced back to 1959 with Edith Penrose's contributions to strategic management. Penrose's book, *The Theory of the Growth of the Firm*, is largely agreed upon as one of the most influential books of the second-half of the twentieth century, bridging strategic management and organizational economics (Kor and Mahoney, 2000; Pitelis, 2002). Within that publication, Penrose (1959) argued: "a firm is more than an administrative unit; it is also a collection of productive resources the disposal of which between different users and over time is determined by administrative decision." (13). The firm's managers recombine the firm's resources. Penrose's work largely concerned looking at the resources of a firm in order for the firm to achieve efficiency, economic profit, competitive advantage, and profitable growth (Kor and Mahoney, 2004). Managing resources and capabilities are the keys to competitive advantage (Kor and Mahoney, 2000).

Resource-based theory attributes superior firm performance to competitive advantage (Barney and Clark, 2007). Initially, the studies of competitive advantage were based on historical and qualitative research (Cockburn, Henderson, and Stern, 2000) that was interpreted as suggesting that competitive advantage was a complex phenomenon, which depended crucially on the active presence of superior leadership (Andrews, 1971; Selznick, 1957; Chandler, 1962). The 60s and 70s gave rise to the importance of managers or 'leaders' and the belief became that firms with better leaders would make better decisions and ultimately perform better than their competitors (Cockburn, Henderson, and Stern, 2000).

Porter (1980) then brought 'imperfect competition' into the analysis of 'competitive advantage' began focusing outward toward the analysis of the firm's microeconomic environment (Porter, 1980; Cockburn, Henderson and Stern, 2000). According to Porter, a firm's success is a function of two areas: the attractiveness of the industry (the five forces model) and the firm's relative position in that industry (Porter, 1991). Additionally, Porter (1991) separated competitive advantage into two types he described as cost leadership (lower cost than rivals) or differentiation (the ability to provide unique benefits that justify a higher price (1991). This position suggests that a manager's analysis of an industry will uncover a source of advantage. However, there is no compelling quantitative evidence to support this. Cockburn, Henderson and Stern (2000) note the lack of a "broad-based statistical study showing that firms in which senior management actively used analytical tools to understand industry structure outperformed those that did not" (1127).

It was amongst these developing frameworks that the 'resource-based view' of the firm emerged (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993). The actual term, "resource-based view", was not distinguished until 1984 by Wernerfelt (1984). While Wernerfelt is credited with the terminology, the field widely recognizes Jay Barney as the father of the modern and now called, resource-based theory (Barney and Clark, 2007).

2.3.2 Resources and Competitive Advantage

Resource-based theory (RBT) posits that sustained competitive advantage derives from the resources and capabilities that a given firm controls (Barney and Clark, 2007). In addition, RBT posits that unique combinations of these resources and capabilities held by the firm are then mobilized to produce products and services that enable the firm to achieve sustainable competitive advantage (Barney, 1991; Grant, 1991). However, contrary to what the name implies, resource-based theory proposes that resource selection and accumulation are a function of both internal decision-making along with external strategic factors (Oliver, 1997). RBT circles around the make up and utilization of resources and how the processes involved in mobilizing resources lead to better capabilities of the firm in the marketplace, but it also takes into account factor market imperfections, defined as barriers to acquisition, imitation, and substitution of key resources or inputs (Barney, 1986; Penrose, 1959; Schoemaker and Amit, 1994).

According to RBT, each firm possesses unique resources that are different and distinguishable to those held by other firms (Peteraf, 1993). The theory suggests that firm-level differences exist among firms and it is within those differences that sustained competitive advantage can be found (Barney, 2007). Therefore, RBT emphasizes the strategic decisions that the firm's management make in regard to identifying, developing and mobilizing key resources to maximize returns. Since its development, RBT has been widely used to better understand the processes and strategic orientations of entrepreneurial ventures (e.g. Borch, Huse and Senneseth, 1999; Ray, Barney, and Muhanna, 2004).

Resource-based theory depends upon looking inward for competitive advantage, rather than outward at market forces and competition. The goal of research work using RBT is to uncover the link between a firm's internal characteristics and performance (Barney, 1991). It is in within those distinctive firm resources and competencies that competitive advantage can be found. This is not to imply that external forces do not play a factor in a firm's success, but rather in order for a competitive advantage to be long lasting, it must be based on the firm's capabilities rather than the environmental opportunities.

According to RBT, resources and capabilities are made up of "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by the firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness" (Barney, 1991, 101). RBT also divides these resources two types: tangible resources and intangible resources.

2.3.3 Types of Resources

Barney (1991) found four main tangible categories of resources. These include financial, physical, human capital and organizational resources. According to Barney (1991), "physical capital resources include the physical technology used in a firm, a firm's plan and equipment, its geographic location, and its access to raw materials. Human capital resources include the training, experience, judgment, intelligence, relationships and insight of individual managers and workers in a firm. Organizational capital resources include a firm's formal reporting structure, its formal and informal planning, controlling, and coordinating systems, as well as informal relations among groups within a firm and between a firm and those in its environment" (101). Financial capital also includes a firm's access to funding and/or financial opportunities. These resources contribute to the efficiency and effectiveness of a firm (Barney, 1991).

In addition, the definition of tangible resources has been expanded to include other factors like technology resources and reputation (Grant, 1991). How a venture utilizes these tangible resources is part of the value creation process of converting inputs to outputs. Intangible resources and capabilities become evident as tangible resources flow through a venture.

Intangible resources include organizational styles, values, and leadership as well as intellectual property rights, contracts, reputation, trade secrets, knowledge and culture (Grant, 1991; Hall, 1992). In addition, other RBT related intangible factors such as innovative methods, partnerships and knowledge management or transferability are interlinked and important to firm creation and sustaining a competitive advantage. A business practice is essentially an intangible resource and can lead to valuable, rare and imperfectly imitable capabilities. For example, unique business methods that can be applied as intangible resources include the ability of a firm to develop new products, services or processes. "Partnerships for both commercial and social ventures serve as a conduit to assist organizations in acquiring resources and creating value" (Meyskens, Robb-Post, Stamp, Carsrud, and Reynolds, 2010, 664). Similar to partnerships, a network of relationships can facilitate firm creation and building a competitive advantage. The development of tacit knowledge unique to a firm can also lead to sustained competitive advantage (Mata, Fuerst, and Barney, 2005; Ray, Barney and Muhanna, 2004).

2.3.4 Models for Sustainable Competitive Advantage

Resource-based theory (RBT) attributes sustained competitive advantage on not only the management of the resources and capabilities, but also on the make up of those resources and capabilities. Two models for sustainable competitive advantage will be reviewed. The first model that will be described is Barney's (1991) Valuable Rare Inimitable Organization Framework and the second model is Peteraf's (1993) Four Cornerstones of Competitive Advantage.

2.3.4.1 Valuable Rare Inimitable Organization Framework for Sustainable Competitive Advantage

According to Barney (1991), a firm resource must be "(a) valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment, (b) it must be rare among a firm's current and potential competition, (c) it must be imperfectly imitable and (d) there cannot be strategically equivalent substitutes for this resources that are valuable but neither rare or imperfectly imitable" (105-106). Firms that have valuable and rare resources generally have a first-mover advantage, but only firms that have imperfectly imitable resources that cannot be obtained by other firms due to unique historical conditions, causal ambiguity or social complexity have a sustained competitive advantage (Barney, 1991). Barney's attributes and model for sustainable competitive advantage are more commonly known as *VRIO (valuable, rare, imperfectly imitable, and organization) framework*.

According to Barney (1991) a firm has a sustained competitive advantage "when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy" (102). RBT "takes into account both tangible and intangible resources as important sources of capabilities that reflect operational behaviors and resource flows in this value creating process" (Meyskens, Robb-Post, Stamp, Carsrud, and Reynolds, 2010, 664). These tangible and intangible resources are often "bundled together to enable the execution of a particular business process" (Ray, Barney and Muhanna, 2004, 26). Thus tangible and intangible resources and capabilities work together in order to achieve a sustainable competitive advantage.

An important note of clarification is that an organization may be able to achieve a competitive advantage without all four qualities of the resource. For example, if a resource is valuable, rare, and unable to imitate; the firm may enjoy a competitive advantage. However, because other firms are able to substitute that resource by something else, the firm will not enjoy sustained competitive advantage. Barney (1991) describes resources such as culture, trust, human resources, and information technology as types of resources that could be strong sources of a sustained competitive advantage for a firm.

Perhaps the most basic assumption of resourced-based theory research is the concept of heterogeneity of resources across firms. This basic assumption is that resources across firms can be different and that those differences can be long lasting (Barney, 2007). An additional concept that is key to understanding resource-based theory assumptions is that of Ricardian rents (or efficiency rents), which are defined as earnings above breakeven that do not induce more competition (Peteraf, 1993). For example, more efficient firms are able to enjoy higher rents (profits) than competing firms because their operating costs are lower due to their highly efficient processes. When the price for goods drops, the more efficient firm will be able to stay in the market and the non-efficient (non-rent-generating firm) will be forced out of the market because the price exceeds the cost for production (Alvarez and Barney, 2004).

2.3.4.2 Cornerstones of Sustainable Competitive Advantage

A second model for sustainable competitive advantage in line with RBT developed by Peteraf (1993) describes four necessary conditions that underlie sustained competitive advantage (SCA) and is named *the cornerstones of sustainable competitive advantage*. Barney has applauded Peteraf's (1993) contribution to RBT and describes the model as work that firmly grounds RBT within the field of microeconomics (Barney, 2007, 18). These four cornerstones are described as superior resources (heterogeneity within an industry), imperfect resource mobility, ex post limits to competition, and ex ante limits to competition. This model takes a firm-level view approach that is useful for practical applications so that managers can then take a resource-level view approach to their decisions (Peteraf, 1993).

As previously mentioned, both Peteraf and Barney's models of competitive advantage compliment and support an efficiency-based explanation of performance differences. This efficiency-based explanation of performance differences fits well to the analysis of social ventures. Peteraf's model lends to the possibility that rents can be earned by an equal number of efficient producers, as long as efficiency is the differentiating factor (Peteraf, 1993). Although the basic premises for both models are the same, the primary difference between the two models rest on the language used, in which Peteraf's language and framework lends itself more appropriately to the concept of social ventures. For example, Petaraf's (1993) model uses *'limited supply relative to demand'* or *'scarcity'* versus Barney's attribute on rarity (Peteraf and Barney 2003). See Figure 5 for a visual depiction of Peteraf's (1993) model.

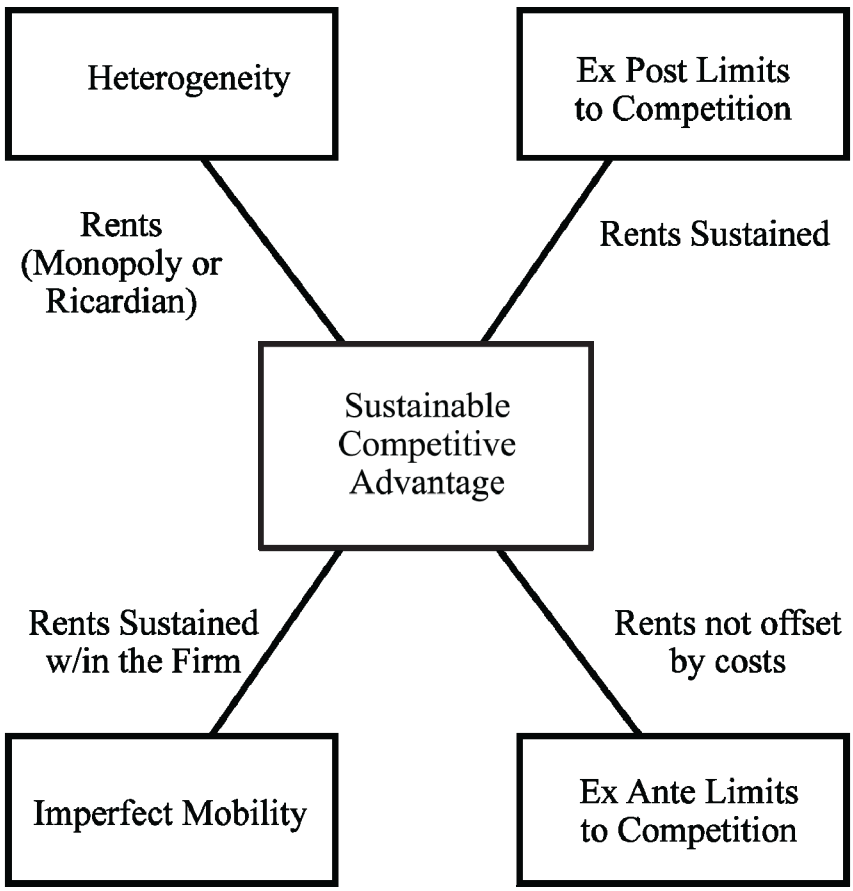

Figure 5: Cornerstones of Competitive Advantage (Peteraf, 1993)

Heterogeneity
Heterogeneity, the first of the cornerstones is an assumption widely accepted in RBT, which allows for firms with superior resources to earn rents (Peteraf, 1993). This concept is directly applicable to social ventures – as resources across social ventures vary in a similar fashion to those in the for-profit realm. The goal of maintaining the heterogeneity of the resources for commercial ventures is to create Ricardian or efficiency rents. In the case of commercial ventures, those rents typically become profits which are a paid to stakeholders.

Imperfect Mobility
Imperfect mobility refers to the inability to transfer a resource from one firm to another with the expectation that the resource will enable either firm to generate rents. In other words, the resource cannot be traded and keep the same value creating properties. Due to the imperfect mobility of the resource, that resource cannot be easily bid away from the firm as it creates more value to the employing firm than to any other firm that my employ it. The highest value of the resource is to the employing firm.

It is important to highlight here the concept of a Pareto rent, or quasi-rent, which refers to the difference between a resource's value to the firm versus the resource's salvageable

value (e.g. used manufacturing equipment) (Peteraf, 1993). Pareto rents are not able to create competitive advantage by themselves; they must also be connected to the generation of efficiency rents (Peteraf, 1993). Once an imperfectly mobile resource becomes a rent reducer, it quickly can become an obstacle to the firm's ability to respond to changes in the marketplace.

Ex post limits to competition
The third cornerstone Peteraf (1993) calls ex post limits to competition, which refers to the things firms do to preserve the heterogeneity of their resources after they have entered a market or established a position in a market. Once a firm reaches a position of competitive advantage, in order for it to exist in the longer term, the ability of others to imitate or substitute resources must be kept at bay.

Another way of stating ex post limits to competition is describing it as those isolating mechanisms that enable a firm to preserve its rent streams (Rumelt 1984; Peteraf 1993). Some "isolating mechanisms include producer learning, buyer switching costs, channel crowding, buyer search costs, and economies of scale when specialized assets are required" (Peteraf, 1993, 183). Ideally, for competitive advantage purposes, these isolating mechanisms (resources) should be highly tacit in nature, path dependent for the firm, or causally ambiguous. Causal ambiguity occurs when the source of a firm's competitive advantage stems from something that is unknown (Peteraf, 1993; Lippman and Rumelt, 1982). These characteristics of resources help to ensure that another firm cannot easily replicate them.

Ex ante limits to competition
The final condition Peteraf describes is ex ante limits to competition. These are the those resources that are in place prior to firms establishing themselves as leaders in the market that will help to ensure their position in the market remains intact. According to RBT, as a firm develops a strategy, it is important to keep in mind both the returns of the strategy as well as the costs of implementing the strategy (Barney, 1986). Economic returns on strategies that are higher than the cost of implementation can be the result of timing, knowledge, or just plain luck (Ahuja, Coff, and Lee, 2005). Ex ante limits to competition describe the firm's ability to estimate the future value of a strategy in the hopes that the costs of implementing that strategy are much less that the future value. "Unless there is a difference between the ex post value of a venture and the ex ante cost of acquiring the necessary resources, the entrepreneurial rents are zero" (Rumelt, 1987; Peteraf, 1993, 185).

The primary difference between the two models, Barney's (1991) VRIO framework for SCA and Peteraf's (1993) cornerstones for SCA, lies in the heterogeneity characteristics of resources across firms. In Barney, 'resource heterogeneity' is a basic assumption that in fact, precedes his VRIO framework (Barney, 1997, 2001). In Peteraf's (1993) framework, 'resource heterogeneity' serves as one of the four 'cornerstones' of sustainable competitive advantage. Although "resource heterogeneity is the source of rents in her model, she employs this term to signify a great deal more than just input differentials across firms" (Peteraf and Barney, 2003, 317).

These two models of competitive advantage, while differing slightly in terminology, both support an efficiency-based explanation of performance differences and a shared definition of competitive advantage (Peteraf and Barney, 2003). A resource-level and firm-level of

analysis and view of RBT is supported by both of these models (Peteraf and Barney, 2003).

2.3.5 Criticisms of Resource-Based Theory

Since its development, RBT has been heavily criticized for being tautological, lacking managerial implications, having limited applicability, and defining resources in too broad terms (Kraaijenbrink, Spender and Groen, 2010; Priem and Butler, 2001). The foundation for RBT is Barney's (1991a, 2002) VRIO framework (valuable, rare, inimitable, and non-substitutable resources, plus organization), which is stated as the requirements for SCA. This framework has been specifically criticized as neither necessary, nor sufficient for SCA (Kraaijenbrink, Spender and Groen, 2010). In fact, Foss and Knudsen (2003) make the claim that only uncertainty and immobility are necessary for SCA.

Further adding to the critique of RBT is the indefinite notion of value (Priem and Butler, 2001b) and RBT's lack of distinguishing between the value or uniqueness that needs to be explained (*explanans)* and that which contains the explanation (*explanandum)* (Kraaijenbrink, Spender and Groen, 2010). This lack of separation is the basis for the tautological argument of RBT. Additionally, RBT defines *resource* broadly, not making any distinction between inputs to the firm and the capabilities of a firm to select, deploy and organize such inputs (Kraaijenbrink, Spender and Groen, 2010).

Suggestions for improving RBT have circled around distinguishing building and acquiring capacity versus deploying capacity as well as focusing more on process-based approaches that can be empirically researched. Incorporating these suggestions into RBT becomes the path to better understanding SCA (Kraaijenbrink, Spender and Groen, 2010; Mahoney, 1995). Although RBT is the foundation for the theoretical development of this study, the arguments and criticisms presented and analyzed by Kraaijenbrink, Spender and Groen (2010) present views shared by this study.

The following chapter examines social entrepreneurship and social ventures in various contexts such as dual frameworks, matrices, etc. and introduces a continuum approach for viewing social ventures, which provides the groundwork for the development of the model for sustainable contributive advantage within a resource-based theory domain. The review of various lenses to view social ventures is helpful to illustrate why a continuum related view works well in order to apply existing theories to the resource acquisition and management behavior of social ventures. Additionally, it helps to position social ventures in way where the resources become the unit of analysis, rather than the venture itself, which eases the definitional constraint and argument surrounding social entrepreneurship. A model for sustainable contributive advantage is then presented in detail in order to demonstrate how the model is applicable within the non-economic market environment described previously.

3 Sustainable Contributive Advantage: Model and Theory Development

In attempting to fill the gaps in both practical understanding and theoretical approaches towards social ventures, a model called sustainable contributive advantage is posited as a way to apply existing economic and strategy theory in non-economic market conditions such as those social ventures face (Helmig, Jegers, and Lapsley, 2004). It is proposed that a social value orientation of sustainable competitive advantage, called sustainable contributive advantage, provides a more realistic depiction of what is necessary in order for a social venture to perform better than its competitors over time. As social ventures face different challenges of creating and capturing value from their commercial counterparts (Moore, 2000), sustainable competitive advantage must be adjusted to fit within this reality. The concept of social rent helps to address these challenges within the proposed model for sustainable contributive advantage.

As the model of sustainable contributive advantage using a resource-base theory approach is introduced, it is useful to begin reviewing some of the existing frameworks developed surrounding social ventures and social entrepreneurship. Social ventures vary in nearly every way and are each different in terms of their activities, resources, missions, and outcomes. The heterogeneity of the field coupled with the overlapping nature of commercial ventures provides researchers with interesting challenges. "While resource based theory (RBT) has become a dominant paradigm for strategic management research; (Peteraf, 1993) early work has acknowledged that entrepreneurship is an intricate part of the resource-based framework (Connor, 1991; Rumelt, 1987; Alvarez and Busenitz, 2001,755). A review of the frameworks surrounding social ventures is discussed followed by a brief review of RBT and sustainable competitive advantage (see Chpt. 2 for full review). The development of the concept of social rent and the model of sustainable contributive advantage are then presented.

3.1 Social Entrepreneurship and Social Venture Frameworks

Austin, Stevenson, and Wei-Skillern (2006) describe social entrepreneurship as an "innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors" (2). An additional requirement for a social venture to be considered entrepreneurial, is taking part in a commercially oriented activity, such as creating an innovative approach to generate income (Austin, Stevenson, and Wei-Skillern, 2006). It would seem then, from definitions such as this one, that there are overlaps of social and commercial ventures.

In the quest towards finding similarities or differences between social and commercial ventures, researchers have looked for commonalities among individual social and commercial entrepreneurs. The majority of past social entrepreneurship studies have attempted to pinpoint similar characteristics of social entrepreneurs across the field (Elkington and Hartigan, 2008; Light, 2005; Vasakarla, 2008). Zahra, Gedajlovic, Neubaum, and Shulman (2009) offer one notable contribution of defining three types of social entrepreneurs: social bricoleur, social constructionist, and social engineer. While helpful in areas of research where the individual is the level of analysis, it does not assist in analysis at the resource or venture level.

Social ventures themselves vary greatly in terms of how they are structured and how their resources are attained or utilized, yet the face similar resource-related challenges. Framing

the environment around the social entrepreneurship discussion is an important step in the analysis of the social ventures themselves. Several possible frameworks on social ventures are presented in order to bring a clear framework and environment for social entrepreneurship in general.

3.2 Social Entrepreneurship and Social Ventures as a Dual Framework

President of the Ewing Marion Kauffman Foundation, Carl Schramm, supports one of the more controversial views on the definition of social entrepreneurship and social ventures. Schramm makes the claim that all entrepreneurs, driven by a social purpose or not, are social entrepreneurs. "Entrepreneurs typically generate a surplus benefit above and beyond the profits they reap, finds the eminent Yale University economist William Nordhaus. Nordhaus has calculated that entrepreneurs capture only about 2 percent of this surplus, with the remainder passed on to society in the form of jobs, wages, and value. By creating so much value that does not accrue to themselves, regular entrepreneurs are also social entrepreneurs" (Schramm, 2010, 22).

In Schramm's view, the important question becomes whether social entrepreneurs can become commercial entrepreneurs (Wallace, 2007). Commercial entrepreneurs are, according to this view, the true drivers of society and societal wealth. A commercial entrepreneur creates a company, creates work for others to do toward the effort of establishing the company (hiring accountants, lawyers, designers, etc.), as well as creates jobs underneath the umbrella of this company, which then creates opportunity for others in society to contribute to the economic development of society. The end result for the successful commercial entrepreneur is the creation of excess wealth, which then creates the opportunity for philanthropic acts, the financial assistance of efforts within social welfare, and general economic benefit. One of the popularly touted social entrepreneurs in the United States media is Bill Gates, founder of Microsoft. It can be argued that in order for Gates to become the philanthropist and social entrepreneur he is, his success as a commercial entrepreneur was a necessary first step toward that goal.

A somewhat different view is proposed by Dees (1998), who proposes social entrepreneurs are actually a type of entrepreneur within the genus entrepreneur (Dees, 1998). Social entrepreneurs are a type of entrepreneur that differs by their mission, social mission vs. wealth creation. Social entrepreneurs look at wealth creation as a way of accomplishing the mission of the organization while commercial entrepreneurs see wealth creation as the mission of the organization, as well as the way to measure success (Dees, 1998). The primary challenge for a social entrepreneur, according to Dees, is the markets they face. Both social and commercial entrepreneurs operate within a market designed to allow those seeking a purely financial reward to rise to the top. The markets are not designed to allow for social value to be measured and included in the economic transaction. Dees (1998) adds that social entrepreneurship can exist within for-profit businesses that in some way mix for-profit and non-for-profit enterprise mechanisms.

While Dees' argument on the surface seems to drastically differ from Schramm's, there are numerous examples that would complicate both positions. Figure 6 shows the two extreme views of the argument surrounding what qualifies as social entrepreneurship. The Inclusive Framework considers all entrepreneurship to be social and that economic entrepreneurship is a subset of all entrepreneurship. The Exclusive Framework considers only certain types of ventures to be social entrepreneurship.

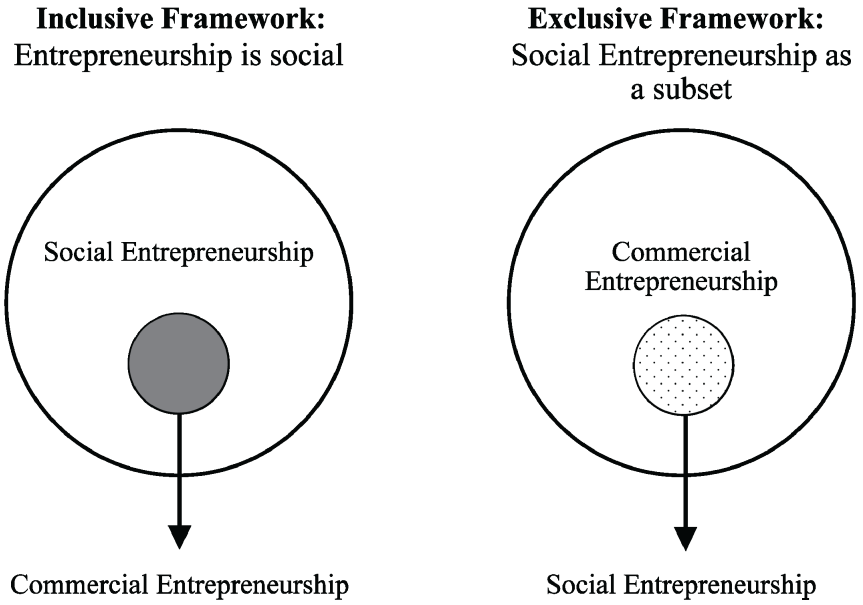

Figure 6: Inclusive and Exclusive Frameworks for Social and Commercial Entrepreneurship

In order to demonstrate the complexity of these frameworks, an example will be used. The example is a for-profit shoe manufacturing and distributing company called TOMS Shoes, founded in 2006. The company's primary marketing strategy is based on a social mission and is deeply ingrained in their operations. TOMS Shoes's campaign is called "One for One" and it guarantees that for every pair of shoes the company sells, a pair of new shoes is given to a child in need. The founder, Blake Mycoskie, has a public statement posted on the company website addressing the blended model of social and economic entrepreneurship that he uses:

> Through TOMS, Mycoskie shows that entrepreneurs no longer have to choose between earning money and making a difference in the world. Profitability is achievable with a giving-based business. TOMS proves that conscious capitalism is a viable business model for innovators worldwide, and entrepreneurs can focus on being ambassadors of humanity (www.toms.com/blakes-bio).

Keeping both frameworks in mind, placing TOMS Shoes on both frameworks in Figure 7 illustrates the challenge of clearly defining social entrepreneurship and therefore, a social venture.

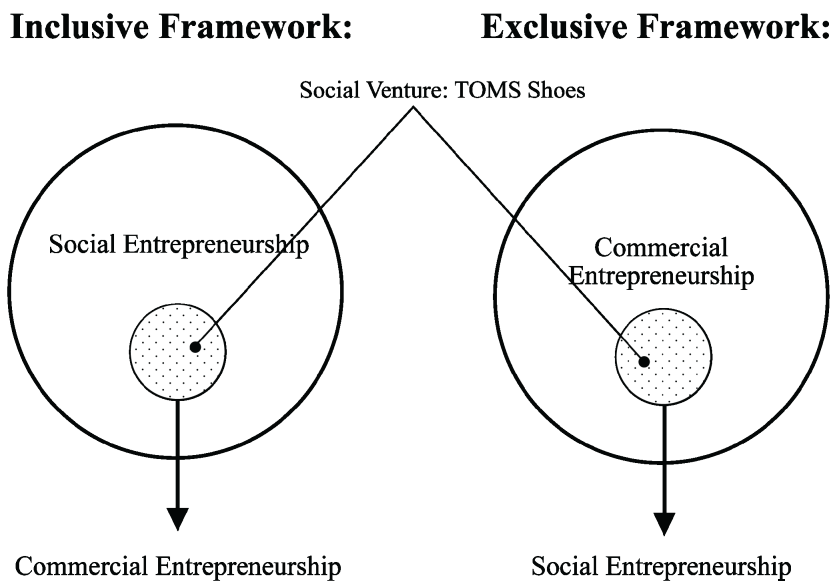

Figure 7: Social venture example in Inclusive and Exclusive Frameworks

Regardless of which framework is used to categorize the example of TOMS Shoes, both sets of frameworks consider the venture to be both commercial entrepreneurship and social entrepreneurship. Thereby, the venture could also be described as a social venture or a commercial venture. Polarizing these extreme views does provide the best context for researching and exploring the social venture as a phenomenon.

3.3 Social Ventures as a Matrix

In looking at social ventures is in terms of resources, both their resource acquisition processes as well as their resource allocation processes should be considered. Although social ventures vary greatly in terms of how they are structured and how their resources are attained or utilized, they face similar resource related challenges. Generally stated, some social ventures depend largely on donations (also known as 'donative nonprofits') while others may have developed earned income streams and have begun to function very much like a commercial venture would (Carroll and Stater, 2008). Social ventures' dependence on sources of income varies greatly across ventures. This dependence could be externally focused – meaning that the organization depends on donations, grants, or government funding in order to function. If the dependence was completely internal, the organization would be able to generate funds by managing an economic transaction of value in the marketplace.

Highly externally reliant social ventures may simply not be able to successfully manage a value exchange. Value can be separated into two parts: value creation and value capture (Bowman and Ambrosini, 2000). It could be argued that nearly all social ventures create value, but not all social ventures are able to capture that value. This is an important distinction and previous research has shown that equalizing reliance on funding sources,

such as earned revenue, investments, and contributions significantly and positively contributes to the success of a social venture (Carroll and Stater, 2008).

Social value creation as a priority in a social venture presents an interesting challenge within the context of competition. This priority shift leads to the social venture making decisions that may or may not directly or indirectly lead to economic returns.

3.3.1 Social Value

It is important to briefly note what social value creation is, and what it is not, in the context of a firm and for this discussion. Social value is created by a firm when the firm has done some work to produce social value through programs, tasks, etc. Donating money or other resources to another organization is not social value creation (some may call it philanthropy), the donation merely serves as a resource donated to the entity creating the value. The value is not created until that resource or donation is utilized in some way. Supporting this view, Porter and Kramer (1999) propose that "grant-giving foundations serve only as passive middlemen, as mere conduits for giving; they fall far short of their potential" (121-122).

The classic economic terminology of use value and exchange value is applicable for this discussion (Postone, 1993; Marx, 1897, [1990]). Use value relates to what the end user values in terms of the resources provided to them, which is admittedly a subjective view and results in value creation. Comparatively, exchange value is referred to simply as the price, which results in value capture for the firm. In many social ventures, this is where the disparity exists. The value created is assumed to be valued by the end user; but in social ventures, there may not be a price paid for that value. That price, the exchange value, is missing in the transaction between the venture and the end user.

For example, a homeless shelter provides a meal to a resident of their shelter. The meal has a use value, but there is no exchange value for this meal. In other words, although there is value creation by the venture, there is no value capture by the venture. To consider this example even further, there may be situations where there is no perceived use value by the resident and the resident may in fact feel entitled to the meal. In that case, it is difficult to pinpoint the any value in the transaction.

Social service types of organizations are often criticized for their dependence on external funding. Earned income, as a strategy, has become a popular subject in the area of social entrepreneurship research. An earned income strategy could also be described as capturing value. Earned income strategies have proven to be quite beneficial as those social ventures that employ them tend to enjoy more financial stability (Jegers and Verschueren, 2006) even if they may be creating more value than they actually capture.

Social ventures function in nearly every industry and are heterogeneous in nature, however social ventures all must create and capture value if they are to remain sustainable. Developing a method of categorizing types of social venture structures based on their financial and knowledge processes can homogenize the ventures into four distinct groups based on their ability to both create value and capture value (See Figure 8).

Social Venture Matrix/Value of the Firm

Level of Social Impact	**High**	I: High Value Creation Low Value Capture	IV: High Value Creation High Value Capture
	Low	II: Low Value Creation Low Value Capture	III: Low Value Creation HIgh Value Capture
		Low	**High**
		Level of Self-Reliance in Income	

Figure 8: Social Venture Matrix

I: High Value Creation / Low Value Capture
These ventures create value in their social problem area and towards their mission in general. However, these organizations rely heavily on the goodwill of others to support them – be it government, foundations, or individuals. An example of an organization that may fit in this quadrant would be a government subsided community-based organization, such as a homeless shelter. The homeless shelter creates high social value for its residents who pay nothing for the services they receive. However, the shelter itself does very little value capturing activities, such as fundraising or earned income activities, due to funding from the government.

II: Low Value Creation / Low Value Capture
These organizations could be described as mostly government-required programs. An example may be a poorly functioning Small Business Administration local office. It is not fulfilling its mission and is not making a significant impact in their clients' lives – as the majority of their advice and resources may be too general or simply unspecified towards a client's needs. They also do not capture any value from the clients they serve, as their programs are free and funded by government programs.

III: Low Value Creation / High Value Capture
These organizations are able to sustain themselves through earned income strategies – selling goods or services, which include membership programs. However, they may not be creating much value towards mission. These types of organizations may be organizations with very high administrative overheads, typically larger and more established nonprofits or foundations. An example of an organization that may fall in this quadrant may be an organization similar to the United Way. The United Way implements aggressive fundraising tactics via relationships with corporations who then ask their employees to participate in fundraising drives. United Way then parcels out the funds to various community charities. The United Way does little actual value creation work; they serve as a middleman between funders and charities.

IV: High Value Creation / High Value Capture
These organizations are the powerhouses of their industries. They are able to make lasting systemic change, empower their clients, generate their own revenue through transactions, and are typically recognized as the most innovative players in the field. An example of an organization that may fall into this quadrant is One Laptop Per Child (OLPC), an organization dedicated to providing low-cost laptops to children in developing countries. OLPC works directly with government agencies to sell these laptops to the agency and then provides the mechanisms to deploy these laptops to children in need. The innovative and cost-effective laptops enable OLPC to make a small profit on each laptop sold, which then gets reinvested into OLPC's efforts.

The descriptions provided above are reflective of perhaps the extreme cases of each case. Additionally, firms may move from one box to another box depending on their financial situation, events (i.e. disease outbreaks, economic downturns, national disasters), or annual campaigns. In fact, a firm may deploy several strategies at once that may fall in different boxes, which allows for this matrix to be used at a firm analysis as well.

If a firm deploys several various strategies, it may be helpful to identify and diversify these strategies across various boxes to be sure they are pursuing a sustainable strategy. If a venture at any given time is operating between the extremes of low value creation/low value capture and high value creation/high value capture, this presents a continuum of sorts within the context of this discussion. This perspective brings the framework surrounding social ventures into a new light of a continuum.

3.4 Social Ventures on a Continuum

Research has demonstrated that social and commercial ventures are both similar and different when it comes to inputs, outputs, and resources mobilization techniques (Austin, Stevenson, and Wei-Skillern, 2006). A venture, whether social or commercial in nature, produces several outputs, which may be those such as products, services, assets, loss, and value (Morris, Lewis, and Sexton, 1994). Although these inputs and outputs are distinctive in many ways; the value creating processes, information flows, operational behaviors, and tangible and intangible resources involved in creating value may be more similar than different.

While the missions for many ventures are in fact, socially focused, those social ventures are sustainable only through the revenues they generate (Dacin, Dacin, and Matear, 2010). Dacin, Dacin, and Matear (2010) suggest that categorizing a venture as distinctly social or distinctly economic is a misstep in trying to understand the resource utilization processes and strategies at play among these firms. Firms often change their focus and may become more economic value driven (or social value driven) due to external or internal factors. Non-profit organizations may often times focus on profit-maximizing activities. Similarly, for-profit organizations may often time focus on social value-maximizing activities. Firms at any given time are in fact, somewhere among a continuum between economic value and social value creation.

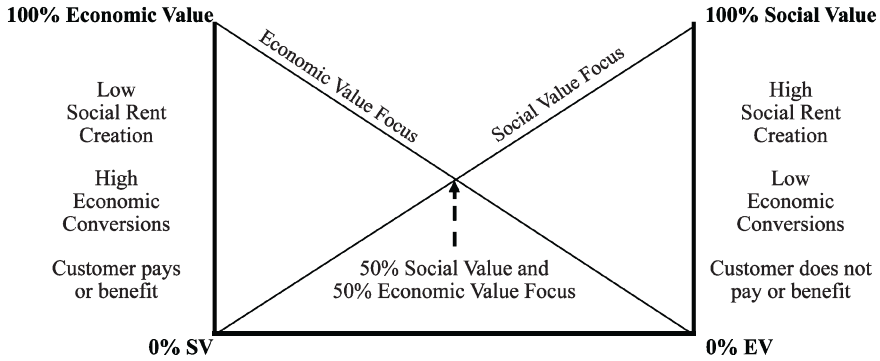

Figure 9: Firm Value Creation Mix

Figure 9 represents the decision landscape for all firms in terms of their value creating mix. All firms, no matter what their value orientation, fall within this continuum; a view supported by Dees (1998) and Meyskens, Carsrud, and Cardoso (2010). The key point is not where a venture may lie on the continuum as a label or static piece of information, but where a venture's strategy, decisions, and resource allocations lie between the continuums of economic and social at any given time. If a venture lies closer to a socially focused firm, they deal with additional challenges and resource constraints that a more economically focused firm would not. It is proposed that the unit of analysis is not the individual/founder, nor the organization itself, but rather the resources, processes and decisions of the organization, in line with resource-based theory.

By separating ventures into their decisions, resources, and processes, a comparison across social ventures becomes a more manageable goal. This goes beyond a typology or bifurcated approach in this paper to explore mechanisms at play within the social ventures. The primary focus is not to define or categorize social ventures, but to examine the processes and resources within and surrounding them. As ventures are examined via their decisions, resources, and processes, a comparison across social ventures becomes a more manageable goal. There are degrees among social ventures with regard to the extent they design their resources around social value creation (see Peredo and McLean, 2006; Neck, Brush, and Allen, 2007).

3.5 Resource-Based Theory Model Review

As the examination and exploration of social ventures expands to include commercial ventures as on a continuum of value creation, in order to develop a theory of strategy for social ventures, it can be helpful to examine existing theories in strategy. Resource-based theory (RBT) has been used to better understand the processes and strategic orientations of ventures (e.g. Borch, Huse and Senneseth, 1999; Ray, Barney, and Muhanna, 2004). As RBT does not solely rely on external factors, but on the make up and utilization of resources and the processes involved in mobilizing resources (Barney, 1991), it becomes somewhat easier to apply to the social venture context.

As previously mentioned, the VRIO framework proposed by Barney (1991) has been heavily criticized for being tautological in nature and lacking a distinction between the inputs and outputs of a firm. The arguments previously presented by Kraaijenbrink, Spender, and Groen (2010) are also held into account in this study. This is why the model

developed by Peteraf (1993) was used. The development for sustainable contributive advantage is based on the previously described Peteraf (1993) model (see Chapter 2) for the four necessary conditions that underlie sustainable competitive advantage.

3.6 Unique Challenges for Social Ventures

"While most entrepreneurs operate under conditions of resource scarcity, social entrepreneurs face a specific set of challenges because they purposely locate their activities in areas where markets often function poorly. Thus, while commercial entrepreneurs seek markets with sufficient carrying capacity to support growth, social entrepreneurs actually seek markets characterized by a paucity of resources" (Di Domenico, Haugh, and Tracey, 2010, 683).

Simply stated, the two primary unique challenges faced by social ventures are that the value produced by social ventures lies in the achievement of social purposes rather than in generating revenues and social ventures receive revenues from sources other than customer purchases (Moore, 2000). Social value creation as a priority in social ventures presents an interesting challenge within the context of competition. This priority shift leads to the social ventures making decisions that may not directly or indirectly lead to economic returns. In order to achieve their social purpose, social ventures typically compete and collaborate with others. However, to compete effectively, they must make and create competitive advantages (Bryson, Gibbons, and Shaye, 2001; Oster, 1995). As social ventures must wrestle with both social and economic value, the concept of competitive advantage becomes highly problematic in this context.

Sustained competitive advantage leads to extraordinary firm performance (Porter, 1980; Barney, 1991; Porter and Kramer, 2002). Since performance has typically been measured in terms of firm profitability (Winter, 1995) the concept has not received a great deal of attention from nonprofit researchers (Kong and Prior, 2008). For socially-focused ventures, financial profitability is not the sole measurement. Additionally, "nonprofit leaders, focusing on the primary of their social (rather than economic) purpose, tend to eschew the idea of competition to emphasize instead a cooperative stance towards other organizations in their industry" (Phills, 2005, 49). For example, if the social goal is to end world hunger, the presence of additional social ventures to help conquer world hunger can be viewed as a productive step forward in the context of the overall social mission. The idea of capturing market share from competitors does not quite fit the reality of social ventures with respect to each other.

Social ventures are on one hand, fighting a social problem, not each other, and collaboration is often a strategy these groups employ to tackle a larger social problem. On the other hand, competition does, in fact, take place among these organizations as they compete for grants, sponsors and donor support.

However, a social venture is not simply judged on the funding sources they retain, as a commercial venture might be judged on their sales, market share, etc. Social ventures are judged primarily on their ability to contribute to the solution to a social problem. Commercial ventures are required to remain competitive, but social ventures are, in a sense, required to remain *contributive*. Commercial ventures try to out compete one another in the marketplace. It could be stated that social ventures try to *out-contribute* one another to the solution to a social problem within the marketplace. When a social venture

is able to consistently *out-contribute* other social ventures, they maintain an advantage over their competition in terms of grants, donors, and sponsors. However, unlike commercial ventures, a social venture's advantage is more than bottom-line performance based on revenue and profit. While social ventures need to generate revenue, they also need to generate social value that may not lead to economic returns. In other words, social ventures must be competitive *and* contributive.

This dual-goal nature of the social venture allows for the concept of sustainable competitive advantage to be applied. However, in addition to Peteraf's (1993) four cornerstones, they must also take into consideration additional resource strategies to handle the added social value component of their strategies for the organization. These additional resource strategies are reflected in their ability to create and convert what is introduced as a *social rent.*

3.7 Social Rent

Barney and Clark (2007) describe an economic rent as:

> "Value is expressed in terms of the difference between perceived benefits, or customer willingness-to-pay, on the one hand, and the economic costs on the other. This is, in essence, the same as the concept of *total surplus*, which equals the sum of the economic rents (*producer surplus*) and customers' 'value for the money' or *consumer surplus.* (Barney and Clark, 2007, 25)."

Figure 10 illustrates the exchange of economic value through the generation of a rent by comparing two ventures. Venture A has sustainable competitive advantage while venture B maintains its status as a marginal contributor. In this example, it is assumed that venture A creates $180 of economic value (price paid) for each unit of output that it provides to the market, while venture B creates only $150. For each venture the costs they incur are the same ($100) and the value they provide to their customers are also the same ($100). However, venture A is able to create the perception of a higher value than venture B and venture A is able to create a higher residual value (margin) from the same unit of output. The positive differential in residual value ($30) represent's venture A's competitive advantage over venture B and provides a protective cushion for A against competition from B (Barney and Clark, 2007).

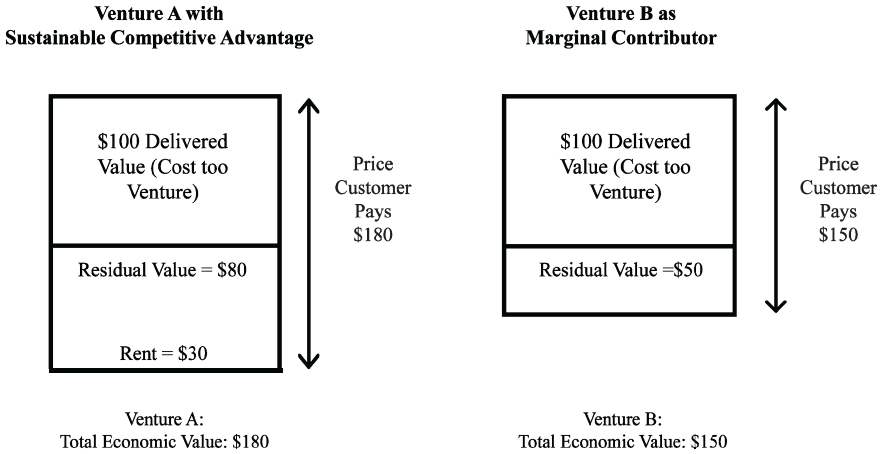

Figure 10: The generation of rent (adapted from Barney and Clark, 2007)

The concept of a social rent (J.A. Stamp, personal communication, January 16, 2010) provides an economic treatment for social value as the transactable unit of exchange and takes into account that social ventures have chosen to serve an additional set of consumers that may not have the ability to pay, regardless of their willingness to pay, for perceived benefits. It is important to note a distinction between a social venture's customers versus a social venture's consumers.

For example, a California-based animal rights organization In Defense of Animals (IDA) provides low cost veterinary services and free humane education for the surrounding residents in Mumbai, India. The residents are consumers of IDA's services, but they are not customers. While some of the residents may perceive the value of the services, they are not able to pay for that value. Regardless, organizations like IDA must wrestle with the economic costs of providing those services without a direct or immediate economic return. IDA must find *customers* to pay for the benefit the *consumer* is enjoying. In this business model, the customer is not the consumer.

This is where the concept of the '*social rent*' becomes relevant. In essence, a social rent is *a perceived benefit or excess residual social value that can be converted into a realized monetized value* (Robb-Post, Stamp, Brännback, and Carsrud, 2010). The concept of social rent was introduced by Robb-Post, Stamp, Brännback, and Carsrud, (2010) and has been further developed here. Whereas, economic rents are the actual returns (profits) to a factor in excess of opportunity costs (Barney and Clark 2007, 28), social rents are the *potential* economic returns to a social factor in excess of opportunity costs. In the case of IDA, the social rents created by their India program must be converted into a realized monetized value. That monetized value can be thought of a 'price' that the customer then agrees to pay for. The customer may be an outside donor who values the cause, a government grant interested in economic development, or a sponsor who can leverage the visibility.

It is important to note that the creation of a social rent does not increase tangible assets for an organization. A social rent is in a sense "illiquid" until process and resources are used to convert the social rent into some economic form. The social rent must be 'priced' and converted in order for the venture to experience monetary gains from the social rent. The monetary gains that serve as proof of the conversion could be represented by increased donations or grants.

In the case of commercial ventures, the perceived benefit of a product or service is assessed, converted, and realized by the purchaser during the transaction. The consumer and the customer are the same entity. For example, the perceived value of a Rolex watch is relatively high when compared to other watch companies due to the brand image of the company. Rolex can thereby, enjoy larger profit margins than its competitors. The economic rents for Rolex are realized when the consumer (who is also the customer) agrees that their perceived benefit meets the price set for the watch. They purchase the watch for the agreed upon price and Rolex earns economic rents. They have succeeded in the marketplace because their consumers (who are also their customers) prefer their brand to others and are willing to pay extra for their preferences. The consumer and the customer are the same entity and pay for and enjoy the perceived benefit directly.

In the case of a social venture, the perceived benefit becomes a distorted concept. For example, the perceived value of a free hot meal is not converted or realized when the

homeless person agrees to consume it, *regardless of how valuable the homeless person perceives the value to be.* Therefore, the social venture has an additional step in their value creating and capturing process. The perceived benefit must be converted and realized by a party *not directly enjoying the benefit* the social venture is creating. That is a donor may see a homeless feeding program as a valued contribution to a community. That donor recognizes a particular social venture as being more effective and efficient than other similar social ventures and therefore provides that social venture with monies to carry out additional feeding programs.

A social rent is the value the social venture has created that represents the potential economic returns to social factor in excess of opportunity costs. Figure 11 illustrates the generation and conversion of social rent by comparing two social ventures dedicated to feeding the homeless. Both ventures expend $200 towards the social value creation (feeding 200 people). The decision to expend $200 represents an action that does not lead directly to an economic return. Both ventures have created social rent from their social value creating activity. However, that social rent is, in a sense, illiquid until mechanisms are put into place to convert it.

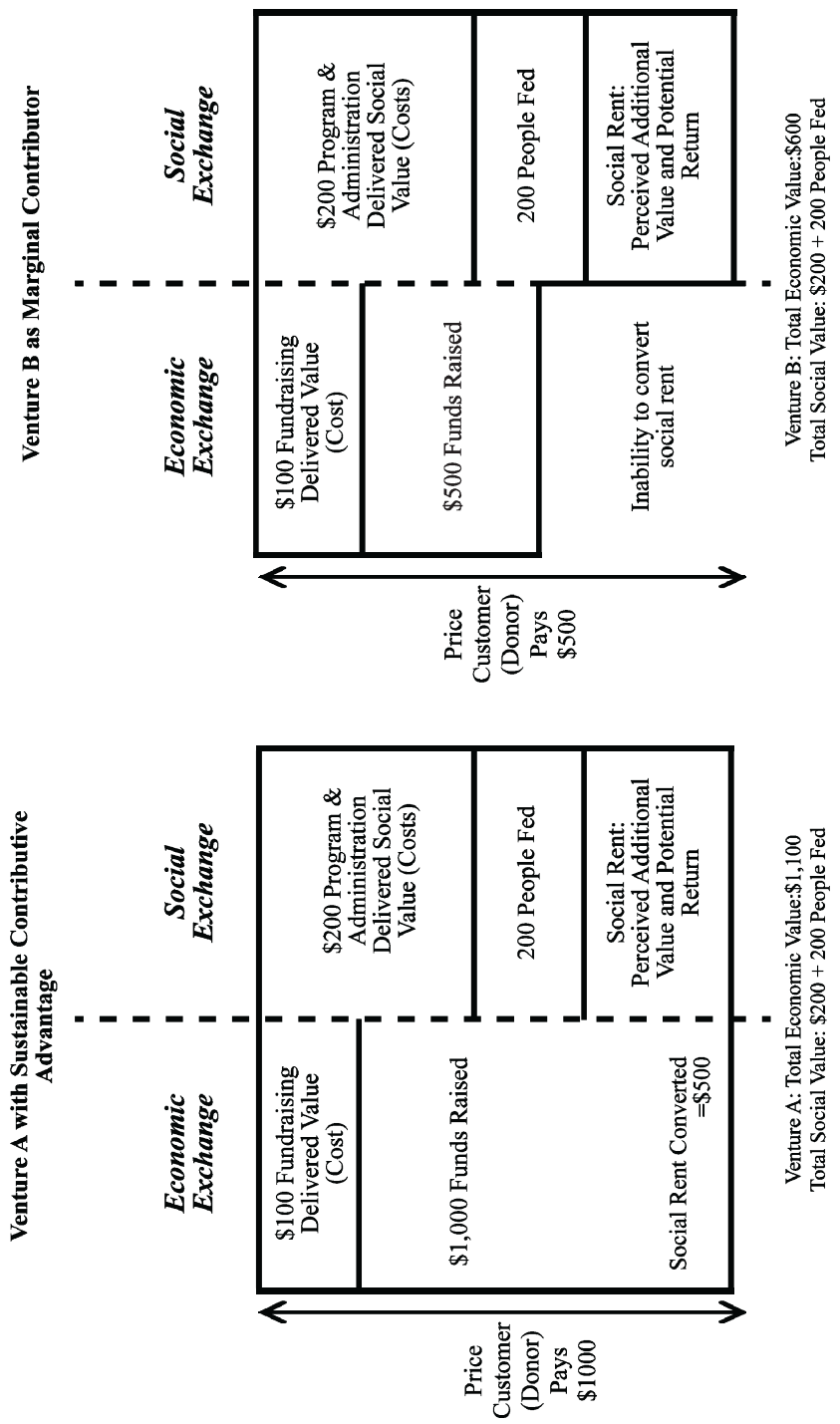

Figure 11: The generation and conversion of social rent

Both ventures also expend $100 in fundraising costs, which represent an action that is expected lead to an economic return (social rent conversion). The fundraising effort represents the delivered value the customer (funder) receives. This delivered value may be in the form of marketing materials, promotions, recognition, personal visits, etc. The fundraising effort's primary responsibility is to convert the social venture's social rent. The fundraising efforts of both ventures resulted in Venture A having a positive differential of $500. Venture A enjoys $500 of social rent conversion, which represents venture A's *sustainable contributive advantage* over venture B.

3.8 Social Value, Social Impact, and Social Rent

Each social venture will undoubtedly have differences in how they ascertain the amount of social value and social impact they are creating, depending on their mission and industry. Each social venture faces the challenge of communicating to funding sources (foundations, governments, donors, etc.) the importance and amount of social value and social impact they create. As the gauge of value creation is social impact, social entrepreneurs look for a long-term socially oriented return on economic investment as well as sustaining their impact (Dees, 1998). This study posits that the processes surrounding social value, social impact and their potential benefits to the organization are the same, no matter what the mission of the venture. This framework allows for social ventures to utilize a resource-based perspective in their strategic development. Additionally, using this framework may also reduce the risk of a more emotionally driven development process.

A critical component to this strategic development process is the concept of *social rent,* which represents the potential economic return to a venture that results from those social value-creating activities in which the venture participates. In any strategic discussion among leaders of a social venture about their social value creation processes, a key question is: how can we ensure this social value and social impact will create social rent for the organization? A visual representation of the relationships between social value, social impact, and social rent is shown in Figure 12.

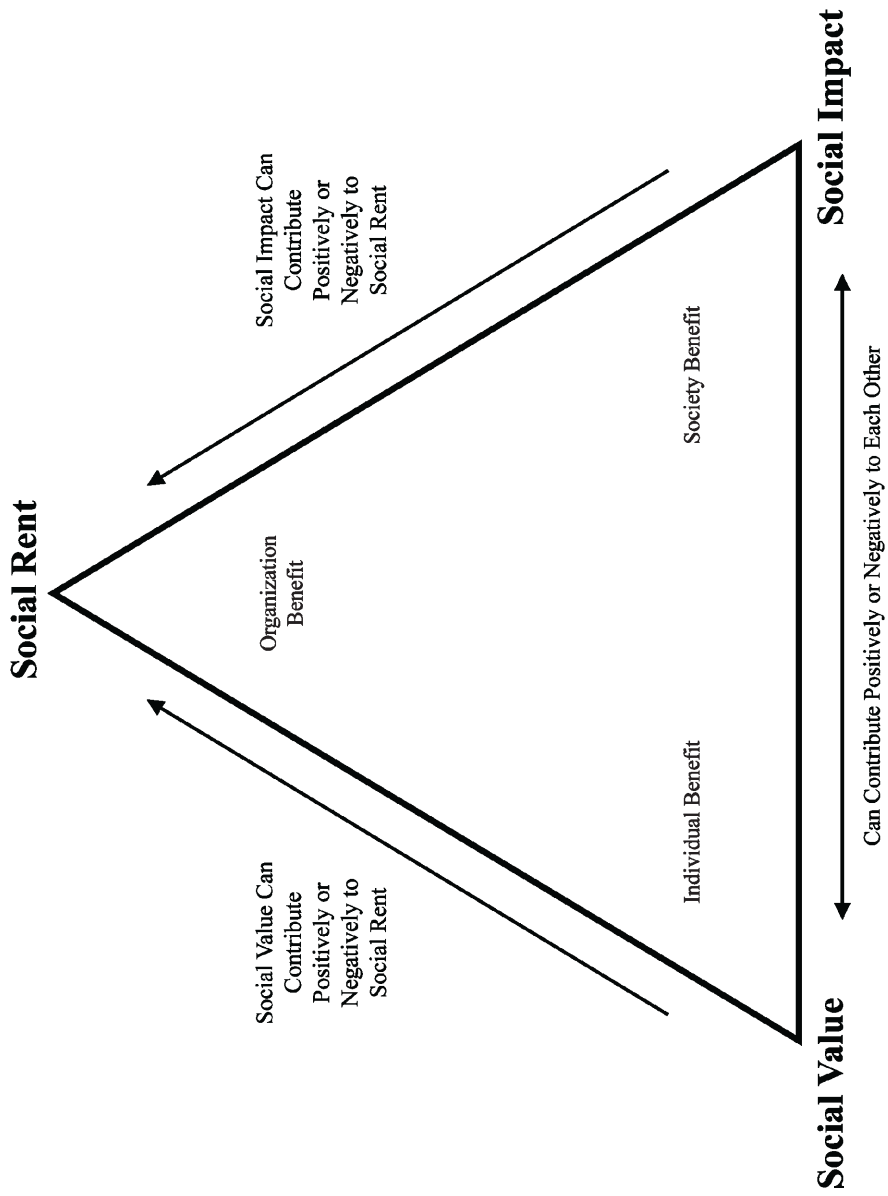

Figure 12: Relationship between social value, social impact, and social rent

Social value, in this context, represents the value created for the individual (or related group of individuals). Social impact, in this context, represents the benefit to society and refers more to longer-term results. Social rent is the value that the organization is able to claim as a result of the social value and social impact it created. To refer back to the homeless shelter example, venture A's created social value may be the feeding, fulfillment and happiness of the homeless people it serves. The social impact may be reduced health costs for society as whole due to the homeless population not suffering from malnutrition. The social rent in this example is venture A's claim to both of these results, which they can then, in turn, demonstrate to potential funders, which results in increased contributed revenue or other economic resources.

The term 'social rent' may seem audacious to use in this setting, as economic rent is a highly utilized tool of both economic and strategy research and has been for centuries beginning with Ricardo (1821). However, in the context in which social ventures function, it seems appropriate, if not necessary to translate existing market-based economic terms into social market and social value-based terminology so that both researchers and practitioners may begin to utilize the strategic thinking that frames both realms.

From this view, it is the social venture's responsibility to initiate and follow through on the conversion process of any social rents they generate. The probability of converting the social rent could be increased through a number of tactics such as publicizing the event (giving donor recognition), partnering with another organization (increasing the social impact), or perhaps collecting data from the population (for research purposes in grant proposals). These tactics enhance the social rents (perceived value) of the social venture so that a party *not enjoying the benefit directly* will be more inclined to assess and convert those social rents into a realized monetary value for the social venture.

3.9 Model Construct for Sustainable Contributive Advantage

Integrating the concepts from resource-based theory, social rent, and the unique environment facing social ventures leads to this proposed model for sustainable contributive advantage, which also includes sustainable competitive advantage. All four cornerstones of sustainable competitive advantage are also included in the model, as social ventures compete for resources similar to their commercial counterparts. However, because the social value creation and capture processes have additional steps, two new factors are included to address this unique challenge. The left side of Peteraf's (1993) (see Figure 5) model includes heterogeneity and imperfect mobility and it is important to note why the right side of the model, ex post and ex ante limits to competition, were the focus for these additional factors.

Heterogeneity, in this context, represents an underlying assumption and imperfect mobility represents those factors that allow heterogeneity of resources to persist (Peteraf, 1993). These both represent static factors that all organizations theoretically can enjoy the benefits of. The right side of the model represents a dynamic environment in that it represents interactions and transactions occurring in the marketplace. As social ventures have additional steps in their social value creating and social value capturing processes (Moore, 2000), referred to here as social rent generation and conversion, adjustments to the model of sustainable competitive advantage are necessary on the market-oriented side of the model. It is the conversion process that makes the right side of the model or SCA

realized. The dotted lines in the model represent the impact the social value related mechanisms have on the competitive forces at work. Below each factor is discussed and is presented in here Figure 13.

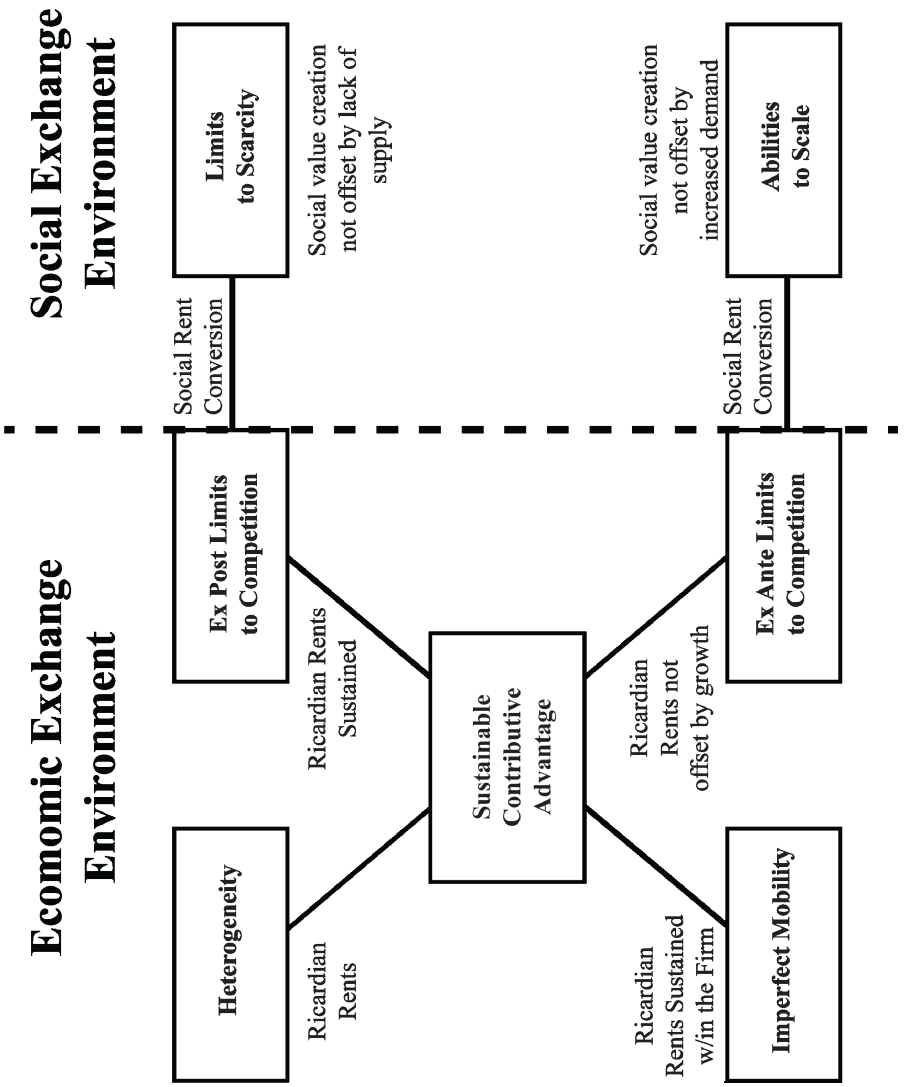

Figure 13: Sustainable contributive advantage model

In order to achieve a level of sustainable contributive advantage social ventures must utilize *all six* conditions. The two additional conditions that present a social venture-orientated and expanded description for SCA are *limits to scarcity* and *abilities to scale* (Figure 13). In other words, SCA in a social venture context includes SConA.

3.9.1 Limits to Scarcity

While ex post limits to competition refer to those isolating mechanisms that preserve rents over a longer term (Peteraf, 1993) *limits to scarcity* are those isolating mechanisms that preserve social rents over a longer term. Scarcity, a common economic term, "is the fundamental economic problem of having seemingly unlimited human needs in a world of limited resources" and a lack of supply (Robbins, 1932, 16). Similarly to Peteraf's (1993) concept of limits to competition, limits to scarcity refer to resources that provide a protection from or a limit to the scarceness of resources. In other words, as external resources become more and more scarce, limits to scarcity are the social venture's internal resources that ensure the external resources go to the social venture, rather than a competitor. It also refers to resources and processes that ensure the venture can create social value even in the face of an economic downturn where resources supplied (i.e. grants, donations) to social causes decrease. This is not meant to imply that limits to scarcity are represented only by assets or working capital (although these may be indicators), but also represented by the processes that ensure continued support from stakeholders regardless of the economic condition of the market.

In other words, limits to scarcity are *unique, tacit, socially complex, and path dependent resources* that help to ensure the social value creation is superior to other organizations are and that the superior venture is capable of communicating that fact. When social value creation is sufficiently valuable enough to translate to an outside funding party, a conversion of the social rent occurs resulting in an economic return, which then contributes to the social venture's ex post limits to competition.

Using the homeless shelter for illustration, an example of limits to scarcity resource conditions may be a historical and trusting relationship with the homeless population and the local police force. Say the local shelter is intimately familiar with the local homeless individuals as well as crime reports and local police officers. The shelter works closely with the police force to inform them if any of their residents show unusual behavior, perhaps relating to drugs, fights, or theft.

Proposing a specific hypothetical example, numerous times the shelter received word that cellular phones were stolen from people walking down the streets. The homeless shelter notices several of their residents with new cellular phones and works directly with the police force to return property and actively manage the offender's crime-related rehabilitation. The police force returns phones to their owners, crediting the homeless shelter to the owners, which may motivate the owners of the phones to support the homeless shelter. The shelter is actively working with their local government agencies through the crime rehabilitation, which makes them the preferred recipient of government funding programs. The shelter also demonstrates their strong relationships and social impact to its supporters, which increases the supporters' levels of loyalty and continued support. Potential supporters will then turn to this social venture as it has demonstrated a more effective and efficient process for creating social value, which is superior to similar organizations' efforts.

When the homeless shelter leverages its relationship with the homeless community, the local police force and local government and demonstrates the value of that relationship to a donor, they are also demonstrating their contributive advantage over other organizations in accomplishing their social mission. The social rents generated in this process are then more easily generated and converted into revenue for the organization and contributes directly to the homeless shelter's ex post limits to competition.

3.9.2 Abilities to Scale

Abilities to scale are investments, or strategies, designed to increase the social venture's ability to create social value by having the capacity to meet demand. An important distinction of the resource conditions is they contribute to a social venture's value creating capacity. Whereas ex ante limits to competition are investments made prior to performance with the expectation of increasing economic profits, abilities to scale are investments made prior to performance with the expectation of *increasing social value creation* without an immediate direct economic profit return.

The ability to scale also may refer to the capability to respond to demand in the face of a crises or economic downturn. In other words, it is those resources that allow an organization to generate consistent social rents in the face of a high demand for services or products. Often, the high demand for a social venture's service comes at a time of an economic downturn, where costs for the social venture are increasing as the demand for free/low-cost services are also increasing. A social venture with resources positioned for scaling up operations will be able to increase its social impact and social value creation during times of increased demand.

Consider the homeless shelter example once more. The shelter with contributive advantage may have an emergency response plan in place and resources on standby at all times ready to deploy. It may be an agreement with a nearby facility for space, media outlets for emergency communication, or an on-call staff of dedicated volunteers. Another organization without resources positions for abilities to scale may be forced to limit its services, increase their prices, or ultimately close their doors when a demand for services increases.

3.10 Discussion and Further Exploration

As previously stated, an enterprise has SCA if it is able to *consistently* create more economic value than the marginal *competitor* in its product market (Peteraf *et al.* 2003). An enterprise has SConA if it is able to *consistently* create more social value than the marginal *contributor* in its social problem area. Commercial ventures are expected to remain competitive, but social ventures are expected to remain contributive. Commercial ventures attempt to out-compete one another in order to obtain market share while social ventures attempt to out-contribute one another in order to obtain more donations, grants, etc.

In viewing this model for SConA, social and commercial ventures should not be considered so distinct from each other; they are in fact similar in the majority of their challenges, decisions, and resource management. Regardless, when an organization designs its value creating strategies around the creation of social value, it must then deal with an additional step in the value creating and capturing process (social rent conversion).

As previously demonstrated, the differences between social and commercial ventures can be viewed on a continuum. At one end, the commercial venture deals strictly with competition-based economic and market forces. At the other end, the social venture deals additional economic and market forces that behave quite different in the social value area.

In a sense, the more focused a venture is on creating social value, the more critical social rent conversion becomes. As economic conditions in the market go down, social and commercial ventures face somewhat opposite challenges. In poor economic conditions, social ventures typically face a higher demand for services and commercial ventures typically face a lower demand for services. A commercial venture is not expected to lower prices to help the community they serve (although some may choose to do so as a strategy in line with social responsibility or to capture market share from competitors). A social venture, however, is typically expected to lower their prices (or continue serving for free) in the face of increased demand and increased costs. This unique dynamic facing social ventures is why the additional two conditions of SConA become essential for long term viability. It is equally important that the original four cornerstones of SCA not be ignored, as the ability to scale directly contributes, through social rent conversion, to the social venture's ex ante limits to competition as the limits to scarcity contribute, through social rent conversion, to the social venture's ex post limits to competition.

The next step in the process is to determine whether indications of sustainable contributive advantage exist within the realm of social ventures. If they do indeed exist, how might these indications be observed or categorized? As with many strategic theories, including resource-based theory and sustainable competitive advantage, direct measurement is challenging (Barney and Clark, 2007) and only indications or effects of such a phenomenon can be observed. Another question is whether overall indications or effects on performance be measured or observed within the context of sustainable contributive advantage? Using variables as proxies for possible indicators of sustainable contributive advantage within the relative environment of a single industry is the following step in sustainable contributive advantage's development.

4 An Exploratory Quantitative Analysis of Sustainable Contributive Advantage Using of Growth and 'Profitability' in Nonprofit Organizations

In looking at differences and similarities among nonprofit and for-profit ventures, the definition and outcomes of success in each of these firms are slightly different. Additionally, the challenges faced by each type of venture are distinctly different. Nonprofits must deal with not only the sustainability of their organization, but also the creation of social value, frequently in lieu of direct economic profits. While non-profit organizations do not record "profit," they do record metrics that allow for an efficiency measure. In looking at the growth and efficiency of nonprofit organization as proxies for comparative performance measures, it can be determined whether factors such as growth and efficiency contribute to the overall success of the organization. Growth and efficiency may be indicators of sustainable contributive advantage in that the better performing organizations contribute resources of abilities to scale (growth) and limits to scarcity (efficiency). This exploratory quantitative analysis was conducted using a data set composed of financial variables from 147 nonprofits in the United States operating within a single industrial sector, the animal welfare industry.

4.1 Overview

The study of social ventures is considered to be a broad field as it includes co-operatives, mutuals (an organization whose purpose is raising funds from its members, which can then be used to provide common services to all members of the organization or society), community business, and voluntary or nonprofit organizations (Spear, 2006). This exploratory analysis takes on a specific sector of within social ventures, the nonprofit. The analysis further specifies within that sector to a specific industry, animal welfare nonprofit organizations in the United States. Utilizing the theoretical lens of resource-based theory (RBT) and the analysis tool of Markov chain analysis, the model and theoretical development of sustainable contributive advantage is further explored within this specific industry.

Previous studies examining for-profit ventures utilizing RBT have examined a narrow sample of firms, typically a sample of firms drawn from a single industry (Henderson and Cockburn, 1994; Ray, Barney, and Muhanna, 2004). This enabled the researchers to clearly identify any links between the resources and the strategies in question and is advised as the proper way to compare ventures using RBT (Barney and Clark, 2007). As this is the general accepted practice in RBT studies, this analysis takes on a single industry sample as well.

4.2 Comparing For-Profit and Nonprofit Ventures

In wanting to shed light on the path to success in nonprofits, the logical step forward is to ascertain what growth and profit dimensions look like in the nonprofit sector and whether they behave in similar or distinct ways. Nonprofit organizations have a different view of profitability and other financial measures in determining success. They must deal with a dual-goal of running their ventures in a sustainable way as well as creating social value via methods that may not have a direct economic return.

Sustainable competitive advantage from a resource-based theory (RBT) perspective in commercial ventures reflects the assumption in order to grow profitably, firms should pursue growth opportunities that match their resource advantages (Sirmon, Hitt, and Ireland, 2007). Therefore, in the framework used by Davidsson, Steffens, and Fitzsimmons et al, 2009 and Brännback, Carsrud, Renko, Östermark, Aaltonen and Kiviluoto, 2009, sustainable competitive advantage (SCA) stems from high-growth and high-profitability. They propose those firms operating at this level have been able to achieve SCA.

In taking from these two previously conducted studies, it is proposed that nonprofits operating at high-growth and high-efficiency have been able to achieve sustainable contributive advantage. The development of the measures for these two conditions will be explained in detail. At this point, it is appropriate to discuss the unique type of nonprofit examined within this study, which lends well to the observation of sustainable contributive advantage.

4.3 The Donative Nonprofit

This study focuses on the donative nonprofit, Hansmann (1980) defines a donative nonprofit as one in which a substantial portion of the nonprofit's income are in the form of donations. These donations "involve payments that, though usually intended to be used for specific purposes, are not made with the expectation that they will be used simply to finance public goods for the donor" (Hansman, 1980, 35). In other words, the nonprofit has dedicated their business model, in whole or in part, to a transactional process of providing a product or service to a non-paying consumer, which makes it unprofitable at the time of the transaction.

This is somewhat of a departure from the legal definition of a donative nonprofit, which may include such entities as opera houses, certain hospitals, or universities that may operate on a profitable transactional basis. Those nonprofits that rely on profitable transactional business models to survive are termed commercial nonprofits, rather than donative nonprofits (Hansmann, 1980). "Some nonprofit organizations derive all their resources from commercial operations, and in this sense are just as much "for profits" as any for-profit firm" (Steinberg, 2006, 118). "Subsequent literature has focused on the differences between donative and commercial nonprofits"; some are donative in that they rely mostly on donations and others on commercial activity (Steinberg, 2006, 118).

In the case of the donative nonprofit, the concept of "perceived benefit" becomes distorted. For example, the perceived value of a hot meal is not converted or realized when the homeless person agrees to consume it, *regardless of how valuable the homeless person perceives the value to be.* Therefore, the donative nonprofit has an additional step in their value creating and capturing process. The perceived benefit must be converted and realized by a party *not directly enjoying the benefit* the donative nonprofit is creating. This additional step describes, in part, the nonmarket conditions surrounding sustainable contributive advantage and lends well to the examination of whether high-growth and/or high-efficiency donative nonprofits have been able to achieve it. An indication of this would be a donative nonprofit with strong limits to scarcity, such as a substantial pool of individual donors who consistently contribute the largest portion of their philanthropic giving to that donative nonprofit.

4.4 Exploring Sustainable Contributive Advantage

The proposed model of sustainable contributive advantage (SConA) previously discussed helps to explain the social value creation mechanism beyond a simple economic profit. This view becomes important as the concepts of "profit" and "growth" are applied from a nonprofit perspective. Based in resource-based theory and the cornerstones of competitive advantage offered by Peteraf (1993), SConA offers a way at looking at the competitive environment while taking social value creation into consideration.

If an organization is able to achieve SConA, it is able to utilize value-creating and capturing strategies. These strategies enable the organization to grow from within and through its economic and social resources it is able to generate transactions of creating both social and economic rents. It then captures value by monetizing social rents into new economic equivalents. The accumulation of social rents do not equate to profit directly, it is in fact the accumulation of social rents, which needs to be converted into economic returns.

Thus, the accumulation of social rents, through transactions of creating social value, need to be converted into economic profit for the organization. Because it is a two-step process, a nonprofit wishing to have SConA must deal with ex post limits to competition but it must *ALSO* deal with a cornerstone termed *limits to scarcity* in order to sustain social rents. Limits to scarcity is demonstrated by the nonprofit's ability to create social value in a more efficient or preferred manner. Therefore, the organization is able to create the same social value that another nonprofit is, but with less effort, lower expenses or with more effectiveness. Limits to scarcity contribute to ex post limits to competition, the result of which will be shown via economic profit. However, the nonprofit must focus on both the conversion of the social rents and the creation of social rents via limits to scarcity.

A nonprofit wishing to have SConA must deal with ex post limits to competition but it must *also* deal with *abilities to scale* in order to have the ability to significantly grow social rents, especially in the case of an economic downturn where demand for services increases and the price for services is expected to decrease. Abilities to scale contributes to ex ante limits to competition primarily because the decisions to invest resources in creating more social value are made without knowing if the investment will directly contribute to SConA. The nonprofit that is able to increase its capacity and abilities to scale will in turn grow in terms of social rents. If those growing social rents are converted and the contribution to ex ante limits to competition is successful, the result will be growth, either in terms of revenue, assets, program services, etc.

As previously stated, SCA from a RBT perspective reflects the assumption that in order to grow profitably, commercial ventures should pursue growth opportunities matching their resource advantages (Sirmon, Hitt, and Ireland, 2007). The concept of growth in a social venture relates directly to their capacity to contribute or "growth" (related to abilities to scale). As the goal of a social venture is to create value, the concept of growth relates directly to the ability to create social value on a larger scale. Similarly, the concept of profit in a social venture relates directly to their efficiency (related to limits to scarcity). Profitability becomes the contributive efficiency of the venture in its ability to run and manage operations.

In times of scarcity when an economic downturn occurs, nonprofits experience increased demand and decreased revenue coupled with the public expectation to persevere. They are expected to serve more when the time of need is greatest and when the general public domain of resources (i.e. donations, grants, government subsidies) are at its lowest. This departure from the normal market demand behaviors and their impact on "growth" and "profit" in social ventures create compelling questions as to what strategies may be best for social ventures. The social value creation requirement and non-market orientation behavior create the need to examine these questions using RBT and SConA as research lenses.

As previously discussed, the economic flow within donative nonprofits creates a time lag in the transactional processes within the nonprofit business model. This time lag, as previously discussed, creates a state of high volatility and risk for donative nonprofits. The conversion process of a social rent to an economic rent requires additional steps in the nonprofit business model. The additional resource conditions of *limits to scarcity* and *abilities to scale* are essential to the success and sustainability (sustainable contributive advantage) of nonprofits and become important to frame the discussion and methodology of the study at hand.

4.4.1 Limits to Scarcity – Quantitative View

While ex post limits to competition refer to those isolating mechanisms that preserve rents over a longer term (Peteraf, 1993) *limits to scarcity* are those isolating mechanisms that preserve social rents over a longer term. It refers to resources and processes that ensure the venture can create social value even in the face of an economic downturn where resources supplied (i.e. grants, donations) to social causes decrease. This is not to imply that limits to scarcity are represented only by assets or working capital (although these may be indicators). Limits to scarcity are also represented by things the nonprofit does to ensure continued support from stakeholders regardless of the economic condition of the market.

In other words, limits to scarcity are *unique, tacit, socially complex, and path dependent resources* that help to ensure their social value creation is better than any other in that industry and that the organization is able to communicate that. When that social value creation is uniquely valuable enough to translate to an outside funding party, a conversion of the social rent into an economic rent occurs (i.e. revenue to the social venture or strategic partnerships), which then contributes to the social venture's ex post limits to competition. Indicators of abilities to scale may be represented by financial metrics such as fundraising efficiency, program expenses, revenue growth or program services profitability.

4.4.2 Abilities to scale – Quantitative View

Abilities to scale are investments, or strategies, designed to scale the social venture's ability to create social value by having the capacity to meet demand. An important distinction of the resource conditions is they contribute to a social venture's social value creating capacity. Whereas ex ante limits to competition are investments made prior to performance with the expectation of increasing economic profits, abilities to scale are investments made prior to performance with the expectation of *increasing social value creation* without an immediate direct economic profit return. The ability to scale refers to

the capability to respond to demand in the face of a crises or economic downturn. In other words, it is those resources that allow an organization to generate consistent social rents (if not growing social rents) in the face of a high demand for services or products.

Often, the high demand for a social venture's service comes at a time of an economic downturn, where costs for the social venture are increasing as the demand for free/low-cost services are also increasing. A social venture with resources positioned for abilities to scale will be able to increase its social impact and social value creation during times of increased demand, where another organization without resources positions for abilities to scale may be forced to limit its services, increase their prices, or ultimately close their doors. Indicators of abilities to scale may be represented by such financial variables as working capital ratio, asset growth, or retained earnings.

4.5 Methodology and Data

In order to begin to explore what factors may be involved in the consistently superior performance of donative nonprofits relative to other donative nonprofits in their industry, comparisons must be made within the industry and among those donative nonprofits competing for resources. In looking at the growth and efficiency of nonprofit organizations as proxies for comparative performance measures, it can be determined whether factors such as growth and efficiency contribute to the overall success of the organization. Growth and efficiency may be indicators of sustainable contributive advantage in that the better performing organizations contribute resources of abilities to scale (growth) and limits to scarcity (efficiency).

As mentioned previously, Davidsson, Steffens, and Fitzsimmons (2009), Brännback, *et al.* (2009), and Kiviluoto (2011) conducted similar studies examining profit versus growth. While both were searching for paths to high growth and high profitability, this study explores whether the proxies chosen for profit and growth in a nonprofit context produce similar results. This study takes the approach closer to that of the study by Brännback, *et al.* (2009) and Kiviluoto (2011). Each will be described briefly in turn.

The study by Davidsson, Steffens, and Fitzsimmons (2009) was conducted on Swedish and Australian financial data across multiple industries and multiple years in order to examine how the firms moved in the growth-profit space over time. This particular study used sales growth for the growth factor and return on assets (ROA) for the profit factor. The hypotheses for their study were as follows:

H1. Firms that show high profitability at low growth (Profit Firms) are more likely to reach a state of high growth and high profitability (become Star Firms) in subsequent periods than are firms that first show high growth at low profitability (Growth Firms).

H2. Firms that show high growth and low profitability (Growth Firms) are more likely to reach a state of low profitability and low growth (become Poor Firms) in subsequent periods than firms that first show high profitability and low growth (Profit Firms).

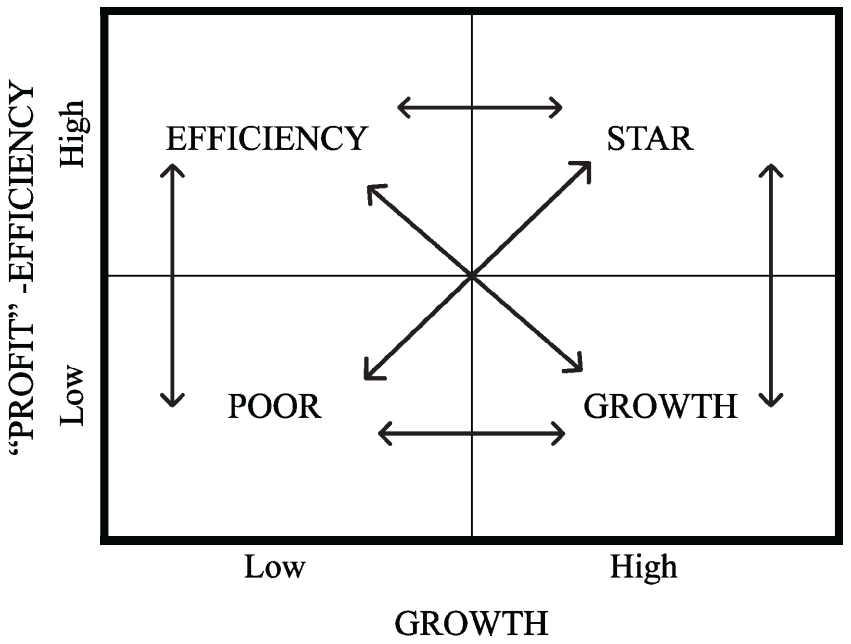

Figure 14: Categorization schema of ventures by growth and efficiency (adapted from Davidsson, Steffens, and Fitzsimmons, 2009; Brännback, *et al.*, 2009)

Figure 14 is a graphical representation of the movement between categories by the firms being analyzed. In order to analyze firms in the sample, percentage changes are used between each year. It is not the actual revenue and 'profit' figures being analyzed, but the percentage change from year to year. The minimum and maximum percentage changes are used as boundaries for the figure and the mean percentages are used to determine whether firms are growing at a faster rate than other firms in the sample or being more efficient than other firms. This movement between states of growth and efficiency (low or high) are then teased out.

The results of the Davidsson, Steffens, and Fitzsimmons (2009) study suggested "that high profitability, low growth firms are more likely to become high profitability, high growth firms compared with firms that start from a position of high growth and low profitability" (388). In other words, a Profit Firm is more likely than a Growth Firm to become a Star Firm. Additionally, the study suggested that low profitability, high growth firms are more likely to become low profitability, low growth firms. In other words, a Growth Firm is more likely than a Profit Firm to become a Poor Firm.

Although the hypotheses for both studies were the same, the study by Brännback, *et al.* (2009) used a slightly different method. Davidsson, Steffens, and Fitzsimmons (2009) and Kivilouto (2011) studied the proportion of firms moving from one state to another state. In the study by Brännback, *et al.* (2009) and Kiviluoto (2011), Markov chain analysis was used in order to estimate the transition probabilities between the states over consecutive time periods.

The study by Brännback, *et al.* (2009) examined a particular industry, the biotechnology industry (an industry considered high growth), while Davidsson, Steffens, and

Fitzsimmons (2009) examined multiple industries. Brännback, *et al.* (2009) used the Davidsson, Steffens, and Fitzsimmons (2009) study as a starting point for testing the same hypothesis in a narrow sample, similarly as this study does.

The study by Brännback, *et al.* (2009) used growth in sales as the growth measure and earnings before interest and taxes (EBIT) as the profitability measure. Their data set was comprised of 90 privately held firms in the Finnish life science cluster, founded after 1990 and with less than 250 employees.

In general, they found that a firm in one category is most likely to stay in 'its' category and should a transition occur, the results agree with Davidsson, Steffens, and Fitzsimmons (2009) (Brännback, *et al.*, 2009). Using both Brännback, *et al.* (2009) and Davidsson, Steffens, Fitzsimmons et al. (2009) as starting points, this study utilizes a similar approach in that the analysis lends well to examine how ventures perform relative to each other over time and what factors may be moving these ventures between various states.

Further, this study examines a specific industry within the nonprofit sector, animal welfare. The reason for this specificity is two-fold. The first lends to resource-base theory (RBT), which was used as a theoretical lens to both design the study and interpret the results. Most of this type of work is best carried out on a limited sample of firms within a single industry. This helps establish the link between the resources and strategies in question (Barney and Clark, 2007, 223).

The second lends to the similarity in business models across the industry. All of the animal welfare organizations in the sample work in the process of adopting animals, and the adoption model is a self-depleting model. In other words, the fee that is charged for their primary service (adoption fees) does not cover the costs involved in providing that service (i.e. veterinary care, food, shelter). Unlike a sector such as arts or human services where the services offered vary greatly across organizations, animal welfare organizations in this sample all serve the mission of finding homes for unwanted animals and utilize similar models in doing so. Organizations such as wildlife conservation organizations, zoos and aquariums were not included in the sample.

4.5.1 Data Set

A data set was compiled of 147 animal shelters in the United States that contains historical financial and organizational data (3-7 years), as reported on the Internal Revenue Service (IRS) Form 990 entitled "Return of Organization Exempt from Income Tax." This publicly available form must be filed each year by U.S. organizations exempt from Federal income taxes under section 501 of the Internal Revenue Code, and whose annual receipts are "normally" more than $25,000 a year. While the industry was the same, a recognized limitation to this initial analysis was the size and age of the firms being widespread across the sample. As the size and age were quite diverse in the sample, an enhancement of the data set towards a more homogeneous sample will be included in future research plans, as this was a preliminary study and exploration.

The average age of a firm in this sample was 67.7 years with the minimum age as 10 years old and the maximum age was 143 years. In terms of revenue, the average annual revenue for the firms in this sample was $5.6M with the minimum revenue at $421K and the maximum at $49.5M. A categorization of the number of firms in each bracket in terms of

age and size are presented in Table 2. In regards to each firm's scope of work, the sample was primarily comprised of firms operating at a regional level (78.1%), while 15.1% operate nationally and only 6.8% operate internationally. In order to control for factors of scale and size, percentage changes were used in the calculations, rather than actual figures. A spreadsheet detailing this process is included in Appendix A.

Table 1
Categorization of age and revenue size of sample firms

AGE			**REVENUE**	
	Cases			Cases
Less than 25	20		Less than $1M	14
25 – 50	42		$1M - $3M	62
51 – 99	50		$3M - $10M	52
Over 100	35		$10M - $30M	14
			Over $30M	5
Total	147		Total	147

Davidsson, Steffens, and Fitzsimmons (2009) used sales growth as a growth measure and return on assets (ROA) as a profitability measure. Brännback, *et al.* (2009) used sales growth as a growth measure and earnings before interest and taxes (EBIT) as a profit measure. For this study, revenue growth was used as the growth measure. In line with the IRS 990 Form, revenues were detailed among different sources as shown in Table 3 below.

Table 2
Internal Revenue Service 990 Form Statement of Revenue Categories

Contributions, gifts, grants, and other similar amounts	
	Federated campaigns
	Membership dues
	Fundraising events
	Related organizations
	Government rants
	All other contributions
Program Service Revenue	
	Type A
	Type B
	Type C
	Type D
	Type E
	All other program service revenue
Other Revenue	
	Investment income
	Tax-exempt bond proceeds
	Royalties
	Gross rents
	Sales of assets other than inventory
	Gross income from fundraising events (not reported above)
	Gross income from gaming activities
	Gross sales of inventory
	Miscellaneous revenue

The sum of these lines were reported as total revenue, which is the figure used in this analysis. The 'profit' measure was calculated by dividing total revenue by total expenses. Within the 990 Form, expenses are separated into three categories: program, management and fundraising expenses. Table 3 provides a detailed categorization of expense categories.

Table 3
Internal Revenue Service 990 Form Statement of Expense Categories

Grants and similar amounts paid
Assistance to U.S. governments and organizations
Assistance to U.S. individuals
Assistance to all others outside the U.S.
Benefits paid to or for members
Salaries, other compensation, employee benefits
Compensation
Other salaries and wages
Pension plan contributions
Other employee benefits
Payroll taxes
Professional fundraising fees
Total fundraising expenses
Other expenses
Fees for services (non-employee)
Advertising and promotion
Office expenses
Information technology
Royalties
Occupancy
Travel
Travel or entertainment for any Federal, state or local public official
Conferences, conventions and meetings
Interest
Payment to affiliates
Depreciation, depletion, or amortization
Insurance
Other

While dividing total revenue by total expenses does not reflect the true 'profit' or effectiveness of the organization, it does provide a baseline comparison across the organizations for determining the efficiency of their operations and ability to leverage resources. As this study was largely exploratory, it was decided that these two measures were the best to closely resemble the measures used in the two studies mentioned previously. For purposes of clarity, the profit measure is renamed 'efficiency.'

4.5.2 Analysis

As previously stated, the Markov chain analysis lends well to the exploration of sustainable contributive advantage (SConA). As performance indicators are somewhat nebulous within the nonprofit sector, using an analytical tool that compares ventures to each other while teasing out the factors contributing to those performance differences

helps to uncover what may be contributing to comparatively superior performance. In taking the efficiency and growth factors of the nonprofits in the sample and plotting them out in a comparative way, superior nonprofits will become apparent.

The analysis also examines how these nonprofits perform over a 4-year time horizon, which makes it more powerful than a factor analysis alone. As a key factor in SConA is the ability to *sustainably* contribute. The Markov analysis helps to pinpoint those nonprofits that are out performing others over time. In this preliminary evaluation, the easiest way to view whether factors such as growth and efficiency contribute to overall performance is to segment the data into large categorical levels of comparative success. Following the method used by Brännback, *et al.* (2009), the current study plotted each firm in a 2 x 2 matrix where firms were categorized as above or below industry average on each dimension. The four state categories created were:

-high efficiency, high growth (STAR FIRM)
-high efficiency, low growth (EFFICIENCY FIRM)
-low efficiency, high growth (GROWTH FIRM)
-low efficiency, low growth (POOR FIRM)

In the analysis for this study of 147 nonprofit organizations, a Markov chain analysis was used in order to judge their position and demonstrate SConA within a time-based relationship. It was expected that some nonprofits would move from category to category and it was also expected that some nonprofits would stay in their position. Markov chain analysis is ideal in that it looks at the probability of movement from state to state. The analysis estimated the transition probabilities between the four state categories (Star, Growth, Efficiency, Star) over a three-year period, following previous work that analyzed the relationship between growth and profitability in economic firms (Brännback, *et al.*, 2009). Markov chain analysis makes statements about transitions from one point in time to another. The analysis does not describe the process of change between statese, as continuous time models do, but merely the probability of movement between states (Langeheine, 1988; Aaltonen and Östermark, 1998). Aaltonen and Östermark (1998) have shown that Markov models can be useful in predicting profitability changes among firms.

Markov analysis belongs to a family of mathematical models that are stochastic and time dependent. These models provide a useful method for analyzing the behavior of a system in a dynamic situation where describing and predicting the movement of the system under study among different system states over time is desired. Markov analysis therefore should not be viewed as an optimization tool like regression or other linear models, but rather a descriptive tool that can provide information useful for decision-making. A Markov chain analysis of systems that are analyzed as a first-order Markov process can be applied to any study that seeks to determine, in a sequential manner, the probability of certain states of events either happening or not happening. In this study, the Markov models used to explore the SConA conditions within the firms under analysis in the data set met the following three assumptions: 1.) the system under study has a finite number of discrete states or conditions (4 in our model); 2.) the transition probabilities of a state moving from one state to another remain constant over time; 3.) and the probability of being in one particular state after a specified period of time is dependent only on the current state and the transition probabilities, and not on any earlier conditions.

Therefore, in order to construct a Markov model of the system, it is necessary to determine

the initial states of the system and the transition probabilities. Since the number of possible states is finite such that by definition an nth-order Markov chain process is determined by a set of n states {S1, S2,. . ., Sn}, it is possible to construct a square matrix, P, made up of all the probabilities of possible movements from state to state, denoted as p_{ij}. That is, p_{ij} denotes the probability of going from one state, i = 1,2,...,n, to another state, j = 1,2,...,n, in one time period. The process can be in only one state at any time instant. If at time t the process is in state S_i, then at time t + 1 it will be in state S_j with probability p_{ij} (Hamilton, 1989).

Testing for stationarity within the transition probability matrix is essential in Markov chain analyses as unlike other tests of random behavior, Markov chains can be used to detect behavioral patterns over time (Tan and Yilmaz, 2002). If the transition probability matrix is not stationary over time, the Markov chain will have no predictive power (Tan and Yilmaz, 2002). Given the transition probabilities and the current condition of a nonprofit, the analysis process computes the probability of the nonprofit to follow a given path over multiple time periods.

In order to estimate the transition probabilities, the observed transition path was first defined for each organization. There were four potential outcomes of {efficiency (e), growth (g)}: Low–Low (Poor), Low–High (Growth), High–Low (Efficiency), High–High (Star). These outcomes were assigned to an organization at time period t and –, given a fixed outcome at t – and again for the same four potential outcomes at time t + 1. For example, an organization indicating below median growth and above median efficiency in 2006–2007 and above median in both dimensions in 2008 was defined to have followed the path: Efficiency–Efficiency–Star. An organization showing below median values in both dimensions for all three years was defined to follow the path: Poor–Poor–Poor. The transition probabilities were estimated applying the Panmark software of Van de Pol, Langeheine, and De Jong (1991). The calculations were based of the frequency distribution of the observed 147 cases over the potential transitions (4 possible paths in each of the three periods, i.e. $4^3 = 64$ combinations).

It is important to note that it is possible for any venture to be a 'Star' venture, regardless of their size. If the venture's revenue growth between years is higher than the mean percentage revenue growth of the sample and the venture's efficiency/profit growth is also higher than the mean efficiency/profit growth of the sample, the firm will be categorized as a 'Star' venture.

In this analysis, the Growth factor was calculated based on the nonprofit's total annual percentage change in revenue and the Efficiency factor was calculated by dividing total revenue by total expenses. Therefore:

- Poor Venture: low or negative revenue change coupled with a low or negative 'profit'
- Efficiency Venture: low or negative revenue change coupled with a high 'profit'
- Growth Venture: high and positive revenue growth coupled with a low or negative 'profit'
- Star Venture: high and positive revenue growth coupled with a high 'profit'

4.6 Results

Results of the time homogeneous transitions from 2006-2008 are presented in Table 5. The significance level was calculated by the software Panmark using the estimates of transition coefficients. The standard errors were therefore determined by the data. The probability levels for the Likelihood Ratio and Pearson Chi square test were respectively, 48% and 43%, indicating an adequate model. However, the results indicated that 68% of the movement could be attributed to random chance.

In general, results showed a more volatile environment for social enterprises than for commercial enterprises. The results by Davidsson, Steffens, and Fitzsimmons (2009) and Brännback, *et al.* (2009) found that a firm in one category was most likely to remain in 'its' category. However, these results show that only Star firms show a high probability of remaining a Star firm. Efficiency firms have an equal probability of moving to Star or staying an Efficiency firm. Growth firms show the highest probability of moving to a Poor firm while Poor firms show the highest probability of moving to a Growth Firm.

Table 4
Time homogeneous transition mix - Transition probabilities with standard errors in parentheses
Efficiency: Total Revenue/Total Expenses
Growth: Total Percentage Change in Revenue

Indicator t	**Indicator t+1**				
	STAR	**EFFICIENCY**	**GROWTH**	**POOR**	**TOTAL**
STAR (St. error)	0.343 (.048)	0.323 (.047)	0.010 (.010)	0.323 (.047)	1.000
EFFICIENCY	0.404 (.072)	0.404 (.072)	0.021 (.021)	0.170 (.055)	1.000
GROWTH	0.277 (.065)	0.021 (.021)	0.298 (.067)	0.404 (.072)	1.000
POOR	0.257 (.044)	0.020 (.014)	0.376 (.048)	0.347 (.047)	1.000
N=147; Degrees of freedom = 48; Likelihood Ratio = 48.22; Model Level = .46; Pearson Chi Square = 42.84; Probability = .68					

4.7 Discussion

In comparing the growth and profit analysis of commercial ventures with the growth and efficiency analysis of this subset of nonprofits within the same industry, the path to success was different. While both of the for-profit studies mentioned previously and the results of this analysis show that Profit/Efficiency firms were more likely to become Star firms than Growth firms, it was the only similarity the results shared.

The overall low probabilities in the results suggest a state of higher volatility for nonprofits than for-profits. Interestingly, the highest probability for a Poor firm to move out of the Poor state was through the path of Growth. While the probability for a Growth firm to move to a Poor firm was the highest, there was a probability for Growth firms to move to a Star firm, which closely matched the probability of staying a Growth firm. However, the somewhat high probability of movement being attributed to random chance indicated that further analysis is needed.

Another indication taken from these results was that a two-step approach was required for Poor firms moving to a Star firm. It may be inferred that nonprofits should focus on growth until a point where efficiency must enter the strategic focus. It may also be inferred that nonprofits should consider efficiency in their growth related strategies allowing for the efficiency of a strategy to become the primary focus after a certain scale has been achieved. Efficiency firms had the highest probability of moving to Star, but the

path to an Efficiency firm was shown to be highly improbable. Equally daunting were the results showing that once becoming a Star firm, the probability of moving to either a Profit firm or a Poor firm were equal. Not only was Star firm status unlikely to be obtained for Poor or Growth firms, but also Star firm status was also likely to be lost.

A limitation of this study that will be explored in greater detail later was in regards to the data itself. Revenue reported on the IRS 990 form could be misleading. Within a single year, an organization may have received income that was not attributable to that specific year due to such issues as funding cycles or endowment plans. Thus, in many cases considering its total expenses for the year may better reflect the dimension of an organization's activities. This is an area of opportunity for future analysis that may provide better insight into the true growth of these nonprofits.

4.8 Implications for Sustainable Contributive Advantage

The initial results display similarities and differences when compared to the results of similar studies conducted with for-profit firms (Davidsson, Steffens, Fitzsimmons, 2009; Brännback, *et al.*, 2009; Kiviluoto, 2011) indicating that differences may exist between successful strategies for social ventures and successful strategies for commercial ventures. These results help to confirm the growing argument that the applications of findings from research on commercial ventures may not be appropriate to apply directly to social ventures (Eckhardt and Shane, 2003; Dorado 2006). The results indicate that this is indeed the case with nonprofit firms in this particular sector.

In the model for sustainable contributive advantage (SConA), abilities to scale resource conditions contribute directly to a venture's ex-ante limits to competition (prior to performance) and can be demonstrated by decreasing costs and increasing capacity. Limits to scarcity contribute directly to a venture's ex post limits to competition (after performance) and can be demonstrated by increasing revenue and increasing efficiency. Decreasing costs and increasing capacity resulted in a phenomenon known in the commercial venture literature as growth. Similarly, increasing revenue and increasing efficiency resulted in a phenomenon known in the commercial venture literature as profit. While these nonprofit metrics were not exactly similar to their commercial venture counterparts, they represent this first exploratory attempt at and empirical examination of SConA.

SConA combines the essence of social value creation and social value capture with the ability to compete and remain sustainable. SConA builds on Peteraf's (1993) four cornerstones of entrepreneurship: heterogeneity of resources, perfectly immobile resources, ex post limits to competition and ex ante limits to competition. SConA connects two additional sets of conditions for resources in regard specifically to social enterprises: limits to scarcity (leading to ex post limits to competition) and ability to scale (leading to ex ante limits to competition). These additional conditions contribute directly to the translated measures of growth and profit in a social context.

The concept of growth in a nonprofit relates directly to their capacity to contribute (ability to scale). As the goal of a social venture is to create value, the concept of growth relates directly to the ability to create social value on a larger scale. Similarly, the concept of profit in a social venture relates directly to their efficiency of contribution (limits to scarcity). Profitability becomes the contributive efficiency of the firm in its ability to run and manage operations.

The results provide support the notion that for-profit and non-profit ventures must examine and develop their strategy in a similar fashion when it comes to maintaining resource advantages to remain sustainable. However, as previously stated, those advantages must then be leveraged in a way for commercial ventures to become *competitive*, while social ventures must remain *contributive*. It could be inferred that the primary challenge for social enterprises is the efficiency and revenue generation of their organization. In fact, being able to generate revenue and maintain efficiency is suggested to be of higher importance for social ventures than for commercial ventures. The results may also suggest that this is also the toughest challenge for social ventures.

The next phase of analysis is to examine various and differing metrics for growth and 'profit' in a social venture context in order to determine whether various types of performance indicators lead to overall impact for the venture. In attempting to observe factors surrounding ventures that have achieved sustainable competitive advantage, there are many types of resources that may contribute to it and many financial indicators that may be used as proxies for those resource conditions. Examining growth and profit-related measures as factors that might contribute to overall performance may give stronger insight and support to the concept of sustainable contributive advantage.

Admittedly, these are not exact measures of a social venture's effectiveness of fulfillment of social mission, but the growth and efficiency metrics give some indications as to the relative success of the venture. As with many strategic theories, including resource-based theory and sustainable competitive advantage, direct measurement is challenging (Barney and Clark, 2007) and only indications or effects of such a phenomenon can be observed. Similar to a factor analysis, the following study using Markov chain analysis will begin to tease out which factors drive other factors over time and if in fact these factors of growth and efficiency play a significant role in a venture's ability to remain sustainably contributive. Additionally, limitations and paths of future research for both studies will be reviewed.

5 Additional/Further Empirical Examination of Sustainable Contributive Advantage Using Five Constructs of Growth and 'Profit' of an Industry in the Nonprofit Sector

Similar to the methodology used in the previous exploratory analysis, this expanded analysis examines the concepts of growth and profit in the context of social ventures by using several variables that serve as proxies for "growth" and "efficiency" measures. The purpose of which is to explore their relationships and their contribution to the venture's overall performance. The exploratory analysis proved robust with a single construct tested. However, it is worthwhile to explore additional measures of financial performance in order to ascertain if similar measures of growth and efficiency show similar results. These measures have been expanded to include asset growth, fundraising efficiency, working capital, and program related financial results. As achieving SConA is dependent upon both achieving efficiency and scale, additional measures are needed to further explore SConA from an empirical standpoint.

This analysis expands the methodology to explore five additional constructs of 'profit' and growth. These constructs represent resource conditions (abilities to scale and limits to scarcity) required for sustainable contributive advantage. Specifically this analysis explores whether the variables contained within the constructs contribute to overall performance and therefore, provide support for the sustainable contributive model.

5.1 Overview

This analysis uses several variables to define and analyze the "growth" and "efficiency" measures within nonprofits in order to examine factors that may contribute to sustainable contributive advantage (SConA). The initial exploratory analysis utilized revenue growth (growth) and a ratio of revenue versus expenses (efficiency) as measures. These measures have been expanded to provide several different lenses for analysis such as asset growth, fundraising efficiency, working capital, program efficiency, program expenses, etc. As achieving SConA is comprised of many different contributing factors, scenarios were designed to examine to further explore SConA from an empirical standpoint.

The focus of this expanded analysis is not necessarily to compare results to similar studies conducted in commercial venture arenas, although the results of comparison are interesting to note. The analysis focuses on whether selecting different performance measures will produce similar and statistically significant results. The Markov chain analysis lends itself well to the exploration of sustainable contributive advantage in that it represents categorical movement over a period of four years and examines sustained performance above marginal contributors. As sustainable contributive advantage is demonstrated when a venture is able to consistently create more social value than the marginal contributor in its social problem area over time, Markov chain analysis will identify those superior firms.

5.2 Expanding Financial Indicators of Sustainable Contributive Advantage

As previously discussed, the economic flow within donative nonprofits creates a time lag in the transactional processes within the nonprofit business model. This time lag, as this study demonstrates, creates a state of high volatility and risk for donative nonprofits. The conversion process of a social rent to an economic rent requires additional steps in the nonprofit business model. The indicators of high levels of performance, as they relate to

the sustainable contributive advantage of donative nonprofits, becomes important in framing the discussion and methodology of the study at hand.

The financial variables that may be inferred as indicators of *limits to scarcity* are those variables that demonstrate the organization's level of efficiency in creating social value and thereby, social rents. Evidence of this efficiency is also demonstrated in the efficiency of the organization in converting social rents, as external parties recognize the contributive advantage the organization has in their specific area of social impact.

The financial variables that may be inferred as indicators of *abilities to scale* are those that demonstrate the capacity of the organization to create social value. While financial variables do not directly measure the capacity of an organization to create social value, an inference can be made from some of the variables. A combination of revenue growth, program expense growth, and working capital are variables relating to the capacity of an organization to create social value.

While financial variables do not directly measure the social value, social impact or social rents of an organization; an inference can be made from financial variables. A combination of program, administrative, and fundraising expenses indicate the efficiency of an organization in their value creation and value capturing process. Fundraising efficiency indicates the organization's ability to convert social value. For some donors and grantors, the levels of expenses may indeed be a motivating factor for support. These relationships and levels of trust between the parties and the organizations contribute directly to the organization's ability to increase their revenue. This revenue increase is expected to be over and above other competing organizations that may be competing for the same dollar.

In the previous exploratory analysis, metrics of revenue growth and overall efficiency were examined. Results indicated that revenue growth and overall efficiency were significant in indicating which firms were able to demonstrate consistent, above-average performance over time. The next step in this analysis is two-fold. The first is to ascertain whether a combined group of financial metrics, or composite measures, will also show significant and similar results. The second is to examine selections of financial indicators within the composite score separately.

Because no universal growth indicator dominates firm growth research (Delmar, Davidsson, and Gartner (2006), some scholars suggest the use of composite measures in order to use multiple indicators (Davidsson, 1989). Other scholars advocate the use of multiple growth measures analyzed by the same tool (Delmar, 1997). "The use of multiple measures of firm growth would likely provide a more complete picture of any empirical relationships as well as provide a way to test the robustness of any theoretical model" (Delmar, Davidsson, and Gartner, 2006, 185).

The analysis that follows satisfies both single-measure and composite measure suggestions for growth analysis. Additionally, due to the lack of consensus on how efficiency-related measures can be universally applied to nonprofit organizations (Mook, Richmond, and Quarter, 2003), various efficiency measures were also analyzed. Justification for this approach as well as expectations of results will be explained in detail.

5.3 Data and Method

It is worth repeating that in research on commercial venture success measures were modeled using the independent variables of growth and profit to evaluate the nature of high performing ventures, i.e., those ventures that reach the desirable state of high growth and high profitability. By contrast, social ventures, such as the nonprofits contained in this data set, do not report the same comparable profitability measures due to regulatory limitations. Therefore, in this analysis, it was necessary to construct scenarios that contain variables expressing profit from internal measures that alternatively measure firm efficiency. In this resource-based context then, efficiency of a social venture is a comparable desired success criteria as profitability is of the commercial venture.

The data set compiled for the exploratory analysis as well as the method of analysis used will be utilized in this analysis (see Chapter 4 for a review). As social ventures have the added need to provide social value, this study explored several different measures of financial health as variables in exploring the relationship between growth and efficiency. As it relates to those measures that correlate with the concept of growth within the 990 Form, revenue is separated into thirteen different types (e.g., contributions, fees for services, membership dues). Additionally, within the 990 Form, expenses are separated into three categories: program, management and fundraising expenses that can be used to develop approximations of profit measures.

5.3.1 Composite Score Analysis

As demonstrated in the previous exploratory analysis, using financial indicators within Markov chain analysis helps to ascertain whether these factors do in fact, have a role in the overall movement of the organization's state of status (Star, Growth, Efficiency, Star). The compiling of these measures into a composite measure in line with *limits to scarcity* and *abilities to scale* help to magnify the expected effect of these factors on the organization's movement.

While some of the underlying causes of firm growth are assumed to be the same, there are many situational and idiosyncratic factors, which cannot be included in research models (Delmar, Davidsson, and Gartner, 2006). A multiple-indicator, or composite measure "can help to capture this variety of responses to common, underlying causes of growth (Delmar, Davidsson, and Gartner, 2006, 185).

The composite measures used in this analysis were based on a leading charity-rating organization's rating methodology (this organization has requested to remain anonymous in this research). The rating system is based on two aspects of a nonprofit's financial health: efficiency and capacity. These will be described in detail. Additionally, spreadsheets detailing the calculations behind each measure are included in Appendices B-F.

5.3.1.1 Efficiency Composite Performance Measure

The composite efficiency performance measure was constructed using four financial performance metrics:

- Program Expenses: To evaluate a nonprofit's program expenses, the actual program expenses were divided by the nonprofit's total functional expenses in order to calculate the percentage of funds spent directly on programs. For example, Charity X spends $1.5M on program expenses and $2.5M represents their total functional expenses. The program expense performance metric would be 60%. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.
- Administrative Expenses: To evaluate a nonprofit's administrative expenses, the actual administrative expenses were divided by the nonprofit's total functional expenses in order to calculate the percentage of funds spent on administration. For example, Nonprofit X spends $600K on program expenses and $2.5M represents their total functional expenses. The administrative expense performance metric would be 24%. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.
- Fundraising Expenses: To evaluate a nonprofit's fundraising expenses, the actual fundraising expenses were divided by the nonprofit's total functional expenses in order to calculate the percentage of funds spent on fundraising. For example, Nonprofit A spends $750K on fundraising expenses and $2.5M represents their total functional expenses. The fundraising expense performance metric would be 28%. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.
- Fundraising Efficiency: To evaluate a nonprofit's fundraising efficiency, the goal is to determine how much the nonprofit spends in order to generate $1 in charitable contributions. In order to determine it, divide a nonprofit's fundraising expense total by the annual total contributions. For example, Nonprofit X, with fundraising expenses of $750K and total contributions of $2M, has a fundraising efficiency of $0.375, indicating that it spends 37.5¢ in raising $1. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.

5.3.1.2 Efficiency Composite Score

In order to calculate the overall efficiency composite score, the four scores described above were added together in order to create a score between 0 and 40.

5.3.1.3 Efficiency Composite Rating

In order to calculate an overall efficiency rating, the scores were divided into five numerical categories between 0 and 5, when compared to each other within the data set. The ratings were assigned with 0 being the lowest rating and 5 being the highest rating.

5.3.1.4 Capacity Composite Performance Measure

The composite capacity performance measure was constructed using three financial performance metrics:

- Primary Revenue Growth: Growth in this metric represents the nonprofit's overall increase in their primary revenue, which includes all contributions the nonprofit receives. Annual growth of primary revenue over its four most recent fiscal years was analyzed using the standard formula for computing annualized growth. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.
- Program Expenses Growth: Growth in this metric represents the nonprofit's overall increase in the amount spent directly on programs. Annual growth of program expenses over its four most recent fiscal years were analyzed using the standard formula for computing annualized growth. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.
- Working Capital Ratio: The nonprofit's working capital ratio was computed by analyzing how long it could sustain its current operations without the generation of any new revenue. To obtain this ratio, a nonprofit's working capital was divided by its total expenses. For example, Nonprofit X reported $6M in working capital and its total expenses were $3M. Nonprofit A, therefore, was assigned a working capital ratio of 2 years. This metric was then compared to the industry average and assigned a numerical score between 0 and 10.

5.3.1.5 Capacity Composite Score

In order to calculate the overall capacity composite score, the three scores described above were added together in order to create a score between 0 and 30.

5.3.1.6 Capacity Composite Rating

In order to calculate an overall capacity rating, the scores were divided into five numerical categories between 0 and 5, when compared to each other within the data set. The ratings were assigned with 0 being the lowest rating and 5 being the highest rating.

Each of these measures were used to create two scenarios for analysis which are described below.

Scenario 1: Composite Growth Capacity Score versus Composite Efficiency Score
In order to capture a greater contribution of the factors within a nonprofit that may contribute to growth or efficiency a composite model employing both social value capture and economic value measures was analyzed. McKelvie and Wiklund (2010) advocate the use of hybrid models of various contributing modes of growth to enhance the understanding of theoretical underpinnings of growth as it applies to venture success. Two composite measures were created (described previously).

Organizational capacity was determined on a 0-30 scale (following the scoring system of the charity watchdog organization described previously) and represents a combination measure of primary revenue growth, program expenses growth, and working capital ratio. It serves as the growth measure, similarly used in Brännback, *et al.* (2009). Organizational efficiency was determined on a 0-40 scale (following the scoring system of the charity watchdog organization described previously) and represents a combination measure of

program expenses, administrative expenses, fundraising expenses, and fundraising efficiency. It serves as the profitability measure similarly used in Davidson, Steffens, and Fitzsimmons (2009) and Brännback, *et al.* (2009).

Scenario 2: Composite Growth Capacity Rating versus Composite Efficiency Rating - Categories

The growth variable was formed as a scaled combination measure of both economic and social value creation consisting of revenue growth, program expenses growth (evidence of social services growth), and working capital ratio. The efficiency variable was formed as a scaled combination measure of program expenses, administrative expenses, fundraising expenses and fundraising efficiency. The numerical data from Scenario 1 was converted to performance categories corresponding to a 0 to 4 rating based on a quintile split. It was also cross-referenced with the ratings used by the charity watchdog organization's ratings. It is not a pure quintile, but rather a quartile over a minimum value, which is the fifth. In other words, according to the leading nonprofit rating firm mentioned earlier, a score under a certain value is a non-functioning organization. For the capacity variable, this minimum is 2.5 and for the efficiency variable, it is 22.5. Therefore, instead of a median value, this coding procedure involved 0-2 ratings as below and 3-4 ratings as above.

It is expected that both composite measures representing growth (capacity) and efficiency will be significant in regards to the probability of moving a firm towards 'Star.' As in for-profit studies (Brännback, *et al.*, 2009; Davidsson, Steffens, Fitzsimmons, 2009) measures of growth and profit were significant in regards to the probability of moving a firm towards 'Star.' In line with Resource-Based Theory, Davidsson, Steffens, and Fitzsimmons (2009) define a 'Star' firm as one that has been able to establish a resource-based advantage to create superior value for their customers (Peteraf and Barney, 2003; Sirmon, Hitt, and Irand, 2007). In other words, 'Star' firms are those firms that have sustainable competitive advantage (Davidsson, Steffens, and Fitzsimmons, 2009).

In regards to nonprofit firms, the measures used in the analysis act as equivalents to for-profit measures used in similar studies (i.e. EBIT, Sales Growth, Employee Growth). These equivalent measures have been constructed around the two additional resource conditions in the sustainable contributive advantage model: *limits to scarcity (efficiency)* and *abilities to scale (capacity)*. Therefore, if the results of the composite measures show significant predictive power in a firm's ability to achieve consistent, above average performance, there is evidence for the model of *sustainable contributive advantage.* Therefore, the following hypotheses were developed:

H1: Both the Capacity Composite Score and the Efficiency Composite Score (Scenario 1) will be significant in their predictive power of a firm moving towards "Star."

H2: Both the Capacity Composite Rating and the Efficiency Composite Rating (Scenario 2) will be significant in their predictive power of a firm moving towards "Star."

Beyond composite measures, which are used mainly in the industry by charity watchdog agencies, it is worth 'unpacking' these scenarios into their individual variables in order to ascertain the robustness of the composite measure results. For example, if a particular financial measure does not show significant predictive power in overall firm movement towards 'Star,' the makes up of the composite measures may need to be revisited.

5.3.2 Additional Financial Metrics

In order to explore the data from numerous perspectives, the composite scores and scales were analyzed. However, four additional analyses (described below), referred to as scenarios from this point on, were developed in order to tease out the various combinations of growth and efficiency in order to determine if there were any specific or variables that did or did not contribute to the results of the analyses of the composite scores and ratings analyses (Scenarios 1 and 2 described below). If *limits to scarcity (efficiency)* and *abilities to scale (capacity)* were contributors to sustainable contributive advantage, it was expected that when comparing composite measures of each that the results of the analysis would show movement and similar results to the exploratory study described previously.

Scenario 3: Total Revenue Growth vs. Fundraising Efficiency
In translating the variables to sustainable contributive advantage (SConA), fundraising efficiency represents the venture's strength and ability of converting social rent. Social rent conversion represents an essential part of the SConA model and the ease, speed, or agility at which an organization is able to convert social rents contributes greatly to their SConA. It is expected that both revenue growth and fundraising efficiency will contribute significantly to the overall firm movement towards 'Star.'

One of the strategies employed by nonprofits to communicate to the public their own assessment of success is through fundraising efficiency (Keating and Frumkin, 2003). As nonprofits spend money to raise money, fundraising efficiency is calculated by dividing fundraising expenses by the total contributions received. In other words, fundraising efficiency is a measure of how much a nonprofit spends to generate $1 in charitable revenue. In order to evaluate the strategic power of this approach, fundraising efficiency was placed as the 'profit' variable. The sum of all reported sources of revenue on the 990 Form were used as total revenue for the growth measure.

H3: Both Total Revenue Growth and Fundraising Efficiency (Scenario 3) will be significant in their predictive power of a firm moving towards "Star."

Scenario 4: Total Revenue Growth vs. Program Services Profitability
As nonprofits also generate revenue from sales transactions in order to diversify their revenue streams, it makes sense to analyze the financial metrics associated with their program services revenue (also known as earned income). In the case of this particular set of nonprofits functioning in the animal welfare industry, their program service revenue consists of variations of adoption fees, spay and neuter services, pet cemeteries, etc. However, not all of the nonprofits in this dataset reported program service revenue, only 114 of the 147 reported program service revenue on their 990 forms and therefore only 114 were analyzed. The 'profit' measure was calculated by dividing total revenue by administrative and program expenses only. The sum of all reported sources of revenue on the 990 Form were used as total revenue for the growth measure.

In translating the variables to sustainable contributive advantage (SConA), program efficiency represents the nonprofit's efficiency in creating social value. The efficiency of creating social value largely depends on the venture's resources and processes dedicated to abilities to scale and limits to scarcity. It speaks directly to the venture's ability to perform when demand is high, while also being able to hold limited liabilities during times of low

demand. Therefore, in order for an organization to grow in terms of revenue, it must first be very efficient in creating social value. If the processes and resources are not in place to create efficient social value and a large influx of resources come into the organization (perhaps through a grant or bequest), the organization will tend to dedicate the new resources to the process without considering how those resources will be replaced (through revenue) and ultimately become resource poor.

H4: Both Total Revenue Growth and Program Services Profitability (Scenario 4) will be significant in their predictive power of a firm moving towards "Star."

Scenario 5: Total Asset Growth vs. Total Efficiency Ratio
The growth of total assets from one year to the next reported on the 990 Form was used for the growth measure. The 'profit' measure was calculated by dividing total revenue by total expenses for the corresponding year. While dividing total revenue by total expenses does not reflect the true 'profit' or effectiveness of the organization, it does provide a baseline comparison across the organizations for determining the efficiency of their operations and ability to leverage resources. For purposes of clarity, the profit measure was renamed 'efficiency.'

In terms of SConA, asset growth is indicative of capacity building and also could be indicative of resources dedicated to *abilities to scale*, although it could also represent a building of liquid assets for purposes of building capacity at a later date (i.e. capital campaign). As overall assets could be a diverse collection of assets, this particular scenario should be considered with caution.

H5: Both Total Asset Growth and Total Efficiency Ratio (Scenario 5) will be significant in their predictive power of a firm moving towards "Star."

5.4 Analysis

Markov chain analysis is an ideal methodological approach to view the behavior of the presence of these success sub-populations within the data set for these donative nonprofits. The robustness of the Markov chain analysis is in determining if these observed movements are due to the current state of the process influences where each venture goes next or if the movements are attributed to random chance (Hu and Yue, 2008). The selection of each set of variable does not indicate a causal awareness by a venture's management to accomplish Star success but rather highlights how viewing venture movements to Star are indicative of these resource-minded processes. Therefore, the five defined scenarios can be viewed as comparable lenses by which to evaluate growth and efficiency (profitability).

A Markov chain analysis was used to estimate the transition probabilities between these states over a three-year period, following work that analyzed the relationship between growth and profitability in entrepreneurial economic ventures (Brännback, *et al.*, 2009). Markov models create probabilities in regard to transitions from one point in time to another. In order to estimate the transition probabilities, the observed transition path is first defined for each organization. As in the previously described exploratory study (see Chapter 4) there were four potential outcomes of {efficiency (e), growth (g)}: {Low–Low (Poor), Low–High (Growth), High–Low (Efficiency), High–High (Star)} for an

organization at time period t and – given a fixed outcome at t – again the same four potential outcomes at time t + 1.

5.5 Results

A summary of the Markov chain analysis statistics is presented in Table 5 along with whether each hypothesis was supported. The critical values for the Chi Square test, based on 48 degrees of freedom, were 65.17, (.05) 60.90 (.10), 55.99 (.20), and 52.62 (.30). Given the heterogeneity of the sample and nature of the secondary data, a probability level of .30 indicates that the movement of the firms was not due to random chance. The number of firms in each scenario is different due to the 990 financial data available in four consecutive years. The exception is Scenario 4, where only 114 out of 150 reported program service revenue.

Table 5
Hypothesis Related Results for Five Scenarios

Sc.	Description	N	Chi Square	Probability	Hypothesis	Supported
Sc. 1	Comp. Capacity vs. Comp. Efficiency (Scores)	150	52.81	.29	H1	YES
Sc. 2	Comp. Capacity vs. Comp. Efficiency (Categories)	150	60.72	.10	H2	YES
Sc. 3	Revenue Growth vs. Fundraising Efficiency	147	57.03	.18	H3	YES
Sc. 4	Revenue Growth vs. Program Services Profitability	114	29.14	.98	H4	NO
Sc. 5	Total Asset Growth vs. Total Efficiency Ratio	147	48.04	.42	H5	YES

5.5.1 Results for Scenarios 1 and 2

Scenario 2 demonstrated the highest Chi Square and the lowest probability level for randomness, which indicates that both H1 and H2 were supported. Both H1 and H2 are supported as Scenario 2 was constructed from the data in Scenario 1. The significance level of the Likelihood and Chi Square statistic indicated that a category a particular venture is found in a particular time step is clearly not random and is strongest for two composite variable models, Scenario 2, which was expected. It is not surprising that Scenario 2 showed stronger ability to predict movement towards 'Star' as the quartiles were pre-determined in the data, which lends well to Markov chain analysis. As Markov analysis predicts the movement between discrete buckets and determines state-to-state predictions, one category to another, the pairing of the four categories within the data lends well to the analysis process and more robust results can be expected.

5.5.2 Scenario 3 – Revenue Growth vs. Fundraising Efficiency

Scenario 3 demonstrated a high Chi Square and a low probability for randomness, which indicates that H3 was supported. This result was highly encouraging towards supporting the model for sustainable contributive advantage. As there is no financial measure for the creation of social value, fundraising efficiency acts as a proxy for social value. Fundraising efficiency becomes a proxy because it indicates the external recognition of the creation of social value by its stakeholders. In other words, fundraising efficiency represents an indicator of the social rent conversion process for nonprofit organizations.

The strong results of this particular scenario indicate that the ability to convert social rents is a key factor in firms moving towards 'Star.'

5.5.3 Scenario 4 – Total Revenue Growth vs. Program Services Profitability

Scenario 4 demonstrated a low Chi Square and a high probability for randomness, which indicates that H4 was not supported. These results could be interpreted as an inappropriate match of data points. This is primarily due to the fact that Revenue Growth and Program Services Profitability are collinear in nature. In other words, as Program Services Profitability grows, so does Revenue Growth. Due to the nature of a Markov analysis, collinear data points will not produce significant results. While taking collinear data characteristics into consideration, the high randomness of movement may also be an indicator that profit derived from program services may not contribute to a nonprofit's overall success.

5.5.4 Scenario 5 – Total Asset Growth vs. Total Efficiency Ratio

Scenario 5 demonstrated a relatively high Chi Square and relatively low probability for randomness, which indicates that H5 was supported. This result was highly encouraging towards supporting sustainable contributive advantage in regards to the two factors of *abilities to scale* and *limits to scarcity.*

Those nonprofits that are ability to build their capacity to contribute (*abilities to scale)* can be identified through their continued growth in assets. A sufficient level of assets allows the nonprofit to grow organically in fulfilling their social mission without relying heavily on large outside funders. Reliance on outside funders, such as government entities or foundations, may require the nonprofit to adjust its mission somewhat in order to fulfill the stipulations of the granting entity (Carroll and Stater, 2008). This may lead to 'mission drift' where the nonprofit loses focus on its primary mission in order to meet the needs of stakeholders (Moore, 2000).

As the nonprofit builds its assets, it is equally important for the operation to remain efficient in it's financing of those operations, which is representative of their *limits to scarcity*. Those organizations that are able to succeed in capacity building while simultaneously remaining efficient move to 'Star' and are considered to have sustainable contributive advantage.

5.5.5 Transition Probability Results

While the results described above provide supporting evidence for sustainable contributive advantage, equally supporting of sustainable contributive advantage are the results within each scenario in regards to their movement between states. Results of the Markov chain analysis time homogeneous transitions from 2006-2008 are presented for the five data scenarios in Tables 6-10.

Table 6
Scenario 1: Composite Growth Capacity v. Composite Efficiency - Scores

Indicator t	**Indicator t+1**				
	STAR	**EFFICIENCY**	**GROWTH**	**POOR**	**TOTAL**
STAR (St. error)	0.778 (.048)	0.098 (.047)	0.098 (.010)	0.026 (.047)	1.000
EFFICIENCY	0.361 (.072)	0.389 (.072)	0.083 (.021)	0.167 (.055)	1.000
GROWTH	0.263 (.065)	0.013 (.021)	0.645 (.067)	0.079 (.072)	1.000
POOR	0.143 (.044)	0.143 (.014)	0.314 (.048)	0.400 (.047)	1.000

N = 150; degrees of freedom = 48; Likelihood Ratio = 54.936; Model Probability Level = 0.229; Pearson Chi Square (c^2) = 52.811; Probability = 0.294

Table 7
Scenario 2: Composite Growth Capacity v. Composite Efficiency – Ratings (Categories)

Indicator t	**Indicator t+1**				
	STAR	**EFFICIENCY**	**GROWTH**	**POOR**	**TOTAL**
STAR (St. error)	0.529 (.054)	0.230 (.045)	0.138 (.037)	0.103 (.033)	1.000
EFFICIENCY	0.246 (.053)	0.585 (.061)	0.015 (.015)	0.154 (.045)	1.000
GROWTH	0.190 (.049)	0.032 (.022)	0.540 (.063)	0.238 (.054)	1.000
POOR	0.118 (.035)	0.082 (.030)	0.235 (.046)	0.565 (.054)	1.000

N = 150; degrees of freedom = 48; Likelihood Ratio = 63.665; Model Probability Level = 0.064; Pearson Chi Square (c^2) = 60.720; Probability = 0.103

Table 8
Scenario 3: Total Revenue Growth v. Fundraising Efficiency

Indicator t	**Indicator t+1**				
	STAR	**EFFICIENCY**	**GROWTH**	**POOR**	**TOTAL**
STAR (St. error)	0.396 (.067)	0.453 (.068)	0.151 (.049)	0.000 (bounded)	1.000
EFFICIENCY	0.371 (.051)	0.303 (.049)	0.281 (048)	0.045 (.022)	1.000
GROWTH	0.043 (.021)	0.234 (.044)	0.309 (.048)	0.415 (.051)	1.000
POOR	0.017 (.017)	0.172 (.050)	0.431 (.065)	0.379 (.064)	1.000

N = 147; degrees of freedom = 48; Likelihood Ratio = 64.059; Model Probability Level = 0.060; Pearson Chi Square (c^2) = 57.029; Probability = 0.175

Table 9
Scenario 4: Total Revenue Growth v. Program Services Profitability

Indicator t	**Indicator t+1**				
	STAR	**EFFICIENCY**	**GROWTH**	**POOR**	**TOTAL**
STAR (St. error)	0.351 (.063)	0.632 (.064)	0.018 (.017)	0.000 (bounded)	1.000
EFFICIENCY	0.456 (.066)	0.368 (.064)	0.123 (043)	0.053 (.030)	1.000
GROWTH	0.053 (.030)	0.088 (.037)	0.368 (.064)	0.491 (.066)	1.000
POOR	0.035 (.024)	0.018 (.017)	0.596 (.065)	0.351 (.063)	1.000

N = 114; degrees of freedom = 48; Likelihood Ratio = 28.820; Model Probability Level = 0.987; Pearson Chi Square (c^2) = 29.140; Probability = 0.986

Table 10
Scenario 5: Total Asset Growth v. Total Efficiency Ratio

Indicator t	Indicator t+1				
	STAR	EFFICIENCY	GROWTH	POOR	TOTAL
STAR (St. error)	0.618 (.044)	0.122 (.030)	0.041 (.018)	0.220 (.037)	1.000
EFFICIENCY	0.458 (.102)	0.083 (.056)	0.000 (bounded)	0.458 (.102)	1.000
GROWTH	0.360 (.096)	0.040 (.039)	0.160 (.073)	0.440 (.099)	1.000
POOR	0.205 (.037)	0.057 (.021)	0.148 (.032)	0.590 (.045)	1.000

N = 147; degrees of freedom = 48; Likelihood Ratio = 51.241; Model Probability Level = 0.347; Pearson Chi Square (c^2) = 48.044; Probability = 0.417

Interestingly, nearly all five scenarios showed similar patterns to those observed for commercial ventures by both studies described previously (see Chapter 4) Davidsson, Steffens, and Fitzsimmons (2009) and Brännback, *et al.* (2009). In general, a venture in one category is most likely to stay in its category. This can be seen as the probability values in the diagonal of the Markov transition matrix. As Scenario 4 was not an adequate model, the results from Scenarios 1, 2, 3, and 5 will be reviewed.

5.5.5.1 Scenarios 1 and 2 – Path Results

As previously explained, Scenarios 1 and 2 are based on the same data, but Scenario 2 used the scores in Scenario 1 to create discrete buckets or categories. As a result, Scenario 2 provides data more suited to Markov Chain analysis. As expected, the results of Scenario 2 were more robust and will be used for the path results discussion.

The strongest results of the probability of movement between states in Scenario 2 were that the nonprofits were most likely to stay in their category (Star: 52.9%, Efficiency: 58.5%, Growth: 54%, Poor: 56.5%). In regards to the probability of nonprofits moving out of the Poor category, the strongest probable path was to Growth (23.5%). However, the strongest probable path out of the Growth category was back to Poor (23.8%). These results provide some indication that focusing on a growth-oriented strategy (or *abilities to scale* resources) without also incorporating an efficiency-oriented strategy (or *limits to scarcity* resources) may prove detrimental to the nonprofit's overall performance. The results provide support that both resource conditions in the model for sustainable contributive advantage are required.

5.5.5.2 Scenario 3

Most noticeably is the difference seen in Scenario 3 that reveals an 8x difference in movement to Star between an Efficiency oriented nonprofit (37.1%) and a Growth venture (4.3%). This large difference supports the logic of sustainable contributive advantage (SConA) as fundraising is a form of social rent conversion and when achieved, provides a path to enhanced contributive advantage enjoyed by a Star nonprofit. When viewed from the critical SConA need to manage fundraising efficiency, a Growth nonprofit has a 9x greater risk (41.5%) of slipping to a Poor nonprofit than an Efficiency nonprofit (4.5%). Thus, for nonprofits pursuing a Growth strategy, the path to either Star or Poor may be problematic, as also shown in the results for Scenario 2. Note that in Scenario 3 the Markov chain analysis returned a 0% probability of a Star nonprofit moving to a Poor

nonprofit. This result should be viewed with care as it indicates only within this particular sample population; there were no observed transitions of this type. This does not mean they are precluded from occurring, but given the significant n (147) of the model it is interesting to note this transition absence.

5.5.5.3 Scenario 5

Scenario 5 provides somewhat different results. In addition to Efficiency nonprofits being more likely to fall to Poor status than Growth nonprofits, Efficiency nonprofits also have an equal probability to reach Star status (45.8%). In Scenario, 5 Poor nonprofits show the strongest possibility of staying Poor ventures than in any other Scenario (59%). As this scenario analyzes only total asset growth and not revenue growth, this may be indicative of nonprofits simply storing their excess revenues and not pursuing any kind of growth strategy in order to move out of a Poor status position. When considering the results in Scenario 5 are based on assets versus efficiency, it demonstrates the challenging environment many nonprofits face. As shown in other Scenarios, the most probable path out of a Growth status is a Poor status (44%). If assets are growing and an organization is building its capacity (*abilities to scale*) without simultaneously managing its overall efficiency (*limits to scarcity*) the nonprofit has a high probability of falling to a Poor status. This may be indicative of a nonprofit focusing on building internal resources (buildings, land, vehicles, equipment) without either managing public perception or controlling costs.

5.6 Limitations of this Extended Analysis

The first limitation of this study focuses on the definition of growth in the social sector. While some indications of growth cross both profit and non-profit sectors (employees, locations, customers, etc.), some growth measurements are unique to the nonprofit sector. One example of such a measurement is program expense growth. If a nonprofit is growing its services to meet demand, it may indicate that a social problem is growing, rather than shrinking. If this is indeed the case, the effectiveness of the organization in achieving its social mission may come into question. Future research efforts would involve studying multiple industries in the nonprofit sector and examining whether the trends of movement are similar regardless of the state of growth for the social problem.

The heterogeneity of the sample can also be considered a limitation in this analysis, in particular with regards to the age and size of the nonprofits in the sample. Numerous studies have found that growth rates diminish with increasing size (Dunne and Hughes, 1996; Sutton, 1997; Wagner, 1992) and others have found that firm growth tends to also decline with the age of the firm (Barron, West, and Hannan, 1994; Sutton, 1997). The sample used in this study contained firms from 7-100+ years in age and sizes of revenue ranged from $500K to over $30M. While the robustness of the results indicate supporting results of SConA, future research efforts should separate the nonprofits by age and size in order to determine whether similar patterns exist. An additional area of future research in regards to the size of nonprofits would be to explore if certain growth strategies are more or less successful once a nonprofit reaches a certain size.

An additional limitation in this analysis is the source of the data itself. This analysis examined measures of efficiency (fundraising, program, overall) and used these measures as proxies for what is known as profit in the for-profit domain. In the public view of

nonprofits, efficiency indicates that that the majority of donations are going to the 'cause' and not to administration, overhead or fundraising expenses. Watchdog organizations such as Charity Navigator and Guidestar recommend that no more than 35% of total revenue be spent on administration and fundraising costs. The limitation of this analysis relates to examining only the financial metrics reported to the IRS, as there are no clear procedures for classifying expenses and no two nonprofits report their expenses in the same way (Keating and Frumkin, 2001). This limitation of the empirical work leads to the need to explore these organizations in more detail from a qualitative standpoint.

At the time of this writing and to the best of the author's knowledge, this is the first economic and strategy-related quantitative study that has focused specifically on animal welfare organizations. The specific nature of the animal welfare industry lends well to the examination of economics and strategy and there remains a rich ground for future research in this particular sector. Unlike some missions of nonprofit organizations that are difficult to quantify impacts and outcomes, missions such as education, health, religion and certain social services, the animal welfare industry has developed specific metrics for impact related to the number of animals' lived saved and/or spayed and neutered. While this lends well to analysis, as RBT suggests studies on ventures remain within in a single industry (Barney and Clark, 2007), the results of this study may be limited and unique to this particular sector.

As Markov chain analysis alone does not take into account any causality of movement, just the movement itself, a further inquiry is needed in order to make actual observations about the environment and resources surrounding these nonprofit organizations. Future research efforts should take a qualitative approach in order to examine how the leaders of nonprofits view efficiency and growth within the context of their organization, especially in regard to certain resources. As these empirical examinations lead to indicators of SConA, the next step would be to delve deeper into these nonprofit organizations in order to ascertain if indicators of SConA exist and if leaders of organizations are in fact, aware of theme. The exploration of leaders' strategies as it applies to different resources may lead to the extrapolation of both successful and unsuccessful strategies, in line with both resource-based theory and SConA.

Future research efforts should also include stakeholders outside the organization. In looking at existing research, most of the focus on the private funding of the nonprofit sector has tended to be on donor motivations (Frumkin and Kim, 2000). Frumkin and Kim (2000) present the question of what determines the fundraising success of nonprofit. Their study of 2,359 nonprofits across numerous industries found that those organizations that spend more marketing themselves to the donating public do better at raising contributed income. Additionally, Frumkin and Kim (2000) found that those nonprofits reporting more efficient ratios fared no better over time than less efficient appearing organizations. Implications of the results from Frumkin and Kim (2000) study may indicate that financial metrics related to efficiency may not contribute significantly to the conversion of social rent. Future research efforts should look outside the organization in order to determine additional mechanisms at play in the ease of social rent conversion.

5.7 Discussion of Extended Analysis Results

As all but one of the scenarios constructed in this expanded analysis demonstrate that they contribute to overall venture performance, it is highly encouraging in terms of indications of sustainable contributive advantage (SCona). As with many strategy-related theories, including resource-based theory and sustainable competitive advantage, direct measurement is challenging (Barney and Clark, 2007) and only indications or effects of such a phenomenon can be observed. While SConA cannot be directly observed, indications of SConA can be observed and a more qualitative approach would be needed in order to ascertain possible causes or processes leading to SConA. A key point of SConA is the venture's ability to have an advantage over time. As this analysis examined a four-year time period the results are encouraging in that each of the scenarios showed significance over multiple time periods.

While not the focus of this study, it is worth noting that all of the hypotheses from the exploratory study were supported in the scenarios constructed for the expanded study. From the context of a resource-based advantage, Davidsson, Steffens, and Fitzsimmons (2009) forwarded that Profit (Efficiency) ventures would have the edge in underlying competitive advantage over Growth ventures. Davidsson, Steffens, and Fitzsimmons (2009) attributed this to the resource sparing behavior of Profit ventures and posited that Growth ventures are relatively unlikely to build resource advantages in achieving superior performance. The results of this study concurred with the results of Davidsson, Steffens, and Fitzsimmons (2009) in that Efficiency nonprofits were more likely to be resilient to economic distress than Growth nonprofits. Additionally, Efficiency nonprofits were less likely to fall to a Poor status due to their resource acquiring behavior.

Due to the additional requirements of SConA, any nonprofit that finds itself in the Poor category may be tempted to employ a rapid growth scenario in order to rapidly capture more social value than other competitors in their category. This resource consuming process is doubly tempting to the nonprofit because the lag of social rent conversion that is delayed to the next fundraising cycle is promoted by the need to appear contributive in addressing the social need as a desirable outcome rather than efficiency. However, the results of this study provide caution to nonprofits in using this strategy.

As the results of this study indicate, when a nonprofit is in a state of growth, perhaps through the receipt of a large influx of money from a grant or donor, they then need to quickly achieve a state of profitability in order to remain sustainable. If a nonprofit expands its capacity using the influx of resources, it must also then quickly replace their resources with new resources (i.e. revenue). The unfortunate reality is that many nonprofit managers respond to an increase in income with an equal increase in social value creation efforts. The results of this study lend support towards the notion that nonprofits should focus on the efficiency or profitability of their social value creation efforts simultaneously, if not first and foremost.

This study provides encouragement that resources directed towards *limits to scarcity*, (resources that allow a venture to keep scarce resources away from others) and *abilities to scale* (resources that allow the venture to grow its capacity to create social value) contribute significantly to overall performance. While the conditions are highly linked, a nonprofit cannot grow sustainably without efficiency and a nonprofit cannot differentiate itself without growing to meet demands.

6 Discussion and Conclusion

This thesis attempts to fill gaps in both a theoretical basis and an operational and strategic understanding in the areas of social ventures, social entrepreneurship and nonprofit business models. This thesis also attempts to bridge the gap in economic theory and strategy between commercial and social ventures. More specifically, this thesis explores sustainable competitive advantage from a resource-based theory basis and explores how it may be applied to the non-economic market environment of nonprofit organizations and social ventures. From these known frameworks, a new model was proposed that a social value-orientation of sustainable competitive advantage, called sustainable contributive advantage, provides a more realistic depiction of what is necessary in order for a social venture to perform better than its competitors over time. What follows is a discussion of the theoretical contributions as well as the research questions posed in this study. The discussion concludes with implications for the nonprofit industry derived from the results of the study as well as future research paths that should be taken in order to further explore and develop the theory of sustainable contributive advantage.

6.1 Theoretical Contributions

This thesis examined the existing theory of RBT and several concepts in economics within the context of social ventures. A new model and new concepts were developed, based on existing models and concepts, and were explored and tested within a social venture context. This model, called sustainable contributive advantage (SConA), proposed an explanation of a social venture's ability to demonstrate consistently superior performance. This model included the new concepts of limits to scarcity, abilities to scale, and social rent. Limits to scarcity and abilities to scale were presented as resource conditions that were required for consistently superior performance by a social venture. Social rent, based on the existing concept of economic rent, was explored as mechanism that functioned within the SConA model.

The theoretical contributions provided in this thesis fill several gaps in economic, strategy, entrepreneurship, and social venture related fields of research. As this thesis borrowed from and built upon existing theory in each of these fields, the theoretical contribution contributes to each field as well. What makes these contributions particularly unique is the simultaneous use of concepts from each of these fields in constructing SConA.

From an economic standpoint, it was previously reviewed that the standard, profit-driven economic model does not apply well to the distinctive nonmarket environment of nonprofit organizations (Helmig, Jegers, and Lapsley, 2004). There are several reasons for this disconnection, which were reviewed in detail (see Section 2.2.2). These reasons included the nondistribution constraint, the source of revenues nonprofits received as being other than customers, and the value created by nonprofits as being beyond financial value. Due to these factors, nonprofits could not be analyzed from the same starting point as for-profits (Steinberg, 2006). However, this study demonstrated that concepts based in economic theory were applicable if adjustments were made and new concepts introduced.

Ventures, both social and commercial in nature, produce several outputs such as products, services, assets, failure, loss, benefit and value (Morris, Lewis, and Sexton, 1994). The resources within a venture, whether the venture be socially oriented or not, serve its purpose similarly regardless of the context; resources are used to turn inputs into outputs.

It can be assumed that all ventures work to increase the efficiency of its processes. This process was described in this study as the process of creating and capturing value. As the essence of a social mission is to provide services to those who cannot pay, the economic process was demonstrated as distorted in social ventures, in particular.

Utilizing the concept of social rent, an economic view of creating and capturing social value became a logical economic discussion within the social venture framework. The study demonstrated that resources contributing to the process of social value creation and capture must be considered separately from those resources contributing to the process of economic value creation and capture. While the end result of social value capture is economic value, social rent was shown as the bridge within a distorted economic process. The social rent was shown as "illiquid" until resources were used to convert the social rent into some economic form. The social rent must be "priced" and converted. This concept was demonstrated as a mechanism within the overall sustainable contributive advantage model.

From a strategy related perspective, this concept of social rent provided a critical operational link to the model of SConA that allowed the model to work. It represented the conversion process of resources that were strictly social in nature to be converted into those that were economic. The model for sustainable contributive advantage (SConA) also included the concept of sustainable competitive advantage (SCA). It was proposed that commercial ventures are required to remain competitive, but social ventures are required to remain contributive. Using the established Peteraf (1993) model for SCA, the additional resource conditions required for SConA allowed concepts from strategy, specifically within the realm of RBT, to be applied in a social realm. As with many strategic theories, including resource-based theory and sustainable competitive advantage, direct measurement is challenging (Barney and Clark, 2007) and only indications or effects of such a phenomenon can be observed.

This application of RBT to a social venture context has been attempted before (see Meyskens, Robb-Post, Stamp, Carsrud, Reynold, 2010). However, this study limited itself to identifying correlated relationships among resource conditions and failed to connect these relationships to overall venture performance. The study presented here accomplished the connection of resource conditions and identified which conditions significantly contributed to overall venture performance.

This study examined several individual economic factors and a dimension-less index as independent variables to test this new proposed model for SConA. The choice of these independent variables were posited to reveal if the additional resource conditions of abilities to scale and limits to scarcity contribute to dependent measures of overall, above-average and consistent performance. These independent variables were all found to provide various levels of support to the model and suggested that the addition of SConA to the foundational frameworks of resource-based theory has validity as an appropriate way to view resource strategy in a non-profit environment. This support is important to the overall theoretical framework of resource-base theory as SConA was derived as a purely economic model that included a strategy that may or may not lead to direct economic returns; i.e. social value creation. Thus, the development of SConA developed in this study contributes to the field and helps to expand the useful domain that resource-based theory can be applied.

The model for SConA also contributed to the field of entrepreneurship research as the model provides a path for both researchers and social entrepreneurs to consider their resource conditions from an overall framework. The goal of the social entrepreneur or venture would be to form an economic transaction by which operational processes are created and put in place. These processes, when considered using an SConA framework, facilitate and promote the gathering of economic resources in a way that increases the ability of the entrepreneur to predict its income and thereby, run more effective operations. The SConA model also promotes a continuous cycling of value capture and value creation in a sustainable way. The SConA model suggests that internal operations should allow for the organization to capture more value than it is creating in order for the venture to achieve at least marginal growth when compared to competitors.

Although the research agenda regarding social ventures has expanded significantly over the last decade, the theoretical challenges remain quite severe and no single theory has come to dominate the field (Anheier and Salamon, 2006). This study presented a model that encompassed the resource-based challenges of social ventures when pursuing a social and economic strategy. In viewing the SConA model, social and commercial ventures were shown to be more similar than different in their management of resources, as shown in the Markov Chain analyses comparisons to similar for-profit studies. However, it was also found that the more focused a venture's strategy becomes on the creation of social value, the more critical the conditions of SConA and the social rent process become.

This thesis also provided an understanding about the resource conditions surrounding the consistently superior performance of a social venture. The development of the SConA model began with broad questions but the model and the new concepts were developed in such a way as to be empirically tested. The results of the empirical tests provided strong support for the model for sustainable contributive advantage however; further testing suggestions will be developed along with possible paths for determining the predictive power of the model.

6.2 Research Questions

When the thesis was introduced (see Chapter 1) three research questions were posed as the focus of the thesis. Each of these three research questions will be reviewed.

1. Can (and should) resource-based theory be applied to social ventures?

The results of the thesis found that resource-based theory (RBT) can be applied to social ventures; however, adjustments to the existing model of competitive advantage within resource-based theory are necessary. These adjustments are necessary due to the non-economic market environment in which social ventures operate. While social ventures deviate from the standard economic model of the firm, resource-based theory allows for examination of the internal resources of the nonprofit, as shown in this study.

In using RBT as a framework for this thesis, it was demonstrated that social and commercial ventures are not so distinct from each other, but are in fact similar in many of their challenges, decisions, and resource management. Social ventures must deal with the same challenges of competition that a commercial venture would. However, when an organization designs its value creating strategies around the creation of social value (rather than economic), it must then deal with an additional step in the value creating and

capturing process. As mentioned earlier, the differences between social and commercial ventures are on a continuum. At one end, the commercial venture deals strictly with competition-based economic and market forces. At the other end, the social venture deals with social value oriented forces that behave quite differently.

"It is generally acknowledged that nonprofits lack direct control over resource flows are in an especially resource-dependent position relative to other types of organizations" (Gronbjerg, 1991; Stone and Brush, 1996; Stone, Bigelow and Crittenden, 408). The unique resource-depending environment facing social ventures requires the consideration in the development of a new social venture-related model using RBT as a theory lens. This thesis provides support that a resource-based theory approach is indeed appropriate across the continuum of social and commercial ventures, but adjustments must be made.

2. Does sustainable competitive advantage exist for social ventures and what could an adjusted model, taking the nonmarket effects within the nonprofit sector into account, tell researchers about what is happening in and around social ventures?

Sustainable competitive advantage exists for social ventures, but it requires the consideration of the social venture's ability to contribute to its social mission and its ability to translate the impact on the venture's social mission into resources back to the venture. Social ventures must remain competitive and be in control of the four cornerstones of sustainable competitive advantage (Peteraf, 1997; see Chapter 3), but they must also account for the resource conditions that are directly related to the social mission and nonmarket/social environment.

The flow of resources to a social venture depends on the quality and relevance of their mission and the capacity to deliver value coupled with their ability to convince potential donors of the same (Keating and Frumpkin, 2001). This ability was presented in this study as 'social rent conversion.' Social rent enables researchers to view social ventures in a way that connects the venture's ability to create and capture value. It also provides a pathway towards examining the specific strategies a social venture may use to create social rents versus their strategy for converting social rents. In particular, it allows the examination of the whether the strategy considers these strategies separately in terms of the resources it allocates towards each process.

The more socially focused the venture is, the more critical social rent conversion becomes in order to maintain a leadership status in their industry. As economic conditions in the market go down, social and commercial ventures face somewhat opposite challenges. In poor economic conditions, social ventures typically face a higher demand for services and commercial ventures typically face a lower demand for services. A commercial venture is able to respond to economic change by choosing the strategy to lower prices and/or lowering expenses. A commercial venture is not expected to lower prices to help the community they serve (although some may choose to do so as a strategy in line with social responsibility or to capture market share from competitors). A social venture, however, is typically expected to lower their prices (or continue serving for free) in the face of increased demand and increased costs. This nonmarket reality makes the social rent conversion process a critical addition to maintaining an advantage in their industry.

3. What does a sustainable competitive advantage model look like for social ventures?

The model for sustainable competitive advantage (SCA) is included *within* the model proposed in this study, which is sustainable contributive advantage (SConA). While a social venture must achieve SCA, it must also achieve the two additional resource conditions of *abilities to scale* and *limits to scarcity*. These two additional conditions create the model of sustainable contributive advantage. A venture has sustainable contributive advantage (SConA) if it is able to *consistently* create more social value than the marginal *contributor* in its social problem area. A social venture is not simply judged on the funding sources they retain (although that may be an indicator of SConA), they are judged primarily on their ability to contribute to the solution of a social problem.

This thesis developed and empirically tested the model for sustainable contributive advantage. As the concept of social rent and social conversion build on top of existing economic theories, SConA also builds on existing strategy theory in order to provide recommendations and action plans for nonprofits to consider.

The empirical examination and exploration of SConA employed the use of Markov chain analysis. The Markov chain analysis lends itself well to the exploration of sustainable contributive advantage in that it represents categorical movement over a period of four years and examines relative performance compared to the marginal contributor. Sustainable contributive advantage is defined as a venture that is able to *consistently* create more social value than the marginal contributor in its social problem area. The analysis of nearly 150 ventures over a four-year time period helped to target various performance measures that contribute to an organization's overall ability to achieve SConA.

In considering the data set used for analysis, the specific nature of the animal welfare industry lends well to the examination of economics and strategy due to the animal welfare industry's specific metrics for impact. While this lends well to the analysis process, as RBT suggests studies on ventures remain within in a single industry (Barney and Clark, 2007), the results of this thesis may be limited and unique to this particular sector. This will be further discussed in the future research paths.

6.3 Implications for the Nonprofit Industry from a Sustainable Contributive Advantage Framework

Most nonprofits are required to file the IRS 990 form on an annual basis. This reported information was used for the data in this study. Those not required to file are religious organizations and those nonprofits with less than $25,000 in annual revenue. The challenges facing nonprofits in regards to these forms are numerous, specifically in regards to how nonprofits categorize expenses. In response to stakeholder concerns surrounding efficiency, the field of nonprofit management has become pressured to tighten financial control and operations (Bryson, 1996; Kearns, 1996; Pappas, 1995; Letts, Ryan, and Grossman, 1999; Frumkin and Kim, 2000).

Commonly in the industry, similar nonprofits compete by touting a better efficiency ratio highlighting low administrative and fundraising costs (Frumkin and Kim, 2000). However, research has shown that many nonprofits lack the tools or knowledge to correctly report their cost types and little practical guidance exists (Wilson, Hay and Kattelus, 1999). The IRS only has a small enforcement office that has struggled to keep up with the explosive growth of nonprofits (Gaul and Borowski, 1993; Greene and Williams, 1995). As previously described as a limitation of this study, the reported

financial measures and the pressure to report highly efficient numbers has effects on research efforts as well as on the industry itself.

As nonprofits position themselves as leaner and more efficient, there are growing concerns about the effects of the 'less is more' approach to nonprofit management. A dominant challenge facing nonprofits is the need to move from amateur administration to professional management and is particularly significant in areas of fundraising (Helmig, Jegers, and Lapsley, 2004). Capacity building and transactional engine building, key requirements for SConA, can occur simultaneously. However, many nonprofits chose not to engage in both simultaneously, either due to the high probability of public retribution or a simple lack of business skills by the nonprofit leaders.

This lack of business skills is somewhat due to a public policy flaw that discourages salaries that meet the market value of a similar position in the for-profit market. The median 2006 compensation for the leaders of the United States' largest nonprofits was $315,969, about *seven times less* than the $2.4M *median* salary for CEOs of the 500 largest United States companies (Pallotta, 2008). As a result, highly talented leaders often find themselves transitioning into the for-profit market as it is far less expensive for them earn seven times more money and simply donate that difference back to the charity of their choice (Pallotta, 2008).

The IRS penalizes nonprofits by demanding that training costs for staff members of nonprofit organizations fall under the administration line item for expenses. This challenge coupled with substantially lower salaries for those who work in nonprofits when compared to their for-profit counter parts (Pallotta, 2008) cripple the industry from both sides. Nonprofit organizations hesitate to educate and train their staff and the salary standards prevent nonprofits from bringing in qualified and professional staff. It was found from a sample of large and medium sized nonprofits in the United States that about one third of nonprofits do not employ staff with an accounting education (Froelich, Knoepfle, and Pollack, 2000, 245). If nonprofits are to succeed in meeting the demands of society where markets and governments fail, examining the issues of training and salary standards may be an area of future consideration by the industry.

An additional concern of growing attention is recent research that demonstrates that due to personal values and considerations, many individuals do not consider a nonprofit's financial condition and performance in making their contribution decisions (Keating and Frumpkin, 2001; Gordon and Khumawala, 1999). In fact, Keating and Frumpkin's (2001) study revealed that nonprofits with the most efficiency, as reported to the IRS, demonstrated no better success than those with less efficiency. Further, they found nonprofits that spend more on fundraising or marketing tend to have more success at raising contributed income than those nonprofits that spend less. These findings support the model for sustainable contributive advantage (SConA) as one of the keys to SCA is the conversion of social rent. It encourages researchers to explore mechanisms relating to donor motivations in order to further explore nonprofits' processes to dedicating resources to the conversion process of social rent.

If nonprofits are to survive and grow, they need to be not only able to, but also encouraged to attract *as well as retain* more capital. Nonprofit managers are constantly pressured by stakeholders to increase the scope of their social impact. However, they should also be pressured to increase its profitability. Nonprofits, in general, are extremely under

capitalized and often struggle to provide such services (Calabrese, forthcoming). According to the Nonprofit Finance Fund, in 2009 over 60% of nonprofits in the United States lacked reserves in excess of three months of operating expenses (Calabrese, forthcoming).

If the nonprofit fails to replace its new revenue and simply expend every dollar as it comes in to expand capacity or programs or services without keeping profit in mind, they will find themselves unable to sustain operations. This result was also supported by the results in this study that demonstrated Growth ventures demonstrated a highly probable path to Poor status. This result may be due to the public view on nonprofit funding, from a policy standpoint as well as public opinion. When a dollar is donated to a cause, the donor largely expects that dollar to go to work towards the cause immediately, as demonstrated in the American Red Cross 9/11 example described previously.

Retained earnings and operating margins are, in a sense, frowned upon in the majority of nonprofits. However, nonprofits must invest in building transactional engines that bring in revenue in order to remain sustainable. Unfortunately, if the capacity for programs is expanded and they are not able to fill in the costs of those new programs with new revenue, they will not be able to sustain operations. As it relates to this study, results confirmed that the ability of a social venture to remain an Efficiency venture decreased the probability of reaching a Poor status.

The regulations, public perceptions, and watchdog recommendations implied on nonprofits are, in a sense, limiting the potential of the donative nonprofit model. Stakeholders must be educated on the true economic models driving nonprofit success (sustainable contributive advantage) and not only support, but also publically defend the strategic decisions to focus on profitability and retained earnings.

Future research in the framework presented here suggests examining the working capital and the fundraising efficiency ratios of a nonprofit to determine if they are truly a Star venture. As the working capital ratio indicates the ability to grow in the face of an economic downturn (abilities to scale) and the fundraising efficiency ratio would shed some light as to how effectively they are able to convert their social rents (limits to scarcity); it would be interesting to explore how these measures would be able to predict social venture performance.

6.4 Future Research Paths

Previous research has determined that executive directors of social ventures have a strong impact on the activities and strategies of the organization and stress the critical roles of executive directors (Heimovics, Herman, and Jurkiewicz, 1995). Additionally, the role of executive directors was found to be especially critical in terms of the implementation of strategy (Nutt, 1986, 1987, 1989). An exploration of how executive directors make strategic decisions from a qualitative standpoint would be a logical next step in the exploration of sustainable contributive advantage (SConA). It would additionally be worthwhile to explore whether social ventures with both donative and commercial business models considered the strategies separately or together in terms of the organization's resource allocation process.

In addition to executive directors, governance plays an important role in social ventures, particularly boards of directors (Coombes, Morris, Allen, and Webb, 2011) and there have been many studies surrounding the characteristics of board members, board activities, formal planning practices of board members, and the affect of boards on nonprofit performance (Cornforth, 2001; Brown, 2005; Callen, Klein, Tinkelman, 2010; Coombes, Morris, Allen, and Webb, 2011). In Fletcher's (1992) study, a survey of 318 nonprofit executive directors, found that one of the key characteristics executive directors considered in a good board member is participation in all strategic planning. The level of board involvement in strategic planning and its affect on the social venture's ability to maintain contributive advantage is an area worth exploring.

Previous research has shown the limitations of incremental budgeting (Behn, 1985; Elmer and Morrill, 2010) and yet, it remains the primary way many nonprofits set budgets every year due to its ease, political fairness to departments in organizations, and its appearance of being ethical (Behn, 1985). Incremental budgeting is the simplest method and takes the least intellectual effort to manage (Behn, 1985) and creates the least strife in the organization, as it becomes a routine process. Institutional theory has been used to explain many practices such as this in regards to nonprofits (Covaleski and Dirsmith, 1988; Christensen and Molin, 1995). The basic finding is that nonprofits tend to do things the way they do things because they have always done them that way.

However, as nonprofits take on more commercial activities and face increased competition, incremental budgeting procedures do not take market effects into account and may in fact, limit these organizations from opportunities to grow or bring in more revenue. "Organizations must be responsive to external demands and expectations in order to survive" (Helmig, Jegers, and Lapsley, 2004, 107), which would include their development of strategic plans and budgets.

Exploring how decisions regarding resources are made as it relates to SConA would shed light on the model's ability to guide strategy. Decisions could be targeted at either gaining from the economic market conditions (left-hand side of sustainable contributive advantage model) or gaining from the social market conditions (right-hand side of contributive advantage model). A dynamic budget procedure would allow the organization to consider which programs, departments, services or products are aligned closest to achieving the resource conditions required for sustainable contributive advantage and how to allocate existing resources into building those conditions (i.e. reputation, inimitability, culture, response to demand, social rent conversion).

Research in the area of social ventures purports that cooperative strategies are associated with financial stability as well as associated with increases in inter-organizational power (Stone, Bigelow, and Crittenden, 1999). Research has also shown that partnerships in the nonprofit sector are correlated with high levels of innovation (Meyskens, Robb-Post, Stamp, Carsrud, and Reynolds, 2010), however the effect of partnerships on long term superior performance was not explored in this thesis. Cooperative strategies of nonprofits are often involved with issues that cannot be solved by a single organization (Alter, 2006). Further research should explore how partnerships impact SConA, specifically in terms of the venture's ability to scale.

Future research efforts may also center on examining and comparing product or service offerings in commercial and social ventures during both good and bad economic

conditions. Examining whether the commercial strategies of nonprofit ventures experience the same supply and demand effects as their for-profit counterparts would be a study worth exploring. This thesis analyzed trends of financial reports between the years 2005 and 2008. The United States suffered a severe economic recession between late 2008 and 2010, which offers an opportunity to explore responses to these economic changes. Based on the research conducted in this thesis, it is posited that the effects would be different between both types of ventures even if they both employed a commercial strategy. Along that same line of research, it would be worthwhile to explore nonprofits' socially related service supply and demand effects and compare that to services provided by the for-profit sector. Here, it is posited that the differences would be much more extreme and lend further support towards the model for sustainable contributive advantage as well as inform practioners of the most successful resource-based strategies.

Some possible additional explorations may include comparing for-profit and nonprofit hospitals or schools, as these types of organizations have shown a recent increase in converting from nonprofit to for-profit status (Dees and Anderson, 2003). Suggested metrics may include changes in program or service related revenue, human resource related costs, customer service satisfaction (or donor satisfaction), working capital or scope of services. Examining how each type of venture responds to economic conditions and how those responses affect the overall stability of the venture may provide insights as to how each type of venture may benefit from different resource related strategies in line with SCA and SConA. It is equally important that the original four cornerstones of SCA by Peteraf (1993) are not ignored. The ability to scale directly contributes, through social rent conversion, to the social venture's ex ante limits to competition as the limits to scarcity contribute, through social rent conversion, to the social venture's ex post limits to competition.

It is with the generation and conversion of social rents that the true nature of a social venture can presents itself. Using the SConA model, relationships between such factors as a venture's capacity (or efficiency) for creating social value versus their fundraising efficiency may be explored. Additionally to be explored could be the degree of integration between program and fundraising departments and the effect of the level of integration on fundraising efficiency. An additional area of research is the relationship between donor satisfaction, donor awareness, and either program or fundraising efficiency. SConA would suggest that when social rent conversion is high (i.e. efficient fundraising), the donor awareness would also be high as well as the integration of program related departments and fundraising departments.

The model for SConA presents a research framework for analyzing social ventures from an external perspective that circumnavigates the financial performance analysis challenges stated previously. While this approach does not rely strictly on financial metrics for analysis, future research efforts should make connections between the model presented and the financial stability and service growth of social ventures. The concept of growth in a social venture relates directly to their capacity to contribute (ability to scale). As the goal of a social venture is to create value, the concept of growth relates directly to the ability to create more social value and greater social impact. Similarly, the concept of profit in a social venture relates directly to their efficiency of contribution (limits to scarcity). Profitability becomes the contributive efficiency of the venture in its ability to run and manage operations. An analysis linking various metrics that indicate a social venture's capacity versus efficiency would be a first step towards an empirical test of

SConA. This may include testing the propositions listed previously or examining relationships between an organization's working capital, contributed revenue growth, fundraising efficiency ratios, assets, or program expense growth.

6.5 Conclusion

In attempting to fill the gaps in and theoretical approaches to studying social ventures and what factors contribute to social venture success, a model for sustainable contributive advantage was posited as a way to apply existing theories in the non-economic market environments social ventures operate in. Social ventures are distinct from commercial ventures in that they face a non-distribution constraint (Hannsman, 1980) as well as the reality that their revenues come from sources other than direct consumers (Moore, 2000).

Using a resource-based theory approach allowed the development of a way of examining social ventures within their unique context and beyond financial measures. It allowed for an exclusive examination of internal processes used in social ventures. Due to the fact that social ventures face unique challenges, as they are not simply judged on the economic resources they retain, additional resources strategies must be developed. These additional resource strategies are reflected in their ability to create and convert social value into economic value.

In looking at how social ventures translate their social value into economic value, the concept of social rent was reviewed and defined as a perceived benefit or excess residual social value that can be converted into a realized monetized value (Robb-Post, Stamp, Carsrud, and Reynolds 2010). Social rent was presented as distinct from social value or social impact in that it reflects the potential economic value the social venture can transact. A social rent is in some sense illiquid, in that processes and resources must be used in order to convert the social rent into some economic form.

Integrating the concepts from resource-based theory and economics along side the unique environment social ventures operate in led to the proposed model for sustainable contributive advantage, which includes Peteraf's (1997) existing model for sustainable competitive advantage. Sustainable contributive advantage was defined as a venture's ability to consistently create more social value than the marginal contributor in its social problem area. A model for sustainable contributive advantage was presented along with two additional resource conditions social ventures must pursue in order to maintain advantage. These were presented as limits to scarcity and abilities to scale.

Within sustainable contributive advantage is the resource condition of limits to scarcity. Resources that contribute to limits to scarcity, in a sense, are those resources that compel donors to contribute to the organization over all other similar organizations. It is those resources that cause the donor to choose an organization first, out of all of their charitable giving activities.

Similar to the concept of ex post limits to competition, where resources are focused on creating isolating mechanisms or those things that preserve economic rents for an organization, limits to scarcity are those isolating mechanisms that preserve social rents for an organization. These social rents are operationalized from those resources dedicated to differentiating the social value created by an organization. From an overall standpoint, organizations should focus their resources towards building a protection from scarcity, or a

protection from other organizations also providing similar social value by differentiating itself from its competition.

Within sustainable contributive advantage is also the resource condition of abilities to scale. Resources that contribute to abilities to scale, in a sense, are those resources that allow the organization to consistently contribute more to a social mission than other similar organizations. It is those resources that fulfill the conditions of SConA that enable consistent growth and the ability of the organization to meet growing demand for social value creation.

Similar to the concept of ex ante limits to competition, where resources are focused on investments made for future economic gain; abilities to scale are those resources that are investments made for future social value creation.

Each of the additional resources conditions in sustainable contributive advantage, limits to scarcity and abilities to scale, can be considered as a venture's ability to be efficient and build capacity, respectively. While non-profit social ventures do not record profit, they do report metrics to the IRS that allow for various constructions of efficiency measures. These metrics can also provide various constructions of growth, or capacity building. Various combinations of metrics were constructed into scenarios representing a venture's level of efficiency and capacity, as these may be indicators of sustainable contributive advantage.

It was first explored as to whether independent variables specified from the index measures for efficiency and capacity contributed significantly to dependent variables for overall venture performance. The results were encouraging and various additional combinations representing efficiency and capacity were developed and tested using Markov chain analysis. The expanded analysis results were equally encouraging and provided indication that the model for sustainable contributive advantage is a valid model worthy of continued examination.

Additional results from the expanded analysis provided some insight as to the various tendencies of ventures to move from states defined as Poor, Efficiency, Growth and Star. The most significant finding matched the findings of similar studies conducted on commercial ventures (Davidsson, Steffens, Fitzimmons, 2009; Brännback, Carsrud, Renko, Östermark, Aaltonen and Kiviluoto, 2009). The results of the study presented here found that ventures that primarily demonstrated efficiency were less likely to fall to a Poor status than ventures that primarily demonstrated growth. These results were additionally supportive of the model for sustainable contributive advantage as they suggest that social ventures must develop resource conditions of both efficiency (limits to scarcity) and capacity (abilities to scale).

Studying the presence (or lack of presence) of the resource conditions proposed in this study required for social venture success provides a model for sustainable contributive advantage that holds not only predictive power, but managerial power as well. The model provides a practical framework to guide leaders of social ventures toward best practices, better systems, and newly framed objectives that ultimately lead the organization to sustainable contributive advantage. It can also represent a decision framework that allows leaders of social ventures to look at the impact of their resource acquisition strategies from both a resource level and a firm level. Additionally, sustainable contributive advantage

provides a framework within which to view social ventures differently, yet still utilizing existing economics and strategy, specifically stemming from resource-based theory.

Similar to the model for sustainable competitive advantage (SCA), the model for sustainable contributive advantage (SConA) can be used as a tool to empower social ventures and the leaders of social ventures to run more efficient and powerful ventures in order to address social issues. As a social venture considers its value creation strategy and how to solve a social problem, it must equally consider a transactional framework to capture back the resources it expends to create it. This has been presented here within the model of SConA while also exploring the concept of social rent. The responsibility of the venture to ensure their social rents are convertible is a shift in perspective for some social ventures, but it is a healthy and necessary shift to assure long-term sustainability of such ventures.

It is through creating and managing transactions in the marketplace that allows for the venture to create more value than they capture from the market. This is the case whether the venture be socially oriented or not, as demonstrated with a continuum-based approach to looking at ventures. Examining powerful and struggling social ventures, whether they be nascent or established social ventures, in the context of the sustainable contributive advantage model can uncover tools, strategies, and practices that can further enable the social entrepreneur and leaders of social ventures.

In line with creating abilities to scale, social ventures should be encouraged to bring in *more* revenue than they need to operate, not just what they need to operate. Society has placed the world's most demanding and toughest problems in the laps on social ventures to solve. Social ventures should be encouraged to raise enough revenue to invest in infrastructure such as cutting edge technology, highly talented and educated staff, and effective marketing campaigns. In a sense, efficiency (or profit) levels should be encouraged, not by cutting costs, but by bringing in more revenue. If social ventures are expected to solve the world's most complex problems, they should also be expected to be able to garner the best resources to support that.

From a sustainable contributive advantage research standpoint, new ways to examine *limits to scarcity* other than efficiency ratios need to be explored. Additionally, the public and government expectations of nonprofits needs to shift in order for nonprofits to dedicate more of their resources towards *abilities to scale.* From a sustainable contributive advantage practitioner standpoint, *social rent* provides a way for both the mission-driven and the profit-driven individual to have a bottom-line discussion on strategy. Focusing on the potential for social rent conversion within the development of any social value creating activity should also increase overall donor satisfaction. Future studies on this aspect of nonprofits are an area worthy of exploration. This model for sustainable contributive advantage frames the social venture in a new light from all perspectives. It provides a path to further research, higher quality management, more engaged donors, greater resource utilization, more effective organizations, and ultimately providing solutions to society's greatest needs.

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Appendix A

EXPLORATORY DATA USED FOR MARKOV		Change in Revenue			"Profit" Ratio			CATEGORY ALPHA				CATEGORY NUMERICAL			
		2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH 4:POOR				1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	YRFOUND	REVCHG06	REVCHG07	REVCHG08	PFTEXP06	PFTEXP07	PFTEXP08	2006	2007		2006	2006	2007	2008	CODE
Actors and Others for Animals	1971	0.0729	0.0979	-0.1813	1.1532	1.0435	0.6508	Star	Growth	Poor		1	3	4	134
Alley Cat Allies	1990	0.3417	0.114	0.0621	1.0242	1.0295	0.9354	Growth	Growth	Growth		3	3	3	333
Alley Cat Rescue	1996	0.5672	0.5408	0.1262	1.0247	1.1164	0.8987	Growth	Growth	Growth		3	3	3	333
American Anti-Vivisection Society	1883	-0.1477	-0.1065	-0.5788	2.1097	1.5925	0.6054	Profit	Profit	Poor		2	2	4	224
American Humane Association	1877	4.3132	-0.7697	0.2173	4.6905	0.9516	0.6827	Star	Poor	Growth		1	4	3	143
American Kennel Club Canine Health Foundation	1995	-0.0733	0.5195	-0.3474	1.1257	1.3626	0.8167	Profit	Star	Poor		2	1	4	214
American Veterinary Medical Foundation	1963	-0.6165	-0.0514	-0.1982	0.8592	1.0567	0.8279	Poor	Poor	Poor		4	4	4	444
Anderson Animal Shelter	1966	-0.2834	-0.1849	-0.096	1.2004	0.9213	0.7496	Profit	Poor	Poor		2	4	4	244
Animal Haven	1967	-0.0869	0.0482	-0.1256	1.0106	0.9606	0.8391	Poor	Poor	Poor		4	4	4	444
Animal Humane New Mexico	1968	0.3706	0.0175	0.0572	1.3848	1.1348	1.0259	Star	Profit	Growth		1	2	3	123
Animal Protective Association of Missouri	1922	0.5276	-0.476	1.4045	1.5987	0.7785	1.8888	Star	Poor	Star		1	4	1	141
Animal Rescue	1976	0.0817	-0.1076	-0.0586	0.925	0.9084	0.946	Growth	Poor	Poor		3	4	4	344
Animal Rescue League of Iowa	1926	-1.5645	-2.7561	0.0667	-0.8056	1.3424	1.1709	Poor	Profit	Star		4	2	1	421
Animal Welfare Association	1948	0.1861	0.8212	-0.2301	1.1109	1.8943	1.3603	Star	Star	Profit		1	1	2	112
Animal Welfare Institute	1951	-0.643	0.2632	-0.3237	2.0547	1.8458	0.8841	Profit	Star	Poor		2	1	4	214
Animal Welfare League	1935	0.0262	-0.1711	0.1946	1.0895	0.8558	0.9538	Poor	Poor	Growth		4	4	3	443
Animal Welfare League of Arlington	1944	0.0112	0.1261	0.2531	1.0688	1.1212	1.2598	Poor	Star	Star		4	1	1	411
Animal Welfare Society	1967	0.2273	0.0867	0.1038	0.9552	1.042	0.976	Growth	Poor	Growth		3	4	3	343
Anti-Cruelty Society (The)	1899	0.0981	0.0325	-0.2505	1.3175	1.2783	0.8589	Star	Profit	Poor		1	2	4	124
Arizona Animal Welfare League and SPCA	1971	0.8265	-0.0596	0.329	1.3043	0.9035	1.0412	Star	Poor	Star		1	4	1	141
Arizona Humane Society	1957	-0.0572	0.12	0.1176	0.917	0.927	1.1273	Poor	Growth	Star		4	3	1	431
Associated Humane Societies	1906	0.1582	0.1571	-0.0975	0.8371	0.9582	0.8908	Growth	Growth	Poor		3	3	4	334
Atlanta Humane Society	1873	-0.0382	-0.086	-0.3769	1.5859	1.3317	0.7908	Profit	Profit	Poor		2	2	4	224
Bangor Humane Society	1869	-0.1079	0.064	1.1464	0.8699	0.897	1.9683	Poor	Poor	Star		4	4	1	441
Best Friends Animal Society	1986	-0.1242	0.2499	0.0885	0.8386	1.0444	1.0678	Poor	Growth	Star		4	3	1	431
Bideawee	1903	0.4842	0.3088	-0.1355	0.8073	1.1912	0.9025	Growth	Star	Poor		3	1	4	314
Born Free USA united with Animal Protection Institute	1968	-0.4776	0.1419	-0.0776	0.6762	0.9437	0.8116	Poor	Growth	Poor		4	3	4	434
Buddy Dog Humane Society	1961	0.304	-0.2069	0.1261	1.2422	0.9716	0.9345	Star	Poor	Growth		1	4	3	143
Canine Assistants	1991	-0.0948	0.1522	0.0558	0.9433	1.0042	0.9951	Poor	Growth	Growth		4	3	3	433
Canine Companions for Independence	1975	-0.4241	0.0472	0.2226	0.9977	1.0098	1.1416	Poor	Poor	Star		4	4	1	441
Canine Partners For Life	1989	-0.046	0.2945	0.1801	0.9833	1.1129	1.2074	Poor	Growth	Star		4	3	1	431
Capital Area Humane Society	1936	-0.0238	0.0942	-0.0813	1.1126	1.23	1.033	Profit	Profit	Profit		2	2	2	222
Capital Humane Society	1902	0.0159	0.3285	0.7568	0.9555	1.1691	2.0603	Poor	Star	Star		4	1	1	411
Cat Care Society	1981	0.4682	-0.1721	0.2109	1.2283	0.8565	0.9925	Star	Poor	Growth		1	4	3	143
Champaign County Humane Society	1903	-0.196	0.1862	-0.0904	0.7653	1.095	0.9162	Poor	Growth	Poor		4	3	4	434
Charleston Animal Society	1874	2.4833	-0.3845	0.131	3.3992	1.8384	1.4065	Star	Profit	Star		1	2	1	121
Citizens for Animal Protection	1972	-0.0423	0.6089	0.0567	0.9267	1.3771	1.3176	Poor	Star	Star		4	1	1	411
Cleveland Animal Protective League	1913	0.1785	-0.0074	0.0207	0.8773	0.9167	0.8634	Growth	Poor	Poor		3	4	4	344
Dane County Humane Society	1921	-0.4048	-0.0693	0.1619	0.8464	0.7968	0.944	Poor	Poor	Growth		4	4	3	443
Defenders of Animal Rights	1988	0.2416	-0.0666	-0.1251	1.3485	1.3118	1.0413	Star	Profit	Profit		1	2	2	122
Dogs for the Deaf	1977	0.319	0.2661	0.3187	1.6421	2.0949	2.3471	Star	Star	Star		1	1	1	111
Dumb Friends League	1910	0.1942	0.1005	0.1826	1.1473	1.185	1.2134	Star	Star	Star		1	1	1	111
Dutchess County SPCA	1871	-0.2569	1.3168	-0.3712	1.0479	2.2403	1.3131	Poor	Star	Profit		4	1	2	412
Elmsford Animal Shelter	1931	-0.0822	0.49	-0.2175	0.9073	1.098	0.8825	Poor	Growth	Poor		4	3	4	434
Escondido Humane Society	1915	0.0586	0.0768	-0.0835	0.9512	0.9355	0.8325	Growth	Poor	Poor		3	4	4	344
FACT	1982	0.1222	0.0329	0.258	0.8675	0.7475	0.9563	Growth	Poor	Growth		3	4	3	343
Farm Sanctuary	1986	0.1432	-0.0209	0.154	1.0666	0.993	1.0287	Growth	Poor	Growth		3	4	3	343
Fidelco Guide Dog Foundation	1960	1.4659	-0.4526	-0.018	2.2876	1.1833	1.1068	Star	Profit	Profit		1	2	2	122
Front Range Equine Rescue	1997	0.4611	0.225	0.1641	1.181	1.145	1.2909	Star	Star	Star		1	1	1	111
Greater Androscoggin Humane Society	1885	-0.4683	0.3014	-0.4919	1.7016	1.8205	0.7382	Profit	Star	Poor		2	1	4	214
Greenhill Humane Society, SPCA	1944	0.4557	-0.1989	0.3171	1.2445	0.9031	1.1138	Star	Poor	Star		1	4	1	141
Guide Dog Foundation for the Blind	1946	0.1408	-0.0805	0.1225	1.1625	1.1453	1.1836	Star	Profit	Star		1	2	1	121
Guide Dogs for the Blind	1942	0.2558	-0.0364	0.0225	1.7245	1.5174	1.476	Star	Profit	Profit		1	2	2	122
Guide Dogs of America	1948	0.0889	0.0523	0.2119	1.3484	1.3709	1.5509	Star	Profit	Star		1	2	1	121
Guide Dogs of the Desert	1972	1.078	0.7008	-0.5102	1.6234	2.061	0.6264	Star	Star	Poor		1	1	4	114
Guiding Eyes for the Blind	1956	0.0538	0.2528	-0.0287	1.2499	1.3853	1.2684	Star	Star	Profit		1	1	2	112
Hawaiian Humane Society	1897	0.0081	0.1351	0.116	1.0487	1.1442	1.2305	Poor	Star	Star		4	1	1	411
Heartland Humane Society	1966	-0.0788	0.0251	0.151	0.9268	0.9262	1.0066	Poor	Poor	Growth		4	4	3	443
Hooved Animal Humane Society	1971	-0.323	0.1523	-0.3399	0.8068	0.9705	0.6026	Poor	Growth	Poor		4	3	4	434
Humane Farming Association	1985	0.1713	0.0115	-0.0148	1.1989	1.2106	1.2298	Star	Profit	Profit		1	2	2	122
Humane League of Lancaster County	1917	-0.4945	0.6371	0.6239	0.6826	1.0484	1.4828	Poor	Growth	Star		4	3	1	431
Humane Society at Lollypop Farm	1873	0.0854	0.0794	0.012	1.0871	1.132	1.08	Growth	Profit	Profit		3	2	2	322
Humane Society for Seattle/King County (The)	1897	-0.0039	0.0739	0.3013	1.067	1.0662	1.2029	Poor	Poor	Star		4	4	1	441
Humane Society for Southwest Washington	1897	-0.0858	1.0509	-0.4586	1.4654	3.2043	1.4787	Profit	Star	Profit		2	1	2	212
Humane Society of Baltimore County	1927	-0.0842	0.3139	-0.2567	1.036	1.1657	0.793	Poor	Star	Poor		4	1	4	414
Humane Society of Broward County	1944	-0.3691	0.1007	-0.2007	0.9982	1.0912	0.8128	Poor	Growth	Poor		4	3	4	434
Humane Society of Charlotte	1978	-0.6841	0.3801	0.0163	0.6886	0.943	0.7404	Poor	Growth	Poor		4	3	4	434
Humane Society of El Paso	1947	-0.4557	-0.3214	1.5925	1.292	1.1973	2.6105	Profit	Profit	Star		2	2	1	221
Humane Society of Greater Kansas City	1912	0.1327	0.2004	0.1602	0.9296	1.0023	1.0142	Growth	Growth	Growth		3	3	3	333
Humane Society of Greater Miami Adopt-A-Pet	1936	-0.4563	0.1547	0.6833	0.6823	0.919	1.3596	Poor	Growth	Star		4	3	1	431
Humane Society of Kent County (The)	1883	0.0247	0.0396	0.1183	0.8125	0.7934	0.8796	Poor	Poor	Growth		4	4	3	443
Humane Society of Missouri	1870	0.5739	-0.241	0.0439	1.3817	0.9917	0.9393	Star	Poor	Growth		1	4	3	143
Humane Society of San Antonio	1952	0.5115	-0.3015	0.1238	1.3701	0.9113	0.9209	Star	Poor	Growth		1	4	3	143
Humane Society of South Mississippi	1952	2.2043	-0.6384	0.3089	2.6051	0.7277	0.8297	Star	Poor	Growth		1	4	3	143
Humane Society of Southern Arizona	1967	-0.015	0.4757	-0.1976	1.0624	1.4087	1.087	Poor	Star	Profit		4	1	2	412
Humane Society of Tampa Bay	1912	-0.0329	0.3727	0.2073	0.9448	1.0887	1.069	Poor	Growth	Star		4	3	1	431
Humane Society of the Pikes Peak Region	1949	0.1069	0.1075	0.1581	0.9996	1.0788	1.1578	Growth	Growth	Star		3	3	1	331
Humane Society of the Treasure Coast, Inc.	1955	0.1903	-0.1216	-0.0483	1.062	0.9204	0.8087	Growth	Poor	Poor		3	4	4	344
Humane Society of Vero Beach and Indian River County	1953	-0.1351	0.5236	-0.1381	0.8786	1.2084	1.06	Poor	Star	Profit		4	1	2	412
Humane Society Silicon Valley	1929	-0.0212	0.3256	1.2646	1.0174	1.3337	2.6877	Poor	Star	Star		4	1	1	411
In Defense of Animals	1983	-0.2233	0.3684	-0.2371	0.9929	1.1892	0.9313	Poor	Star	Poor		4	1	4	414
International Fund for Animal Welfare	1969	0.0217	0.7065	-0.2723	1.1484	1.4721	1.0063	Profit	Star	Poor		2	1	4	214
Jacksonville Humane Society	1885	2.5246	0.317	-0.7627	2.5932	3.7236	0.7635	Star	Star	Poor		1	1	4	114
Kentucky Horse Park Foundation	1985	0.2648	0.2905	1.1542	1.3181	1.5154	2.4124	Star	Star	Star		1	1	1	111
Kentucky Humane Society	1884	0.0102	0.2002	0.0852	1.0819	1.2077	1.1532	Poor	Star	Star		4	1	1	411
Leader Dogs for the Blind	1939	-0.1459	0.0879	-0.0088	1.1934	1.2472	1.1274	Profit	Profit	Profit		2	2	2	222
League for Animal Welfare	1964	0.0563	-0.303	0.824	1.4847	0.7754	1.2771	Star	Poor	Star		1	4	1	141
Lexington Humane Society	1944	-0.0462	-0.0923	0.0101	1.3693	1.1733	1.0434	Profit	Profit	Profit		2	2	2	222
Marin Humane Society (The)	1907	0.2615	-0.2931	0.1216	1.2921	0.872	1.0104	Star	Poor	Growth		1	4	3	143
Maryland SPCA (The)	1869	-0.045	0.613	-0.4316	1.291	1.7818	0.8729	Profit	Star	Poor		2	1	4	214
Michigan Anti-Cruelty Society	1935	1.3045	-0.1362	0.6822	1.7068	1.1981	1.625	Star	Profit	Star		1	2	1	121
Michigan Humane Society	1877	0.1174	-0.0891	0.0013	1.1285	0.9918	0.9924	Star	Poor	Poor		1	4	4	144
Monmouth County SPCA	1955	0.1363	-0.0721	-0.5438	1.6726	1.4196	0.5925	Star	Profit	Poor		1	2	4	124
Montgomery County SPCA	1909	-0.5697	0.1116	-0.0438	0.9795	1.0115	0.8949	Poor	Growth	Poor		4	3	4	434
Morris Animal Foundation	1948	0.8163	0.6575	-0.1218	1.1529	1.4846	1.1526	Star	Star	Profit		1	1	2	112
MSPCA-Angell	1868	0.0217	0.0314	-0.0951	0.9708	1.0257	0.8053	Poor	Poor	Poor		4	4	4	444
Nashville Humane Association	1887	0.0423	0.0445	0.2316	1.1381	1.048	1.2972	Profit	Poor	Star		2	4	1	241
National Anti-Vivisection Society	1929	0.2808	0.3699	-0.3395	1.2402	1.5308	0.9866	Star	Star	Poor		1	1	4	114
National Disaster Search Dog Foundation	1996	1.2304	-0.1769	0.3106	2.7036	1.3013	1.2449	Star	Profit	Star		1	2	1	121
National Education for Assistance Dog Services	1976	-0.0728	0.9727	-0.3523	1.0835	1.756	1.0062	Poor	Star	Poor		4	1	4	414
National Humane Education Society	1948	0.0176	0.0469	-0.029	0.9994	0.9708	0.934	Poor	Poor	Poor		4	4	4	444
Nevada Humane Society	1932	-0.4517	-0.1727	0.5585	0.7272	0.7206	0.9354	Poor	Poor	Growth		4	4	3	443
No More Homeless Pets in Utah	2000	-0.3298	-0.0646	0.2007	1.033	0.9333	1.028	Poor	Poor	Growth		4	4	3	443
North Carolina Veterinary Medical Foundation	1978	0.0364	0.4673	-0.1721	3.5883	2.0324	2.016	Profit	Star	Profit		2	1	2	212
North Shore Animal League America	1944	-0.0449	0.09	0.0295	0.878	0.94	0.9473	Poor	Poor	Growth		4	4	3	443

Northeast Animal Shelter	1976	-0.0237	0.1923	-0.1342	1.1354	1.7861	1.0992	Profit	Star	Profit	2	1	2	212
Northwest Organization for Animal Help	1988	-0.1367	0.4887	0.0055	0.927	1.123	1.0803	Poor	Star	Profit	4	1	2	412
Oregon Humane Society	1868	-0.146	0.0917	0.0133	1.5054	1.3626	1.3003	Profit	Profit	Profit	2	2	2	222
Oshkosh Area Humane Society	1990	-0.0102	0.0288	-0.1936	0.8926	0.9279	0.7449	Poor	Poor	Poor	4	4	4	444
Pasado's Safe Haven	1998	-0.0928	0.3612	-0.1074	2.1312	1.9065	1.4847	Profit	Star	Profit	2	1	2	212
Paws With A Cause	1979	0.0129	0.0391	-0.0542	0.9231	1.0036	1.0515	Poor	Poor	Profit	4	4	2	442
Peggy Adams Animal Rescue League	1925	0.5218	2.0509	-0.8316	1.1928	3.1676	0.5419	Star	Star	Poor	1	1	4	114
People for the Ethical Treatment of Animals	1980	0.1376	-0.0142	0.0846	1.1443	1.0066	1.0062	Star	Poor	Growth	1	4	3	143
Pet Adoption Fund	1983	0.1736	-0.1326	-0.1336	1.325	1.0945	0.916	Star	Poor	Poor	1	4	4	144
Pet Orphans of Southern California	1973	-0.3188	0.3324	0.824	0.6777	1.0031	1.0934	Poor	Growth	Star	4	3	1	431
Pets in Need	1965	0.3417	-0.1817	-0.3973	2.2351	1.7516	1.2532	Star	Profit	Profit	1	2	2	122
Potter League for Animals	1929	1.0866	0.0945	0.0458	2.3962	2.3437	1.8643	Star	Star	Star	1	1	1	111
Progressive Animal Welfare Society	1967	-0.187	0.1062	0.2558	1.1216	1.2059	1.3564	Profit	Star	Star	2	1	1	211
Puppies Behind Bars	1997	0.2276	0.2457	0.0846	1.3727	1.4503	1.3605	Star	Star	Star	1	1	1	111
Ramapo-Bergen Animal Refuge, Inc.	1978	0.1234	-0.0534	-0.0684	0.9834	0.9512	0.939	Growth	Poor	Poor	3	4	4	344
Rancho Coastal Humane Society	1960	0.4821	-0.1888	0.5791	1.1074	0.8574	1.3056	Growth	Poor	Star	3	4	1	341
Richmond SPCA	1891	0.4125	0.0327	0.6269	1.2395	1.2367	1.8496	Star	Profit	Star	1	2	1	121
Roanoke Valley SPCA	1916	0.0056	0.1989	0.6294	0.9051	0.985	1.3758	Poor	Growth	Star	4	3	1	431
San Diego Humane Society and SPCA	1880	0.0972	0.3475	-0.2976	1.33	1.6582	1.0054	Star	Star	Poor	1	1	4	114
San Francisco SPCA	1868	0.1613	0.7705	-0.3244	1.1263	2.2594	1.4589	Star	Star	Profit	1	1	2	112
Santa Fe Animal Shelter & Humane Society	1939	0.0799	0.5871	-0.1253	0.9118	1.2158	0.9713	Growth	Star	Poor	3	1	4	314
Seeing Eye (The)	1929	0.2231	0.1051	-0.3813	1.5331	1.4922	0.9376	Star	Star	Poor	1	1	4	114
SNAP	1999	-0.2664	0.0895	0.1267	1.0581	1.0654	1.0182	Poor	Poor	Growth	4	4	3	443
Southeastern Guide Dogs	1982	0.3062	0.0335	-0.2966	1.825	1.8819	1.2023	Star	Profit	Profit	1	2	2	122
Southwest Missouri Humane Society	1956	0.537	0.1924	-0.0371	1.1562	1.2205	1.291	Star	Star	Profit	1	1	2	112
SPCA for Monterey County (The)	1905	-0.6888	0.5005	0.1604	0.8888	1.2935	1.303	Poor	Star	Star	4	1	1	411
SPCA of Central Florida	1937	0.3982	0.012	0.3244	1.2062	1.0644	1.3118	Star	Poor	Star	1	4	1	141
SPCA Serving Erie County	1867	0.014	0.0388	0.2344	1.0877	1.0135	1.1841	Poor	Poor	Star	4	4	1	441
SPCA Tampa Bay	1940	0.1186	0.161	0.1693	0.9857	1.0897	1.2043	Growth	Growth	Star	3	3	1	331
St. Hubert's Animal Welfare Center	1939	0.0864	0.1496	-0.3258	1.258	1.4357	0.8894	Star	Star	Poor	1	1	4	114
Suncoast Humane Society	1971	-0.2238	0.479	0.1049	0.8511	1.0651	0.9801	Poor	Growth	Growth	4	3	3	433
Thoroughbred Retirement Foundation	1982	-0.0227	0.0328	-0.0159	0.8088	0.8495	0.8567	Poor	Poor	Poor	4	4	4	444
Tony La Russa's Animal Rescue Foundation	1991	0.3359	0.4099	-0.2141	1.3084	1.9408	1.4194	Star	Star	Profit	1	1	2	112
United Animal Nations	1987	-0.2434	-0.259	-0.0391	1.3312	0.8967	0.8131	Profit	Poor	Poor	2	4	4	244
Upper Valley Humane Society	1974	-0.102	0.0424	0.0408	0.8131	0.8568	0.9126	Poor	Poor	Growth	4	4	3	443
Virginia Beach SPCA	1966	0.2428	0.5711	-0.0407	1.1996	1.5623	1.1857	Star	Star	Profit	1	1	2	112
Washington Animal Rescue League	1914	0.1012	0.5631	0.0772	0.7938	0.9603	0.8645	Growth	Growth	Growth	3	3	3	333
Wayside Waifs	1944	-0.0403	0.4029	0.0061	1.0211	1.3332	1.1886	Poor	Star	Profit	4	1	2	412
Western Pennsylvania Humane Society	1874	0.1116	0.0222	0.18	1.1549	1.1217	1.1097	Star	Profit	Star	1	2	1	121
Willamette Humane Society	1965	0.1338	-0.1622	0.1539	1.0166	0.8769	0.8697	Growth	Poor	Growth	3	4	3	343
Wisconsin Humane Society	1879	-0.126	0.073	-0.3936	1.1334	1.1749	0.6342	Profit	Profit	Poor	2	2	4	224
World Society for the Protection of Animals	1981	0.321	0.1842	0.335	1.0099	0.9209	1.1132	Growth	Growth	Star	3	3	1	331
MIN		-1.5645	-2.7561	-0.8316	-0.8056	0.7206	0.5419							
MAX		4.3132	2.0509	1.5925	4.6905	3.7236	2.6877							
MEDIAN		0.0423	0.0942	0.0225	1.1074	1.1164	1.0287							

Appendix B

SCENARIO 1	CAPACITY SCORES			EFFICIENCY SCORES			CATEGORY ALPHA			CATEGORY NUMERICAL			
	2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH 4:POOR			1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	**CSCORE06**	**CSCORE07**	**CSCORE08**	**ESCORE06**	**ESCORE07**	**ESCORE08**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**CODE**
Actors and Others for Animals	12.34	10.96	30	38.84	38.51	38.76	Profit	Profit	Star	2	2	1	221
Alley Cat Allies	25	27.5	25	33.04	38.38	30.31	Star	Star	Growth	1	1	3	113
Alley Cat Rescue	20	22.5	20	38.55	33.4	24.91	Profit	Star	Poor	2	1	4	214
American Anti-Vivisection Society	12.21	28.33	19.74	32.64	32.86	30.57	Poor	Growth	Poor	4	3	4	434
American Humane Association	20	10	30	35.47	33.01	28.18	Profit	Poor	Growth	2	4	3	243
American Kennel Club Canine Health Foundation	30	24.96	22.55	35.22	38.04	38.28	Star	Star	Profit	1	1	2	112
American Veterinary Medical Foundation	24.15	15.81	10	35.41	23.29	15.32	Star	Poor	Poor	1	4	4	144
Anderson Animal Shelter	23.41	22.46	15.9	32.21	27.38	30.03	Growth	Growth	Poor	3	3	4	334
Animal Haven	22.5	22.5	14.82	39.15	38.61	38.28	Star	Star	Profit	1	1	2	112
Animal Humane New Mexico	26.09	30	30	20.83	23.96	21.4	Growth	Growth	Growth	3	3	3	333
Animal Protective Association of Missouri	30	20	24.3	34.86	24.91	32.15	Star	Poor	Growth	1	4	3	143
Animal Rescue	21.88	5.95	12.33	38.73	38.54	38	Profit	Profit	Profit	2	2	2	222
Animal Rescue League of Iowa	30	27.48	30	37.63	35.64	38.25	Star	Star	Star	1	1	1	111
Animal Welfare Association	23.11	28.09	27.06	39.25	39.03	38.87	Star	Star	Star	1	1	1	111
Animal Welfare Institute	30	28.2	20	39.45	39.54	39.58	Star	Star	Profit	1	1	2	112
Animal Welfare League	15	5	13.35	37.99	35.91	36.22	Profit	Profit	Profit	2	2	2	222
Animal Welfare League of Arlington	26.95	27.02	26.93	33.77	33.76	31.13	Star	Star	Growth	1	1	3	113
Animal Welfare Society	21.67	13.91	30	30.05	30.17	35.53	Poor	Poor	Star	4	4	1	441
Anti-Cruelty Society (The)	27.43	20	17.91	32.28	29.64	27.1	Growth	Poor	Poor	3	4	4	344
Arizona Animal Welfare League and SPCA	28.94	20.07	27.5	23.69	17.87	37.83	Growth	Poor	Star	3	4	1	341
Arizona Humane Society	24.1	25.95	20.23	32.75	29.78	32.87	Growth	Growth	Poor	3	3	4	334
Associated Humane Societies	26.52	25.62	25.11	34.04	34.59	34.62	Star	Star	Star	1	1	1	111
Atlanta Humane Society	19.21	16.29	20.55	31.93	29.26	29.73	Poor	Poor	Poor	4	4	4	444
Bangor Humane Society	27.5	22.47	23.11	31	36.83	38.32	Growth	Star	Profit	3	1	2	312
Best Friends Animal Society	22.5	25	27.5	27.81	30.27	33.21	Growth	Growth	Growth	3	3	3	333
Bideawee	13.68	13.59	20	28.74	31.78	22.95	Poor	Poor	Poor	4	4	4	444
Born Free USA united with Animal Protection Institute	26.39	19.6	20	32.77	32.86	30.24	Growth	Poor	Poor	3	4	4	344
Buddy Dog Humane Society	16.61	11.06	20	37.85	35.85	29.44	Profit	Profit	Poor	2	2	4	224
Canine Assistants	25	22.5	20.27	39.63	39.61	39.41	Star	Star	Profit	1	1	2	112
Canine Companions for Independence	18.07	20.98	24.87	30.28	30.18	30.21	Poor	Poor	Growth	4	4	3	443
Canine Partners For Life	21.05	25	30	32.99	33.51	33.3	Profit	Star	Star	2	1	1	211
Capital Area Humane Society	13.14	18.43	18.57	29.82	27.37	30.21	Poor	Poor	Poor	4	4	4	444
Capital Humane Society	18.98	22.07	27.51	26.96	29.5	35.5	Poor	Poor	Star	4	4	1	441
Cat Care Society	21.92	20.87	22.5	38.81	36.1	35.45	Profit	Profit	Profit	2	2	2	222
Champaign County Humane Society	10	10	10	33.78	35.34	31.49	Profit	Profit	Poor	2	2	4	224
Charleston Animal Society	25.6	24.65	30	35.74	33.28	38.32	Star	Growth	Star	1	3	1	131
Citizens for Animal Protection	27.55	23.35	23.71	38.85	38.38	38.21	Star	Star	Profit	1	1	2	112
Cleveland Animal Protective League	21.17	12.7	20.74	25.07	24.1	26.2	Poor	Poor	Poor	4	4	4	444
Dane County Humane Society	21.85	6.38	17.48	35.64	30.08	30.29	Profit	Poor	Poor	2	4	4	244
Defenders of Animal Rights	30	26.24	19.22	38.84	38.8	38.76	Star	Star	Profit	1	1	2	112
Dogs for the Deaf	30	29.02	28.37	39.1	38.99	36.01	Star	Star	Star	1	1	1	111
Dumb Friends League	26.42	19.6	28.67	32.84	32.68	30.11	Growth	Poor	Growth	3	4	3	343
Dutchess County SPCA	20.02	30	30	32	35	33.08	Poor	Star	Growth	4	1	3	413
Elmsford Animal Shelter	27.5	27.5	22.22	39.81	39.73	39.62	Star	Star	Profit	1	1	2	112
Escondido Humane Society	22.5	17.09	15.15	25.34	27.55	32.81	Growth	Poor	Poor	3	4	4	344
FACT	30	26.29	30	27.47	29.85	29.17	Growth	Growth	Growth	3	3	3	333
Farm Sanctuary	27.5	26.34	24.28	32.9	32.94	32.91	Growth	Growth	Growth	3	3	3	333
Fidelco Guide Dog Foundation	30	30	29.5	35.34	37.93	37.87	Star	Star	Star	1	1	1	111
Front Range Equine Rescue	22.5	25	27.5	38.33	30.05	35.68	Star	Growth	Star	1	3	1	131
Greater Androscoggin Humane Society	15.03	19.13	17.5	26.69	29.52	30.05	Poor	Poor	Poor	4	4	4	444
Greenhill Humane Society, SPCA	25	22.66	27.5	38.56	38.69	38.36	Star	Star	Star	1	1	1	111
Guide Dog Foundation for the Blind	21.37	20.88	22.06	33.31	38.51	38.54	Profit	Profit	Profit	2	2	2	222
Guide Dogs for the Blind	22.11	24.84	15.86	35.6	35.44	35.54	Profit	Star	Profit	2	1	2	212
Guide Dogs of America	25.65	18.43	20.95	26.69	26.61	26.4	Growth	Poor	Poor	3	4	4	344
Guide Dogs of the Desert	20	30	27.5	29.69	35.72	33.32	Poor	Star	Star	4	1	1	411
Guiding Eyes for the Blind	30	30	28.54	29.92	30.17	30.11	Growth	Growth	Growth	3	3	3	333
Hawaiian Humane Society	17.49	20.75	21.72	35.93	35.7	35.75	Profit	Profit	Profit	2	2	2	222
Heartland Humane Society	11.84	9.65	16.67	32.67	33.47	29.72	Poor	Profit	Poor	4	2	4	424
Hooved Animal Humane Society	13.73	10	11.99	23.98	21.47	28.04	Poor	Poor	Poor	4	4	4	444
Humane Farming Association	28.57	20.9	20.67	38.89	38.83	36.22	Star	Profit	Profit	1	2	2	122
Humane League of Lancaster County	10	20	26.34	32.1	34.54	37.92	Poor	Profit	Star	4	2	1	421
Humane Society at Lollypop Farm	18.24	22.79	25.06	32.65	33.15	33.06	Poor	Growth	Growth	4	3	3	433
Humane Society for Seattle/King County (The)	25.81	25.92	30	32.62	32.67	32.64	Growth	Growth	Growth	3	3	3	333
Humane Society for Southwest Washington	26.02	21.91	17.54	24.5	35.28	32.56	Growth	Profit	Poor	3	2	4	324
Humane Society of Baltimore County	17.02	27.5	16.37	27.89	38.7	35.97	Poor	Star	Profit	4	1	2	412
Humane Society of Broward County	27.65	28.48	28.71	30.21	30.29	30.44	Growth	Growth	Growth	3	3	3	333
Humane Society of Charlotte	20	30	30	35.72	30.4	30.18	Profit	Growth	Growth	2	3	3	233
Humane Society of El Paso	7.5	7.5	20	35.21	32.9	32.76	Profit	Poor	Poor	2	4	4	244
Humane Society of Greater Kansas City	9.43	15.85	27.5	29.92	29.94	30.32	Poor	Poor	Growth	4	4	3	443
Humane Society of Greater Miami Adopt-A-Pet	23.36	15	19.83	35.6	30.88	33.58	Star	Poor	Profit	1	4	2	142
Humane Society of Kent County (The)	10.25	10.98	12.53	29.57	26.29	25.66	Poor	Poor	Poor	4	4	4	444
Humane Society of Missouri	30	27.76	26.77	35.78	33.23	33.28	Star	Growth	Star	1	3	1	131
Humane Society of San Antonio	30	28.23	29.06	38.52	32.58	35.29	Star	Growth	Star	1	3	1	131
Humane Society of South Mississippi	30	20	30	38.26	33.21	35.8	Star	Poor	Star	1	4	1	141
Humane Society of Southern Arizona	17.73	24.08	29.21	27.23	30.05	32.86	Poor	Growth	Growth	4	3	3	433
Humane Society of Tampa Bay	21.25	21.8	27.5	28.01	27.59	33.55	Poor	Poor	Star	4	4	1	441
Humane Society of the Pikes Peak Region	17.09	27.5	30	33.72	33.55	36.1	Profit	Star	Star	2	1	1	211
Humane Society of the Treasure Coast, Inc.	20.28	27.5	25.28	32.44	35.2	35.56	Poor	Star	Star	4	1	1	411
Humane Society of Vero Beach and Indian River County	24.86	25.82	23.62	32.28	35.15	32.64	Growth	Star	Poor	3	1	4	314
Humane Society Silicon Valley	8.43	15.37	24.32	30.16	32.89	32.62	Poor	Poor	Growth	4	4	3	443
In Defense of Animals	14.97	19.24	10	33.49	33.36	33.51	Profit	Profit	Profit	2	2	2	222
International Fund for Animal Welfare	30	30	30	32.69	34.97	32.71	Growth	Star	Growth	3	1	3	313
Jacksonville Humane Society	16.85	20	16.4	35.36	35.2	27.61	Profit	Profit	Poor	2	2	4	224
Kentucky Horse Park Foundation	17.79	20	30	27.37	31.92	31.94	Poor	Poor	Growth	4	4	3	443
Kentucky Humane Society	27.5	27.5	27.5	32.77	35.61	33.11	Growth	Star	Growth	3	1	3	313
Leader Dogs for the Blind	25.41	23.87	24.7	26.52	27.18	32.51	Growth	Growth	Growth	3	3	3	333
League for Animal Welfare	28.45	20	30	38.78	39.15	39.36	Star	Profit	Star	1	2	1	121
Lexington Humane Society	23.43	22.1	19.84	32.85	29.66	29.57	Growth	Poor	Poor	3	4	4	344
Marin Humane Society (The)	27.91	15.86	13.71	39.17	38.99	38.95	Star	Profit	Profit	1	2	2	122
Maryland SPCA (The)	21.15	21.25	28.43	29.85	29.76	29.9	Poor	Poor	Growth	4	4	3	443
Michigan Anti-Cruelty Society	17.39	30	30	38.56	38.93	39.18	Profit	Star	Star	2	1	1	211
Michigan Humane Society	26.59	21.57	24.08	30.33	30.69	33.25	Growth	Poor	Star	3	4	1	341
Monmouth County SPCA	30	30	25.16	35.56	32.8	35.55	Star	Growth	Star	1	3	1	131
Montgomery County SPCA	10	11.02	14.31	32.55	32.55	29.93	Poor	Poor	Poor	4	4	4	444
Morris Animal Foundation	23.24	30	30	31	32.71	32.82	Growth	Growth	Growth	3	3	3	333
MSPCA-Angell	19.62	18.48	13	36.54	36.35	35.53	Profit	Profit	Profit	2	2	2	222
Nashville Humane Association	18.97	27.5	26.79	35.78	38.39	35.53	Profit	Star	Star	2	1	1	211
National Anti-Vivisection Society	20	30	21.52	32.09	32.64	32.48	Poor	Growth	Poor	4	3	4	434
National Disaster Search Dog Foundation	17.5	27.5	27.5	23.43	26.72	32.49	Poor	Growth	Growth	4	3	3	433

National Education for Assistance Dog Services	30	30	30	38.74	38.84	38.79	Star	Star	Star	1	1	1	111
National Humane Education Society	12.05	11.05	15.37	37.03	29.55	35.29	Profit	Poor	Profit	2	4	2	242
Nevada Humane Society	20	13	24.47	24.02	29.66	32.34	Poor	Poor	Growth	4	4	3	443
No More Homeless Pets in Utah	2.5	2.5	22.5	27.61	25.09	36.04	Poor	Poor	Profit	4	4	2	442
North Carolina Veterinary Medical Foundation	30	30	30	33.06	36.19	30.42	Star	Star	Growth	1	1	3	113
North Shore Animal League America	12.91	13.7	14.23	23.76	18.11	24.03	Poor	Poor	Poor	4	4	4	444
Northeast Animal Shelter	16.03	17.01	27.89	17.89	23.84	21.51	Poor	Poor	Growth	4	4	3	443
Northwest Organization for Animal Help	20	22.23	30	33.13	35.79	35.72	Profit	Profit	Star	2	2	1	221
Oregon Humane Society	21.55	28.86	29.08	33.08	35.95	38.73	Profit	Star	Star	2	1	1	211
Oshkosh Area Humane Society	25	12.5	11.44	38.04	32.77	28.72	Star	Poor	Poor	1	4	4	144
Pasado's Safe Haven	30	30	26.64	38.81	38.77	38.98	Star	Star	Star	1	1	1	111
Paws With A Cause	20.75	15.62	12.74	39.53	39.18	38.99	Profit	Profit	Profit	2	2	2	222
Peggy Adams Animal Rescue League	15.45	26.28	17.51	35.5	35.07	24.62	Profit	Star	Poor	2	1	4	214
People for the Ethical Treatment of Animals	23.91	17.75	21.89	33.19	33.35	33.34	Star	Profit	Profit	1	2	2	122
Pet Adoption Fund	25.43	19.11	12.92	38.82	33.37	38.82	Star	Profit	Profit	1	2	2	122
Pet Orphans of Southern California	13.9	12.37	30	29.36	34.92	38.7	Poor	Profit	Star	4	2	1	421
Pets in Need	17.71	10	10	35.37	38.48	38.32	Profit	Profit	Profit	2	2	2	222
Potter League for Animals	23.5	24.51	23.78	26.7	26.46	17.61	Growth	Growth	Poor	3	3	4	334
Progressive Animal Welfare Society	16.19	14.7	24.99	27.95	27.97	30.27	Poor	Poor	Growth	4	4	3	443
Puppies Behind Bars	30	30	30	32.28	38.08	38.51	Growth	Star	Star	3	1	1	311
Ramapo-Bergen Animal Refuge, Inc.	22.18	17.98	16.86	35.47	35.37	35.18	Profit	Profit	Profit	2	2	2	222
Rancho Coastal Humane Society	17.45	16.7	22.64	32.98	32.54	32.3	Profit	Poor	Poor	2	4	4	244
Richmond SPCA	30	25.08	23.43	36.01	35.92	33.42	Star	Star	Profit	1	1	2	112
Roanoke Valley SPCA	20	21.12	30	38.38	38.4	35.26	Profit	Profit	Star	2	2	1	221
San Diego Humane Society and SPCA	30	30	20	32.61	34.88	32.68	Growth	Star	Poor	3	1	4	314
San Francisco SPCA	22.99	21.92	22.24	31.85	38.01	38.09	Growth	Profit	Profit	3	2	2	322
Santa Fe Animal Shelter & Humane Society	24.89	27.5	30	29.87	32.28	27.04	Growth	Growth	Growth	3	3	3	333
Seeing Eye (The)	25.48	23.77	23.96	38.26	35.46	35.32	Star	Star	Profit	1	1	2	112
SNAP	2.5	6.02	8.56	30.23	27.76	33.03	Poor	Poor	Poor	4	4	4	444
Southeastern Guide Dogs	20	20	20	37.72	37.81	38.02	Profit	Profit	Profit	2	2	2	222
Southwest Missouri Humane Society	16.02	17.69	17.5	38.45	38.37	38.43	Profit	Profit	Profit	2	2	2	222
SPCA for Monterey County (The)	20	30	30	29.11	32.9	32.84	Poor	Growth	Growth	4	3	3	433
SPCA of Central Florida	25	25	27.5	39.08	36.55	39.18	Star	Star	Star	1	1	1	111
SPCA Serving Erie County	20.96	28.02	29.7	32.7	32.93	32.99	Poor	Growth	Growth	4	3	3	433
SPCA Tampa Bay	15.33	20.37	25.96	26.89	29.98	27.16	Poor	Poor	Growth	4	4	3	443
St. Hubert's Animal Welfare Center	19.08	17	17.29	35.43	32.95	30.41	Profit	Poor	Poor	2	4	4	244
Suncoast Humane Society	19.48	25	24.67	33.18	36.15	33.54	Profit	Star	Star	2	1	1	211
Thoroughbred Retirement Foundation	21.69	15	2.5	30.47	34.59	34.15	Poor	Profit	Profit	4	2	2	422
Tony La Russa's Animal Rescue Foundation	20.57	22.46	22.7	33.34	38.67	38.9	Profit	Star	Profit	2	1	2	212
United Animal Nations	30	20.57	22.06	37.95	35.61	35.44	Star	Profit	Profit	1	2	2	122
Upper Valley Humane Society	11.5	17.5	17.51	30.26	27.93	26.01	Poor	Poor	Poor	4	4	4	444
Virginia Beach SPCA	30	30	30	36.47	39.08	39.15	Star	Star	Star	1	1	1	111
Washington Animal Rescue League	27.74	30	30	22.67	20.63	31.79	Growth	Growth	Growth	3	3	3	333
Wayside Waifs	25.91	26.05	30	27.13	29.96	27.36	Growth	Growth	Growth	3	3	3	333
Western Pennsylvania Humane Society	24.63	24.59	25.62	35.68	35.86	35.25	Star	Star	Star	1	1	1	111
Willamette Humane Society	30	25.63	19.04	30.53	27.8	27.25	Growth	Growth	Poor	3	3	4	334
Wisconsin Humane Society	27.75	26.24	29.32	35.86	35.92	36.1	Star	Star	Star	1	1	1	111
World Society for the Protection of Animals	22.5	20	22.5	24.99	24.86	27.46	Growth	Poor	Poor	3	4	4	344
MIN	2.5	2.5	2.5	17.89	17.87	15.32							
MAX	30	30	30	39.81	39.73	39.62							
MEDIAN	22.18	22.23	23.96	32.98	33.28	33.21							

Appendix C

SCENARIO 2	CAPACITY RATINGS (X)			EFFICIENCY RATINGS (Y)			CATEGORY ALPHA			CATEGORY NUMERICAL			
	2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH 4:POOR			1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	**CRATE06**	**CRATE07**	**CRATE08**	**ERATE06**	**ERATE07**	**ERATE08**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**CODE**
Actors and Others for Animals	1	1	4	4	4	4	Profit	Profit	Star	2	2	1	221
Alley Cat Allies	4	4	4	3	4	2	Star	Star	Growth	1	1	3	113
Alley Cat Rescue	3	4	3	4	3	1	Star	Star	Growth	1	1	3	113
American Anti-Vivisection Society	1	4	3	3	3	2	Profit	Star	Growth	2	1	3	213
American Humane Association	3	1	4	3	3	2	Star	Profit	Growth	1	2	3	123
American Kennel Club Canine Health Foundation	4	4	4	3	4	4	Star	Star	Star	1	1	1	111
American Veterinary Medical Foundation	4	2	1	3	1	0	Star	Poor	Poor	1	4	4	144
Anderson Animal Shelter	4	3	2	2	1	2	Growth	Growth	Poor	3	3	4	334
Animal Haven	4	4	2	4	4	4	Star	Star	Profit	1	1	2	112
Animal Humane New Mexico	4	4	4	0	1	0	Growth	Growth	Growth	3	3	3	333
Animal Protective Association of Missouri	4	3	4	3	1	2	Star	Growth	Growth	1	3	3	133
Animal Rescue	3	1	1	4	4	4	Star	Profit	Profit	1	2	2	122
Animal Rescue League of Iowa	4	4	4	4	3	4	Star	Star	Star	1	1	1	111
Animal Welfare Association	4	4	4	4	4	4	Star	Star	Star	1	1	1	111
Animal Welfare Institute	4	4	3	4	4	4	Star	Star	Star	1	1	1	111
Animal Welfare League	2	1	2	4	3	3	Profit	Profit	Profit	2	2	2	222
Animal Welfare League of Arlington	4	4	4	3	3	2	Star	Star	Growth	1	1	3	113
Animal Welfare Society	3	2	4	2	2	3	Growth	Poor	Star	3	4	1	341
Anti-Cruelty Society (The)	4	3	3	2	2	1	Growth	Growth	Growth	3	3	3	333
Arizona Animal Welfare League and SPCA	4	3	4	1	0	4	Growth	Growth	Star	3	3	1	331
Arizona Humane Society	4	4	3	3	2	3	Star	Growth	Star	1	3	1	131
Associated Humane Societies	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Atlanta Humane Society	3	2	3	2	2	2	Growth	Poor	Growth	3	4	3	343
Bangor Humane Society	4	3	4	2	3	4	Growth	Star	Star	3	1	1	311
Best Friends Animal Society	4	4	4	2	2	3	Growth	Growth	Star	3	3	1	331
Bideawee	2	2	3	2	2	1	Poor	Poor	Growth	4	4	3	443
Born Free USA united with Animal Protection Institute	4	3	3	3	3	2	Star	Star	Growth	1	1	3	113
Buddy Dog Humane Society	2	1	3	4	3	2	Profit	Profit	Growth	2	2	3	223
Canine Assistants	4	4	3	4	4	4	Star	Star	Star	1	1	1	111
Canine Companions for Independence	3	3	4	2	2	2	Growth	Growth	Growth	3	3	3	333
Canine Partners For Life	3	4	4	3	3	3	Star	Star	Star	1	1	1	111
Capital Area Humane Society	2	3	3	2	1	2	Poor	Growth	Growth	4	3	3	433
Capital Humane Society	3	3	4	1	2	3	Growth	Growth	Star	3	3	1	331
Cat Care Society	3	3	4	4	3	3	Star	Star	Star	1	1	1	111
Champaign County Humane Society	1	1	1	3	3	2	Profit	Profit	Poor	2	2	4	224
Charleston Animal Society	4	4	4	3	3	4	Star	Star	Star	1	1	1	111
Citizens for Animal Protection	4	4	4	4	4	4	Star	Star	Star	1	1	1	111
Cleveland Animal Protective League	3	2	3	1	1	1	Growth	Poor	Growth	3	4	3	343
Dane County Humane Society	3	1	2	3	2	2	Star	Poor	Poor	1	4	4	144
Defenders of Animal Rights	4	4	3	4	4	4	Star	Star	Star	1	1	1	111
Dogs for the Deaf	4	4	4	4	4	3	Star	Star	Star	1	1	1	111
Dumb Friends League	4	3	4	3	3	2	Star	Star	Growth	1	1	3	113
Dutchess County SPCA	3	4	4	2	3	3	Growth	Star	Star	3	1	1	311
Elmsford Animal Shelter	4	4	3	4	4	4	Star	Star	Star	1	1	1	111
Escondido Humane Society	4	2	2	1	2	3	Growth	Poor	Profit	3	4	2	342
FACT	4	4	4	1	2	2	Growth	Growth	Growth	3	3	3	333
Farm Sanctuary	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Fidelco Guide Dog Foundation	4	4	4	3	4	4	Star	Star	Star	1	1	1	111
Front Range Equine Rescue	4	4	4	4	2	3	Star	Growth	Star	1	3	1	131
Greater Androscoggin Humane Society	2	3	3	1	2	2	Poor	Growth	Growth	4	3	3	433
Greenhill Humane Society, SPCA	4	4	4	4	4	4	Star	Star	Star	1	1	1	111
Guide Dog Foundation for the Blind	3	3	3	3	4	4	Star	Star	Star	1	1	1	111
Guide Dogs for the Blind	3	4	2	3	3	3	Star	Star	Profit	1	1	2	112
Guide Dogs of America	4	3	3	1	1	1	Growth	Growth	Growth	3	3	3	333
Guide Dogs of the Desert	3	4	4	2	3	3	Growth	Star	Star	3	1	1	311
Guiding Eyes for the Blind	4	4	4	2	2	2	Growth	Growth	Growth	3	3	3	333
Hawaiian Humane Society	2	3	3	3	3	3	Profit	Star	Star	2	1	1	211
Heartland Humane Society	1	1	2	3	3	2	Profit	Profit	Poor	2	2	4	224
Hooved Animal Humane Society	2	1	1	1	0	2	Poor	Poor	Poor	4	4	4	444
Humane Farming Association	4	3	3	4	4	3	Star	Star	Star	1	1	1	111
Humane League of Lancaster County	1	3	4	2	3	4	Poor	Star	Star	4	1	1	411
Humane Society at Lollypop Farm	3	4	4	3	3	3	Star	Star	Star	1	1	1	111
Humane Society for Seattle/King County (The)	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Humane Society for Southwest Washington	4	3	3	1	3	3	Growth	Star	Star	3	1	1	311
Humane Society of Baltimore County	2	4	2	2	4	3	Poor	Star	Profit	4	1	2	412
Humane Society of Broward County	4	4	4	2	2	2	Growth	Growth	Growth	3	3	3	333
Humane Society of Charlotte	3	4	4	3	2	2	Star	Growth	Growth	1	3	3	133
Humane Society of El Paso	1	1	3	3	3	3	Profit	Profit	Star	2	2	1	221
Humane Society of Greater Kansas City	1	2	4	2	2	2	Poor	Poor	Growth	4	4	3	443
Humane Society of Greater Miami Adopt-A-Pet	4	2	3	3	2	3	Star	Poor	Star	1	4	1	141
Humane Society of Kent County (The)	1	1	2	1	1	1	Poor	Poor	Poor	4	4	4	444
Humane Society of Missouri	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Humane Society of San Antonio	4	4	4	4	3	3	Star	Star	Star	1	1	1	111
Humane Society of South Mississippi	4	3	4	4	3	3	Star	Star	Star	1	1	1	111
Humane Society of Southern Arizona	3	4	4	1	2	3	Growth	Growth	Star	3	3	1	331
Humane Society of Tampa Bay	3	3	4	2	2	3	Growth	Growth	Star	3	3	1	331
Humane Society of the Pikes Peak Region	2	4	4	3	3	3	Profit	Star	Star	2	1	1	211
Humane Society of the Treasure Coast, Inc.	3	4	4	2	3	3	Growth	Star	Star	3	1	1	311
Humane Society of Vero Beach and Indian River County	4	4	4	2	3	3	Growth	Star	Star	3	1	1	311
Humane Society Silicon Valley	1	2	4	2	3	3	Poor	Profit	Star	4	2	1	421
In Defense of Animals	2	3	1	3	3	3	Profit	Star	Profit	2	1	2	212
International Fund for Animal Welfare	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Jacksonville Humane Society	2	3	2	3	3	2	Profit	Star	Poor	2	1	4	214
Kentucky Horse Park Foundation	3	3	4	1	2	2	Growth	Growth	Growth	3	3	3	333
Kentucky Humane Society	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Leader Dogs for the Blind	4	4	4	1	1	3	Growth	Growth	Star	3	3	1	331
League for Animal Welfare	4	3	4	4	4	4	Star	Star	Star	1	1	1	111
Lexington Humane Society	4	3	3	3	2	2	Star	Growth	Growth	1	3	3	133
Marin Humane Society (The)	4	2	2	4	4	4	Star	Profit	Profit	1	2	2	122
Maryland SPCA (The)	3	3	4	2	2	2	Growth	Growth	Growth	3	3	3	333
Michigan Anti-Cruelty Society	2	4	4	4	4	4	Profit	Star	Star	2	1	1	211
Michigan Humane Society	4	3	4	2	2	3	Growth	Growth	Star	3	3	1	331
Monmouth County SPCA	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Montgomery County SPCA	1	1	2	3	3	2	Profit	Profit	Poor	2	2	4	224
Morris Animal Foundation	4	4	4	2	3	3	Growth	Star	Star	3	1	1	311
MSPCA-Angell	3	3	2	3	3	3	Star	Star	Profit	1	1	2	112
Nashville Humane Association	3	4	4	3	4	3	Star	Star	Star	1	1	1	111
National Anti-Vivisection Society	3	4	3	2	3	2	Growth	Star	Growth	3	1	3	313
National Disaster Search Dog Foundation	3	4	4	1	1	2	Growth	Growth	Growth	3	3	3	333

National Education for Assistance Dog Services	4	4	4	4	4	4	Star	Star	Star	1	1	1	111
National Humane Education Society	1	1	2	3	2	3	Profit	Poor	Profit	2	4	2	242
Nevada Humane Society	3	2	4	1	2	2	Growth	Poor	Growth	3	4	3	343
No More Homeless Pets in Utah	1	1	4	2	1	3	Poor	Poor	Star	4	4	1	441
North Carolina Veterinary Medical Foundation	4	4	4	3	3	2	Star	Star	Growth	1	1	3	113
North Shore Animal League America	2	2	2	1	0	1	Poor	Poor	Poor	4	4	4	444
Northeast Animal Shelter	2	2	4	0	1	0	Poor	Poor	Growth	4	4	3	443
Northwest Organization for Animal Help	3	3	4	3	3	3	Star	Star	Star	1	1	1	111
Oregon Humane Society	3	4	4	3	3	4	Star	Star	Star	1	1	1	111
Oshkosh Area Humane Society	4	2	1	4	3	2	Star	Profit	Poor	1	2	4	124
Pasado's Safe Haven	4	4	4	4	4	4	Star	Star	Star	1	1	1	111
Paws With A Cause	3	2	2	4	4	4	Star	Profit	Profit	1	2	2	122
Peggy Adams Animal Rescue League	2	4	3	3	3	1	Profit	Star	Growth	2	1	3	213
People for the Ethical Treatment of Animals	4	3	3	3	3	3	Star	Star	Star	1	1	1	111
Pet Adoption Fund	4	3	2	4	3	4	Star	Star	Profit	1	1	2	112
Pet Orphans of Southern California	2	1	4	2	3	4	Poor	Profit	Star	4	2	1	421
Pets in Need	3	1	1	4	4	4	Star	Profit	Profit	1	2	2	122
Potter League for Animals	4	4	4	1	1	0	Growth	Growth	Growth	3	3	3	333
Progressive Animal Welfare Society	2	2	4	2	2	2	Poor	Poor	Growth	4	4	3	443
Puppies Behind Bars	4	4	4	2	4	4	Growth	Star	Star	3	1	1	311
Ramapo-Bergen Animal Refuge, Inc.	3	3	2	3	3	3	Star	Star	Profit	1	1	2	112
Rancho Coastal Humane Society	2	2	4	3	3	2	Profit	Profit	Growth	2	2	3	223
Richmond SPCA	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Roanoke Valley SPCA	3	3	4	4	4	3	Star	Star	Star	1	1	1	111
San Diego Humane Society and SPCA	4	4	3	3	3	3	Star	Star	Star	1	1	1	111
San Francisco SPCA	4	3	3	2	4	4	Growth	Star	Star	3	1	1	311
Santa Fe Animal Shelter & Humane Society	4	4	4	2	2	1	Growth	Growth	Growth	3	3	3	333
Seeing Eye (The)	4	4	4	4	3	3	Star	Star	Star	1	1	1	111
SNAP	1	1	1	2	2	3	Poor	Poor	Profit	4	4	2	442
Southeastern Guide Dogs	3	3	3	4	4	4	Star	Star	Star	1	1	1	111
Southwest Missouri Humane Society	2	3	3	4	4	4	Profit	Star	Star	2	1	1	211
SPCA for Monterey County (The)	3	4	4	2	3	3	Growth	Star	Star	3	1	1	311
SPCA of Central Florida	4	4	4	4	3	4	Star	Star	Star	1	1	1	111
SPCA Serving Erie County	3	4	4	3	3	3	Star	Star	Star	1	1	1	111
SPCA Tampa Bay	2	3	4	1	2	1	Poor	Growth	Growth	4	3	3	433
St. Hubert's Animal Welfare Center	3	2	2	3	3	2	Star	Profit	Poor	1	2	4	124
Suncoast Humane Society	3	4	4	3	3	3	Star	Star	Star	1	1	1	111
Thoroughbred Retirement Foundation	3	2	1	2	3	3	Growth	Profit	Profit	3	2	2	322
Tony La Russa's Animal Rescue Foundation	3	3	4	3	4	4	Star	Star	Star	1	1	1	111
United Animal Nations	4	3	3	4	3	3	Star	Star	Star	1	1	1	111
Upper Valley Humane Society	1	3	3	2	2	1	Poor	Growth	Growth	4	3	3	433
Virginia Beach SPCA	4	4	4	3	4	4	Star	Star	Star	1	1	1	111
Washington Animal Rescue League	4	4	4	1	0	2	Growth	Growth	Growth	3	3	3	333
Wayside Waifs	4	4	4	1	2	1	Growth	Growth	Growth	3	3	3	333
Western Pennsylvania Humane Society	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
Willamette Humane Society	4	4	3	2	2	1	Growth	Growth	Growth	3	3	3	333
Wisconsin Humane Society	4	4	4	3	3	3	Star	Star	Star	1	1	1	111
World Society for the Protection of Animals	4	3	4	1	1	1	Growth	Growth	Growth	3	3	3	333

Appendix D

SCENARIO 3		Change in Revenue			Fundraising Efficiency			CATEGORY ALPHA				CATEGORY NUMERICAL			
		2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH 4:POOR				1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	YRFOUND	REVCHG06	REVCHG07	REVCHG08	FUNEFF06	FUNEFF07	FUNEFF08	2006	2007		2006	2006	2007	2008	CODE
Actors and Others for Animals	1971	0.0729	0.0979	-0.1813	0.04	0.03	0.03	Growth	Growth	Poor		3	3	4	334
Alley Cat Allies	1990	0.3417	0.114	0.0621	0.14	0.08	0.18	Star	Growth	Star		1	3	1	131
Alley Cat Rescue	1996	0.5672	0.5408	0.1262	0.08	0.10	0.22	Growth	Growth	Star		3	3	1	331
American Anti-Vivisection Society	1883	-0.1477	-0.1065	-0.5788	0.09	0.17	0.26	Poor	Profit	Profit		4	2	2	422
American Humane Association	1877	4.3132	-0.7697	0.2173	0.02	0.19	0.36	Growth	Profit	Star		3	2	1	321
American Kennel Club Canine Health Foundation	1995	-0.0733	0.5195	-0.3474	0.10	0.07	0.07	Poor	Growth	Poor		4	3	4	434
American Veterinary Medical Foundation	1963	-0.6165	-0.0514	-0.1982	0.05	0.19	0.26	Poor	Profit	Profit		4	2	2	422
Anderson Animal Shelter	1966	-0.2834	-0.1849	-0.096	0.12	0.25	0.29	Profit	Profit	Profit		2	2	2	222
Animal Haven	1967	-0.0869	0.0482	-0.1256	0.02	0.06	0.07	Poor	Poor	Poor		4	4	4	444
Animal Humane New Mexico	1968	0.3706	0.0175	0.0572	0.21	0.30	0.32	Star	Profit	Star		1	2	1	121
Animal Protective Association of Missouri	1922	0.5276	-0.476	1.4045	0.07	0.47	0.08	Growth	Profit	Growth		3	2	3	323
Animal Rescue	1976	0.0817	-0.1076	-0.0586	0.04	0.07	0.06	Growth	Poor	Poor		3	4	4	344
Animal Rescue League of Iowa	1926	-1.5645	-2.7561	0.0667	0.07	0.14	0.08	Poor	Profit	Growth		4	2	3	423
Animal Welfare Association	1948	0.1861	0.8212	-0.2301	0.08	0.04	0.09	Growth	Growth	Poor		3	3	4	334
Animal Welfare Institute	1951	-0.643	0.2632	-0.3237	0.00	0.01	0.01	Poor	Growth	Poor		4	3	4	434
Animal Welfare League	1935	0.0262	-0.1711	0.1946	0.05	0.14	0.10	Poor	Profit	Growth		4	2	3	423
Animal Welfare League of Arlington	1944	0.0112	0.1261	0.2531	0.24	0.32	0.22	Profit	Star	Star		2	1	1	211
Animal Welfare Society	1967	0.2273	0.0867	0.1038	0.21	0.22	0.16	Star	Profit	Star		1	2	1	121
Anti-Cruelty Society (The)	1899	0.0981	0.0325	-0.2505	0.15	0.22	0.26	Star	Profit	Profit		1	2	2	122
Arizona Animal Welfare League and SPCA	1971	0.8265	-0.0596	0.329	0.11	0.22	0.08	Growth	Profit	Growth		3	2	3	323
Arizona Humane Society	1957	-0.0572	0.12	0.1176	0.18	0.20	0.13	Profit	Star	Growth		2	1	3	213
Associated Humane Societies	1906	0.1582	0.1571	-0.0975	0.15	0.12	0.15	Star	Growth	Profit		1	3	2	132
Atlanta Humane Society	1873	-0.0382	-0.086	-0.3769	0.08	0.17	0.14	Poor	Profit	Profit		4	2	2	422
Bangor Humane Society	1869	-0.1079	0.064	1.1464	0.11	0.08	0.02	Poor	Poor	Growth		4	4	3	443
Best Friends Animal Society	1986	-0.1242	0.2499	0.0885	0.20	0.15	0.11	Profit	Star	Growth		2	1	3	213
Bideawee	1903	0.4842	0.3088	-0.1355	0.28	0.16	0.34	Star	Star	Profit		1	1	2	112
Born Free USA united with Animal Protection Institute	1968	-0.4776	0.1419	-0.0776	0.17	0.12	0.17	Profit	Growth	Profit		2	3	2	232
Buddy Dog Humane Society	1961	0.304	-0.2069	0.1261	0.08	0.12	0.09	Growth	Poor	Growth		3	4	3	343
Canine Assistants	1991	-0.0948	0.1522	0.0558	0.00	0.01	0.01	Poor	Growth	Growth		4	3	3	433
Canine Companions for Independence	1975	-0.4241	0.0472	0.2226	0.19	0.19	0.15	Profit	Profit	Star		2	2	1	221
Canine Partners For Life	1989	-0.046	0.2945	0.1801	0.18	0.14	0.11	Profit	Growth	Growth		2	3	3	233
Capital Area Humane Society	1936	-0.0238	0.0942	-0.0813	0.20	0.20	0.20	Profit	Profit	Profit		2	2	2	222
Capital Humane Society	1902	0.0159	0.3285	0.7568	0.27	0.18	0.03	Profit	Star	Growth		2	1	3	213
Cat Care Society	1981	0.4682	-0.1721	0.2109	0.06	0.16	0.14	Growth	Profit	Star		3	2	1	321
Champaign County Humane Society	1903	-0.196	0.1862	-0.0904	0.10	0.08	0.11	Poor	Growth	Poor		4	3	4	434
Charleston Animal Society	1874	2.4833	-0.3845	0.131	0.04	0.11	0.07	Growth	Poor	Growth		3	4	3	343
Citizens for Animal Protection	1972	-0.0423	0.6089	0.0567	0.07	0.08	0.08	Poor	Growth	Growth		4	3	3	433
Cleveland Animal Protective League	1913	0.1785	-0.0074	0.0207	0.37	0.41	0.25	Star	Profit	Profit		1	2	2	122
Dane County Humane Society	1921	-0.4048	-0.0693	0.1619	0.16	0.21	0.21	Profit	Profit	Star		2	2	1	221
Defenders of Animal Rights	1988	0.2416	-0.0666	-0.1251	0.04	0.05	0.06	Growth	Poor	Poor		3	4	4	344
Dogs for the Deaf	1977	0.319	0.2661	0.3187	0.05	0.05	0.06	Growth	Growth	Growth		3	3	3	333
Dumb Friends League	1910	0.1942	0.1005	0.1826	0.16	0.16	0.16	Star	Star	Star		1	1	1	111
Dutchess County SPCA	1871	-0.2569	1.3168	-0.3712	0.18	0.05	0.14	Profit	Growth	Profit		2	3	2	232
Elmsford Animal Shelter	1931	-0.0822	0.49	-0.2175	0.00	0.00	0.00	Poor	Growth	Poor		4	3	4	434
Escondido Humane Society	1915	0.0586	0.0768	-0.0835	0.64	0.36	0.20	Star	Profit	Profit		1	2	2	122
FACT	1982	0.1222	0.0329	0.258	0.21	0.20	0.17	Star	Profit	Star		1	2	1	121
Farm Sanctuary	1986	0.1432	-0.0209	0.154	0.12	0.13	0.14	Growth	Poor	Star		3	4	1	341
Fidelco Guide Dog Foundation	1960	1.4659	-0.4526	-0.018	0.04	0.09	0.08	Growth	Poor	Poor		3	4	4	344
Front Range Equine Rescue	1997	0.4611	0.225	0.1641	0.08	0.14	0.08	Growth	Growth	Growth		3	3	3	333
Greater Androscoggin Humane Society	1885	-0.4683	0.3014	-0.4919	0.15	0.16	0.26	Profit	Star	Profit		2	1	2	212
Greenhill Humane Society, SPCA	1944	0.4557	-0.1989	0.3171	0.06	0.08	0.09	Growth	Poor	Growth		3	4	3	343
Guide Dog Foundation for the Blind	1946	0.1408	-0.0805	0.1225	0.10	0.07	0.06	Growth	Poor	Growth		3	4	3	343
Guide Dogs for the Blind	1942	0.2558	-0.0364	0.0225	0.11	0.11	0.17	Growth	Poor	Profit		3	4	2	342
Guide Dogs of America	1948	0.0889	0.0523	0.2119	0.17	0.19	0.15	Star	Profit	Star		1	2	1	121
Guide Dogs of the Desert	1972	1.078	0.7008	-0.5102	0.11	0.05	0.18	Growth	Growth	Profit		3	3	2	332
Guiding Eyes for the Blind	1956	0.0538	0.2528	-0.0287	0.18	0.15	0.16	Star	Star	Profit		1	1	2	112
Hawaiian Humane Society	1897	0.0081	0.1351	0.116	0.15	0.14	0.11	Profit	Growth	Growth		2	3	3	233
Heartland Humane Society	1966	-0.0788	0.0251	0.151	0.15	0.19	0.23	Profit	Profit	Star		2	2	1	221
Hooved Animal Humane Society	1971	-0.323	0.1523	-0.3399	0.29	0.24	0.18	Profit	Star	Profit		2	1	2	212
Humane Farming Association	1985	0.1713	0.0115	-0.0148	0.08	0.08	0.09	Growth	Poor	Poor		3	4	4	344
Humane League of Lancaster County	1917	-0.4945	0.6371	0.6239	0.15	0.09	0.07	Profit	Growth	Growth		2	3	3	233
Humane Society at Lollypop Farm	1873	0.0854	0.0794	0.012	0.17	0.17	0.18	Star	Profit	Profit		1	2	2	122
Humane Society for Seattle/King County (The)	1897	-0.0039	0.0739	0.3013	0.18	0.19	0.14	Profit	Profit	Star		2	2	1	221
Humane Society for Southwest Washington	1897	-0.0858	1.0509	-0.4586	0.23	0.05	0.15	Profit	Growth	Profit		2	3	2	232
Humane Society of Baltimore County	1927	-0.0842	0.3139	-0.2567	0.02	0.09	0.11	Poor	Growth	Poor		4	3	4	434
Humane Society of Broward County	1944	-0.3691	0.1007	-0.2007	0.22	0.23	0.23	Profit	Star	Profit		2	1	2	212
Humane Society of Charlotte	1978	-0.6841	0.3801	0.0163	0.13	0.21	0.29	Profit	Star	Profit		2	1	2	212
Humane Society of El Paso	1947	-0.4557	-0.3214	1.5925	0.08	0.01	0.00	Poor	Poor	Growth		4	4	3	443
Humane Society of Greater Kansas City	1912	0.1327	0.2004	0.1602	0.44	0.41	0.28	Star	Star	Star		1	1	1	111
Humane Society of Greater Miami Adopt-A-Pet	1936	-0.4563	0.1547	0.6833	0.19	0.23	0.22	Profit	Star	Star		2	1	1	211
Humane Society of Kent County (The)	1883	0.0247	0.0396	0.1183	0.23	0.38	0.30	Profit	Profit	Star		2	2	1	221
Humane Society of Missouri	1870	0.5739	-0.241	0.0439	0.11	0.27	0.22	Growth	Profit	Star		3	2	1	321
Humane Society of San Antonio	1952	0.5115	-0.3015	0.1238	0.01	0.14	0.08	Growth	Profit	Growth		3	2	3	323
Humane Society of South Mississippi	1952	2.2043	-0.6384	0.3089	0.04	0.26	0.10	Growth	Profit	Growth		3	2	3	323
Humane Society of Southern Arizona	1967	-0.015	0.4757	-0.1976	0.20	0.20	0.18	Profit	Star	Profit		2	1	2	212
Humane Society of Tampa Bay	1912	-0.0329	0.3727	0.2073	0.33	0.25	0.14	Profit	Star	Star		2	1	1	211
Humane Society of the Pikes Peak Region	1949	0.1069	0.1075	0.1581	0.26	0.25	0.16	Star	Star	Star		1	1	1	111
Humane Society of the Treasure Coast, Inc.	1955	0.1903	-0.1216	-0.0483	0.17	0.19	0.17	Star	Profit	Profit		1	2	2	122
Humane Society of Vero Beach and Indian River County	1953	-0.1351	0.5236	-0.1381	0.15	0.07	0.10	Profit	Growth	Poor		2	3	4	234
Humane Society Silicon Valley	1929	-0.0212	0.3256	1.2646	0.19	0.12	0.07	Profit	Growth	Growth		2	3	3	233
In Defense of Animals	1983	-0.2233	0.3684	-0.2371	0.12	0.10	0.12	Profit	Growth	Poor		2	3	4	234
International Fund for Animal Welfare	1969	0.0217	0.7065	-0.2723	0.11	0.09	0.11	Poor	Growth	Poor		4	3	4	434
Jacksonville Humane Society	1885	2.5246	0.317	-0.7627	0.04	0.03	0.25	Growth	Growth	Profit		3	3	2	332
Kentucky Horse Park Foundation	1985	0.2648	0.2905	1.1542	0.13	0.09	0.04	Star	Growth	Growth		1	3	3	133
Kentucky Humane Society	1884	0.0102	0.2002	0.0852	0.17	0.18	0.23	Profit	Star	Star		2	1	1	211
Leader Dogs for the Blind	1939	-0.1459	0.0879	-0.0088	0.28	0.25	0.18	Profit	Profit	Profit		2	2	2	222
League for Animal Welfare	1964	0.0563	-0.303	0.824	0.05	0.03	0.01	Growth	Poor	Growth		3	4	3	343
Lexington Humane Society	1944	-0.0462	-0.0923	0.0101	0.10	0.13	0.16	Poor	Poor	Profit		4	4	2	442
Marin Humane Society (The)	1907	0.2615	-0.2931	0.1216	0.09	0.07	0.05	Growth	Poor	Growth		3	4	3	343
Maryland SPCA (The)	1869	-0.045	0.613	-0.4316	0.24	0.16	0.22	Profit	Star	Profit		2	1	2	212
Michigan Anti-Cruelty Society	1935	1.3045	-0.1362	0.6822	0.03	0.04	0.01	Growth	Poor	Growth		3	4	3	343
Michigan Humane Society	1877	0.1174	-0.0891	0.0013	0.23	0.23	0.18	Star	Profit	Profit		1	2	2	122
Monmouth County SPCA	1955	0.1363	-0.0721	-0.5438	0.10	0.18	0.12	Growth	Profit	Poor		3	2	4	324
Montgomery County SPCA	1909	-0.5697	0.1116	-0.0438	0.01	0.01	0.01	Poor	Growth	Poor		4	3	4	434
Morris Animal Foundation	1948	0.8163	0.6575	-0.1218	0.13	0.12	0.15	Star	Growth	Profit		1	3	2	132
MSPCA-Angell	1868	0.0217	0.0314	-0.0951	0.11	0.10	0.17	Poor	Poor	Profit		4	4	2	442
Nashville Humane Association	1887	0.0423	0.0445	0.2316	0.10	0.09	0.09	Growth	Poor	Growth		3	4	3	343
National Anti-Vivisection Society	1929	0.2808	0.3699	-0.3395	0.12	0.10	0.18	Growth	Growth	Profit		3	3	2	332
National Disaster Search Dog Foundation	1996	1.2304	-0.1769	0.3106	0.11	0.16	0.11	Growth	Profit	Growth		3	2	3	323
National Education for Assistance Dog Services	1976	-0.0728	0.9727	-0.3523	0.07	0.03	0.06	Poor	Growth	Poor		4	3	4	434
National Humane Education Society	1948	0.0176	0.0469	-0.029	0.08	0.11	0.12	Poor	Poor	Poor		4	4	4	444
Nevada Humane Society	1932	-0.4517	-0.1727	0.5585	0.34	0.12	0.04	Profit	Poor	Growth		2	4	3	243
No More Homeless Pets in Utah	2000	-0.3298	-0.0646	0.2007	0.34	0.35	0.12	Profit	Profit	Growth		2	2	3	223
North Carolina Veterinary Medical Foundation	1978	0.0364	0.4673	-0.1721	0.06	0.07	0.11	Poor	Growth	Poor		4	3	4	434
North Shore Animal League America	1944	-0.0449	0.09	0.0295	0.32	0.41	0.28	Profit	Profit	Star		2	2	1	221

Northeast Animal Shelter	1976	-0.0237	0.1923	-0.1342	0.46	0.18	0.29	Profit	Star	Profit	2	1	2	212
Northwest Organization for Animal Help	1988	-0.1367	0.4887	0.0055	0.16	0.11	0.11	Profit	Growth	Poor	2	3	4	234
Oregon Humane Society	1868	-0.146	0.0917	0.0133	0.12	0.09	0.09	Profit	Poor	Poor	2	4	4	244
Oshkosh Area Humane Society	1990	-0.0102	0.0288	-0.1936	0.09	0.10	0.02	Poor	Poor	Poor	4	4	4	444
Pasado's Safe Haven	1998	-0.0928	0.3612	-0.1074	0.02	0.02	0.01	Poor	Growth	Poor	4	3	4	434
Paws With A Cause	1979	0.0129	0.0391	-0.0542	0.01	0.04	0.05	Poor	Poor	Poor	4	4	4	444
Peggy Adams Animal Rescue League	1925	0.5218	2.0509	-0.8316	0.16	0.03	0.39	Star	Growth	Profit	1	3	2	132
People for the Ethical Treatment of Animals	1980	0.1376	-0.0142	0.0846	0.12	0.12	0.13	Growth	Poor	Growth	3	4	3	343
Pet Adoption Fund	1983	0.1736	-0.1326	-0.1336	0.06	0.10	0.08	Growth	Poor	Poor	3	4	4	344
Pet Orphans of Southern California	1973	-0.3188	0.3324	0.824	0.25	0.11	0.05	Profit	Growth	Growth	2	3	3	233
Pets in Need	1965	0.3417	-0.1817	-0.3973	0.00	0.01	0.04	Growth	Poor	Poor	3	4	4	344
Potter League for Animals	1929	1.0866	0.0945	0.0458	0.12	0.12	0.14	Growth	Growth	Star	3	3	1	331
Progressive Animal Welfare Society	1967	-0.187	0.1062	0.2558	0.21	0.20	0.15	Profit	Star	Star	2	1	1	211
Puppies Behind Bars	1997	0.2276	0.2457	0.0846	0.09	0.07	0.06	Growth	Growth	Growth	3	3	3	333
Ramapo-Bergen Animal Refuge, Inc.	1978	0.1234	-0.0534	-0.0684	0.05	0.06	0.18	Growth	Poor	Profit	3	4	2	342
Rancho Coastal Humane Society	1960	0.4821	-0.1888	0.5791	0.10	0.17	0.05	Growth	Profit	Growth	3	2	3	323
Richmond SPCA	1891	0.4125	0.0327	0.6269	0.12	0.17	0.22	Growth	Profit	Star	3	2	1	321
Roanoke Valley SPCA	1916	0.0056	0.1989	0.6294	0.06	0.08	0.09	Poor	Growth	Growth	4	3	3	433
San Diego Humane Society and SPCA	1880	0.0972	0.3475	-0.2976	0.11	0.09	0.17	Growth	Growth	Profit	3	3	2	332
San Francisco SPCA	1868	0.1613	0.7705	-0.3244	0.06	0.03	0.04	Growth	Growth	Poor	3	3	4	334
Santa Fe Animal Shelter & Humane Society	1939	0.0799	0.5871	-0.1253	0.20	0.15	0.21	Star	Star	Profit	1	1	2	112
Seeing Eye (The)	1929	0.2231	0.1051	-0.3813	0.07	0.12	0.12	Growth	Growth	Poor	3	3	4	334
SNAP	1999	-0.2664	0.0895	0.1267	0.26	0.35	0.31	Profit	Profit	Star	2	2	1	221
Southeastern Guide Dogs	1982	0.3062	0.0335	-0.2966	0.05	0.04	0.07	Growth	Poor	Poor	3	4	4	344
Southwest Missouri Humane Society	1956	0.537	0.1924	-0.0371	0.06	0.08	0.05	Growth	Growth	Poor	3	3	4	334
SPCA for Monterey County (The)	1905	-0.6888	0.5005	0.1604	0.19	0.10	0.12	Profit	Growth	Growth	2	3	3	233
SPCA of Central Florida	1937	0.3982	0.012	0.3244	0.09	0.14	0.06	Growth	Profit	Growth	3	2	3	323
SPCA Serving Erie County	1867	0.014	0.0388	0.2344	0.14	0.17	0.13	Profit	Profit	Growth	2	2	3	223
SPCA Tampa Bay	1940	0.1186	0.161	0.1693	0.31	0.19	0.20	Star	Star	Star	1	1	1	111
St. Hubert's Animal Welfare Center	1939	0.0864	0.1496	-0.3258	0.17	0.15	0.23	Star	Star	Profit	1	1	2	112
Suncoast Humane Society	1971	-0.2238	0.479	0.1049	0.21	0.14	0.17	Profit	Growth	Star	2	3	1	231
Thoroughbred Retirement Foundation	1982	-0.0227	0.0328	-0.0159	0.20	0.17	0.11	Profit	Profit	Poor	2	2	4	224
Tony La Russa's Animal Rescue Foundation	1991	0.3359	0.4099	-0.2141	0.10	0.05	0.05	Growth	Growth	Poor	3	3	4	334
United Animal Nations	1987	-0.2434	-0.259	-0.0391	0.07	0.10	0.12	Poor	Poor	Poor	4	4	4	444
Upper Valley Humane Society	1974	-0.102	0.0424	0.0408	0.24	0.22	0.21	Profit	Profit	Star	2	2	1	221
Virginia Beach SPCA	1966	0.2428	0.5711	-0.0407	0.11	0.06	0.09	Growth	Growth	Poor	3	3	4	334
Washington Animal Rescue League	1914	0.1012	0.5631	0.0772	0.33	0.21	0.17	Star	Star	Star	1	1	1	111
Wayside Waifs	1944	-0.0403	0.4029	0.0061	0.24	0.15	0.20	Profit	Star	Profit	2	1	2	212
Western Pennsylvania Humane Society	1874	0.1116	0.0222	0.18	0.17	0.17	0.06	Star	Profit	Growth	1	2	3	123
Willamette Humane Society	1965	0.1338	-0.1622	0.1539	0.24	0.33	0.32	Star	Profit	Star	1	2	1	121
Wisconsin Humane Society	1879	-0.126	0.073	-0.3936	0.11	0.14	0.14	Poor	Profit	Profit	4	2	2	422
World Society for the Protection of Animals	1981	0.321	0.1842	0.335	0.20	0.25	0.19	Star	Star	Star	1	1	1	111
	MIN	-1.5645	-2.7561	-0.8316	0	0	0							
	MAX	4.3132	2.0509	1.5925	0.64	0.47	0.39							
	MEDIAN	0.0423	0.0942	0.0225	0.12	0.14	0.13							

Appendix E

SCENARIO 4		Change in Revenue			Program "EBIT" Ratio			CATEGORY ALPHA			CATEGORY NUMERICAL			
		2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH 4:POOR			1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	YRFOUND	REVCHG06	REVCHG07	REVCHG08	PGEBIT06	PGEBIT07	PGEBIT08	2006	2007	2008	2006	2007	2008	CODE
Alley Cat Rescue	1996	0.5672	0.5408	0.1262	0.0209	0.013	0.0168	Growth	Growth	Growth	3	3	3	333
American Humane Association	1877	4.3132	-0.7697	0.2173	0.1611	0.1459	0.1886	Growth	Poor	Growth	3	4	3	343
Anderson Animal Shelter	1966	-0.2834	-0.1849	-0.096	0.2596	0.2979	0.2619	Profit	Profit	Poor	2	2	4	224
Animal Humane New Mexico	1968	0.3706	0.0175	0.0572	0.1884	0.2643	0.2813	Growth	Profit	Star	3	2	1	321
Animal Protective Association of Missouri	1922	0.5276	-0.476	1.4045	0.2689	0.2778	0.2761	Star	Profit	Star	1	2	1	121
Animal Rescue	1976	0.0817	-0.1076	-0.0586	0.1116	0.1206	0.1533	Growth	Poor	Poor	3	4	4	344
Animal Rescue League of Iowa	1926	-1.5645	-2.7561	0.0667	0.4861	0.4809	0.3922	Profit	Profit	Star	2	2	1	221
Animal Welfare Association	1948	0.1861	0.8212	-0.2301	0.4535	0.4564	0.4463	Star	Star	Profit	1	1	2	112
Animal Welfare League	1935	0.0262	-0.1711	0.1946	0.617	0.6187	0.6934	Profit	Profit	Star	2	2	1	221
Animal Welfare League of Arlington	1944	0.0112	0.1261	0.2531	0.657	0.7492	0.7339	Profit	Star	Star	2	1	1	211
Animal Welfare Society	1967	0.2273	0.0867	0.1038	0.3906	0.4198	0.3464	Star	Profit	Star	1	2	1	121
Anti-Cruelty Society (The)	1899	0.0981	0.0325	-0.2505	0.1218	0.1125	0.1006	Growth	Poor	Poor	3	4	4	344
Arizona Animal Welfare League and SPCA	1971	0.8265	-0.0596	0.329	0.0917	0.0222	0.0972	Growth	Poor	Growth	3	4	3	343
Arizona Humane Society	1957	-0.0572	0.12	0.1176	0.2445	0.2471	0.245	Profit	Growth	Growth	2	3	3	233
Associated Humane Societies	1906	0.1582	0.1571	-0.0975	0.36	0.3815	0.4312	Star	Star	Profit	1	1	2	112
Atlanta Humane Society	1873	-0.0382	-0.086	-0.3769	0.1572	0.227	0.3214	Poor	Poor	Profit	4	4	2	442
Bangor Humane Society	1869	-0.1079	0.064	1.1464	0.3252	0.3115	0.3337	Profit	Profit	Star	2	2	1	221
Bideawee	1903	0.4842	0.3088	-0.1355	0.2792	0.2764	0.3035	Star	Star	Profit	1	1	2	112
Buddy Dog Humane Society	1961	0.304	-0.2069	0.1261	0.2361	0.2555	0.2052	Growth	Profit	Growth	3	2	3	323
Canine Companions for Independence	1975	-0.4241	0.0472	0.2226	0.0075	0.0062	0.0066	Poor	Poor	Growth	4	4	3	443
Capital Area Humane Society	1936	-0.0238	0.0942	-0.0813	0.386	0.4183	0.3447	Profit	Star	Profit	2	1	2	212
Capital Humane Society	1902	0.0159	0.3285	0.7568	0.496	0.5076	0.5481	Profit	Star	Star	2	1	1	211
Cat Care Society	1981	0.4682	-0.1721	0.2109	0.1169	0.1577	0.2127	Growth	Poor	Growth	3	4	3	343
Champaign County Humane Society	1903	-0.196	0.1862	-0.0904	0.2148	0.2044	0.1917	Poor	Growth	Poor	4	3	4	434
Charleston Animal Society	1874	2.4833	-0.3845	0.131	0.646	0.6723	0.5135	Star	Profit	Star	1	2	1	121
Cleveland Animal Protective League	1913	0.1785	-0.0074	0.0207	0.2331	0.2643	0.2639	Growth	Profit	Profit	3	2	2	322
Dane County Humane Society	1921	-0.4048	-0.0693	0.1619	0.3284	0.3386	0.4064	Profit	Profit	Star	2	2	1	221
Defenders of Animal Rights	1988	0.2416	-0.0666	-0.1251	0.0966	0.0973	0.0891	Growth	Poor	Poor	3	4	4	344
Dumb Friends League	1910	0.1942	0.1005	0.1826	0.1948	0.1767	0.1975	Growth	Growth	Growth	3	3	3	333
Dutchess County SPCA	1871	-0.2569	1.3168	-0.3712	0.2371	0.2406	0.2544	Profit	Growth	Poor	2	3	4	234
Elmsford Animal Shelter	1931	-0.0822	0.49	-0.2175	0.061	0.0279	0.0496	Poor	Growth	Poor	4	3	4	434
Escondido Humane Society	1915	0.0586	0.0768	-0.0835	0.8193	0.6694	0.5852	Star	Profit	Profit	1	2	2	122
Farm Sanctuary	1986	0.1432	-0.0209	0.154	0.0001	0.0012	0.0003	Growth	Poor	Growth	3	4	3	343
Fidelco Guide Dog Foundation	1960	1.4659	-0.4526	-0.018	0.0469	0.0461	0.0468	Growth	Poor	Poor	3	4	4	344
Front Range Equine Rescue	1997	0.4611	0.225	0.1641	0.0098	0.0182	0.0174	Growth	Growth	Growth	3	3	3	333
Greater Androscoggin Humane Society	1885	-0.4683	0.3014	-0.4919	0.2443	0.2467	0.2744	Profit	Growth	Profit	2	3	2	232
Greenhill Humane Society, SPCA	1944	0.4557	-0.1989	0.3171	0.309	0.3184	0.3624	Star	Profit	Star	1	2	1	121
Guide Dogs for the Blind	1942	0.2558	-0.0364	0.0225	0.0101	0.0083	0.008	Growth	Poor	Poor	3	4	4	344
Guiding Eyes for the Blind	1956	0.0538	0.2528	-0.0287	0.0244	0.0207	0.0162	Growth	Growth	Poor	3	3	4	334
Hawaiian Humane Society	1897	0.0081	0.1351	0.116	0.6279	0.6414	0.6353	Profit	Star	Star	2	1	1	211
Heartland Humane Society	1966	-0.0788	0.0251	0.151	0.0899	0.387	0.4088	Poor	Profit	Star	4	2	1	421
Hooved Animal Humane Society	1971	-0.323	0.1523	-0.3399	0.0441	0.0492	0.0416	Poor	Growth	Poor	4	3	4	434
Humane League of Lancaster County	1917	-0.4945	0.6371	0.6239	0.2829	0.2875	0.2917	Profit	Star	Star	2	1	1	211
Humane Society at Lollypop Farm	1873	0.0854	0.0794	0.012	0.3389	0.3419	0.3187	Star	Profit	Profit	1	2	2	122
Humane Society for Seattle/King County (The)	1897	-0.0039	0.0739	0.3013	0.3201	0.2868	0.2561	Profit	Profit	Growth	2	2	3	223
Humane Society for Southwest Washington	1897	-0.0858	1.0509	-0.4586	0.4805	0.4533	0.3758	Profit	Star	Profit	2	1	2	212
Humane Society of Baltimore County	1927	-0.0842	0.3139	-0.2567	0.2027	0.1483	0.145	Poor	Growth	Poor	4	3	4	434
Humane Society of Broward County	1944	-0.3691	0.1007	-0.2007	0.197	0.2392	0.2413	Poor	Growth	Poor	4	3	4	434
Humane Society of Charlotte	1978	-0.6841	0.3801	0.0163	0.278	0.337	0.3332	Profit	Star	Profit	2	1	2	212
Humane Society of El Paso	1947	-0.4557	-0.3214	1.5925	0.4845	0.4822	0.368	Profit	Profit	Star	2	2	1	221
Humane Society of Greater Kansas City	1912	0.1327	0.2004	0.1602	0.6413	0.6634	0.582	Star	Star	Star	1	1	1	111
Humane Society of Greater Miami Adopt-A-Pet	1936	-0.4563	0.1547	0.6833	0.2952	0.3236	0.4239	Profit	Star	Star	2	1	1	211
Humane Society of Kent County (The)	1883	0.0247	0.0396	0.1183	0.3273	0.3621	0.3533	Profit	Profit	Star	2	2	1	221
Humane Society of Missouri	1870	0.5739	-0.241	0.0439	0.4639	0.4939	0.4729	Star	Profit	Star	1	2	1	121
Humane Society of San Antonio	1952	0.5115	-0.3015	0.1238	0.2058	0.2208	0.234	Growth	Poor	Growth	3	4	3	343
Humane Society of South Mississippi	1952	2.2043	-0.6384	0.3089	0.4642	0.4664	0.4396	Star	Profit	Star	1	2	1	121
Humane Society of Southern Arizona	1967	-0.015	0.4757	-0.1976	0.3645	0.3396	0.3783	Profit	Star	Profit	2	1	2	212
Humane Society of Tampa Bay	1912	-0.0329	0.3727	0.2073	0.4081	0.3949	0.3835	Profit	Star	Star	2	1	1	211
Humane Society of the Pikes Peak Region	1949	0.1069	0.1075	0.1581	0.7682	0.8085	0.8454	Star	Star	Star	1	1	1	111
Humane Society of the Treasure Coast, Inc.	1955	0.1903	-0.1216	-0.0483	0.1113	0.2918	0.2804	Growth	Profit	Profit	3	2	2	322
Humane Society of Vero Beach and Indian River County	1953	-0.1351	0.5236	-0.1381	0.166	0.1774	0.1814	Poor	Growth	Poor	4	3	4	434
Humane Society Silicon Valley	1929	-0.0212	0.3256	1.2646	0.2109	0.226	0.2834	Poor	Growth	Star	4	3	1	431
In Defense of Animals	1983	-0.2233	0.3684	-0.2371	0.0337	0.0262	0.0225	Poor	Growth	Poor	4	3	4	434
Jacksonville Humane Society	1885	2.5246	0.317	-0.7627	0.0863	0.0753	0.123	Growth	Growth	Poor	3	3	4	334
Kentucky Horse Park Foundation	1985	0.2648	0.2905	1.1542	0.2765	0.3279	0.229	Star	Star	Growth	1	1	3	113
Kentucky Humane Society	1884	0.0102	0.2002	0.0852	0.6334	0.6414	0.6685	Profit	Star	Star	2	1	1	211
Lexington Humane Society	1944	-0.0462	-0.0923	0.0101	0.22	0.2077	0.2337	Poor	Poor	Poor	4	4	4	444
Marin Humane Society (The)	1907	0.2615	-0.2931	0.1216	0.638	0.1852	0.202	Star	Poor	Growth	1	4	3	143
Maryland SPCA (The)	1869	-0.045	0.613	-0.4316	0.273	0.2722	0.2679	Profit	Star	Profit	2	1	2	212
Michigan Anti-Cruelty Society	1935	1.3045	-0.1362	0.6822	0.05	0.0352	0.0297	Growth	Poor	Growth	3	4	3	343
Michigan Humane Society	1877	0.1174	-0.0891	0.0013	0.4967	0.4467	0.4566	Star	Profit	Profit	1	2	2	122
Monmouth County SPCA	1955	0.1363	-0.0721	-0.5438	0.3292	0.3548	0.3501	Star	Profit	Profit	1	2	2	122
Montgomery County SPCA	1909	-0.5697	0.1116	-0.0438	0.2134	0.2231	0.2155	Poor	Growth	Poor	4	3	4	434
MSPCA-Angell	1868	0.0217	0.0314	-0.0951	0.6183	0.5352	0.4848	Profit	Profit	Profit	2	2	2	222
Nashville Humane Association	1887	0.0423	0.0445	0.2316	0.1737	0.1457	0.1749	Growth	Poor	Growth	3	4	3	343
National Education for Assistance Dog Services	1976	-0.0728	0.9727	-0.3523	0.3065	0.2692	0.2644	Profit	Star	Profit	2	1	2	212
National Humane Education Society	1948	0.0176	0.0469	-0.029	0.0512	0.0602	0.0806	Poor	Poor	Poor	4	4	4	444
Nevada Humane Society	1932	-0.4517	-0.1727	0.5585	0.2233	0.1734	0.2096	Poor	Poor	Growth	4	4	3	443
No More Homeless Pets in Utah	2000	-0.3298	-0.0646	0.2007	0.5253	0.4405	0.439	Profit	Profit	Star	2	2	1	221
North Shore Animal League America	1944	-0.0449	0.09	0.0295	0.1033	0.1523	0.1244	Poor	Poor	Poor	4	4	4	444
Northeast Animal Shelter	1976	-0.0237	0.1923	-0.1342	0.3551	0.3783	0.3465	Profit	Star	Profit	2	1	2	212
Northwest Organization for Animal Help	1988	-0.1367	0.4887	0.0055	0.2174	0.2543	0.3037	Poor	Growth	Profit	4	3	2	432
Oregon Humane Society	1868	-0.146	0.0917	0.0133	0.197	0.1594	0.1692	Poor	Growth	Poor	4	3	4	434
Oshkosh Area Humane Society	1990	-0.0102	0.0288	-0.1936	0.216	0.2546	0.2432	Poor	Poor	Poor	4	4	4	444
Pasado's Safe Haven	1998	-0.0928	0.3612	-0.1074	0.0962	0.0725	0.0403	Poor	Growth	Poor	4	3	4	434
Peggy Adams Animal Rescue League	1925	0.5218	2.0509	-0.8316	0.3243	0.3037	0.2523	Star	Star	Poor	1	1	4	114
People for the Ethical Treatment of Animals	1980	0.1376	-0.0142	0.0846	0.0235	0.018	0.0199	Growth	Poor	Growth	3	4	3	343
Pets in Need	1965	0.3417	-0.1817	-0.3973	0.097	0.1031	0.0884	Growth	Poor	Poor	3	4	4	344
Potter League for Animals	1929	1.0866	0.0945	0.0458	0.4347	0.3759	0.2955	Star	Star	Star	1	1	1	111
Progressive Animal Welfare Society	1967	-0.187	0.1062	0.2558	0.2178	0.2361	0.1943	Poor	Growth	Growth	4	3	3	433
Rancho Coastal Humane Society	1960	0.4821	-0.1888	0.5791	0.3629	0.3556	0.327	Star	Profit	Star	1	2	1	121
Richmond SPCA	1891	0.4125	0.0327	0.6269	0.1507	0.1703	0.1706	Growth	Poor	Growth	3	4	3	343
Roanoke Valley SPCA	1916	0.0056	0.1989	0.6294	0.1117	0.1092	0.1428	Poor	Growth	Growth	4	3	3	433
San Diego Humane Society and SPCA	1880	0.0972	0.3475	-0.2976	0.1095	0.1116	0.102	Growth	Growth	Poor	3	3	4	334
San Francisco SPCA	1868	0.1613	0.7705	-0.3244	0.2624	0.3158	0.314	Star	Star	Profit	1	1	2	112
Santa Fe Animal Shelter & Humane Society	1939	0.0799	0.5871	-0.1253	0.2084	0.2429	0.2877	Growth	Growth	Profit	3	3	2	332
Seeing Eye (The)	1929	0.2231	0.1051	-0.3813	0.0009	0.0008	0.0008	Growth	Growth	Poor	3	3	4	334
SNAP	1999	-0.2664	0.0895	0.1267	0.6024	0.7166	0.6441	Profit	Profit	Star	2	2	1	221
Southwest Missouri Humane Society	1956	0.537	0.1924	-0.0371	0.3362	0.242	0.2279	Star	Growth	Poor	1	3	4	134
SPCA for Monterey County (The)	1905	-0.6888	0.5005	0.1604	0.1714	0.1799	0.1947	Poor	Growth	Growth	4	3	3	433
SPCA of Central Florida	1937	0.3982	0.012	0.3244	0.6314	0.6968	0.6473	Star	Profit	Star	1	2	1	121
SPCA Serving Erie County	1867	0.014	0.0388	0.2344	0.2401	0.2697	0.2829	Profit	Profit	Star	2	2	1	221
SPCA Tampa Bay	1940	0.1186	0.161	0.1693	0.126	0.112	0.1277	Growth	Growth	Growth	3	3	3	333
St. Hubert's Animal Welfare Center	1939	0.0864	0.1496	-0.3258	0.5044	0.5409	0.5139	Star	Star	Profit	1	1	2	112
Suncoast Humane Society	1971	-0.2238	0.479	0.1049	0.3464	0.292	0.1935	Profit	Star	Growth	2	1	3	213
Tony La Russa's Animal Rescue Foundation	1991	0.3359	0.4099	-0.2141	0.1171	0.1276	0.146	Growth	Growth	Poor	3	3	4	334
United Animal Nations	1987	-0.2434	-0.259	-0.0391	0.0738	0.0365	0.0241	Poor	Poor	Poor	4	4	4	444
Upper Valley Humane Society	1974	-0.102	0.0424	0.0408	0.3172	0.2829	0.29	Profit	Profit	Profit	2	2	2	222
Virginia Beach SPCA	1966	0.2428	0.5711	-0.0407	0.2134	0.1721	0.1666	Growth	Growth	Poor	3	3	4	334
Washington Animal Rescue League	1914	0.1012	0.5631	0.0772	0.0762	0.1065	0.104	Growth	Growth	Growth	3	3	3	333

Wayside Waifs	1944	-0.0403	0.4029	0.0061	0.329	0.2951	0.3023	Profit	Star	Profit	2	1	2	212
Western Pennsylvania Humane Society	1874	0.1116	0.0222	0.18	0.4986	0.55	0.4382	Star	Profit	Star	1	2	1	121
Willamette Humane Society	1965	0.1338	-0.1622	0.1539	0.2283	0.1492	0.1038	Growth	Poor	Growth	3	4	3	343
Wisconsin Humane Society	1879	-0.126	0.073	-0.3936	0.2246	0.2548	0.3026	Poor	Poor	Profit	4	4	2	442
MIN		-1.5645	-2.7561	-0.8316	0.0001	0.0008	0.0003							
MAX		4.3132	2.0509	1.5925	0.8193	0.8085	0.8454							
MEDIAN		0.03425	0.09085	0.04235	0.2366	0.25515	0.2629							

Appendix F

SCENARIO 5		Change in ASSETS			"Profit" Ratio			CATEGORY ALPHA			CATEGORY NUMERICAL			
		2006	2007	2008	2006	2007	2008	1:STAR 2:PROFIT 3:GROWTH			1:STAR 2:PROFIT 3:GROWTH 4:POOR			
ORG_NAME	YRFOUND	CHGASS06	CHGASS07	CHGASS08	PFTEXP06	PFTEXP07	PFTEXP08	2006	2007	2008	2006	2007	2008	CODE
Actors and Others for Animals	1971	0.0482	-0.0005	-0.1661	1.1532	1.0435	0.6508	Profit	Poor	Poor	2	4	4	244
Alley Cat Allies	1990	0.1309	0.1231	-0.1569	1.0242	1.0295	0.9354	Growth	Growth	Poor	3	3	4	334
Alley Cat Rescue	1996	0.1896	2.03	-0.3496	1.0247	1.1164	0.8987	Growth	Growth	Poor	3	3	4	334
American Anti-Vivisection Society	1883	0.161	0.0393	-0.3037	2.1097	1.5925	0.6054	Star	Profit	Poor	1	2	4	124
American Humane Association	1877	3.1383	-0.0069	-0.209	4.6905	0.9516	0.6827	Star	Poor	Poor	1	4	4	144
American Kennel Club Canine Health Foundation	1995	0.1475	0.0819	-0.2027	1.1257	1.3626	0.8167	Star	Star	Poor	1	1	4	114
American Veterinary Medical Foundation	1963	-0.0004	0.0171	-0.1083	0.8592	1.0567	0.8279	Poor	Poor	Poor	4	4	4	444
Anderson Animal Shelter	1966	0.1164	0.0825	-0.3782	1.2004	0.9213	0.7496	Star	Growth	Poor	1	3	4	134
Animal Haven	1967	0.0127	0.4207	-0.1673	1.0106	0.9606	0.8391	Poor	Growth	Poor	4	3	4	434
Animal Humane New Mexico	1968	0.1727	0.0855	-0.1122	1.3848	1.1348	1.0259	Star	Star	Poor	1	1	4	114
Animal Protective Association of Missouri	1922	0.1152	0.0136	0.1117	1.5987	0.7785	1.8888	Star	Poor	Star	1	4	1	141
Animal Rescue	1976	-0.0617	-0.126	-0.0408	0.925	0.9084	0.946	Poor	Poor	Growth	4	4	3	443
Animal Rescue League of Iowa	1926	-0.3905	0.5888	0.4812	-0.8056	1.3424	1.1709	Poor	Star	Star	4	1	1	411
Animal Welfare Association	1948	0.2259	1.4653	0.1555	1.1109	1.8943	1.3603	Star	Star	Star	1	1	1	111
Animal Welfare Institute	1951	0.1448	0.1425	-0.0408	2.0547	1.8458	0.8841	Star	Star	Growth	1	1	3	113
Animal Welfare League	1935	0.0483	0.0297	-0.1435	1.0895	0.8558	0.9538	Poor	Poor	Poor	4	4	4	444
Animal Welfare League of Arlington	1944	0.0536	0.0876	0.0673	1.0688	1.1212	1.2598	Growth	Star	Star	3	1	1	311
Animal Welfare Society	1967	0.0037	0.0476	-0.0263	0.9552	1.042	0.976	Poor	Poor	Growth	4	4	3	443
Anti-Cruelty Society (The)	1899	0.0865	0.0506	-0.1926	1.3175	1.2783	0.8589	Star	Profit	Poor	1	2	4	124
Arizona Animal Welfare League and SPCA	1971	0.3362	-0.0727	0.0818	1.3043	0.9035	1.0412	Star	Poor	Star	1	4	1	141
Arizona Humane Society	1957	0.0044	0.0402	-0.0177	0.917	0.927	1.1273	Poor	Poor	Star	4	4	1	441
Associated Humane Societies	1906	-0.1276	0.0038	-0.1794	0.8371	0.9582	0.8908	Poor	Poor	Poor	4	4	4	444
Atlanta Humane Society	1873	0.0824	0.0613	-0.1851	1.5859	1.3317	0.7908	Star	Star	Poor	1	1	4	114
Bangor Humane Society	1869	-0.0447	-0.0709	0.3513	0.8699	0.897	1.9683	Poor	Poor	Star	4	4	1	441
Best Friends Animal Society	1986	-0.1518	0.065	0.0199	0.8386	1.0444	1.0678	Poor	Growth	Star	4	3	1	431
Bideawee	1903	-0.0539	0.058	-0.0875	0.8073	1.1912	0.9025	Poor	Star	Poor	4	1	4	414
Born Free USA united with Animal Protection Institute	1968	-0.1515	-0.0614	-0.2629	0.6762	0.9437	0.8116	Poor	Poor	Poor	4	4	4	444
Buddy Dog Humane Society	1961	0.0184	0.0276	-0.0461	1.2422	0.9716	0.9345	Profit	Poor	Poor	2	4	4	244
Canine Assistants	1991	0.0131	-0.0885	0.0163	0.9433	1.0042	0.9951	Poor	Poor	Growth	4	4	3	443
Canine Companions for Independence	1975	0.0106	0.0291	0.0423	0.9977	1.0098	1.1416	Poor	Poor	Star	4	4	1	441
Canine Partners For Life	1989	-0.0073	0.036	0.0576	0.9833	1.1129	1.2074	Poor	Poor	Star	4	4	1	441
Capital Area Humane Society	1936	0.0836	0.341	-0.0432	1.1126	1.23	1.033	Star	Star	Profit	1	1	2	112
Capital Humane Society	1902	0.0108	0.0491	0.2241	0.9555	1.1691	2.0603	Poor	Profit	Star	4	2	1	421
Cat Care Society	1981	-0.0357	-0.0312	-0.0158	1.2283	0.8565	0.9925	Profit	Poor	Growth	2	4	3	243
Champaign County Humane Society	1903	-0.0796	0.0417	-0.0754	0.7653	1.095	0.9162	Poor	Poor	Poor	4	4	4	444
Charleston Animal Society	1874	0.7863	0.7326	-0.0062	3.3992	1.8384	1.4065	Star	Star	Star	1	1	1	111
Citizens for Animal Protection	1972	3.3206	0.6678	0.0811	0.9267	1.3771	1.3176	Growth	Star	Star	3	1	1	311
Cleveland Animal Protective League	1913	-0.03	-0.0333	-0.1992	0.8773	0.9167	0.8634	Poor	Poor	Poor	4	4	4	444
Dane County Humane Society	1921	-0.0329	-0.0811	-0.0671	0.8464	0.7968	0.944	Poor	Poor	Poor	4	4	4	444
Defenders of Animal Rights	1988	0.114	0.0784	0.0105	1.3485	1.3118	1.0413	Star	Star	Star	1	1	1	111
Dogs for the Deaf	1977	0.1599	0.2412	0.0907	1.6421	2.0949	2.3471	Star	Star	Star	1	1	1	111
Dumb Friends League	1910	0.0737	0.131	-0.0417	1.1473	1.185	1.2134	Star	Star	Profit	1	1	2	112
Dutchess County SPCA	1871	0.0396	1.0974	0.1381	1.0479	2.2403	1.3131	Poor	Star	Star	4	1	1	411
Elmsford Animal Shelter	1931	-0.0376	0.0435	-0.0514	0.9073	1.098	0.8825	Poor	Poor	Poor	4	4	4	444
Escondido Humane Society	1915	0.3981	-0.0325	-0.033	0.9512	0.9355	0.8325	Growth	Poor	Growth	3	4	3	343
FACT	1982	0.0361	-0.0185	-0.0837	0.8675	0.7475	0.9563	Poor	Poor	Poor	4	4	4	444
Farm Sanctuary	1986	0.0571	-0.0269	-0.0004	1.0666	0.993	1.0287	Growth	Poor	Growth	3	4	3	343
Fidelco Guide Dog Foundation	1960	0.5136	0.0273	-0.1298	2.2876	1.1833	1.1068	Star	Profit	Profit	1	2	2	122
Front Range Equine Rescue	1997	2.1905	0.2265	0.197	1.181	1.145	1.2909	Star	Star	Star	1	1	1	111
Greater Androscoggin Humane Society	1885	0.1192	0.1519	-0.0483	1.7016	1.8205	0.7382	Star	Star	Poor	1	1	4	114
Greenhill Humane Society, SPCA	1944	0.1839	-0.0589	0.0896	1.2445	0.9031	1.1138	Star	Poor	Star	1	4	1	141
Guide Dog Foundation for the Blind	1946	0.0113	0.0615	0.0409	1.1625	1.1453	1.1836	Profit	Star	Star	2	1	1	211
Guide Dogs for the Blind	1942	0.1072	0.1438	-0.1051	1.7245	1.5174	1.476	Star	Star	Profit	1	1	2	112
Guide Dogs of America	1948	0.1571	0.1472	0.0966	1.3484	1.3709	1.5509	Star	Star	Star	1	1	1	111
Guide Dogs of the Desert	1972	0.1708	0.5464	-0.1635	1.6234	2.061	0.6264	Star	Star	Poor	1	1	4	114
Guiding Eyes for the Blind	1956	0.0764	0.1157	-0.089	1.2499	1.3853	1.2684	Star	Star	Profit	1	1	2	112
Hawaiian Humane Society	1897	0.0363	0.0701	0.07	1.0487	1.1442	1.2305	Poor	Star	Star	4	1	1	411
Heartland Humane Society	1966	-0.0462	-0.0478	-0.0051	0.9268	0.9262	1.0066	Poor	Poor	Growth	4	4	3	443
Hooved Animal Humane Society	1971	-0.0198	-0.0011	-0.1499	0.8068	0.9705	0.6026	Poor	Poor	Poor	4	4	4	444
Humane Farming Association	1985	0.072	0.0754	0.0083	1.1989	1.2106	1.2298	Star	Star	Star	1	1	1	111
Humane League of Lancaster County	1917	-0.0966	0.0372	0.0607	0.6826	1.0484	1.4828	Poor	Poor	Star	4	4	1	441
Humane Society at Lollypop Farm	1873	0.051	0.0977	-0.0411	1.0871	1.132	1.08	Poor	Star	Profit	4	1	2	412
Humane Society for Seattle/King County (The)	1897	0.0431	0.0607	0.0927	1.067	1.0662	1.2029	Poor	Growth	Star	4	3	1	431
Humane Society for Southwest Washington	1897	0.339	0.5712	0.219	1.4654	3.2043	1.4787	Star	Star	Star	1	1	1	111
Humane Society of Baltimore County	1927	0.0387	0.2652	-0.2667	1.036	1.1657	0.793	Poor	Star	Poor	4	1	4	414
Humane Society of Broward County	1944	0.0204	0.0564	-0.1388	0.9982	1.0912	0.8128	Poor	Growth	Poor	4	3	4	434
Humane Society of Charlotte	1978	-0.1025	-0.0206	-0.2503	0.6886	0.943	0.7404	Poor	Poor	Poor	4	4	4	444
Humane Society of El Paso	1947	0.3913	0.0864	0.9047	1.292	1.1973	2.6105	Star	Star	Star	1	1	1	111
Humane Society of Greater Kansas City	1912	-0.0377	-0.0109	0.0164	0.9296	1.0023	1.0142	Poor	Poor	Growth	4	4	3	443
Humane Society of Greater Miami Adopt-A-Pet	1936	-0.175	-0.0291	0.1969	0.6823	0.919	1.3596	Poor	Poor	Star	4	4	1	441
Humane Society of Kent County (The)	1883	-0.028	-0.0152	0.0078	0.8125	0.7934	0.8796	Poor	Poor	Growth	4	4	3	443
Humane Society of Missouri	1870	0.1611	0.0413	-0.1996	1.3817	0.9917	0.9393	Star	Poor	Poor	1	4	4	144
Humane Society of San Antonio	1952	0.0658	0.0085	-0.1724	1.3701	0.9113	0.9209	Star	Poor	Poor	1	4	4	144
Humane Society of South Mississippi	1952	1.0594	-0.0861	-0.0954	2.6051	0.7277	0.8297	Star	Poor	Poor	1	4	4	144
Humane Society of Southern Arizona	1967	0.0722	0.3532	0.01	1.0624	1.4087	1.087	Growth	Star	Star	3	1	1	311
Humane Society of Tampa Bay	1912	-0.0056	0.1535	-0.054	0.9448	1.0887	1.069	Poor	Growth	Profit	4	3	2	432
Humane Society of the Pikes Peak Region	1949	0.0311	0.0459	0.0096	0.9996	1.0788	1.1578	Poor	Poor	Star	4	4	1	441
Humane Society of the Treasure Coast, Inc.	1955	0.0287	-0.0524	-0.0876	1.062	0.9204	0.8087	Poor	Poor	Poor	4	4	4	444
Humane Society of Vero Beach and Indian River County	1953	-0.0283	0.0544	-0.0048	0.8786	1.2084	1.06	Poor	Profit	Star	4	2	1	421
Humane Society Silicon Valley	1929	0.0211	0.1732	1.847	1.0174	1.3337	2.6877	Poor	Star	Star	4	1	1	411
In Defense of Animals	1983	-0.0265	0.0344	-0.0605	0.9929	1.1892	0.9313	Poor	Profit	Poor	4	2	4	424
International Fund for Animal Welfare	1969	0.1084	0.7606	-0.0653	1.1484	1.4721	1.0063	Star	Star	Poor	1	1	4	114
Jacksonville Humane Society	1885	1.3669	0.9561	-0.0564	2.5932	3.7236	0.7635	Star	Star	Poor	1	1	4	114
Kentucky Horse Park Foundation	1985	0.1863	0.3279	0.5991	1.3181	1.5154	2.4124	Star	Star	Star	1	1	1	111
Kentucky Humane Society	1884	-0.0248	0.127	0.0039	1.0819	1.2077	1.1532	Poor	Star	Star	4	1	1	411
Leader Dogs for the Blind	1939	0.0246	0.076	-0.0792	1.1934	1.2472	1.1274	Profit	Star	Profit	2	1	2	212
League for Animal Welfare	1964	0.2952	-0.1133	-0.0957	1.4847	0.7754	1.2771	Star	Poor	Profit	1	4	2	142
Lexington Humane Society	1944	0.2676	0.3441	-0.1254	1.3693	1.1733	1.0434	Star	Star	Profit	1	1	2	112
Marin Humane Society (The)	1907	0.1549	-0.032	-0.0476	1.2921	0.872	1.0104	Star	Poor	Poor	1	4	4	144
Maryland SPCA (The)	1869	0.0736	0.0467	-0.2321	1.291	1.7818	0.8729	Star	Profit	Poor	1	2	4	124
Michigan Anti-Cruelty Society	1935	0.1437	0.0635	0.242	1.7068	1.1981	1.625	Star	Star	Star	1	1	1	111
Michigan Humane Society	1877	0.0995	-0.0218	-0.1196	1.1285	0.9918	0.9924	Star	Poor	Poor	1	4	4	144
Monmouth County SPCA	1955	0.2236	0.1174	0.138	1.6726	1.4196	0.5925	Star	Star	Growth	1	1	3	113
Montgomery County SPCA	1909	0.0931	0.0529	-0.1823	0.9795	1.0115	0.8949	Growth	Poor	Poor	3	4	4	344
Morris Animal Foundation	1948	0.2005	0.2095	0.0544	1.1529	1.4846	1.1526	Star	Star	Star	1	1	1	111
MSPCA-Angell	1868	-0.0006	-0.0144	-0.1795	0.9708	1.0257	0.8053	Poor	Poor	Poor	4	4	4	444
Nashville Humane Association	1887	-0.036	0.0204	0.0042	1.1381	1.048	1.2972	Profit	Poor	Star	2	4	1	241
National Anti-Vivisection Society	1929	0.1637	0.3389	-0.1031	1.2402	1.5308	0.9866	Star	Star	Poor	1	1	4	114
National Disaster Search Dog Foundation	1996	1.6615	0.1763	0.9661	2.7036	1.3013	1.2449	Star	Star	Star	1	1	1	111

National Education for Assistance Dog Services	1976	0.0762	0.4246	-0.0435	1.0835	1.756	1.0062	Growth	Star	Poor	3	1	4	314
National Humane Education Society	1948	0.1353	0.0136	-0.071	0.9994	0.9708	0.934	Growth	Poor	Poor	3	4	4	344
Nevada Humane Society	1932	-0.1079	-0.1358	-0.1292	0.7272	0.7206	0.9354	Poor	Poor	Poor	4	4	4	444
No More Homeless Pets in Utah	2000	0.0626	-0.3009	0.8514	1.033	0.9333	1.028	Growth	Poor	Growth	3	4	3	343
North Carolina Veterinary Medical Foundation	1978	0.2265	0.261	0.0153	3.5883	2.0324	2.016	Star	Star	Star	1	1	1	111
North Shore Animal League America	1944	-0.0647	-0.0045	-0.1915	0.878	0.94	0.9473	Poor	Poor	Poor	4	4	4	444
Northeast Animal Shelter	1976	0.0471	1.0485	-0.1387	1.1354	1.7861	1.0992	Profit	Star	Profit	2	1	2	212
Northwest Organization for Animal Help	1988	-0.0231	0.0241	0.0076	0.927	1.123	1.0803	Poor	Profit	Star	4	2	1	421
Oregon Humane Society	1868	0.2004	0.1303	-0.0453	1.5054	1.3626	1.3003	Star	Star	Profit	1	1	2	112
Oshkosh Area Humane Society	1990	-0.0311	0.0182	-0.1398	0.8926	0.9279	0.7449	Poor	Poor	Poor	4	4	4	444
Pasado's Safe Haven	1998	0.3045	0.2909	0.1325	2.1312	1.9065	1.4847	Star	Star	Star	1	1	1	111
Paws With A Cause	1979	-0.0367	0.0175	0.0019	0.9231	1.0036	1.0515	Poor	Poor	Star	4	4	1	441
Peggy Adams Animal Rescue League	1925	0.0561	0.322	-0.088	1.1928	3.1676	0.5419	Star	Star	Poor	1	1	4	114
People for the Ethical Treatment of Animals	1980	0.2316	0.028	0.0387	1.1443	1.0066	1.0062	Star	Poor	Growth	1	4	3	143
Pet Adoption Fund	1983	0.1305	0.0352	-0.0313	1.325	1.0945	0.916	Star	Poor	Growth	1	4	3	143
Pet Orphans of Southern California	1973	-0.0834	0.0023	0.0295	0.6777	1.0031	1.0934	Poor	Poor	Star	4	4	1	441
Pets in Need	1965	0.1788	0.1471	-0.0132	2.2351	1.7516	1.2532	Star	Star	Star	1	1	1	111
Potter League for Animals	1929	0.4281	0.389	0.5294	2.3962	2.3437	1.8643	Star	Star	Star	1	1	1	111
Progressive Animal Welfare Society	1967	0.1109	0.1378	0.1381	1.1216	1.2059	1.3564	Star	Star	Star	1	1	1	111
Puppies Behind Bars	1997	0.2822	0.3493	0.1994	1.3727	1.4503	1.3605	Star	Star	Star	1	1	1	111
Ramapo-Bergen Animal Refuge, Inc.	1978	-0.0202	-0.0089	-0.0465	0.9834	0.9512	0.939	Poor	Poor	Poor	4	4	4	444
Rancho Coastal Humane Society	1960	0.0463	0.0255	0.0599	1.1074	0.8574	1.3056	Profit	Poor	Star	2	4	1	241
Richmond SPCA	1891	0.0345	0.0691	-0.1347	1.2395	1.2367	1.8496	Profit	Star	Profit	2	1	2	212
Roanoke Valley SPCA	1916	-0.0411	-0.014	0.0504	0.9051	0.985	1.3758	Poor	Poor	Star	4	4	1	441
San Diego Humane Society and SPCA	1880	0.1086	0.2014	-0.0731	1.33	1.6582	1.0054	Star	Star	Poor	1	1	4	114
San Francisco SPCA	1868	0.0507	0.3707	0.1122	1.1263	2.2594	1.4589	Profit	Star	Star	2	1	1	211
Santa Fe Animal Shelter & Humane Society	1939	-0.078	-0.0127	-0.0696	0.9118	1.2158	0.9713	Poor	Profit	Poor	4	2	4	424
Seeing Eye (The)	1929	0.0608	0.1167	-0.1209	1.5331	1.4922	0.9376	Star	Star	Poor	1	1	4	114
SNAP	1999	-0.2012	0.0309	0.2475	1.0581	1.0654	1.0182	Poor	Poor	Growth	4	4	3	443
Southeastern Guide Dogs	1982	0.4046	0.3428	0.029	1.825	1.8819	1.2023	Star	Star	Star	1	1	1	111
Southwest Missouri Humane Society	1956	0.057	0.2736	0.2578	1.1562	1.2205	1.291	Star	Star	Star	1	1	1	111
SPCA for Monterey County (The)	1905	-0.0027	0.1591	0.0545	0.8888	1.2935	1.303	Poor	Star	Star	4	1	1	411
SPCA of Central Florida	1937	0.2383	0.0563	0.2988	1.2062	1.0644	1.3118	Star	Growth	Star	1	3	1	131
SPCA Serving Erie County	1867	0.1051	0.0929	0.0079	1.0877	1.0135	1.1841	Growth	Growth	Star	3	3	1	331
SPCA Tampa Bay	1940	0.0511	0.0946	0.0252	0.9857	1.0897	1.2043	Growth	Growth	Star	3	3	1	331
St. Hubert's Animal Welfare Center	1939	0.0677	0.1211	0.0147	1.258	1.4357	0.8894	Star	Star	Growth	1	1	3	113
Suncoast Humane Society	1971	-0.0797	0.0433	-0.1045	0.8511	1.0651	0.9801	Poor	Poor	Poor	4	4	4	444
Thoroughbred Retirement Foundation	1982	-0.0084	0.0002	-0.162	0.8088	0.8495	0.8567	Poor	Poor	Poor	4	4	4	444
Tony La Russa's Animal Rescue Foundation	1991	-0.0224	0.0968	0.083	1.3084	1.9408	1.4194	Profit	Star	Star	2	1	1	211
United Animal Nations	1987	0.192	-0.061	-0.1833	1.3312	0.8967	0.8131	Star	Poor	Poor	1	4	4	144
Upper Valley Humane Society	1974	-0.1104	-0.0754	-0.0512	0.8131	0.8568	0.9126	Poor	Poor	Poor	4	4	4	444
Virginia Beach SPCA	1966	0.0507	0.2028	-0.0192	1.1996	1.5623	1.1857	Profit	Star	Star	2	1	1	211
Washington Animal Rescue League	1914	0.0413	0.0096	-0.1333	0.7938	0.9603	0.8645	Poor	Poor	Poor	4	4	4	444
Wayside Waifs	1944	0.0227	0.1924	0.0273	1.0211	1.3332	1.1886	Poor	Star	Star	4	1	1	411
Western Pennsylvania Humane Society	1874	0.0212	0.0589	-0.0947	1.1549	1.1217	1.1097	Profit	Star	Profit	2	1	2	212
Willamette Humane Society	1965	0.0047	-0.0237	-0.1094	1.0166	0.8769	0.8697	Poor	Poor	Poor	4	4	4	444
Wisconsin Humane Society	1879	0.0404	0.0262	-0.102	1.1334	1.1749	0.6342	Profit	Profit	Poor	2	2	4	224
World Society for the Protection of Animals	1981	0.0991	-0.0361	-0.1244	1.0099	0.9209	1.1132	Growth	Poor	Profit	3	4	2	342
	MIN	-0.3905	-0.3009	-0.3782	-0.8056	0.7206	0.5419							
	MAX	3.3206	2.03	1.847	4.6905	3.7236	2.6877							
	MEDIAN	0.0511	0.0563	-0.0408	1.1074	1.1164	1.0287							

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