PERFORMANCE, INNOVATION, AND CHANGE IN NON-PROFIT ORGANIZATIONS:

A MIXED-METHOD ANALYSIS ON THE INDIVIDUAL AND THE ORGANIZATIONAL LEVEL

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Verfasser: Andreas Reinhardt

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Summary

Non-profit organizations (NPOs) matter: They provide important services and goods (Glavin, 2011), and they are a major contributor to the labor market (Salamon & Newhouse, 2019) and GDP (McKeever & Gaddy, 2016). However, despite some traction over the last years, NPOs are still by far not as often addressed in research as other sectors of the economy (see Figure 2). In particular, there is not sufficient knowledge available on what drives performance, innovation, and change in the non-profit sector. Performance and innovation are vital for success on the project and on the organizational level (Amabile, 1988; Howell & Shea, 2001), while organizational change is occurring more frequently than before (Conner, 1993), but NPOs seem to act somewhat differently upon it (DiMaggio & Anheier, 1990).

Results from research on for-profit organizations are frequently generalized to the non-profit sector without adequately checking their validity in this divergent context (van der Heijden, 2006b). But NPOs are different. For example, they focus much more on their mission (Salamon, Sokolowski, & List, 2003), diverge from businesses in multiple organizational features (Horak & Heimerl, 2002), and have to pay attention to different stakeholders than businesses do (Bruce, 1995). To address the need for further research on NPOs, this dissertation focuses on factors that affect performance, innovation, and change in NPOs. In order to do so, three research papers were developed as part of this dissertation. By answering their respective research questions, each of these papers contributes to the body of literature on the theories they rely on as well as to the discussion within their respective research streams.

To start with, Research Paper I assesses on an individual level which personal factors affect the individual performance and innovativeness of managers in the non-profit sector. Through analyzing interviews with knowledgeable informants it develops a model linking attitudes, norms, and perceived control of managers with their intentions and actions. The paper thus

connects the model with the theory of planned behavior (Ajzen, 1985). Accordingly, it contributes to the literature on behavioral intentions in determining a list of personal factors that affect the intention of managers in NPOs to perform well or to bring innovation to their organization. Learning more about these factors is potentially relevant for managers themselves as well as for hiring and promotion decisions in the sector.

Their stakeholders' openness to change matters importantly for managers who want to increase performance or introduce innovation. Research Paper II thus shifts the attention to the organizational level and analyzes antecedents to openness to change for stakeholders in the non-profit sector. It relies on a sample of more than 2,000 stakeholders as well as on bounded rationality theory (Simon, 1947, 1955) to assess how familiarity with the status quo, power to influence change, for-profit work experience, and satisfaction with the status quo affect the openness to change of stakeholders. The paper hence explains how these factors matter for the limits to rational decision-making. Based on bounded rationality theory, these limits may in turn determine the degree to which stakeholders are open to changes. The findings from this paper are in particular relevant for practitioners who seek to increase the chances of success for change projects.

Finally, as Research Paper II finds that satisfaction of stakeholders with the status quo matters for changes in NPOs, Research Paper III takes a closer look at satisfaction levels that non-profit stakeholders report. Employing the same sample of over 2,000 stakeholders, the paper shows how prospect theory (Kahneman & Tversky, 1979, 1984) can explain differences between business and non-profit stakeholders in their reported satisfaction as well as how national cultures affect these differences between the two types of organizations. The third paper thus extends previous application of prospect theory to the non-profit sector and in cross-cultural settings. Moreover, the paper's findings are not only important for managers in NPOs but also

for their business counterparts who become increasingly interested in the opinion of their wider stakeholder network (Business Roundtable, 2019).

This dissertation consists of two main parts with multiple subchapters. Part A provides an overview over the dissertation, the theories it relies on, the data it uses, the research paper it includes, and the implications it has. Part B comprises the three research papers at full-length.

Overview of Research Papers

Research Paper I – Successful without Profits: Personal Factors that affect Performance in NPOs

- Reinhardt, A. & Enke, S. 2018. Successful without profits: Personal factors that affect performance and innovativeness in NPOs. *Accepted for presentation at the 2018 European Academy of Management Annual Meeting (EURAM) in Reykjavik (Iceland).*

- Reinhardt, A. & Enke, S. 2018. Successful without profits: Personal factors that affect performance and innovativeness in NPOs. *Accepted for presentation at the 2018 Annual Meeting of the Academy of Management (AoM) in Chicago, IL (USA).*

- Reinhardt, A. & Enke, S. 2020. Successful without Profits: Personal Factors that Affect Performance in NPOs. *Accepted by Employee Relations (Special Issue: Dynamics of Employment Relations and HRM in Nonprofit Organizations). VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.1.*

Research Paper II – Antecedents of Openness to Change in NPOs and the Moderating Role of Satisfaction

- Reinhardt, A. & Enke, S. 2019. The Influence of Familiarity with the Status Quo, Power, and For-Profit Experience on the Openness to Change: The Moderating Role of Satisfaction. *Accepted for presentation at the 2019 European Academy of Management Annual Meeting (EURAM) in Lisbon (Portugal). Received Best Paper Award by the Public and Non-Profit Management SIG.*

- Reinhardt, A. & Enke, S. 2019. Effects of Familiarity with the Status Quo, Power, and For-Profit Experience on Openness to Change: The Moderating Role of Satisfaction. *Accepted for presentation at the 2019 Annual Meeting of the Academy of Management (AoM) in Boston, MA (USA).*

- Reinhardt, A. & Enke, S. 2020. Antecedents of Openness to Change in NPOs and the Moderating Role of Satisfaction. *Currently under review at the European Management Journal. VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.3*

Research Paper III – Non-Profit Culture and Satisfaction with the Status Quo: A Cross-Cultural Perspective

- Reinhardt, A. 2020. Non-Profit Culture and Satisfaction with the Status Quo: A Cross-Cultural Perspective. *Currently under review at the Journal of World Business. VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.5*

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Acronyms and Abbreviations

AoM	Academy of Management
AVE	Average variance extracted
CEO	Chief executive officer
CFA	Confirmatory factor analysis
DV	Dependent variable
e.g.	Exempli gratia (=for example)
EFA	Exploratory factor analysis
et al.	Et alii (and others)
EURAM	European Academy of Management
GDP	Gross domestic product
H	Hypothesis
i.e.	Id est (that is)
IDV	Individualism
IV	Independent variable
NPO	Non-profit organization
p	Probability
p.	Page
PDI	Power distance
PhD	Doctor of Philosophy
R-squared	Coefficient of determination
SD	Standard deviation
SIG	Strategic interest group
UAI	Uncertainty avoidance
UK	United Kingdom
USA	United States of America

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PART A: Introductory Overview of Dissertation

Part A provides an overview of this dissertation. It also includes a summarized version of each of the three research papers that are both the foundation and the main output of this research project. In Chapter 1, the relevance of the dissertation topic is shown and through reviewing previous work on NPOs, research gaps are identified. The theories this dissertation relies on and partially extends are summarized in Chapter 2. Chapter 3 gives an overview of the empirical data used in this dissertation to close the identified research gaps. All three research papers are summarized in chapter 4 which also elaborates on this dissertation's mixed-method approach. Subsequently, chapter 5 lists the implications of this dissertation. Finally, a general conclusion from this dissertation is drawn in chapter 6. In addition, the complete research papers can be found in Part B of this dissertation.

1. Introduction

> *"It can gnaw at people to realize that the realities of the world don't match their expectations for it. Some surprises help people see that the status quo needs to change. Some surprises underscore that transformation is happening already. Twenty-five years ago, we read an article that said hundreds of thousands of kids in poor countries were dying from diarrhea. That surprise helped crystallize our values. We believe in a world where innovation is for everyone – where no child dies from a disease it's possible to prevent. […] We were surprised, then we were outraged, then we were activated."*
>
> – Bill and Melinda Gates (Gates & Gates, 2019: 3)

This quote pictorially illustrates why people engage in the non-profit sector: to change the status quo. Moreover, it shows why innovation and non-profit organizations (NPOs) are closer linked than many people might think. Three key words from the quote shall help to structure this dissertation's content overview: expectations, change, and activated.

Expectations: Many people enter the non-profit sector with the expectation to do good. Often, they want to dedicate their labor to bringing the world closer to their ideals, potentially by transforming the status quo through innovation. They and others around them have expectations regarding their performance and impact. But what helps individuals in non-profit organizations (NPOs) to be performant and innovative in order to help their organizations thrive and fulfil their missions? The first aim of this dissertation is to investigate and find empirical evidence for such personal factors that affect the individual performance and innovativeness in NPOs.

Change: In pursuing the first aim of this dissertation, it quickly became clear that in many cases changes to the status quo are required for individuals and organizations alike to achieve a certain performance level or to innovate. In NPOs – potentially even more than in businesses – such changes need the support of a wide stakeholder base. Thus, the second aim of this dissertation emerged: to find antecedents to openness to change for stakeholders in the non-profit sector.

Activated: While analyzing the antecedents to openness to change it became evident that the satisfaction of stakeholders plays an important role for their openness to change. They need to be activated to "see that the status quo needs to change" (Gates & Gates, 2019: 3) – through surprise, outrage, or by other means. When participating at an annual meeting of an NPO as part of the data collection to achieve this dissertation's second aim, it was impressive to witness first-hand the reactions of network partners to proposed changes. The differences in organizational culture to businesses were particular apparent. And it was fascinating to experience the cultural differences in the reactions of these network partners from more than 40 countries that all belong to one network-organization but still seem to differ substantially. Scholars of cross-cultural management would probably have expected such an observation as "cultural norms and beliefs are powerful forces shaping people's perceptions, dispositions, and behaviors" (Steenkamp, 2005: 6). Hence, while learning more about the differences in organizational culture between NPOs and businesses both from research and own experience, the third aim of this dissertation emerged: to analyze whether non-profit stakeholders report systematically different satisfaction levels than businesses and if these differences might be affected by national culture as defined by Kluckhohn (1951: 86) as "patterned ways of thinking, feeling, and reacting […] constituting the distinctive achievements of human groups".

But why should one be interested in NPOs in general? As chapter 1.1 shows they are important providers of services to beneficiaries and society in general. Furthermore, they contribute to national economies and provide jobs to a substantial number of people. However, research on NPOs and what drives their performance, innovation, and change processes lags behind other sectors in management research. Chapter 1.2 elaborates further on this research gap and explains how such an attempt can build on previous research on the for-profit sector. By reviewing existing literature to pursue the three goals of this dissertation, gaps are revealed that this research project intends to close.

1.1. Relevance of the Research Topic

In contrast to businesses, which seek private gain through private action, and governments, which seek public good through public action, NPOs seek public good through private action (Glavin, 2011). NPOs – as their name suggests – are in general not allowed to generate profits. Instead of financial returns, they seek social impact according to their mission (Salamon et al., 2003). Many NPOs thus rely on endowments or donations to fund their activities but some do generate revenue through their activities that are at a maximum enough to cover their costs. With their work, they generally try to help their beneficiaries. However, compared to businesses, they also have to manage a more diverse landscape of stakeholders including supports, regulators, staff, and (voluntary) board members (Bruce, 1995).

NPOs matter because of the work they do. Historically, they are "where social reform efforts have most often arisen" (Glavin, 2011: 6), they identify and tackle societal problems, and in many cases, they promote knowledge and values. In doing so, they often complement governmental actions or act where governments do not. Moreover, they offer opportunities to their employees, their beneficiaries, and their supporters for self-realization and personal fulfillment. In addition, they provide structures for private investments to help social causes (Glavin, 2011).

Furthermore, NPOs are important employers. As Figure 1 shows, in the US alone NPOs consistently employ 10–11% of the total number of workers, which is equivalent to more than 14 million people in 2013. In addition, more than a quarter of all adult Americans volunteer in NPOs, contributing 12.9 billion hours in 2006 alone which is equivalent to 7.6 million full-time employees (Glavin, 2011). It should be acknowledged though, that the non-profit sector's relative contribution to GDP is considerably smaller because most NPOs are labor intensive (McKeever & Gaddy, 2016). However, in 2016, the non-profit sector employed a similar number of people in the US as for example the manufacturing industry (Salamon & Newhouse, 2019). The economic importance of NPOs should thus not be underestimated. In addition,

workers in the non-profit sector are on average more highly educated than their for-profit counterparts (Hirsch, Macpherson, & Preston, 2017).

Figure 1: Share of US Employees by Sector
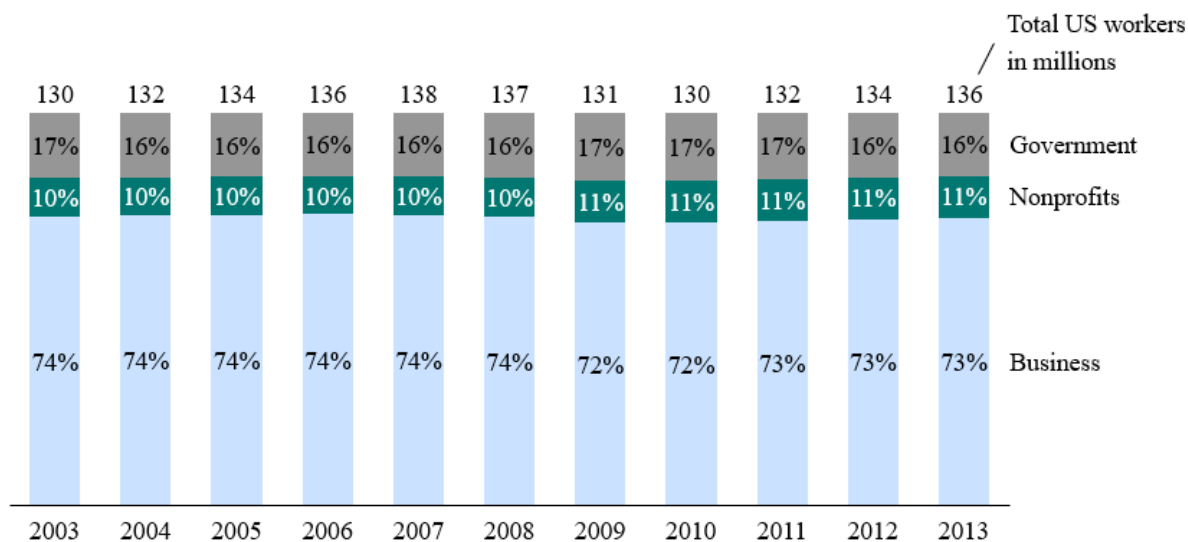
Source: McKeever & Gaddy, 2016

It hence seems surprising that relatively little research is conducted on performance and innovation in NPOs. As a desk research on NPOs in comparison to selected other sectors reveals (Figure 2), publications in highly ranked management journals on performance, change, or innovation in NPOs lag strongly behind. Only 16 such studies are published as of today, compared to 51 on the health care industry, 52 on retail, 123 on the public sector, and even 172 on the manufacturing industry. However, this analysis also reveals that studies on NPOs were increasingly published by top management journals since the 1990s, signifying a growing but still somewhat smaller research focus on NPOs.

Figure 2: Cumulated Number of Publications in A+ Journals on Performance, Change, or Innovation in Selected Sectors
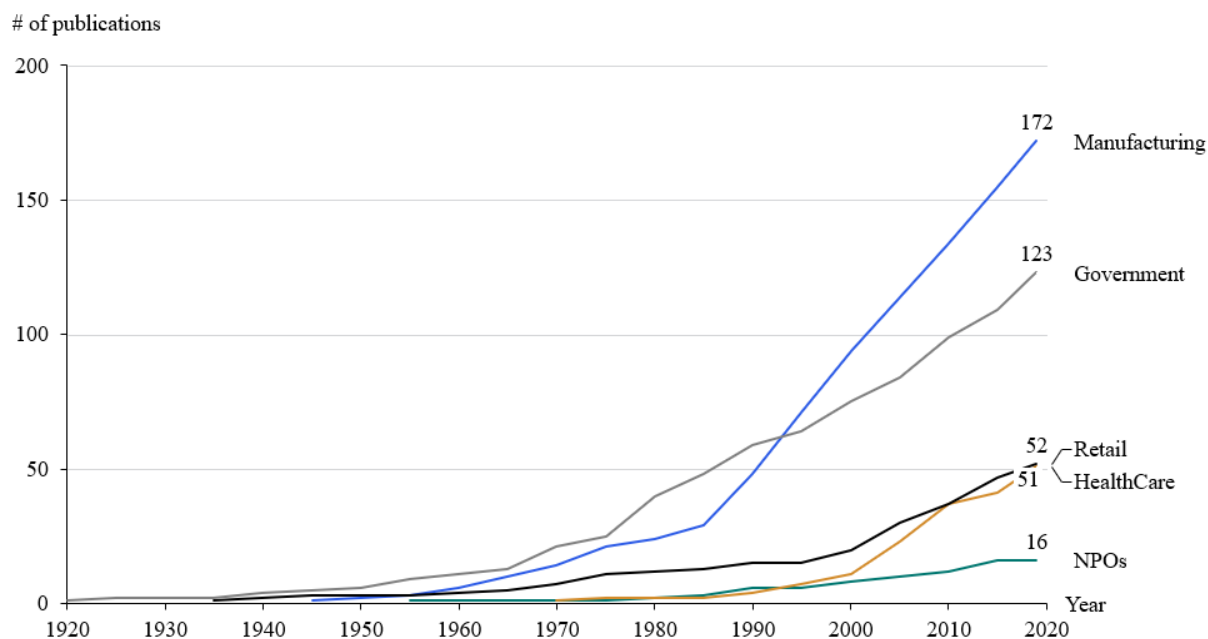
Source: Own research on EBSCO Business Source Premier[1]

1.2. Identification of Research Deficits and Deduction of Research Questions

The following chapters review previous research to derive research questions. They will reveal that, despite growing interest in the non-profit sector, there is still no comprehensive model available for the factors that drive the individual performance and innovativeness of managers in NPOs (chapter 1.2.1). Moreover, considering that managers are likely to depend on others to implement changes, the question emerges which factors determine the openness to change of stakeholders in the non-profit sector (chapter 1.2.2). Finally, because it seems that stakeholder satisfaction matters for organizations when they are undergoing organizational changes, this dissertation elaborates on the satisfaction reporting of non-profit stakeholders (chapter 1.2.3).

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[1] Including publications in all 22 journals ranked as "A+" according to VHB-JOURQUAL3. Search terms for titles of papers were "perform* OR change OR innov*". Industry focus was approximated through mentioning of "non-profit OR nonprofit OR NPO OR NGO" for NPOs, "'health care' OR pharm*" for health care, "manufact*" for manufacturing, "retail" for retail, and "governm*" for government in the abstract of papers.

1.2.1. Individual Performance and Innovativeness of Managers in NPOs

Results from studies on for-profit organizations are often simply extended to the non-profit sector. Yet this kind of generalization should be questioned because of crucial differences between organizations in the two sectors (van der Heijden, 2006b) that go beyond the way they are taxed (Morris, Coombes, Schindehutte, & Allen, 2007). NPOs are substantially different at their organizational core, for example regarding their target system, their human resource management – not least due to the substantial number of volunteers in NPOs – and the financing sources they can tap (Horak & Heimerl, 2002). Moreover, NPOs need to take a fairly different approach for their marketing mix than businesses do (Helmig, Jegers, & Lapsley, 2004; Shapiro, 1973). In general, NPOs focus more on their societal impact than their owners or shareholders (Dees, 1998). Employees in NPOs tend to be more driven by this wider social impact and personal values than their business counterparts (Frumkin & Andre-Clark, 2000; Miller-Stevens, Taylor, & Morris, 2015; Miller-Stevens, Taylor, Morris, & Lanivich, 2018). Combined with a stronger tendency to grassroot orientation (Anheier, 2000; Taliento & Silverman, 2005) and lower risk-affinity (Hull & Lio, 2006), all these factors are likely to affect performance, change processes, and innovation in NPOs as well as antecedents to these factors.

Even though previous research finds that both individual performance and individual innovativeness are important for project (Howell & Shea, 2001) and overall organizational success (Amabile, 1988), there is surprisingly little research on what drives these factors in the non-profit sector (Brière, Proulx, Flores, & Laporte, 2015). Research on businesses suggests that there are numerous factors affecting both performance and innovativeness such as personality traits (Judge & Zapata, 2015), social and personal identity (Randel & Jaussi, 2003), as well as individuals' networks (Cross & Cummings, 2004). However, it remains unclear if these factors have a similar affect in NPOs and if there are any non-profit specific factors not considered by existing research. A sensible first step seems to be to look at personal factors for decision-

makers in NPOs as they are likely to be working rather independently which is why these factors can affect their performance and innovativeness directly. Therefore, Research Paper I of this dissertation attempts to answer the question, *which personal factors are likely to influence NPO managers' individual innovativeness and performance?*

1.2.2. Antecedents to Openness to Change for Stakeholders in the Non-Profit Sector

However, managers are probably not able to implement their ideas and to innovate on their own. Instead, they are likely to depend on relevant stakeholders to endorse changes that come with certain undertakings and innovation proposals. Managing change is vital for the survival of organizations (The Boston Consulting Group, 2015) and constantly on the minds of their leaders (PricewaterhouseCoopers, 2014). A lack of openness to change on the contrary, can be linked to organizational failure (Watkins, 2007) and resistance to change is seen as a major explanation for the failure of change projects (Erwin & Garman, 2010; Maurer, 1996; Reger, Mullane, Gustafson, & DeMarie, 1994; Spiker & Lesser, 1995). This is why openness to change is considered a "necessary initial condition for planned change" (Miller, Johnson, & Grau, 1994: 60).

An extensive review of the literature on openness to change is one of the pillars this dissertation relies on to derive its research question for Research Paper II. As commonly done (e.g., Menz, 2012) the EBSCO database was searched for relevant key words[2]. The resulting list of 248 academic papers was first filtered for all peer-reviewed journals ranked in the VHB-JOUR-QUAL3 rating (VHB, 2018) resulting in 80 articles. These were assessed and, if found to be relevant, added to the literature review. Additionally, a forward-citation search for the article by Miller et al. (1994), who were the first to develop a scale to measure openness to change, was conducted to ensure a comprehensive picture. Furthermore, whenever articles referred to

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[2] Search term was "openness change*".

relevant other papers they were included as well. Table 1 provides summaries of the articles included in the literature review.

Research on for-profit organizations revealed three categories of antecedents to openness to change: the level of information, the degree of involvement in change, and previous experiences in relation to changes. Firstly, employees who think that they are well-informed about changes and ideally even feel included in the change processes are found to be more open to changes (Ertürk, 2008; Miller et al., 1994; Wanberg & Banas, 2000). In particular the perceived quality of information seems to matter for the openness to change of employees (Miller et al., 1994). Thus, possessing more change-relevant information seems to increase the openness to change. Secondly, the involvement in change in the form of engagement in the decision process (Ertürk, 2008; Wanberg & Banas, 2000) and more generally exposure to change (Axtell et al., 2002) are also said to be increasing openness to change. This effect seems to be particularly important if individuals perceive power over the change process, e.g. through self-efficacy, internal locus of control, and personal resilience (Wanberg & Banas, 2000) as well as if individuals show an intrinsic need for achievement (Miller et al., 1994). Thirdly, previous experience that individuals perceive as relevant for the change at hand seems to be relevant for their openness to change. Trust in leadership combined with a positive history of change are found to be increasing openness to change (Devos, Buelens, & Bouckenooghe, 2007; Ertürk, 2008). In addition, as individuals are likely to choose "satisficing" (satisfying + sufficient) options instead of the objectively best alternative (Simon, 1976, 1997), it seems likely that they are affected by their individual satisfaction with the status quo when they decide whether to support changes or not.

However, the studies mentioned to derive these factors focus on employees in businesses. Besides the general claim that results from the for-profit sector might not be as easily generalizable to NPOs (van der Heijden, 2006b), this focus on a single stakeholder group might be particularly insufficient for NPOs. As explained above, some organizational core differences

(Horak & Heimerl, 2002), NPO's wider commitment to societal good (Dees, 1998), and their more diverse stakeholder landscape (Bruce, 1995), make broadening the scope of stakeholders necessary for research on openness to change in the non-profit sector. Therefore, Research Paper II of this dissertation investigates NPOs to answer the question, *what are the antecedents of openness to change and their respective effects for stakeholders in the non-profit sector?*

Table 1: Literature Overview for Openness to Change

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Oreg, Bartunek, Lee, and Do	2018	Academy of Management Review	Conceptual	• Factors that impact perceived support and control • Factors that decrease psychological distance • Factors that impact recipients' perceptions that their interests are considered	• Responses to change	• Appraisal processes	-	• The authors develop a model explaining how process variables and the change context affect the responses to change by the recipients of change. • They argue that previous literature has mostly focused on change agents rather than on change recipients and the experience they make. • They propose a primary appraisal process (focusing on goal relevance and goal congruence) and a secondary appraisal process (focusing on coping potential). • Responses to change (proactivity, acceptance, disengagement, and resistance) emerge through these two appraisal processes.
McKay, Kuntz, and Naswall	2013	New Zealand Journal of Psychology	Quantitative	• Communication on change • Participation in change • Affective commitment to changing organization	• Resistance to change	• Readiness for change: appropriateness, manager support, self-efficacy, and personal valence	• n = 102 employees from New Zealand and Australia	• Readiness to change seems to mediate the relationship between the three IVs and resistance to change. • Only one dimension of readiness to change (appropriateness) seems to be significantly linked to resistance to change. It reduces resistance to change. • Perceived adequacy of change-related communication is associated with lower readiness for change (higher appropriateness, self-efficacy, and personal valence). • Participation in change seems to have no significant effect on readiness to change. • Affective commitment increases personal valence (thus positively affects readiness to change) and reduces resistance to change.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Shin, Taylor, and Seo	2012	Academy of Management Journal	Quantitative	• Organizational inducements • Psychological resilience	• Normative commitment to change • Affective commitment to change	• Social exchange • State positive affect	• n = 234 employees and n = 45 managers in two waves • IT company undergoing organizational change in South Korea	• Organizational inducements and psychological resilience are positively associated with employees' normative and affective commitment to change. • These relations are mediated through state social exchange and state positive affect. • Normative commitment to change is positively related to behavioral support for change and to creative support for change as well as negatively related to turnover. • Affective commitment to change is also positively related to behavioral support for change and to creative support for change.
Choi	2011	Human Resource Management	Literature review	• Readiness for change • Commitment to change • Openness to change • Cynicism about organizational change	• Numerous antecedents	-	-	• The four constructs are all used to examine conditions under which employees support change. • However, they have distinct meaning. Therefore, they can provide different information, e.g. regarding employees' evaluation of change initiatives and their concerns about change. • The author suggests that the four constructs are susceptible to situational variables, and that they may change over time as individuals' experiences change. • The author thus proposes to conceptualize the constructs as states rather than as personality traits.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Fugate, Harrison, and Kinicki	2011	Journal of Leadership & Organizational Studies	Quantitative	• Negative appraisal • Negative emotions • Control coping	• Intentions to quit • Voluntary turnover	-	• n = 141 employees in one department of an American public-sector organization. • The department is undergoing a 12 months organizational restructuring program.	• There seems to be a reciprocal relationship between negative emotions and negative appraisal, thus appraisal is likely to be a non-sequential process. • Both negative appraisals and negative emotions are negatively associated to control coping. • Control coping is negatively related to intentions to quit. • Intentions to quit predict voluntary turnover. • This study thus extends appraisal theory and demonstrates that it is a powerful alternative (theoretical) means for examining employee reactions to organizational change.
Erwin and Garman	2010	Leadership & Organization Development Journal	Literature review	-	• Resistance to organizational change	-	• 18 empirical articles from peer-reviewed journals	• Studies on resistance/openness to change mostly use self-report questionnaires, thus providing a limited view that could be enhanced by other research methods, e.g. qualitative or practice-based. • The reviewed studies focus on cognitive, affective, and behavioral dimensions of resistance to change. • Research thus attempts to explain how a variety of personality characteristics and employee concerns influence resistance to change. • These studies try to make recommendations for managers on what could be done to reduce resistance to change.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Hinduan, Wilson-Evered, Moss, and Scannell	2009	Asia Pacific Journal of Human Resources	Quantitative	• Transactional leadership • Transformational leadership	• Job satisfaction • Commitment to change • Intention to leave	Openness to change	• Indonesian bank after a merger program • n = 57 middle management employees • n = 91 from non-management employees	• Transformational leadership is positively related to job satisfaction. The relation is even more positive when employees are more open to change. • Those managers who experience positive affect are more likely to use transformational leadership.
Ertürk	2008	International Journal of Manpower	Quantitative	• Managerial communication: task communication, career communication, and communication responsiveness • Employee participation	• Openness to organizational change	• Trust in supervisor	• Employees of five public-sector organizations in Turkey • n = 878	• The relationship between managerial communication and openness to change is mediated by trust in supervisor. • The relationship between employee participation and openness to change is only partially mediated by trust in supervisor.
Devos et al.	2007	The Journal of Social Psychology	Quantitative	• Threatening character of situation • Trust in executive management • Trust in supervisor • Participation during the change	• Openness to change	• History of change	• Experimental simulation in two separate studies • n = 828 and n = 835 • Online data collection on website of a work-related magazine	• Study finds positive effect on openness to change for lack of a threatening character, trust in executive management, trust in direct supervisor, and opportunity to participate during change process. • Interaction effect with history of change is significant: Openness to change is lower when trust in executive management is low and history of change is poor.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Smollan	2006	Journal of Change Management	Conceptual	• Cognitive appraisal of change event	• Behavioral responses to change	• Cognitive responses • Affective responses • Cognitive evaluation	-	• The author develops a model to identify reactions to changes and their antecedents. • Individuals react on three levels to change: cognitive, affective, and behavioral. • Behavioral responses are a result of cognitive and affective reactions. • A number of context variables (concerning the employee, the change manager, and the organization) mediate and moderate these responses.
Axtell et al.	2002	Journal of Occupational and Organizational Psychology	Quantitative	• Exposure to a change situation	• Openness to change • Job satisfaction • Depression • Anxiety	-	• UK-based distribution company undergoing implementation of new technology • Primary survey data with two consecutive surveys with n = 325 and n = 227	• Employees are in two different groups: high exposure to change vs. low exposure. • Greater exposure is related to subsequent improvements in openness to change for operational employees (not for managers and engineers). • Exposure is associated with improvements in job satisfaction and depression for all job types. • Effect on job satisfaction can be accounted for by increased job complexity due to the new technology rather than by exposure to change per se.
Bovey and Hede	2001	Leadership & Organization Development Journal	Quantitative	• Perception (impact of change)	• Resistance (behavioral intentions to resist)	• Cognitions (irrational ideas) • Affect (emotion)	• Individuals from nine organizations in the resistance phase of a major organizational change • n = 615	• Investigates relationships between irrational ideas, emotion, and resistance to change. • Irrational ideas are significantly and positively correlated with behavioral intentions to resist change. • 44% of variance in intentions to resist can be explained by irrational ideas and emotions.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Wanberg and Banas	2000	Journal of Applied Psychology	Quantitative	• Individual difference variables: self-esteem, optimism, and perceived control • Context-specific variables: information, participation, change self-efficacy, social support, and personal impact	• Job satisfaction • Work-related irritation • Intention to turnover and actual turnover	• Openness towards an organizational change: change acceptance and positive view of changes	• Employees of two state chapters of the US National Association of Housing and Redevelopment Officials (NAHRO) • n = 173 at Time 1, n = 133 at Time 2, and n = 130 at Time 3	• Self-esteem, optimism, and perceived control (combined in a personal resilience variable) are positively related to change acceptance but not to positive view of changes. • Information on changes and change-related self-efficacy are predictive of higher levels of change acceptance. • Participation in change decisions is positively associated with a positive view of changes. • Change acceptance is positively related to job satisfaction and reduces work irritation as well as intentions to quit.
Geletkanycz	1997	Strategic Management Journal	Quantitative	• Uncertainty avoidance • Masculinity • Power distance • Long-term orientation	• Leadership commitment to the status quo • Strategy commitment to the status quo	-	• Executives survey on perceptions of their organization's current (1988) and appropriate future (2000) strategic and leadership profiles with n = 1,540 • 20 nationalities, including USA, multiple Latin American, European, and Asian countries	• Individualism is positively related to both leadership commitment to the status quo (CSQ) and strategy CSQ. • Masculinity is not significantly related to leadership CSQ or to strategy CSQ. • Power distance is negatively related to leadership CSQ and strategy CSQ. • Long-term orientation is only significantly and negatively related to strategy CSQ. • Industry tenure is only significantly and positively related to strategy CSQ.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
McCartt and Rohrbaugh	1995	Organization Science	Quantitative	• Managerial openness • Group size	• Beneficial results from decision conferencing	• Decision mode	• n = 274 participants at 26 decision conferences hosted by the State University of New York's Decision Techtronics Group	• The paper assesses the relation between managerial openness and the success in introducing a Group Decision Support System (GDSS). • Conferences are perceived as most beneficial by flexible client organizations that appeared open to the initial use of GDSS. • The authors conclude that "the eventual assimilation of new technology will become threatened wherever it is rigidly introduced or wherever management teams are not flexible enough to alter their decision-making routines at the time of initiation." (p. 569)
Miller et al.	1994	Journal of Applied Communication Research	Quantitative	• Need for achievement • Organizational identification • NETMA ("No One Ever Tells Me Anything") • Role ambiguity • Knowledge of coworkers' roles	• Openness to change	• Anxiety • Quality of information	• US insurance company undergoing restructuring • n = 168 employees on managerial and non-managerial level	• Quality of information and need for achievement both positively affect openness to change. • Anxiety seems not to predict openness to change.

1.2.3. Satisfaction of Stakeholders from the Non-Profit Sector

When taking the line of thought further that stakeholders' satisfaction matters for how supportive they are of change, the question emerges how their level of satisfaction can be adequately measured. This is not just an issue for NPOs but also for businesses because they increasingly pay attention to their wider stakeholder network and not only to their shareholders (Business Roundtable, 2019; The Economist, 2019). Moreover, corporations might in fact be able to learn from NPOs because they are already more used to consult a broad stakeholder landscape (Bruce, 1995) due to their commitment to serve wider society (Dees, 1998).

To develop a research question for Research Paper III, this dissertation conducted a literature review on stakeholder satisfaction. Following similar attempts (e.g., Menz, 2012), relevant key words[3] were used to search EBSCO database resulting in a list of 183 academic papers. These articles were filtered for journals that are peer-reviewed and ranked by the JOURQUAL3 rating (VHB, 2018), yielding a list of 62. The articles on this list were assessed for their relevance and if applicable they were included in the literature review. In addition, further relevant articles were included if referred to by other articles in the sample. Table 2 summarizes the articles that were included in this literature review.

Historically, companies focused almost exclusively on their shareholders and the financials shareholders care most about, e.g. profits and sales (Chakravarthy, 1986). However, already in the early days of management research, scholars cautioned that companies need to balance demands by various stakeholders, not just their shareholders (Barnard, 1938). In the literature, we can observe a gradual expansion of the stakeholders considered for satisfaction measurement. However, it is more difficult to quantitatively measure stakeholder satisfaction as opposed to shareholders for which companies may rely on returns and share prices (Chakravarthy, 1986).

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[3] Search term was "stakeholder satisf*".

Due to their direct impact on companies' financial performance (e.g., via sales), customers were a rather natural extension of scope for satisfaction measurement. Customer satisfaction is frequently approximated through their (repeated) purchase decision but measurements are normally enriched with interviews and surveys (Anderson & Sullivan, 1993; Szymanski & Henard, 2001). Scholars increasingly stressed the importance of customer satisfaction for the decision making in companies (Peterson & Wilson, 1992).

Employees were an obvious next step for organizations interested in the satisfaction of their stakeholders because it matters for companies' success how their employees exert effort beyond the narrow performance of tasks. Such actions of employees are at the heart of organizational citizenship behavior (Bateman & Organ, 1983). However, scholars argue over the effect of job satisfaction on employees' task performance (Iaffaldano & Muchinsky, 1985). Employee retention rate can serve as a proxy for their satisfaction. More granular measurements assessing their mood prior to employees' departure rely on their job satisfaction being captured through surveys (Chakravarthy, 1986; Chen, Ployhart, Thomas, Anderson, & Bliese, 2011).

For a wider definition of stakeholders including owners, customers, employees, and other groups (Love & Kraatz, 2017) surveys seem to be the only valid option in order to quantify satisfaction levels. Some scholars even focus on a more narrow view on stakeholders in terms of local communicates and the environment as core elements of corporates' social responsibility (Chakravarthy, 1986). But more generally speaking, studies have shown that a wider spectrum of stakeholders, including customers (Reilly, Nyberg, Maltarich, & Weller, 2014) and employees (Chen et al., 2011) are important to organizations way beyond a simple buyer-seller relationship (e.g., of goods, services, and labor) perspective would suggest.

Furthermore, there is reason to believe that non-profit stakeholders might respond systematically different to surveys attempting to measure their satisfaction. Individuals working in the non-profit sector tend to be more forgiving (Rawls, Ullrich, & Nelson, 1975), and they might

have more skeptical attitudes towards changes and thus consider if their response to such survey could possibly trigger changes. Non-profit stakeholders tend to be more risk-averse (Hull & Lio, 2006) and are used to consensus-oriented grassroot settings instead of formal hierarchies (Anheier, 2000; Taliento & Silverman, 2005). Thus, it could be the case that non-profit stakeholders report systematically different satisfaction levels than businesses.

Moreover, national culture matters when measuring satisfaction in surveys (Eskildsen, Kristensen, & Gjesing Antvor, 2010; Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004; Liu, Borg, & Spector, 2004). For job satisfaction, previous research found significant moderating effects on the relationships with organizational culture (Lok & Crawford, 2004), work-life-balance (Haar, Russo, Suñe, & Ollier-Malaterre, 2014), job characteristics (Huang & van de Vliert, 2003), and job level (Huang & van de Vliert, 2004). It thus seems probable that the effect of being a non-profit stakeholder on reported satisfaction is as well moderated by national culture. This is likely to be the case because the national culture of members of an organization can differ in its congruency with an organizational culture (Lachman, Nedd, & Hinings, 1994) and thus strengthen or weaken the relationship between organizational culture and reported satisfaction. To analyze these potential effects on reported satisfaction levels, Research Paper III answers the question, *do stakeholders from the non-profit sector report different satisfaction levels than those from the for-profit sector do, and, if so, is this difference affected by national culture?*

Table 2: Literature Overview for Stakeholder Satisfaction

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Love and Kraatz	2017	Academy of Management Journal	Quantitative	• Number of earnings misses • Firm earnings reliability • Earnings guidance • Media coverage • Peer earnings reliability • Context change	• Reputation change	• Number of earnings misses	• Companies featured in the Fortune "Most Admired Companies" survey between 1986 and 2004 • n = 5,745 companies which appeared on average for seven years in the survey	• The authors argue that the intuitively reasonable idea that companies suffer reputational damage when they disappoint key stakeholders is not sufficiently understood. • As an example, they analyze the effect of earnings misses on the reputation of companies according to a yearly survey in the Fortune magazine. • They develop a theory to identify the psychological mechanism behind this relationship (trait attribution) and to explain how stakeholder-specific and discrete exchange failures may damage companies' reputation. • The results suggest that earnings misses do indeed damage companies' reputation. • But the authors also conclude that the effect on reputation varies mostly depending on historical (e.g., track record and statements) and social (e.g., institutional context and peer company reliability) information.
Reilly et al.	2014	Academy of Management Journal	Quantitative	• Hiring rates • Transfer-out rates • Voluntary turnover rates	• Patient satisfaction	• Job demands	• 12 nursing units of an American university hospital system for 72 months	• The authors investigate the way human capital flows have an impact on unit performance over time approximated through patient satisfaction. • They find that rates of hiring, turnover, and transfers individually and collectively affect patient satisfaction. While hiring increased satisfaction, turnover and transfers were found to decrease it. • In addition, the study suggests a negative, mediating effect of job demands on patient satisfaction.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Haar et al.	2014	Journal of Vocational Behavior	Quantitative	• Work-life balance	• Job satisfaction • Life satisfaction • Mental health	• National culture: individualism and gender egalitarianism	• n = 1,416 employees from seven countries	• Work-life balance is positively associated with job satisfaction, life satisfaction, and mental health across all countries in the sample. • High levels of individualism are found to strengthen the positive relationship between work-life balance and both job and life satisfaction. • Similarly, high levels of gender egalitarianism seem to increase the positive relation between work-life balance and both job and life satisfaction as well as the positive association with mental health.
Zacher, Jimmieson, and Winter	2012	Journal of Occupational Health Psychology	Quantitative	• Eldercare demands	• Work performance	• Satisfaction with eldercare tasks • Mental health	• n = 165 employees providing in-home eldercare, plus one family member and one colleague of each employee	• The authors derive from previous research that eldercare demands seem to reduce employees' work performance but that there is no sufficient empirical analysis done on this relationship and its boundary conditions. • The study finds indeed support for the negative relation between eldercare demands and work performance. • However, satisfaction with eldercare tasks moderated this relationship in such way that the negative effect of eldercare demands decreases with higher satisfaction levels. • Furthermore, satisfaction also reduced the negative relation between eldercare demands and mental health. • Mental health was found to be positively linked to job performance.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Chen et al.	2011	Academy of Management Journal	Quantitative	• Job satisfaction change	• Turnover intentions	• Future-oriented work expectations • Organizational tenure	• Four separate samples from the British Army (n = 220), a London-based consulting firm (n = 64), U.S. Army (n = 289), and MBA students from an American university (n = 85) • All individuals were asked to respond at three different points in time.	• The authors rely on prospect theory, within-person spirals, sense-making theory, and conservation of resources theory to develop a dynamic model for the relation between changes in job satisfaction to turnover intentions. • Despite similar average levels of satisfaction across a time period, reductions in job satisfaction are linked with increased turnover intentions, whereas increases in job satisfaction are associated with reduced turnover intentions. • Work expectations are found to partially mediate the relation between job satisfaction change and turnover intentions. • Organizational tenure moderates the link between job satisfaction change and work expectations.
Vigoda-Gadot, Shoham, and Vashdi	2010	European Union Politics	Quantitative	• Innovation in services • Responsiveness of public sector • Professionalism of personnel • Organizational politics • Leadership and vision • Ethics and morality	• Public sector image • Satisfaction with public services • Trust in governance	-	• n = 562 senior or mid-level managers of third sector organizations in social and healthcare services • Cross-cultural: respondents from Ireland, Israel, Lithuania, Norway, Slovakia, and Spain	• Responsiveness, professionalism as well as leadership and vision positively affect the public sector image. • Innovation, responsiveness, professionalism, leadership and vision as well as ethics and morality are positively related to satisfaction with public services. • Innovation, responsiveness, professionalism as well as ethics and morality show a positive link to trust in governance and public administration.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Hekman, Aquino, Owens, Mitchell, Schilpzand, and Leavitt	2010	Academy of Management Journal	Quantitative	• Service provider performance • Organizational unit performance	• Customer satisfaction: rating of employee, rating of context, rating of context, rating of organizational unit	• Race/sex of employee • Customer racial/gender bias	• Three studies • Customers' judgement for n = 113 American physicians • n = 86 American students evaluating a bookstore employee • Customer satisfaction for n = 66 American country clubs	• Because they are anonymous and conducted by untrained individuals without a clear standard, customer satisfaction ratings are likely to be biased. • The authors find evidence for gender and racial biases of customer ratings against women and ethnical minorities. • The authors ask for caution when using such satisfaction ratings for employee evaluations (e.g., to make promotion decisions) or to evaluate organizational units.
Eskildsen et al.	2010	The TQM Journal	Quantitative	• National culture (Hofstede dimensions)	• Job satisfaction • Evaluation of job-related aspects	-	• n = 25,411 individuals from 22 countries who responded to the European Employee Index survey	• National culture seems to influence the national average of job satisfaction suggesting that results from multinational satisfaction surveys may not be easily comparable. • Higher masculinity and uncertainty avoidance are both associated with lower levels of reported satisfaction. The other Hofstede dimensions show no significant relation with satisfaction.
Mayer, Ehrhart, and Schneider	2009	Academy of Management Journal	Quantitative	• Service climate	• Customer satisfaction	• Customer contact frequency • Service intangibility • Service employee interdependence	• n = 129 departments of an American supermarket chain • The sample includes employees, executives, and customers.	• The authors hypothesize that the effect of service climate on customer satisfaction is moderated by service attributes (contact frequency, service intangibility, and service employee interdependence). • The results suggest that the relation between service climate and customer satisfaction is more positive when the three service attribute factors are at high levels. • To measure customer satisfaction with service staff, the authors relied on a customer satisfaction survey developed by the supermarket chain itself consisting of four items.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Ssesanga and Garrett	2005	Higher Education	Quantitative (explorative)	• Contextual variables • Demographics	• Job satisfaction	-	• n = 182 teachers from two universities in Uganda	• Factors inducing the most dissatisfaction are mostly extrinsic/contextual, including remuneration, promotion research, governance, and working environment. • Regarding demographics, rank, tenure, and age seem to predict job satisfaction, but not gender. • Satisfaction of deans is mostly affected by intrinsic facets of teaching, worker behavior, and supervision.
Laroche et al.	2004	Journal of International Marketing	Quantitative	• Service expectations	• Service quality perception • Customer satisfaction	• National culture (USA/Canada vs. Japan)	• n = 635 undergraduate business students from the USA, Canada, and Japan	• The authors conducted an experiment simulating a dentist setting to analyze if the different nationalities react differently to varying levels of service quality. • They find that national culture may cause a response bias in the multinational surveys on service quality perception and customer satisfaction. • Japanese respond more conservative than Americans or Canadians to customer satisfaction surveys. They report lower satisfaction levels in high performance scenarios and higher satisfaction levels when performance is low.
Liu et al.	2004	Journal of Applied Psychology	Quantitative	• National culture (Schwartz's model)	• Job satisfaction	-	• n = 9,364 employees of a multinational company from 18 countries	• The authors tested whether the scales of the German Job Satisfaction Survey provide measurement equivalence in multinational survey samples. • They find that the survey produced robust results across countries speaking the same language and sharing similar cultural values. • However, the more dissimilar countries are, the more different results the scales produce across countries.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Lok and Crawford	2004	Journal of Management Development	Quantitative	• Organizational culture: bureaucratic, innovative, supportive • Leadership style: consideration and initiating structure	• Job satisfaction • Organizational commitment	• National culture: Australian vs. Hong Kong cultural attributes	• n = 556 middle and senior managers enrolled in an MBA program in Australia and Hong Kong	• Innovative and supportive organizational cultures seem to be associated with higher levels of job satisfaction and organizational commitment. • A consideration leadership style is found to be positively related to job satisfaction and organizational commitment. • An initiating structure leadership style is associated with lower job satisfaction. • Australian managers are found to score higher on innovative and supportive organizational culture measures as well as on job satisfaction and organizational commitment. • However, the study finds no significant differences between managers from both countries regarding the extent of bureaucratic organizational culture as well as regarding consideration and initiating structure leadership styles. • The effect of innovative and supportive cultures on organizational commitment seems stronger for Australian managers.
Huang and van de Vliert	2004	Applied Psychology	Quantitative	• Job level: blue collar vs. white collar • Perceived extrinsic and intrinsic job characteristics	• Job satisfaction	• National culture: individualism	• n = 129,087 individuals from 39 countries of one multinational company	• A higher job level seems to be associated with higher job satisfaction only in individualistic countries and not in collectivistic ones. • The more opportunities a job offers to use skills and abilities, the stronger the positive relation between job level and job satisfaction in individualistic countries gets. • On the contrary, in collectivistic countries and job contexts that offer little opportunity to use skills and abilities, the job level even seems to negatively affect job satisfaction.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Bouckaert and van de Walle	2003	International Review of Administrative Sciences	Conceptual	-	• Satisfaction with governance and government • Trust in governance and government	-	-	• Measuring trust and satisfaction in government does not give a good indication of good governance. • Satisfaction in general is difficult to measure. • Trust is easier to measure but its link with good governance is less clear. • The authors propose the hypothesis that "trust could be insufficient but necessarily part of a set of indicators which are unnecessary but sufficient for good governance" (p. 329).
Huang and van de Vliert	2003	Journal of Organizational Behavior	Quantitative	• Job characteristics: intrinsic and extrinsic	• Job satisfaction	• National wealth • Social security • National culture: individualism and power distance	• n = 107,292 employees from 49 countries as part of the Work Orientation Survey	• The relation between intrinsic job characteristics and job satisfaction varies importantly between countries. The link is stronger the higher national wealth and social security are in a country. Moreover, it is stronger in countries with high levels of individualism as well as weaker in countries with high levels of power distance. • The positive relation between extrinsic job characteristics and job satisfaction are similar across all countries in the study. • Furthermore, intrinsic job characteristics seem to positively affect job satisfaction in countries with high levels of social security irrespective of the national level of power distance. However, they seem to have no effect on job satisfaction in countries with low levels of social security and high levels of power distance.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Szymanski and Henard	2001	Journal of the Academy of Marketing Science	Quantitative	• Affect • Expectations • Disconfirmation • Performance • Equity	• Customer satisfaction • Complaining behavior • Negative word-of-mouth behavior • Repeat purchasing	-	• n = 50 empirical studies with a total of 517 correlations related to satisfaction or satisfaction-related variables	• From reviewing previous research, the authors conclude that there are mixed findings in the literature regarding the antecedents to customer satisfaction and its outcomes. • Based on their meta-analysis, the authors find that equity and disconfirmation are the most important predictors for customer satisfaction. • Furthermore, they conclude that satisfaction may have a positive effect on repeated purchasing, a negative effect on complaining, and a positive effect on word-of-mouth promotion. However, the authors caution about these results due to a relatively small set of data points. • In addition, it seems that methodological and measurement factors of previous studies moderate the relation of satisfaction with its antecedents and its outcomes.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Mittal, Kumar, and Tsiros	1999	Journal of Marketing	Quantitative	• Customer satisfaction with multiple attributes • Overall customer satisfaction with the product and the service received	• Behavioral intention towards manufacturer and service provider	• Behavioral intentions at T1 and customer satisfaction at T2 for behavioral intentions at T2	• Satisfaction of n = 5,206 car owners at multiple points in time: right after sales (T1), service encounter after three to four months (T2), and about two years after sales (T3)	• Customer satisfaction was measured through a survey developed by the partner organization. • The authors find that relations between attribute evaluations, overall product/service satisfaction, and behavioral intentions change over time. • Results suggest that the strength of multiple attributes of cars on overall satisfaction changes substantially over time. • The study finds cross-over effect for product and service satisfaction such that both do not only affect the intention towards manufacturer and service provider respectively, but that they also affect each other. In addition, service satisfaction was found to be more important at earlier stages, whereas product satisfaction seems more important at later consumption periods. • The authors conclude that "there is no direct link between satisfaction and behavioral intentions" (p. 88) but that "satisfaction affects behavioral intentions in the future through a dual-mediation route" (p. 88).

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s)/Mediator(s)	Sample	Key findings
Ganzach	1998	Academy of Management Journal	Quantitative	• Intelligence	• Job satisfaction	• Job complexity	• National Longitudinal Survey of Youth with n = 5,423 Americans	• Intelligence is associated with lower job satisfaction when job complexity is held constant. • However, intelligent people tend to find more complex (and interesting) jobs which leads to higher job satisfaction. • Thus, the author finds a negative direct relation between intelligence and job satisfaction, but a positive indirect relation via job complexity. • A share of the indirect positive effect via job complexity can be explained by background variables like ethnic origin, parental socioeconomic status, and education. However, the direct negative effect on job satisfaction cannot be explained by these variables.
Anderson and Sullivan	1993	Marketing Science	Quantitative	• Expectations • Perceived quality • Disconfirmation • Ease of evaluating quality	• Customer satisfaction • Repurchase intentions	-	• Survey of n= 22,300 Swedish customers of multiple products and services between 1989 and 1990	• The paper develops a model based on prospect theory (Kahneman & Tversky, 1979) to link customer satisfaction with its antecedents and consequences. • Satisfaction is found to be "a function of perceived quality and 'disconfirmation' – the extent to which perceived quality fails to match prepurchase expectations" (p. 125). • Expectations do not seem to affect satisfaction directly. • Lower than expected quality has a stronger effect on satisfaction and repurchase intentions than higher than expected quality. • Disconfirmation seems more likely when quality is easier for customers to evaluate. • There seems to be "a long-run reputation effect insulating firms which consistently provide high satisfaction" (p. 125).

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Peterson and Wilson	1992	Journal of the Academy of Marketing Science	Conceptual	-	• Customer satisfaction	-	-	• The authors review previous empirical studies on customer satisfaction and conclude that self-reported measurements typically lead to a positivity bias and a negatively skewed distribution. • They link this to multiple methodological flaws in previous data collection attempts. • The primary conclusion of the article is "that measurements of customer satisfaction are very context dependent" (p. 68) which is insufficiently taken into account by the research methodologies of previous studies.
Chakravarthy	1986	Strategic Management Journal	Quantitative (explorative)	-	• Financial firm performance • Stakeholder satisfaction • Quality of a firm's transformation	-	• n = 14 with seven excellent and seven non-excellent companies from the computer industry • For stakeholder satisfaction, the author relies on corporate reputation surveys by the Fortune magazine in 1983, 1984, and 1985	• The author argues that traditional measures for strategic performance (e.g., profitability) are inadequate. • Instead, two alternative measures are introduced: the quality of transformations and the satisfaction of all stakeholders. • Maximizing financial performance does not guarantee that a firm is (perceived as) excellent. • Instead, truly excellent firms need to show sound financial performance as well as to satisfy its key stakeholders and be able to transform itself to address environmental changes.

Author(s)	Year	Journal	Type of paper	Independent variable(s)	Dependent variable(s)	Moderator(s) /Mediator(s)	Sample	Key findings
Iaffaldano and Muchinsky	1985	Psychological Bulletin	Quantitative	• Job satisfaction	• Job performance	-	• n = 217 satisfaction-performance correlations from 70 articles	• The authors conduct a meta-analysis on the relation between job satisfaction and job performance and find a low (.17) correlation. • This result echoes earlier meta-studies but goes against what many authors hypothesize from theory or would expect based on common sense. Many researchers had expected that those performing well are in general also more satisfied with their job.
Bateman and Organ	1983	Academy of Management Journal	Quantitative	• Job satisfaction with work, pay, promotions, co-workers, and supervision	• Citizenship behavior	-	• Survey among employees of a university in the USA and evaluation of employees by their superiors at two separate points in time • n = 77 employees at both times	• Implications of relationships much higher than typically found in the job satisfaction–performance literature are discussed. • The study cannot find support for the hypothesized causality between job satisfaction and citizenship behavior. • However, the study finds strong support for positive correlations between job satisfaction and citizenship role performance.

Figure 3 summarizes the research model of each of the three Research Papers and puts them into perspective with each other.

Figure 3: Overall Research Framework
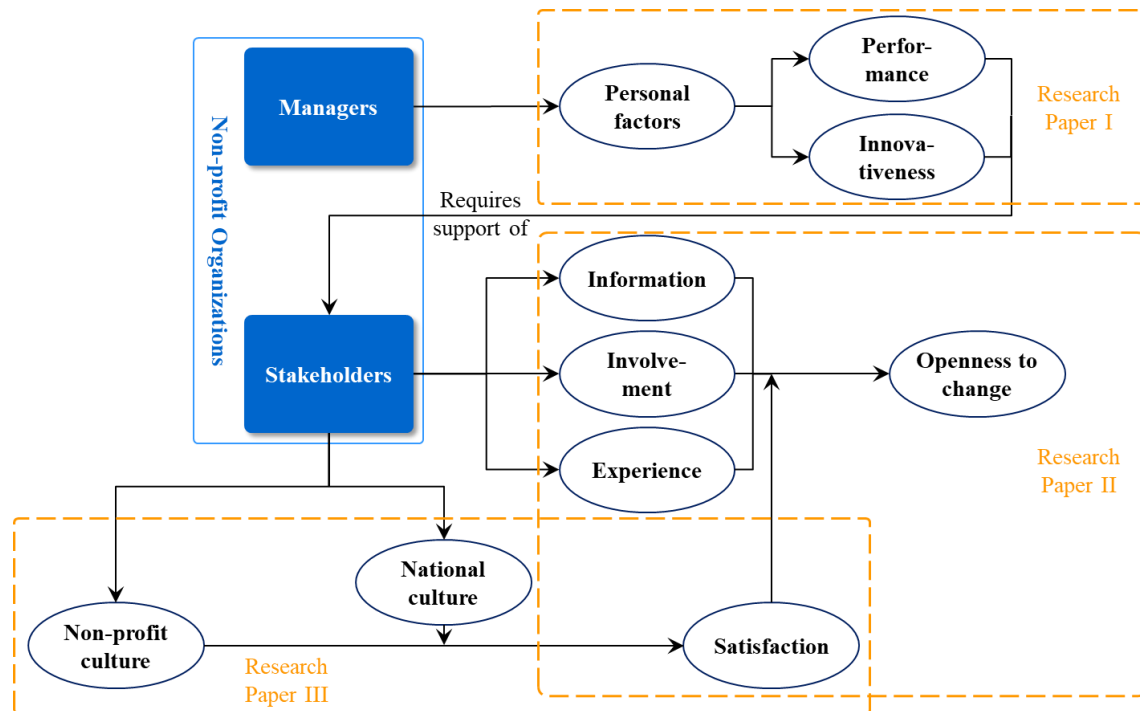
2. Theoretical and Conceptual Background

This dissertation relies on established theoretical frameworks and partially extends them to analyze performance, innovation, and change in the non-profit sector. The following subchapters present these theoretical foundations and explain how they are used to address the research questions of this dissertation. Ajzen's (1985) theory of planned behavior (chapter 2.1) gives a theoretical framework for the results of Research Paper I. Simon's (1947, 1955) bounded rationality theory (chapter 2.2) is used in Research Paper II to derive hypotheses on the antecedents to openness to change. For Research Paper III, both Kahneman and Tversky's (1979, 1984) prospect theory (chapter 2.3) as well as Lachman et al.'s (1994) congruency framework (chapter

2.4) are applied to hypothesize differences between NPOs and business regarding their reported satisfaction levels in different cultural contexts.

2.1. Theory of Planned Behavior, Individual Performance, and Innovativeness

Research Paper I relies on the theory of planned behavior (Ajzen, 1985) to explain the relationships between both individual performance and innovativeness with personal factors anteceding them. By adding perceived behavioral control as a factor, the theory of planned behavior extends the theory of reasoned action (Ajzen & Fishbein, 1980). Figure 4 depicts the basic components of the theory of planned behavior. The theory suggests that behavior is directly dependent on intentions, which are themselves affected by someone's attitudes towards a behavior, subjective norms, and the perceived behavioral control of the individual.

Figure 4: The Theory of Planned Behavior
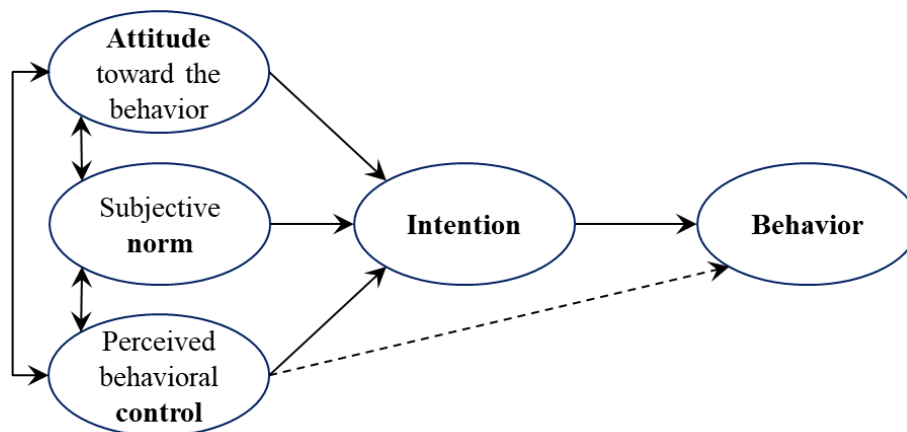
Source: Ajzen (1985, 1991, 2011)

Individual performance and innovativeness are both a form of behavior that managers may decide to pursue or not. Thus, both can be analyzed as planned behavior following an intention. Therefore, the theory of planned behavior seems suitable to assess personal factors that drive

performance and innovativeness because "intentions to exert effort and to attain a certain performance level are determined by attitudes, subjective norms, and perceptions of control in relation to these behaviors" (Ajzen, 2011: 32). Its basic components and the explanatory power of the theory were confirmed by multiple studies (e.g., Ajzen, 1991; Armitage & Conner, 2001; Notani, 1998; Sheppard, Hartwick, & Warshaw, 1988). In Research Paper I, the influence of the empirically derived personal factors on performance and innovativeness are explained through their effects on intentions to perform and to innovate.

2.2. Bounded Rationality Theory and Openness to Change

Research Paper II builds on Simon's (1947, 1955) bounded rationality theory to identify antecedents to openness to change among stakeholders in the non-profit context and to hypothesize their effects. This seems appropriate as individuals tend to act not fully rationally when deciding for a reaction to change (Armenakis & Bedeian, 1999; Piderit, 2000).

Bounded rationality theory criticizes classical economic theories which assume that humans act entirely rationally based on perfect information. Instead, as shown in Figure 5, Simon (1947, 1955) argues that individuals can only act partially rationally because they are bound by imperfect information, limited cognitive capabilities to assess them, and time constraints. In addition, the theory assumes that individuals will not seek perfect decisions – which are impossible to make anyways – but rather go for "satisficing" (satisfying + sufficient) ones.

Figure 5: Bounded Rationality Theory
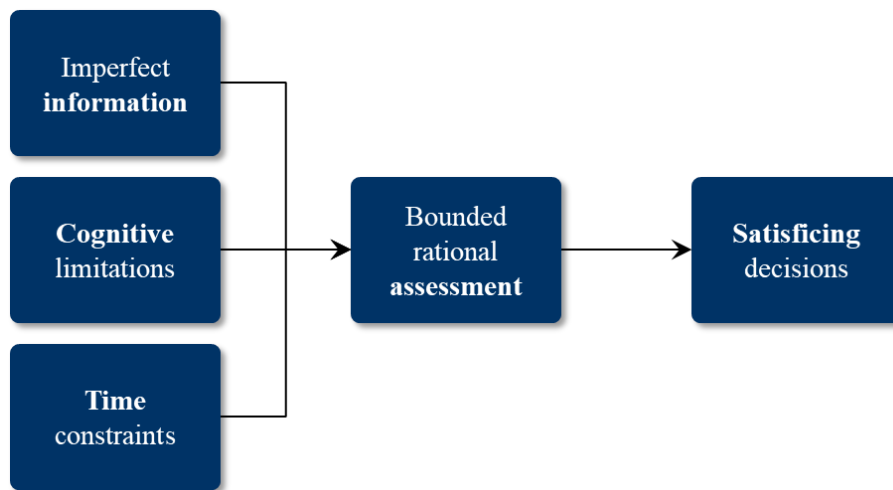
Source: Own representation based on Simon (1947, 1955)

Bounded rationality theory was used to design experiments and research in psychology to determine hidden rules governing human decision-making (e.g., Tversky & Kahneman, 1973; Tversky & Kahneman, 1974). The theory and psychological research linked to it guided behavioral economists like Güth, Schmittberger, and Schwarze (1982) in their laboratory experiments on the inconsistency of human economic decision making. Bounded rationality theory influenced behavioral finance scholars such as De Bondt, Werner F. M. and Thaler (1985) in their attempts to explain irrational behavior of financial markets. In management science too, the theory was applied early on as the basis for influential publications like "Behavioral Theory of the Firm" (Cyert & March, 1963), "Behavioral Theory of Management" (Petit, 1967), and the "Upper Echelons Theory" (Hambrick & Mason, 1984). Bounded rationality theory found practical application in management for example through the work of Hammond, Keeney, and Raiffa (1998) as well as Russo and Schoemaker (1989) that helped determining cognitive barriers of managers when they make decisions.

The three types of bounds to human decision making (imperfect information, cognitive limitations, and time constraints) identified by Simon (1957) lead to a status quo bias (Kahneman,

Knetsch, & Thaler, 1991; Samuelson & Zeckhauser, 1988). Thus, the more individuals are affected by these bounds, the less likely they are to be open to changes to the status quo.

First, due to *imperfect information*, individuals do not know about all possible alternatives and their consequences and will thus judge the options they see based on their incremental improvement to the status quo (Simon, 1997). On the contrary, a higher level of useful information drives commitment and performance (Schweiger & Denisi, 1991) as well as openness to change (Chawla & Kelloway, 2004; Miller et al., 1994; Wanberg & Banas, 2000). Second, due to *cognitive limitations*, individuals can neither adequately assess alternative options nor predict their implications (Simon, 1997). Reactions to change are strongly affected by irrational cognitive perceptions (Fugate et al., 2011; Oreg et al., 2018; Smollan, 2006). On the other hand, perceived control and resilience increase acceptance of change (Wanberg & Banas, 2000) and revealing information in manageable doses can help organizations to increase openness to change (Miller et al., 1994). Thus, individuals seem more open to change when they feel capable of processing relevant information. Third, the stronger individuals feel *time constraints* for a decision, the earlier they will stop looking for alternatives and thus lower their aspiration level (Selten, 2002). Exposure to change, however, tends to increase openness to change with time (Axtell et al., 2002) making a timely provision of information necessary (Miller et al., 1994).

Research Paper II tests whether the three factors derived in chapter 1.2.2 from previous research on openness to change (level of information, involvement in change, and previous experience) affect the openness to change of stakeholders in the non-profit sector. This dissertation thus assesses if these antecedents to openness to change mitigate the extent to which individuals are limited in their decision making by the three bounds to rationality (imperfect information, cognitive limitations, and time constraints). In addition, it investigates if satisfaction with the status quo makes individuals more likely to perceive the current state as the most satisficing option and thus prevents them from considering alternatives. This would imply that the

antecedents' mitigating effect on the limitations to rational decision-making would be reduced if satisfaction with the status quo is high.

2.3. Prospect Theory and Satisfaction Measurement

Research Paper III relies on prospect theory to assess whether non-profit stakeholders report systematically different satisfaction levels than businesses, and if so, whether these differences are affected by national culture. In doing so, it supposes that stakeholders understand that expressing dissatisfaction might lead to changes because the organization consulting them intends to act upon negative feedback. Consequently, stakeholders are assumed to consider potential losses and gains that changes induced by their feedback could yield. Hence, prospect theory seems suitable to analyze the level of satisfaction reported by stakeholders.

Kahneman and Tversky (1979, 1984) developed prospect theory to explain how individuals make decisions under uncertainty. The theory assumes that decisions depend on whether individuals frame a choice as a potential gain (and seek risk) or a loss (and avoid risk). Individual tendencies to think of choices as gains or losses depend on the frame of reference and the subjective value function. Figure 6 depicts a hypothetical value function. The theory assumes that actual functions and reference points differ between individuals. In general, individuals are thought to assign less value to a risky choice that could bring them gains of x than they assign value to a risky choice that could prevent them from making a loss of the same x – hence the different slopes for losses and for gains in Figure 6. This tendency is summarized in the somewhat famous quote that "losses loom larger than gains" (Kahneman & Tversky, 1979: 279).

Figure 6: Prospect Theory Value Function
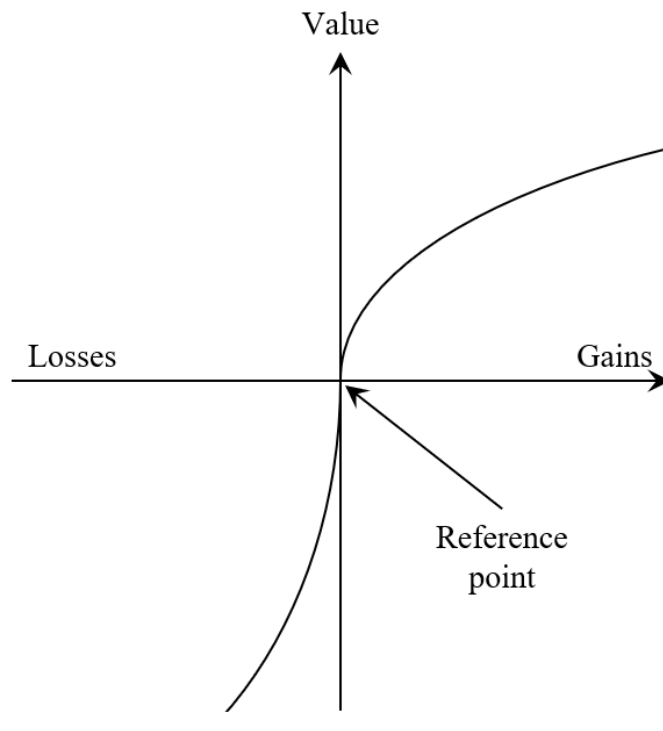
Source: Own representation based on Kahneman and Tversky (1979)

For example, we can assume that a person starts at a hypothetical reference point of having 100 € in wealth and is offered the option to invest 10 € with a 50% chance of doubling the investment, i.e. equal chances to lose the 10 € or to end up with 20 €. Completely rational decision makers should be indifferent between investing or not because the expected value of investing 10 € is $0.5 \times 20\,€ = 10\,€$. This should be the case no matter how often the individual plays this game. However, humans have a tendency to think of their initial wealth as a consistent reference point. If an individual lost twice at the game and does now only have 80 € left, prospect theory predicts that the individual will be more willing to play a third round to recuperate the 20 € loss than it was to play the first round where she/he was given the chance to make 20 €. In other words, given the 50% chance to invest 10 € to move from 100 € to 120 € seems less attractive to individuals than the 50% chance to invest 10 € to prevent a reduction in wealth from 100 € to 80 € – even though the expected value in both cases is 10 €.

With these mechanisms the theory explains a number of irrational human choices (Hogarth, 1980), including why individuals tend to worry about sunk costs when making decisions: They frame the option to recover sunk costs through additional investment as an uncertain but possible gain whereas taking no additional actions seems to them like accepting a certain loss of these sunk costs (Whyte, 1993). Moreover, Kahneman (1999) used prospect theory to explain perceived happiness and individual behavior like engagement in a task. Subsequently, the theory was also used to link turnover intentions and job satisfaction (Chen et al., 2011). In a similar manner, this dissertation applies prospect theory to explain if stakeholders voice dissatisfaction with the status quo depending on the values they assign to potential losses and gains to consequences to their feedback. Thus, Research Paper III tests whether differences in their reference point as well as their framing of losses and gains lets non-profit stakeholders report systematically different satisfaction levels than businesses.

2.4. Cross-Cultural Comparisons and Organizational Culture

Besides prospect theory (see chapter 2.3), Research Paper III relies on the congruency framework by Lachman et al. (1994) to hypothesize the effect of national culture on the relationship between a stakeholder's sector and the reported satisfaction level. According to the congruency framework national "cultural values permeate organizations by defining role relations as culturally acceptable, relatively neutral, or in conflict with culturally prescribed norms and, therefore, unacceptable" (Lachman et al., 1994: 44). It postulates that the effect of organizational roles and culture are dependent on the national culture in which an individual operates. If the organizational and the national culture are incongruent the framework expects that the organization-specific effects are weaker. This dissertation thus hypothesizes that national cultures differ in their congruence with non-profit sector specific reference points and framing effects (in the sense of prospect theory). If national and organizational culture are congruent, the strength

of NPO-specific effects is likely to increase. If they are incongruent, they are likely to be reduced.

Multiple studies show the importance of national culture for the application of prospect theory in international contexts (Marshall, Huan, Xu, & Nam, 2011; Rieger, Wang, & Hens, 2011; Sharp & Salter, 1997) but also that the fundamental shape of value functions seems to be similar across countries (Paddock et al., 2015), thus justifying the application of prospect theory in different cultures. For example, the framing effect of loss scenarios seems to be stronger for individuals from Singapore and China, and stronger for gain scenarios for individuals from Holland and New Zealand (Marshall et al., 2011).

There are many definitions of (national) culture available, but most researchers define it as a complex multi-level construct. It is often represented as an "onion" with values and basic assumptions in the middle as well as artifacts and practices as the outer layers. Over the last decades, focus of research on culture shifted from the outer layers towards values and attitudes to understand their impact on individual behavior. Culture is formed over long periods of time, relatively stable, and shared among many individuals in a society or group (Taras, Rowney, & Steel, 2009).

The approximation of culture through national borders is frequently criticized (e.g., McSweeney, 2015). It is, however, a very common practice (Schaffer & Riordan, 2003) and further analyses were able to show that national boarders are a sufficiently meaningful approximation (e.g., Minkov & Hofstede, 2012).

There are numerous alternative national culture models available (Taras et al., 2009) including Hofstede (1980), Trompenaars (1993), Schwartz (1994), Maznevski and DiStefano (1995), Inglehart (1997), and House, Hanges, Javidan, Dorfman, and Gupta (2004). In particular, there is an ongoing debate over the merits and disadvantages between what many scholars perceive as the two most common models (Hofstede, 2006; Javidan, House, Dorfman, Hanges, & Sully

de Luque, 2006; Smith, 2006): Hofstede's (1980) cultural dimensions and the "Global Leadership & Organizational Behavior Effectiveness" (GLOBE) project by House et al. (2004). Due to a historically large research body and previous application in studies that measured satisfaction (Brockner et al., 2001; Donthu & Yoo, 1998; Eskildsen et al., 2010; Hui, Yee, & Eastman, 1995; Kirkman & Shapiro, 2001), this dissertation relies on Hofstede's (1980) model.

Hofstede (1980) was the first researcher who developed quantitative indices and empirically tested them to assess differences between national cultures (Taras et al., 2009). However, despite the model's significant impact on cross-cultural research and practitioners alike, it is also criticized for some shortcomings (McSweeney, 2002; Witte, 2012). Firstly, Hofstede's model relies on a single data source: local employees of IBM in numerous countries around the world. This impedes the model's generalizability. Secondly, the sample is seen as not sufficiently representative because it includes a disproportional number of male respondents with above average qualification levels who can be considered privileged because they work for an international corporation. Thirdly, it is (as other national culture models) accused of supporting stereotypes and depicting some societal traits as "stronger" or "weaker". In particular criticized is the model's distinction between economically more successful "masculine" and softer, more socially oriented "feminine" societies.

Hofstede's (1980) original model includes four dimensions: power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty avoidance. Based on research with a focus in Asia, Hofstede (2001) later added long-term orientation as a fifth dimension. However, this dissertation focuses on the three "core" dimensions (Triandis, 2004) of Hofstede's model: power distance, individualism, and uncertainty avoidance.

Power distance (PDI) is the "extent to which the members of a society accept that power in institutions and organizations is distributed unequally" (Hofstede, 1984: 83). This dimension therefore affects in particular the relationship between subordinates and their superiors. If PDI

is high, individuals tend to tolerate hierarchy, perceive formal rules as important, and execute within a given framework. In countries low on PDI, individuals seek more equality as well as power-sharing and expect subordinates to share their knowledge and opinion with superiors (Hofstede, Hofstede, & Minkov, 2010).

Individualism (IDV) "stands for a preference for a loosely knit social framework in society wherein individuals are supposed to take care of themselves and their immediate families only" (Hofstede, 1984: 83), while collectivism "stands for a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them in exchange for unquestioning loyalty" (Hofstede, 1984: 83). This dimension hence concerns the relation of the individual and the group. National cultures with high IDV have a tendency to expect individuals to take care of themselves, build flexible social networks, and favor individualistic, riskier behavior. Lower levels of IDV, on the other hand, are associated with an expectation to care for each other in closer social frameworks and to value group preferences higher than individual ones (Hofstede et al., 2010).

Uncertainty avoidance (UAI) "is the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity" (Hofstede, 1984: 83). Consequently, this third dimension captures the attitude towards the future and the uncertainty it involves. High levels of UAI generally come with a preference for rules as well as rigid processes and with aversion to unconventional behavior. National cultures with low levels of UAI are rather tolerant of ambiguity as well as of deviations from routines and they tend to worry less about the future (Hofstede et al., 2010).

National cultures – approximated through Hofstede's dimensions – can be more or less congruent with organization values (Lachman et al., 1994). Thus, Research Paper III assesses if differences in these three dimensions of national culture have an influence on the supposed relationship between being a non-profit stakeholder and the reported satisfaction levels.

3. Research Design

To answer the research questions derived in chapter 1, this dissertation employs a mixed-method approach. Research Paper I uses qualitative methods (chapter 3.1) by analyzing personal interviews to derive personal factors likely to influence individual innovativeness and performance in NPOs. Research Paper II and III on the other hand both use a quantitative approach (chapter 3.2) and rely on survey data to analyze the openness to change and the satisfaction of stakeholders in the non-profit sector. The following subchapters summarize the data collection process (chapters 3.1.1 and 3.2.1), give details on the resulting sample details (chapters 3.1.2 and 3.2.2) and present the data validation steps taken (chapters 3.1.3 and 3.2.3).

3.1. Qualitative Sample

3.1.1. Data Collection

Research Paper I relies on semi-structured interviews with knowledgeable informants to determine which personal factors influence the individual innovativeness and performance of NPO managers. It takes an explorative approach following Eisenhardt (1989). It is important to note that the paper does thus not aim at testing the generalizability of an existing model (Eisenhardt & Graebner, 2007) but rather attempts to inductively develop a model (Bansal & Corley, 2012). Consequently, the paper employs theoretical sampling (Eisenhardt, 1989; Glaser & Strauss, 1967; Meredith, 1998; Yin, 2003), i.e. "cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs" (Eisenhardt & Graebner, 2007: 27)

To define a desired sample structure, the degree of integration in NPOs is used as the main sampling dimension (see Figure 7). Informants are part of one of three categories: insiders, hybrids, and outsiders. Insiders are themselves involved in the management of NPOs. Their experience is the most direct and most profound, but might also be biased by the particular

organization they work in. Outsiders research on NPOs but do not work directly for them. They probably have a rather objective perspective but might not have great in-depth knowledge. Hybrids stand between the two other groups with regard to their integration. They do not work directly for NPOs but with them, for example as consultants to the social sector. Thus, they are likely to have a medium level of detailed exposure but also a reasonably objective perspective based on interactions with multiple NPOs. Having informants from all three categories allows for triangulation of findings from the interviews (Denzin, 1989; Flick, 2014). To reach sufficient seniority and experience in the sample despite a rather extensive time request, informants were contacted based on desk research and through referrals.

Figure 7: Informant Categories

Source: Own representation

Research Paper I uses a two-stepped approach: Firstly, pre-interviews with hybrids were used to quickly build an initial understanding of the topic and refine questions. Hybrids are particular suitable for this goal because they provide a balance between in-depth exposure and knowledge on multiple organizations. Secondly, in-depth interviews with all three types of informants were conducted to gain a more nuanced understanding from multiple perspective.

These in-depth interviews were the main data source for Research Paper I. In order to build propositions about their underlying rational it is important to learn why the interviewees think that specific factors are important and how they influence the dependent variables. Semi-structured interviews are therefore the most adequate type of interviews (Eriksson & Kovalainen, 2015: 94). They include open-ended questions that guide the interviewer and interviewee while leaving room and flexibility for the interviewee's individual perspective (Flick, 2014: 197). In the planning, execution, and analysis of the interviews, Research Paper I follows the guiding principles of Creswell (2013), Gläser and Laudel (2010), Schreier (2012), and Silver and Lewins (2014).

Informants were for example asked to think about a particular "good" NPO manager they remembered and then to connect this manager to the general personal factors that they perceive as important. Additionally, "theory-driven, hypotheses-directed questions" (Flick, 2014: 218) were asked in order to make specific knowledge of the interviewee more explicit. Here, elements of the emerging model were discussed with the informants and they were given the opportunity to reflect and comment on what other informants said. However, it was always ensured that informants first told everything that came to their mind without being shown elements of the emerging model in order not to bias them in any way. All interviews were conducted in English via Skype, telephone, or in person. They were recorded, transcribed, and anonymized. With a total number of 15 interviews, "theoretical saturation" (Flick, 2014: 403) was achieved, i.e. informants repeated previously mentioned factors and the interviewing process was terminated.

3.1.2. Sample Details

The interviewee sample is summarized in Table 3. Due to the targeted level of seniority, the majority of informants (11 out of 15) is aged above 40. However, the sample is balanced in

terms of gender with eight out of 15 interviewees being female. The sample has tendency towards European respondents but also includes three individuals currently working in the US as well as one in Kenya. With eight hybrids, four insiders, and three outsiders, the sample is fairly balanced, especially when considering that five hybrids were only interviewed in the pre-stage. Interviews lasted between 30 to 121 minutes (excluding introduction and general topics), with all in-depth interviews lasting at least roughly one hour. In total, interviews lasted more than 17 hours and produced over 250 pages of transcripts.

Table 3: Informants of Pre- and In-Depth-Interviews

Pre- or in-depth	Person	Initials	Age	Sex	Country of Birth	Country of Occupation	Type of Organization	Type of Expert	Date of Interview	Conducted via	Duration (min)	Length (pages)
Pre	P 01	AB	40+	Male	Germany	Germany	Consultancy	Hybrid	1-Aug-2016	Phone	45	n/a
Pre	P 02	FU	40+	Female	Germany	Germany	Consultancy	Hybrid	22-May-2017	Phone	55	n/a
Pre	P 03	JB	20+	Female	Germany	Germany	Incubator	Hybrid	8-Jun-2017	Face-to-face	60	n/a
Pre	P 04	SZ	30+	Male	Netherlands	Netherlands	Consultancy	Hybrid	19-Jun-2017	Phone	50	n/a
Pre	P 05	DV	40+	Male	Netherlands	Netherlands	Consultancy	Hybrid	22-Jun-2017	Phone	30	n/a
In-depth	I 01	FH	50+	Male	Germany	Germany	NPO	Insider	24-Jul-2017	Skype	121	35
In-depth	I 02	FH	50+	Female	Germany	US	NPO	Insider	28-Jul-2017	Skype	92	27
In-depth	I 03	ER	50+	Female	Ukraine	Ukraine	University	Outsider	8-Aug-2017	Skype	92	33
In-depth	I 04	TC	50+	Female	Ukraine	Ukraine	University	Outsider	8-Aug-2017	Skype	92	33
In-depth	I 05	VO	40+	Male	Kenya	Kenya	University	Outsider	23-Aug-2017	Skype	96	25
In-depth	I 06	EM	50+	Female	US	US	NPO	Insider	25-Aug-2017	Phone	87	24
In-depth	I 07	AB	40+	Male	Germany	Germany	Consultancy	Hybrid	28-Aug-2017	Face-to-face	58	21
In-depth	I 08	JM	30+	Male	Germany	Germany	HR agency	Hybrid	28-Aug-2017	Face-to-face	92	30
In-depth	I 09	RS	30+	Female	US	US	Consultancy	Hybrid	31-Aug-2017	Phone	73	24
In-depth	I 10	AS	40+	Female	Germany	Germany	NPO	Insider	5-Oct-2017	Face-to-face	95	38
TOTAL											**1046**	**257**

Note: Duration and length only includes the coded sections of the interview (i.e. excludes introduction and general questions and procedural discussions). Length measured in MS Word pages with Times New Roman and 12pt; I 03 and I 04 were jointly interviewed in a single interview.

3.1.3. Data Validation

Research Paper I follows a common four-stage process (Flick, 2014) to analyze the interviews and ensure valid results. These include first-order coding, aggregating on second-order categories, selecting key second-order categories, and linking first- and second-order categories in an integrated model. Additionally, a test weather all emerging key factors were mentioned by all three types of informants in the sample adds to the credibility of the results. Only one of the 14 key factors (diplomatic skills) was not mentioned by all three interviewee types. This factor was not mentioned by outsiders which might be explainable by their more distant perspective and thus different focus.

3.2. Quantitative Sample

3.2.1. Data Collection

To test their hypotheses, Research Paper II and III rely on data drawn from an international sample of stakeholders of a sustainability NPO. While the NPO has a quite specific purpose, its stakeholders range from a variety of industries including both businesses and other NPOs. The main NPO is a membership organization. It offers its customers a certificate as a credible sign for their sustainability efforts. Customers are required to pay a fee and to comply with the NPO's criteria which are developed and decided by its membership. The NPO's staff supports members, takes care of the NPO's operations and ensures the criteria's applicability. Members pay a yearly fee and go through a formal application process.

After the NPO's membership asked for a reform of the international governance, a group of members worked between 2015 and 2017 on assessing flaws of the current governance regime and proposed changes to it. In fall 2017, the wider membership approved only a small number of these proposals and rejected the majority. Additionally, it asked for a continuation of the

work on governance. An online survey among its stakeholders was one of the main attempts to determine what the core issues of the current governance regime are. In this survey, stakeholders were asked to rank a list of potential governance issues that were identified through previous personal discussions with key informants like the Board and senior leadership of the organization, and they were given the opportunity to amend this list if necessary. This survey is the basis for Research Paper II and III.

The survey is based on established measurement constructs. A pre-test with a subset of stakeholders ensured the survey and its questions are relevant and simple to understand. The survey was developed in English and translated into seven other languages (Chinese, French, German, Japanese, Portuguese, Russian, and Spanish). The translation was checked by native speakers (Brislin, 1970), employing also back translation. Respondents were able to select their preferred language once they opened the survey. It was sent to stakeholders in a personalized email including a video message by the CEO of the NPO and an individual link. The introduction included information on the governance reform project and explained how the survey's input would be used. Stakeholders were able to fill in the survey over a period of two months (June and July 2018) and received multiple reminders.

3.2.2. Sample Details

The survey received 2,043 valid responses representing a 12% response rate. Table 4 provides more details on the sample composition. The differences between sample sizes for customers (1,524), members (513), and staff (171) were expected as it is proportional to the respective group's base population. Over 50% of respondents are in their stakeholder role at least for 5 years and the largest group (40%) is from medium-sized organizations (51–500 employees). With 94 different countries, the sample is fairly international and no nationality accounts for more than 10% of respondents. The majority of respondents (78%) is aged 31–60 and over

40% are the CEO or part of the top leadership team in their organization. The fact that more than 80% of respondents have a university degree signals the fairly high level of education in the sample.

Table 4: Quantitative Sample Composition

	Absolute	Share
Stakeholder type*		
Members	513	25%
Staff	171	8%
Customer	1,524	75%
Chosen survey language		
Chinese	100	5%
English	1,321	65%
French	70	3%
German	189	9%
Japanese	36	2%
Portuguese	70	3%
Russian	85	4%
Spanish	172	8%
Country based in**		
Germany	204	10%
USA	165	8%
UK	89	4%
Italy	82	4%
China	76	4%
Age of respondent		
20–30 years	160	8%
31–40 years	522	26%
41–50 years	576	28%
51–60 years	504	25%
61–70 years	175	9%
> 70 years	17	1%
Position of respondent		
CEO (or equivalent)	310	15%
Member of top leadership team	554	27%
Middle management	679	33%
Lower management	188	9%
Clerk / administrator	209	10%

	Absolute	Share
Educational level of respondent		
Doctoral or equivalent	130	6%
Master's or equivalent	721	35%
Bachelor's or equivalent	796	39%
Secondary education	242	12%
Primary education	6	0%
No formal education	1	0%
For-profit and non-profit work experience		
Only for-profit experience	1,293	63%
Non-profit experience	502	25%
Time of being stakeholder		
> 10 years	386	19%
5–10 years	682	33%
3–5 years	330	16%
1–3 years	363	18%
<1 year	245	12%
Size of organization (employees)		
> 5,000	70	3%
500–5,000	251	12%
51–500	807	40%
11–50	461	23%
2–10	259	13%
1 (self-employed)	100	5%
Age of organization		
> 50 years	488	24%
26–50 years	499	24%
11–25 years	592	29%
6–10 years	198	10%
1–5 years	142	7%
< 1 year	12	1%
N	2,043	100%

Note: blanks not included in break-downs

*Stakeholder may fall into one or more categories

**Includes only the 5 most frequent

3.2.3. Data Validation

The quantitative data set underwent a test for common-method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003: 879) by using the Lindell-Whitney marker variable technique (Lindell & Whitney, 2001). Similar to previous studies (e.g., Welpe, Spörrle, Grichnik, Michl, & Audretsch, 2012), a theoretically unrelated marker variable was added to the models. Stable significant levels and coefficients were observed for the partial correlations between the predictors and the dependent variables. Furthermore, theoretically unrelated items were added between the main constructs in the questionnaire as recommended by Wiklund and Shepherd (2005). Moreover, both Research Paper II and III control for the response time measured as days since the survey launch when respondents submitted their answers. This allows to control for any events during the survey period or other time-bound trends in the responses that might have affected the results.

4.   Summary of Research Papers

The three research papers at the heart of this dissertation are all targeted at determining factors that may advance the work of NPOs. They are intended to shed light on factors that may increase performance as well as facilitate innovation and change in the sector. In the following subchapters, all three research papers are summarized, including their approach, methodology, and findings. The complete papers can be found in Part B of this dissertation. Additionally, the Overview of Research Papers on page **Error! Bookmark not defined.** lists the conferences at which the papers were presented as well as the research journals at which they are currently under review or published in.

Research Paper I (chapter 4.1) takes a qualitative approach to determine personal factors of managers in the non-profit sector that affect their individual performance and innovativeness. Research Paper II (chapter 4.2) relies on survey data from the stakeholder network of an NPO

to test theoretically derived antecedents to openness to change. Research Paper III (chapter 4.3) further investigates this stakeholder network to analyze whether non-profit stakeholders report satisfaction with the status quo systematically different and if national cultures affect these differences.

4.1. Summary of Research Paper I

Introduction and theory: Research has shown that individuals' performance and innovation matter for business (Amabile, 1988; Howell & Shea, 2001) but are not adequately assessed in NPOs. The validity of a generalization of findings from research on for-profit organizations to NPOs can be questioned (van der Heijden, 2006b). Therefore, Research Paper I assesses if there are other factors influencing the personal performance and innovativeness of managers in NPOs than in businesses or if previously in businesses identified factors might have a different effect in NPOs. The paper thus attempts to answer the research question, *which personal factors are likely to influence NPO managers' individual innovativeness and performance*? The theory of planned behavior (Ajzen, 1985) helps structuring the input collected as part of this quest because it seems probable that managers exert the effort to be performant or innovative depending on their intention to do so. Furthermore, their intentions are likely to depend on personal factors that determine their attitudes, norms, and perceived control.

Methodology: To answer its research question, Research Paper I relies on 15 interviews with knowledgeable informants who either work in NPOs, work for them (e.g., as consultants), or conduct research on them. The paper thus employs an explorative approach (Eisenhardt, 1989) to develop a model (Bansal & Corley, 2012; Barratt, Choi, & Li, 2011). It conducts a data analysis in four steps (Flick, 2014), including first-order factors, aggregated second-order categories, a selection of key factors, and the development of an emerging model. 14 personal factors in 4 categories emerged as particularly important. They are integrated in a new model.

Findings: Figure 8 gives the emerging model based on the data collected. Firstly, it is important to mention that the results from the interviews are supporting the underlying premise of Research Paper I that NPOs are systematically different from businesses and demand somewhat different skills from their managers. Thus, taking a dedicated look on NPOs seems to be appropriate. The interviewees give as main reasons for the differences to businesses the more complex target structure in NPOs in line with Dees (1998) and Horak and Heimerl (2002). Furthermore, they point at the fact that NPOs need to cater to two very important but different "customer" groups – donors and beneficiaries – which is in line with Bruce (1995). Leading in NPOs seems to be different because employees tend to be motivated in a different way than in businesses. Most employees in NPOs identify themselves strongly with their organization's mission and want to see how they contribute to it. This fits findings by other studies (e.g., Frumkin & Andre-Clark, 2000; Miller-Stevens et al., 2015; Miller-Stevens et al., 2018). In addition, innovation is more difficult to implement in NPOs because failed innovations may use up resources that are then not available for the NPO's mission. Moreover, NPOs can typically not benefit financially from implementing innovation. This is in line with findings by Miller-Stevens et al. (2018) that innovation and entrepreneurship are perceived as less important in NPOs.

Figure 8: Emerging Model of Personal Factors That Affect NPO Managers' Performance and Innovativeness
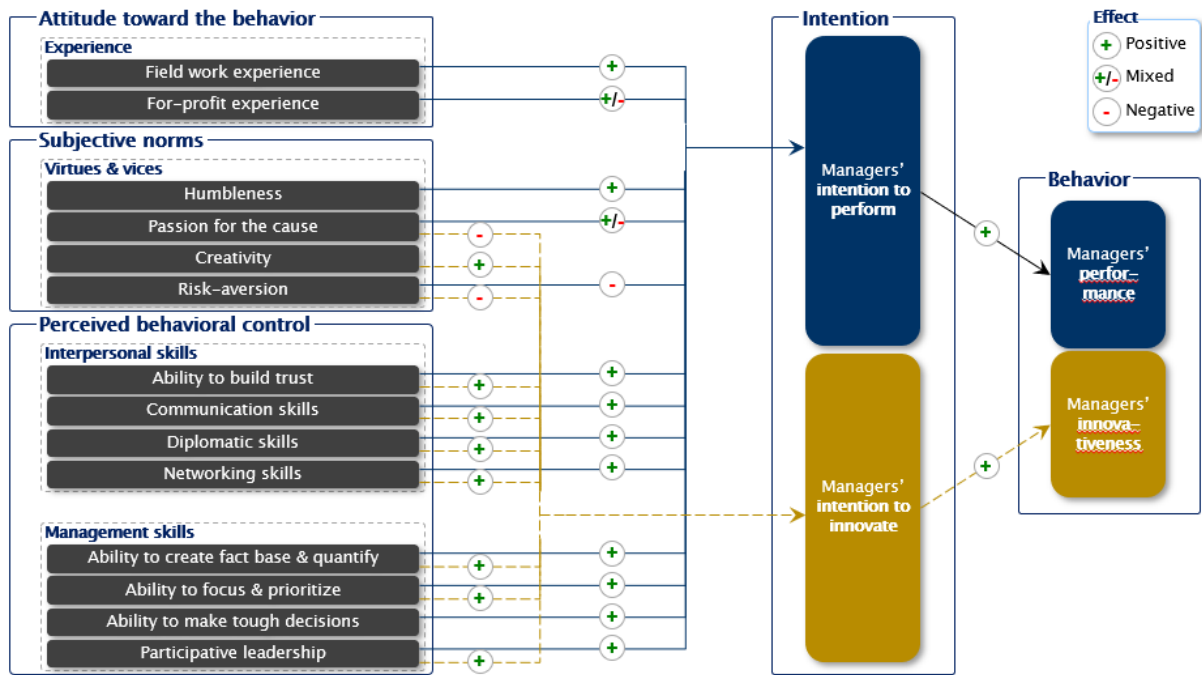
Source: Own representation

Experience (field work experience and for-profit experience) is found to be important for managers because it enables them to better assess situations that demand decisions from them, gives them valuable skills, and makes it easier for them to relate to their subordinates. Moreover, it seems to affect the attitudes of managers towards performance and innovation. However, for-profit experience is described as a double-edged sword: Managers with experience in the for-profit sector are said to bring important skills with them and to be relatively more effective. Yet it seems very important that they learn to adapt to the specific culture in NPOs and understand how to lead their subordinates. Otherwise they seem likely to fail. Communication thus seems to be particularly important for them.

Virtues and vices form the second category of factors derived. Humbleness is important for managers due to the specific culture in NPOs. Passion for the cause is described as a necessary prerequisite but may be too strong and thus prevent managers from making tough but necessary

decisions. Creativity helps managers to be innovative. Risk-aversion is mentioned as typical for the non-profit sector but also as having a negative effect on performance and innovativeness. Virtues and vices seem to give fundamental guidelines for managers and thus affect their subjective norms.

Interpersonal skills are found to be very important for both managers' intention to perform and to innovate. Their ability to build trust is in particular important in NPOs because it helps to overcome the common risk-aversion among employees in the sector. Communication skills are vital for managers because subordinates in the sector tend to demand more strongly to be listened to and NPOs are generally organized less top-down than businesses. Diplomatic skills are required in NPOs because they are more consensus-oriented and require managers to build a larger base to support their decisions. For similar reasons, networking skills were also frequently mentioned as important but also because they help managers to collect ideas and funding from outside their own organization. The interpersonal skills of managers are likely to influence their perceived behavioral control because they signal capabilities.

Management skills are said to have a positive influence on both dependent variables. The ability to create a fact base and to quantify is less developed in the sector but will help managers to push their decisions and ideas through. Similarly, the ability to focus and prioritize is important for managers to deliberately decide against something in order to prioritize something else – a skill that seems to be underdeveloped in the non-profit sector because people find it hard to decide against something that might potentially help beneficiaries. In a similar manner it helps if managers have the ability to make tough decisions and thus acknowledge that they will not be able to satisfy everyone. A participative leadership style, on the other hand, is important because NPO employees demand much more to be involved in decision-making. Management skills probably affect the perceived behavioral control of managers because they help them to be in control of decisions and actions taken.

Some of the factors derived are probably similar important in the for-profit sector, including communication skills (Penley, Alexander, Jernigan, & Henwood, 1991), risk-aversion (Fairlie & Holleran, 2012), and creativity (Persing, 1999). Others seem to be relatively more important in NPOs than in businesses, as for example the ability to build trust (Long & Sitkin, 2006). However, the analysis also revealed factors not discussed in research on for-profit organizations like passion for the cause, field work experience, and for-profit experience.

Contribution: Research Paper I contributes to the theory of planned behavior and to literature on behavioral intentions by extending previous research to the non-profit sector. The four categories and 14 factors derived seem to influence the intention of NPO managers to perform and to innovate. A challenge to the theory of planned behavior is the finding that for-profit experience might have negative effects in NPOs on individual performance despite its association with a high-performance attitude. If managers do not adapt their management style, the resistance against their tools and decisions may prevent them from being performant. What is more, these results are likely to be of interest to practitioners in the non-profit sector because individual performance and innovativeness of managers probably affects an organization's performance and innovation. The findings of Research Paper I may thus help with promotion and recruiting decisions in NPOs.

4.2. Summary of Research Paper II

Introduction and theory: The ability to change and adapt is vital for organizations (PricewaterhouseCoopers, 2014; The Boston Consulting Group, 2015) and resistance to change is considered as one of the main reasons why change implementations fail (Erwin & Garman, 2010; Maurer, 1996; Reger et al., 1994; Spiker & Lesser, 1995). Openness to change, on the other hand, is seen as a "necessary initial condition for planned change" (Miller et al., 1994: 60). Previous research on for-profit organizations identifies three antecedents to openness to change:

the level of information (Ertürk, 2008; Miller et al., 1994; Wanberg & Banas, 2000), involvement in change (Axtell et al., 2002; Ertürk, 2008; Wanberg & Banas, 2000), and previous experiences (Devos et al., 2007; Ertürk, 2008).

However, these findings might not be simply generalizable to the non-profit sector (van der Heijden, 2006b). Research Paper II thus transfers the antecedents to NPOs in adapting them to the specific context. It hence assesses the effect of familiarity with the status quo, the power to influence change, and for-profit work experience as potential antecedents to openness to change. In addition, previous studies focus on employees (Choi, 2011), but NPOs are characterized by a more complex stakeholder structure that might make an extension of scope necessary. Therefore, the paper addresses the research question, *what are the antecedents of openness to change and their respective effects for stakeholders in the non-profit sector*?

In doing so, Research Paper II relies on bounded rationality theory (Simon, 1947, 1955) and describes how the bounds at its core (limited information, cognitive limitations, and time constraints) make individuals inclined to favor the status quo over changes. The paper then hypothesizes that the three types of antecedents to openness to change derived from previous research and adapted to the NPO-context (familiarity with the status quo, the power to influence change, and for-profit work experience) may reduce the limitations that individuals face when assessing change options. In addition, as bounded rationality predicts that individuals make "satisficing" (satisfying and sufficient) decisions and then stop looking for alternatives (Simon, 1976), the paper predicts that satisfaction with the status quo reduces the effect strengths of antecedents to openness to change. Figure 9 summarizes the paper's conceptual model.

Figure 9: Conceptual Model of Antecedents to Openness to Change
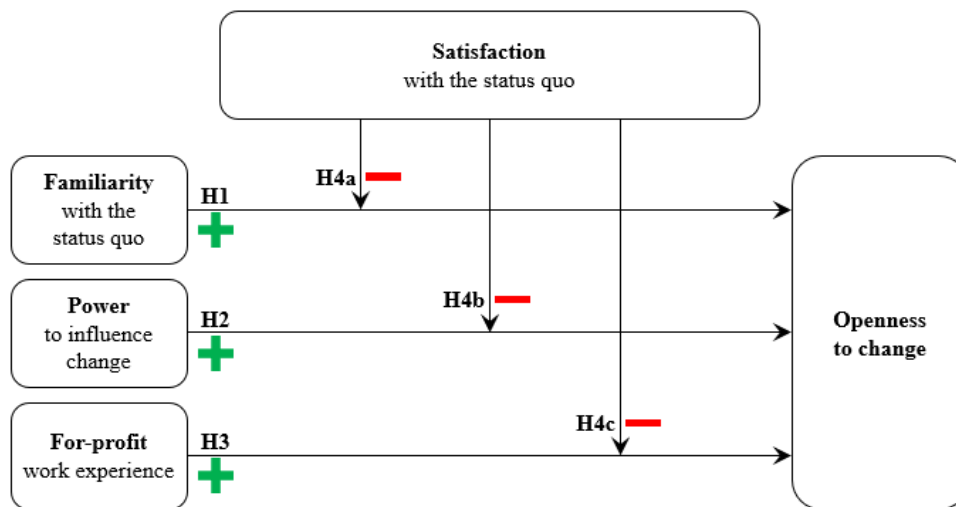
Methodology: The hypotheses of Research Paper II are tested with multiple regression models using a sample of 2,043 stakeholders of an international NPO with a focus on sustainability. The stakeholders include both non-profit and for-profit organizations from 94 countries and multiple industries as well as three types of stakeholders (members, staff, and customers). In all models, multiple control variables are added to eliminate potential interferences. These controls are the age, educational level, position, degree of involvement, and response time of the respondent, next to the size, age, and time in stakeholder role of the respondent's organization as well as the Human Development Index (HDI) score of the respondent's work location.

Findings: Research Paper II finds support for most of its hypotheses. Familiarity with the status quo and power to influence change both have a significant ($p < .05$) and positive effect on openness to change. Interestingly, for-profit work experience has a significant ($p < .01$) but negative effect on openness to change. This result might be explained by previous findings that employees of NPOs seem to overcome their risk-averseness when they perceive changes as urgently required for the NPO in order to fulfill its mission (Kosny & Eakin, 2008). Furthermore, satisfaction with the status quo shows significant ($p < .05$) interaction effects with all

three antecedents to openness to change and thus reduces their effect strengths. Thus, the data provide support for the hypothesis that the effects of the antecedents to openness to change are weaker for higher levels of satisfaction.

Contribution: Research Paper II contributes to research on openness to change by linking it to bounded rationality theory and using the theory to explain the mechanisms behind the proposed research model. Furthermore, it extends previous research by developing and testing a research model for the non-profit sector. In addition, the paper's result show that satisfaction with the status quo weakens the relationships between openness to change and its antecedents and is thus a relevant moderator.

Moreover, the paper provides interesting insights for practitioners. Stakeholders should be informed as well as possible about the status quo to increase the likelihood that they are open to changes. Furthermore, they should feel that they can influence changes to increase their willingness to embrace it. Additionally, leaders in NPOs should not neglect for-profit stakeholders as our results reveal that – contrary to common believes – they might be less open to change than non-profit stakeholders. Finally, stakeholders need to be sufficiently aware why they should be dissatisfied with the status quo in order to increase the effect strengths of antecedents to openness to change.

4.3. Summary of Research Paper III

Introduction and theory: Knowing about the satisfaction of their stakeholders is important to NPOs due to their mission-focus (Dees, 1998) and their diverse customer types (Bruce, 1995) – but it is also increasingly important for businesses (Business Roundtable, 2019). However, measuring satisfaction of stakeholders is difficult and mostly done for single stakeholder categories like shareholders (Chakravarthy, 1986), customers (Anderson & Sullivan, 1993), or employees (Chen et al., 2011), but seldom for a multitude of stakeholder types (Kennerley &

Neely, 2002). When measuring the satisfaction among different types of stakeholders it could be the case that they differ systematically in their responses because of particular attributes rather than because of objective differences in their satisfaction levels.

Research Paper III argues that non-profit stakeholders report different satisfaction levels than for-profit stakeholders because of different expectations (Rawls et al., 1975) and more risk-aversion (Hull & Lio, 2006). Furthermore, measuring satisfaction of such diverse groups typically relies on surveys which may be particularly affected by differences between national cultures of respondents (Eskildsen et al., 2010; Liu et al., 2004). The paper therefore attempts to respond to the research question, *do stakeholders from the non-profit sector report different satisfaction levels than those from the for-profit sector do, and, if so, is this difference affected by national culture*?

Organizations are likely to respond with changes to the status quo when their stakeholders show dissatisfaction with it. Thus, answering patterns may be analyzed with the help of prospect theory (Kahneman & Tversky, 1979, 1984) that explains individuals' behavior based on the potential gains and losses they expect from certain decisions and events, including feedback that might induce changes. It seems probably that non-profit stakeholders have a lower reference point due to their less hierarchical setup (Anheier, 2000; Taliento & Silverman, 2005), forgiving culture (Rawls et al., 1975), slower adaption to change (DiMaggio & Anheier, 1990), and little focus on financial performance (Dees, 1998; Horak & Heimerl, 2002). In addition, they are likely to have a stronger tendency to frame changes as potential losses because of less interest in innovation and more aversion of risk in the non-profit sector (Foster & Bradach, 2005; Hull & Lio, 2006; Miller-Stevens et al., 2018; Morris et al., 2007).

On the other hand, the congruency framework (Lachman et al., 1994) may explain why national cultures can affect the relation between a stakeholder's sector background and reported

satisfaction levels. If national cultures are congruent with non-profit culture in terms of reference point levels and the framing of changes, they are likely to widen the difference between non-profit stakeholders and business stakeholders with regard to satisfaction reporting. If national and NPO culture are incongruent one would expect the opposite effect. Figure 10 shows the hypothesized relations between for-profit stakeholders, satisfaction with the status quo, and national culture.

Figure 10: Conceptual Model of NPOs, Satisfaction, and National Culture
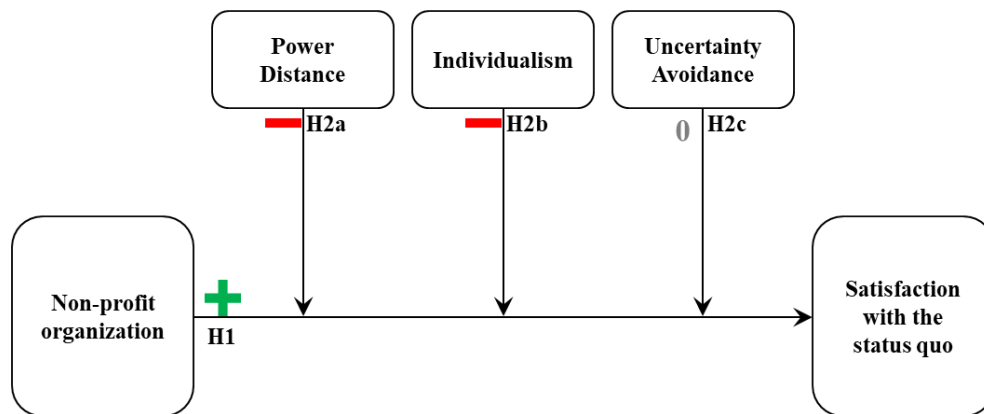
Source: Own representation

Methodology: To test its hypotheses, Research Paper III uses a sample of 2,043 stakeholders of an international NPO focusing on sustainability. Respondents stem from both the non- and the for-profit sector and 94 different countries. They include members, staff, and customers of the main NPO. In the multiple regression models presented in the paper, a set of control variables are added. They include the educational level, age, position, and response time of the respondent as well as dummy variable to check if an individual switched between the non- and for-profit sector. In addition, the age, size, time in stakeholder role, and type (member, staff, or customer) of the respondent's organization is added next to the GDP per capita of her/his country location.

Findings: Most of Research Paper III's hypothesis are supported by the obtained results. Being an NPO has a significant ($p < .05$) positive effect on satisfaction with the status quo. Power distance reduces this effect as indicated by its significant ($p < .05$) and negative coefficient. As anticipated, uncertainty avoidance shows no statistically significant interaction effect with being a non-profit stakeholder. However, contrary to what theory and previous research suggested, individualism is found to have a significant ($p < .0.1$) positive interaction effect with being a non-profit stakeholder.

A possible explanation for this last finding could be the seniority of the sample: 45% of respondents from the non-profit sector in our sample are part of the top leadership team or are even the CEO of their organization. Individuals in higher positions tend to be more individualistic and less egalitarian (Cremer, 2003; Cremer & van Dijk, 2005; Samuelson & Allison, 1994). Moreover, because of the high share of businesses in the network and the revenues generated for the main NPO from its activities, the non-profit stakeholders involved may perceive these activities as a for-profit engagement which could lead to more individualistic behavior.

Contribution: In terms of theory, Research Paper III contributes to research on satisfaction by extending applications of prospect theory in the non-profit sector, enlarging the set of stakeholders, and explaining systematically differently reported satisfaction levels of NPOs. Furthermore, by using prospect theory for a sample from the non-profit sector, the paper extends the theory's application. In addition, the article successfully applies the congruency framework and uses it to explain how national cultures moderate the relation between non-profit culture and reported satisfaction levels.

Practitioners may take from these findings that it seems necessary to calibrate responses from NPOs compared to businesses. Stakeholders from the non-profit sector may understate their dissatisfaction because they are more concerned with potential losses resulting from changes. Thus, convincing non-profit stakeholders of the necessity of change might require

more effort. Moreover, it seems necessary to calibrate non-profit stakeholders' responses according to their national culture. In power distant cultures the differences between for- and non-profits are probably smaller, but in countries with high levels of individualism they are likely to be more pronounced.

5. Implications for Research and Practice

This chapter gives a summary of the theoretical implications (chapter 5.1), lists further avenues for future research that may rest upon the findings of this dissertation (chapter 5.2), and concludes by implications for practitioners that can be derived (chapter 5.3).

5.1. Theoretical Implications

The dissertation contributes to the application of several theories as well as to the literature on multiple individual and organizational research streams. Firstly, it extends research on individuals' behavioral intentions explained by the theory of planned behavior to the non-profit sector. The findings imply that experience, virtues and vices, interpersonal skills, and management skills all importantly affect the intentions of managers to perform well and to innovate. However, by widening the theory's application to the non-profit context the results also challenge to some extent the theory's suppositions. For example, a high-performance attitude (potentially induced by for-profit experience) will not lead to higher performance of a manager if this attitude is not translated well and fittingly to the non-profit context. Otherwise, subordinates – who are rather powerful in NPOs according to Research Paper I's findings – might resist their managers and thus prevent them from performing well.

Secondly, by linking the theory of bounded rationality to openness to change, this dissertation adds to the research body on both. This connection allows a better understanding of how

bounds to rationality limit individuals in their decision on how open they are to changes. Furthermore, it extends the application of bounded rationality theory by applying it on a sample from the non-profit sector. Moreover, it introduces satisfaction with the status quo as a moderator, thus extending the integration of bounded rationality theory in research on openness to change.

Thirdly, this dissertation links prospect theory with research on stakeholder satisfaction and thus extends previous research on both. It contributes to prospect theory by applying it in the non-profit sector to explain differences in reported satisfaction levels. Furthermore, the dissertation adds to the research body on satisfaction by explicitly considering the non-profit sector, assessing governance evaluations, and by encompassing very diverse types of stakeholders. Moreover, it extends previous links between national cultures and prospect theory with the help of Lachman et al.'s (1994) congruency framework and shows that this combination may improve our understanding of the circumstances under which non-profit and for-profit stakeholders assign different values to an action.

5.2. Avenues for Further Research

Future research may build on the findings of this dissertation and also try to address some of its limitations. Firstly, a very interesting undertaking would be to test the model derived in Research Paper I quantitatively. Future research would probably need to reduce its complexity to limit the variables to a manageable number, for example in order to be able to include them in a survey. Ideally, a sample would encompass multiple NPOs and might even attempt to include businesses to compare managers from both sectors.

Secondly, the assessment of antecedents to openness to change from Research Paper II might benefit from a follow-up study addressing methodological limitations such as the single stakeholder network as its data sample and its quite rough measurement of the stakeholders' power.

More importantly though, it would be very interesting to understand better when and why individuals with non-profit work experience are more open to changes. Maybe there is a certain tipping point when they perceive a substantial urgency for changes. This would be in line with the finding by Kosny and Eakin (2008) that non-profit stakeholders accept risk when they can see how it benefits beneficiaries.

Thirdly, to further improve our understanding of reasons for systematically differently reported satisfaction levels between stakeholders (Research Paper III), it might be better to consult more than one person per stakeholder organization. Additionally, it would increase the robustness of the results of this dissertation if they can be replicated with a sample of multiple stakeholder networks. Besides these methodological improvements, subsequent research could attempt to understand better why and when individualism increases the discrepancies in satisfaction reporting between NPOs and businesses – which go against what theory predicts. It might be the case that results are different when using a sample with a lower share of senior stakeholder representatives. Furthermore, future research could try to measure how "charitable" non-profit stakeholders perceive the context for which they are reporting their satisfaction. The reporting discrepancies might vary with the degree to which they think of the network as pursuing charitable vs. profit goals.

5.3. Practical Implications

This dissertation holds interesting insight for practitioners from the non-profit but also from the business sector. Firstly, the results from the qualitative part of this dissertation (Research Paper I) provide an overview of personal factors relevant to managers in NPOs. These could be relevant for human resource decisions such as hiring and promotion – not least because individual performance and innovativeness of managers is likely to positively affect performance and innovation on the organizational level.

Secondly, this dissertation's assessment of antecedents to openness to change (Research Paper II) holds interesting insights for leaders in NPOs who are planning to undergo changes. They are advised to educate their stakeholders on the status quo and to make sure they feel sufficiently powerful to influence changes. However, leaders in NPOs should not neglect their for-profit stakeholders as they might actually be less open to changes than those with a non-profit work background. Finally, an NPO's management should make sure its stakeholders understand why they should be dissatisfied with the current state. Otherwise stakeholders might decide to favor the status quo simply because they find it adequately satisficing.

Thirdly, leaders in both NPOs and businesses should try to calibrate feedback they receive for the stakeholder type and the national culture based on the findings from Research Paper III. Non-profit stakeholders are likely to understate their dissatisfaction because they worry about the consequences of their negative feedback. In rather power distant cultures, these differences between NPOs and businesses are likely to be smaller, whereas in individualistic ones they might be larger. These differences between stakeholder types and the interaction effects of national culture matter in particular when an NPO's management intends to build support for change.

6. Conclusion

This dissertation project was conducted to assess what drives performance, innovation, and change in the non-profit sector. To do so, three research papers were written to improve our understanding on the individual and organization level. Summarizing this work, what can we learn from this piece of research? Four main points stand out.

First, it became clear that NPOs are different from businesses beyond their financial goals and thus merit dedicated research. Moreover, it seems to make a difference for their attitudes and their behavior if individuals belong to a non-profit or a for-profit organization – or if they

used to work in the opposite sector because experience in one organization also matters for subsequent engagements (Dokko, Wilk, & Rothbard, 2009). These findings are important for understanding what drives performance, innovation, and change in NPOs because it is not always the same as in the for-profit world.

Second, besides some less surprising findings regarding the effects of personal factors on individual performance and innovativeness in NPOs (e.g., regarding communication skills, risk-aversion, and creativity), a major contribution of this dissertation is that it revealed additional factors not yet (adequately) assessed by research: It seems to be very important for managers in the non-profit sector to be able to build trust and to have some field work experience. An even more interesting finding is that passion for the cause and for-profit experience can boost managers' impact but also derail them if taken to the extreme and not being adequately employed.

Third, regarding the antecedents to openness to change, it is satisfying to see that familiarity with the status quo and power to influence change both seem to increase stakeholders' openness to change – just as bounded rationality theory suggests. It is even more interesting though that for-profit work experience seems to decrease openness to change thus contradicting the perception that NPO working culture makes individuals necessarily more skeptical of changes (Hull & Lio, 2006; Rawls et al., 1975). Furthermore, the finding that individuals seem to choose satisficing options and then stop looking for potentially better alternatives supports the assumption that bounded rationality is well-suited for this analysis.

Fourth, diving deeper on the satisfaction with the status quo, this dissertation finds that non-profit stakeholders might seem easier to be pleased but that they in fact could only worry more about the prospects of changes induced by their negative feedback. Decision-makers – in NPOs and corporations alike – who are interested in their non-profit stakeholders should thus calibrate the input for the sector it comes from. This calibration should also include national cultures

which were found to matter substantially for how the differences between non-profits and businesses affect their feedback – in dependence on the congruency between national and organization culture.

Moving away from the single findings of this dissertation, three more abstract concluding points emerge: Firstly, NPOs can learn from for-profit organizations as, for example, for-profit experience brings valuable skills to the non-profit sector. However, businesses may also learn from NPOs, in particular as for-profit organizations also increasingly care (and have to care) about their wider stakeholder network. The exchange of ideas, best-practices, and personnel between the two sectors might thus be beneficial for both sides.

Secondly, culture matters – both on the organization and on the national level – because it affects how individuals think and act. Even though NPOs and for-profit organizations alike have similar basic business functions (HR, procurement, IT, etc.) and hierarchies (team members, team leaders, executives, boards, etc.) they seem to produce substantially different organizational cultures. However, these cultures are not isolated from their surroundings. Both anecdotal evidence (e.g., the annual meeting of an NPO mentioned in chapter 1 of this synopsis) as well as the results from this dissertation in general underline that "cultural values permeate organizations" (Lachman et al., 1994: 44). It is thus important to collect data on the cultural environment when researching the behavior of humans.

Thirdly and lastly, theories and theoretical models can indeed help us understand real-life phenomena. Of course, it is important to acknowledge that our models in management research do only explain parts of what happens in reality – as even a simple look at our R-squared values normally confirms. Nevertheless, the employed theories help us to understand some underlying mechanisms – for example, why some individuals seem to be affected more by limits to their rational decision-making when they decide whether to embrace change or not. Hopefully, this

dissertation also helped the interested reader to better understand some of the phenomena one can observe in real life.

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PART B: Research Papers

Research Paper I – Successful without Profits: Personal Factors that affect Performance in NPOs

- Reinhardt, A. & Enke, S. 2018. Successful without profits: Personal factors that affect performance and innovativeness in NPOs. *Accepted for presentation at the 2018 European Academy of Management Annual Meeting (EURAM) in Reykjavik (Iceland).*

- Reinhardt, A. & Enke, S. 2018. Successful without profits: Personal factors that affect performance and innovativeness in NPOs. *Accepted for presentation at the 2018 Annual Meeting of the Academy of Management (AoM) in Chicago, IL (USA).*

- Reinhardt, A. & Enke, S. 2020. Successful without Profits: Personal Factors that Affect Performance in NPOs. *Accepted by Employee Relations (Special Issue: Dynamics of Employment Relations and HRM in Nonprofit Organizations). VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.1.*

Research Paper II – Antecedents of Openness to Change in NPOs and the Moderating Role of Satisfaction

- Reinhardt, A. & Enke, S. 2019. The Influence of Familiarity with the Status Quo, Power, and For-Profit Experience on the Openness to Change: The Moderating Role of Satisfaction. *Accepted for presentation at the 2019 European Academy of Management Annual Meeting (EURAM) in Lisbon (Portugal). Received Best Paper Award by the Public and Non-Profit Management SIG.*

- Reinhardt, A. & Enke, S. 2019. Effects of Familiarity with the Status Quo, Power, and For-Profit Experience on Openness to Change: The Moderating Role of Satisfaction. *Accepted for presentation at the 2019 Annual Meeting of the Academy of Management (AoM) in Boston, MA (USA).*

- Reinhardt, A. & Enke, S. 2020. Antecedents of Openness to Change in NPOs and the Moderating Role of Satisfaction. *Currently under review at the European Management Journal. VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.3*

Research Paper III – Non-Profit Culture and Satisfaction with the Status Quo: A Cross-Cultural Perspective

- Reinhardt, A. 2020. Non-Profit Culture and Satisfaction with the Status Quo: A Cross-Cultural Perspective. *Currently under review at the Journal of World Business. VHB-JOURQUAL3 rating: B. Handelsblatt-BWL-Ranking 2012: 0.5*

Research Paper I

SUCCESSFUL WITHOUT PROFITS:

PERSONAL FACTORS THAT AFFECT PERFORMANCE IN NPOS

ABSTRACT

Purpose: Studies on personal characteristics that influence managers' performance in their jobs and their ability to innovate focus mainly on for-profit organizations. We argue that non-profit organizations (NPOs) differ substantially from for-profit organizations in their organizational set-up and processes, so the skills they demand from their managers and employees also differ. We undertake this research to explore the personal factors that could be particularly relevant to managers' performance and innovativeness in the non-profit sector.

Design/methodology/approach: We conduct a qualitative, model-building study to derive the personal factors that influence managers' intention to perform and to innovate and their behavior in that regard. The base of our analysis is fifteen interviews with knowledgeable informants who either work in NPOs, provide services to them, or perform research about them.

Findings: We derive fourteen personal factors that can be aggregated into four categories—experience, virtues & vices, interpersonal skills, and management skills–each of which affect NPO managers' individual performance and/or individual innovativeness.

Originality/value: This study adds to existing research on Ajzen's (1985) Theory of Planned Behavior by extending it to the non-profit context, so it contributes to the literature on individuals' behavioral intentions.

"Innovation depends on people who are able to generate and apply knowledge and ideas in the workplace and in society at large." (Skills for innovation and research, 2011)

INTRODUCTION

Research finds that managers' personal characteristics and skills influence how they perform in their jobs and their ability to innovate, not least through their relationships with employees. Both individual performance and individual innovativeness are important for the success of business projects (Howell & Shea, 2001) and that of the overall organization (Amabile, 1988). Factors like personality traits (Judge & Zapata, 2015), social and personal identity (Randel & Jaussi, 2003), introversion (Erez, Schilpzand, Leavitt, Woolum, & Judge, 2015), self-efficacy (Fast, Burris, & Bartel, 2014), locus of control (Lam & Schaubroeck, 2000), and individual networks (Cross & Cummings, 2004) may influence these success factors, but the extant literature identifies these individual factors only in the for-profit context, and findings from studies in the for-profit sector are often generalized to non-profit organizations (NPOs) (Carnochan, Samples, Myers, & Austin, 2014; van der Heijden, 2006a). As a result, there is little research in the context of NPOs (Brière et al., 2015).

However, NPOs differ from for-profit organizations beyond how they are taxed (Morris et al., 2007). As NPOs missions are not to serve their shareholders but wider society (Dees, 1998), NPOs and their employees tend to be driven by values and the public interest, rather than personal profit (Frumkin & Andre-Clark, 2000; Miller-Stevens et al., 2015; Miller-Stevens et al., 2018). For example, when asked to rate a list of values, managers in NPOs tend to rank innovation and entrepreneurship as far less important than their for-profit counterparts do, and several places behind integrity, trust, and fairness (Miller-Stevens et al., 2018). In addition, As Horak and Heimerl (2002) argue, NPOs have core organizational differences from for-profit organizations that require different approaches and management practices.

In this paper, we explore the personal factors that could be particularly relevant to success in the non-profit sector. We seek to answer the research question, *Which personal factors are likely to influence NPO managers' individual innovativeness and performance?*

This paper contributes to the literature on Ajzen's (1985) Theory of Planned Behavior by explaining what influences NPO managers' performance- and innovation-related behavior. The paper establishes a theoretical model to shed light on whether managers' personal characteristics influence their performance in NPOs and, if so, how. To explore this relationship empirically, we conduct a qualitative study with knowledgeable interviewees.

THE THEORY OF PLANNED BEHAVIOR LINKS PERSONAL FACTORS WITH INDIVIDUAL PERFORMANCE AND INNOVATIVENESS IN NPOS

The Theory of Planned Behavior

The Theory of Planned Behavior (Ajzen, 1985) predicts that behavior is directly influenced by intentions, which are themselves affected by the individual's attitude toward a certain behavior, subjective norms, and the individual's perceived behavioral control.

The Theory of Planned Behavior builds on Ajzen and Fishbein's (1980) Theory of Reasoned Action by adding perceived behavioral control as a predictor (along with the attitudes toward a behavior and subjective norms) in a model constructed to explain how these factors influence the intention to perform a certain action, such as individual performance (Ajzen & Madden, 1986). The theory predicts that "intentions to exert effort and to attain a certain performance level are determined by attitudes, subjective norms, and perceptions of control in relation to these behaviors" (Ajzen, 2011: 32). Several studies and meta-analyses test and confirm the model's components and their relationships to individual performance or innovativeness (Ajzen, 1991; Armitage & Conner, 2001; Notani, 1998; Sheppard et al., 1988), but none of these studies focuses on the NPO context.

Figure 1: The Theory of Planned Behavior
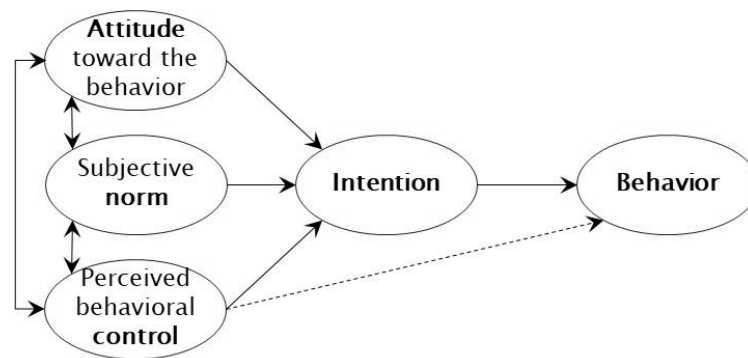
Individual performance and innovativeness

Managers' *individual performance* describes the extent to which they achieve their goals in terms of outcome and impact. They may set their goals themselves or receive them from their superiors. Because NPOs lack revenue and profit targets, their managers' goals are likely to be non-financial. The extant research underscores the importance of human capital for (non-profit) organizations' performance and suggests that NPOs' leaders must use human resource management (HRM) practices somewhat differently than their for-profit counterparts do (Johansen & Sowa, 2019), especially if their performance relies on volunteers (Englert & Helmig, 2018; Traeger & Alfes, 2019). NPOs increasingly track the performance of their internal operations (including staff), but there is little information available about how performance standards are conveyed to staff (Perez Jolles, Collins-Camargo, McBeath, Bunger, & Chuang, 2017)

One example of managerial target-setting comes from a sustainable certification program, the Forest Stewardship Council (FSC), which set a target that by 2020, 20 percent of the global forest-based trade is certified according to its standards (Forest Stewardship Council, 2015), which could be broken down into the country level and then tied to individual country managers' targets. Another example is Médecins Sans Frontière's (MSF) 90-90-90 target for HIV projects. For instance, the humanitarian medical NPO was able to report a project in Eshowe, South Africa achieved that 90 percent of people living with HIV know their status, 94 percent

of those living with HIV are on antiretroviral treatment, and 95 percent of those have a suppressed viral load (Médecins Sans Frontière, 2019).

Individual innovativeness of managers can have different meanings in different NPOs and not necessarily the same meaning for practitioners and researchers (Svensson, Mahoney, & Hambrick, 2019). For the purpose of this study, we define *individual innovativeness* as the extent to which the "introduction or application of new ideas, products, processes, and procedures to [an individual's] work role, work unit, or organization" is intentional (Yuan & Woodman, 2010: 324). In other words, it refers to the degree to which managers bring novelty into their organizations. NPOs approach innovation differently than for-profit organizations do because of differences in the two kinds of organizations' vision, strategic constraints, and financial limitations (Hull & Lio, 2006). These differences can affect the personal factors that influence individual managers' innovativeness. Innovation is becoming ever more important to NPOs, not least because they are under increasing pressure from stakeholders to innovate to develop competitive advantages (McDonald, 2007), which translates into demand for entrepreneurial behavior by NPO managers (Zimmermann, 1999). How NPOs are funded seems to affect their innovativeness systematically, as they rely on donations from external sources rather than more predictable sources, reducing long-term innovation (Ranucci & Lee, 2019). However, financiers often demand that NPOs' managers be innovative and apply such tools as design thinking to their tasks (Jaskyte, Amato, & Sperber, 2018). Unlike for-profit businesses, where an abundance of financial resources is a strong predictor of innovativeness, in NPOs an abundance of human talent (or qualification slack) tends to have a positive relationship with innovation (Meyer & Leitner, 2018), so investigating what helps individuals in NPOs to be innovative could be useful. Conceptual research suggests that power can help innovation promoters push ideas along in their organizations (Dover & Lawrence, 2012) and highlights the importance of an NPO's leadership in the organization's innovativeness (Shier & Handy,

2019), but it focuses on how managers engage internal stakeholders, rather than on the personal capabilities that enable them to so.

An example of innovation in NPOs is SOS Children's Villages' (2019) decision to open a hotel and restaurant in Germany, thus venturing from its core mission of providing shelter and education to children in need to providing apprenticeship and employment positions to disadvantaged youngsters and generating revenues to support those activities. Another example is The World Wildlife Fund's move into blockchain technology by founding OpenSC, a technology provider that enables consumers to track food along its supply chain, thus increasing transparency and using market pressure to improve sustainability (Redmayne, 2019).

Still, there is little research on the personal-level drivers of performance and innovation in NPOs. Studies are limited primarily to selective case studies (e.g., Thompson, Alvy, & Lees, 2000); so far, senior employees' (perceived) commitment as a predictor of (perceived) individual performance in NPOs seems to the most frequently studied personal factor (e.g., Preston & Brown, 2004; Hoye, 2007). Nevertheless, the increasing interest in NPOs by both practice and research indicates that they should be studied on their own and not necessarily in comparison with for-profit organizations. From a practical point of view, the question concerning what influences individual NPO managers' success does seem to be insufficiently addressed in practice, as almost half of NPOs' executives in the US still do not have an individual performance evaluation and even fewer find it useful (Cornelius, Moyers, & Bell, 2011).

The importance of NPOs in management research

In line with Salomon and Sokolowski (2016), this study defines NPOs as organizations that seek social impact instead of financial returns. They may generate revenues but not profits. NPOs include non-governmental organizations (NGOs) and some (international) governmental organizations (IGOs), both of which are in the scope of our study.

Figure 2: Organizations in the Scope of This Study
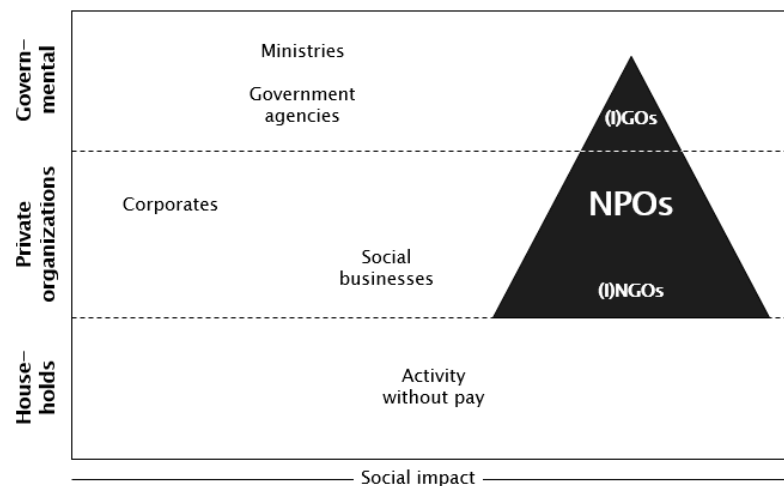
Source: Partially from Salomon and Sokolowski (2016)

Because they provide goods and services and are employers (Zimmermann, 1999), NPOs are naturally of interest to management science, with researchers studying how to measure the performance and impact of NPOs as a whole, as well as their individual projects, to determine the "social return on investment" (e.g., Arena, Azzone, & Bengo, 2015; Lawlor, Nicholls, & Nietzert, 2008; Morris et al., 2007; Walker, Lewis, & Lingayah, 2000). As Horak and Heimerl (2002) argue, NPOs and for-profit organizations differ in that the former typically have qualitative rather than monetary targets, use alternative approaches to marketing (Helmig et al., 2004; Shapiro, 1973) and financing, and face a more complex human resources management, not least because many NPOs rely on volunteers (Englert & Helmig, 2018; Traeger & Alfes, 2019). Even from a top-management perspective, NPOs' boards of directors have different structures and roles to fulfill than are typical in for-profit businesses (O'Regan & Oster, 2002). Moreover, NPOs have not one but four types of customers: beneficiaries, supporters, regulators, and other stakeholders (e.g., staff and board members) (Bruce, 1995). While primarily beneficiaries benefit from the products and services that NPOs provide, they do not usually pay for it. Because of these differences, it is not surprising that many of the performance strategies and tools developed in the for-profit and public sectors cannot be applied in NPOs (Carnochan

et al., 2014) or that the resources that are important for innovation in NPOs differ from those needed in other organizations (Meyer & Leitner, 2018).

Despite the widespread understanding that the non-profit sector would benefit from importing for-profit experience (Light, 1999), comparatively few transitions between the for-profit and the non-profit sectors occur; NPOs' managers tend to come from their own organizations and the non-profit sector in general. For instance, Cornelius et al. (2011) find from a survey among American NPOs that almost 70 percent of their executive directors come from within the organization. However, NPOs attract at least some talent from the corporate world that can "loan their skills to nonprofits" (Hwang & Powell, 2009: 274). Although NPOs tend to pay less than for-profit organizations (Handy & Katz, 1998a; Jones, 2015b) and offer fewer promotion opportunities (Devaro & Brookshire, 2007b), qualified people do not shy away from NPOs, as NPOs seem to make up for these shortcomings with the significance of the work itself and so rely on intrinsic motivation to attract talent (Devaro & Brookshire, 2007b). Binder (2016a) finds a shadow price effect for the average British population of about 27,000 GBP that is linked to the meaning and enjoyment that working for NPOs entails. Studies suggest that NPOs have comparably highly educated (Johnston & Rudney, 1987b; Mirvis & Hackett, 1983a), capable, intelligent, and creative (Rawls et al., 1975) employees. Even so, as Rawls et al. (1975) confirm, NPOs tend to seek employees that differ from for-profit organizations' employees in terms of their personality, values, and behavior. Therefore, we thus believe that the two types of organizations require, at least to some extent, different kinds of skills and other personal factors.

METHODS

Study Design and Data Sources

We apply an explorative approach, as described by Eisenhardt (1989), to analyze our data and develop a model inductively (Bansal & Corley, 2012; Barratt et al., 2011) that links NPO managers' personal characteristics and traits to their innovativeness and performance and that can be integrated in the Theory of Planned Behavior. Following Eisenhardt and Graebner (2007), we analyze multiple cases (rather than a single case) to determine whether emerging factors are idiosyncratic to a single person's experience or replicated in similar form in several cases (Eisenhardt & Graebner, 2007).

The structure of the interviewee sample was defined before we reached out to potential interviewees. We employed theoretical sampling (Eisenhardt, 1989; Glaser & Strauss, 1967; Meredith, 1998; Yin, 2003), so "cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs" (Eisenhardt & Graebner, 2007: 27). As shown in Figure 3, the main sampling dimension is the degree to which interviewees are integrated with NPOs: as insiders, as hybrids, and as outsiders. Insiders are NPO managers who have first-hand experience and have an internal view of and opinion about what it takes to be innovative and successful in an NPO. While those in this group have the most direct and extensive experience, they might be biased by their own experiences and organizations. Those in the second group, hybrids, work with NPOs but not directly for them. An example is business consultants that specialize in the social sector. While they may not have as detailed experience as insiders, they can be expected to be more neutral in their assessments and to have gained insights from several organizations. The last group, outsiders, do not directly work with NPOs but have studied and analyzed them (i.e., researchers). They are likely to have the most neutral perspective, which they gained from studying a larger number of social

organizations. However, they are also the most likely to lack the in-depth knowledge and experience of someone who works extensively with managers in NPOs.

Figure 3: Informant Categories
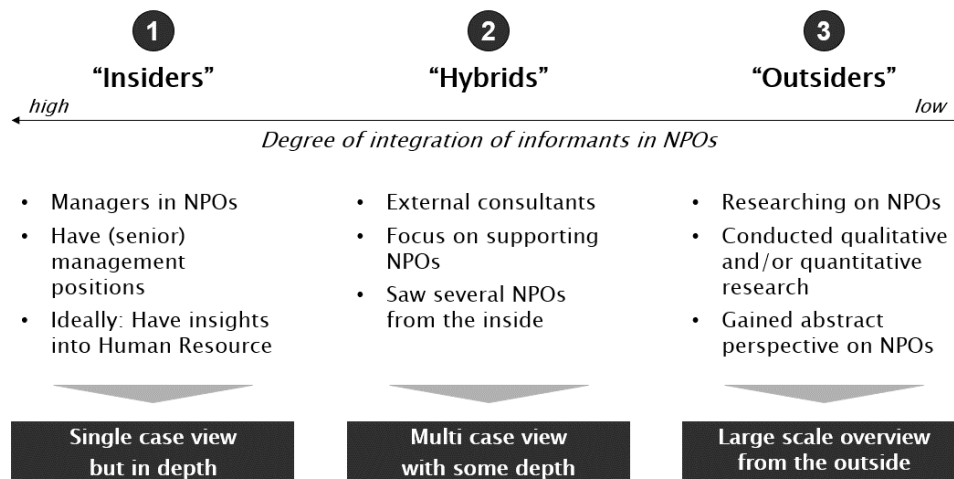
Source: Own representation

To benefit from each category's advantages and to triangulate our analysis and findings (Denzin, 1989; Flick, 2014) by combining different sources of data, we selected interviewees from all three groups for the sample. Interview partners were chosen either based on desk research or through referrals. While a totally neutral selection based on predefined criteria would have been the preferable approach to selecting participants, it would have limited participation at the targeted level of seniority because of request for of more than one hour per interview. Table I describes the sample of interviewees in detail.

Table 1: Informants of Pre- and In-depth Interviews

Pre- or in-depth	Person	Initials	Age	Sex	Country of Birth	Country of Occupation	Type of Organization	Type of Expert	Date of Interview	Conducted via	Duration (min)	Length (pages)
Pre	P 01	AB	40+	Male	Germany	Germany	Consultancy	Hybrid	1-Aug-2016	Phone	45	n/a
Pre	P 02	FU	40+	Female	Germany	Germany	Consultancy	Hybrid	22-May-2017	Phone	55	n/a
Pre	P 03	JB	20+	Female	Germany	Germany	Incubator	Hybrid	8-Jun-2017	Face-to-face	60	n/a
Pre	P 04	SZ	30+	Male	Netherlands	Netherlands	Consultancy	Hybrid	19-Jun-2017	Phone	50	n/a
Pre	P 05	DV	40+	Male	Netherlands	Netherlands	Consultancy	Hybrid	22-Jun-2017	Phone	30	n/a
In-depth	I 01	FH	50+	Male	Germany	Germany	NPO	Insider	24-Jul-2017	Skype	121	35
In-depth	I 02	FH	50+	Female	Germany	US	NPO	Insider	28-Jul-2017	Skype	92	27
In-depth	I 03	ER	50+	Female	Ukraine	Ukraine	University	Outsider	8-Aug-2017	Skype	92	33
In-depth	I 04	TC	50+	Female	Ukraine	Ukraine	University	Outsider	8-Aug-2017	Skype	92	33
In-depth	I 05	VO	40+	Male	Kenya	Kenya	University	Outsider	23-Aug-2017	Skype	96	25
In-depth	I 06	EM	50+	Female	US	US	NPO	Insider	25-Aug-2017	Phone	87	24
In-depth	I 07	AB	40+	Male	Germany	Germany	Consultancy	Hybrid	28-Aug-2017	Face-to-face	58	21
In-depth	I 08	JM	30+	Male	Germany	Germany	HR agency	Hybrid	28-Aug-2017	Face-to-face	92	30
In-depth	I 09	RS	30+	Female	US	US	Consultancy	Hybrid	31-Aug-2017	Phone	73	24
In-depth	I 10	AS	40+	Female	Germany	Germany	NPO	Insider	5-Oct-2017	Face-to-face	95	38
TOTAL											**1046**	**257**

Note: Duration and length only includes the coded sections of the interview (i.e. excludes introduction and general questions and procedural discussions).

Length measured in MS Word pages with Times New Roman and 12pt; I 03 and I 04 were jointly interviewed in a single interview.

We used a two-step approach to our research. First, we conducted five semi-structured pre-interviews with hybrid interviewees to build an initial understanding of the topic, refine the questions for our in-depth interviews, and challenge our preconceived ideas about what factors should be looked at. Our questions in both of the interviewing steps were open-ended and not at all limited to certain factors previously mentioned. Hybrids were ideal interview partners for this purpose because their mix of in-depth knowledge and ability to compare multiple organizations. Our second step was to conduct in-depth interviews with representatives from all three segments.

In the planning, execution, and analysis of the interviews, we followed the guiding principles of Creswell (2013), Gläser and Laudel (2010), Schreier (2012), and Silver and Lewins (2014). All interviews were recorded, transcribed, and anonymized.

After ten in-depth interviews, responses were mainly repetitive of previous answers by other respondents, we terminated the interviews and analyzed the combined data set because "theoretical saturation" (Flick, 2014: 403) was achieved. The resulting fifteen interviews (pre-interviews and in-depth interviews combined) is well in line with similar studies (e.g., Kraak, Altman, & Laguecir, 2018; Staehle & Schirmer, 1992; Tait, Cieri, & McNulty, 2014). The ten in-depth interviews took between one and two hours each, excluding introduction, general questions, and procedural discussions. All interviews were held in English and conducted via Skype, on the telephone, or in person.

Data Analysis

We follow Flick's (2014) four-stage process in analyzing the content from the fifteen interviews. In *Stage 1* we derive and integrate first-order factors by open coding the interviewees' statements, as is frequently done in qualitative research (Kyratsis, Atun, Phillips, Tracey, & George, 2017; Schabram & Maitlis, 2017; Stanko & Beckman, 2015), that describe personal

factors that have a direct or indirect influence on the individual performance or innovativeness of NPO managers. The coding was continually assessed and improved.

In *Stage 2*, we move beyond the simple descriptive view on the data to create aggregated second-order theoretical categories. Following similar qualitative research approaches (Kyratsis et al., 2017; Schabram & Maitlis, 2017; Stanko & Beckman, 2015), the first-order factors from Stage 1 were aggregated into second-order categories. Whenever two factors showed similarities in their rationale for having an effect on the individual performance and innovativeness, they were merged in a category. The result are the six personal categories in Table II.

In *Stage 3*, we reduced the list of forty-one personal factors that emerged from stage 2 to fewer key factors (Kyratsis et al., 2017; Schabram & Maitlis, 2017; Stanko & Beckman, 2015). To make it onto the short list, at least five interviewees had to have related it to one of the two dependent variables of individual performance and innovativeness. Dropped factors were manually assessed, and if several informants stressed their importance (as for field-work experience), they were added back to the short list. The result is a short list of fourteen personal factors on which this paper focuses, shown in Table III.

Finally, in *Stage 4*, we put the short list of factors–and, consequently, also the second-order categories–into perspective with each other and with the dependent variables of individual performance and innovativeness. As a result, we develop a model that links the second-order categories, similar to how other qualitative researchers do with their findings (Gilbert, 2005; Kyratsis et al., 2017; Schabram & Maitlis, 2017; Stanko & Beckman, 2015; Zott & Huy, 2007). Additional illustrative quotations are shown in Table IV.

Table 2: Categories and Corresponding Factors

Category	Factor	Category	Factor
01 Interpersonal skills	Ability to build trust	05 Virtues & vices	Altruism
01 Interpersonal skills	Communication skills	05 Virtues & vices	Ambiguity tolerance
01 Interpersonal skills	Cultural skills	05 Virtues & vices	Creativity
01 Interpersonal skills	Diplomatic skills	05 Virtues & vices	Egocentrism
01 Interpersonal skills	Networking skills	05 Virtues & vices	Humbleness
02 Management skills	Ability to create fact base & quantify	05 Virtues & vices	Learning fast
02 Management skills	Ability to focus & prioritize	05 Virtues & vices	Motivation
02 Management skills	Ability to make tough decisions	05 Virtues & vices	Passion for the cause
02 Management skills	Ability to manage diverse teams	05 Virtues & vices	Patience
02 Management skills	Ability to simplify and standardize	05 Virtues & vices	Private life & family status
02 Management skills	Entrepreneurial skills	05 Virtues & vices	Religious background
02 Management skills	Inclusive leadership	05 Virtues & vices	Risk-aversion
03 Experience	Bureaucracy know-how	05 Virtues & vices	Self-confidence
03 Experience	Experience in multiple organizations	05 Virtues & vices	Technological understanding
03 Experience	Expert knowledge	06 Personal details	Education
03 Experience	Field work experience	06 Personal details	Gender
03 Experience	For-profit experience	06 Personal details	Nationality
03 Experience	International experience		
03 Experience	Seniority, Age, work experience		
04 External factors	Compensation		
04 External factors	Distance to the CEO		
04 External factors	Job security		
04 External factors	Social background (Middle class)		
04 External factors	Span of control (large)		

Table 3: Short List of Personal Factors

Category	Factor	Performance Effect supposed	Innovativeness Effect supposed
01 Interpersonal skills	Ability to build trust	Yes	Yes
01 Interpersonal skills	Communication skills	Yes	Yes
01 Interpersonal skills	Diplomatic skills	Yes	No
01 Interpersonal skills	Networking skills	Yes	Yes
02 Management skills	Ability to create fact base & quantify	Yes	No
02 Management skills	Ability to focus & prioritize	Yes	No
02 Management skills	Ability to make tough decisions	Yes	No
02 Management skills	Inclusive leadership	Yes	No
03 Experience	Field work experience	Yes	No
03 Experience	For-profit experience	Yes	Yes
05 Virtues & vices	Creativity	No	Yes
05 Virtues & vices	Humbleness	Yes	No
05 Virtues & vices	Passion for the cause	Yes	No
05 Virtues & vices	Risk-aversion	No	Yes

Table 4: Factor Coding and Exemplary Quotes

Category	Factor	Description	Exemplary Quotes
Experience	**1a.** Field work experience	Statements about work experience directly serving the cause of an NPO or directly with beneficiaries	The field experience is sort of like a badge of honor. It's like in the military, that you also have to have fought once at one point in time. Which I'm not sure has really a strong correlation [I 01]
			I would argue for charitable organizations […] the closer you are to that, the easier it is for you. So if you have your own experience […], that will have a positive impact. [I 02]
			I think field experience is very important because when you're managing, you want to understand what the people going to field are going through because you can easily come up with solutions that are impractical, that just simply won't work. [I 05]
			It's really important, and I think it has to be a continuing, that field experience just has to be an ongoing engagement [I 06]
			It could help, I would say, the field work experience. But I'm not sure if it helps for these things. I would rather say it gives you more credibility and it opens doors, and it is beneficial for your network. [I 10]
			If you're going back to this point of everyone feels like they have the right to question everything in a non-profit. And so if your team […] doesn't see you as credible then they will just play you at every step. [I 09]
	1b. For-profit experience	Statements about experience in companies	I would think if the private sector people were successful there for a while […] and have the patience to adapt to this different environment, then I would think in nine of those 10 cases, they will be more effective than the others. [I 01]
			If you have people who have some experience in private sector […] they will demonstrate higher results. Performance would be better and probably innovativeness as well will be higher. [I 03]
			Yeah, I think also they probably bring a level of competitiveness to the workplace, which I think is actually healthy. [I 06]
			There is just a big adjustment that needs to be made and oftentimes, again, it's that not-for-profits tend to be more mission driven. People are here because of the idealism. [I 06]
			It can kill you very quickly, I think in a non-profit world if you're communicating your […] business-inspired ideas. [I 08]
			When you come in from the private sector, you don't kind of have this understanding and you just go about trying to execute the way you would in the private sector, you can get yourself into trouble pretty fast. [I 09]
Virtues & vices	**2a.** Humbleness	Statements about humble behavior and appearance	Increase his acceptance in the organization if people see, okay it is a normal good life. I think that would just increase the trust people have. [I 07]
			So that ability to listen to feedback allows you to change the way you do things, which is good for your vision and also good for performance. And when you're doing something wrong, you can listen to feedback and correct. [I 05]
			Yeah, that would I think increase his acceptance in the organization if people see, okay it is a normal good life. [I 07]

Category	Factor	Description	Exemplary Quotes
			If you just go with your business knowledge to the non-profit world, people are gonna hate you. So it definitely matters how you communicate and how you think about ideas and that you're humble enough [I 08]
	2b. Passion for the cause	Statements about emotional involvement in the purpose of an organization	Yeah, it's a desire to see a society and community better. [I 04]
			In order to stir the non-profit world, you have to somehow feel the problem of the people you're trying to solve. [I 05]
			I think you need some heart. You want to change the world to the better place and it's not about profit maximizations; it's about impact maximization. So I think you need to have a certain attitude towards, let's say, social problems [I 10]
			I mean probably a good sense of pragmatism to balance on the one side the pragmatic things of running an organization […]. And on the other hand, you're mission driven, you wanna fulfill your cause or whatever it is. [I 08]
			I think If you're too caring then you risk of kind of losing out of sight the real impact you're working for. [I 10]
	2c. Creativity	Statements about creativity and innovative thinking	There are some people who just […] enjoy the coming up with new ideas sometimes even more than the execution of the idea. [I 09]
			Core competencies have to include something like innovation, and that hiring involves looking for people who have a proven practice and track record of implementing new solutions, and that this is part of their management style as opposed to the executers. [I 06]
			To start something innovative in the social sector in Germany, […] you need to have a good idea but also to market it very well, to attract funding, which is harder if you're a new and young player. And then, but you also need the management skills and to actually implement it. [I 10]
	2d. Risk-averse	Statements about the risk and the acceptance of risk	The more successful managers are who take risk and... Yeah, clearly, and the more change you're gonna get. [I 01]
			I think that they [people with for-profit experience] bring a spirit of questioning and rethinking. Oftentimes, "How can we do things better?" Perhaps, I think probably greater risk taking. [I 06]
			I think if you don't have the passion for the cause, it can still work out if you accept that others do have that passion […]. Might even be an advantage that you could do more objective decisions, being willing to take more risk. [I 07]
			If […] you're doing child support or whatever and you're taking risk and scaling your organization and you fail and then maybe after that you can't even help, let's say, these children you've worked with before, people feel really bad. [I 08]Innovation's tough for not-for-profits […]. Typically lacking is the stamina and the willingness to experiment. [I 02]
Interpersonal skills	**3a.** Ability to build trust	Statements about trust in managers and their decisions	I think a very important feature is ability to develop trust in some way. […] [I 03]
			But, you know, in Ukraine I see two big problems. […] The first one is a lack of trust. Because people don't trust to government, they don't trust the president, they don't trust anybody. So, to create trust is real. It's very important. [I 04]
			You do have to count on individual strength. […] You do have to have a mindset where […] everyone has something else he can contribute or she, and that if you give them the freedom they will […] contribute their core capabilities. [I 07]

Category	Factor	Description	Exemplary Quotes
	3b. Communication skills	Statements about how managers communicate and what is expected of them in that regard	But the communication skills, again, are really key. [I 02]
			She's [successful manager] charismatic. So it's easier for her to win support from people [I 05]
			As a for-profit manager, you can make certain assumptions. You know everybody understands we're working here to generate profit. That's not the case in the not-for-profit. You don't have that one unifying purpose. [I 02]
			The communication is much, much less direct. In general, people will tread much more lightly […] trying to build the consensus [I 01]
			They want there to be more democracy. […] People they come to work for a special cause. And then they say, "If I only wanna earn money, I wouldn't be here. […] But I'm only dedicated and interested if I understand what's going on." [I 08]
			Yes, you have to be much more explicit about it, and create much more clarity around it. […] Not-for-profit managers have a harder time, and I think it's connected to the higher complexity they're dealing with. [I 02]
			Because part of their work is getting money for the organization. […] They have to know how to talk to people and convince. [I 05]
			If you want your organization to be open for innovation, people have to feel that you as a manager empower them in a honest way. That you know, it's really okay if I fail. […] So, first I go back on my communication skills. [I 08]
	3c. Diplomatic skills	Statements on politics in and around NPOs	I would argue that up-and-coming people in not-for-profits who are maybe at a first level of management […] tend to have a harder […] to deal with politics. [I 02]
			You got to give it time. If you're driven by quick results, it's not gonna work, you need patience. […] And you gotta watch your judgement. Anybody who tends to rush to judgement and verbalize it will not be successful. [I 02]
			Political savviness. If you do not understand […] how decisions are made […] you can't create innovation or good performance. [I 02]
			You will be more focused on getting the CEO […] to approve your project, and not focused enough on building support among your peers. [I 09]
	3d. Networking skills	Statements about on social connections in and around NPOs	I feel like the ability to network is such a critical competency that any manager needs. [I 06]
			It's a very relationship-driven sector, I would say. It's all about humans. [I 10]
			They (NGOs) have independent member organizations and then a headquarter, so you do need networking skills. [….] It's basically not something you can do by a hierarchy […] it's something where you need networking skills. [I 07]
			I do a lot of work in international development, and you have a lot of the same non-profits competing for the same big USAID contracts. […] I would say that they are generally more willing to share programmatic innovation, because that's about the beneficiaries [I 09]
			"How do I get attention? How do I network to get on senior people's agenda that make decisions […] that are important for me?" [I 01]
			Another thing that will determine is how much contact they have with other non-profits. […] But if they...like part of a network or they have friends who run similar organizations, then they tend to borrow ideas, and to try new ideas where they are. [I 05]

Category	Factor	Description	Exemplary Quotes
Management skills	**4a** Ability to create fact base & quantify	Statements about the need for facts and numbers and how managers deal with it	If you don't have such a clear-cut purpose […] answering the question and finding a way to describe that with data, "What is the impact you create?", is really challenging, and you typically do not have that in the for-profit context. [I 02]
			A good manager is someone who actually makes a difference, can demonstrate they're creating an impact. [I 09]
			"I think a lot of people feel like I'm doing good and that's enough […] let's not talk about KPIs because it's all about humans." [I 10]
			But, it doesn't necessarily mean you have to study Business Administration, but so it comes with the private sector experiences, so you need somehow some understanding of business concepts, which you can acquire through education or private sector experiences. [I 10]
	4b. Ability to focus & prioritize	Statements about the need for focus and decisions against (and for) something	So managers who are successful are the ones who are able to focus on the key issues that are relevant right now, who are able to create clarity, because clarity is a complex issue in lots of not-for-profits. [I 02]
			In not-for-profits, getting them to discover that standardization is gonna make your life easier is really hard, because they love to focus on the differences. And they will, in doubt, create just yet another process around it. [I 02]
			Maybe the ability or... That people dare to say, "A is more important than B." [I 08]
			I think that there are people also who make, it seems like make innovation a priority. And actually deliberately carve out time for it during their work, so I think that helps you be more innovative. [I 09]
	4c. Ability to make tough decisions	Statements about difficult decisions and a need for toughness	You can't be shy of saying, "Okay, I've heard you, I've taken this and that into consideration, and here I'm coming out and here's why I'm coming out on that. Yes, and accepting that you can't always be everybody's friend. [I 02]
			The reluctance to say no is just so much higher. You don't wanna say no. […] And that doesn't work with clarity. [I 02]
			You have to have the toughness to say no in situations where you believe giving this person the money would be a waste. [I 05]
			Being able to ask hard questions […] "Okay, you're investing too much money in whatever. This department is just not panning out." [I 06]
			Many people maybe don't decide very wisely, in terms of means and efficiency and efficacy on that because they're emotionally involved. […] that can really help if you have some business experience where you dare to make a decision where not everybody is better off [I 08]
	4d. Inclusive leadership	Statements about leadership style and inclusiveness	This issue of more inclusiveness, probably a key factor in the not-for-profit sector or the international organizations. [I 01]
			You constantly have to manage, have to create clarity for your people […]. Driving, making them understand basic principles of how you create value […]. You have to ask them to actually know what are the appropriate accounting rules for whatever they're working on. [I 02]
			So once again, trusting your team members, and to listen to. [I 07]
			More democracy in terms of they want there to be more democracy and that people take part in decisions. […] People they come to work for a special cause. And then they say, "If I only wanna earn money, I wouldn't be here. […] I'm more interested and so I'm more dedicated to it. But I'm only dedicated and interested if I understand what's going on." [I 08]
			You need people who are able to lead without, or with less power. And people in the private sector […] really used to lead with power. [I 07]

FINDINGS

To lead successfully, NPOs' top management team members must recognize that their employees' motivational basis differs from what one would expect in the for-profit sector. As Interviewee 01 puts it, "You need some basic traits to get along in this kind of environment, which some people just can't stand."

Several key success factors do not work in the same way in NPOs as they do in for-profit organizations. For example, being innovative seems to be harder in NPOs, since a failed innovation will use resources that then cannot be used to pursue the organization's mission, so "it's more tricky to do innovation in a non-profit. […] They're more risk-averse because they care more about the cause […]. We try something, if it doesn't work out, we have to stop taking care of 100 children and close the school" [Interviewee 07].

We identify several personal factors that can be attributed directly to the three central parts of the Theory of Planned behavior. The result of our analysis is our emerging model, shown in Figure 4.

Attitude toward the behavior consists of two types of work experience*:*

(1) *Work experience in the field* is linked to managers' attitude toward performance "for two reasons: One is the actual knowledge part. […] The other is from a credibility standpoint […]. If your team […] doesn't see you as credible, then they will just play you at every step" [Interviewee 09]. This influence might be moderated by the size of the organization and the closeness of the manager and the organization to the beneficiaries because the more distance is between a manager and the work on the ground, the more field work experience is seen as a "badge of honor" [Interviewee 02] but not as substantially affecting the manager's effectiveness.

(2) *For-profit experience* does not seem to be only beneficial to the managers' attitude toward performance. It might enable them to apply much-needed general management

skills, best practices, and healthy competitiveness to NPOs and increase performance by challenging the status quo because "they bring a spirit of questioning and rethinking, oftentimes [by asking] 'how can we do things better?' [and…] greater risk taking" [Interviewee 06]. However, they also often struggle to implement some of their established management tools in the NPO if they do not "have the patience to adapt" [Interviewee 01]. Another risk is the absence of credibility because of the lack of non-profit experience, which "takes a lot of energy then to build up trust" [Interviewee 08] and so decreases performance.

Subjective Norms. We find four personality traits that might influence NPO managers' intention to perform and to innovate.

(1) *Humbleness*, such that managers do not focus too much on their high positions, increases acceptance among their peers and subordinates. It "allows you to listen to other people [so…] you can get new ideas, so that means you can innovate. It can also help you to improve performance because you get feedback on things that are going wrong that can be improved" [Interviewee 05].

(2) *Passion for the cause* compensates for lower pay and increases acceptance in the NPOs. However, the interviewees mention a U-shaped relationship in where there is a certain optimum level of passion, past which managers can be too passionate about the cause and lack the rationality to make sound management decisions and promote innovation: "You need passion for the cause. If you don't have that, don't work there" [Interviewee 02]. "Maybe it's a stupid example, but since I'm a father, parents have a really hard time to make decision for their children, because they care so much. It makes it very, very difficult to make even simple decisions" [Interviewee 07].

(3) *Creativity* refers to individual innovativeness. Innovative managers see *creativity* as a valuable skill for them and for their team members because "you need somebody that

can drive operational excellence but can also think courageously and innovatively" [Interviewee 06].

(4) *Risk-aversion* refers to avoiding risk and protecting beneficiaries as important customers of NPOs (Bruce, 1995). Our interview partners stress the importance of risk-taking for their NPOs' overall innovativeness and long-term performance. Therefore, they see a negative connection between *risk-aversion* and both the performance and the innovativeness of managers because, "if you make mistakes, they tend to be sticking with you […] a little longer than in the private sector" [Interviewee 01], which prevents managers from making "more objective decisions, being willing to take more risk" [Interviewee 07].

Perceived behavioral control. Based on the information from our interview partners, we find two major skillsets for perceived behavioral control: interpersonal skills and management skills.

Interpersonal skills consist of four major skills:

(1) The *ability to build trust* makes other people believe in one's decisions and actions. Our interview partners stress that establishing trust is particularly important in NPOs because people relate much more to their organizations' causes than do those in for-profit companies, so they feel entitled to speak up and act against their managers if they do not trust that their orders will help the cause. Our interview partners are convinced that the ability to build trust increases managers' performance and innovation by "releasing the people [subordinates] from the fear that they did a mistake which then hurt the beneficiary [...], and that gives the people […] security" [Interviewee 07].

(2) *Communication skills* help managers to convince their employees of their decisions' benefits. These skills are needed especially in NPOs, since employees are motivated by the

cause rather than by external incentives, and the traditional power mechanisms from the for-profit sector are not available. Communication skills outside the organization are also a key asset for NPO managers, such as when attracting funding. In our interviewees' view, communication is vital to promoting and facilitating innovation, and they aid in convincing donors to finance ideas and in selling them to their organizations. Hence, managers must communicate how an innovation is linked to the mission. NPO managers must also create a culture that welcomes creativity, failure, and innovation, for which our informants stress the importance of communication skills: "It's even more important for [managers] to be good at communication. So to sell that story, but also to accept that it's not only about hard facts. So it's not about changing some incentives and then people will walk left instead of right; it's more really to convince the people" [Interviewee 07].

(3) *Diplomatic skills* are required because of an NPO's complex and consensus-oriented governance structure. Our interview partners describe discussions and decision-making in NPOs as less direct than those in for-profit organization. In addition, to be innovative, NPO managers seem to need far more highly developed diplomatic skills than managers in for-profit organizations do. Since NPOs tend to be much less hierarchical than for-profit companies are, managers need to seek the approval and support of their peers and subordinates. Equally, managers need to rely more on diplomacy than on hierarchy to cope with internal bureaucracy and to get innovations on the agenda. In short, they need to "build […] more consensus than you typically would in a private sector organization, where there is a larger acceptance for 'the boss says we're going left now' and everybody goes ahead" [Interviewee 01].

(4) *Networking skills* help NPO managers develop ties and valuable connections both inside and outside the organization so they can handle bureaucracy and convince decision-makers. Since NPOs often have fewer established routines than for-profit organizations do,

networking is likely to help managers more in promoting their agendas than classical hierarchical procedures could. Outside the organization, networking skills help to increase funding "because the sector is a lot about networking, and you have to know the right guys and you have to open the doors, and if you are looking for funding" [Interviewee 10].

Management Skills consist of four skills:

(1) The *ability to create a fact base and quantify* helps to ensure performance and innovation success in NPOs. Managers with this skill can get the support of subordinates, peers, and superiors through "clever analysis, clever ideas, trying to show people new perspectives, running the numbers more aggressively— […] the classic things like creating a fact base" [Interviewee 01].

(2) The *ability to focus and prioritize* and (3) the *ability to make tough decisions* are scarce skills in many NPOs. Deciding against running a project or performing an activity means not helping some beneficiaries, although it may benefit the organization and future beneficiaries in the long run. Managers "need to dare to shut down something or not do something and […] that's more difficult in a non-profit world" [Interviewee 08]. To innovate successfully, a clear focus and boundaries are also beneficial in the opinion of our informants: "A good manager is a person who doesn't allow, for example, an organization to jump from one priority to another one and try to stay focused, which is not easily found" [Interviewee 03].

(4) *Participative leadership* enhances acceptance, support and knowledge-sharing. Employees want to be involved and to understand how something contributes to the NPOs' overall goal. In terms of innovativeness, inclusive leadership helps managers because they can have access to their team's ideas, which their team members are likely to be happy

to share because of NPOs' generally strong culture of speaking up. *Inclusive leadership* was also mentioned as an effective remedy for the not-invented-here syndrome that seems to be particularly pronounced in NPOs: "If someone is trying to use this authoritarian approach in an NGO center, it doesn't go very well" [Interviewee 03].

An Emerging Model of Personal Factors that Affect Performance and Innovativeness in NPOs

Our findings reveal a list of personal factors that influence NPO managers' individual performance and innovativeness. To add to the credibility of our results, we determined which of the factors derived from our analysis were put forward by all three types of interviewees in our sample. This was the case for thirteen of the fourteen personal factors, but *diplomatic skills* were not mentioned by outsiders, which could be explained by a rather distant view they have on NPOs and that they hence did not experience directly how important such skills are for internal decision-making and consensus-building.

Comparing the list of factors to the for-profit literature, we see some factors that are considered equally important there: *communication skills* (e.g., Penley et al., 1991), *creativity* (e.g., Persing, 1999), and *risk-aversion* (e.g., Fairlie & Holleran, 2012). However, we also derived factors that are not covered in the for-profit literature—*field work experience*, *for-profit experience*, and *passion for the cause*—and factors that are unique at least regarding their effect in NPOs, such as the *ability to build trust*. The ability to build trust is also an important skill in for-profit organizations (e.g., Long & Sitkin, 2006), but it seems much more important in NPOs because of employees' intrinsic motivation and power to block decisions and innovation. These findings regarding the ability to build trust are an interesting addition to previous conceptual work (Dover & Lawrence, 2012) that focuses on the individual power of innovation promoters.

The model shown in Figure 4 summarizes the findings of our empirical analysis and answers our guiding research question: Which personal factors are likely to influence NPO managers' individual innovativeness and performance?

Figure 4: Emerging Model of Personal Factors That Affect NPO Managers' Performance and Innovativeness
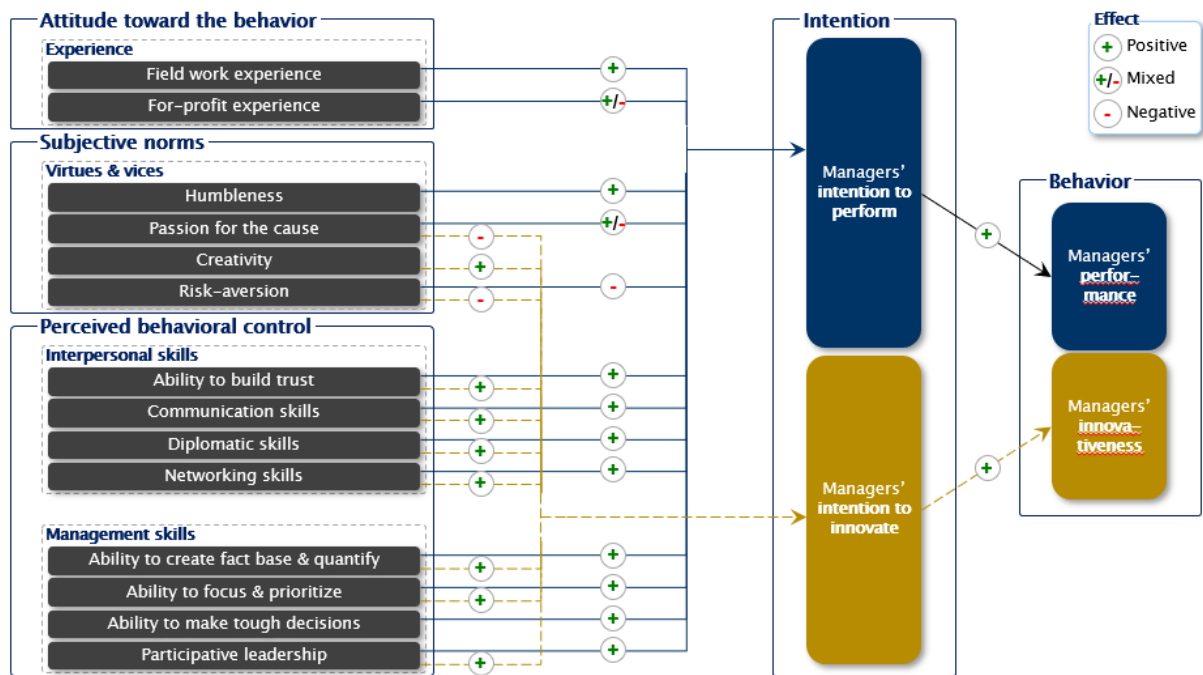
Source: Own representation

DISCUSSION AND CONCLUSIONS

Our interviewees support our proposal that NPOs demand some personal skills and characteristics from their managers that differ from those for-profit businesses require. They mention organizational reasons like differences in targets (monetary vs. non-monetary) and customers (purchaser vs. donor/beneficiary). They also frequently bring up employees' intrinsic motivation and their need to see (their) actions connected to the NPO's mission as an explanation for the differences in the demands made of NPO managers.

We expect most of the factors we discovered through our analysis to have a positive influence on both the performance and the innovativeness of NPO managers. However, there are some differences. While *interpersonal skills* seems to have a substantial effect, as the interviewees see all four of its factors as having positive effects on the outcome variables, our findings were more diverse regarding the individual *experience* of managers, which seems to be positively connected only to their performance. In particular, the interviewees see *for-profit experience* as ambiguous, as it can help managers to push effectively and efficiently toward their goals, but it also carries a risk that managers from the non-profit world cannot adapt their leadership styles, communication, and networking sufficiently to the NPO context and that they might be frustrated or perceived as arrogant. The most surprising factor in the category of *virtues & vices* was *passion for the cause*, which was also seen as being both positively and negatively related to the outcome variables. It might help managers to identify with the mission of their organizations and motivate them to exert additional effort, but it might also prevent them from seeing clearly and from making tough but necessary decisions. Similar logic suggests that emotional involvement with the cause is likely to hinder their innovativeness. Since innovation always entails risk of failure, managers are likely to shy away from new ideas if they are very passionate about the cause because the innovation attempt could reduce the output that the NPO can provide to its beneficiaries.

Theoretical Implications: Contribution to the Theory of Planned Behavior

The findings we derived suggest differences in the effect (strength) of personal factors in the non-profit sector compared to their effect in a business environment and, therefore, differences also in the *attitudes*, *norms*, and *perceived behavioral control* of managers. For example, interviewees associate *for-profit experience* with the more performance-oriented *attitudes* and a disposition to challenge established routines. *Passion for the cause* is a *subjective norm* that inter-

viewees describe as vital for managers' success in the non-profit sector but that may also become a burden if it impedes them from making rational decisions and from accepting the risks that are inherent in innovation. The interviewees suggest that the *ability to build trust* affects the *behavioral control* managers perceive because the ability to get subordinates to trust one's decisions, as NPO employees tend to feel more entitled to protect "the cause" by questioning management decisions than employees in the for-profit sector do, which can hinder innovation.

Our study contributes to the literature on individuals' behavioral intentions in general and to the Theory of Planned Behavior in particular, as it extends it to the specific non-profit context by showing that NPO managers' attitude toward performance and innovation is likely to be influenced by their *experience*, that their *virtues and vices* are likely to affect the subjective norms that managers follow, and that the behavioral control that they perceive is probably affected by their *interpersonal skills* and *management skills*. Those who work in NPOs are motivated by their belief in a good cause. Managers with high levels of interpersonal and management skills seem to trust themselves more to make decisions that will support this cause, so they have high levels of self-efficacy. Similarly, both skill categories appear to give managers trust in their own abilities to influence their organizations with their actions in a way that contributes to the cause, consequently equipping them with a significant perceived locus of control. Hence, managers with high levels of these skills have strong intentions to perform well and to innovate because they trust themselves to be able to do so.

Our findings also challenge and advance the Theory of Planned Behavior. One would expect that, in accordance with the theory, positive attitudes toward a behavior like performance would always positively influence the actual behavior. However, our findings suggest that NPOs might be a context in which this relation can differ. According to our analysis, *for-profit experience* is likely to come with a high-performance attitude, but this attitude is unlikely to translate into improved managerial performance if the manager does not tailor his or her experience to

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the non-profit context. In such cases, the manager might hit a wall of resistance in the NPO and be unable to perform well. Therefore, we believe that it is necessary to control for non-profit-specific factors like the acceptance of for-profit values when measuring the effect of certain attitudes toward a behavior like a high-performance mindset induced through *for-profit experience*.

Limitations and Further Research

Our research is a qualitative study that seeks to "expand and generalize theories […] not to enumerate frequencies" (Yin, 2003: 10). Since our results would benefit from testing in quantitative studies, a major limitation of our model may be its complexity. For a quantitative study that aims to test the model, the researcher would have to find a way to limit the number of variables and make them operational and comparable across organizations, which would become even more complicated–but also more revealing–in a comparison of managers in NPOs and for-profit companies.

A second limitation concerns the dependent variables: performance and innovativeness. As we use broad definitions, it will be a challenge to operationalize and measure them across NPOs, so a completely objective and quantifiable scale is likely to be impracticable to apply. Financial measures and target systems differ between NPOs and are difficult to obtain, but deductive research—perhaps surveys among managers, their teams, and superiors—could be a remedy to the problem of obtaining quantitative data.

As a third limitation, we considered NPOs of different sizes, scopes, and goals. The effect of some of the personal factors we derived might depend on such organizational factors, which we excluded from this study in pursuit of clarity and comprehensibility. We also included in our category of "manager" a wide range of superiors, so the effect of the personal factors we identified could differ depending on the management level considered.

Finally, even though we compiled a reasonably international sample, we conducted interviews in English, which may have led to interpretative issues related to language barriers.

Managerial Implications

Our findings have implications for academic research and practice. Since NPO managers are insufficiently studied, the scientific evidence we found may help decision-makers in NPOs with their tasks. First evidence for this contribution lies in our interviewees' interest in seeing our results. Many people depend on NPOs as their employer or because they are beneficiaries of their work. A growing number of NPOs, paired with cuts to welfare states and reduced public spending, means that more NPOs compete for fewer donations and grants (Dees, 1998), so they are increasingly interested in enabling their managers to perform better and become more innovative, just as their financiers want them to (Jaskyte et al., 2018).

Demands by various stakeholders regarding the NPOs' performance have risen (Herman & Renz, 2004), so recruiting and promotions is an area in which our results could be applied, as NPOs could use them when evaluating candidates and filling management positions. The individual performance of managers in an NPO is likely to be directly linked to the overall organizational performance (Johansen & Sowa, 2019). Hence, NPOs might be interested in our results to maximize their organizational performance by wisely managing individual performance.

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Research Paper II

ANTECEDENTS OF OPENNESS TO CHANGE IN NPOS AND THE MODERATING ROLE OF SATISFACTION

ABSTRACT

Stakeholders' openness to change is a crucial factor for any organization that is planning to undergo change, but previous research focuses on for-profit organizations. Studies suggest that several factors, such as familiarity with the status quo and power to influence change, increase openness to change. Based on bounded rationality theory, we partially replicate previous studies on openness to extend the scope to a non-profit (NPO) context. Therefore, we add individual for-profit work experience as a potential antecedent of openness to change and add members and customers to employees in our analysis. We also propose a moderating effect of satisfaction with the status quo on these relationships. We examine 2,043 stakeholders (in various industries from 94 countries) of an international NPO that wants to transform its global governance system. Our results confirm the enhancing effects of familiarity with the status quo and power to influence change but also an impeding effect of for-profit work experience. We find strong indications of a negative moderating role of satisfaction in all direct relationships between openness to change and its antecedents, thus reducing their effects on openness to change. Our study contributes to research on bounded rationality theory by extending its application to the non-profit context and provides useful advice to decision-makers in NPOs that are pursuing change.

Key words: Openness to change, Bounded rationality theory, Non-profit organizations

INTRODUCTION

"If you always do what you've always done, you'll always get what you've always got."

—Henry Ford

Change is occurring more rapidly than ever in organizations (Conner, 1993). Continued success without constant change seems impossible as organizations need to change almost constantly to remain competitive and effective. For example, a recent survey among American CEOs reveals that more than 85 percent of companies are currently planning and executing changes on all fronts, from customer strategies to data management to organizational design, in large part because they believe in the need for constant reinvention (PricewaterhouseCoopers, 2014). The average corporate life expectancy in the US has almost halved since the 1970s to just over thirty years because of intensified competition. Constant change has become vital to organizations' success and even survival as scale and experience decline in their ability to provide security (The Boston Consulting Group, 2015). Even so, examples from practice show that the people in organizations are not always open to change, leading to unfavorable outcomes for the organization. For example, when Daimler and Chrysler merged in 1998, a lack of openness to organizational and cultural change is considered to be the main reason that the two car manufacturers never formed an effective combination and eventually separated in 2007 (Watkins, 2007).

As a result, openness to change is now considered a "necessary initial condition for planned change" (Miller et al., 1994: 60), and resistance to change is a major reason for the failure of change implementations (Erwin & Garman, 2010; Maurer, 1996; Reger et al., 1994; Spiker & Lesser, 1995). Openness to change can be defined as support for change and a positive view on its consequences (Miller et al., 1994). Because of its importance for organizational change, research also assesses factors that are antecedent to openness to change, such as the level of

information available to those affected by a change (Ertürk, 2008; Miller et al., 1994; Wanberg & Banas, 2000), their involvement in the change (Axtell et al., 2002; Ertürk, 2008; Wanberg & Banas, 2000), and their previous experiences with change (Devos et al., 2007; Ertürk, 2008). A major focus typically lies on internal stakeholders—mainly employees—as "organizations are increasingly required to improve their ability to enhance employees' support or acceptance for change initiatives" (Choi, 2011: 479).

However, we found no empirical studies on openness to change in the non-profit sector, although the sector is an important context in which to study openness to change. Following van der Heijden's (2006b) line of argument, we contend that results from studies on for-profit organizations cannot simply be generalized and applied to NPOs. Important differences between the two types of organizations may affect the openness to change of stakeholders in NPOs and how antecedents affect the openness. For example, NPOs' commitment is to the wider society, rather than shareholders (Dees, 1998), their employees are more driven by public interest and values (Frumkin & Andre-Clark, 2000; Miller-Stevens et al., 2015; Miller-Stevens et al., 2018), and their executives rank innovation and entrepreneurship much lower and integrity and fairness much higher than their business counterparts do (Miller-Stevens et al., 2018). Therefore, one could imagine that NPOs' stakeholders are generally less open to change because of their focus on the potential societal consequences of failed change. Previous research finds important differences between non-profit and business stakeholders regarding, for example, their risk affinity (Hull & Lio, 2006) and their employees' personal values (Rawls et al., 1975), but whether the antecedents to openness to change that are assessed in the business literature (level of information, involvement in the change process, and previous experience) help individuals in the non-profit sector to be more open to change remains unclear. In addition, whether these effects exist only for employees, where research on openness to change in businesses typically focuses (Choi, 2011), or also for the wider stakeholder landscape of NPOs is

also unknown. Addressing this research gap is well justified, as NPOs are attracting growing research interest as employers and providers of benefits to a substantial number of people. Therefore, in this paper we answer the research question: *What are the antecedents of openness to change and their respective effects for stakeholders in the non-profit sector?*

To identify the antecedents of openness to change in the non-profit context, we rely on Simon's (1947, 1955) bounded rationality theory and previous research on the antecedents of openness to change in the for-profit sector (Axtell et al., 2002; Devos et al., 2007; Ertürk, 2008; Miller et al., 1994; Wanberg & Banas, 2000). To assess these relationships, we conduct a large-scale study with an international NPO that focuses on sustainability certification and is about to undergo changes to its governance system. These governance changes may affect all of the NPO's stakeholders by, for example, giving some stakeholders more decision power and others less. Resisting change in this NPO setting may put the organization's competitiveness and credibility at risk. We surveyed 2,043 of this NPO's stakeholders—members, staff, and customers—from 94 countries. The NPO's members can officially propose changes and new policies and then vote on them, while the NPO's staff supports members, prepares briefings and analyses that are used in assessing change proposals, implements approved changes, and keeps the organization running on a daily basis. The NPO's customers receive a sustainability certificate if they comply with set of criteria defined by the NPO and pay a fee. Both the criteria and the fees may be affected by changes to the NPO's governance.

Our study contributes to theory and practice in several ways. First, it extends the theory of bounded rationality by assessing the theoretical framework in a new context, the non-profit sector. Second, we add to the literature on openness to change by assessing antecedents that previous research has identified apply to for-profit organizations in terms of the non-profit sector. In addition, we enlarge the number of potential antecedents by analyzing whether stakeholders with for-profit work experience differ from those without it in their openness to change.

We also test whether the effect of these antecedents varies with the degree to which stakeholders are satisfied with the status quo. Third, for practitioners in the non-profit world, this study reveals useful findings related to change management, as our results provide advice for NPOs' decision-makers on how they may increase their stakeholders' openness to changes and, thus, make change projects more likely to succeed.

After introducing openness to change and summarizing the existing research on the topic, we show how the theory of bounded rationality helps in deriving potential antecedents to openness to change. We introduce these antecedents and derive hypotheses how they influence openness to change. Then we describe our sample and how we measure the constructs included in our study. Subsequently, we present the statistical methods of our analysis and the findings they produce. We conclude with a discussion of our results, their limitations, and their implications for research and practice.

THEORATICAL BACKGROUND AND HYPOTHESES

Openness to change

The concept of openness to change, which is rooted in the organizational change literature, is considered an attitudinal construct. It is related to the concepts of readiness for change, commitment to change, and cynicism about organizational change. However, these constructs measure different aspects of employees' attitudes and cannot simply be substituted for each other (Choi, 2011), so they must be differentiated from each other.

Readiness for change, which is imbedded in the medical and psychological literature (e.g., Block & Keller, 1998; Joe, Simpson, & Broome, 1998; Morera et al., 1998; Prochaska, Redding, & Evers, 1997), focuses on reducing harmful behaviors (like smoking) or increasing positive behaviors (like exercising). In the context of organizational change, readiness for change refers to employees' efforts to seek information about the potential change to form assumptions

and expectations regarding the positive or negative effects the change will have for themselves and the wider organization (Ford, Ford, & D'Amelio, 2008; Gioia, Thomas, Clark, & Chittipeddi, 1994). *Commitment to change* stems from the wider research on employee commitment and how it affects their behavior and such work outcomes as organizational commitment (Benkhoff, 1997; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Mowday, Steers, & Porter, 1979). It has been adapted to the organizational change context in the sense of a mind-set that binds employees to actions that are necessary for the successful implementation of change (Herscovitch & Meyer, 2002). Finally, *cynicism about organizational change* rests on the concept of organizational cynicism, which assesses employees' judgments that lead them to conclude that their organization lacks integrity, to have a negative affect toward the organization, and to show disparaging behavior toward the organization. In the context of organizational change, cynicism leads employees to believe that their organization does not undertake a change seriously, so they expect the change effort to fail (Dean, Brandes, & Dharwadkar, 1998).

Openness to change, on the other hand, is rooted in the wider literature on openness as a personality trait that underlies flexibility (McCartt & Rohrbaugh, 1995) and is related to one of the Big Five personality traits, openness to experience (Robbins, 2005). Miller et al. (1994), the first to conceptualize openness to change, define it as "support for change, positive affect about the potential consequences of the change, and […] a necessary, initial condition for successful planned change," a definition we use in this paper. Wanberg and Banas (2000) followed their work and find that the "willingness to accommodate and accept change" (Wanberg & Banas, 2000: 135) is related to job satisfaction, work irritation, and the intention to quit. Some researchers have also suggested that openness to change is a condition for readiness for organizational change (Axtell et al., 2002; Devos et al., 2007; Wanberg & Banas, 2000).

Previous research finds three broad categories of antecedents to openness to change: An individual's *level of information* about the change, i*nvolvement* in the change, and *experience* with change. Employees who are *well-informed about a change* process and their role in it and who feel included in the change process tend to be more open to change (Ertürk, 2008; Miller et al., 1994; Wanberg & Banas, 2000). Miller et al. (1994) stress that the perceived quality of information is more important than the sharing of information itself. *Involvement in change* is also found to be positively linked with openness to change, including procedural factors like participation in the decision process (Ertürk, 2008; Wanberg & Banas, 2000) and exposure to change (Axtell et al., 2002). Such seems to be the case particularly if individuals think they can affect the change process, because change self-efficacy, personal resilience, and internal locus of control are found to be positively associated with openness to change (Wanberg & Banas, 2000), as is an intrinsic need for achievement (Miller et al., 1994). *Previous experiences* related to a change seems also to affect openness to change. Devos et al. (2007) find a positive history of change and trust in the company's leadership help to increase openness to change, a view that Ertürk's (2008) findings also support.

However, these three categories of factors were derived largely for employees of companies. The wider landscape of stakeholders in the non-profit sector offers another base on which to test these findings further and possibly to extend their validity. Furthermore, because of NPOs' societal commitment (Dees, 1998; Frumkin & Andre-Clark, 2000; Miller-Stevens et al., 2015) and their lower valuation of innovation (Miller-Stevens et al., 2018), the factors derived from studies in the for-profit sector might have different effects in the non-profit sector.

Therefore, based on the antecedents derived from previous research and the specific context of this study, we expect three factors to influence the NPOs' stakeholders' openness to change: *Familiarity with the status quo* captures the level of information individuals have and whether

they think they understand the information, as Miller et al. (1994) find the quality of information to be decisive in the level of openness to change. *Power to influence change* includes the individual's involvement in change but goes farther, as it also reflects whether individuals have substantial influence on the decision to change and the change process itself. Finally, *for-profit work experience* is an extension of the experience factors past research has assessed as they relate to openness to change. For-profit work experience also reflects this paper's extension of research on openness to change to the non-profit sector and allows us to measure differences between stakeholders from the non-profit world and those form the for-profit world.

The next section summarizes bounded rationality theory and shows why and how its components are useful in analyzing individual openness to change. Subsequently, we derive hypotheses on how the three factors of familiarity with the status quo, power to influence change, and for-profit work experience affect openness to change based on bounded rationality theory.

Bounded Rationality and Openness to Change

As literature reviews on change research show, people do not always act fully rationally when they decide whether to support, block, or ignore change (e.g., Armenakis & Bedeian, 1999; Piderit, 2000). Bounded rationality theory provides an explanation for this partially rational behavior. Moreover, as mentioned above, research finds that familiarity with the status quo, power to influence change, and for-profit work experience are likely to affect a person's decision to support change, perhaps because all three antecedents are likely to affect the extent to which individuals are bound by the limited resources available to them when they evaluate a change's benefits or drawbacks and, consequently, how open they are to change.

Bounded rationality theory, which originates from Simon (1947, 1955) as a criticism of classic economic theories, assumes that individuals are only partially rational because of their

limited resources and capabilities. Instead of optimal decisions, they can make only "satisficing" (satisfying + sufficient) decisions because of limitations in the information available to them and that they are able to process in the available time (Kalantari, 2010). Bounded rationality theory is the basis for experiments and research in psychology on the hidden rules that govern human decision-making (e.g., Tversky & Kahneman, 1973; Tversky & Kahneman, 1974), and it is applied in psychological research (e.g., Güth et al., 1982) and economics (e.g., De Bondt, Werner F. M. & Thaler, 1985). In management science, the theory finds practical application in determining managers' cognitive barriers (e.g., Hammond et al., 1998; Russo & Schoemaker, 1989) and is the basis for Hambrick and Mason's (1984) upper echelons theory.

Simon (1957) mentions three categories of bounds to rational decision-making: *imperfect information* available, *cognitive limitations*, and *time constraints*. These bounds lead to a bias in favor of the status quo that strengthens as they do (Kahneman et al., 1991; Samuelson & Zeckhauser, 1988). In other words, the less information that is available, the harder it is to assess it, and the less time that is available to come to a decision, the more likely individuals are to decide for the status quo and against change. Thus, all three bounds can help us understand the degree to which stakeholders are open to changes in their organizations and why they might perceive the status quo as a more "satisficing" option than change.

People almost always have to make decisions with *imperfect information*. They do not know all the alternatives and potential consequences, so they seek "satisfactory alternatives, or alternatives that represent an improvement over those previously available" (Simon, 1997: 292). Therefore, having imperfect information – and being aware that it is imperfect – is likely to make them prefer the familiar status quo over a change they know less about. On the other hand, a solid information base gives people a more positive view of proposed organizational changes and affects factors like the intention to remain in the organization, commitment to the organization, and performance (Schweiger & Denisi, 1991). The unfamiliarity related to a

change can be decreased only by providing more information, which will increase openness to the change (Chawla & Kelloway, 2004; Miller et al., 1994; Wanberg & Banas, 2000) and lead to positive outcomes like the intention to remain in the organization. Thus, employees tend to be more open to a change if they have more and longer exposure to it and so have more knowledge about it (Axtell et al., 2002).

Because of their *cognitive limitations*, people tend to simplify information, and their ability to integrate it into their decision-making process decreases with their limitations (Barnes, 1984). Cognitive limits can keep individuals from making accurate predictions and adequately assessing the implications of alternatives they face (Simon, 1997), making it difficult to process and use available information to come to an informed decision. When in doubt, people are likely to prefer the easier-to-understand status quo with which they are already familiar. Whether they decide to react positively or negatively to change depends on their cognitive appraisal, that is, their evaluation of the change and its likely impact on themselves (Oreg et al., 2018). Such decisions are strongly affected by subjective factors like congruency with one's values and emotional responses like enthusiasm and anger (Oreg et al., 2018; Smollan, 2006). Previous research finds that employees who have irrational cognitive perceptions of change resist it more strongly than others do (Bovey & Hede, 2001). Employees' negative emotions related to proposed changes go hand in hand with employees' negative appraisals of organizational changes (Fugate et al., 2011). On the other hand, individuals seem to be more open to change if they feel they can process it. For example, perceived control and resilience in general have positive effects on acceptance to change (Wanberg & Banas, 2000). Miller et al. (1994: 75) go as far as to conclude that "it may be in the best interests of organizations to unveil planned change strategically in small, acceptable doses" to increase the chances that concerned individuals will be able to process the input and, thus, be open to change.

Being forced to come to a decision under *time constraints* means that people must adapt their decision-making strategy to decide in the available time. They are likely to continue looking for alternatives as long as they have time left to decide and are likely to adapt their aspiration levels based on the options they analyze (Selten, 2002). If they have less time, they are also less likely to find alternatives to the status quo that they think might provide better outcomes, so the status quo is more likely than any change to meet their requirements. Thus, the more their time to decide is constrained, the more likely they are to vote for the status quo to avoid a rushed decision that might have unintended consequences. Indeed, openness to change among employees tends to increase with time, in particular if they are substantially affected by it (Axtell et al., 2002). Therefore, information must be provided to employees in a timely way to increase their openness to change (Miller et al., 1994). In sum, the more individuals' cognition is limited by these three bounds, the more likely they are to perceive the status quo as the best option and to select it over alternatives, thus being closed to change.

Hypotheses derivation

Familiarity with the status quo

Since NPOs tend to be organized as more grass-roots-oriented networks than hierarchical and vertically organized businesses are (Anheier, 2000; Taliento & Silverman, 2005), stakeholders in the non-profit sector are likely to feel more entitled to speak up and to be involved in decisions. As a consequence, we expect the level of information they have on the status quo to affect their openness to change.

Familiarity with the current state of affairs suggests that the individual has good information and is less bound by *information limitations* than others are because they have the knowledge they need to assess change options. Particularly for incremental changes, familiarity with the status quo helps people assess alternatives to the current state, so they are likely to be more

open to change than are those who are less familiar. Similarly, being well-informed about the status quo is likely to reduce the effect of *cognitive limitations* on openness to change. Those who have a sound understanding of the aspect of the organization to be changed have to invest less effort in understanding the proposed changes and their consequences than do those who are less familiar with the status quo simply because they have already processed information that others still have to. Hence, individuals who are highly familiar with the status quo are more likely to feel able to make beneficial decisions and so are also more likely to be open to change because they have the information and knowledge they need to assess proposed changes. Finally, familiarity with the status quo is also likely to reduce the effect of *time constraints* on openness to change. Those who are highly familiar with a situation have to spend less time collecting and processing information than others do, so it is easier for them to decide to be open to change within the available amount of time. We conclude that being familiar with the status quo is likely to reduce the negative effects on individuals' openness to change of the three types of limitations that are part of bounded rationality theory. Therefore, we state:

H1: Familiarity with the status quo increases openness to change.

Power to influence change

Power can be defined as "the probability that one actor within a social relationship would be in a position to carry out his own will despite resistance" (Weber, 1947: 212). Those who have more power in an organization are likely to have access to more information (Pfeffer, 1994). Because of their position of power, they are more able than others are to require others to share information with them (Mechanic, 1962). Therefore, powerful individuals are less bound by *limited information* for their decision-making and are also more open to change than are those with less power. *Cognitive limitations* are also likely to be less an issue for powerful

individuals, as they are more able than others to demand that others prepare and analyze information for them. Such assistance may make it easier for them to filter and assess input, making them more open to change. With regard to *time constraints*, power is also likely to reduce time's negative effect on openness to change. Hierarchical power can be abused to obtain privileges or special treatment (Vredenburgh & Brender, 1998), so powerful individuals might feel less pressured by time constraints because they have better chances of obtaining an extension to the time available. More important, since powerful individuals can use their power to demand special treatment, they might assume that they can affect the course of change later on, after the time for making a decision has expired. Thus, the time they have to make a decision might feel less finite, making them less bound by time constraints and more open to change than others. Hence, we state:

H2: Power to influence changes to the status quo increases openness to change.

For-profit work experience

Differences in NPOs' vision, strategies, and financials compared to those of for-profit businesses lead to differences in the perceptions of, support of, and capabilities regarding innovation and risk-taking (Hull & Lio, 2006). Risk-taking is closely linked to innovation (Covin & Slevin, 1998; Miller, 1983). However, while businesses see innovation as necessary to maximize shareholder value, NPOs often perceive innovation as daring and risky. They have a lower tolerance for risk because, unlike businesses' shareholders, who primarily demand financial returns, NPOs' stakeholders mainly want their organizations to fulfill their social responsibilities. Innovative ideas that fail may mean that the NPO can affect fewer lives because of lost resources, so NPOs' stakeholders often do not have the level of failure tolerance that is necessary for innovation. In addition, NPOs tend to invest less money in developing learning and research capabilities that are necessary to innovation because they (and their financiers) often

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consider such costs as reducing the amount of money available to be spent on their core mission. This lower risk affinity is likely to stick with individuals who work in the non-profit sector because people tend to internalize previous job-related patterns and experiences , leading to habits and routines (Dokko et al., 2009).

The comparatively higher risk affinity of people who have for-profit experience may affect the extent to which *cognitive limitations* curb their openness to change. Even though those who have for-profit work experience may not have higher cognitive capabilities than those who do not have such experience, their higher risk affinity may lead them to make decisions based on *limited information* or based on information that they have not fully processed. In other words, they may feel more comfortable with change even before sufficiently assessing its consequences. For similar reasons we contend that *time constraints* do not limit individuals who have a for-profit background as much as they do those from the non-profit sector. Because of a more risk-affine work culture, people who have a for-profit background are more likely to be used to accepting and deciding in favor of change even though they might not have had enough time to assess its implications. Therefore, we believe that individuals with for-profit work experience are less bound by limited information, cognitive limitations, or time constraints in their assessments of change than are those without such experience and so will be more open to change. Hence, we state:

H3: *For-profit work experience increases openness to change.*

The moderating effect of satisfaction with the status quo

Bounded rationality theory proposes that people make "satisficing," rather than optimal, decisions (Simon, 1997). People often consider one alternative after the other, choose the first they deem to be sufficiently "satisficing," and then stop looking at other options (Simon, 1976). Therefore, in the context of organizational change, it seems likely that people prefer to keep

the status quo if they are sufficiently satisfied with it, even if the other factors discussed above would normally make them inclined to be open to change.

Being satisfied makes it more likely that individuals will refrain from the exhaustive process of working against their *cognitive limitations* when they assess alternatives to the status quo. If their satisfaction level is high, it seems more convenient to remain closed to change options that take an effort to assess, even if little cognitive capacity is required because of a high level of familiarity with the status quo. In addition, if their satisfaction with the status quo is high, powerful people are presumably less inclined to use their power to receive assistance in processing input to overcome their cognitive limits because of the implied cost of such assistance. Formulating a request for assistance and reviewing someone else's analysis is likely to entail less effort than doing the analysis oneself, but it is still more work than rejecting change. For those with power, the effort has to look proportional to the potential benefit, so the more satisfied they are, the more likely they are to conclude that the effort might not be worth it. Moreover, subordinates can complete only a certain number of requests, so demanding that they analyze a potential change has an opportunity cost. We expect these opportunity costs to loom larger as the powerful person's satisfaction with the status quo increases. Similarly, we also expect less influence of experience on openness to change for satisfied individuals with for-profit work backgrounds. Even if they are accustomed to being open to changes, despite insufficient ability to assess them, the effort might not seem worth it if they are satisfied.

In a similar manner, being satisfied makes it more likely that individuals will give in to the pressure of *time constraints* and remain closed to change. Instead of feeling rushed to decide to welcome change, it may seem more convenient to prefer the status quo if they are satisfied with it. Being already familiar with a topic and already having some of the information necessary to form an opinion within the limited time available is likely to matter less as the status

quo's appeal increases. Similarly, the ability to use one's power to work around time con-straints or affect the change process later on is also less likely to affect one's openness to change as the status quo increases in appeal. Finally, even individuals who are accustomed to time pressure because of their for-profit experience are not likely to be more open to change than others if they are satisfied with the status quo.

In other words, one would expect the effects of the mechanisms discussed above to be weaker if the satisfaction with the status quo is high. Therefore, we state:

H4a: The effect of familiarity with the status quo on openness to change is weaker for higher levels of satisfaction.

H4b: The effect of power to influence changes to the status quo on openness to change is weaker for higher levels of satisfaction.

H4c: The effect of for-profit work experience on openness to change is weaker for higher levels of satisfaction.

Figure 1 shows our research model, the main variables we measure, and the hypotheses we develop on their relationships.

Figure 1: Conceptual Model of Antecedents to Openness to Change
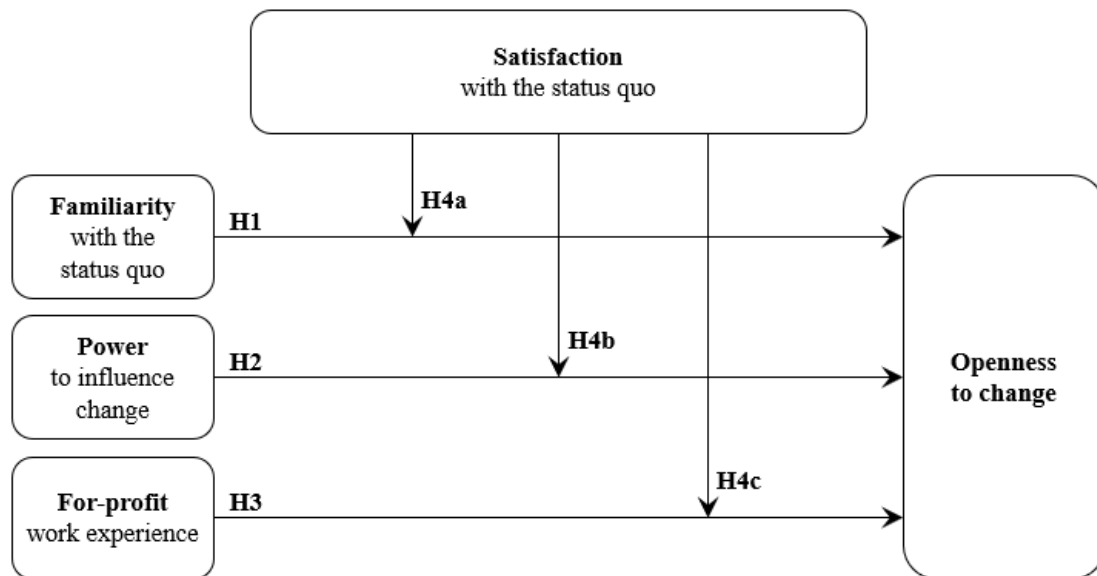
METHODS

Procedure and Sample

We test our hypotheses with data drawn in 2018 from the international stakeholder network of a global NPO[4] with an economic-sustainability purpose that was going through a change process concerning its governance structure. The changes made during that process affected all types of the NPO's stakeholders. Consequently, we were able to examine the level of openness to change and its drivers for a broad set of individuals. We sent the survey to stakeholders in a personalized email that included a video message from the NPO's CEO and an individualized link. Participants were given background information on the governance reform project and

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[4] The NPO is a membership organization that focuses on sustainability and offers its customers a certificate that signals the credibility of their sustainability efforts. To receive the certification, these customers must comply with a set of criteria developed and approved by the organization's members. The NPO's staff supports the members in defining these criteria and ensures the criteria can be internationally applied. In turn, the NPO receives a fee from its customers that covers most of its operational expenses. The organization's members must go through a formal application procedure and pay a yearly fee, the size of which depends on the size of the organization and whether it is based in a developing country or a developed country.

how their input would be used. Stakeholders were given two months (June and July 2018) to complete the survey and were reminded multiple times to do so.

We received 2,043 valid responses for a 12 percent response rate. The largest group of stakeholders who responded (1,524) were customers, followed by members (513), and staff (171)[5], which is broadly proportional to the sizes of each stakeholder group. Our respondents stem from 94 countries. No country accounts for more than 10 percent of the sample. Most of the respondents (78%) were between 31 and 60 years old, and more than 40 percent worked on the CEO or top leadership team level. More than 80 percent of them had a university degree, and 63 percent had no work experience in the non-profit sector. More than half of the respondents had been stakeholders for five years or longer. The largest group (40%) of our respondents worked in medium-sized organizations (51-500 employees). Table 1 shows the composition of the sample.

Measures

The survey consisted of established measurement constructs and was pretested with a subset of stakeholders to ensure its functioning, its ease of use, and its comprehensibility. We translated the measures from English to seven other languages—Chinese, French, German, Japanese, Portuguese, Russian, and Spanish—after which native speakers checked for correctness (Brislin, 1970) and the translations were back-translated. Respondents replied using a 5-point Likert-type scale. More information on each item (item list, scale reliability, and validity measures) is provided in the appendix.

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[5] Stakeholders may fall into more than one category.

Table 1: Sample Composition

	Absolute	Share
*Stakeholder type**		
Members	513	25%
Staff	171	8%
Customer	1,524	75%
Chosen survey language		
Chinese	100	5%
English	1,321	65%
French	70	3%
German	189	9%
Japanese	36	2%
Portuguese	70	3%
Russian	85	4%
Spanish	172	8%
*Country based in***		
Germany	204	10%
USA	165	8%
UK	89	4%
Italy	82	4%
China	76	4%
Age of respondent		
20-30 years	160	8%
31-40 years	522	26%
41-50 years	576	28%
51-60 years	504	25%
61-70 years	175	9%
> 70 years	17	1%
Position of respondent		
CEO (or equivalent)	310	15%
Member of top leadership team	554	27%
Middle management	679	33%
Lower management	188	9%
Clerk / administrator	209	10%

	Absolute	Share
Educational level of respondent		
Doctoral or equivalent	130	6%
Master's or equivalent	721	35%
Bachelor's or equivalent	796	39%
Secondary education	242	12%
Primary education	6	0%
No formal education	1	0%
For-profit and non-profit work experience		
Only for-profit experience	1,293	63%
Non-profit experience	502	25%
Time of being stakeholder		
> 10 years	386	19%
5-10 years	682	33%
3-5 years	330	16%
1-3 years	363	18%
<1 year	245	12%
Size of organization (employees)		
> 5,000	70	3%
500-5,000	251	12%
51-500	807	40%
11-50	461	23%
2-10	259	13%
1 (self-employed)	100	5%
Age of organization		
> 50 years	488	24%
26-50 years	499	24%
11-25 years	592	29%
6-10 years	198	10%
1-5 years	142	7%
< 1 year	12	1%
N	2,043	100%

Note: blanks not included in break-downs
*Stakeholder may fall into one or more categories
**Includes only the 5 most frequent

Openness to change

As Choi (2011) shows in a review of the literature on constructs that measure attitudes to organizational change, Miller et al. (1994) were the first to develop a construct for openness to change, which captures both "individuals' willingness to support organizational change and positive affect toward change" (Miller et al., 1994: 66). Since then, multiple studies have applied and adapted the construct to specific change contexts (e.g., Axtell et al., 2002; Devos et al., 2007; Wanberg & Banas, 2000). We use the eight items Miller et al. (1994) developed, only changing the wording from their study of an insurance company to our NPO governance setting[6] (see the appendix for the specific wording.). Following Axtell et al. (2002) and Devos et al. (2007), we aggregate the eight items to a single factor (confirmatory factor analysis (CFA) factor loadings = min .55, max .78).

Familiarity with the organization's status quo

Since we are studying a single NPO and its stakeholder network, we could ask the respondents for their knowledge on a concrete case. Similar to previous studies that assess the understanding of a complex relationship (e.g., Ben-Joseph, Dowshen, & Izenberg, 2009), we added to the survey a governance chart that depicted the status quo of the NPO's governance. As other studies do to measure familiarity with a graphic illustration (e.g., Kamins & Marks, 1991), we asked respondents to rate their knowledge about the current governance regime from "not at all familiar" (= 1) to "very familiar" (= 5).

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[6] For example, instead of asking for the anticipated effects of "the implementation of work teams" (Miller et al., 1994: 68), we asked our respondents to what extent they agree that "I think that changes in [name of NPO]'s governance will have a positive effect on how I accomplish my work with the [name of NPO]."

Stakeholder type

As power can be thought of as the ability of actors to enforce their will (Weber, 1947), it is appropriate in the context of our study to consider the de facto influence that stakeholders had on changes to the organization's governance. Salience and power differ significantly between stakeholder groups like shareholders, employees, and communities (Agle, Mitchell, & Sonnenfeld, 1999), as the role that individuals play governs the power they have (Keltner, Gruenfeld, & Anderson, 2003). Based on the NPO's fundamental governance structure, stakeholders have widely differing degrees of influence on changes to the organization, depending on their roles. As a membership organization, the highest decision-making body in the NPO is the international plenary meeting of members that votes on binding resolutions and selects members to serve on the board that controls staff and establishes the NPO's strategic direction. Staff generally has little de jure power over decision-making and is bound to implement the membership's decisions. However, the staff has de facto influence on how decisions are implemented, and it provides members with the information and proposals on which they base their decisions. Hence, they have substantial power to affect change. As for customers, they have no formal power at all to affect changes, but they can affect change decisions through lobbying, information-sharing, and approaching members and staff. Hence, we measure the power to affect changes based on the type of stakeholder. Being a member (= 3) yields the highest level of power, while staff (= 2) have a medium level of power, and customers (= 1) have the lowest level. Stakeholders might fall into more than one of these three categories, as a substantial number of members are also customers. In such cases, we assign respondents to a category based on the type of stakeholder that has the most power.

For-profit work experience

Participants indicated whether they currently worked in the non-profit or in the for-profit sector and whether they had worked in the opposite sector before. We coded their backgrounds using a for-profit-only dummy variable that took the value of 1 if a respondent had never worked in the non-profit sector, and 0 otherwise.

Satisfaction with the status quo

"Satisfaction is difficult to measure and very service-specific" (Bouckaert & van de Walle, 2003b: 329) and is closely linked to the organizational context and the properties of the object under assessment (Das, Das, & McKenzie, 1995b; Roth, Bozinoff, & MacIntosh, 1990a). Therefore, as previous research has done (e.g., Huang & van de Vliert, 2004; Mayer et al., 2009; Ssesanga & Garrett, 2005), the satisfaction construct must be adapted to this study's context. Therefore, we followed Churchill (1979a) and DeVellis (2012) in developing a scale in close collaboration with the NPO's leadership.

First, after reviewing the literature on (corporate) governance (Aguilera, Filatotchev, Gospel, & Jackson, 2008a; Aluchna & Idowu, 2017b; Dempsey, 2013a; Drew, Kelley, & Kendrick, 2006b; Hilb, 2008b; Steger & Amann, 2008a), we concluded that governance regimes can be analyzed according to two paradigms: principal-agent theory and contingency theory. Principal-agent theory assesses the degree to which shareholders and stakeholders can verify that the organization's agents act in their interest, while contingence theory focuses on outside factors that are beyond the organization's control and how well the organization's governance allows it to adapt to these factors. Thus, governance regimes must balance sometimes contradictory goals to foster both compliance and effectiveness (Dempsey, 2013a). Second, we reviewed these measures with the NPO's leadership, adapted the measures based on this input, and reviewed the resulting questions among the researchers involved in conducting this research.

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Finally, we tested the resulting six-item scale on a subset of the NPO's stakeholders. The appendix provides more details about the final scale.

From the principal-agent perspective, the scale captures stakeholders' satisfaction with who has a voice in decision-making, how stakeholders can impact decisions, and who is accountable for implementing them. As for contingency theory, while also taking into account the non-profit context, the satisfaction scale measures the degree to which stakeholders think the current governance regime helps the NPO fulfill its mission. We test the scale's fit using exploratory factor analysis (Flatten, Engelen, Zahra, & Brettel, 2011a; Hinkin, 1995b), which is appropriate because of a Kaiser-Meyer-Olkin estimate of .85 derived through a maximum-likelihood factor analysis. Only one factor emerges as significant for the six items and explains 61 percent of the variance, which is above the 60 percent threshold Hinkin (1995b) suggests. Item factor loadings are between .70 and .85, providing sufficient convergent validity (Ford, MacCallum, & Tait, 1986b). The full scale's Cronbach's alpha value is .87, with values between .83 and .86 for each factor, which exceed common thresholds (Nunally & Bernstein, 1978a) and signal internal consistency and reliability (Churchill, 1979a). Therefore, we aggregate all six items in one scale, where higher values on the scale signal higher levels of satisfaction.

Control variables

In all models we control for a set of variables that we collected through self-assessment or as secondary data and that could affect the main relationships of this study. We add *age of respondents* and *educational level of respondents* because previous research suggests that older and less educated individuals tend to see change as less desirable (Kirton & Mulligan, 1973b). Both variables are measured as ordinal variables with six categories, following Litwin (2001), Mustard, Derksen, Berthelot, Wolfson, and Roos (1997), and Seeman, Merkin, Crimmins, Koretz, Charette, and Karlamangla (2008). Given that higher-ranking stakeholders might have

more and easier access to information, we also control for the *position of respondents* in their organizations, measured using an ordinal variable with five categories. Similarly, larger and older organizations could give their representatives clout, adding to their individual power, but they could also make it harder for stakeholders to obtain information and come to a decision, as more internal alignment in their own organizations might be required. In any case, it seems sensible to control for the *size of the organization* and the *age of the organization* of the respective stakeholder, which we measure as ordinal variables with five categories. One can also argue that the longer stakeholders are connected to the study's NPO, the more information they will have and the easier it will be for them to use their established networks. On the other hand, one could also argue that a stakeholder will be more biased toward the status quo and less open to change when he or she has been in a role longer. Again, in both cases, it seems wise to control for the *time as a stakeholder*, which we measure as an ordinal variable with five categories. It also seems reasonable to suggest that stakeholders differ in their openness to change based on their level of involvement in the NPO, as those who are more involved might be more worried about the negative consequences of change or might see the need for change sooner. Therefore, we control for the *degree of involvement* in the NPO using a 5-point Likert-type scale (ranging from "much less" (= 1) to "much more" (= 5)), following Doll and Torkzadeh (1990). We also control for the r*esponse time*, measured as the number of days after the survey's launch that it took the respondent to complete it. Finally, because of our diverse sample in terms of nationality and because previous research shows that national factors may influence relationships on the organizational level (e.g., Bagchi, Hart, & Peterson, 2004), we add a country-level control variable. As frequently done (e.g., Crilly, Ni, & Jiang, 2016; Hoskisson, Cannella, Tihanyi, & Faraci, 2004; Seleim & Bontis, 2009), we decided to use the UN *Human Development Index (HDI)* for the respondents' work locations to control for such country-level

effects. The HDI measures a country's development along three core dimensions—life expectancy, education, and per capita income—and combines them in a single index from 0 (totally undeveloped) to 1 (fully developed) (UNDP, 2019). For example, one might argue that respondents from more developed countries find it easier to voice their opinions publicly or that those from developing countries would compare the NPO's governance to the comparatively lower standards in their country, making them desire change less. All ordinal variables with numerical answer categories were transformed to continuous categories using mid-point coding.

RESULTS

Table 2 reports the descriptive statistics and correlations of the variables. We test for common-method bias (Podsakoff et al., 2003: 879) using the Lindell–Whitney marker variable technique (Lindell & Whitney, 2001). Following previous research (e.g., Welpe et al., 2012), when controlling for a theoretically unrelated marker variable, we see that partial correlations between the predictor and the dependent variables show stable significant levels and coefficients. In addition, as Wiklund and Shepherd (2005) propose, we introduced unrelated items between the main construct in the questionnaire. Both gives us confidence that common-method bias is unlikely to affect the results of our study.

We used multiple regressions to test our hypotheses. Table 3 shows the results.

Table 2: Descriptive Statistics

	Variable	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Openness to change	3.56	0.56	1.38	5.00	**0.85**													
2	Age of respondent	45.78	11.42	25.00	75.00	0.04	-												
3	Educational level	4.38	0.81	1.00	6.00	0.19	0.04	-											
4	Position of respondent	3.29	1.17	1.00	5.00	0.05	0.28	0.15	-										
5	Size of organization	746.11	1572.37	1.00	7500.00	0.06	0.00	0.10	-0.12	-									
6	Age of organization	35.34	25.55	0.50	75.00	-0.07	0.17	-0.03	-0.10	0.28	-								
7	Time in stakeholder role	6.52	4.83	0.50	15.00	0.01	0.26	0.05	0.04	0.14	0.28	-							
8	Degree of involvement	3.00	1.18	1.00	5.00	0.18	0.02	0.15	0.06	0.09	-0.05	0.20	-						
9	Response time	34.75	13.02	0.01	50.46	-0.33	-0.09	-0.26	-0.07	-0.05	0.07	-0.10	-0.16	-					
10	Human Dvlp. Index (HDI)	0.85	0.10	0.42	0.95	-0.15	0.18	-0.13	-0.05	-0.03	0.30	0.18	-0.04	0.08					
11	Familiarity with SQ	2.40	1.02	1.00	5.00	0.25	-0.03	0.23	0.04	0.04	-0.18	0.06	0.33	-0.35	-0.19	-			
12	Stakeholder type	1.58	0.86	1.00	3.00	0.31	0.12	0.30	0.14	0.12	-0.02	0.14	0.21	-0.55	-0.12	0.37	-		
13	For-profit work XP	0.72	0.45	0.00	1.00	-0.26	-0.06	-0.28	-0.05	0.05	0.11	-0.03	-0.19	0.45	0.14	-0.36	-0.46	-	
14	Satisfaction with SQ	3.13	0.83	1.00	5.00	0.04	-0.10	0.04	-0.09	-0.01	-0.19	-0.15	0.18	-0.02	-0.25	0.37	0.10	-0.09	**0.87**

Note: Square root of AVE for multi-item constructs appear in boldface on the diagonal.

Table 3: Regression Results Predicting Openness to Change

VARIABLES	(1)	(2a)	(2b)	(2c)	(2d)	(3)	(4a)	(4b)	(4c)
Controls									
Age of respondent	0.002t	0.003t	0.002	0.002	0.002	0.002	0.002	0.002	0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Educational level	0.063***	0.055**	0.050**	0.042*	0.031	0.035t	0.035t	0.032	0.034
	(0.019)	(0.019)	(0.019)	(0.020)	(0.020)	(0.021)	(0.021)	(0.021)	(0.021)
Position of respondent	-0.008	-0.007	-0.013	-0.010	-0.013	-0.018	-0.017	-0.017	-0.017
	(0.013)	(0.013)	(0.013)	(0.014)	(0.014)	(0.015)	(0.015)	(0.015)	(0.015)
Size of organization	0.000	0.000	0.000	0.000*	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age of organization	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Time in stakeholder role	-0.004	-0.004	-0.004	-0.004	-0.005	-0.005	-0.005	-0.005	-0.004
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)
Degree of involvement	0.066***	0.053***	0.060***	0.062***	0.050***	0.057***	0.057***	0.055***	0.056***
	(0.013)	(0.013)	(0.013)	(0.013)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Response time	-0.010***	-0.009***	-0.008***	-0.008***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Human Dvlp. Index (HDI)	-0.675***	-0.606***	-0.627***	-0.609***	-0.550***	-0.626***	-0.635***	-0.619***	-0.613***
	(0.152)	(0.153)	(0.151)	(0.157)	(0.159)	(0.164)	(0.164)	(0.164)	(0.164)
Independent variables									
Familiarity with SQ		0.060***			0.043*	0.055**	0.205***	0.050**	0.051**
		(0.016)			(0.017)	(0.019)	(0.061)	(0.019)	(0.019)
Stakeholder type			0.083***		0.053*	0.056*	0.050*	0.211**	0.057*
			(0.020)		(0.022)	(0.023)	(0.023)	(0.075)	(0.023)
For-profit work XP				-0.149***	-0.113**	-0.099*	-0.097*	-0.106**	-0.381**
				(0.038)	(0.040)	(0.041)	(0.040)	(0.041)	(0.142)
Moderating effects									
Satisfaction with SQ						-0.044*	0.070	0.035	-0.104**
						(0.021)	(0.049)	(0.042)	(0.036)
Familiarity with SQ x Satisfaction with SQ							-0.048**		
							(0.018)		
Stakeholder type x Satisfaction with SQ								-0.049*	
								(0.022)	
Only for-profit XP x Satisfaction with SQ									0.088*
									(0.042)
Constant	3.958***	3.778***	3.795***	4.082***	3.831***	3.982***	3.648***	3.765***	4.183***
	(0.172)	(0.178)	(0.175)	(0.180)	(0.192)	(0.209)	(0.245)	(0.231)	(0.230)
Observations	1,316	1,309	1,316	1,239	1,232	1,161	1,161	1,161	1,161
Adjusted R-squared	0.142	0.150	0.153	0.144	0.152	0.157	0.161	0.160	0.159
Δ Adjusted R-squared		0.008***	0.011***	0.002***	0.010***	0.005*	0.004**	0.003*	0.002*
(compared to model)		(1)	(1)	(1)	(1)	(2d)	(3)	(3)	(3)

Note: Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, t p<0.1

Models 2a–2d show that all three independent variables are significantly (p < .05) related to *openness to change*. The coefficient of *familiarity with the status quo* is positive and significant (p < .05), so we find support for H1. As for the *stakeholder type*, we see significant and positive coefficients (p < .05), suggesting that lower levels of power (such as that which customers have) are associated with lower *openness to change*, whereas higher levels of power (such as that which members have) are associated with higher *openness to change*. Therefore, our results support H2. Table 3 shows that *for-profit work experience* is negatively related to *openness to change*, so stakeholders with no non-profit experience are less willing to accept and support changes to the status quo than are those who do have such experience. Therefore, we have to reject H3, which posited that *for-profit work experience* increases *openness to change.*

Models 4a, 4b, and 4c show the moderating effects of *satisfaction with the status quo*. Seeking a more intuitive interpretation, we also plotted the interaction effects in Figure 2, 3, and 4. The interaction term of *familiarity with the status quo* with *satisfaction with the status quo* (Model 4a) is significant (p < .01) and negative, suggesting that the positive relationship between *familiarity with the status quo* and *openness to change* is weaker for high levels of satisfaction than it is for low levels of satisfaction (Figure 2). These findings support H4a. As Model 4b shows, the interaction term of *stakeholder type* with *satisfaction with the status quo* is significant (p < .05) and negative, indicating that the positive association of high levels of *stakeholder type* (being a member) with *openness to change* is weaker for high satisfaction levels than it is for low levels of satisfaction (Figure 3). This result supports H4b. Finally, Model 4c shows a significant and positive coefficient for the interaction term with *for-profit work experience*, suggesting that the negative association of *for-profit work experience* with *openness to change* is less negative for high levels of satisfaction than it is for low levels of satisfaction (Figure 4). Thus, we find support for H4c.

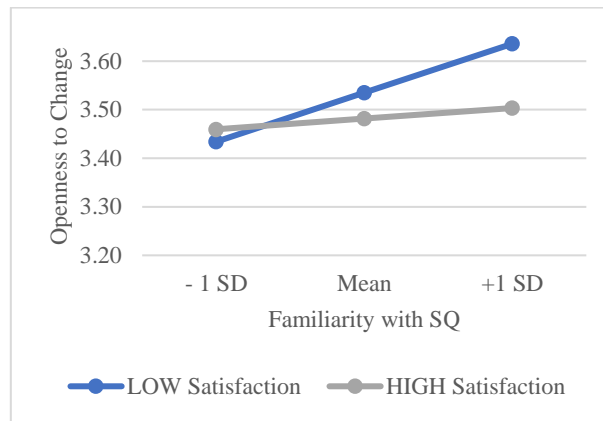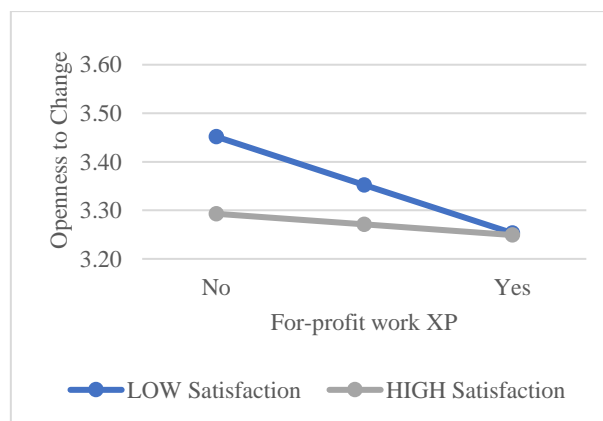**Figure 2: Interaction with Familiarity with the Status Quo**

Figure 3: Interaction with Stakeholder Type

Figure 4: Interaction with For-Profit Work Experience

DISCUSSION

Scholars have conducted research on openness to change for several years in the organizational change context. This paper contributes to the existing research body by extending bounded rationality theory to the context of openness to change in NPOs. Our study confirms previously identified antecedents of openness to change, extends their validity to the non-profit sector, and introduces satisfaction with the status quo as a moderating factor that weakens the effect of these antecedents. We also derive useful findings for practitioners in the non-profit sector on how they can increase their stakeholders' openness to change.

We find support for all but one of our hypotheses regarding the association of several variables with openness to change. Both *familiarity with the status quo* (H1) and *power to influence change* (H2) have a positive effect on *openness to change* that is weaker if stakeholders report high levels of *satisfaction with the status quo* (H4a and H4b). In addition, we find that having *for-profit work experience* (H3) affects openness to change, but the relationship differs from what we expected, as we find that for-profit experience is associated with lower, not higher, levels of acceptance and support for change. Therefore, it is possible that non-profit work experience increases openness to change. A possible explanation for this unexpected finding is that individuals in the non-profit sector change their views on change when they perceive urgency, increasing their willingness to accept risk and change once they are convinced that risk and change are better for the NPO and its mission than the status quo is. For example, Kosny and Eakin (2008: 156) find in a study on Canadian NPOs that the "workplace mission also seemed to lead workers to accept and take certain risks, particularly in circumstances when risk taking and risk acceptance were viewed by workers as helping clients." Therefore, it could be the case that the stakeholders in our sample who had non-profit backgrounds were convinced

that changes to the current governance regime would help the NPO to fulfill its mission. However, as with the other antecedents, satisfaction with the status quo seems to weaken the effect of for-profit work experience on openness to change, so we find support for H4c.

Theoretical implications

We contribute to previous research on openness to change in three ways. First, we link openness to change to Simon's (1947, 1955) bounded rationality theory and show how the theory can explain under what circumstances individuals in an organization are likely to be open to change. We show that the bounded rationality theory can explain most of the underlying mechanisms of our proposed research model. Second, we increase the scope of research on openness to change by extending it to the non-profit sector. In doing so, we confirm the positive effects of information and power to affect change on openness to change, thus increasing their generalizability to the non-profit sector. Our empirical data even allow us to compare individuals with for-profit backgrounds with those with non-profit backgrounds and to find significant differences between the two. This comparison also supports our initial claim, based on van der Heijden (2006b), that findings from research on for-profit organizations cannot necessarily be applied to NPOs. Contrary to what theory might suggest, we find that stakeholders with for-profit work experience are less open to change than are those with only non-profit work experience. Finally, we show that satisfaction with the status quo inhibits the relationship between openness to change and its antecedents, thus enriching research on openness to change by conducting what is to our knowledge the first study that finds a moderator for these effects.

Limitations

Future research may build on our findings but also on some of the study's limitations. Among those limitation is that we draw our sample from the stakeholder network of a single NPO. To increase the generalizability of our results or to find organization-specific factors that may be relevant to openness to change, future research should compare multiple NPOs and their stakeholders. We also approximated the power of stakeholders using their roles: member, staff, or customer. However, it is likely that the level of power differs substantially within these categories. We tried to refine our power measure by controlling for the positions our respondents hold in their organizations and the organization's age and the size, but it is likely that even this effort does not capture the differences in influence. Therefore, we encourage conceptualizations that have a more granular measurement of power. Finally, to assemble a sufficiently large sample, we based our research on self-reported data, which bears the risk of systematic errors. For example, particular groups of respondents could understate or overstate their openness to change, their familiarity with the status quo, or their levels of satisfaction.

Implications for practice

This paper also has implications for management practice. When NPOs' leaders seek support for change, they should inform their stakeholders about the status quo of those areas they seek to change as thoroughly as possible–and not just about its flaws. As our results show, being familiar with the current state of affairs increases stakeholders' openness to changes to the status quo. NPOs' leaders should start such information campaigns well before discussions on the need for and form of change start. Giving stakeholders the sense that they can influence how the change will look is also likely to help them support it. As we show, the more power stakeholders have, the more likely they are to accept and support change. NPOs' leaders could

communicate that representatives of stakeholders will accompany and affect the change process. Moreover, guaranteeing stakeholders the right to affect the course of change after it is initiated through, for example, votes or deliberation at pre-defined milestone, can help them to feel empowered. Since, contrary to common belief, stakeholders who have non-profit backgrounds might not be those who oppose change the most, NPOs' leaders who have stakeholders from both the non-profit and the for-profit sector should not focus too much on convincing the former so as to neglect the latter. Finally, when it comes to change, satisfied stakeholders might not be particularly open to change, so stakeholders should be informed about why they should be unsatisfied with the status quo to activate the change-supporting factors we derived in this study.

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APPENDIX

Construct (based on or adapted from)	Items	Alpha	CR	AVE
Openness to change (Miller et al., 1994)	To what extent do you agree with the following statements? - I would consider myself to be "open" to the changes a governance reform at [name of NPO] will bring to my interaction with [name of NPO]. - Right now, I am somewhat resistant to changes in [name of NPO] governance. - I am looking forward to the changes in my interaction with [name of NPO] brought about by changes to [name of NPO]'s governance. - In light of potential changes to [name of NPO]'s governance, I am quite reluctant to consider changing the way I now do my work with [name of NPO]. - I think that changes in [name of NPO]'s governance will have a positive effect on how I accomplish my work with [name of NPO]. - From my perspective, changing [name of NPO]'s governance will be for the better. - Changes to [name of NPO]'s governance will be for the worse in terms of the way that I have to get my work done. - I think that changes to [name of NPO]'s governance will have a negative effect on how I perform when interacting with [name of NPO].	0.85	0.86	0.43
Familiarity with the status quo	How familiar are you with all elements displayed in this graphic?	N.A.	N.A.	N.A.
Stakeholder type	Are you a… (multiple answers possible) - Customer - Staff member - [Name of NPO] member	N.A.	N.A.	N.A.
For-profit work experience	Is your primary occupation in a non-profit or a for-profit organization? Have you previously worked in the non-profit [for-profit] sector?	N.A.	N.A.	N.A.
Satisfaction with the status quo	To what extent would you agree with the following statements in general when you think about [name of NPO] globally? - I know who has a voice in making decisions at [name of NPO]. - I understand how decisions are being made at [name of NPO]. - I think it is clear who is accountable for decisions and their implementation at [name of NPO]. - If I like, I can have an impact on decision-making at [name of NPO]. - It is easy to make oneself heard within [name of NPO]. - Our current governance is helping [name of NPO] to fulfill its mission.	0.87	0.87	0.53
Age of respondent	How old are you?	N.A.	N.A.	N.A.
Educational level	What is the highest level of formal education you completed?	N.A.	N.A.	N.A.
Position of respondent	What position do you hold at your primary occupation?	N.A.	N.A.	N.A.
Size of organization	How many people are working in your organization?	N.A.	N.A.	N.A.
Age of organization	How old is your organization?	N.A.	N.A.	N.A.
Time as stakeholder	Since when are you a…? - Customer - Staff member - [Name of NPO] member	N.A.	N.A.	N.A.
Degree of involvement	What would you say how actively involved you are with [name of NPO] compared to your peers (i.e. other members if you are member)?	N.A.	N.A.	N.A.

Research Paper III

NON-PROFIT CULTURE AND SATISFACTION WITH THE STATUS QUO:

A CROSS-CULTURAL PERSPECTIVE

ABSTRACT

This paper establishes a theoretical model to shed light on whether non-profit stakeholders respond systematically differently than for-profit stakeholders do when asked for their satisfaction with the status quo of organizational features like the governance regime. The model predicts that national culture moderates the effect of being a non-profit stakeholder on the reported satisfaction level. To validate our hypothesis empirically, this research uses a sample of 2,047 stakeholders from 94 countries in the network of a sustainability NPO that is about to undergo changes to its governance. The results suggest that non-profit stakeholders tend to report systematically higher satisfaction levels than for-profit businesses do because of differences in their reference points and NPOs' tendency to frame changes to the status quo as potential losses. We also find evidence that these differences are weaker in power-distant national cultures and stronger in individualist ones. This study contributes to research on satisfaction measurement, extends previous applications of prospect theory, and provides insights into how and why national culture moderates organizational effects on satisfaction reporting.

Key words: Stakeholder satisfaction, non-profit organizations, national culture

INTRODUCTION

"Each of our stakeholders is essential. We commit to deliver value to all of them, for the

future success of our companies, our communities and our country."

(Business Roundtable, 2019)

It came as a surprise to many when the Business Roundtable (2019) officially updated its "Statement on the Purpose of a Corporation" with a focus on stakeholders rather than only shareholders. The announcement by 181 of the CEOs who compose the Business Roundtable, America's foremost corporate association, "overturned three decades of orthodoxy to pledge that their firms' purpose was no longer to serve their owners alone, but customers, staff, suppliers and communities, too" (The Economist, 2019: 7). Thus, suddenly, it is increasingly important to big corporations like Amazon, Apple, ExxonMobil, General Motors, JPMorgan Chase, and Macy's, all of which signed the statement, to understand how satisfied their stakeholders are with what the companies are doing. This new trend for the corporate world is already an established principal for non-profit organizations (NPOs), which are accustomed to listening to a variety of stakeholders because they strive to serve wider society (Dees, 1998) and have a diverse customer landscape that includes beneficiaries, supporters, and regulators (Bruce, 1995).

Defined on the basis of customer satisfaction (Clark, 2002), satisfaction with the status quo captures how well stakeholders' experience with the current state of affairs meets their expectations about an organization they feel linked to. Previous research on stakeholder satisfaction focuses heavily on shareholder returns (Chakravarthy, 1986), on customers' perceptions and purchases (Anderson & Sullivan, 1993; Szymanski & Henard, 2001), or on employees' job satisfaction (Chakravarthy, 1986; Chen et al., 2011) but only rarely on all of them combined or on stakeholders in general (Kennerley & Neely, 2002). Corporations may learn lessons from

the non-profit world because of NPOs' expertise in broad stakeholder landscapes. Moreover, previous studies do not take into account that stakeholders might respond systematically differently depending on the sector they represent. For example, because of differences in expectations (Rawls, Ullrich, & Nelson, 1975) and risk affinity (Hull & Lio, 2006), stakeholders from the non-profit sector might respond differently than for-profit stakeholders do when asked for their level of satisfaction regarding organizational features or performance. In addition, previous studies do not take into consideration that such non-profit-sector-specific effects may be affected by the national culture in which organizations operate. Researchers have found that national culture influences results of job satisfaction studies (Eskildsen et al., 2010), particularly the results of surveys (Liu et al., 2004). Even though some studies assess the effects of national cultures on satisfaction measurement (Eskildsen et al., 2010; Haar et al., 2014; Huang & van de Vliert, 2003, 2004; Laroche et al., 2004; Lok & Crawford, 2004), there has been no systematic overview on how national culture moderates the relationships between reported satisfaction and its antecedents, so it is difficult to predict which features of national culture affect these relationships. Moreover, these studies use comparatively small country samples or do not employ comprehensive models for national culture. With the present study, we seek to close this research gap by answering the question, *do stakeholders from the non-profit sector report different satisfaction levels than those from the for-profit sector do, and, if so, is this difference affected by national culture?*

We establish a theoretical model to answer this research question, relying on prospect theory (Kahneman & Tversky, 1979, 1984) and the congruency framework (Lachman et al., 1994). Prospect theory suggests that reported satisfaction levels might depend on an individual's reference point and whether changes are framed as losses or gains. The congruency framework suggests that national cultures can be congruent or incongruent with an organization's culture, thus increasing or weakening the effect of organizational characteristics. To test our theoretical

research model, we rely on a sample of 2,047 responses in 94 countries from the stakeholder network of an environmental NPO that is undergoing a reform to its governance.

This study advances research on stakeholder satisfaction in the non-profit sector, particularly with regard to organization-related topics like governance regimes, by examining whether differences in NPOs' organizational culture leads to systematically different reporting of satisfaction level from non-profit stakeholders than from for-profit stakeholders. We also extend the application of prospect theory in the non-profit sector by using it to explain differences between non-profit and for-profit stakeholders with regard to satisfaction reporting. Moreover, our research considers the importance of national culture for satisfaction measurement in the non-profit sector and how specific cultural attributes may increase or weaken the effect of NPO-specific effects on satisfaction with the status quo.

We also produce results that are useful for practitioners. First, for-profit businesses and NPOs alike may use our insights to calibrate responses to the satisfaction-related inquiries of non-profit versus for-profit stakeholders. Second, businesses and NPOs may consider our results to understand how national culture affects the degree to which non-profit stakeholders respond systematically differently than for-profit stakeholders do when asked for their level of satisfaction.

THEORETICAL BACKGROUND AND HYPOTHESES

Satisfaction with the status quo

Why and how organizations measure their stakeholders' level of satisfaction

Measuring stakeholders' satisfaction with organizational performance or attributes is an essential element in the measurement of organizations' general performance and is often key to

the direction in which organizations are steering. The management literature has gradually expanded the concept of satisfaction from a narrow assessment from the shareholders' point of view in terms of financial data like sales, total capital, or equity (Chakravarthy, 1986) to include customers, employees, and eventually the wider stakeholder network of organizations. As Barnard (1938) stresses, truly excellent companies balance the competing demands of these various stakeholders to ensure their survival.

Customers are a natural next step beyond shareholders, as their satisfaction impacts companies' financials (e.g., sales and profit) through word-of-mouth marketing and repeat purchases (Anderson & Sullivan, 1993; Szymanski & Henard, 2001), much like shareholder satisfaction does (e.g., share prices and capital costs). A high level of customer satisfaction is considered the strongest predictor of future profits (Kotler, 1991). Because of its strong link with sales, customer satisfaction is addressed largely by marketing and marketing research. By 1992, researchers had already published more than 15,000 articles on customer satisfaction. Some scholars went as far as arguing that "satisfying customers is the primary obligation of a company" (Peterson & Wilson, 1992: 61). In contrast to shareholder satisfaction, which is usually measured in terms of financial figures, companies and scholars alike rely heavily on surveys to measure customers' satisfaction with the goods and services a company provides. Survey results are usually complemented by indirect measures likes sales data (McNeal & Lamb, 1979), but the emphasis is on the survey. Research on employees and stakeholders, for whom satisfaction is increasingly measured, has continued this trend.

Although the effect of job satisfaction on task performance is disputed (Iaffaldano & Muchinsky, 1985), employees' satisfaction is important for an organization because of its effect on citizenship behavior, that is, employees' efforts beyond required task performance that supervisors do not require (Bateman & Organ, 1983). Employees' satisfaction is also associated with companies' ability to attract and keep staff (Chakravarthy, 1986; Chen et al., 2011).

Finally, when companies began taking a more holistic view of their environment, they started paying more attention to actors who are stakeholders, even though they are less visible in companies' daily business than shareholders or employees. A narrow, mostly external view limits stakeholder satisfaction to satisfaction with an organization's social responsibility, mostly its community and environmental responsibility (Chakravarthy, 1986). Scholars often employ a wide definition of stakeholders that includes shareholders, customers, employees, and other groups (Love & Kraatz, 2017). Previous research on the satisfaction of hospital patients (Reilly et al., 2014) and employees (Chen et al., 2011) shows that stakeholders' satisfaction can be important to organizations beyond a simple transactional buyer-supplier relationship. Borrowing from Clark's (2002: 28) definition of customer satisfaction, we summarize stakeholders' satisfaction with the status quo as the degree to which stakeholders' experience with an organization meets their expectations.

As Kennerley and Neely (2002) explain with their "Performance Prism," an organization can affect its stakeholders' satisfaction through its strategies, processes, and capabilities. Strategies should be targeted at satisfying stakeholders' demands, while processes should follow these strategies, and capabilities should be built to put these processes into practice to satisfy stakeholders. However, to measure stakeholder satisfaction and adapt strategies, processes, and capabilities accordingly, organizations frequently rely on surveys of their stakeholders. However, the results of such satisfaction surveys are prone to non-content-oriented factors. For example, Ganzach (1998a) finds that employees' intelligence has a negative effect on the level of job satisfaction they report, and Hekman et al. (2010) show that customer satisfaction surveys are often race- and gender-biased.

Satisfaction of NPOs' stakeholders

NPOs are dependent on stakeholders as well, although their relationships can be of different nature. For example, NPOs' customers are not one but four groups of stakeholders: beneficiaries, supporters, regulators, and other stakeholders (e.g., staff and board members). Although beneficiaries benefit from the goods or services an NPO provides, they are usually not the ones to pay for it (Bruce, 1995), and many beneficiaries of an NPO use its services no matter how well or poorly it is performing because they are dependent on it. Therefore, it is all the more important for NPOs to determine how satisfied their stakeholders are (Dees, 1998). However, financial numbers like sales are seldom a factor in NPOs and so cannot serve as a proxy for customer satisfaction. In addition, as NPOs' employees tend to earn significantly less than their counterparts in the for-profit sector (Handy & Katz, 1998b; Jones, 2015a), their satisfaction with their employer is all the more important. As for other stakeholders, dissatisfaction, particular among an NPO's financiers, will lead to a reduction in the resources available to it if its sponsors abandon the organization.

Prospect Theory

Kahneman and Tversky (1979, 1984) developed prospect theory to explain decision-making under uncertainty. The theory supposes that individuals make decisions largely depending on whether they think of a choice as a potential loss (and avoid a risky course of action) or a potential gain (and seek a riskier course of action). The extent to which individuals perceive options as gains or losses depends on their frames of reference and the subjective value, they assign to it. Frames of reference refer to an internal standard used to evaluate these options, while subjective value focuses on an individual reference point such that, the farther away from one's reference point an option's potential gains or losses are, the more meaningful the gains or losses loom. Moreover, prospect theory suggests that decision-makers usually weight losses

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more heavily than they do gains. The theory explains a variety of irrational choices (Hogarth, 1980), including why individuals often value the option to have at least some chance of recovering sunk costs through additional investment higher than they do not putting more resources at risk, as they frame the option of doing nothing as accepting certain loss and an additional investment as a possible gain (Whyte, 1993).

Businesses and nonprofits alike attempt to measure stakeholder satisfaction to determine whether they should make changes to the status quo and whether stakeholders appreciate the changes they propose or have already implemented. Stakeholders are likely to be aware of this purpose of measuring satisfaction, so their expression of dissatisfaction with the status quo may be seen as a demand for change. Therefore, it seems reasonable to conclude that stakeholders think about the potential losses and gains from change and that they make a conscious decision to express or withhold dissatisfaction. Hence, prospect theory can help to explain under which circumstances stakeholders are likely to show (dis-)satisfaction.

In a later publication, Kahneman (1999) also explained how the principles that underpin prospect theory can explain the link between perceived happiness and behavior, such as the link between employees' job satisfaction and turnover intention (Chen et al., 2011). Prospect theory may also help to explain why people decide to express their dissatisfaction with or approval of the status quo based on the potential value of the losses and gains they assign to the two options.

Non-profit culture and satisfaction

NPOs do not pursue profit targets and are in many countries even forbidden to generate profits in return for tax exemption. These organizations seek social impact instead of financial returns (Salamon et al., 2003) and often rely on donations or endowments to finance their operations. They may generate revenue from certain activities but do not seek to profits or pay dividends to shareholders.

Those who decide to support an NPO through their labor, such as employees and volunteers, or to support one financially are generally highly intrinsically motivated, which is why the employees NPOs attract are similarly qualified as those who go into the for-profit sector (Johnston & Rudney, 1987a; Mirvis & Hackett, 1983b; Rawls et al., 1975), despite being paid significantly less (Frumkin & Keating, 2010; Handy & Katz, 1998b; Jones, 2015a). There may even be a shadow price effect, i.e. a benefit not already priced in the wages of NPOs' employees, that can be attributed to the non-pecuniary purpose that people see in working for an NPO (Binder, 2016b). Those who work in NPOs may differ in their values and preferences (Hull & Lio, 2006; Rawls et al., 1975) from those who choose to work in for-profit businesses.

For example, those who work in NPOs tend to be forgiving (Rawls et al., 1975), so they are less likely than others are to express dissatisfaction. Moreover, they tend to be consensus-oriented because their organizations are less hierarchical than businesses are (Anheier, 2000; Taliento & Silverman, 2005). In addition, NPOs are slower to adapt to environmental change than for-profit businesses are (DiMaggio & Anheier, 1990), so those who work in NPOs tend to be less accustomed to change. Because of the lack of financial performance indicators (Dees, 1998; Horak & Heimerl, 2002), measuring the impact of changes is more difficult in NPOs, so those who work in this sector might be unaccustomed to evaluating performance or criticizing shortcomings. Therefore, in the sense of prospect theory, stakeholders from the non-profit sector are likely to have a lower reference point and need to experience higher levels of dissatisfaction before voicing it.

NPOs' employees also value innovation less than businesses' employees do (Miller-Stevens et al., 2018), and they often show a bias toward the status quo because resources that are invested in innovation are then not available for the NPO's central mission (Morris et al., 2007). It is likely, then, that they focus more on the potential losses from change than the potential

gains. Furthermore, differences in NPOs' strategies, vision, and financials versus those of businesses lead to difference in the support for risk-taking and innovation (Hull & Lio, 2006).. Employees may perceive changes to the status quo as a distraction from the core social mission they are trying to serve (Foster & Bradach, 2005) and so focus on the losses such changes might entail. As profit and financial gains are not important targets for NPOs (Salamon et al., 2003) and their employees (Devaro & Brookshire, 2007a) and it is difficult to assign monetary value to innovations in the non-profit sector (Morris et al., 2007), it may be more difficult for NPOs' stakeholders to see the potential gains from change. Thus, in the sense of prospect theory, NPO stakeholders are likely to focus more on the potential losses from change that may be induced by negative feedback and so withhold expressions of dissatisfaction.

Therefore, the degree to which respondents express the dissatisfaction that may lead to changes is likely to be influenced by the sector in which they work. Because of the NPO stakeholders' likely lower reference point and their likely stronger tendency to frame changes as potential losses, it is less likely that they will provide the critical feedback that could lead to change. Hence, we hypothesize:

H1: *Non-profit stakeholders report higher satisfaction with the status quo than stakeholders from the for-profit sector do.*

National culture and satisfaction

National culture as a construct

Culture was first studied (mostly qualitatively) in the fields of anthropology and archaeology. With the rise of globalization and the expansion of cross-border travel and business activities, interest in culture increased in the fields of psychology, management, and education (Taras et al., 2009). Culture is shared among the members of a society or group, formed over relatively long periods, and is fairly stable over time (Taras et al., 2009). Studies on the effects

of different cultural backgrounds (e.g., Kuhn & McPartland, 1954; Rokeach, 1973) were conducted long before Hofstede (1980) published *Culture's Consequences*, the first attempt to develop and test empirically a set of quantitative indices that measure differences among national cultures (Taras, Steel, & Kirkman, 2012).

Scholars are frequently criticized for oversimplifying culture by approximating its boundaries as national borders (e.g., McSweeney, 2015), but doing so is a common practice. According to Schaffer and Riordan (2003), about 80 percent of cross-cultural studies published between 1995 and 2001 rely on country borders to approximate culture, and scholars show that, even though countries serve as an approximation, they are sufficiently meaningful to serve as an adequate unit of analysis. For example, Minkov and Hofstede (2012) show in an analysis of World Values Survey data in 299 in-country regions from twenty-eight countries that individuals' basic cultural values tend to cluster along national lines.

Hofstede and other national culture models

Multiple models are used to assess and measure national culture, including Trompenaars (1993), Schwartz (1994), Maznevski and DiStefano (1995), and Inglehart (1997). One of the major contestants to Hofstede's work, developed by House et al. (2004), the Global Leadership & Organizational Behavior Effectiveness (GLOBE) project (Taras et al., 2009), has led to an ongoing scientific debate over the merits of the two models (Hofstede, 2006; Javidan et al., 2006; Smith, 2006). While acknowledging the advantages of both approaches, we decided to use Hofstede's model because of its historically large body of research and its previous extensive application in the context of measurements of satisfaction (Brockner et al., 2001; Donthu & Yoo, 1998; Eskildsen et al., 2010; Hui et al., 1995; Kirkman & Shapiro, 2001; Lok & Crawford, 2004).

Hofstede (1980) introduced a model of national cultures along four dimensions: power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty avoidance. Later, the model was extended with a fifth dimension, long-term orientation (Hofstede, 2001). For the purpose of this study, we focus on the three dimensions widely considered the "core" dimensions of Hofstede's model (Triandis, 2004): power distance, individualism, and uncertainty avoidance.

Hofstede's model had a profound impact on both cross-cultural research and practitioners in international business (Taras et al., 2009), although it has been criticized for some methodological flaws, most notably that it relies on data collected in a single company, IBM, which limits its generalizability. Regarding its ethical implications, some scholars accuse Hofstede's work, like other national culture models, of producing and supporting stereotypes. In particular, feminist scholars disapprove of Hofstede's distinction between "masculine" and "feminine" societies, with the latter being described as softer, more socially oriented, and frequently less successful in economic terms. Other dimensions are criticized for their attribution of "stronger" and "weaker" traits of societies. Hofstede's work also attracts both methodological and ethical criticism because of the disproportionate number of male respondents in the sample and that the results rely on a population that was qualified to work for IBM (McSweeney, 2002; Witte, 2012). While we accept these criticisms, we support Hofstede et al.'s (2010: 40) view that, while the way individuals

> describe themselves in personality tests is partly influenced by the national culture […], the association between personality and culture […] is statistical, not absolute. It does not justify the use of national culture scores as stereotypes for individuals from these nations. […] National culture scores are not about individuals, but about national societies.

National culture, satisfaction measurement, and prospect theory

Kluckhohn (1951: 86) defines national culture as "patterned ways of thinking, feeling, and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values." This study explores the moderating effect of national culture on the relationship between the type of stakeholder and the reported satisfaction level.

We expect national culture to play an important role in this relationship because it shapes "peoples' perceptions, dispositions, and behaviors" (Steenkamp, 2005: 6) and explains substantial shares of variation in individual attitudes (Gannon, 1994). According to Lok and Crawford (2004: 323), "individuals bring their personal values, attitude and beliefs to the workplace," and these "are reflected in different national cultures." Furthermore, as Lachman et al. (1994: 44) put it, national "cultural values permeate organizations by defining role relations as culturally acceptable, relatively neutral, or in conflict with culturally prescribed norms and, therefore, unacceptable." In other words, organizational roles and culture can be more or less congruent with the national culture in which an individual operates; if they are congruent, one would expect organizational culture to have an effect as expected, but if national and organizational culture are incongruent, the effect of the latter is likely to be reduced, just as "incongruence between the manifestations of core values at the organizational […] and the individual […] levels of the organization, will also impede organizational effectiveness" (Lachman et al., 1994: 43). More specifically, we believe that the reported satisfaction level of stakeholders from the non-profit sector will differ from those in the for-profit sector depending on the national culture in which an individual works. We expect non-profit stakeholders to deviate more from businesses when the national culture is congruent with the non-profit sector's core values.

The effect of national culture on satisfaction measurement has been assessed by multiple studies and found to be of particular importance for surveys (Liu et al., 2004). Laroche et al. (2004) find evidence that national culture affects customers' quality perceptions and satisfaction ratings, while Eskildsen et al. (2010) show that national culture directly affects the results from job satisfaction surveys. Some studies also conclude that national culture affects job satisfaction. For example, Lok and Crawford (2004) find that an innovative organizational culture's effect on employee job satisfaction and organizational commitment differs between respondents from Australia and from Hong Kong. National culture also has a moderating effect on job satisfaction's relationships. For example, Haar et al. (2014) show that the effects of work-life balance on job satisfaction, life satisfaction, and mental health are moderated by national differences in individualism and gender egalitarianism. Huang and van de Vliert (2003) find that power distance plays a moderating role in the relationship between job characteristics and job satisfaction. Similarly, Huang and van de Vliert (2004) find that employees' job level is positively related to their job satisfaction but only in individualist countries. In sum, it has been established that national culture affects satisfaction in general. However, no systematic overview has been done on how national culture interacts with antecedents to satisfaction with the status quo and how national culture may, thus, indirectly affect reported satisfaction. More precisely, to the best of our knowledge, no research has been undertaken on how national cultures affect the relationship between the type of stakeholder and satisfaction with organizational features. What's more, previous studies often use a small country sample (e.g., Donthu & Yoo, 1998; Laroche et al., 2004; Lok & Crawford, 2004) or a national culture model that is not as comprehensive as Hofstede's (1980) (e.g., Haar et al., 2014; Huang & van de Vliert, 2004; Lok & Crawford, 2004).

Multiple scholars in international management link national culture with prospect theory to explain the behavior of individuals from different cultural backgrounds in several ways. First,

the assumptions that underpin prospect theory find empirical support (Paddock et al., 2015), as the shape of individual value functions is similar across countries, suggesting that the theory may be applied in different cultural settings, and there are significant differences in the average reference points of respondents from different countries. Both elements are key to predicting someone's decision to support or oppose potential losses or gains. Thus, although prospect theory seems applicable in multiple cultures, it may predict different outcomes depending on the culture's features. Second, risk aversion may differ between national backgrounds, and "cultural factors […] cause substantial differences in risk preferences" (Rieger et al., 2011: 30). Western cultures are more risk-averse than Eastern ones (Marshall et al., 2011) and North Americans tend to act more in their self-interest than Asians do (Sharp & Salter, 1997). Third, framing effects in the sense of prospect theory have been confirmed for multiple national cultures. Asian and Western individuals alike tend to over-emphasize losses (Marshall et al., 2011; Sharp & Salter, 1997). In gain scenarios (choices between a certain win or gambling on a bigger win), uncertainty avoidance increases risk-aversion, while in loss scenarios uncertainty avoidance increases risk-seeking and individualism reduces risk-seeking (Rieger et al., 2011). In sum, previous studies show that, when prospect theory is used, national culture plays an important role in explaining the behavior of individuals from different cultural backgrounds. Therefore, we expect a moderating effect on the relationship from H1 for all three of Hofstede's (1980) core dimensions: power distance, individualism, and uncertainty avoidance.

Power distance (PDI) captures the "extent to which the members of a society accept that power in institutions and organizations is distributed unequally" (Hofstede, 1984: 83). Based on the congruency framework (Lachman et al., 1994), we contend that the level of PDI resonates with the NPO culture based on congruency with regard to reference points and tendencies to frame change as potential loss.

PDI is likely to affect individuals' average reference points. People from a cultural background with low PDI tend to demand to be heard (Brockner et al., 2001), while those from cultures with high PDI tend to behave less proactively because they do not like to step outside the bounds of authority (Kirkman & Shapiro, 1997; Kirkman & Shapiro, 2001; Kreiser, Marino, Dickson, & Weaver, 2010). Therefore, people in cultures with high PDI are unlikely to demand proactively that superiors and institutions improve things. Indeed, high PDI is associated with lower feeling of responsibility to aid others and, thus, less charitable behavior (Winterich & Zhang, 2014). Therefore, those in high-PDI countries are likely to expect those they entrust with power to improve things for them. In the sense of prospect theory, high-PDI individuals may have a higher reference point than do those with a low-PDI cultural background, a view that resonates negatively with NPO culture, which tends to have a lower reference point because those who work for NPOs tend to be willing to forgive (Rawls et al., 1975) and to think less hierarchically, as decisions about change are made jointly, often triggered by groups rather than leaders (Anheier, 2000). In addition, they focus less on change (DiMaggio & Anheier, 1990) and financial implications (Dees, 1998; Horak & Heimerl, 2002), so PDI is likely to weaken the effect of NPOs' stakeholders on the reported satisfaction level.

Similarly, PDI is likely to affect how individuals frame changes. Employees in high-PDI cultures are less likely than others are to demand or accept power and responsibility (Møller, 1994). This outsourcing of responsibility presumably frees them from feeling responsible for undesirable changes because of the negative feedback they give. In high-PDI cultures, "the ideal boss in the subordinates' eyes […] is a benevolent autocrat or 'good father'" (Hofstede et al., 2010: 73), that is, someone who makes good decisions on others' behalf. Therefore, it is likely that those in high-PDI countries focus on the gains that the changes a higher authority administers might produce and less on potential losses, suggesting a focus on gains in power-distant countries that is incongruent with the emphasis on potential losses in NPOs derived

above. Hence, PDI is likely to decrease the effect of being a non-profit stakeholder on reported satisfaction. Therefore, we hypothesize:

H2a: The effect of being a non-profit stakeholder on reported satisfaction is weaker when national cultural power distance is high rather than low.

Individualism (IDV) refers to "a preference for a loosely knit social framework in society wherein individuals are supposed to take care of themselves and their immediate families only," whereas *collectivism* refers to "a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them in exchange for unquestioning loyalty" (Hofstede, 1984: 83). We contend that IDV interacts with the NPO culture based on the congruency of reference points and dispositions to frame the outcomes of changes (Lachman et al., 1994).

IDV is associated with less proactive behavior (Kreiser et al., 2010) and resistance to teams (Kirkman & Shapiro, 1997). On the other hand, collectivist individuals will put up with unfair or unpleasant situations if their group accepts it (Hull & Lio, 2006). They tend to favor the group's interest and welfare over their own (Kluckhohn & Strodtbeck, 1961), which is likely to be why they report higher levels of (job) satisfaction than highly individualist people do (Hull & Lio, 2006). Therefore, it is likely that highly individualist people have higher reference points because they have higher expectations about others. However, those from collectivist cultures focus less on individual performance (Kim, Park, & Suzuki, 1990; Törnblom, Jonsson, & Foa, 1985) than on "losing face" or making others lose face, so they tend to be subtle in expressing discontent (Hofstede et al., 2010). They tend to be less interested in pursuing their own, individualistic goals than group goals, which is likely to lead to lower (explicit) levels of conflict (Hull & Lio, 2006). Therefore, it is likely that those from individualist cultures voice their higher reference points assertively and point out when their expectations are not met. In

addition, those from individualist cultures are less likely than those from collectivist cultures to consider professional or organizational norms when they form opinions (Vitell, Nwachukwu, & Barnes, 1993) and are also likely to have higher expectations for themselves and their organizations to perform well. Consequently, individuals from individualist cultures are likely to have higher reference points and to voice actively any dissatisfaction with performance, a tendency that is at odds with NPO culture.

Moreover, IDV is likely to affect how people frame changes. IDV is associated with high affinity for risk because of overconfidence and excessive optimism (Breuer, Riesener, & Salzmann, 2014; Rieger et al., 2011), which also leads to more organizational risk-taking (Mihet, 2013). On the other hand, those from collectivist cultures are afraid of the shame they may feel for not contributing adequately to their group's welfare (Adler, 1997), so they are likely to shy away from risk. Therefore, people from highly individualist countries are likely to focus more on potential gains than they do on losses. In addition, those in individualist countries are "likely to consider themselves as a more important stakeholder than owners/stockholders and other employees" (Vitell et al., 1993: 756), so they are also likely to be more willing to take risks for their organizations if they think they themselves will benefit. Therefore, we argue that those from individualist cultures tend to think more about themselves than about the implications for other stakeholders when assigning value to the results of their actions and so are likely to find it easier to frame changes to aspects of their organization with which they are personally dissatisfied as potential gains. Accordingly, highly individualist national cultures are probably incongruent with the risk-aversity of non-profit stakeholders, who are likely to perceive changes as a distraction from their NPOs' missions (Foster & Bradach, 2005) and as a risk to the resources needed to pursue their NPOs' missions (Morris et al., 2007).

In sum, IDV is likely to reduce the effect of a respondent's being a non-profit stakeholder on satisfaction. Therefore, we state:

H2b: *The effect of being a non-profit stakeholder on reported satisfaction is weaker when national cultural individualism is high rather than low.*

Uncertainty avoidance (UAI) refers to "the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity" (Hofstede, 1984: 83). Relying on the congruency framework (Lachman et al., 1994), we hypothesize that, because of its impact on reference points and the framing of change, UAI interacts with the NPO culture.

Organizations in countries with high UAI create strong bonds among their employees, which inclines these employees to act in the common good (Vitell et al., 1993), but UAI is also not associated with proactive behavior (Kreiser et al., 2010). As a consequence, individuals in cultures with high UAI tend to be good at predicting other group members' behavior and to be intolerant of deviations from what they perceive as the norm (Vitell et al., 1993). Therefore, they are likely to have a high reference point. What's more, individuals from uncertainty-avoidant cultures tend to have high service expectations because they carefully value options and output, so their perceptions of dysfunction tend to be strong (Donthu & Yoo, 1998). Therefore, they are likely to express their dissatisfaction more strongly than others do. Indeed, there may be a significant negative relationship between uncertainty avoidance and job satisfaction (Eskildsen et al., 2010). Within the framework of prospect theory, one would expect that individuals with uncertainty-avoiding cultural backgrounds have a higher reference point on which they base their evaluations. In that regard, we contend that highly uncertainty-avoidant national cultures are incongruent with NPOs' forgiving culture.

UAI has a negative influence on risk-taking (Kreiser et al., 2010; Rieger et al., 2011), particularly in gain scenarios (Rieger et al., 2011), so it is not surprising that high levels of UAI have been associated with low risk-taking (Mihet, 2013). Those in highly uncertainty-avoidant cultures tend to place significant value on how their actions are perceived, and they react if

they think their actions have negative consequences for the wider group or their organizations (Vitell et al., 1993). Therefore, they are likely to focus closely on potential losses for their group or their organization. Consequently, those from highly uncertainty-avoidant countries are "likely to consider the owners/stockholders and other employees as more important stake-holders than themselves" (Vitell et al., 1993: 758). They are also likely to refrain from taking risks if they think their organizations might be harmed, so they are likely to think of changes as potential losses. In that regard, highly uncertainty-avoidant national cultures are probably congruent with NPOs' risk-averse culture (Hull & Lio, 2006) and loss orientation.

In sum, the supposedly higher reference point in cultures that are highly uncertainty-avoidant suggests incongruence with the NPO culture, but the assumed strong focus on poten-tial losses suggests congruence with NPO culture. We propose that these two opposing effects cancel each other out, so we do not expect a clearly enabling or inhibiting effect of UAI on the relationship described in H1. Accordingly, we state:

H2c: *The effect of being a non-profit stakeholder on reported satisfaction is not affected by the national culture's level of uncertainty avoidance.*

Figure 1 shows our research model, the main variables we measure, and the hypotheses we derived based on previous research.

Figure 1: Conceptual Model
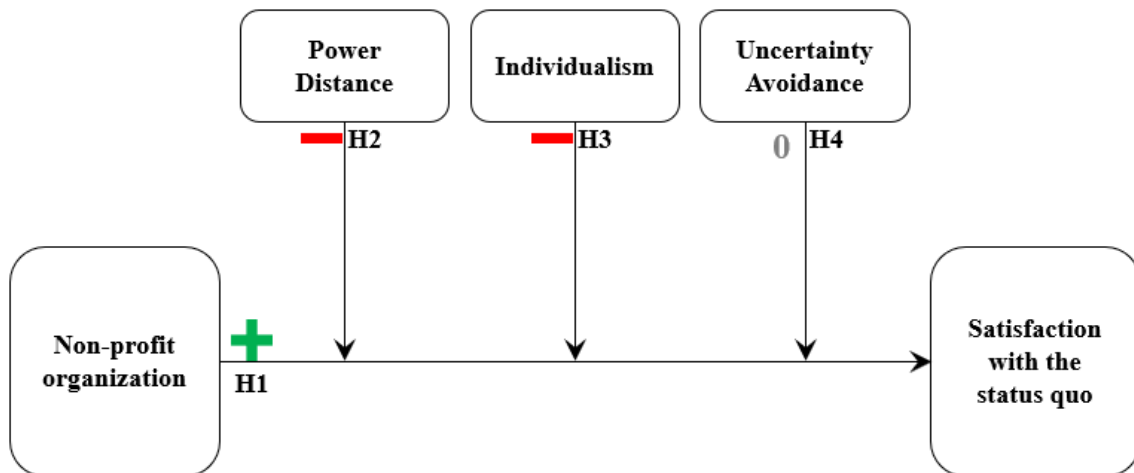
METHODS

Sample

To test our hypotheses, we rely on a sample of an international NPO's stakeholders who stem from both the non-profit and the for-profit sectors and multiple industries. The NPO is a membership organization that focuses on sustainability and offers its customers a certificate that signals to their markets the credibility of their sustainability efforts. Our sample of stakeholders includes members, staff, and customers of the NPO. Members can officially propose and vote on changes and policies, while staff prepares, advises, and implements such decisions and takes care of operations. The NPO's customers must comply with a set of criteria and pay a fee, and they receive a sustainability certificate in return. Several years ago, the NPO's membership asked for a review of its governance. When the process did not provide the desired results, a second review phase was initiated in which the authors of this paper assisted and which included an online survey sent to the NPO's stakeholders. As part of this survey, stakeholders were questions about their national culture, their work background, and their satisfaction with the status quo.

Native speakers translated the survey from English to seven other languages (Chinese, French, German, Japanese, Portuguese, Russian, and Spanish), and the translations were reviewed according to Brislin (1970), including back translation. Participants selected their preferred language when they opened the survey. They received personalized emails, invitation links, and a video message from the NPO's CEO, asking for their input. Background information on the governance reform project and its timeline was provided. We used a subset of stakeholders to pretest the survey for its adequacy, ease of use, and comprehensibility. The survey was open for two months (June and July 2018), and stakeholders were reminded multiple times to complete it. The survey had a 12 percent response rate, with 2,043 valid responses from ninety-four countries. Table 1 shows the composition of the sample.

Measures

Our analysis' main constructs are NPO, satisfaction with the status quo, and national culture, and it controls for several company- and individual-level variables. Stakeholders answered on a 5-point Likert-type scale. We list information on each variable (item list, scale reliability, and validity measures) in the appendix.

Table 1: Sample Composition

	Absolute	Share
Stakeholder type*		
Members	513	25%
Staff	171	8%
Customer	1,524	75%
Chosen survey language		
Chinese	100	5%
English	1,321	65%
French	70	3%
German	189	9%
Japanese	36	2%
Portuguese	70	3%
Russian	85	4%
Spanish	172	8%
Country based in**		
Germany	204	10%
USA	165	8%
UK	89	4%
Italy	82	4%
China	76	4%
Age of respondent		
20-30 years	160	8%
31-40 years	522	26%
41-50 years	576	28%
51-60 years	504	25%
61-70 years	175	9%
> 70 years	17	1%
Position of respondent		
CEO (or equivalent)	310	15%
Member of top leadership team	554	27%
Middle management	679	33%
Lower management	188	9%
Clerk / administrator	209	10%

	Absolute	Share
Educational level of respondent		
Doctoral or equivalent	130	6%
Master's or equivalent	721	35%
Bachelor's or equivalent	796	39%
Secondary education	242	12%
Primary education	6	0%
No formal education	1	0%
Non-profit organization		
No	1,492	73%
Yes	333	16%
Time of being stakeholder		
> 10 years	386	19%
5-10 years	682	33%
3-5 years	330	16%
1-3 years	363	18%
<1 year	245	12%
Size of organization (employees)		
> 5,000	70	3%
500-5,000	251	12%
51-500	807	40%
11-50	461	23%
2-10	259	13%
1 (self-employed)	100	5%
Age of organization		
> 50 years	488	24%
26-50 years	499	24%
11-25 years	592	29%
6-10 years	198	10%
1-5 years	142	7%
< 1 year	12	1%
N	2,043	100%

Note: blanks not included in break-downs

*Stakeholder may fall into one or more categories

**Includes only the 5 most frequent

Satisfaction with the status quo

Previous studies suggest that "satisfaction is difficult to measure and very service-specific" (Bouckaert & van de Walle, 2003a: 329). As a concept, satisfaction is closely linked to the specific organization and sector context, and its evaluation depends on properties of the object of assessment (Das, Das, & McKenzie, 1995a; Roth, Bozinoff, & MacIntosh, 1990b), so adapting its measurement constructs to the context in which it is to be measured is necessary. Some researchers ask respondents "to report how satisfied they were with the treatment they received" (Vigoda-Gadot et al., 2010: 299), and most develop their own measurement construct (Huang & van de Vliert, 2004; Mayer et al., 2009; Ssesanga & Garrett, 2005). However, to the best of our knowledge, no satisfaction measurement construct for the context of governance has been established, and we could not use a generic satisfaction scale, as an adaption to the specific context is necessary (Bouckaert & van de Walle, 2003a; Das et al., 1995a; Roth et al., 1990b). Therefore, we follow previous studies (e.g., Mayer et al., 2009; Ssesanga & Garrett, 2005) in developing a satisfaction measurement in close collaboration with the NPO we study to ensure that the measurement fits the organization's context and that of its stakeholders and to get senior practitioners' input for the development. Our approach was guided by Churchill (1979b) and DeVellis's (2012b) well-established process.

In using this approach, we first reviewed the literature to determine the key elements of (corporate) governance (Aguilera, Filatotchev, Gospel, & Jackson, 2008b; Aluchna & Idowu, 2017a; Dempsey, 2013b; Drew, Kelley, & Kendrick, 2006a; Hilb, 2008a; Steger & Amann, 2008b). In general, governance regimes can be assessed with the help of two paradigms: principal-agent theory and contingency theory (Steger & Amann, 2008b). Principal-agent theory focuses on how shareholders and stakeholders can ensure that their organizations' decision-makers act in the organizations' best interest. Contingency theory considers factors beyond the organization's control and how well a governance regime allows the organization to adapt to

them, so governance regimes face the challenge of balancing rigidity and flexibility. They must be pillars of good conduct and accountability but also ensure that the organization can take proportional measures when outside conditions change and action is required. However, "effective governance […] is not necessarily good governance" (Dempsey, 2013b: 11), and vice versa.

We reviewed drafts of the question items with the NPO's top management to include the view of practitioners who are deeply involved in the organization. We used the input we received to adapt and confirm the items and then pre-tested the scale among a subset of the stakeholders to apply a final reality check. Related to principal-agent theory, the scale focuses on measuring stakeholder satisfaction with regard to who has a voice in making decisions, how they can impact decisions, how these decisions are made, and who is accountable for their implementation. In addition, in the sense of contingency theory, and taking the NPO context into account, the scale assesses the degree to which the governance regime helps the NPO fulfill its mission.

We follow Flatten, Engelen, Zahra, and Brettel (2011b) and Hinkin (1995a) in assessing the scale's fit. Using an exploratory factor analysis (EFA), we test to determine whether there are alternative factor structures and whether items that do not adequately capture our hypothesized components of the satisfaction construct should be removed. A maximum-likelihood factor analysis yields a Kaiser-Meyer-Olkin estimate of .85, suggesting that factor analysis is appropriate. The EFA resulted in only one significant factor, which has an explained variance of 61 percent, above the 60 percent target Hinkin (1995a) suggests. The factor loadings for all six items range from .70 to .85, showing convergent validity (Ford, MacCallum, & Tait, 1986a). The Cronbach's alpha for the full scale is .87, and the factors' values range from .83 to .86, exceeding Nunnally and Bernstein's (1978b) threshold of .7 and providing confidence in the

scale's internal consistency and reliability (Churchill, 1979b). These results support our contention that all questions should be combined in a single measurement construct, so we aggregated all six items in a single scale. High values on the scale suggest high levels of satisfaction. The final items for the satisfaction measurement construct are shown in the appendix.

Non-profit organization

We asked respondents if their primary occupation was in a non-profit or a for-profit organization so we could code the independent variable *non-profit organization* as a dummy variable that is 0 when the respondent works in a for-profit business, and 1 when he or she works in a non-profit organization.

National cultures

For this paper, we rely on the updated country scores from Hofstede et al. (2010) to measure the degrees *of power distance*, *individualism*, and *uncertainty avoidance* that are present in a national culture. We match these scores with the respondents' work locations (e.g., Engelen, Schmidt, & Buchsteiner, 2015; Engelen, Weinekötter, Saeed, & Enke, 2018; Kirkman & Shapiro, 2001). To give further credibility to our findings, we compared our results to those from using country scores based on the locations in which respondents spent the majority of their childhoods. This additional test yields only minor differences, supporting our approach of relying on respondents' work locations. Table 2 shows the national culture scores for the twenty countries represented most frequently by our respondents (1,214 responses or 61% of our sample).

Table 2: 20 Most Frequent Countries and Their Hofstede Scores

Country	Frequency	PDI	IDV	UAI
Germany	204	35	67	65
United States	165	40	91	46
United Kingdom	89	35	89	35
Italy	82	50	76	75
China	76	80	20	30
Russia	62	93	39	95
Brazil	61	69	38	76
Canada	58	39	80	48
Japan	41	54	46	92
Indonesia	41	78	14	48
Australia	40	38	90	51
France	39	68	71	86
Romania	39	90	30	90
Poland	36	68	60	93
Spain	36	57	51	86
Mexico	34	81	30	82
Netherlands	31	38	80	53
Argentina	28	49	46	86
Switzerland	26	34	68	58
Chile	26	63	23	86

Control variables

All of our models control for a set of variables that could affect the main relationship be-tween *non-profit organization* and *satisfaction with the status quo*. Most of this information is collected through the respondents' self-assessments. Using mid-point coding, we transformed all ordinal variables that have numerical answer categories to continuous variables.

Individual controls. Individuals often internalize job-related experiences and patterns, so they transfer the resulting habits to new jobs (Dokko et al., 2009). As respondents might have switched between the non-profit sector and the for-profit sector, we asked them not only about their current main occupations but also whether they had ever *switched sector*. This dummy variable is measured as 1 if respondents had worked in the opposite sector, and 0 otherwise. Because previous research suggests that less educated and older individuals tend to see change as less desirable (Kirton & Mulligan, 1973a) we add the *age of respondents* and their *educational level* as controls. Both are ordinal variables with six categories. We also control for the

position of respondents in their respective organizations using a five-category ordinal scale, as individuals who are in higher positions could find it easier to access information on which to base their judgements and be more accustomed to expressing dissatisfaction than those in lower positions are.

Organizational controls. Older and larger organizations might give their representatives more clout, making them feel more entitled to express dissatisfaction, but it could also be more difficult to obtain information and come to a decision in larger and less agile organizations. Therefore, we added the *size of the [respondents'] organization* and the *age of the [respondents'] organization* as controls as ordinal variables with five categories. Being an NPO's stakeholder for a long time might also affect how much (dis-)satisfaction respondents express because they feel they are in a strong position to judge the status quo or because they know that things have improved or worsened over the last few years. Therefore, we control for *time as stakeholder*, measured in five categories of an ordinal variable.

Stakeholder type. Because of the NPO's current governance structure, stakeholders differ substantially in their ability to influence changes and the degree to which they can shape the current governance, so it is likely that this difference in power affects satisfaction with the status quo. The NPO is a membership organization with the international plenary members' meeting as its highest decision-making body, giving power to members through their votes but also when they serve on committees and the organization's board. Staff implements the membership's decisions, so they have little de jure power on decision-making, but they are influential in the organization because of principal-agent information asymmetry. Staff could decide to filter information, prepare it for members' decision-making in a certain way, or implement their decisions in a particular way. Customers have the least power because they lack formal authority over the organization. They can try to affect its course only by lobbying members

and staff and by targeted information-sharing. We control for the type of stakeholder using dummy variables for *Member*, *Staff*, and *Customer*.

Other controls. To ensure we are not measuring the effect of differences in national levels of development instead of cultures, our models control for the national *GDP per capita* in thousand US$. We use data published by The World Bank (2019) for the year 2017 (the last available year) of the country in which the respondent works. To control for time effects, we also control for the *response time*, that is, the number of days the respondent took to complete the survey after launch.

RESULTS

Table 3 shows the descriptive statistics and correlations of all variables included in our models. Intercorrelations range from 0 (e.g., between *age of respondent* and *size of organization*) to .79 (between *GDP per capita* and *individualism*). We applied the Lindell–Whitney marker variable technique (Lindell & Whitney, 2001) as is frequently done (e.g., Welpe et al., 2012) to test for common-method bias and ensure our results are not affected by a systematic error that "provides an alternative explanation for the observed relationships between measures of different constructs that is independent of the one hypothesized" (Podsakoff et al., 2003: 879). Partial correlations between the independent variables and the dependent variable show stable coefficients and significance levels when we control for a theoretically unrelated marker variable. We also added unrelated items between the main constructs in the survey, as Wiklund and Shepherd (2005) recommend. As a result, we are confident that common method bias is unlikely to affect our results.

We run multiple regression models to test our hypotheses, as shown in Table 4. Model 1 serves as the baseline that includes only the dependent variable and all controls.

Table 3: Descriptive Statistics

Variable	Mean	S.D.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1 Satisfaction w/ SQ	3.13	0.83	1.00	5.00	**0.87**																
2 Switched sector	0.19	0.39	0.00	1.00	0.00	1															
3 Age of respondent	45.78	11.42	25.00	75.00	-0.10	0.04	1														
4 Educational level	4.38	0.81	1.00	6.00	0.04	0.20	0.04	1													
5 Position of respon.	3.29	1.17	1.00	5.00	-0.09	0.08	0.28	0.15	1												
6 Size of organ.	746.11	1572.37	1.00	7500.00	-0.01	-0.04	0.00	0.10	-0.12	1											
7 Age of organ.	35.34	25.55	0.50	75.00	-0.19	-0.14	0.17	-0.03	-0.10	0.28	1										
8 Time as stakehol.	6.52	4.83	0.50	15.00	-0.15	0.01	0.26	0.05	0.04	0.14	0.28	1									
9 Customer	0.75	0.44	0.00	1.00	-0.13	-0.38	-0.08	-0.28	-0.07	0.05	0.15	0.01	1								
10 Staff	0.08	0.28	0.00	1.00	0.05	0.24	-0.06	0.09	-0.11	-0.09	-0.15	-0.07	-0.48	1							
11 Member	0.25	0.43	0.00	1.00	0.09	0.24	0.14	0.27	0.17	0.15	0.03	0.16	-0.60	-0.16	1						
12 GDP per capita	28.90	20.88	0.46	104.50	-0.27	-0.06	0.24	-0.14	0.01	0.02	0.35	0.25	0.08	0.02	-0.04	1					
13 Response time	34.75	13.02	0.01	50.46	-0.02	-0.33	-0.09	-0.26	-0.07	-0.05	0.07	-0.10	0.56	-0.31	-0.45	0.00	1				
14 NPO	0.18	0.39	0.00	1.00	0.12	0.39	0.05	0.26	0.00	-0.06	-0.08	0.05	-0.64	0.44	0.32	-0.06	-0.47	1			
15 PDI	55.82	20.30	11.00	100.00	0.27	0.01	-0.20	0.12	0.01	-0.03	-0.32	-0.24	0.01	-0.05	-0.04	-0.78	0.08	0.02	1		
16 IDV	54.46	26.01	6.00	91.00	-0.28	-0.04	0.22	-0.09	0.03	0.05	0.32	0.25	0.07	-0.01	0.00	0.79	-0.04	-0.05	-0.77	1	
17 UAI	63.88	21.57	8.00	100.00	0.07	0.06	-0.12	0.21	-0.06	-0.05	-0.05	-0.12	-0.03	0.02	0.00	-0.34	0.01	0.07	0.36	-0.30	1

Note: Square root of AVE for multi-item constructs appear in boldface on the diagonal.

Table 4: Regression Results Predicting Satisfaction

VARIABLES	(1)	(2)	(3a)	(3b)	(3c)	(4a)	(4b)	(4c)
Controls								
Switched sector	-0.138*	-0.160**	-0.172**	-0.179**	-0.175**	-0.178**	-0.187**	-0.175**
	(0.059)	(0.060)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)
Age of respondent	0.001	0.001	0.001	0.002	0.001	0.002	0.002	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Educational level	0.008	-0.000	-0.006	0.000	0.011	-0.011	-0.006	0.011
	(0.029)	(0.029)	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.031)
Position of respondent	-0.086***	-0.083***	-0.082***	-0.077***	-0.083***	-0.082***	-0.076***	-0.083***
	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)	(0.021)
Size of organization	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age of organization	-0.003**	-0.003**	-0.003**	-0.003**	-0.003**	-0.003**	-0.003**	-0.003**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Time as stakeholder	-0.015**	-0.015**	-0.015**	-0.015**	-0.016**	-0.015**	-0.015**	-0.016**
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Customer	-0.102	-0.039	-0.028	-0.016	-0.019	-0.031	-0.028	-0.019
	(0.091)	(0.094)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)	(0.097)
Staff	0.241*	0.198	0.235t	0.211t	0.223t	0.220t	0.185	0.223t
	(0.122)	(0.123)	(0.127)	(0.127)	(0.127)	(0.127)	(0.127)	(0.127)
Member	0.302***	0.302***	0.349***	0.338***	0.345***	0.348***	0.327***	0.344***
	(0.083)	(0.082)	(0.085)	(0.085)	(0.085)	(0.085)	(0.084)	(0.085)
GDP per capita	-0.008***	-0.008***	-0.005**	-0.004*	-0.009***	-0.005**	-0.005**	-0.009***
	(0.001)	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.001)
Response time	0.005*	0.005*	0.005*	0.005*	0.005*	0.005*	0.005*	0.005*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Independent variable								
NPO		0.181*	0.183*	0.195*	0.207**	0.573**	-0.125	0.240
		(0.073)	(0.076)	(0.076)	(0.076)	(0.184)	(0.138)	(0.217)
National culture								
PDI			0.005**			0.006***		
			(0.002)			(0.002)		
IDV				-0.005**			-0.005***	
				(0.001)			(0.001)	
UAI					-0.002t			-0.002t
					(0.001)			(0.001)
Interaction effects								
NPO x PDI						-0.007*		
						(0.003)		
NPO x IDV							0.006**	
							(0.002)	
NPO x UAI								-0.000
								(0.003)
Constant	3.620***	3.556***	3.182***	3.625***	3.654***	3.131***	3.724***	3.651***
	(0.204)	(0.205)	(0.244)	(0.211)	(0.218)	(0.245)	(0.214)	(0.219)
Observations	1,353	1,353	1,298	1,298	1,298	1,298	1,298	1,298
Adjusted R-squared	0.113	0.116	0.128	0.129	0.124	0.131	0.134	0.124
Δ Adjusted R-squared		0.003*	0.012**	0.013**	0.008t	0.003*	0.005**	0.000
(compared to model)		(1)	(2)	(2)	(2)	(3a)	(3b)	(3c)

Note: Standard errors in parentheses. *** $p<0.001$, ** $p<0.01$, * $p<0.05$, t $p<0.1$

Model 2 shows that *non-profit organization* is significantly (p < .05) positively related to the dependent variable *satisfaction with the status quo*, lending support to H1.

Models 3a, 3 b, and 3c add the three Hofstede dimensions *power distance*, *individualism*, and *uncertainty avoidance*, respectively, because of these dimensions' high collinearity. Models 4a, 4b, and 4c include the interaction terms between each of the three Hofstede dimensions and *non-profit organization*. To facilitate their interpretation, we plot the interaction effects in Figure 2, 3, and Figure 4. The interaction effect between *power distance* and *non-profit organization* is negative and significant (p < .05), suggesting that *non-profit organization*'s positive effect on *satisfaction with the status quo* is weaker in power-distant cultures than it is in low-power-distant cultures, supporting H2a. Model 4b reveals that the interaction effect between *individualism* and *non-profit organization* is positive and significant (p < .01), suggesting that the positive effect of *non-profit organization* on *satisfaction with the status quo* is stronger in individualist cultures than it is in collectivist cultures, so H2b, which supposed the opposite, is rejected. Finally, Model 4c shows that the interaction effect between *uncertainty avoidance* and *non-profit organization* is not significant, so we find support for H2c, which suggested that the positive effect of *non-profit organization* on *satisfaction with the status quo* is not affected by a country's level of *uncertainty avoidance*.

Figure 5 summarizes the relationships our hypotheses anticipated and the results our analysis provide, including effect sizes and significances.
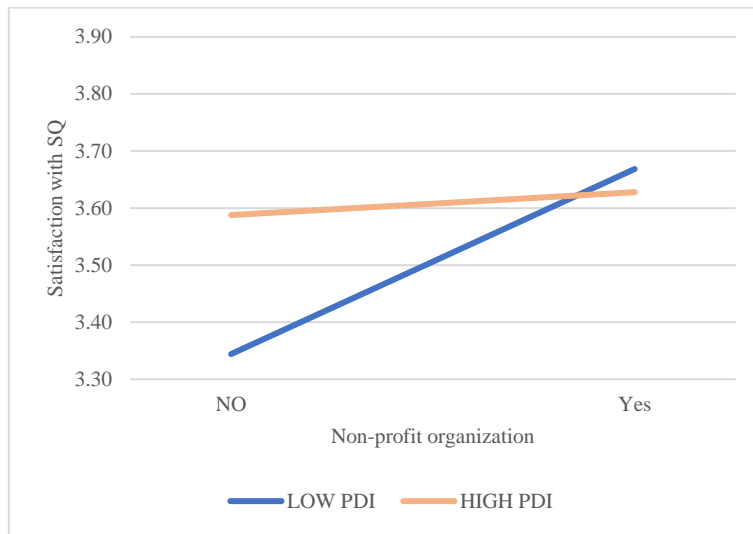
Figure 2: Interaction with Power Distance

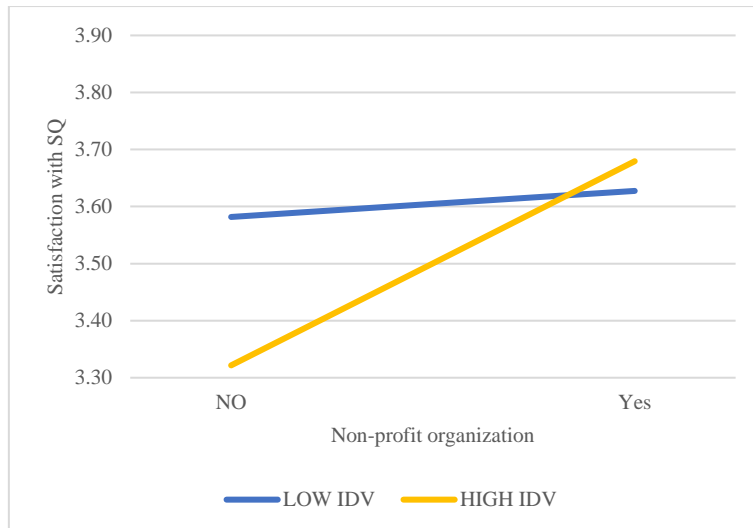

Figure 3: Interaction with Individualism
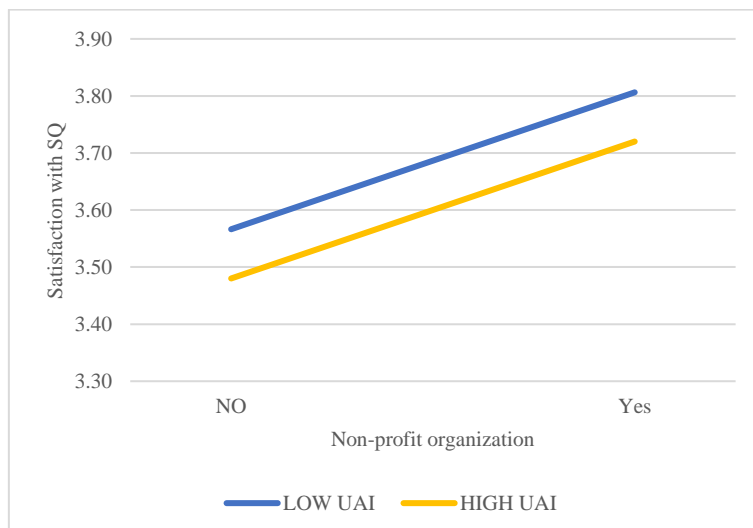

Figure 4: Interaction with Uncertainty Avoidance

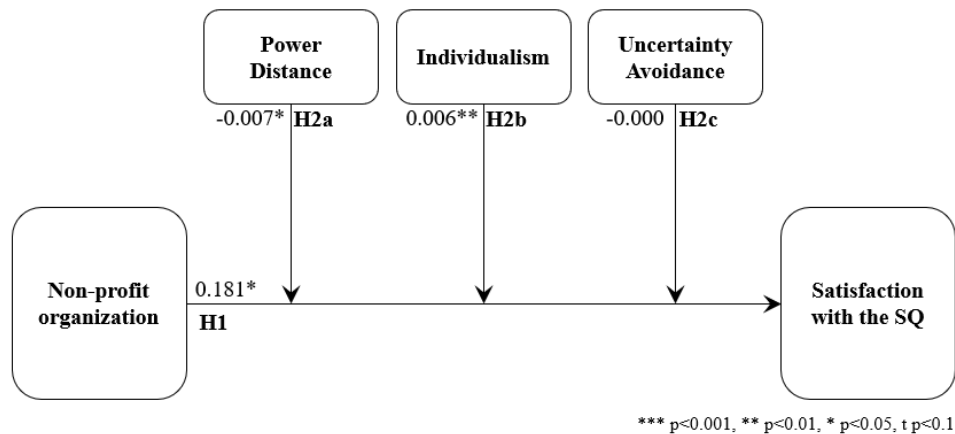**Figure 5: Hypothesized Relations and Results**

*** p<0.001, ** p<0.01, * p<0.05, t p<0.1

DISCUSSION

Businesses and NPOs must measure their stakeholders' satisfaction and be able to calibrate the responses they receive, and this study shows that prospect theory is a useful framework for doing so. Our results lend support to the claim that stakeholders from NPOs generally report higher satisfaction levels than those from the for-profit world do. However, as the congruency framework suggests, this effect is moderated by the national culture in which respondents work, which may resonate better or worse with the organizational culture in their organization. As anticipated, power-distant national cultures seem to work badly with the comparatively egalitarian organizational culture in NPOs, so we see critical responses from non-profit stakeholders from countries with power-distant cultures. The conflicting effects of UAI–a higher reference point and a tendency to frame potential changes as losses–seem to cancel each out, as hypothesized, so we do not see an effect of UAI on the degree to which stakeholders from the non-profit sector respond differently from those in the business world.

More surprisingly, individualist national cultures appear to resonate well with NPO's organizational culture, perhaps because our sample comprises a high share of senior NPO representatives. Forty-five percent of our respondents from the non-profit sector are CEOs or members of the top leadership team in their organizations, and these respondents' thinking tends to

be less egalitarian and more individualistic than that of those lower in the organizational hierarchy (Cremer, 2003; Cremer & van Dijk, 2005; Samuelson & Allison, 1994). Huang and van de Vliert (2004) even find that job level has a positive effect on job satisfaction, a relationship that is stronger in more individualist cultures. Therefore, individualist cultures might resonate well with the disproportionally senior sample we collected. Another explanation could be that the non-profit stakeholders in our sample perceive their activity in the network as a for-profit engagement because of the large number of companies involved and the substantial amount of revenue the NPO collects through customer fees. This situation might spark more individualist thinking among the non-profit stakeholders.

Theoretical implications

Among our study's theoretical implications is its advancement of research on the measurement of satisfaction. The study extends previous studies' scope by addressing the non-profit sector and assessing an organizational issue that a wide set of stakeholders cares about: the performance and evaluation of governance regimes. We also provide a more holistic view of satisfaction measurement by moving from a single stakeholder group view (e.g., only employees) to consider members, employees, and customers alike. Finally, we show that NPOs' distinct organizational culture appears to lead to satisfaction reporting that differs systematically from that in businesses.

This paper also extends the application of prospect theory. Our results suggest that its underlying rationale may be applied to the non-profit sector and finds indications that those who work in NPOs have somewhat lower reference points against which to measure their satisfaction and that they tend to frame potential changes as losses. Thus, it extends to the non-profit sector the application of prospect theory to explain satisfaction in business contexts (Matzler & Renzl, 2007; Wallin Andreassen & Lindestad, 1998).

Our work provides additional insights into the importance of national culture in the measurement of satisfaction. As expected, national culture appears to aid the understanding of the behavior of stakeholders from the non-profit sector. If NPO-specific and national culture are congruent, the effects of non-profit culture seem to be stronger, but if they are incongruent, the effects appear to be weaker, which lends support to Lachman et al.'s (1994) congruency framework. Thus, our approach may provide a blueprint of how a moderating effect of national cultures on other relationships can be hypothesized using prospect theory and the congruency framework and then be tested with a sound empirical model, Hofstede's cultural dimensions.

Limitations

Our study has several limitations, particularly regarding our data set, that future studies should try to overcome. First, we rely on self-reported data from a single point of contact in each stakeholder organization. More objective measurements for our main variables are desirable, such as through triangulating responses with multiple individuals per organization. We also gathered data from the stakeholder network of only a single NPO, so replicating our approach with multiple networks would increase confidence in our results' reliability and robustness. Furthermore, our reliance on Hofstede's dimensions means that we approximate national culture. Hofstede's model has advantages that we think outweigh its disadvantages, but future research could significantly increase the length of a questionnaire to ask respondents direct questions to assess their individual scores on Hofstede's dimensions and confirm whether the individual levels on these dimensions are adequately approximated through the respondents' work locations. Finally, because no established scale was available, we based our study on a newly developed scale to measure our dependent variable, satisfaction with the status quo. While we are confident that we took a sensible approach to developing the scale, future studies would benefit from reaffirming the validity and reliability of the items we employed.

Implications for practice

Our study produces results that are relevant to practitioners. First, our findings suggest that asking NPOs' stakeholders for their level of satisfaction will produce results that differ from those received from asking for-profit stakeholders the same question. This difference could be of significance to NPOs and increasingly also to businesses, particularly when they count both non-profit and for-profit stakeholders as part of their networks. Non-profit stakeholders might seem easier to please because of their higher levels of reported satisfaction, but they might put more weight on potential losses that could arise as a consequence of low reported satisfaction levels. Therefore, if organizational leaders seek to build support for change, more preparation and convincing may be necessary, particularly for non-profit stakeholders. Furthermore, any satisfaction results from non-profit stakeholders should be taken with a grain of salt, as our results suggest that these stakeholders are likely to overstate their satisfaction level, so change to the status quo might be more necessary and desired than results suggest.

Second, our paper's results suggest that decision-makers take national culture into account when they compare non-profit stakeholders' satisfaction levels with those of for-profit stakeholders. An NPO that works in a power-distant context is likely to see smaller differences from businesses than it is if it works in an individualist culture, as our findings suggest that non-profit stakeholders tend to overstate their satisfaction in individualist cultures.

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APPENDIX

Construct	Items	Alpha	CR	AVE
Satisfaction with the status quo (developed based on Churchill (1979) and DeVellis (2012))	To what extent would you agree with the following statements in general when you think about [name of NPO] globally? – I know who has a voice in making decisions at [name of NPO]. – I understand how decisions are being made at [name of NPO]. – I think it is clear who is accountable for decisions and their implementation at [name of NPO]. – If I like, I can have an impact on decision-making at [name of NPO]. – It is easy to make oneself heard within [name of NPO]. – Our current governance is helping [name of NPO] to fulfill its mission.	0.87	0.87	0.53
Switched Sector	Have you previously worked in the non-profit [for-profit] sector?	N.A.	N.A.	N.A.
Age of respondent	How old are you?	N.A.	N.A.	N.A.
Educational level	What is the highest level of formal education you completed?	N.A.	N.A.	N.A.
Position of respondent	What position do you hold at your primary occupation?	N.A.	N.A.	N.A.
Size of organization	How many people are working in your organization?	N.A.	N.A.	N.A.
Age of organization	How old is your organization?	N.A.	N.A.	N.A.
Time as stakeholder	Since when are you a…? – Customer – Staff member – [Name of NPO] member	N.A.	N.A.	N.A.
Stakeholder type	Are you a… (multiple answers possible) – Customer – Staff member – [Name of NPO] member	N.A.	N.A.	N.A.
Non-profit organization	Is your primary occupation in a non-profit or a for-profit organization?	N.A.	N.A.	N.A.