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DIRECTOR LOCUS OF CONTROL AND FINANCIAL VIABILITY AMONG  
INDIGENOUS NGOS IN DAKAR, SENEGAL, WEST AFRICA

A DISSERTATION

SUBMITTED ON THE TWENTY-SECOND DAY OF MARCH 2002

TO THE INTERDISCIPLINARY PH.D. COMMITTEE IN  
ORGANIZATION THEORY AND INTERNATIONAL DEVELOPMENT  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

OF THE GRADUATE SCHOOL

OF TULANE UNIVERSITY

FOR THE DEGREE

OF

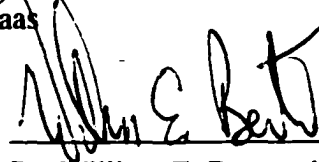
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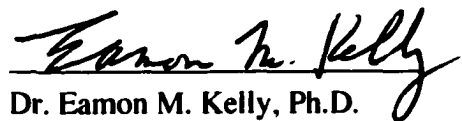
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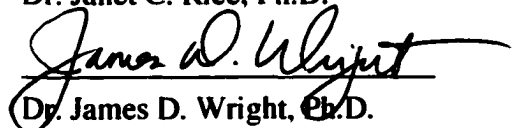
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**C'est tout.**

## Table of Contents

<b>Acknowledgement .....</b>	<b>ii</b>
<b>Table of Contents .....</b>	<b>iii</b>
<b>List of Tables .....</b>	<b>v</b>
<b>List of Figures.....</b>	<b>vii</b>
<b>INTRODUCTION.....</b>	<b>1</b>
<b>LITERATURE REVIEW AND CONCEPTUAL MODEL.....</b>	<b>10</b>
<b>Innovation and Entrepreneurship.....</b>	<b>11</b>
<b>Fields of Study.....</b>	<b>13</b>
<b>Internal and External Control Defined .....</b>	<b>14</b>
<b>Need for Achievement and Locus of Control.....</b>	<b>16</b>
<b>Evolution of IE Locus of Control Scale .....</b>	<b>19</b>
<b>Pros and Cons of Rotter's IE Scale .....</b>	<b>20</b>
<b>IE Scale as a Measure of Entrepreneurship.....</b>	<b>26</b>
<b>Presentation of the Conceptual Model.....</b>	<b>31</b>
<b>Background .....</b>	<b>38</b>
<b>Setting.....</b>	<b>43</b>
<b>METHODS AND MEASUREMENT .....</b>	<b>50</b>
<b>Research Design .....</b>	<b>50</b>
<b>Data Collection.....</b>	<b>56</b>
<b>Data Management.....</b>	<b>62</b>
<b>Presentation of Variables.....</b>	<b>66</b>
<b>Selected Analyses .....</b>	<b>74</b>
<b>Data Analysis Problems .....</b>	<b>76</b>

<b>RESULTS .....</b>	<b>79</b>
<b>Univariate Analyses.....</b>	<b>79</b>
<b>Bivariate Analyses .....</b>	<b>87</b>
<b>Summary of Findings.....</b>	<b>104</b>
<b>INTERPRETATION AND POLICY IMPLICATIONS .....</b>	<b>110</b>
<b>Interpretation of Results.....</b>	<b>110</b>
<b>Policy Implications .....</b>	<b>122</b>
<b>Future Research.....</b>	<b>129</b>
<b>Summary.....</b>	<b>136</b>
<b>CONCLUSIONS .....</b>	<b>137</b>
<b>Appendix A: Financial Performance Measures .....</b>	<b>145</b>
<b>Appendix B: Removed IE Paired Statements.....</b>	<b>146</b>
<b>Endnotes .....</b>	<b>147</b>
<b>Glossary .....</b>	<b>177</b>
<b>Bibliography .....</b>	<b>179</b>



### **List of Tables**

<b>Table 1</b>	<b>List of Composite Entrepreneurship Indicators</b>	<b>70</b>
<b>Table 2</b>	<b>List of Variables for Statistical Analysis</b>	<b>75</b>
<b>Table 3</b>	<b>NGOs' Area of Service and Intervention</b>	<b>80</b>
<b>Table 4</b>	<b>Organizational Characteristics</b>	<b>81</b>
<b>Table 5</b>	<b>Directors' Personal Characteristics</b>	<b>82</b>
<b>Table 6</b>	<b>Directors' Professional History</b>	<b>84</b>
<b>Table 7</b>	<b>Financial Entrepreneurship</b>	<b>86</b>
<b>Table 8</b>	<b>Comparison of Entrepreneurship to Director Locus of Control</b>	<b>88</b>
<b>Table 9</b>	<b>Comparison of Possession of an IDC Rate and Director Personal and Professional Characteristics</b>	<b>92</b>
<b>Table 10</b>	<b>Comparison of Possession of a Capital Budget and Director Professional History</b>	<b>93</b>
<b>Table 11</b>	<b>Comparison of Ownership of Land/Buildings and Director Tenure</b>	<b>94</b>
<b>Table 12</b>	<b>Comparison of Director Age and Professional History</b>	<b>95</b>
<b>Table 13</b>	<b>Comparison of Director Age and Tenure as Director to Foreign Training</b>	<b>96</b>
<b>Table 14</b>	<b>Comparison of Foreign Training to Foreign Employment</b>	<b>96</b>
<b>Table 15</b>	<b>Comparison of Organizational Characteristics to Entrepreneurship</b>	<b>97</b>
<b>Table 16</b>	<b>Comparison of ENT12 to Director Age</b>	<b>99</b>

<b>Table 17</b>	<b>Comparison of ENT23 to Director Age</b>	<b>100</b>
<b>Table 18</b>	<b>Comparison of ENT12 to Foreign Training</b>	<b>101</b>
<b>Table 19</b>	<b>Comparison of ENT34 to Foreign Training</b>	<b>102</b>
<b>Table 20</b>	<b>Comparison of ENT34 to Organizational Size</b>	<b>103</b>

## **List of Figures**

<b>Figure 1</b>	<b>Trend of NGO Involvement in World Bank Projects</b>	<b>3</b>
<b>Figure 2</b>	<b>Comparison of NGO Involvement in World Bank Projects</b>	<b>4</b>
<b>Figure 3</b>	<b>Conceptual Model</b>	<b>37</b>
<b>Figure 4</b>	<b>Colonial Map of French West Africa</b>	<b>45</b>
<b>Figure 5</b>	<b>Distribution of Direct Locus of Control Scores</b>	<b>71</b>
<b>Figure 6</b>	<b>Revised Conceptual Model</b>	<b>90</b>
<b>Figure 7</b>	<b>Entrepreneurship: Possession of an IDC Rate</b>	<b>105</b>
<b>Figure 8</b>	<b>Entrepreneurship: Possession of a Capital Budget</b>	<b>106</b>
<b>Figure 9</b>	<b>Entrepreneurship: Composite Indicators</b>	<b>108</b>

## **INTRODUCTION**

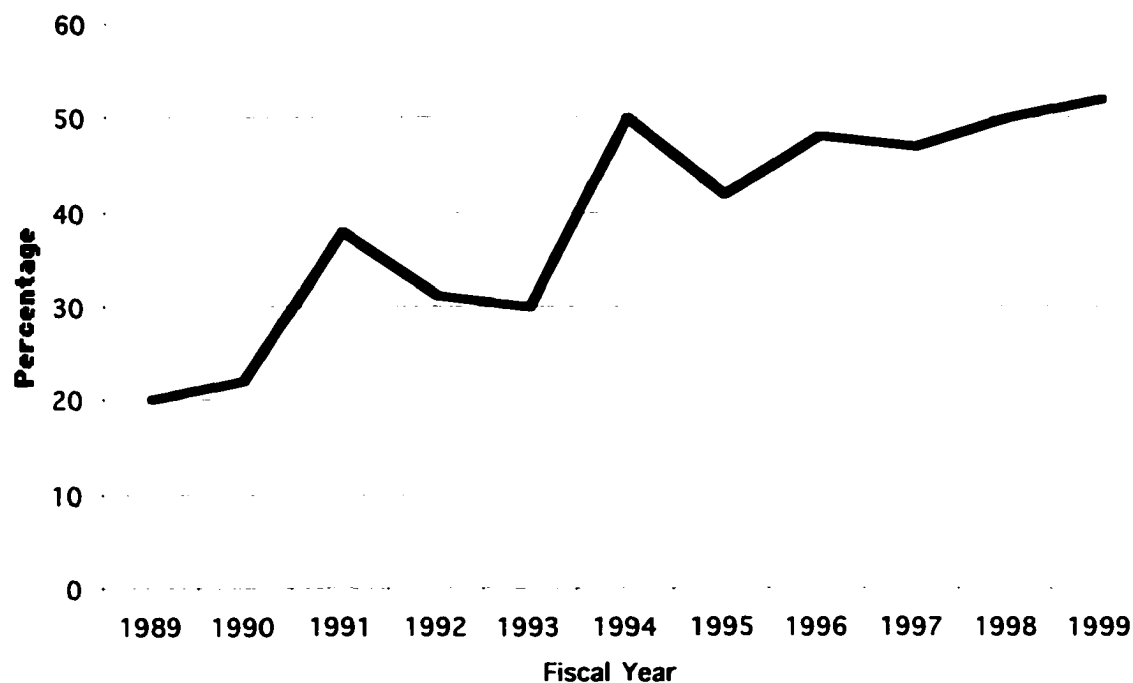
**Non-governmental organizations (NGOs), both international and indigenous, have emerged in the last twenty-five years as important players in sustainable development efforts across the globe. This heightened role has been a response to several factors, most notably the worldwide petroleum crisis of the 1970s, the aftereffects of structural adjustment programs, and natural disaster. The World Bank currently estimates the number of indigenous NGOs in developing countries to be between 6,000 and 30,000<sup>1</sup> while others suggest that the figure may be closer to 50,000 NGOs.<sup>2</sup> However, the World Bank notes that the "statistics about global numbers of NGOs are notoriously incomplete."<sup>3</sup> An example of this incompleteness is found in Indonesia where in 1994 only 1,000 of the estimated 25,000 operational NGOs were actually registered with the government.<sup>4</sup> These NGOs have provided both multi- and bi-lateral donors with alternative channels for aid distribution, as evidenced by positive trends in funding amounts and participation levels.**

**Although precise figures for funding channelled through both international and indigenous NGOs are not known;<sup>5</sup> it is estimated that fifteen percent of all official development assistance (ODA) is distributed through NGOs, amounting to**

approximately \$9 billion annually.<sup>6</sup> The proportion of funding from ODA to NGO has increased significantly over the last several decades. In 1970, 1.5% of total ODA was provided to international NGOs; in 1993, 30% of total ODA was provided.<sup>7</sup> As international NGOs became more adept at fund-raising, they increased their funding via grants from \$1 billion to \$5 billion between 1970 and 1990.<sup>8</sup> Parallel to this trend was the proliferation of a new generation of indigenous NGOs.<sup>9</sup> This greater prominence of indigenous NGOs facilitated the growth of North-South NGO partnerships and the disbursement of funding to indigenous NGOs. An example in India reveals the magnitude of this disbursement where in 1996, indigenous NGOs registered with the government handled \$520 million or 25% of all external aid to the country.<sup>10</sup>

This growth in funding is mirrored by participation levels among both international and indigenous NGOs. The involvement of international and indigenous NGOs in World Bank projects has expanded dramatically over the last decades. Between 1989 and 1999, the World Bank increased NGO involvement by 52%.<sup>11</sup> See Figure 1.

Figure 1

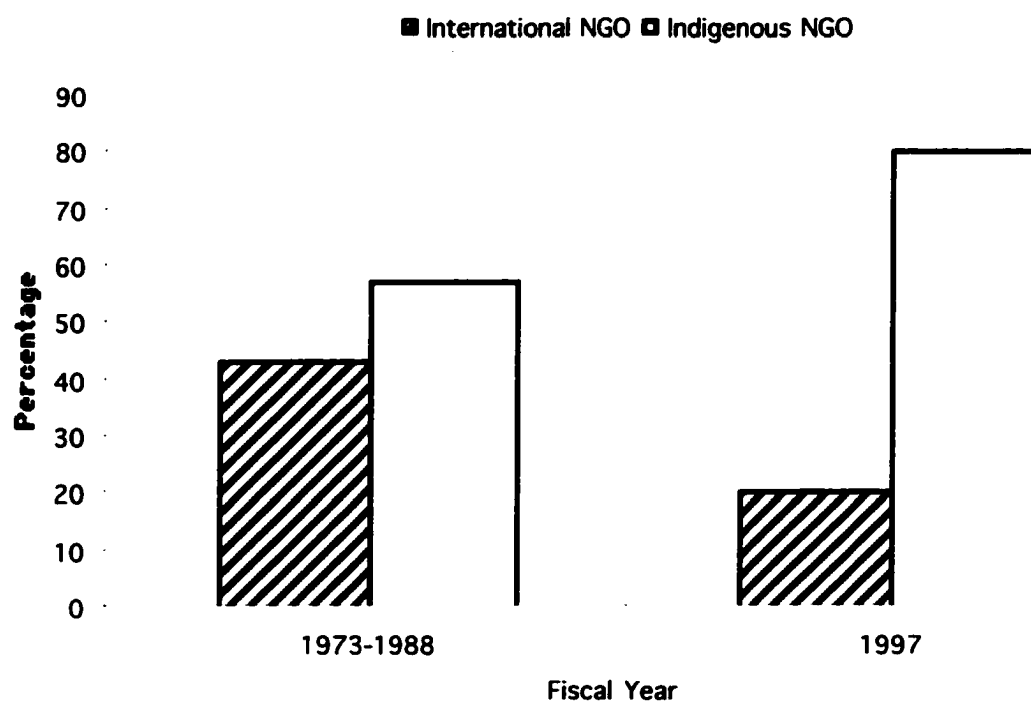
Trend of NGO Involvement in World Bank Projects, 1989 - 1999<sup>12</sup>

These trends continued for fiscal years 2000 and 2001. In 2000, 71% or 166 World Bank projects included NGO participation; in 2001, 68% or 179 World Bank projects included NGO participation.<sup>13</sup> Although the relative level of participation decreased slightly during this two-year period, the absolute level of NGO participation increased. The breakdown of NGO involvement in World Bank projects during 1973 to 1988 was 43% for international NGOs and 57% for indigenous NGOs.<sup>14</sup> Indigenous NGO involvement in World Bank projects increased substantially; by

1997, international NGOs were involved in only 20% of World Bank projects and indigenous NGOs had increased their involvement to 80%.<sup>15</sup> See Figure 2 below.

Figure 2

Comparison of NGO Involvement in World Bank Projects, 1973-1988 to 1997



The role of indigenous NGOs in World Bank projects is increasing;<sup>16</sup> NGO involvement is highest in Africa<sup>17</sup> where on half of all projects approved by the Bank for fiscal year 2001 included NGO involvement.<sup>18</sup>

These statistics clearly show an increase in the role of NGOs in sustainable development efforts. The numbers are also beginning to demonstrate a connection between NGO involvement and positive results. The 1992 Wapenhans Report

reviewed World Bank operations between 1981 and 1992. During this period, World Bank projects with "major problems" increased from 11% to 18%; between 1981 and 1991, World Bank projects defined as "satisfactory" decreased from 85% to 63%.<sup>19</sup> The report concluded that successful project implementation requires indigenous input, involvement, and ownership.<sup>20</sup> Another review of World Bank operations in fiscal years 1996 and 1997 found that among projects in the health, education, and rural development sectors, those with NGO involvement were significantly less at risk of poor performance than those projects without NGO involvement.<sup>21</sup> These findings support the widespread belief throughout the development sector that participation of indigenous NGOs is vital to the attainment of sustainable development.<sup>22</sup> "Poverty is a symptom of people not having the power to control the resources on which they depend."<sup>23</sup> NGOs often work with the poorest groups in society<sup>24</sup> and given their ability to reach these groups and match needs with resources, indigenous NGOs are believed to be crucial to sustainable development efforts. It is for this considerable role that indigenous NGOs play in the search for sustainable development that I have chosen to focus my research on the behavior of these organizations operating in Dakar, Senegal, West Africa.

The idea for this research emerged from my ten years of experience working with indigenous NGOs in central, eastern, and western Africa and remarking upon differences displayed between NGO directors during a strategic planning seminar



held in Abidjan, Côte d'Ivoire. Discussions arose which indicated different levels of self-confidence and personal beliefs. There were those who felt they could affect the future of their respective organizations and those who felt dependent upon the resources and direction of external funding partners. It was this expressed difference in personal belief and outlook which led me to investigate Rotter's locus of control scale<sup>25</sup> and its application to African NGO directors.

Those directors who expressed doubt, reluctance, and claimed themselves to be incapable of planning over the long-term for their organizations seemed almost paralyzed, unable to act without guidance or input from their external partners. These individuals managed the comparatively smaller organizations, smaller defined as less volume and monetary value of activity. Their colleagues who cajoled them and encouraged them to plan for their organization's future were those who actively sought creative and innovative ways to increase the reach of their organization, expand the scope of their activities, and broaden their financial base. As discussion continued throughout the seminar, two camps emerged: one seemingly comprised of natural leaders and the other comprised of natural followers. This event was the seed from which hypotheses of this research germinated.

A review of the literature revealed that Rotter's locus of control scale had been successfully utilized as a predictor of entrepreneurship among both individuals and organizations. Rotter defines locus of control as the degree to which an individual

believes that an outcome or event is contingent upon their own behavior (internal control) versus the degree to which an individual believes that an outcome or event is contingent upon the actions of others or is simply unpredictable (external control).<sup>26</sup>

Early applications of the locus of control scale to entrepreneurship sought to identify individuals' intentions toward starting a business, their level of business activity, and their actual success of sustaining a business over time. This research evolved to include CEO (chief executive officer) locus of control and firm performance. The majority of this research on locus of control and entrepreneurship was conducted in North America and Europe among graduate business students, entrepreneurial self-starters, and CEOs in the for-profit sector. The published research found a direct link between individual locus of control and entrepreneurial intentions and activity as well as organizational performance and survival.

This research attempted to replicate prior research and apply the theory to directors of indigenous nonprofit organizations operating in a developing economy context of francophone west Africa. Methodologies were altered slightly to accommodate the different context, specifically the financial reporting habits in a nonprofit organization operating in a less strictly regulated environment. I expected the findings to demonstrate that directors with an internal locus of control would manage more financially entrepreneurial and viable NGOs. In terms of financial entrepreneurship, it was expected that directors with greater internal locus of control

would be more likely to employ innovative financial means and tools of generating income and covering costs. Specifically, the more internal directors were expected to have more self-generated income, recover more overhead costs through the application of indirect cost rates, and have a greater tendency to plan for the future through capital budgeting and ownership of land/buildings. The utilization of these financial tools represent organizational entrepreneurship and contribute to the financial viability of the organization. In addition to these tools, it was expected that NGOs managed by more internal directors would have larger budgets per employee and a greater surplus of funds per employee.

This research begins with a review of the literature on the theory of innovation and entrepreneurship in chapter two. It investigates the theory of individual motivation and locus of control as they influence both individual and organizational entrepreneurship. The literature review forms the basis for the conceptual model. This chapter concludes with a presentation on the background and setting for this research. Chapter three, on methods and measurement, presents the research design and the challenges arising from the data collection which impacted the study's results. Chapter four presents the research results and is followed by chapter five which provides an interpretation of the research findings. This chapter proposes policy implications and includes suggestions for future research. The final chapter concludes with a review of the contributions this research makes to the continued development of theory and

**methodology in the areas of locus of control and organizational behavior of NGOs in a developing world context.**

## **LITERATURE REVIEW AND CONCEPTUAL MODEL**

**This chapter presents a review of the literature concerning the evolution of the theories of innovation and entrepreneurship as they pertain to organizational performance and survival. This presentation includes a brief overview of David C. McClelland's need for achievement concept and a more in-depth analysis of its relationship to Julian B. Rotter's internal-external locus of control construct. Changes in the design of the locus of control scale are presented as is a discussion on the pros and cons of the Rotter's scale. Previous research employing this scale to measure entrepreneurship at the individual and organizational level and its relationship to organizational performance and survival is reviewed.**

**In addition to the literature review, this chapter presents the conceptual model, the underlying basis, for this research study. The model predicts a relationship between NGO director locus of control and entrepreneurial activity within the organization that potentially enhances organizational financial viability. Possible personal, professional, and organizational factors which may affect this relationship are described as well. The chapter concludes with a presentation of the background and setting in which this research takes place.**

## **Innovation and Entrepreneurship**

**The evolution of research linking personality characteristics of senior management to organizational performance and survival has its foundation in the economic theory of Joseph A. Schumpeter (1883 - 1950). He credits J.S. Mill with introducing the term 'entrepreneur' to economic thought.<sup>1</sup> Schumpeter's concepts of innovation and entrepreneurship provide a means of distinguishing between organizations and the individuals who manage them. Schumpeter defines innovation as the ability to combine factors of production in a new way or in the carrying out of new combinations.<sup>2</sup> These new combinations can range among such activities as**

- The introduction of a new good or quality of good;**
- The introduction of a new method of production;**
- The opening of a new market;**
- The acquisition of a new source or supply of resources; and/or**
- The carrying out of new organization in any industry.<sup>3</sup>**

**Although Schumpeter's remarks are oriented to the for-profit sector, his new combinations can be carried out in the nonprofit sector as well. As Peter Drucker argues, nonprofit organizations need to be entrepreneurial and innovate as fully if not more so than any for-profit enterprise.<sup>4</sup> Innovative activity is not the same as doing something that belongs in the "realm of routine" but is much more difficult<sup>5</sup> and will only be carried out by those individuals who do not "...feel an inhibition when the possibility of treading a new path offers itself."<sup>6</sup> These individuals are called**

**entrepreneurs. In fact, entrepreneurs seek out change, exploiting it as an opportunity<sup>7</sup> and viewing change as something healthy.<sup>8</sup>**

**Entrepreneurs are those individuals who carry out innovation or who do new things or do things that are already being done in new ways.<sup>9</sup> They belong to a distinct class, possessing an extraordinary ability to visualize possibilities in unproved products/services, organization, methods, and markets and it is this special quality that sets them apart.<sup>10</sup> The entrepreneur innovates so as to endow resources with new capacities thereby creating new wealth or new resources.<sup>11</sup> Although Schumpeter differentiates routine management from innovation or entrepreneurship (the function of entrepreneurs),<sup>12</sup> he does realize that both the entrepreneurial and managerial functions will often exist in one and the same person,<sup>13</sup> stating that "nobody ever is an entrepreneur all the time, and nobody can ever be only an entrepreneur."<sup>14</sup> This statement supports the idea that individuals can vary in the degrees of entrepreneurship they possess. Hoselitz defines the entrepreneur as the planner, innovator, and ultimate decision-maker in a productive enterprise,<sup>15</sup> intimating that entrepreneurial tendencies need not be restricted solely to those individuals who start their own business but may be found among managerial positions within an organization.**

**Schumpeter expands his concept of entrepreneurship beyond the physical individual to include the organization or any "social environment."<sup>16</sup> Entrepreneurship**

is not limited to a single individual but can be observed "whenever the economy or an industry or some firms in an industry do something else, something that is outside the range of existing practice...."<sup>17</sup> This "creative response"<sup>18</sup> is what sets individuals and/or organizations apart, an often observable distinction. Thus both individuals and organizations can exhibit characteristics of entrepreneurship.<sup>19</sup> Drucker further suggests that an organization need not be small and new to exhibit the qualities of entrepreneurship,<sup>20</sup> nor is it limited to for-profit entities but can also be found among nonprofit institutions.<sup>21</sup>

### **Fields of Study**

Attempts in the literature to identify and explain determinants of entrepreneurship cross several fields of study. These areas of study include the investigation of environmental, sociological, and psychological influences upon entrepreneurship.<sup>22</sup> This review of the literature focuses on the psychological approach "which views behavior in and around organizations as a function of the personalities and capacities of specific individuals."<sup>23</sup>

One of the earliest pioneers of entrepreneurial research is Arthur H. Cole who established the Research Center of Entrepreneurial History at Harvard University in 1948.<sup>24</sup> Among the studies emerging from the Harvard school, McClelland's work on achievement motivation has become one of the more enduring and better known empirical approaches in the field of entrepreneurship.<sup>25</sup>



McClelland's need for achievement motivation (n Ach) is defined as an individual's need "to do well in competitive situations where the results of one's effort can be measured objectively."<sup>26</sup> McClelland's work (1961) reports of a positive relationship between n Ach and entrepreneurship<sup>27</sup> and asserts that n Ach be considered of primary importance as a determinant of the entrepreneurship.<sup>28</sup> For McClelland, the entrepreneur is the link between high n Ach and more rapid economic development.<sup>29</sup> McClelland's characteristics of entrepreneurship include:

- Moderate risk-taking;
- Innovative activity;
- Individual responsibility;
- Knowledge of results and actions; and
- Anticipation of future possibilities.<sup>30</sup>

McClelland also discovered that individuals with a high n Ach "perform better under conditions of moderate uncertainty where their efforts or skills can make a difference in the outcome."<sup>31</sup> This finding is comparable to that of Rotter and others in their efforts to measure generalized expectancies among individuals in skill and chance situations.<sup>32</sup>

### **Internal and External Control Defined**

Locus of control measures the degree to which individuals perceive events or outcomes as dependent upon their own actions or actions outside their control.<sup>33</sup> Individuals who tend to believe in their own ability to affect events or change the environment maintain a greater belief in internal control.<sup>34</sup> According to Rotter et al.,

it is perhaps this group of individuals who may be labeled as innovators, individuals who maintain a rather strong belief in internal control of the environment.<sup>35</sup> "Internal control describes an individual who in a specific situation or class of situations believes that what has happened, is happening, or will happen is directly related to what he has done, is doing, or will do in those situations."<sup>36</sup> In general, "internal control refers to the perception of positive and/or negative events as being a consequence of one's own actions and thereby under personal control."<sup>37</sup>

External control can be defined as luck or chance, fate, as under the control of powerful others, or strictly unpredictable.<sup>38</sup> According to this point of view, the course of events is predetermined and cannot be changed by individual intervention<sup>39</sup> because these events are perceived as being controlled by outside forces, forces occurring independently of the individual's own actions.<sup>40</sup> Individuals with a high belief in external control think that what happens to them (in certain situations) is unrelated to what they do in those situations.<sup>41</sup> These individuals believe that there is little or no use in certain activities since what happens is not dependent upon these activities, implying a lack of confidence in one's ability to control what happens in particular situations.<sup>42</sup>

## **Need for Achievement and Locus of Control**

### *Relationship Between n Ach and Locus of Control*

Rotter believed that need for achievement is related to locus of control beliefs.<sup>43</sup> The work of McClelland, Atkinson, Clark, & Lowell (1953), Atkinson (1957), and Crandall (1963) suggests that people who score high on the n Ach tend to have some belief in their own ability or skill to determine the outcome of their efforts.<sup>44</sup> McClelland (1961) found that individuals tend to put forth greater effort when perceiving that their actions will directly result in personal achievement or when there is a chance that their actions will make a difference in the outcome.<sup>45</sup> This finding led Rotter to hypothesize that individuals with internal beliefs would more likely strive for achievement than would individuals with external beliefs.<sup>46</sup> Numerous studies support this hypothesis.

An early study by Coleman et al. (1966) reported that internal locus of control was highly related to achievement among black youth.<sup>47</sup> This finding was supported by that of Gurin, Gurin, Lao and Beattie (1969) in their study of students attending ten predominantly black colleges in the South where students who demonstrated greater internal locus of control scored higher on achievement tests.<sup>48</sup> Weiner and Kukla (1970) also found that individuals classified as high in achievement motivation tended to attribute success in achievement-oriented situations to themselves, thereby demonstrating an internal locus of control.<sup>49</sup> Weiner and Kukla's study comprised 127

females and 258 males in grades 3-10; the findings were more convincing for male students in grades above fourth.<sup>50</sup> Another study of 71 male students enrolled in an introductory psychology course, also conducted by Weiner and Kukla, found that individuals high in achievement motivation were more internal regardless of whether or not they were involved in success or failure outcomes.<sup>51</sup> These data support Rotter's hypothesis that individuals high in achievement motivation "take responsibility for whatever outcome befalls them....,"<sup>52</sup> and have more of an internal locus of control belief.<sup>53</sup>

#### *Locus of Control as a Moderating Variable*

Durand and Shea (1974), in a study of 29 small black business operators, found that both need for achievement and internal locus of control are significantly related to level of business activity.<sup>54</sup> Their study supports the findings of Weiner and Kukla (1970) that locus of control is a mediating variable between achievement and performance,<sup>55</sup> indicating that locus of control may be a central component of translating thoughts about successful achievement into action.<sup>56</sup> According to Durand and Shea, achievement motivation is more closely associated with "thought" while locus of control is more closely associated with "action."<sup>57</sup> Feather (1967) identified a control of reinforcement factor that potentially moderated the relationship between achievement and various dependent variables stating that the internality or externality of both the situation and the personality must be taken into account.<sup>58</sup> Feather also

hypothesized that perceived internal control is an important condition of need for achievement in skill situations.<sup>59</sup> The work of Wolk and DuCette (1973) support this finding.<sup>60</sup> In two separate studies comprising 53 and 133 students enrolled in introductory psychology courses at two different universities, Wolk and DuCette found a moderating effect of locus of control on the relationship between achievement motivation and several dependent variables: performance on classroom tests, preference for intermediate risk, and estimation of chances for success.<sup>61</sup> Their study indicates "that achievement-related behavior, in achievement-motivated subjects, is elicited only when these subjects possess an internal orientation."<sup>62</sup>

#### *Locus of Control as an Indicator of Entrepreneurship*

A large volume of research supports the idea that locus of control is a better indicator of entrepreneurship than the need for achievement.<sup>63</sup> Borland studied 375 business school students at the University of Texas using an instrument similar to Rotter's IE scale and an instrument that measured the motivation to achieve.<sup>64</sup> Borland found that internal tendencies were more predictive of entrepreneurial intentions than n Ach scores.<sup>65</sup> According to Shapero, Borland's findings suggest that, overall, students who expected to start a company someday did not have a stronger motive to achieve than other students and that it was locus of control which set the students apart.<sup>66</sup> Gasse also supports this finding, stating that although locus of control is "...

closely related to the need for achievement, locus of control may be more promising than achievement motivation for identifying entrepreneurs.<sup>67</sup>

### **Evolution of IE Locus of Control Scale**

One of the first experimental studies of the internal-external control concept was conducted by Jerry Phares in 1957.<sup>68</sup> This study employed a Likert-type scale<sup>69</sup> to measure a general attitude or personality characteristic of attributing the occurrence of reinforcements to chance rather than one's own ability.<sup>70</sup> Phares found that it was possible to measure individual differences that predicted behavior in a task situation.<sup>71</sup> This work was followed by that of James, who demonstrated that an individual's behavior was affected by both the situation or task and by a presumable general personality characteristic.<sup>72</sup> James' revision of Phares' initial scale resulted in a new scale comprising 26 items and creating the James-Phares scale.<sup>73</sup> The James-Phares scale measures individuals according to their general tendency to categorize events as being either internally or externally controlled.<sup>74</sup> The James-Phares scale was expanded by Liverant in association with Rotter and Seeman to include subscales for achievement, affection, general social and political beliefs, to control for social desirability, and was modified into a forced-choice format.<sup>75</sup> These subscales were ultimately discarded given the high correlations amongst themselves and resulted in a 29 item (including six filler items), forced-choice scale which has become known as Rotter's IE Scale.<sup>76</sup>

## **Pros and Cons of Rotter's IE Scale**

Numerous arguments have been made in support of and against the use of Rotter's IE Locus of Control Scale. Several of these arguments which have evolved over the years include discussions on the multidimensionality of the scale, the chosen scale format, and its social desirability bias. This section will present an overview of each of these topics and will touch on the test-retest reliability, internal consistency, and construct validity of Rotter's IE scale.

### *Dimensionality*

According to Mueller, all attitude scales result in a single score, seeming to imply a unidimensional construct.<sup>77</sup> The dilemma arises from the competing goals of achieving internal consistency versus construct and content validity. The goal to achieve internal consistency emphasizes unidimensionality. However, the goal to achieve content and construct validity causes scale designers to collect a broad array of opinion statements that represent the entire universe of opinions regarding an attitudinal object, possibly leading to multidimensionality.<sup>78</sup> The problem of multidimensionality arises when the attitudinal object to be measured is a complex one that gives rise to more diverse opinions and thus more complex attitudes towards the object in question.<sup>79</sup>

Hodgkinson argues that Rotter's scale is overly generalized and should not be used to measure the relationship between locus of control beliefs and organizational

performance.<sup>80</sup> Lefcourt suggests that researchers both continue to use Rotter's scale and design their own scales specific to a particular area of interest.<sup>81</sup> This suggestion is also supported by Mueller who states that "the problem of multidimensionality of attitude toward complex objects can be resolved by dividing the object into smaller and less complex elements on the basis of component parts, specific functions, or particular contexts."<sup>82</sup> Hodgkinson and others have done just that developing more context-specific locus of control scales such as the strategic and work locus of control scales.<sup>83</sup>

Although "psychological research is facilitated by the use of tightly defined, unidimensionality constructs," real life attitudes often involve integral attitudes.<sup>84</sup> The recognition of this reality was simply stated by Newcomb after a thorough review of the discussions on attitudes and dimensionality, "it is likely that we form meaningful generalized attitudes about any object, however complex."<sup>85</sup> In his seminal monograph on locus of control, Rotter explains how "expectancies generalize from a specific situation to a series of situations which are perceived as related or similar."<sup>86</sup> An earlier experiment conducted by James found "a significantly greater generalization of expectancies from one task to another" in those tasks involving skill rather than luck or chance.<sup>87</sup> In his monograph, Rotter clearly states that "the test is considered to be a measure of generalized expectancy."<sup>88</sup> Boone and De Brabander support this position stating that generalized expectancies are "the result of



**generalizations of lifetime experiences in specific behavior-outcome sequences" and therefore the locus of control scale does not require a unidimensional structure; it is an adequate measure of generalized control expectancies.<sup>89</sup>**

**Over the years, a series of research efforts involving exploratory and confirmatory factor analysis have been conducted on the Rotter IE Scale to determine the dimensionality of the scale. The results of these studies remain equivocal. Two factor analyses originally conducted by Rotter indicate that much of the variance is explained by a general factor and among those additional factors involving a few items, only a small degree of variance could be explained.<sup>90</sup> "These additional factors were not sufficiently reliable to suggest any clear-cut subscales within the test."<sup>91</sup> However, a factor analysis in a study among black youth by Gurin, Gurin, Lao, and Beattie found a distinction between personal control and a more generalized control in Rotter's scale,<sup>92</sup> revealing some limitations in the generalizability of the scale.<sup>93</sup> These findings were later refuted by Reid and Ware in two studies of 301 college students.<sup>94</sup> Factor analyses by Ashkanasy and others confirm that Rotter's scale "measures a useful and essentially unitary personality variable."<sup>95</sup> However, a later study by Marsh and Richards disputes Rotter's findings and Ashkanasy's model, claiming that Rotter's scale is indeed multidimensional.<sup>96</sup> Marsh and Richards suggest that Rotter mistakenly reported the proportion of total variance explained by a single factor, over-inflating the percent explained.<sup>97</sup> They also found evidence to refute Ashkanasy's**

findings and suggest that his model inadequately explains the variance of Rotter's scale.<sup>98</sup> Using data from 349 participants in an Outward Bound Program lasting 26 days, Marsh and Richards determined that a five factor model fit the data better than previously suggested models that proposed fewer factors.<sup>99</sup> However, Marsh and Richards did find a single, second-order factor which explained their five, first-order factors; a finding consistent with that of Rotter's indicating that the scale does measure a generalized expectancy.<sup>100</sup>

#### *Utility of Generalized Scales*

An additional argument for the utility of meaningful generalized scales by Mueller states "that separate attitude scales toward the same attitudinal object ...tend to inter-correlate highly."<sup>101</sup> In Hodgkinson's work with the development of his strategic locus of control scale, he found a significant correlation with Rotter's generalized IE scale<sup>102</sup> as did Boone and De Brabander in their testing of a firm-specific control expectancy instrument and Rotter's IE locus of control scale.<sup>103</sup> According to Dilbert Miller, criteria regarding the appropriateness of utilizing a generalized scale include the following:

- If the attitude to be evaluated does not focus on a very specific function.
- High reliability and validity are essential.
- Cumulative research exists on prevailing theory.
- Process of replication rejects or accepts the hypotheses.<sup>104</sup>

If these criteria are met, then multidimensional scaling is an appropriate method of measurement. In an article following this discussion over the decades, Rotter clearly

states the intention of his IE Scale as one to study behavior in a variety of situations and predict behavior in several different situations.<sup>105</sup> Hodgkinson rightly argues that Rotter's IE construct is multidimensional and that "the theory clearly specifies that the reinforcement value and the characteristics of the situation must be taken into account for accurate prediction."<sup>106</sup> Hodgkinson further concludes that even if situational specificity has been demonstrated, this fact does not negate the validity of the concept of generalized expectancies.<sup>107</sup>

#### *Scale Format and Correlation with Social Desirability*

Another argument against Rotter's IE locus of control scale is its potential correlation with various Social Desirability Scales.<sup>108</sup> In one of its earlier versions as a 60 item, forced choice scale, it was found to correlate highly with the Marlowe-Crowne Social Desirability Scale.<sup>109</sup> The 60 item IE scale was subsequently reduced to 29 items in efforts to reduce the correlation; this effort was moderately successful.<sup>110</sup> The scale format remained a forced-choice one in order to reduce the correlation with social desirability as well.<sup>111</sup> Subsequent research by Ashkanasy found no correlation between Rotter's forced-choice IE scale and scores on Marlowe-Crowne's Social Desirability Scale.<sup>112</sup> However, his study did support a correlation between the Likert version of Rotter's IE scale and social desirability scales supporting Rotter's decision to maintain a forced-choice format.<sup>113</sup> Rotter maintains

that the forced choice format "treats social desirability not as error to be totally eliminated but as a motive affecting choice between behavior...."<sup>114</sup>

### *Test-retest Reliability*

Rotter's IE scale exhibits substantial test-retest reliability<sup>115</sup> and correlates satisfactorily with other assessment methods such as interview assessments, Likert scale, and survey questionnaire.<sup>116</sup> The work of Hersh and Scheibe also support the reliability findings of Rotter's scale having found test-retest reliabilities varying between 0.49 and 0.83 among different samples and different time intervals of previous research as well as a test-retest reliability of 0.72 over a period of approximately one year on their own sample.<sup>117</sup> Marsh and Richards also found reliability scores of 0.71 and 0.78 among Outward Bound participants before and after the 26 day program with a retest correlation of 0.68 based on confirmatory factor analysis.<sup>118</sup>

### *Internal Consistency*

In Rotter's 1966 monograph, he claims that the internal consistency estimates are relatively stable but admits that these estimates are only moderately high although the items in the scale do reflect attitudes concerning a wide variety of different situations.<sup>119</sup> As Rotter states, his IE scale is an additive one<sup>120</sup> and as such, it maintains a high internal consistency as proven by both item and factor analyses.<sup>121</sup>

### *Construct Validity*

The above-mentioned problems: dimensionality, scale format, and correlation with social desirability are, according to Ashkanasy, ultimately linked to the construct validity of Rotter's IE scale.<sup>122</sup> According to Rotter, the "most significant evidence of construct validity of the IE scale comes from predicted differences in behavior for individuals above and below the median of the scale or from correlations with behavioral criteria."<sup>123</sup> Even such critics as Marsh and Richards contend that Rotter's IE scale is a valid construct.<sup>124</sup> A number of studies reviewed by Rotter in his monograph show strong support to the hypotheses that individuals who score towards the internal end of the scale are more likely to

- Be more alert to those aspects of the environment that provide useful information for governing future behavior; and
- Take steps to improve the condition of his/her environment.<sup>125</sup>

According to Boone et al. (1996), the "face validity" of Rotter's locus of control construct for studying CEO influence follows directly from this definition "as leading a company is in essence a persistent attempt to control the environment."<sup>126</sup>

### **IE Scale as a Measure of Entrepreneurship**

Previous research has sought to determine the relationship of locus of control to entrepreneurship as characterized by individuals and organizations. At the individual level, the research has demonstrated relationships between locus of control

and entrepreneurship as defined by an individual's intentions, actions, and personal characteristics. At the organizational level, the research has demonstrated relationships between locus of control and entrepreneurship as defined by an organization's performance and survival. The latter research represents a model of cross-level investigation, an overview of which is presented later in this section.

#### *Entrepreneurship - Individual Level*

The research consistently shows that individuals possessing an internal locus of control are more likely to exhibit entrepreneurship through their intentions, actions, and qualities. Brockhaus' study of 20 graduate students concluded that perceived locus of control does predict entrepreneurial intentions as defined as a desire to start one's own business.<sup>127</sup> Those students scoring as internals on Rotter's IE Locus of Control Scale were more likely to want to start their own business than externals. Brockhaus' findings are supported by those of Borland who found that of 375 graduate business students, those who expected to start a business someday also possessed an internal locus of control.<sup>128</sup>

Additional studies have focused on locus of control as it relates to entrepreneurial activity. This activity is expected to be innovative in nature where individuals possibly engage in the introduction of new products/services or processes and invent new technologies.<sup>129</sup> Durand and Shea's study of small business operators found that internals are more entrepreneurially active.<sup>130</sup> Durand and Shea employed

the Business Activity Interview (BAI) which includes such items as performance (increase profits), planning activities, business expansion, and new business creation to measure entrepreneurial activity.<sup>131</sup> Driver's findings among NASA employees also found that internals were more likely to be associated with entrepreneurial activity than externals.<sup>132</sup> Driver defined entrepreneurial activity as the exploiting of new opportunities, reorganizing of work groups, and responding to crisis with action.<sup>133</sup> These studies indicate that internals are more likely to believe in their ability to influence and affect their environment, or more specifically, their ability to influence and affect the success or failure of their business ventures.<sup>134</sup> Given this confidence in their own abilities, these individuals are more entrepreneurially active and demonstrate that "confidence in one's potential impact breeds action."<sup>135</sup>

A 1980 study by Brockhaus also identified several individual characteristics among successful entrepreneurs (successful being defined as the organization still being in operation after three years).<sup>136</sup> In addition to possessing a more internal locus of control, successful entrepreneurs were younger, had received an average fewer number of years of education, and were married rather than divorced or separated.<sup>137</sup> Other studies have investigated gender differences in perceived locus of control among various cultures and have found that males tend to score more internally than females.<sup>138</sup> These studies comprised data from ten different eastern and western

**countries: Australia, Canada, France, Germany, Japan, India, Israel, Italy, New Zealand, and the United States.**

***Entrepreneurship - Organizational Level***

**Research has also shown that director locus of control is related to an organization's performance and survival. A study by Miller and Toulouse of 97 Quebec firms supports this finding.<sup>139</sup> Their study found that internal directors managed organizations with a higher rate of sales growth and return on investment (ROI) than external directors. In more dynamic environments, Miller and Toulouse found that director locus of control was more strongly associated with organizational performance as evidenced by significant correlations with these indices: relative profitability, relative sales growth, sales growth over a five year period, and net income growth over a five year period. Miller and Toulouse define a dynamic environment as unpredictable, uncertain, and constantly changing; an environment which requires greater interpretation and innovative action on the part of the director.<sup>140</sup> Powell also found that organizations headed by internal directors were more profitable than those headed by external directors.<sup>141</sup> Boone et al. (1996) discovered director locus of control to be directly related to organizational performance.<sup>142</sup> Thirty-nine CEOs of firms in Belgium's furniture industry comprised the sample. Three measures of profitability were used to evaluate organizational performance: cash flow on assets, return on assets, and gross profit margin. Once**



again, this study concluded that organizations headed by internal directors performed better than those headed by external directors.

A 1980 study by Brockhaus sought to determine those factors which distinguish a successful entrepreneur from an unsuccessful one.<sup>143</sup> This three year study defined a successful entrepreneur as one whose business was still in existence at the end of the three year period. Using Rotter's IE scale, Brockhaus found that successful entrepreneurs scored significantly more internally than unsuccessful entrepreneurs. This finding led Brockhaus to suggest that "these beliefs may have resulted in a more active effort by the successful entrepreneur to positively affect the results of their ventures."<sup>144</sup> He concludes that the results indicate "that there may be psychological and environmental differences between entrepreneurs ... which contribute to the likelihood of success."<sup>145</sup> Although the sample size of Hornaday and Bunker's earlier research on the personal characteristics of an entrepreneur was too small to yield significant results, they also employed the "continuity in business" as a criteria of success.<sup>146</sup>

In a more recent study, Boone et al. (2000) followed the life history of the same 39 organizations in the 1996 study in an effort to analyze locus of control and organizational survival.<sup>147</sup> Of the 39 organizations, 21% went bankrupt within six years. Among those directors who scored as internals, only one organization failed while among those directors who scored as externals, 45% of the organizations failed.

**Boone et al. concluded that director locus of control is an important predictor of small organization performance and survival (small defined as an average number of 80 employees). Specifically, the research shows that organizations led by internal directors achieve better short-term performance than organizations led by external directors, and short-term performance enhances long-run organizational survival.<sup>148</sup>**

### **Presentation of the Conceptual Model**

**This review of the literature draws upon early theory of innovation and entrepreneurship as distinguishing features of successful individuals and organizations. It presents the uses of Rotter's IE Locus of Control construct as a potential predictor of successful organizations as measured by their financial performance and continued operation or survival. This review of the literature forms the basis for the present study: determining the relationship of director locus of control to organizational financial viability. This study builds upon previous research in the fields of entrepreneurship and CEO influence on organizational performance and survival and applies both methods and measurement to nonprofit organizations in the context of a developing economy in Africa. The conceptual model is presented in the subsequent paragraphs.**

**The base hypothesis tested by this research can be stated directly: directors who exhibit greater internal locus of control are more likely to manage more financially viable organizations than managers who exhibit less internal locus of**

control (or greater external locus of control). The organizations in question are indigenous NGOs operating in the development sector of Senegal, west Africa and headquartered in the capital city of Dakar. This conceptual framework suggests that a director who exhibits greater internal locus of control will be more likely to expend greater energy in order to access or acquire new resources and/or develop a more efficient use of current resources, i.e. more likely to innovate or act entrepreneurially. It is this innovative or entrepreneurial "action" with regards to financial resources which contributes to the organization's viability.

In order to enhance the financial viability of an organization, directors must find creative sources of revenue and use these sources in ways that develop the organization. It is necessary that directors of NGOs begin to look beyond traditional sources of revenue and investigate non-traditional sources.<sup>149</sup> In nonprofits, however, the acquisition of financial resources is only a step; it is the allocation of financial resources that is key,<sup>150</sup> such as towards the recovery of indirect costs and investment in capital. In today's competitive world, NGO directors have begun to realize that the effective acquisition and use of financial resources are critical to the success and survival of their organizations.<sup>151</sup>

Key to the viability of these NGOs are their leaders or directors. Previous research has shown that in small and undiversified organizations, power is often centralized in the hands of one or two individuals and that these individuals can have

enormous impact on their organizations.<sup>152</sup> According to Miller, since directors dominate so thoroughly in small organization environments, their personalities are a critical factor, if not the most critical factor, in determining organizational entrepreneurship.<sup>153</sup> The director's personality has also been found to have significant influence on organizations operating in dynamic, unpredictable, and changing environments.<sup>154</sup> In fact, it is these unpredictable environments which provide the director with greater space and opportunity to implement change and take non-routine action.<sup>155</sup> Among directors with a greater belief in their own ability to affect change and influence events, the research finds a greater tendency to innovate<sup>156</sup> and subsequently, a more entrepreneurial organization.<sup>157</sup> The research findings demonstrate that directors with a more internal locus of control manage organizations that outperform those managed by directors with a less internal locus of control.<sup>158</sup> In fact, this relationship between internal locus of control and organizational performance was found to be strongest in the more unpredictable environments,<sup>159</sup> the context in which indigenous NGO directors find themselves in francophone west Africa.

Prior to presenting the specific hypotheses of this research, it should be stated that although the original intent of this research remains the same, the manner in which the general hypothesis is tested has altered. As presented in the chapter on methods and measurement, unreliable financial data resulted in the inability to utilize

financial ratios as a means of comparing financial viability among the organizations. (Financial ratio analysis is a common method utilized in prior research involving director influence on organizational performance.<sup>160</sup>) Instead, qualitative data were employed to test the hypothesis. The specific hypotheses have been revised in light of the lack of reliable financial data and are presented below. For a presentation on the original intent to measure financial viability using financial ratios, please refer to Appendix A: Financial Performance Measures.

The specific hypotheses tested by this research are stated in the null format as follows:

1.  $H_0$ : There is no relationship between director locus of control and an organization's engagement in self-generating income activities.
2.  $H_0$ : There is no relationship between director locus of control and an organization's utilization of an indirect cost rate (IDC) for cost recovery.
3.  $H_0$ : There is no relationship between director locus of control and an organization's engagement in capital budgeting.
4.  $H_0$ : There is no relationship between director locus of control and an organization's ownership of land and/or buildings.
5.  $H_0$ : There is no relationship between director locus of control and organizational entrepreneurship as defined by employing one or more of the innovative financial tools mentioned in Hypotheses 1-4.

It is expected that NGO directors who exhibit a more internal locus of control will manage more financially viable organizations as demonstrated by the organizations' engagement in and employment of financially entrepreneurial activities. Each of the dependent variables: self-generated income activities, indirect cost rate, capital

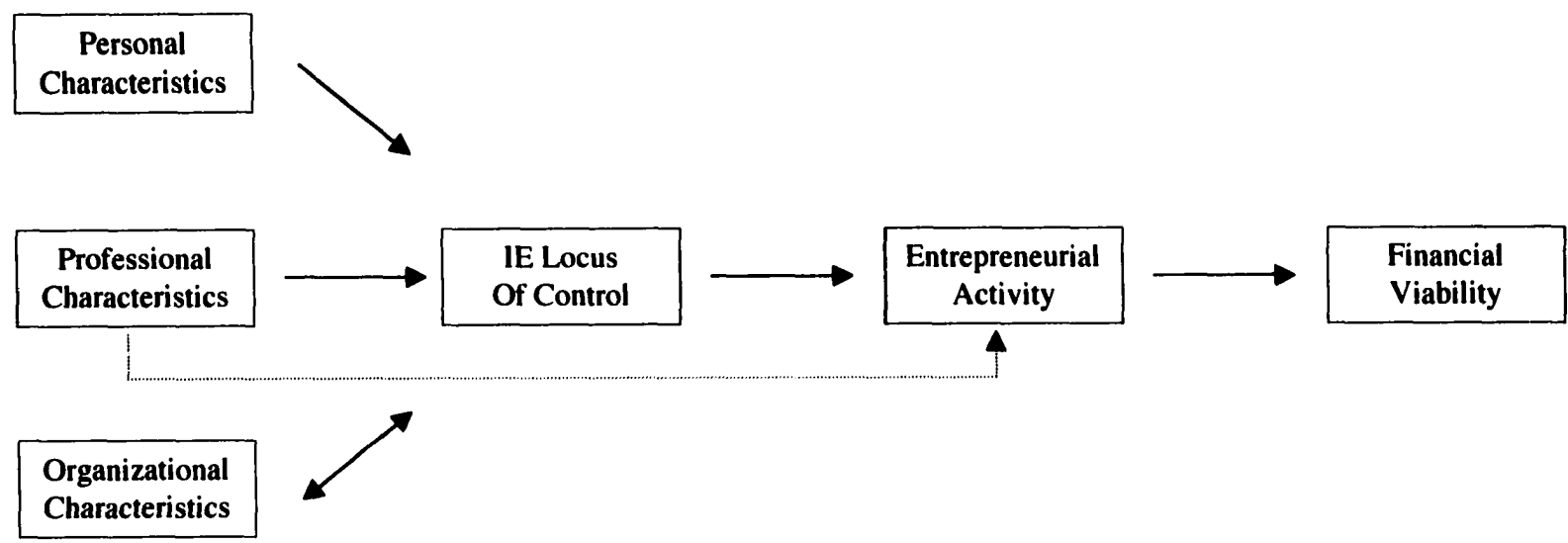
**budgeting, and ownership of land/buildings represent examples of entrepreneurial activity. Based upon my ten years of experience working with NGOs in Africa, the employment of these financial tools is more often the exception rather than the norm. The engagement or employment of these financial tools enhance an organization's ability to acquire more financial resources and allocate them in a way that grows the organization, thereby increasing its financial viability. Financial viability is defined as an organization that is able to meet its financial obligations as they come due.<sup>161</sup> A more financially viable organization is one that possesses a surplus of funds and is able to meet its financial obligations well into the future.<sup>162</sup>**

**The research on CEO locus of control has shown that directors with greater internal locus of control are more likely to engage in entrepreneurial activity and manage higher performance organizations.<sup>163</sup> Since directors of African NGOs often possess a great deal of authority and control over the management of their organization, this influence often has a major impact on the acquisition and allocation of the organization's financial resources. Director locus of control may be influenced by such personal characteristics as age, gender, education, marital status, and religion. Brockhaus' (1980) longitudinal study on successful entrepreneurs employed age as an independent variable and found that respondents who scored more internally tended to be younger in age.<sup>164</sup> Previous research has shown that males tend to score more internally than females<sup>165</sup> and that married respondents tend to score more internally**

than nonmarried respondents.<sup>166</sup> In addition, such professional characteristics that may affect an individual's locus of control are tenure, age at becoming director, tenure as director, having received foreign training, having received foreign employment, and prior sector work experience.<sup>167</sup> Published research has also attempted to link tenure to organizational financial performance<sup>168</sup> indicating that the longer a director's tenure, the less likely he/she will introduce and implement innovation or entrepreneurial activity, having grown "stale in the saddle."<sup>169</sup>

Organizational characteristics may impact director locus of control or vice versa, but the direction of this relationship has yet to be determined by previous research.<sup>170</sup> However, Miller and Toulouse (1986) found that the impact of CEO locus of control seemed to be stronger in smaller organizations.<sup>171</sup> Age and size of the organization are included in the conceptual model although previous research has not always shown significant relationships to locus of control.<sup>172</sup> The conceptual model for this research is presented in Figure 3.

**Figure 3**  
**Conceptual Model**





This research seeks to investigate each of the relationships depicted in Figure 3. The fundamental question of this research is to determine whether or not director locus of control predicts financial viability as evidenced by the use of innovative financial tools representing entrepreneurial behavior. Secondary analyses will determine what personal, professional, and/or organizational characteristics are related to director locus of control.

### **Background**

The background section provides an overview of sustainable human development at the macro level and the role of indigenous NGOs in development efforts at the micro level. NGOs are identified as an increasingly utilized mechanism in development efforts, although the lack of in-depth knowledge of indigenous NGOs in the development sector remains a problem.<sup>173</sup> Specifically, knowledge is lacking regarding the individuals who manage these organizations and the financial viability of these organizations.

#### *Background - Sustainable Human Development*

One of the current, major paradigms for development is sustainable human development; organizations and institutions outside the public sector are needed as catalysts to achieve this goal.<sup>174</sup> This comprehensive approach to development places the human being at the center of development.<sup>175</sup> This concept, first popularized by the Brundtland Commission, defines sustainable development as "development that

meets the needs of the present without comprising the ability of future generations to meet their own needs."<sup>176</sup> This concept was further embraced and refined at a United Nations conference in 1992 resulting in the Rio Declaration which has been credited with reconciling the multiple goals of development.<sup>177</sup> This comprehensive perspective addresses the multiplicity of development factors, placing the human element at the focal point and combining economic, social, environmental, and political concerns.<sup>178</sup>

In order to achieve sustainable human development on the macro level, sustainable mechanisms for implementation of development efforts must be in place at the micro level. Five decades of socioeconomic development have provided the recognition that effective institutions are critical to the development process.<sup>179</sup> Experience has shown that in order "to have lasting impact, donor efforts ... need to work with durable indigenous institutions both at the central and local levels"<sup>180</sup>

One of the trends affecting sustainable human development is decentralization, which has a direct impact upon the role that NGOs play in development efforts. Decentralization is defined as the "distribution of functions and power from a centralized authority to regional and local authorities."<sup>181</sup> Developing country governments, severely constrained by a lack of resources and capacity<sup>182</sup> and characterized by notoriously weak and inefficient bureaucracies,<sup>183</sup> are often unable to adequately meet the needs of their people. Efforts to decentralize decision-making

seek to better match resource allocation with community needs at the micro level.<sup>184</sup>

Capacity at this level is necessary to adequately manage the distribution of these goods and services<sup>185</sup> which is why strong, indigenous NGOs are so critical to the development process.

This decentralization trend is generally taking place during a period of democratic transition where democratically elected political systems are replacing previously autocratic ones, where dictators give way to civilian administrations, and where one-party rule is being replaced by multi-party elections.<sup>186</sup> The spread of democracy and its associated freedoms have facilitated the emergence of nonprofit organizations such as NGOs and increased their participation in sustainable development efforts. In turn, the presence of effective, indigenous institutions counters the problems of political instability, fragile social consensus, and weak governance.<sup>187</sup> Thus the emergence of NGOs is due partly to the fact that collaborating and donor agencies have begun to look for venues outside the public sector to provide foreign assistance<sup>188</sup> and to the trends of decentralization and democracy.

Indigenous NGOs are one mechanism that operate at the local level<sup>189</sup> and seek to match human needs with resources necessary for development. These organizations must remain viable entities in order to keep the development process afloat and improve standards of living. An early USAID policy paper (1983) states

that "effective ...institutions are essential for providing a country the self-sustaining capacity to solve critical development problems...."<sup>190</sup> In a review of 88 of its projects in 1990, the World Bank found that a strong positive association existed between strong indigenous institutions and the continuation of benefits beyond external support to a program.<sup>191</sup> Indigenous NGOs are increasingly recognized as vital to sustaining development efforts, especially in Africa.<sup>192</sup> As efforts to attain sustainable development continue, NGO involvement is increasingly sought. Approximately 15% of all official development assistance is channeled through NGOs, amounting to \$9 billion US annually.<sup>193</sup> In the last decade, both the World Bank and the United Nation's Development Programme (UNDP) have increased NGO involvement in their development activities.<sup>194</sup> NGOs were involved in 50% of approved World Bank projects in 1994; 40% in 1995; and 48% in 1996.<sup>195</sup> The highest incidence of NGO involvement in World Bank projects is in Africa with 321 projects or 44% of the total.<sup>196</sup>

### *Problem Statement*

The increased involvement of NGOs in development efforts is evidenced by policy documents, funding amounts, and participation levels as presented in the previous section; however, the quality of NGO involvement and contribution varies widely as evidenced by World Bank measures of project success.<sup>197</sup> An evaluation of NGO involvement in Bank projects which comprised a field examination of 37

projects in five countries, a desk review, and a survey of task managers in selected countries revealed mixed results of project success.<sup>198</sup> This variation of NGO contribution seems to stem from numerous factors, most notably an informal process of NGO identification and recruitment<sup>199</sup> and a lack of detailed knowledge of the NGO sector at the country level.<sup>200</sup> According to Brinkerhoff and Goldsmith (1990), developing countries and international donors need to rethink their approaches to selecting, strengthening, and supporting institutions that serve development purposes in order to increase the success (or survival) rate of indigenous NGOs.<sup>201</sup>

The current knowledge base of indigenous NGOs in Senegal seems limited to superficial information regarding organizations' contact information and areas of expertise; it does not provide in-depth information regarding organizational leadership nor financial outlook. Sources consulted for this research including the Ministry of Women, a United Nations database on NGOs, and a Senegalese organization devoted to coordinating NGOs in the country were found to be limited to this topical information.<sup>202</sup> The results of this research will address this knowledge gap in the Senegalese NGO sector, producing a profile of indigenous NGOs headquartered in Dakar in the fashion of the work conducted by Oscar Lewis in Mexico.<sup>203</sup> This profile will present a composite case study (or studies) to describe Senegal's indigenous NGO population in Dakar, providing new insight into who directs these organizations and their use of innovative tools to access and allocate financial resources.

**New knowledge on individual directors will help policy makers and donors identify institutional capacity building needs, particularly in the area of developing innovative and entrepreneurial behavior. New knowledge on innovative sources and uses of funds will help government officials and donors better understand the financial strengths and limitations of Senegal's indigenous NGO sector. This information should prove useful to those who wish to involve national NGOs in their development efforts, especially in the selection and recruitment processes. The financial profile could also inform NGO directors and senior management with a view as to how their organization compares to an "industry norm," perhaps encouraging them to undertake more innovative action to enhance the financial viability of their respective organization.**

### **Setting**

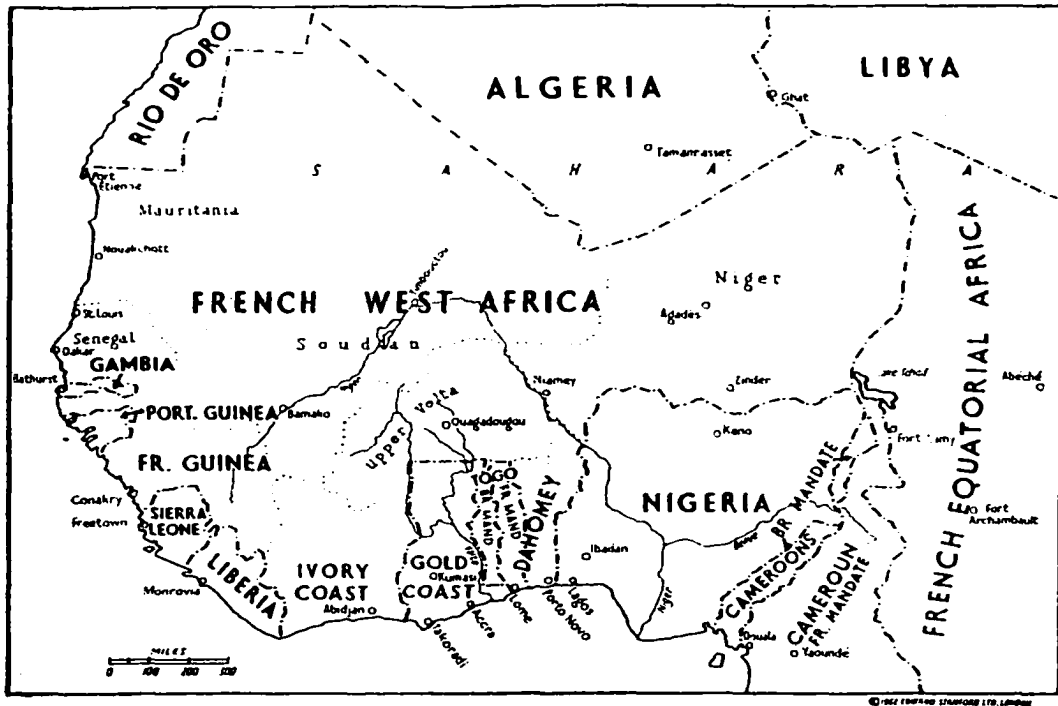
**This research took place in Dakar, Senegal, formerly a colony of French West Africa. This section presents a brief history of francophone west Africa as it pertains to the trends of decentralization and democracy in the region and specifically in Senegal. The chapter concludes with a justification of why Senegal was chosen as an appropriate case study for researching NGOs in the francophone west Africa region.**

#### ***Francophone West Africa and Senegal***

**Senegal was chosen as a sub-case study of francophone west African countries due to reasons resulting from its colonial past and recent political history. Senegal**

was the colonial nucleus from which French expansion throughout west Africa developed in the latter half of the nineteenth century.<sup>204</sup> At the turn of the twentieth century, French West Africa comprised the territories of what is known today as Senegal, Mauritania, Mali, Niger, Guinea, Côte d'Ivoire, Benin, Burkina Faso, Togo,<sup>205</sup> and Cameroon. (See Figure 4: Colonial Map of French West Africa.)

Figure 4

Colonial Map of French West Africa, 1904 - 1959<sup>206</sup>

French West Africa, 1904-59

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French colonial rule in west Africa was based upon a policy of direct rule and political assimilation,<sup>207</sup> which assumes both the equality of man and the superiority of European and in particular French, civilization.<sup>208</sup> This policy managed to create a sense of unity between metropolitan France and her dependencies; certain non-European inhabitants were actually granted French citizenship that included direct representation in parliamentary institutions in Paris.<sup>209</sup> This policy exposed francophone west Africans to the political thought and the political organization of European-style politics.<sup>210</sup>

#### *Decentralization and Democracy*

At the turn of the twentieth century, France had consolidated its territorial conquests in west Africa but was unable to centralize government administration due to the geography of its territories and the inaccessibility of the interior.<sup>211</sup> In 1956 the "le loi cadre" or civil code was enacted, revising the relationship between France and francophone west Africa, providing greater autonomy to the French territories, and effectively decentralizing the administration.<sup>212</sup> This one act gave all the French African territories "...the elements of responsible democratic government."<sup>213</sup> This civil code also led to a growing form of territorial nationalism<sup>214</sup> and once it became clear that independence could be achieved without the loss of economic aid from France, all the autonomous republics of francophone west Africa chose independence.<sup>215</sup>

France's colonial policy also contributed to the development of the electoral system which stimulated the growth of political parties and also provided African leaders with much-needed experience of the handling of political issues.<sup>216</sup> "Elections constituted one of the most vital precipitants of political development on an organized and modern basis," especially in the case of Senegal.<sup>217</sup> The African-controlled popular press also contributed to the rise of political parties with the cumulative effect of stimulating political consciousness and nationalistic awareness.<sup>218</sup>

By the early 1900s, "Senegal had reached a much more advanced stage of political development, with effective institutions and a relatively complex administrative system, than any other area of tropical Africa governed by a European power."<sup>219</sup> France's original coastal outposts of its west African colonies, located in Senegal,<sup>220</sup> were given a favored status and were endowed with institutions of local self-government similar to that of French municipalities.<sup>221</sup> Although the volume of political parties began to diminish and be replaced by one-party systems upon independence,<sup>222</sup> Senegal was one of the few territories of French West Africa that allowed for political activity in the forms of freedom of association, speech, and the press.<sup>223</sup>

Senegal was chosen as a sub-case study for this research based upon evidence of the country's growing democracy and political stability. Senegal has a long history of familiarity with decentralization and democracy from its colonial days and

successfully held Africa's first democratic presidential election of the twenty-first century.<sup>224</sup> This election resulted in "a peaceful democratic transfer of power from the ruling party."<sup>225</sup> "Senegal stands out as one of the few countries [on the continent] which has in the forty years since independence sustained a record of relatively peaceful evolution towards full-scale democracy."<sup>226</sup> In fact, Senegal is considered the most stable country in francophone west Africa and one of the few countries on the continent that has never experienced a military coup.<sup>227</sup> It is in this context of an emerging democracy and political stability, conducive to the participation and contribution of indigenous development NGOs to society, that Senegal was chosen as the country in which to conduct this research.

#### *NGO Growth in Senegal*

The volume of indigenous NGOs in Senegal exploded in the late 1970s as a result of changes external and internal to the country. The worldwide petroleum shocks of the early 1970s destabilized Senegal's monetary structure adding to the country's peanut and phosphate crises.<sup>228</sup> This destabilization provoked the intervention of the World Bank and the International Monetary Fund (IMF) with the introduction of structural adjustment policies in Senegal in 1979.<sup>229</sup> Although, the structural adjustment programs did enhance the country's economic performance and financial outlook, its effects on the population were incredibly harsh.<sup>230</sup> Development-oriented NGOs began appearing in Senegal in the early 1980s<sup>231</sup> as a response to

**increasingly difficult social conditions. The rise of corruption and increasing poor governance of the country's resources also was a contributing factor to NGO emergence.<sup>232</sup> According to Ba (1999), Senegalese NGOs came about in two distinct ways: (1) as remaining satellite offices left behind by northern NGOs as they disengaged from the field; and (2) as relatively independent entities whose creation was primarily driven by local needs.<sup>233</sup> This research study takes an in-depth view of Senegal's indigenous NGOs, focusing on individual directors and their use or nonuse of innovative financial tools to enhance the financial viability of the organizations they manage. The following chapter presents the methodology for this research.**

## **METHODS AND MEASUREMENT**

**This chapter presents the research methodology. The first section presents the research design and describes the sample and the survey instrument. This section concludes with a discussion on the biases and limitations inherent in the research design. The following section presents the data collection and a discussion on the problems encountered during this process. This section includes a presentation of the variables selected for analysis. The chapter concludes with an overview of the types of analyses performed and the limitations of the analyses due to the characteristics of the data.**

### **Research Design**

**The research is cross-level in design; a model which describes a relationship between the independent and dependent variables at different levels.<sup>1</sup> Research efforts to link individual characteristics and/or personality traits to organizational outcomes are examples of cross-level research.<sup>2</sup> The review of the research to follow presents examples of upward-oriented, cross-level models<sup>3</sup> which investigate how individual effort or action affects organizational performance.<sup>4</sup> The independent variable, director locus of control, is measured at the individual level and the**

**dependent variable, financial viability, is measured at the organizational level. A self-administrated survey was given to directors of indigenous NGOs in Dakar, Senegal, West Africa. The purpose of the survey is threefold:**

- **Determine the locus of control of the director;**
- **Determine the financial viability of the NGO; and**
- **Determine the relationship between numbers 1 and 2.**

**These two variables, locus of control and financial viability, are compared to determine if a relationship exists between the two, and if so, the direction of this relationship. Locus of control was measured by 15 paired items adapted from Rotter's IE Locus of Control scale.<sup>1</sup> Financial viability was measured by a number of qualitative variables regarding innovative sources and uses of organizational funding.**

#### *Sample*

**The survey population is comprised of indigenous NGOs registered with the Senegalese government, operating in the development sector, and headquartered in the capital city of Dakar. (These criteria obviously exclude some NGOs from the survey population. This potential exclusion is addressed in the section on biases and limitations of the research design.) A composite list of indigenous NGOs was derived and cross-checked from several sources. The finalized list totaled 110 organizations.**

**Sources consulted for the composite list include:**

- **The Directory of African NGOs, published by the United Nations (1999);<sup>2</sup>**
- **The list of members of CONGAD (Conseil des Organisations Non-Gouvernementales d'Appui au Développement [Council of Non-governmental Organizations in Support of Development])<sup>3</sup> based in Dakar;**

- A list furnished by the World Health Organization (WHO) country office in Dakar;
- The telephone directory of Senegal; and
- The official list from the Direction du Développement Communautaire du Ministère des Femmes (Office of Community Development of the Ministry of Women) which oversees all officially registered NGOs operating in Senegal.

### *Questionnaire*

The questionnaire was designed by me and comprises two distinct sections totaling seventy-seven questions. The first section focuses on the director of the organization and contains four subsections: identification, socio-demographic information, socio-psychological information, and organizational information. The identification subsection comprises eleven questions regarding the respondent and the organization -- name, job title, location, and contact information. The second subsection contains twenty questions concerning both personal and professional characteristics of the respondent. The third subsection contains the twenty paired items to measure locus of control adapted from Rotter's 1966 IE Locus of Control survey.<sup>4</sup> Five paired items are filler questions so as to confuse any response patterns and the remaining fifteen paired items are used to measure locus of control. Rotter's 1966 survey originally comprised 29 paired items. I decided to remove nine of these paired items due to their cultural bias. (See Appendix B: Removed IE Paired Statements.) These statements concerned political and educational systems in the

United States and were not appropriate nor relevant to possible experiences in Senegal. Of the nine paired items that were removed, one was also a filler item. The organizational subsection contains four questions regarding the date the organization was officially established and the number of employees: permanent, part-time, and project staffs, that are currently engaged by the organization.

The second section focuses on the organization's financial situation for the current fiscal year totaling twenty-two questions. Respondents were asked to use supplemental documents to assist with the completion of this section. Suggested documentation included an income statement, a balance sheet, and a sources and uses of funding statement. In addition, respondents were encouraged to consult their bookkeepers or accountants for assistance. Responses were asked to be given in the local Senegalese currency, the FCFA. The financial section is comprised of two subsections: operational budget and capital budget. Both subsections emphasize the sources and uses of funding and contain checks and balances to ensure accurate reporting of financial data. In many instances, the same question is posed in a different format so that responses may be compared for accuracy. Financial questions also sought to determine the organization's ability and attempts to generate revenues and recover costs.



### *Biases and Limitations*

In general, cross-level research designs risk biases associated with aggregation of data and misspecification of levels.<sup>5</sup> The problem of aggregation occurs when the combination of information from one level is used to represent attributes of a higher level.<sup>6</sup> Misspecification, also known as the "fallacy of the wrong level," occurs when an observed relationship is attributed to an incorrect level.<sup>7</sup> Rousseau (1985) suggests that researchers base their studies on prior research and established theory in order to avoid these biases.<sup>8</sup> In the current study, efforts were made to reduce these potential biases. Individual-level data is matched with organizational-level data. The organizational-level data is actually based upon objective, organizational activities rather than individual perceptions of the organization which precludes fallacies of the wrong level.<sup>9</sup> The research design is based upon previous research and theory linking director locus of control to organizational entrepreneurship.<sup>10</sup>

Another limitation inherent in the research design is the fact that the survey population was selected from a series of lists. Basic problems with lists include blanks, omissions, and duplication.<sup>11</sup> Although the Ministry of Women provided an official guide, the process to receive governmental recognition as an NGO in Senegal is a lengthy one and many NGOs continue to operate while awaiting official recognition. These organizations may have been omitted from the Ministry list; it is difficult to estimate how many organizations may be missing from this list. However,

other lists were used and compiled, such as from the telephone directory, in attempts to create a comprehensive list.

The survey instrument was designed as a self-administered questionnaire. This format was chosen so that respondents could take time to prepare (and perhaps research) the necessary information for the quantitative questions in the financial section. A possible limitation of this format is that respondents might have found it easier to refuse to complete the survey, not wanting to divulge intimate (and financial) details of their organizations' internal operations. In fact, it may be those respondents who consciously choose not to participate in the survey who exhibited a more internal locus of control, a conscious choice of non-action or non-participation. Some of these questions required detailed financial information that respondents were not expected to have committed to memory. However, research assistants were made available to assist respondents with any questions or concerns arising from the questionnaire format and terminology. In actuality, the survey instrument was administered in combined methods as both a self-administered questionnaire and as an interview based questionnaire. The administration of questionnaires varied in format from organization to organization.

A possible limitation of this research design may also be the fact that directors were asked to report on financial data during the most recent fiscal year. Price and Mueller (1986) contend that any efforts to measure financial viability should take into

consideration the historical factor although they do suggest that organizations operating in rapidly changing environments shorten this time frame.<sup>12</sup> Prior research on director locus of control and organizational performance in for-profit sectors in Europe and North America employed two and five year averages of financial data respectively.<sup>13</sup> This study focused on the most recently completed fiscal year for reasons related to my experience working with indigenous NGOs in Senegal and francophone West Africa. Levels of sophistication of financial reporting and monitoring vary greatly among these NGOs. Financial data from previous years is often unavailable or difficult to retrieve in aggregate form. Due to these reasons and especially concerns regarding the ability of organizations to provide such information led me to reduce the time period to one year. However, the preceding discussion and its implications for this study became moot once the financial data was deemed unreliable. More on this subject is presented in the measurement section.

### **Data Collection**

A local Senegalese consulting firm, COGEP (Conseil en Gestion, Etudes et Projets [Management, Research, and Project Consultants]), based in Dakar and specializing in NGO management, conducted and coordinated the data collection. COGEP was chosen based upon its familiarity and experience working with the indigenous NGO sector in Dakar. COGEP has five years of experience working with NGOs and one area of its expertise is financial management. It should be noted that

**COGEP was chosen to facilitate data collection for the above reasons rather than its experience in conducting research. This decision was based upon the assumption that the collection of the financial data would be most problematic and that knowledge of the content area was a critical factor in enhancing the quality of the data collection.**

**COGEP was responsible for the selection and training of research assistants and coordinating the data collection process. In addition, they provided assistance in finalizing the composite list of indigenous NGOs operating in Dakar. The data collection process included the following steps:**

- **Finalization of local NGO list.**
- **Translation of survey instrument.**
- **Selection and training of data collection team.**
- **Creation of a scatter plot of NGOs' location in Dakar.**
- **Delivery of questionnaires to participating NGOs.**
- **Confirmation of director's availability for administration and pick-up of completed questionnaire.**
- **Administration of questionnaire.**
- **Follow-up for missing data.**

**The survey instrument was translated into French by the research coordinator in Dakar. The survey instrument was sent to four west and central African NGOs. The organizations are located in Côte d'Ivoire, Cameroon (two organizations), and Burkina Faso. The pre-test group did not include NGOs from Senegal. Although all of the pre-test organizations expressed their enthusiasm and willingness to assist in the pretest, only one organization actually provided feedback -- a research organization. COGEP's research coordinator provided additional input.**

**Pre-test respondents were asked to identify any confusing or vague language encountered in the survey instrument with special attention to the financial section's terminology. Changes were made to the financial section of the questionnaire removing the terms "current assets," "current liabilities," and "long-term assets." Feedback suggested that the majority of respondents would not be familiar with this terminology. These accounting terms were replaced by specific assets and liabilities. For example, cash is a current asset and one way in which NGOs can generate cash is through self-generating income activities. The question regarding the amount of current assets was rephrased to ask the amount produced by these self-generating income activities. The same rephrasing of questions was done for current liabilities and long-term assets. The term "personnel costs" was substituted for current liabilities and the "value of land/buildings owned" was substituted for long-term assets.**

**The request of supporting financial documentation to facilitate completion of the financial section was altered as well. Pre-test feedback noted that Senegalese NGOs do not possess an income statement (déclaration des revenus) and that rarely does one come across a balance sheet in the local NGO sector. Thus the list of supporting financial documentation was replaced by the following: an annual budget, an annual financial report, and any grants or contracts with partners. The questionnaires also noted that these documents might not have been available at any given organization and were not required to complete the questionnaire.**

**COGEP recruited and trained four individuals for the data collection. Research assistants were selected based upon their background in basic accounting and finance so as to facilitate the administration of the financial section of the questionnaire. Their training included an overview of the research study's objective and all individuals were required to complete the questionnaire themselves. A map of Dakar pinpointing the location of all NGOs was created to increase the efficiency of questionnaire delivery and administration. This schematic map was used to assign canvassing territories to the research assistants and the coordinator who also participated in the data collection effort.**

**Questionnaires were delivered ahead of time to allow respondents to review the questionnaire and gather relevant financial documents. Each questionnaire was delivered with a letter of introduction explaining the purpose of the research. A verbal explanation was also given upon delivery. The research coordinator's business card was deposited as well to facilitate communication. All data collection sessions were prearranged and appointments established by telephone one week after the delivery of the questionnaire. On-site visits were employed to facilitate the response rate and to answer any questions regarding the survey instrument. Visits to each organization included a restating of the research objective and a review of the survey instrument prior to the respondent completing the questionnaire. Each survey instrument was collected on the appointed day. Data collection took place over a period of three**

months (October - December 2000) with follow-up of missing data conducted on an on-going basis. The research coordinator conducted follow-up by telephone.

Completed questionnaires were Fedexed to New Orleans for data entry, analysis, and interpretation.

#### *Problems Encountered*

Of the 110 organizations contacted, 62 returned their completed questionnaires resulting in a 56.4% response rate. Of the 62, four questionnaires had to be discarded due to missing data and/or respondents' refusal to complete the locus of control section, resulting in a sample size of 58. The small sample size limits the statistical analysis in several ways. A small sample makes it more difficult to detect a significant difference,<sup>14</sup> and increases the likelihood of incorrectly accepting the null hypothesis, i.e. committing a Type II error.<sup>15</sup> Small sample sizes are likely to be more affected by extreme values<sup>16</sup> and in the case of chi-square analyses, can result in an inaccurate test if the expected cell frequencies are too small.<sup>17</sup>

One of the difficulties encountered in the data collection process was locating the NGOs on the composite list. Ten of the organizations had changed their address and/or telephone numbers. The additional effort required to locate NGOs extended the time period necessary to complete the data collection process. (The original time frame scheduled for the collection of data was one full month.)

The unavailability of respondents to participate in the survey was another problem which contributed to a low response rate. Many of the directors were not available to participate in the survey due to prior commitments. These commitments ranged from international seminars to organizational evaluations to program planning for the upcoming year. This lack of availability may demonstrate that the timing of the data collection was not optimal. Directors who refused to participate expressed a sense of survey fatigue. Many reported that participation in several prior research activities resulted in no feedback nor results and they were no longer interested in investing their time in one more research study.

Attempts were made to increase the sample size by broadening the scope of the data collection effort to include larger, provincial towns outside the capital of Dakar. A research team was sent to Thiès, one of Senegal's regional capitals located approximately 45 miles from Dakar,<sup>18</sup> to survey NGOs. Only ten NGOs were located, almost half of which were satellite offices of NGOs already surveyed in Dakar. Given the lack of positive results in Thiès, further attempts to locate additional NGOs outside of Dakar were abandoned.

Missing data was another difficulty encountered in the data collection process. Often questionnaires were sent to the United States without having been reviewed carefully. Many were received with missing information, especially in the locus of control section. This oversight may have been due to the fact that the coordinating



organization, COGEP, was selected based on its knowledge of NGOs and experience with NGO financial management rather than extensive research practice. Luckily the use of email facilitated the collection of missing data. Contact information and question numbers were emailed to the research coordinator who was able to follow-up directly with respondents via the telephone and email the new data back to New Orleans. This process helped reduce the number of missing values in the data set.

Specific questions also posed problems for respondents as was evidenced in the locus of control section and the financial section. These respondents felt the locus of control section was not relevant to the overall study. Two respondents refused to answer the locus of control section stating that it was not "necessary" nor "pertinent" to the research and ten other respondents had difficulty choosing between the paired item statements. These problems were somewhat relieved by the provision of additional information regarding Julian B. Rotter and the publication of his locus of control scale. Nine of the eleven respondents who had skipped individual items in the IE scale section were persuaded to respond to the questions during the follow-up.

### **Data Management**

The raw data were entered into an SPSS<sup>®</sup> database. Frequencies and histograms were conducted on individual variables to identify possible problems with data entry and data outliers. All the financial data was converted from FCFA into US dollars at a rate of 753 FCFA to 1 USD based upon the US Treasury Reportings.<sup>19</sup> A

series of corrections and recodes of the data were completed. Corrections to data entry largely involved corrections to spelling to ensure uniformity among string variables. Recoding allowed for the aggregation of data into fewer groups so as to avoid low cell counts given the small sample size. A discussion of the problems found in the quantitative data is presented in the section below.

#### *Financial Data - Problems*

As anticipated, the quantitative financial data proved the most difficult to analyze. Although the financial section of the questionnaire contained numerous checks and balances to ensure accurate reporting of sources and uses of financial data; ensuing analyses revealed that a large component of the quantitative financial data was unreliable and therefore, not useable. In addition to the discrepancies identified by the checks and balances, other problems caused by errors in the questionnaire design were also discovered.

The response discrepancies involving the quantitative financial questions affected key data: sources of funding from the annual operating budget, amount of self-generated income, uses of funds from total annual expenses, and amount of personnel expense. These variables were to be used in the calculation of financial ratios. Price and Mueller (1986) suggest the following financial ratios as measures of financial viability for nonprofit organizations: return on assets, return on equity, and revenues per employee.<sup>20</sup> These ratios permit comparison between organizations of

different size.<sup>21</sup> The survey instrument asked questions both directly regarding amounts corresponding to these financial data variables and indirectly as when respondents were asked to fill in detailed tables itemizing sources and uses of annual funds. Due to the inability of respondents to provide reliable financial data, most of the quantitative variables and all of the financial ratios were discarded. (Appendix A presents the measures of organizational performance that were abandoned due to the unreliability of the quantitative financial data.)

Discrepancies in financial data ranged upwards of several hundred thousand dollars. Only 58% of responses to the two questions regarding total annual budget amount were within \$100 of agreement. The remaining plus 42% of responses revealed a mean variance of \$21,000. Variances ranged from negative \$619,000 to positive \$54,000. Fifty-seven percent of responses to the two questions regarding annual expense data varied dramatically. Responses produced an absolute variance ranging from negative \$178,000 to positive \$309,000. Annual personnel expense data did not vary as widely; 83% of responses matched to within \$100. However, of the total responses, 28% of the cases had missing values, too many to correct.

Two questions were posed on the subject of restricted funding, but again discrepancies in responses proved the data to be unreliable. These questions sought to determine the proportion of organization's funding that was restricted by its source, whether it be donors or government or whomever. Respondents had great difficulty

answering both questions. In fact, only 18% of cases provided the same answer to the two differently worded questions. Data from these questions were discarded due to unreliability.

An additional problem with balancing budgetary data was inherent in the questionnaire design. One question asking for specific amounts of annual funding sources was in a table format and unfortunately, this table was split between two pages. In spite of the presence of research assistants to facilitate the administration of the questionnaire, responses were often duplicated between pages. A review of each survey instrument in question revealed that 29% of cases had either duplicated or erroneously entered information into the table. In addition, respondents sometimes included capital budget figures in the annual operating budget table. In the majority of cases, not enough information was available to correct the data. This loss of itemized data for funding sources also prevented the classification of specific funding sources by type. Classification typologies were to comprise local government, foreign donor, self-generated, and other. Another casualty of the split table error involved financial data on self-generated income activities. Again, responses did not balance, duplications were committed in the itemized sources of funding table, and 30% of the cases (among those engaging in self-generated income activities) had missing values for the direct question concerning self-generated income.

A lack of comprehension of the question(s) and apparently poorly worded or confusing questions also resulted in the loss of quantitative financial data. With regards to the question on duration of funding, over 50% of respondents were unable to adequately answer the question. If not completely omitted or marked by a line, responses were often incomplete and thereby unusable. Unfortunately, this question was not flagged on the pre-tests and was ultimately discarded as it provided no useful information. This question was repeated for both operating and capital budgets with the same undesirable results; response data for both questions was discarded.

### **Presentation of Variables**

The following section presents a detailed account of the variables chosen for analysis. Selected variables for analysis were grouped into five categories: financial entrepreneurship, director locus of control, personal characteristics, professional history, and organizational characteristics. The presentation begins with the dependent variable, financial entrepreneurship, followed by the primary independent variable, director locus of control. Subsequent analyses include the relationships of personal, professional, and organizational characteristics to director locus of control.

#### *Financial Viability - The Dependent Variable*

The loss of quantitative financial variables due to the unreliability of data greatly reduced the number of financial entrepreneurship variables. However, the inability of respondents to provide reliable financial data did not affect the qualitative

**viability variables. These four qualitative variables are engagement in self-generating income activities, possession of an indirect cost rate, possession of a capital budget, and ownership of land/buildings. Each of these four variables required a yes/no response.**

**These qualitative variables were deemed reliable based on additional responses to related questions linked to these yes/no response variables. For example, questions linked to the yes/no, self-generating income activities response include questions on the amount generated by these activities and on identifying the specific activities which contribute to this income. These "related" questions provide additional information and lend credible support to the yes/no responses that the organization actually engages in self-generating income activities. Another example are the questions related to the possession of an indirect cost rate. Respondents were asked if a rate exists and if so, to specify the rate itself and rank how often the rate is applied to project proposals. Again, these "related" questions provide additional credibility and lend support to the yes/no response as to whether or not the organization possesses an indirect cost rate. The same holds true for questions concerning the existence of a capital budget. Respondents were asked to indicate the amount of the capital budget and itemize funding sources for the current fiscal year. The yes/no question concerning ownership of land/buildings is also supported by a question regarding the value of this property. For the latter two examples, even**

though the actual monetary amounts were unreliable, at least the ability of respondents to furnish additional information added credibility to the yes/no responses for these categorical variables.

Each of the financial entrepreneurship variables, if responded to in a positive manner, indicate entrepreneurial activity and an enhanced potential of an organization to remain financially viable in the years to come. The engagement in self-generating income activities has the potential to provide an organization with surplus funds. The existence of surplus funds allows an organization greater independence and flexibility in the allocation of funds than an organization that is solely dependent on external funding. Self-generated funds can provide the organization with greater liquidity, having cash on hand to be allocated as the organization deems necessary. The possession and application of an indirect cost rate provides an organization with a mechanism to recover its indirect or administrative costs. Again an organization applying an indirect cost rate is better off than one that is not recovering its costs in this manner. The possession of a capital investment budget in the African NGO context, although not directly related to increasing income or covering costs, does demonstrate entrepreneurship and an investment in the organization's infrastructure and long-term planning in the allocation of its resources. The ownership of land and/or buildings provides a means for an organization to acquire cash quickly through

**the sale of its property or assets if the need should arise, contributing to the organization's ability to meet its financial obligations in a crisis.**

**In addition to the individual financial entrepreneurship variables, composite indicators were created. These composite variables were created to identify whether or not directors with greater internal locus of control would be more likely to utilize more than one innovative financial mechanism. For example, would a director with greater internal locus of control be more likely to manage an NGO engaged in self-generating income activities and possessing an indirect cost rate? The composite indicator measures level of financial entrepreneurship. The first level is no utilization of entrepreneurial financial tools; the second level is utilization of one of the entrepreneurial tools; and the third and highest level is utilization of two entrepreneurial tools. The different composite entrepreneurship indicators are presented in Table 1 below:**



**Table 1****List of Composite Entrepreneurship Indicators**

<b>Variable Name</b>	<b>Entrepreneurial Activities</b>
<b>ENT12</b>	<b>Self-generating Activities and Possession of IDC Rate</b>
<b>ENT13</b>	<b>Self-generating Activities and Possession of K Budget</b>
<b>ENT14</b>	<b>Self-generating Activities and Ownership Land/Buildings</b>
<b>ENT23</b>	<b>Possession of IDC Rate and Possession of K Budget</b>
<b>ENT24</b>	<b>Possession of IDC Rate and Ownership Land/Buildings</b>
<b>ENT34</b>	<b>Possession of K Budget and Ownership of Land/Buildings</b>

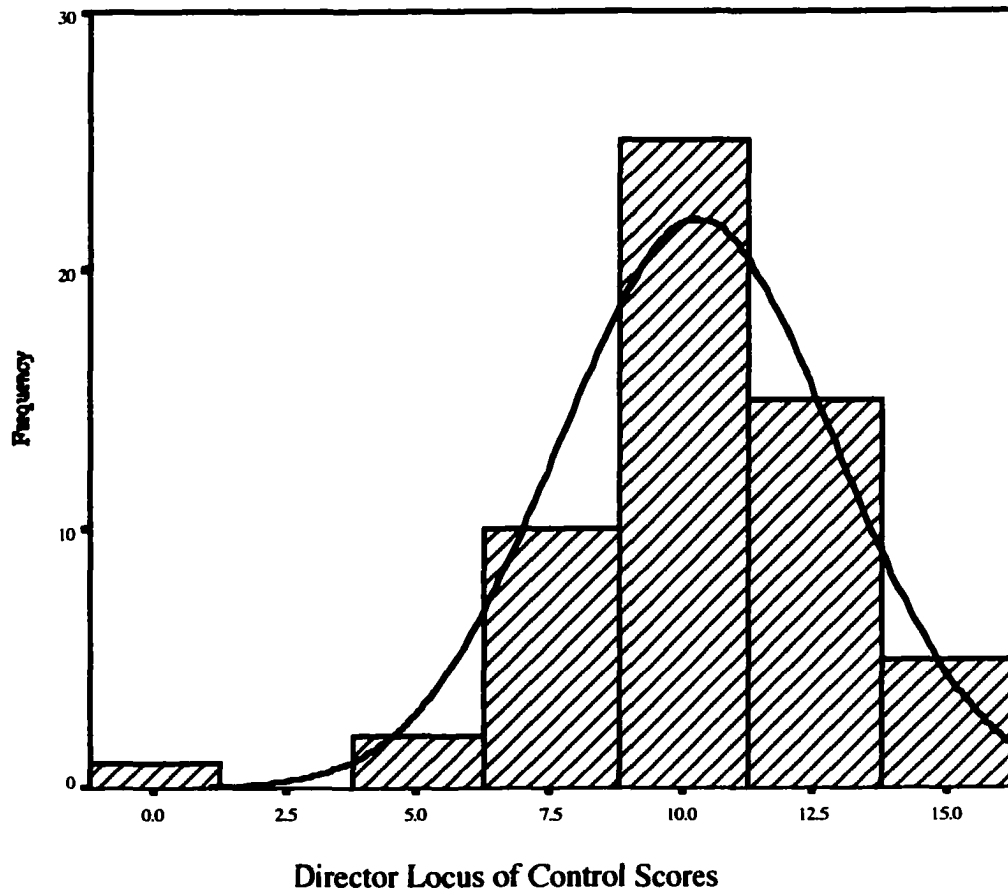
***IE Locus of Control - The Independent Variable***

The IE locus of control variables represent the primary independent variable in this research. Responses to the IE locus of control scale had to be tabulated in order to determine respondents' actual score. Only 15 of the 20 paired items were true scale items with the remainder acting as filler items. Internal responses were scored as "1" and external responses were scored as "0." These scores were then summed to create a new variable: total score. Higher scores indicated a more internal locus of control belief and lower scores indicated a more external locus of control belief. The IE locus of control variables were treated as a continuous, scale variable. There were no cases

with missing values and the histogram curve was normal for total IE scores (See Figure 5 below).

**Figure 5**

**Distribution of Director Locus of Control (n = 58)**



#### *Personal Characteristics - Secondary Variables*

Personal characteristics include age, gender, years of formal education, marital status, religion, and nationality. Age was employed as a continuous variable. Years of education had four cases of missing values. The mean of 15.98 was plugged into each

of the four missing cases to regain the sample size 58. Marital status and religion were recategorized into two groups: "married," "unmarried" and "Islamic," and "other." Again, two groups were created so as to avoid low cell counts during analysis. The nationality variable was only used as a descriptive variable and in comparison to locus of control scores given the fact that the cases of "non-Senegalese" only numbered three.

#### *Professional History - Secondary Variables*

Professional history variables comprised number of years (or tenure) with the current organization, age at becoming director of current organization, tenure as director, received foreign training, received foreign employment, and prior sector work experience. Two cases of tenure had missing values so the mean of 10.16 was plugged into these cases. The histogram of tenure as director revealed a non-normal distribution and two extreme outliers. Even after the removal of these outliers, the distribution remained skewed. An categorical variable was created for tenure as director, including the extreme values in order to maintain the sample size. Tenure as director was split into two groups at the median:  $<5$  years and  $\geq 5$  years. Received foreign training and received foreign employment variables were both yes/no response variables. Prior sector experience, a categorical variable, had three possible responses: non-profit, public, and private.

### *Organizational Characteristics - Secondary Variables*

**Organizational variables were limited to area of service and intervention, age, and size. Area of organizational intervention was taken directly from the organizations' names. The sample comprised a wide variety of areas of service and intervention and could only be aggregated to a limited degree. The top seven areas were hand-tabulated.**

**Organizational variables for statistical analysis were limited to age of organization and size of organization. Subtracting the date of official establishment from 2001 created the age of organization variable. Size of the organization was derived from the number of permanent, full-time staff whose salary is supported by the organization. Number of permanent staff had one case with a missing value and so the mean of 6.5 was plugged into the data set to regain a sample size of 58. Histograms of both age and size of organization revealed outliers for each. These variables were recoded into two-group categorical variables. Age of organization was split at 9 years and size of organization was split at 5 employees.**

### **Selected Analyses**

**A variety of analyses were conducted although the small sample size proved somewhat limiting. Initial univariate analyses of frequencies and histograms provided descriptions of the sample and identified outliers of continuous variables. Bivariate analyses were conducted using cross-tabulations, independent t-tests, and analysis of**

**variance (ANOVA). Fisher's exact test for significance was used for the majority of cross-tabulations given the small sample size, although Pearson's chi-square statistic was reported where appropriate.**

**Locus of control scores were compared to the individual entrepreneurship variables as well as the composite entrepreneurship indicators using independent t-tests. Specifically, locus of control scores were tested against an organization's engagement in self-generating income activities, possession of an indirect cost rate, possession of a capital budget, and ownership of land and/or buildings. These statistical tests sought to determine if a relationship existed between director locus of control and entrepreneurial activity involving the use of innovative financial tools. A second series of analyses utilizing both independent t-tests and chi-square tests were conducted on the relationship of directors' personal and professional characteristics to locus of control. A final series of analyses compared organizational characteristics to director locus of control using independent t-tests.**

**Additional analyses compared respondents' personal characteristics to their professional history. Respondents' personal characteristics and professional history were also compared to the organizational characteristics in order to identify what type of individual managed what sort of organization. Individual variables within each of the classified groups are presented in Table 2.**

**Table 2**

**List of Variables for Statistical Analysis**

<b>Group</b>	<b>Name of Variable</b>	<b>Type</b>	<b>Possible Responses</b>
<b>Financial Entrepreneurship</b>	<b>Self-Generating Income Activities</b>	<b>Categorical</b>	<b>yes no</b>
	<b>Possess IDC Rate</b>	<b>Categorical</b>	<b>yes no</b>
	<b>Possess K Budget</b>	<b>Categorical</b>	<b>yes no</b>
	<b>Own Land/Buildings</b>	<b>Categorical</b>	<b>yes no</b>
<b>Locus of Control</b>	<b>Total Locus of Control Score</b>	<b>Continuous</b>	<b>0 = external 15 = internal</b>
<b>Personal Characteristics</b>	<b>Age (years)</b>	<b>Continuous</b>	
	<b>Gender</b>	<b>Categorical</b>	<b>male female</b>
	<b>Education (years)</b>	<b>Continuous</b>	
	<b>Marital Status</b>	<b>Categorical</b>	<b>married unmarried</b>
	<b>Religion</b>	<b>Categorical</b>	<b>Islamic Other</b>
<b>Professional History</b>	<b>Tenure</b>	<b>Continuous</b>	
	<b>Age as Director</b>	<b>Continuous</b>	
	<b>Tenure as Director</b>	<b>Categorical</b>	<b>&lt; 5 ≥ 5</b>
	<b>Received Foreign Training</b>	<b>Categorical</b>	<b>yes no</b>
	<b>Received Foreign Employment</b>	<b>Categorical</b>	<b>yes no</b>
	<b>Prior Sector Work Experience</b>	<b>Categorical</b>	<b>non-profit private public</b>
<b>Organizational Characteristics</b>	<b>Age (years)</b>	<b>Categorical</b>	<b>&lt; 9 ≥ 9</b>
	<b>Size (number of employees)</b>	<b>Categorical</b>	<b>&lt; 5 ≥ 5</b>

### **Data Analysis Problems**

The analysis was limited primarily by two factors: small sample size and loss of quantitative financial variables. The small sample size prevented further analysis to determine the effects of control or confounding variables where relationships tested as significant. Attempts to control for variables resulted in expected cell counts that were too low to be reported and further attempts were abandoned. However, the response rate of this research compares favorably with that of prior research investigating CEO locus of control influence on organizational performance. For example, Boone, De Brabander, and van Witteloostunijn's (1996) study of small furniture makers was based on 40 observations and a response rate of 26%.<sup>22</sup> Reasons for this response rate include CEOs claiming to be too busy to participate in the survey and the provision of partial information to both scale and performance questions,<sup>23</sup> reasons similar to those of this research. Powell's (1992) research also claims a response rate of 20.8% stating that this rate is consistent with other published studies that require CEO involvement and the sensitivity of the requested information desired.<sup>24</sup> Nwachukwu's (1995) research on CEOs of small businesses in Memphis, Tennessee also had a response rate of 20.8%.<sup>25</sup> Given the experiences of these published studies, the current study's response rate of 56.4% compares very favorably.

The loss of quantitative financial variables severely limited the scope and depth of the analysis. These variables were to form the core of the financial

**entrepreneurship indicators. Their loss greatly weakened any attempts to link director locus of control to organizational financial entrepreneurship and viability. One of the limitations in the use of categorical variables as opposed to continuous variables is the inability to compare proportions across organizations. Although the qualitative entrepreneurship variables were used to investigate this relationship, the power of these tests was severely reduced with the loss of the continuous variables. Parametric t-tests are a more powerful form of statistical testing, and therefore a preferable form of testing than non-parametric tests such as chi-square.<sup>26</sup> "A t-test can detect true differences between smaller groups with a smaller sample size than their nonparametric counterparts."<sup>27</sup> Given the smallness of the sample size, it was unfortunate that statistical testing of the primary hypothesis of this research was reduced to nonparametric testing.**

**The loss of continuous variables to measure the dependent variable shifted the focus of the research towards identifying distinct groups of directors. The research sought to categorize directors based upon whether or not they employed innovative financial mechanisms to enhance the financial viability of their respective organizations. Organizations were divided into two groups: those that did utilize innovative financial tools and those that did not utilize innovative financial tools. The former group represents financially entrepreneurial organizations. The assumption is**



**that those organizations who exhibit greater financial entrepreneurship are more financially viable, i.e. more likely to continue to exist in the future.**

## **RESULTS**

**This chapter presents the results of the data analysis. It begins with a description of the data based on univariate analyses. These analyses present an overview of the organizations surveyed and the directors who manage them. The following section presents the bivariate results reporting the associations and relationships between the financial entrepreneurship variables. The chapter concludes with a summary of the research findings and presents an emerging profile of directors who manage entrepreneurial NGOs in Dakar, Senegal.**

### **Univariate Analyses**

**Fifty-eight NGOs comprise the survey sample. These organizations serve a wide range of developmental issues and social concerns ranging from democracy and adult literacy to specific rights of the handicapped and indigenous tribes. Table 3 presents several of the dominant areas of service.**

**Table 3****NGOs' Areas of Service and Intervention\***

<b>Area of Service</b>	<b>No.</b>	<b>%</b>
<b>Development</b>	<b>13</b>	<b>22</b>
<b>Youth</b>	<b>8</b>	<b>14</b>
<b>Training</b>	<b>7</b>	<b>12</b>
<b>Women &amp; Development</b>	<b>5</b>	<b>9</b>
<b>Environment</b>	<b>4</b>	<b>7</b>
<b>Health</b>	<b>4</b>	<b>7</b>
<b>Research</b>	<b>4</b>	<b>7</b>

**\* Other areas of service comprising less than 2% of NGOs surveyed include adult literacy, democracy, home economics, employment, finance, issues concerning indigenous populations, rights of the handicapped, and social equality.**

**The primary area of service is providing support to local and community development through research and training followed by youth, training, and women in development. These areas of service represent over half of the NGOs surveyed.**

**Additional characteristics of the organizations surveyed are presented in Table 4.**

Table 4

## Organizational Characteristics

	Cases (n = 58)	
	No.	%
<b>Age of Organization (years)</b>	<b>Mean = 12.6</b>	
< 9 years	28	51.7
≥ 9 years	30	48.3
<b>No. of Full-time Permanent Staff<sup>a</sup></b>	<b>Mean = 6.5</b>	
< 5 employees	26	44.8
≥ 5 employees	31	55.2

<sup>a</sup> One case had a missing value.

The average number of years organizations surveyed have been in operation is 12.6.

One organization was established in 1940. The average number of full-time, permanent staff was 6.5 employees. The number of permanent staff is defined as the number of employees who are financially supported directly by the NGO.

Over three-quarters of directors surveyed are males, outnumbering females three to one. The average age of directors is 47 years and the average number of years of formal education is 16. Seventy-eight percent of directors are married, outnumbering unmarried respondents more than three to one. The group of unmarried respondents is comprised of single, divorced, and widowed respondents. The majority of directors are Senegalese and are of Islamic faith with only 5% of respondents of

non-Senegalese nationality and 11% of faiths other than Islamic. Personal characteristics of directors surveyed are presented in Table 5.

**Table 5**

**Directors' Personal Characteristics**

	Cases (n = 58)	
	No.	%
<b>Gender</b>		
Male	44	75.1
Female	24	24.9
<b>Age (years)</b>	Mean = 47.0	
<b>Education (years)<sup>a</sup></b>	Mean = 16.0	
<b>Marital Status</b>		
Married	45	77.6
Divorced	3	5.2
Single	8	13.8
Widowed	2	3.4
<b>Nationality</b>		
Senegalese	55	94.8
American	1	1.7
Belgian	1	1.7
Gambian	1	1.7
<b>Religion</b>		
Islamic	47	81.0
Catholic	2	3.5
Christian	6	10.4
Jewish	1	1.7
Traditional	1	1.7
None	1	1.7

<sup>a</sup>Four cases had a missing value.

Almost half of the directors surveyed have prior work experience in the public sector, over a third in the non-profit sector, and the remaining 15% in the private sector. Almost two-thirds of directors have received foreign training while less than a quarter have received work experience outside of Senegal. The majority of directors had received foreign training in France (almost half) while one quarter had received training in Canada and the United States. This large proportion of training received in France may be partly due to the close ties between Senegal and France, established since colonial days. The average duration of training was slightly more than 3.5 years. Almost two-thirds of those receiving work experience outside of Senegal found opportunities in other African countries while just less than one third worked in France. The average duration of work experience outside of Senegal was slightly less than 4 years. Respondents have spent an average of ten years with their current organization (tenure) and assumed the position of director at an average age of forty years. The mean number of years spent as director (tenure as director) at the current organization is 6.4. Professional history variables of directors are presented in Table 6.

Table 6

## Directors' Professional History

	Cases (n = 58)	
	No.	%
<b>Prior Sector Experience <sup>a</sup></b>		
Non-profit	21	36.8
Private	9	15.8
Public	27	47.4
<b>Foreign Training</b>		
Yes	34	58.6
No	24	41.4
<b>Foreign Employment</b>		
Yes	16	27.6
No	42	72.4
<b>Tenure <sup>b</sup></b>	Mean = 10.2 years	
<b>Age at becoming Director</b>	Mean = 40.4 years	
<b>Tenure as Director</b>	Mean = 6.4 years	

<sup>a</sup> One case had a missing value.

<sup>b</sup> Two cases had a missing value.

**With regards to the IE locus of control scale, directors scored toward the high end of the scale indicating a more internal locus of control belief. The mean score for respondents was 10.3 on a 15 point scale. Scores ranged from one to fifteen.**

**In terms of exhibiting entrepreneurial activity, organizations that did make use of innovative financial tools were often in the minority, the exception being those engaged in self-generating income activities. The four entrepreneurship variables are presented in Table 7. These categorical variables include engagement in self-generating income activities, possession of an indirect cost (IDC) rate, possession of a capital budget, and ownership of land/buildings. Positive responses to these variables indicate a more financially entrepreneurial organization.**



Table 7

**Financial Entrepreneurship**

Entrepreneurship	Cases (n = 56)			
	Yes		No	
	No.	%	No.	%
<b>Self-generating Activities</b>	37	66.1	19	33.9
<b>Possess IDC Rate <sup>a</sup></b>	15	29.1	39	70.9
<b>Possess Capital (K) Budget</b>	23	41.1	33	58.9
<b>Possess Land/Buildings</b>	21	37.5	35	62.5

<sup>a</sup> One case had a missing value.

The majority of organizations, two-thirds, engaged in self-generating income activities while less than a third possessed an indirect cost recovery rate. Of those possessing an indirect cost rate, (the average rate among organizations was 12.1%), less than one third applied the rate systematically to project proposals and less than two-thirds applied it sometimes. More than two-fifths of NGOs possessed a budget for long-term, capital investment; more than a third of them owned their own land and/or buildings.

## **Bivariate Analyses**

### *Director Locus of Control and Financial Entrepreneurship*

**This section presents the test results comparing director locus of control scores to measures of financial entrepreneurship. Locus of control scores are compared to the individual measures of entrepreneurship:**

- 1. Engagement in self-generating income activities;**
- 2. Possession of an indirect cost rate;**
- 3. Possession of a capital budget; and**
- 4. Ownership of land/buildings.**

**Additional tests include a comparison of director locus of control scores to the composite indicators which combine the different individual measures of financial entrepreneurship.**

**Table 8 presents the results of comparisons between the financial entrepreneurship variables and directors' locus of control scores.**

Table 8

Comparison of Entrepreneurship to Director Locus of Control (n = 56)

	Locus of Control Scores	
	Mean $\pm$ S.D.	p value <sup>a</sup>
<b>Self-Generating Activities</b>		
Yes	10.5 $\pm$ 2.7	0.154
No	9.7 $\pm$ 2.7	
<b>Possess IDC Rate<sup>b</sup></b>		
Yes	9.6 $\pm$ 3.5	0.119
No	10.5 $\pm$ 2.3	
<b>Possess K Budget</b>		
Yes	10.7 $\pm$ 2.0	0.151
No	9.9 $\pm$ 3.0	
<b>Own Land/Buildings</b>		
Yes	10.5 $\pm$ 2.7	0.314
No	10.1 $\pm$ 2.7	

<sup>a</sup> One-tailed independent t-tests.

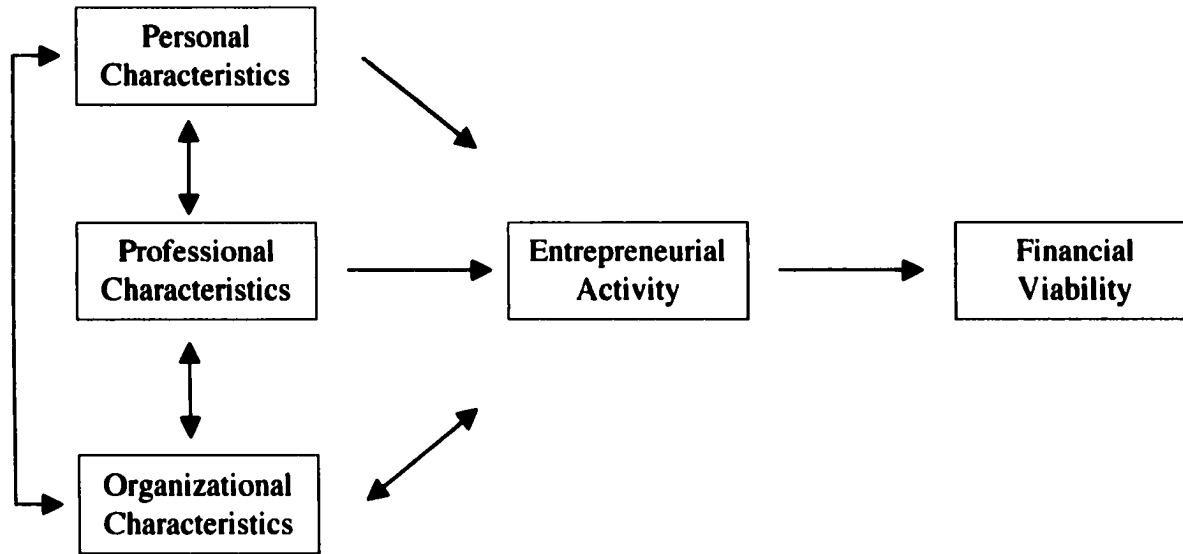
<sup>b</sup> One case had a missing value.

None of the variables representing entrepreneurial activity were significantly related to director locus of control at the 0.05 level. However, three of the four relationships were in the predicted direction: more entrepreneurially active organizations were

managed by directors with a more internal locus of control. Also, p-values approached significance at the 0.1 level in three of the four analyses. These findings suggest that a significant relationship between director locus of control and entrepreneurial activity of the organization might have been detectable had the sample size been larger. Further analyses were conducted to determine if a relationship existed between director locus of control and the composite entrepreneurship variables. There were no significant results between director locus of control and the composite entrepreneurship indicators.

In view of these findings, locus of control was removed from the conceptual model. The revised plan for analysis focused on determining the personal and professional characteristics of those directors who manage financially entrepreneurial organizations. In addition, analyses were conducted to identify those organizational characteristics belonging to these entrepreneurial organizations. The revised conceptual model is presented in Figure 6. A series of independent t-tests and chi-square analyses were conducted to determine if any relationships or associations existed between personal, professional, and organizational characteristics and financial entrepreneurship.

**Figure 6**  
**Revised Conceptual Model**



***Financially Viable Organizations - Who Directs Them?***

**Directors' personal characteristics and professional history were not significantly related to their organizations engagement in self-generating income activities. However, significant relationships were found with regards to possession of an indirect cost rate. See Table 9 below.**

**Table 9**

**Comparison of Possession of an IDC Rate and Directors' Personal and Professional Characteristics (n = 55)**

	Possession of an IDC Rate				p value
	Yes		No		
	No.	%	No.	%	
Age (years)	51.9 ± 8.0		44.7 ± 8.2		0.005
Foreign Training					0.001
Yes	15	93.8	17	43.6	
No	1	6.2	22	56.4	
Foreign Employment					0.022 <sup>a</sup>
Yes	8	50.0	7	17.9	
No	8	50.0	32	82.1	

<sup>a</sup> Twenty-five percent of the expected cell counts were less than five.

Organizations that possessed an indirect cost rate were more likely to be directed by significantly older directors. Foreign training and possession of an indirect cost rate were found to be significantly associated. Directors who had received foreign training were much more likely to direct an organization that possessed an indirect cost rate. Among organizations that did not possess an indirect cost rate, a larger proportion of respondents had not received foreign training. The association between foreign employment and possession of an indirect cost rate was found to be significant but

somewhat unreliable given the fact that 25% of expected cell counts were less than five.

Possession of a capital budget was compared to directors' personal characteristics and professional history. None of the directors' personal characteristics were significantly related to possession of a capital budget. However, tenure as director was significantly related to possession of a capital budget. Table 10 presents comparisons between possession of capital budget and directors' professional characteristics.

**Table 10**

**Comparison of Possession of a Capital Budget and Directors' Professional History**

	Possession of Capital Budget (n = 56)				p value
	Yes		No		
	No.	%	No.	%	
<b>Tenure as Director</b>					<b>0.033</b>
< 5 years	7	30.4	20	60.6	
≥ 5 years	16	69.6	13	39.4	

Respondents with longer tenure as director were more likely to direct organizations that possessed a capital budget than respondents who spent fewer years as director.

An organization's ownership of land and/or buildings was compared to directors' personal characteristics and professional history. Directors' personal



characteristics were not significantly related to an organization's ownership of land/buildings. However, ownership of land/buildings was found to be significantly related to a director's overall tenure at the organization. See Table 11 below.

**Table 11**

**Comparison of Ownership of Land/Buildings and Directors' Tenure (n = 56)**

	Ownership of Land/Buildings				p value
	Yes		No		
	No.	%	No.	%	
Years w/ Organization	12.7 ± 7.3		8.9 ± 6.4		0.049

A director's tenure at their current organization was significantly related to ownership of land/buildings. The longer the tenure, the more likely the organization was to own land/buildings.

To further enhance the profile of the entrepreneurial NGOs and the directors who manage them, analyses were conducted between directors' personal and professional characteristics. The significant results of these comparisons are presented in the following paragraphs. Table 12 presents comparisons of directors' age and professional history.

Table 12

## Comparison of Directors' Age and Professional History (n = 58)

	Age (Mean $\pm$ S.D.)	p value
<b>Tenure as Director</b>		
< 5 years	42.7 $\pm$ 8.9	0.001 <sup>a</sup>
$\geq$ 5 years	50.9 $\pm$ 8.1	
<b>Prior Sector Experience<sup>b</sup></b>	n = 57	
Non-profit (n = 21)	43.4 $\pm$ 8.6	0.002 <sup>c</sup>
Private (n = 9)	41.4 $\pm$ 7.3	
Public (n = 27)	51.0 $\pm$ 8.7	

<sup>a</sup>Independent t-test.

<sup>b</sup>One case had a missing value.

<sup>c</sup>ANOVA F-statistic.

Age was significantly related to tenure as director; older directors have spent more years at their current organization than younger directors. Also, age of director was significantly associated with type of prior sector work experience. Directors with prior experience in the public sector were significantly older than directors with both non-profit and private sector work experience.

Age and tenure as director were also compared to foreign training, resulting in significant associations as presented in Table 13.

Table 13

Comparison of Directors' Age and Tenure as Director to Foreign Training (n = 58)

	Foreign Training		p value
	Yes	No	
Age	49.6 ± 8.3	43.2 ± 9.7	0.01
Age as Director	42.6 ± 9.0	37.3 ± 8.8	0.031

Directors having received foreign training were significantly older than directors who had not received foreign training. Not surprisingly, age as director was significantly related to foreign training as well; respondents who assumed the position of director at an older age were more likely to have received foreign training.

Foreign training was found to be significantly associated with having received foreign employment among directors.

Table 14

Comparison of Foreign Training to Foreign Employment (n = 58)

	Foreign Training				p value
	Yes		No		
	No.	%	No.	%	
Foreign Employment					
Yes	14	87.5	2	12.5	0.007
No	20	47.6	22	52.4	

Among those who had received foreign employment, almost 90% had also received foreign training.

*Financially Viable Organizations - Which Organizations are These?*

This section presents the results of the bivariate analyses between organizational characteristics and the financial entrepreneurship variables.

Comparisons of age of organization and entrepreneurship are presented in Table 15.

Table 15

Comparison of Organizational Characteristics to Entrepreneurship (n = 56)

	Age of Organization				p value
	< 9 years		≥ 9 years		
	No.	%	No.	%	
<b>Own Land/Buildings</b>					0.002
Yes	5	23.8	16	76.2	
No	24	68.6	11	31.4	

An organization's age was significantly associated with ownership of land/buildings.

Older organizations were more likely to own land and/or buildings than newer organizations. The size of the organization measured by number of permanent staff did not test significantly to any of the four entrepreneurship variables.

Comparisons of organizational characteristics to select personal and professional history characteristics did not result in any significant relationships. The

two organizational variables, age and size, were compared to each other as well; there was no significant association found between age and size of organization.

*Composite Indicators of Financial Entrepreneurship*

Additional analyses were conducted on the composite entrepreneurship indicators and on those personal, professional, and organizational characteristics found to be significantly associated with the individual entrepreneurship variables. The purpose of these analyses was to introduce a basic scale variable, the composite indicators, to determine the direction, if any, of these relationships to financial entrepreneurship. The composite indicators include combinations of the following variables:

1. Engagement in self-generating activities,
2. Possession of an indirect cost rate,
3. Possession of a capital budget; and
4. Ownership of land/buildings.

These composite indicators were compared to age of director, foreign training, tenure, tenure as director, and age of the organization using cross-tabulations and analysis of variance.

Age of director was compared to the six composite indicators (refer to Table 1 for definitions). Significant relationships were found between age of director and self-generated activities and possession of an indirect cost rate (ENT12) and age of

director and possession of an indirect cost rate and possession of a capital budget (ENT23). The former is presented in Table 16.

**Table 16**

**Comparison of ENT12 to Directors' Age (n = 55)**

<b>ENT12</b>	<b>Age (years) Mean <math>\pm</math> S.D.</b>
<b>Neither Activity</b>	<b>43.69 <math>\pm</math> 9.86</b>
<b>Self-Gen OR IDC Rate</b>	<b>46.75 <math>\pm</math> 8.24</b>
<b>Self-Gen AND IDC Rate</b>	<b>51.10 <math>\pm</math> 7.68</b>
<b>p-value</b>	
<b>Between groups - combined</b>	<b>0.130</b>
<b>Linear term - unweighted</b>	<b>0.044</b>

Although there was no significant difference in means of average age between levels of entrepreneurship, there was a significant linear increase in age across levels of entrepreneurship at the 95% level. As age increased among directors, so did the likelihood that their organizations would engage in self-generating income activities and possess of an indirect cost rate. Age of director was significantly related to possession of an indirect cost rate and possession of a capital budget (ENT23) as presented in Table 17.

Table 17

Comparison of ENT23 to Directors' Age (n = 55)

ENT23	Age (years) Mean $\pm$ S.D.
Neither Activity	44.45 $\pm$ 8.47
IDC Rate OR K Budget	46.29 $\pm$ 7.07
IDC Rate AND K Budget	56.71 $\pm$ 8.98
<b>p-value</b>	
Between groups - combined	0.003
Linear term - unweighted	0.001

A significant difference in mean age exists between the different levels of entrepreneurship. Average age increases significantly with greater entrepreneurship. As the average age of directors increased, so did the likelihood that the organizations they managed would engage in increased levels of entrepreneurship as measured by possession of an indirect cost rate and possession of a capital budget.

The professional history variables of foreign training, tenure, and tenure as director were compared to the composite entrepreneurship indicators as well. Directors having received foreign training was compared to engagement in self-generating activities and possession of an indirect cost rate (ENT12), the results of this analysis are presented below.

Table 18

## Comparison of ENT12 to Foreign Training (n = 55)

ENT12	Received Foreign Training				p-value <sup>a</sup>
	Yes		No		
	No.	%	No.	%	
Neither Activity	6	46.2	7	53.8	0.012
Self-Gen OR IDC Rate	16	50	16	50	
Self-Gen AND IDC Rate	10	100	0	0	

<sup>a</sup> Pearson chi-square statistic.

Whether or not a respondent received foreign training was significantly associated with the financial entrepreneurship of the organization. Among respondents who managed organizations that engaged in self-generating income activities and possessed an indirect cost rate, 100% had received foreign training. Foreign training was also compared to possession of an indirect cost rate and ownership of land/buildings (ENT24) and possession of a capital budget and ownership of land/buildings (ENT34). Although both tests resulted in significant associations, these findings were questionable given that 33.3% of expected cell counts were less than five.

Foreign training was also compared to possession of a capital budget and ownership of land/buildings (ENT34) as presented in Table 19.



Table 19

## Comparison of ENT34 to Foreign Training (n = 55)

ENT34	Received Foreign Training				p-value <sup>a</sup>
	Yes		No		
	No.	%	No.	%	
Neither Activity	10	40	15	60	0.017
K Budget <b>OR</b> Own Land/Bldg	15	83.3	3	16.7	
K Budget <b>AND</b> Own Land/Bldg	8	61.5	5	38.5	

<sup>a</sup> Pearson chi-square statistic.

Having received foreign training was significantly associated with an organization's possession of a capital budget and ownership of land/buildings. Directors who had received foreign training were more likely to manage organizations with greater entrepreneurship as measured by possession of a capital budget and ownership of land/buildings than directors who had not received foreign training. Additional professional characteristics such as tenure and tenure as director were compared to the composite indicators; although a select few resulted in significant associations, these results could not be deemed accurate given that 33.3% of expected cell counts were less than five.

Among the organizational variables, age of the organization was significantly associated with possession of a capital budget and ownership of land/buildings (ENT34).

Table 20

Comparison of ENT34 to Organizational Size (n = 56)

ENT34	Organizational Size				p-value <sup>a</sup>
	< 9 years		≥ 9 years		
	No.	%	No.	%	
Neither Activity	16	64	9	36	0.053
K Budget <b>OR</b> Own Land/Bldg	10	55.6	8	44.4	
K Budget <b>AND</b> Own Land/Bldg	3	23.1	10	76.9	

<sup>a</sup> Pearson chi-square statistic.

Older organizations were more likely to possess a capital budget and own land/buildings than newer organizations.

Additional analyses attempting to combine three of the four entrepreneurship variables into composite indicators and testing for significant associations with personal, professional, and organizational characteristics were unsuccessful. Results of these analyses were either not significant or inaccurate due to small expected cell counts. This chapter concludes with a summary of the research findings and a

**presentation of the emerging profile of entrepreneurial organizations and the directors who manage them.**

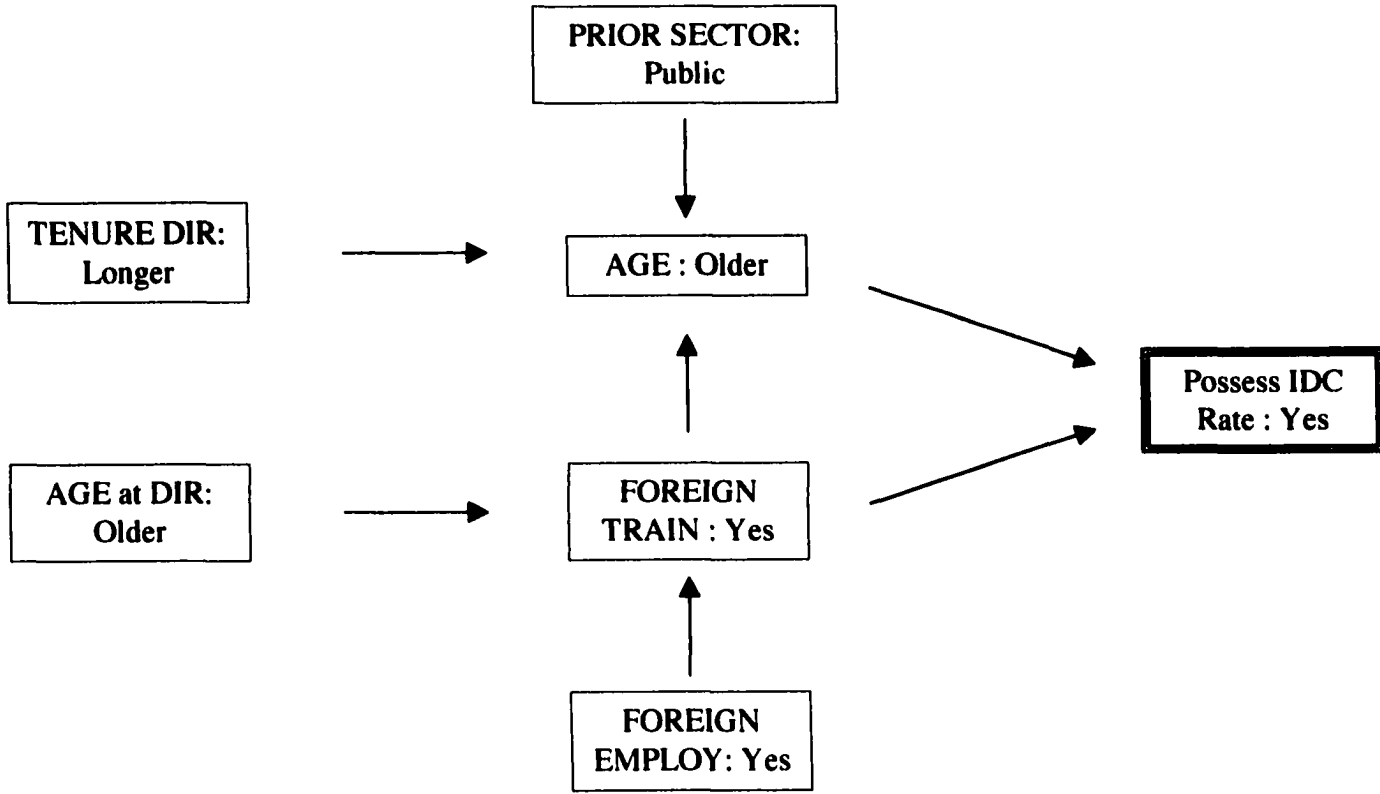
### **Summary of Findings**

**A review of the significant research results revealed an emerging profile of the directors who manage these financially entrepreneurial NGOs. A select number of personal and professional characteristics identify these individuals. These relationships, as they pertain to organizational financial entrepreneurship, are presented in the subsequent paragraphs and diagrams.**

**Older directors with prior work experience in the public sector and longer tenure as directors (more than five years) are more likely to manage more financially entrepreneurial organizations. These organizations possess an indirect cost rate and possess a capital budget, both examples of innovative and entrepreneurial financial activity. In addition, these directors have benefited from foreign training and foreign employment, and assumed their post as director at an older age than those directors of less entrepreneurial organizations. Refer to Figures 7 and 8 for a schema depicting these relationships.**

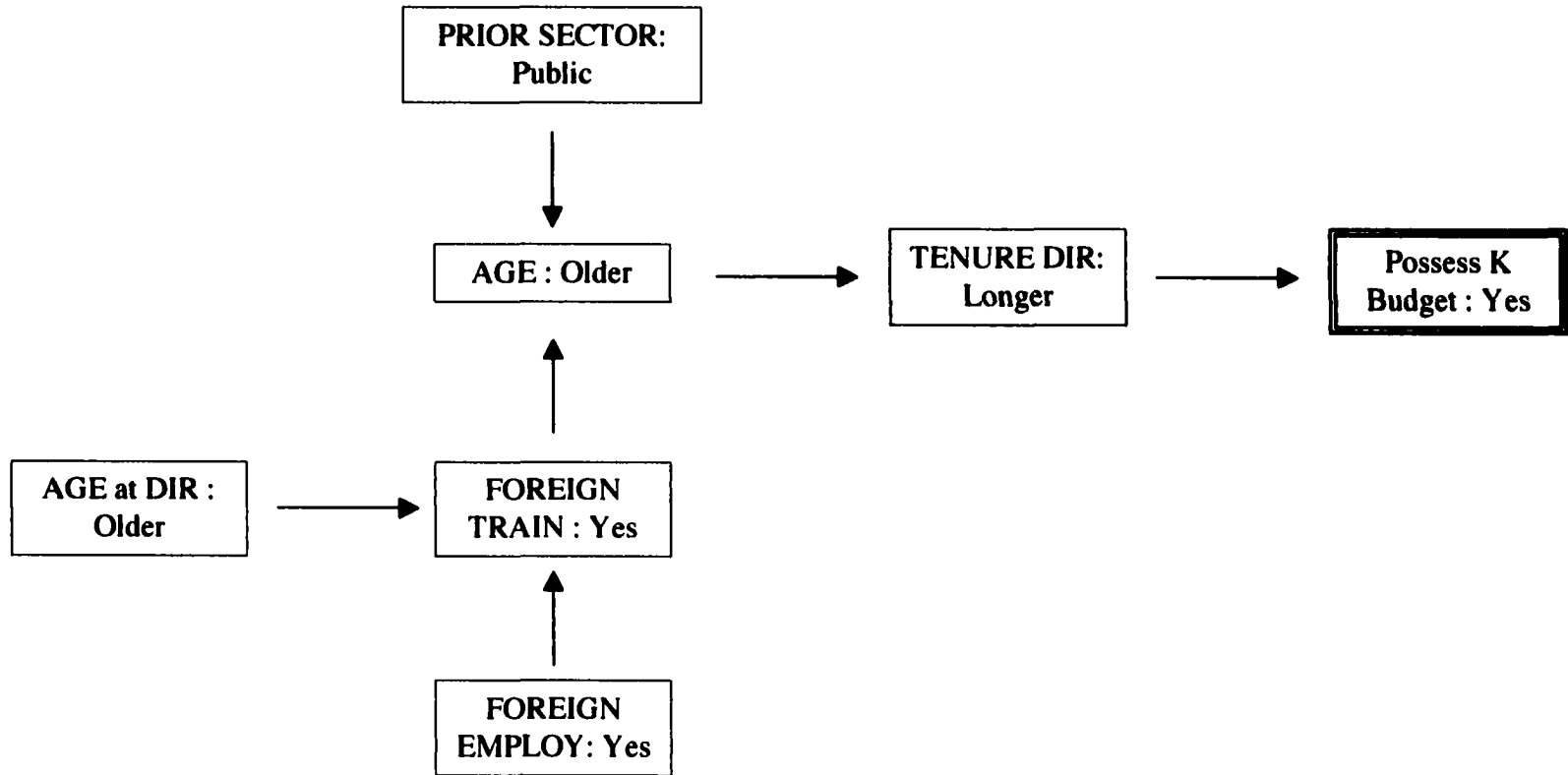
**Figure 7**

**Entrepreneurship: Possession of an IDC Rate**



**Figure 8**

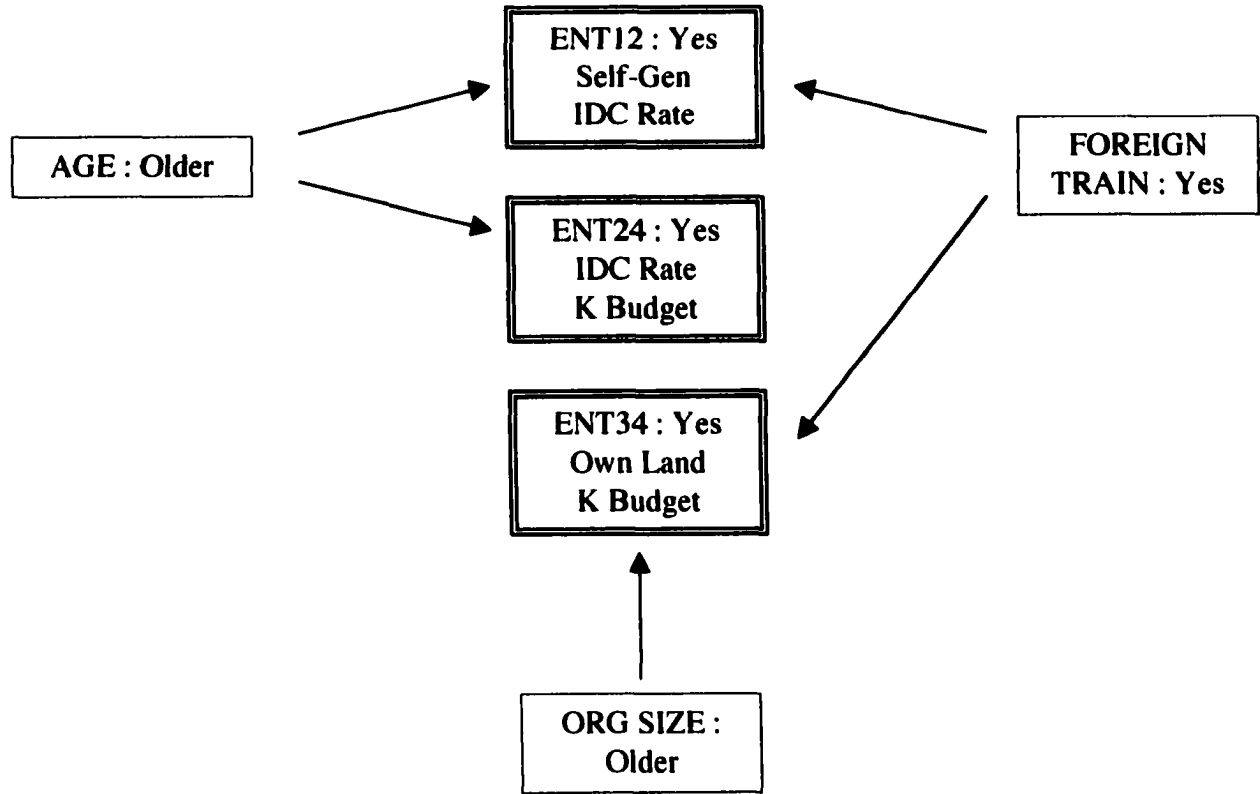
**Entrepreneurship: Possession of a Capital Budget**



**Older directors and those who had benefited from foreign training were also more likely to employ a wider range of entrepreneurial tools than younger directors and those who had not received foreign training. See Figure 9 for the schema depicting significant relationships between personal, professional, and organizational variables to the composite indicators of financial entrepreneurship.**

**Figure 9**

**Entrepreneurship: Composite Indicators**



**Organizations demonstrating their financial entrepreneurship as measured by engagement in self-generating activities, possession of an indirect cost rate, and possession of a capital budget were managed by significantly older directors.**

**Organizations demonstrating their financial entrepreneurship as measured by engagement in self-generating activities, possession of an indirect cost rate, possession of a capital budget, and ownership of land/buildings were managed by directors who had received foreign training. Organizations demonstrating their financial entrepreneurship as measured by possession of a capital budget and ownership of land/buildings were significantly larger organizations with permanent staffs of five or more employees.**

**The key factors to emerge from this research that identify directors of more entrepreneurial organizations are age, tenure as director, and foreign training. The implications of these findings are discussed in the following chapter. This discussion includes comparisons to prior research results where relevant and suggests possible policy implications and future research based upon the findings of this study.**



## **INTERPRETATION AND POLICY IMPLICATIONS**

**This chapter attempts to explain why the research results did not conform to the proposed hypotheses. The discussion includes a review of the theory upon which the hypotheses were based and a review of the research methodology, seeking to determine the reasons behind the lack of conforming results. A summary of the empirical findings including the meaning of the non-results are presented. These findings lead into the discussions on the policy implications of this research and suggestions for future research.**

### **Interpretation of Results**

**This research attempted to link director locus of control to organizational entrepreneurship and performance among indigenous NGOs operating in Dakar, Senegal, west Africa. This hypothesis was based upon prior research in the field of personality, strategic management, and organizational behavior. Although published research supports the relationship between locus of control and individual and organizational entrepreneurship as well as organizational performance among for-profit entities, these findings did not hold up in a nonprofit sector in a developing world economy.**

### *Lack of Conforming Results*

**Director locus of control was not significantly related to financial entrepreneurship as measured by four categorical variables and six composite indicators. There were no significant relationships between locus of control nor any of the personal or professional characteristics of NGO directors. This lack of significance may be an accurate representation of the relationship between director locus of control and financial entrepreneurship at the organizational level in this context. However, this lack of significance may be due partly to numerous factors related to the application of theory and the methodology employed in this research. A discussion on why the results did not meet expectations is presented below. This discussion includes possible problems in the theory development and limitations in the research methodology; the most obvious flaw being the lack of reliable financial data.**

**The theory for this research is based upon the domains of psychology and organizational behavior. Published research supports a relationship between CEO locus of control and organizational performance and survival. My research attempted to replicate these findings, but in a different context. Prior work was conducted in North America and Europe, among small businesses in the for-profit sector. My research tried to apply the same theory and similar methodologies to francophone west Africa among indigenous NGOs in the non-profit sector.**

One reason for this nonconformity of results may be that this research was too narrowly focused on the psychological factor of locus of control and did not take into account the impact of environmental factors, especially in the sense that they differed from the developed world, for-profit sector.<sup>1</sup> One of the more important environmental influences on NGO operations in the developing world is that of donor control.<sup>2</sup> Fowler (1985) suggests that among almost all indigenous NGOs in Africa, decision-making regarding their activities takes place outside the organization.<sup>3</sup> According to Fowler, two critical factors related to NGO external environment are control of resources and accountability.<sup>4</sup> It is perhaps this donor control of funding resources that is a critically confounding factor in the relationship between director locus of control and organizational financial entrepreneurship. If the assumption that NGO directors exert great control and influence on decision-making in their organization is false, then it becomes more unlikely that a relationship between director locus of control and organizational financial viability will exist. If donors exert greater control of funding sources than directors in NGO operations, then the likelihood of finding a relationship between director locus of control and organizational financial viability is further reduced. This potential impact of donor control should be taken into consideration in future research regarding indigenous NGO operations, with special attention on the acquisition and allocation financial aspect. Although attempts were made to collect data on the control of or lack thereof

of funding sources, respondents were unable to adequately answer these questions in the survey instrument and provide insight into the extent of donor control.

In terms of the research methodology, the most obvious flaw was the lack of reliable measures of the dependent variable, financial viability. Given that respondents were unable to provide reliable financial data, financial ratios could not be computed, limiting the statistical analyses to employing categorical variables as measures of the dependent variable. Chi-square tests were employed to a greater extent than independent t-tests, a less powerful means of detecting significant differences between groups. The impact of this loss of continuous variables was exacerbated by the small sample size. Chances are greater that the null hypothesis will be falsely accepted in a small sample using less powerful forms of statistical tests such as the chi-square test. In fact in this research, the relationship between entrepreneurial activity and director locus of control was nearly significant at the 0.1 level and the relationship was in the predicted direction among three of the four entrepreneurship variables. In order to combat these weaknesses in the methodology of my study, alternative sources of financial data should be reviewed as well as possible ways of increasing the sample size.

In Senegal, a governmental decree requires NGOs to present an annual report to the Ministry of Women and National Solidarity three months after the end of their fiscal year.<sup>5</sup> This report should contain a review of completed activities, a description

**of proposed future activities, and a financial accounting of completed activities.**

**Although respondents were asked to refer to these documents as well as others for the financial data requested in the questionnaire, perhaps a document review of the annual reports by an external observer would have been a more reliable method of data collection.**

**In fact, I conducted a review of available documentation from indigenous NGOs operating in francophone west and central Africa with whom I had worked extensively between 1997 - 2000 under a USAID funded project.<sup>6</sup> Among these NGOs, only two of ten actually produced an annual report documenting their activities. Among these two organizations, only one included a financial account of their activities. These ten NGOs included three from Senegal, all based in Dakar. Among these three, only one produced an annual report; however, it did not contain any financial information relative to its completed activities.**

**Another possible source of credible financial information might be external accounting audits. In Senegal, (as elsewhere in the region), donors often request that external audits be conducted on the financial activities of their African partners. Donors regularly hire third party CPAs or accounting firms to conduct these audits. Among the ten NGOs of the USAID project referred to above, five had had an external audit conducted at their organization in the year they were surveyed.**

These audit reports, if available, could provide the necessary information to conduct more powerful statistical analyses. However, some indigenous NGOs may not have been audited in the recent past and would not be able to provide comparable data. Another possible limitation of the use of external audits as a method to collect financial data is that many donors only audit their particular programs or activities and do not perform a full organizational review of activities. For example, one of the organizations cited in the USAID research project was audited by respective donors, but these audits only focused on the donor's projects, not on the organization as a whole. Additional research might be necessary to determine whether or not a simple document review of either NGO annual reports and/or external audit reports could provide reliable financial data on the overall operations of these organizations.

Although efforts were made to increase the sample size by expanding the scope of the research beyond Dakar, the results of these efforts were disappointing. Other possible ways of increasing the sample size of NGOs in Dakar would be to lengthen the data collection period, perhaps accommodating the busier NGO directors. Another option to increase sample size might be to alter the survey instrument. Personal, professional, and locus of control data could be collected in a revised, one-on-one interview format with the NGO director. Financial data could be derived by a document review of the most recent annual report or audit reports. The modification in the survey instrument and the use of alternative sources of financial

**data might lessen the burden on director respondents and encourage their participation, thus increasing the sample size. These options are not error free however, especially given the uncertainty regarding the availability and usefulness of both annual reports and external audits as comprehensive sources of financial data.**

**Another option for increasing the sample size would be to expand the scope of the research beyond Senegal. The inclusion of other indigenous NGOs in select francophone west African countries would certainly increase the sample size. Calculations could be made to estimate an appropriate sample size given the findings of this research. Confounding effects of country-specific factors have to be taken into consideration. The sample should be selected from francophone west African countries with similar colonial and political histories in order to minimize the impact of potentially confounding environmental factors. These contexts are important with regards to their influence on the emergence and growth of the indigenous NGO sector within respective countries.**

**One additional point should be made with regards to sample size. The size of my sample was comparable to that of previously published research. Brockhaus (1980) early work linking internal locus of control to successful entrepreneurs as measured by business survival utilized a sample of thirty respondents.<sup>7</sup> Other research which linked CEO locus of control to organizational performance and survival include sample sizes ranging from 39 to 97 organizations.<sup>8</sup> These latter studies**

benefited from the employment of continuous variables as measures of organizational performance, facilitating the ability of statistical tests to identify possible relationships. This fact suggests that the negative impact of the loss of continuous variables to measure financial viability may have been greater than the relatively small sample size, although original analyses of director locus of control and entrepreneurial activity of the organization were somewhat promising if not significant. Three of the four relationships between director locus of control and entrepreneurial activity of the organization matched the predicted direction of the relationship and two of these relationships approached significance at the 0.1 level. These findings suggest that significant relationships might have been detectable had the sample size been larger.

I actually conducted several analyses using what reliable financial data was available in my sample and compared the financial ratios to director locus of control. These ratios were based upon suggestions by Price and Mueller as means of measuring financial viability among nonprofit organizations.<sup>9</sup> They suggest comparing revenues per full-time employee (FTE). My analyses included annual budget amount per FTE, surplus (budget less expenses) per FTE, and amount of self-generating income activities per FTE. The results of these analyses were inconclusive due to the skewed ratio data. A log transformation was conducted on the budget/FTE variable (the one variable of the three whose distribution most closely resembled a



normal distribution), but the transformation did not produce a normal curve.

Unfortunately, I was not able to support my belief that had I been able to utilize reliable, financial data that provided continuous variables, my findings would have produced similar results to that of previous research in the for-profit, developed world context. The smallness of the sample size may have been a factor limiting the tests' ability to detect a difference between groups. I also conducted tests to determine if there was a significant difference between director locus of control scores and the provision of reliable financial data for budget, expense, and self-generated income variables. Directors who provided reliable data, defined as a reporting variance between negative \$100 and positive \$100, as opposed to directors who provided unreliable data, defined as a reporting variance greater than negative \$100 and positive \$100 were compared to locus of control scores using independent t-tests. The test results were not significant.

#### *Empirical Findings*

Respondents' inability to provide quantitative financial data that could be deemed accurate and reliable by the responses to the survey instrument is a finding in and of itself. The inability to furnish this information relative to the overall operations of an organization may be explained by the external environmental factors related to the donor-NGO relationship. Many of the organizations surveyed are relatively dependent upon specific donors and conduct their financial accounting and reporting

based upon the needs and requirements of these external partners rather than any internal needs. In fact, one respondent indicated in the margin of his/her questionnaire that his/her organization never used a fiscal year. Separate budgets were used for each external partner and apparently were not collated into one comprehensive budget for the entire organization.

It has been my experience that many African NGOs do not prepare global budgets but respond directly to the requirements of external partners. In my recent experience conducting an evaluation of the management and financial management capacities of a Cameroonian NGO, this organization stated that they do not normally prepare a global budget each year, but report directly to their partners on a project-by-project basis. However, this organization was able to report quite easily on individual projects, numbering more than ten for the current fiscal year.

For many African NGOs, financial reporting can often be frustrating when faced with a multitude of different reporting requirements and timelines. This process also inhibits the NGO's own growth and development as an organization as well as its ability to plan for the future, remaining dependent upon the projects of external partners. The inability of respondents to provide accurate financial data on overall operations and the subsequent future policy and intervention implications will be discussed in the next section.

**Directors' age, tenure as director, and foreign training were significantly related to financial entrepreneurship of the NGOs surveyed. Older directors with longer tenure as director and those having received foreign training managed more financially entrepreneurial organizations. These relationship may be explained by several factors.**

**Older directors with longer tenure as director managed more financially entrepreneurial organizations. This finding may be explained by the fact that these individuals had the benefit of greater experience and therefore might possess a greater appreciation of the need to generate funds and cover costs in non-routine ways. Perhaps their greater exposure in managing day-to-day activities led them to seek more innovative ways to ensure the financial future of their organization. This finding differs from that of Miller (1991) who found that CEOs often "grow stale in the saddle."<sup>10</sup> Miller's research suggests that long-tenured CEOs may be less adaptable to change and fail to adapt their organizations as the external environment changes around them.<sup>11</sup> Miller even goes so far as to suggest that "when an organization confronts a shifting and challenging external environment, long-tenured CEOs can be a liability."<sup>12</sup> This difference in findings may suggest that the theory is nontransferable to a nonprofit, developing economy context and that environmental factors may play a greater role in the latter. Miller's sample was comprised of small and medium sized, for-profit firms from the province of Quebec. These firms ranged in size from 7 to**

1,000 employees with an average of 160 employees, much larger than the NGOs surveyed in this research.

Older directors were more likely to have received foreign training than their younger counterparts. This relationship may be explained by a number of factors such as changes in donor funding trends, availability of in-country training facilities, and differences in training content. Donors may be less likely to fund foreign training than they have been in the past, perhaps due to a reduction in available funding for overseas travel and lodging, especially in western countries. Also, donors may be finding suitable facilities in-country with improved infrastructure and human resource capacities to provide more cost-efficient training services. However, content of overseas and in-country training may be widely different. Future research should seek to identify differences in content areas as well as identify those topics which seem to contribute to more innovative and entrepreneurial practice in the NGO sector.

Another explanation for this relationship between age, foreign training, and entrepreneurship relates specifically to age. Donors may be less likely to provide foreign training to younger directors for fear that they may abandon the NGO and take their newly acquired skills elsewhere. Respondents with longer tenure as director were also more likely to have received foreign training. Again, this relationship may be explained by a donor preference to invest in established leaders who are less likely to abandon the NGO they currently direct. Younger and less tenured directors may be

perceived as a greater flight risk, thus reducing a donor's enthusiasm for funding of foreign training.

Having benefited from foreign training was significantly related to an organization's engagement in self-generated income producing activities and possession of an indirect cost rate. Financial entrepreneurship increased with directors having received foreign training. These relationships may be partly explained by the content of the professional training received, perhaps containing management and financial management concepts and practices. Again, future research should investigate the content areas of foreign training received by NGO directors to determine a possible link between knowledge and practice. Of these factors significantly related to financial entrepreneurship, training can be affected through policy interventions in ways to contribute to greater financial viability among Senegal's NGO sector. More on this topic will be discussed in the following sections, policy implications and future research.

### **Policy Implications**

The policy implications resulting from this research emerge from two different aspects of this study:

1. The inability of respondents to provide reliable financial information regarding the overall operations of their organization; and
2. The significant factors related to financial viability, specifically foreign training.

**These two findings provide opportunities for policy intervention to enhance the NGO sector in Senegal to become and/or remain financially viable.**

### ***Financial Reporting***

**We begin with the inability of respondents to provide reliable financial data.**

**The fact that the quantitative financial data had to be discarded from the analysis indicates a lack of sophistication in financial management and reporting in the NGO sector. This inadequacy could be addressed in a number of ways and at a number of levels. First of all, additional training could be provided to NGO accountants and book-keepers on financial reporting. This training should focus on how to aggregate individual project budgets into a comprehensive one that accurately reflects the entirety of the organization's operations. This training could take the shape of formal workshops or individual technical assistance. Whether utilizing manual or computer-based systems, the training should be tailored to build upon existent systems at the organizational level. As to the specific needs within a highly divergent NGO sector, further research would be required to determine the range of existing financial management and reporting systems according to level of sophistication.**

**Although this research suggests that a need within the indigenous NGO sector for improved financial reporting exists, it does not consider whether or not this need is also perceived among NGOs surveyed or among the international donor community. Until NGO management recognizes the utility of having financial information on the**

entirety of their organization's operation available to them, it is unlikely that changes in current reporting practices will occur. There are several ways in which to influence this change. One way might be to inform NGO management of the utility of more sophisticated financial management and reporting as it pertains to strategic planning and perhaps as a means to impress prospective funding partners. This exposure could be accomplished through additional training or as a component of ongoing organizational capacity building efforts. Perhaps host country governments or the international donor community could contribute to efforts to increase exposure to more sophisticated management and financial management practices among African NGOs.

Another way to bring about change in reporting practices would be to encourage funding partners to take on a more all-encompassing role in their interactions with their African partners. Funding partners could encourage (or require) their African partner organizations to conduct comprehensive financial reporting at some level and assist in the provision of this knowledge and expertise. Since current financial reporting appears to be donor-driven with indigenous NGOs responding directly to donor requirements, donors could play a significant role in influencing financial reporting with their NGO partners.

The Senegalese government also has a role to play in influencing indigenous NGO reporting practices. Although formal regulation exists in the form of Decrees

No. 89-775 and No. 96-103 which request annual reports on activities and a financial accounting of the same; in actuality, it is more often the funding partner to whom NGOs report their activities. The limitation in this monitoring and reporting system is that reports to the donor are confined to those donor activities and do not necessarily represent a comprehensive overview of the NGO's operations.

Although both the Senegalese government and the international donor community are well-positioned to encourage and/or require more sophisticated financial reporting among indigenous NGOs, the question remains as to how and why these entities would want to enforce stricter financial reporting requirements. I think it would be more feasible and effective to encourage change in financial reporting practices from within the NGO rather than impose requirements from without. NGO directors should be encouraged and persuaded to think more strategically about their organizations as a whole, and taught how strategic financial management can contribute to the future well-being and viability of their organization. When NGO directors and senior management understand how financial planning and reporting can contribute to organizational performance and survival, the likelihood of their embracing more sophisticated financial reporting practices is increased. Training is key to introducing concepts and competencies to directors and administrators that would encourage more sophisticated and comprehensive financial reporting practices. Awareness and exposure to these concepts can come from the international donor



community or organized NGO networks within the NGO sector under the auspices of organizational development and capacity building efforts.

### *Training*

The research findings suggest that the training of directors in select content areas may be one possible mechanism to increase financial viability among indigenous NGOs in Senegal. "Thinking out of the box" should be encouraged. Shapero (1974) suggests that one possible method for creating or enhancing entrepreneurship in individuals is to demonstrate to individuals that they do have internal control and can affect change within their organizations.<sup>13</sup> One way to do this is to increase awareness among NGO directors as to what their counterparts are doing. Bringing NGO directors together to share their successes of innovative and entrepreneurial actions helps others learn from their experiences. Drucker agrees with this suggestion also stating "that anyone who can face up to decision making can learn to be an entrepreneur and to behave entrepreneurially."<sup>14</sup>

Specific content areas for training include ways to generate income through traditional and non-traditional fund-raising activities. Additional efforts should focus on developing the skills and know-how to design and market non-solicited project proposals. This could include developing a potential client (or donor) database of possible funding sources. Seeking local partners to fill in capacity gaps and forming joint venture agreements where appropriate might garner additional funds.

**Another content area for training would include indirect cost rate calculation.**

**It is important for directors to understand the concept of indirect cost rates -- how and why these rates are used and the benefits they provide to the overall financial condition of the organization. However, in order to encourage the use and acceptance of indirect cost rates, accredited CPAs and accounting firms must be employed to ensure the correctness of the calculation and to provide legitimacy of the rate. The costs associated with this service is often beyond the ability of NGOs to pay. One Cameroonian NGO with whom I worked under the USAID funded project, had their rate refused by a partner. This partner demanded that the rate be reviewed by an external accounting firm. The cost of this review was \$1,000; well beyond the means of the NGO to pay. Funding partners who are involved in organizational capacity building efforts should help initiate this activity and find ways to financially support its ongoing practice. Another method to fund indirect cost rate calculation may be to encourage local accounting firms to provide such services at reduced rates or have such rates subsidized by the host country government or the international donor community.**

**Donors are notorious for refusing to accept indirect cost rates or negotiating these rates down to a lower level, encouraging indigenous NGOs to hide their real indirect costs.<sup>15</sup> This behavior only diminishes the NGO's ability to cover its administrative costs and does nothing to contribute to the financial viability of the**

**organization. In this study, only 31% of NGOs possessing an indirect cost rate applied this rate systematically to their project proposals while 62% were forced to accept a renegotiated rate. If NGO indirect cost rates could have a seal of approval from legitimately recognized accounting firms, then international donors might be less likely to question the accuracy of the rate.**

**Capital budgeting is another content area of potential training which may benefit NGO financial entrepreneurship and viability. Forty-one percent of NGOs surveyed possessed a capital budget. Although capital budgeting is often tied to donor support for capital improvements, some NGOs manage to garner enough capital through their own endeavors. For example, a Burkinabè NGO was able to save enough money through its own efforts to purchase two motorcycles and an all-terrain vehicle. Another NGO in Cameroon saved enough money from its consulting services to a new building in which to house its offices. Seventy percent of the funds came direct from the NGO and the remaining 30% was provided as a loan from its bank. Unused space will be rented to others as a means of generating additional income. Again, providing a forum for NGO directors to share their experiences might encourage others to think and be more creative in their efforts to enhance the financial viability of their organization.**

**The Senegalese NGO sector should also begin to lobby for more broader-based support from the international donor community and their own government.**

Although indigenous NGOs are not often in a position of negotiating power, international agencies are dependent upon local organizations for the implementation of their projects. Networks of indigenous NGOs could use their voice and political influence to advocate for additional training that leads to enhanced organizational capacity.

### **Future Research**

The basis for future research follows the same lines of interest as that of policy implications: the inability of respondents to provide reliable financial data and the content of foreign training. Without question the research results would have been more informative if the financial data had been deemed reliable and permitted the creation of continuous dependent variables. Suggestions for future research include a review of methods to collect financial data, alternative sources of financial data, and more in-depth analyses of the indigenous NGO sector focusing on financial reporting systems and perceived needs. Additional research areas focus on the content of training and its effects on management practices related to organizational entrepreneurship and viability.

#### *Collection of Reliable Financial Data*

This section will suggest four areas of further investigation concerning the collection of reliable financial data in Senegal's NGO sector. Some of these areas of future research are applicable to other NGO sectors in the developing world. Future

research could review the methodology of this study and others to determine the best method or methods to collect reliable financial data from a non-profit sector in a developing country setting. Another area of potential research could review the regulatory environment of indigenous NGOs in Senegal and elsewhere, perhaps identifying other sources of financial data. Additional research should focus on the NGO sector itself -- what is the level of sophistication of financial reporting among different organizations and what is the perception among directors and their financial staffs regarding the usefulness of generating comprehensive organizational financial information. Environmental factors such as the level of donor involvement and control of NGO finances should be investigated to determine whether or not this control supercedes that of NGO directors. If donor control proved to be an important factor in the acquisition and allocation of financial resources, then this relationship would directly affect the ability of NGO directors to influence the financial viability of their organization. The degree of donor control would have a direct impact on the NGOs' financial entrepreneurship and viability, reducing or negating the effect of director locus of control on these outcomes. These areas of potential research are discussed in the following paragraphs.

One area of future research should include how best to collect reliable financial data from the Senegalese NGO sector (or any developing world NGO sector for that matter). This potential research could help identify the flaw(s) in this study's

**research design and improve upon the future collection of quantitative financial data.**

**A comparative analysis of data collection methods - which methods provide more accurate and reliable information: interview, document review, audit, and/or external sources. This research could identify sources of financial information that are available in the nonprofit sector in developing countries in Africa. This potential research could also investigate why reliable financial data was so difficult to obtain -- was it due to unsophisticated reporting practices/systems as suggested previously in this chapter or was it due to an unwillingness or reluctance on the part of respondents to share this information with outsiders? Future research could provide the answers to these questions and improve upon the current study.**

**Another aspect worth investigating is the availability and content of annual NGO reports submitted to the Ministry of Women and National Solidarity. By law, indigenous NGOs must submit an annual report to the Ministry describing their activities and finances.<sup>16</sup> The Ministry is a potential source of financial data. If annual reports could be made available for external review, one could use the financial data from these reports and match the financial data to the appropriate NGO and director, utilizing a kind of reverse methodology from that which I employed. Comparisons could also be made between the reports submitted to the Ministry and information collected directly from the NGO, whether from a document review or interview methods or both. Again, the possibility emerges that those NGOs that are still in the**

**process of applying for official recognition will be omitted from this group at the Ministry level. One of the Senegalese NGOs with whom I worked under the USAID funded project waited three years before their application was officially approved.**

**Perhaps this study was too ambitious in its attempts to collect in-depth financial data in a self-administered questionnaire format. Additional research should focus on the level of sophistication of financial accounting and reporting systems within the indigenous NGO sector in Senegal and elsewhere. One of the primary concerns often found among the donor community is the ability of NGOs to manage funds and provide transparent financial reporting. Further research could identify the range of financial accounting and reporting systems currently in place and the degree to which they vary across the sector. This research might provide additional insight into what financial data could reasonably be expected from the wide variety of NGO reporting practices. Standard financial reporting at even a basic level would provide the necessary elements to collect and compare data across organizations, thus increasing the knowledge base of indigenous NGOs operating in francophone west Africa. This additional knowledge would provide greater understanding of the financial strengths and limitations of this sector. In addition to determining the level of sophistication of financial reporting, this new knowledge would assist in the formulation of appropriate training to counter this inability to provide reliable financial data among select NGOs.**

**Future research on NGO financial systems should include an attitudinal component which would strive to determine whether or not NGO management perceives the need to improve their financial reporting practices. Do these individuals perceive a need for this information and if so, how would this information be used to benefit the organization? If no perceived need was identified, perhaps additional research could identify the reasons behind this perception and suggest ways in which to generate interest or create a demand to encourage comprehensive financial reporting practices. Do directors appreciate the utility of this additional information or do they view it as an increased workload on themselves or an already overwhelmed staff? Smillie (1985) comments on this frustration, noting that "questions relating to money and accountability remain[ed] uni-directional, with enormous amounts of time spent in the South dealing with demands from the North for reports and evaluations."<sup>17</sup> Perhaps indigenous NGOs are constrained not only by a lack of available time to devote to this task but also by a lack of trained personnel. Further research focusing on knowledge and attitudes of NGO management and their financial staffs could provide answers to these questions and in doing so, provide additional insight into the formulation of appropriate training to address these limitations.**

**As noted previously, this research should have included information on factors affecting of the external environment of NGOs, specifically the level of donor control**



of NGO finances. Future research should seek to determine how to identify and measure the level of control of external partners in NGO operations, specifically the acquisition and allocation of financial resources. This research should concentrate specifically on control of finances and the degree to which funding can or cannot be used to cover recurrent and administrative costs. Although my research attempted to determine the level of restrictedness of funding sources, methods other than self-administered surveys must be employed.

#### *Content Areas of Training*

Suggested research concerning content areas of training are derived directly from this study's research results. One area of future research should focus on the content of foreign training received by respondents in this study. Another area of investigation should review the content of all professional training received by respondents, both in-country and foreign. By investigating such training, researchers may be able to link specific content areas to increased financial entrepreneurship and thereby contribute to the financial well-being of indigenous NGOS operating in Senegal.

This research found that foreign training was significantly related to financial entrepreneurship, specifically an organization's possession of an indirect cost rate and capital budget. Future research should strive to learn more about the content of this training and participants' evaluation of same. Research efforts should strive to link

**training content to actual implementation of innovative concepts and practices within the NGO. Successful trainees (successful being defined as those participants who were able to introduce and implement new concepts and tools into the day-to-day operations of their organization) should be asked to evaluate the training they received. Do they value the training received as pertinent or relevant to their organization's needs vis-à-vis financial viability issues and concerns? Do they link this training to actual implementation of new or revised policies and practices adopted by their organization? Do they feel that this training was useful and practical? If so, were any changes adopted within the organization which might positively impact the financial viability of the organization? This potential research could directly contribute to improved financial viability within Senegal's indigenous NGO sector.**

**Future research may also want to investigate the content of professional training currently available in-country, specifically that which may contribute to increased financial entrepreneurship and viability among indigenous NGOs. Comparisons could be made between in-country and foreign training to determine differences in content and delivery. These comparisons might suggest more effective ways of conveying knowledge and competencies to directors and senior staff. Further research could determine if any significant differences exist between foreign and in-country professional training and recommend policy interventions that would bring**

**in-country training more in line with what has already been proven to positively contribute to increased financial viability in the Senegalese NGO sector.**

### **Summary**

**The empirical findings of this research did not support the proposed hypotheses; no significant relationship was found between director locus of control and financial entrepreneurship among indigenous NGOs in Dakar, Senegal. Three of four of the relationships between director locus of control and financially entrepreneurial activity approached significance at the 0.1 level. This research study provides insight into the challenges and difficulties involved in trying to add to the empirical knowledge base of indigenous NGOs operating in francophone west Africa. The inability of respondents to provide reliable financial data indicates a limitation in NGO financial reporting and management. This finding suggests a need to encourage a more holistic approach to NGO management and a need for greater training in strategic and financial management. The key factors related to financial entrepreneurship which emerged from this research were age, tenure as director, and foreign training. Among these factors, training provides an option in which to influence future behavior of directors and perhaps contribute to the financial viability of Senegal's indigenous NGO sector through innovation and entrepreneurship. The next chapter concludes with an overview of this research and its contributions to the knowledge base of the NGO sector in francophone west Africa.**

## **CONCLUSIONS**

**This research study attempted to replicate previous findings linking director locus of control to organizational performance and survival in the for-profit sector of developed economies and extend this theory to the nonprofit sector of a developing economy. The empirical results of my research did not support a successful transfer of this theory from one context to another. It should be noted however, that the relationship between director locus of control and entrepreneurial activity approached significance at the 0.1 level and that three of the four relationships were in the predicted direction. These findings suggest that a significant result might have been detected had the sample size been larger. The nonconformity of my results do indicate that factors other than director locus of control contribute to an NGO's financial viability which may be particular to the nonprofit sector and developing economy contexts.**

**I have suggested donor control as one environmental factor which may impact director locus of control among indigenous NGOs. This control may affect both the acquisition and the allocation of financial resources to differing degrees. The degree to which donors control these functions would inversely affect the impact of NGO director locus of control on the financial viability of their organization. Future**

research should investigate the depths of donor control and the impact this control has over the acquisition and allocation of funding within the NGO sector in developing economy contexts as it relates to future viability. The findings from such research may reveal both positive and negative effects of the donor-NGO relationship which could serve to improve the relationship, making it more productive in the delivery of services/products and more beneficial to the growth and development of indigenous NGOs.

Although the results of my research do not support the original hypotheses, the findings from the revised conceptual model do contribute to the overall knowledge base of indigenous NGOs in francophone west Africa. A profile emerges from this research which identifies a type of director that is more likely to manage a more financially entrepreneurial NGO. This director is older, has longer tenure with his/her current organization, and has received foreign training. A director with these characteristics and qualifications is more likely to manage an organization that possesses an indirect cost rate and engages in capital budgeting. These financially entrepreneurial activities enhance the NGO's future financial viability.

Training emerges as one factor which has potential policy implications and suggests future research. Foreign training was positively related to financial entrepreneurship among NGOs surveyed. If future research can determine the content of foreign training which contributed to the successful implementation of innovative

**financial mechanisms, then this type of training can be replicated among NGO directors. Such training may encourage more innovative and entrepreneurial thinking and action on the part of NGO directors, enhancing the financial viability of the NGOs they manage.**

**An unexpected finding of my research was the inability of respondents to provide reliable financial data concerning the entirety of their organization's operations. This finding may be explained by several factors. First of all, it suggests the methodology used to collect this information was inappropriate. In addition, an obvious divergence in ability to report on finances between organizations surveyed was discovered; the level of sophistication of financial reporting varied widely. Also, in spite of governmental decrees requiring the submission of annual reports inclusive of a financial account of activities, enforcement of these reporting regulations appear to be somewhat lenient. Donor control again emerges as a possible factor related to NGO financial reporting. It appears that what financial reporting is conducted is done so on a per project basis, according to reporting formats and schedules determined by donors. All of the above implies a lack of strategic financial planning on the part of indigenous NGOs surveyed.**

**In order to encourage more sophisticated financial reporting and that which incorporates all of the activities of the NGO, more demanding regulations could be put into place. Although unlikely given the constraints within the public sector, the**

**Senegalese government could attempt to enforce the financial reporting requirements already in place or specify in greater detail what financial information must be furnished to the government. Donors could also encourage or require their NGO partners to submit financial reports on their entire operations, but again in reality, donors are more concerned with the implementation of their specific projects rather than the well-being of their NGO partners (unless perhaps they are engaged in organizational capacity building exercises).**

**In order for NGOs to embrace more sophisticated financial reporting and strategic financial planning, the need for these changes must come from within the NGO itself, whether from directors or administrative staff. Future research should attempt to identify current perceptions among directors and senior staff regarding the utility and benefits of reporting on an organization's entire operations as well as frustrations with their current systems. This research should also identify the range of sophistication in financial accounting and reporting among the NGO sector. This information would greatly add to the current knowledge base on indigenous NGOs and contribute to the formulation of possible training courses or workshops to encourage more strategic financial thinking and convey the tools necessary to increase the sophistication of financial reporting.**

**Although the need for empirically-based knowledge regarding francophone west Africa's indigenous NGO sector is widely acknowledged,<sup>1</sup> contributing to this**

knowledge base is no simple task. One of the more important contributions of this research is its documentation of the methodological challenges and hazards associated with conducting research in an unregulated, developing economy context. Many of these pitfalls and their respective resolutions are mentioned previously in the text; however, a brief overview is presented here. This overview focuses on the sources and methods of data collection and includes a short discussion on sample size.

One of the more important methodological questions arising from this research is "How to get reliable financial data out of Africa?" I attempted to collect financial data direct from the source, through a self-administered survey/interview method, with disappointing results. Obviously, other sources of financial data need to be considered. Possible sources of this information include documentation direct from the NGO: annual budgets (if they exist), annual reports (if they contain financial information), and external audits (if available). Other sources of financial documentation may include the appropriate Ministry to whom the NGO reports or perhaps the CPA or accounting firm who may have conducted a recent audit. Donors are perhaps not the best source of financial data for NGO operations since donors rarely collect information outside their respective projects or programs. Another source of financial data would be to conduct a full-fledged document review or audit of all available financial materials on-site at the NGO, although this method would tend to be rather time and resource intense.



**If financial documents are unavailable or appear inadequate, senior management and financial staff should be interviewed regarding annual budget and expense data. Individual responses could be averaged to provide a single response for the organization. Another option, if financial documents are unavailable, would be to tally select tangibles or non-financial assets of the organization. These tangibles or assets could include the number of permanent staff, the existence of a Board of Directors, and other assets that have the potential to generate income such as a photocopier (sale of photocopies), conference or training facilities available for hire, and publications or reference materials for sale. Although not flawless, these suggestions offer alternative sources of financial data in the nonprofit sector of a developing economy context. Obviously, future research must investigate and compare possible sources of financial data within the indigenous NGO sector if efforts to expand the knowledge base of these organizations and their operations are to be successful.**

**In addition to utilizing multiple data sources, collection methods should be combined where possible. For example, different financial documents should be compared and if financial figures do not correspond for the same time period, averages should be calculated. Questionnaire responses should be compared to data derived from a document review. These comparisons and averages of data will enhance response reliability and provide "backups" should one data collection method**

**prove less effective than another. It is important to have such data backups, especially when conducting research in such an unregulated environment where no standards of financial reporting exist.**

**On a final note, it cannot be emphasized enough that sample size is critical to the analysis. Although the response rate of my data collection was more than satisfactory given the chosen format, a simple estimate would have indicated that even with successful data collection, the sample size was inadequate for more rigorous statistical analysis. In such an instance, greater effort should be made to increase the sample size even if that means expanding the scope of the research beyond the initial geographical boundaries. It is hoped that this overview will assist future researchers in their efforts to expand the knowledge base of indigenous NGO operations in a developing economy context, especially regarding financial viability.**

**Although disappointing in its original intent to add to the theory of locus of control and organizational performance and survival, this research does contribute new knowledge to the indigenous NGO sector in francophone west Africa. Empirical findings from this research suggest an emerging profile of NGO directors who have been more successful in implementing financial entrepreneurial mechanisms and thereby enhancing their organizational financial viability. The unexpected finding of respondents' inability to provide reliable financial data sheds additional light on the degree of donor control and influence on financial functions within the NGO sector.**

**The inability to report on the entirety of operations also leads to potential reforms in policy regulations, but more importantly, stresses the need for additional training in strategic financial management and basic accounting and reporting practices within the indigenous NGO sector of francophone west Africa. If nothing else, this research underscores the methodological challenges of collecting empirical data in a developing economy context and suggests future research directed towards facilitating those efforts yet to come.**

## **Appendix A: Financial Performance Measures**

### **Acquisition of funds:**

- **Annual Budget / Number of Employees (FTE = full-time equivalent)**
- **Surplus / FTE (Surplus = Annual Budget less Annual Expenses)**
- **Self-generating Income / FTE**
- **Liquidity = Current Assets / Current Liabilities**  
**Proxies for Liquidity: Self-generating Income / Personnel Cost**

### **Allocation of funds:**

- **Proportion of funds by source: Government, Donor, and Self-Generating Income**
- **Proportion of funds by duration: Less than 1 year, 1 - 3 years, More than 5 years**
- **Return on Assets (ROA) = Surplus / Total Assets**  
**Proxies for Total Assets = Self-generating Income + Value of Land/Buildings**

## **Appendix B: Removed IE Paired Statements**

### **Politically biased paired statements:**

One of the major reasons why we have wars is because people don't take enough interest in politics.

There will always be wars, no matter how hard people try to prevent them.

The average citizen can have an influence in government decisions.

This world is run by the few people in power, and there is not much the little guy can do about it.

As far as world affairs are concerned, most of us are the victims of forces we can neither understand, nor control. (filler)

By taking an active part in political and social affairs the people can control world events.

With enough effort we can wipe out political corruption.

It is difficult for people to have much control over the things politicians do in office.

Most of the time I can't understand why politicians behave the way they do.

In the long run the people are responsible for bad government on a national as well as on a local level.

### **Educationally biased paired statements:**

The idea that teachers are unfair to students is nonsense.

Most students don't realize the extent to which their grades are influenced by accidental happenings.

In the case of the well prepared student there is rarely if ever such a thing as an unfair test.

Many times exam questions tend to be so unrelated to course work that studying is really useless.

Sometimes I can't understand how teachers arrive at the grades they give.

There is a direct connection between how hard I study and the grades I get.

There is too much emphasis on athletics in high school.

Team sports are an excellent way to build character.

## Endnotes

### Notes to Pages 1-2

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<sup>115</sup> Goldsmith et al. 815-829. See also Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 25; Paul D. Hersch and Karl E. Scheibe, "Reliability and Validity of Internal-External Control as a Personality Dimension," Journal of Consulting Psychology 31.6 (1967) : 611.

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<sup>117</sup> Hersch and Scheibe 609, 611.

<sup>118</sup> Marsh and Richards 47.

<sup>119</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 10.

<sup>120</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 10.

<sup>121</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 25.

<sup>122</sup> Ashkanasy 1329.

<sup>123</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 25.

<sup>124</sup> Marsh and Richards 64.

<sup>125</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 25.

<sup>126</sup> Christophe Boone, Bert De Brabander and Arjen van Witteloostuijn, "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," Journal of Management Studies 33.5 (Sept 1996) : 668.

<sup>127</sup> Brockhaus, "I-E Locus of Control Scores as Predictors of Entrepreneurial Intentions," 433-435.

<sup>128</sup> Borland in Shapero 84.

<sup>129</sup> Miller et al. "Top Executive Locus of Control and Its Relationship to Strategy-Making, Structure, and Environment," 239.

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<sup>132</sup> Richard Driver in Brockhaus "I-E Locus of Control Scores as Predictors of Entrepreneurial Intentions," 434; and in Shapero 88.

<sup>133</sup> Shapero 88.

<sup>134</sup> Miller et al. "Top Executive Locus of Control and Its Relationship to Strategy-Making, Structure, and Environment," 239. Brockhaus "I-E Locus of Control Scores as Predictors of Entrepreneurial Intentions," 433.

<sup>135</sup> Miller et al. "Top Executive Locus of Control and Its Relationship to Strategy-Making, Structure, and Environment," 236.

<sup>136</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 368-372.

<sup>137</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 371.

<sup>138</sup> Elliott McGinnies, Lena A. Nordholm, Charles D. Ward, and Duangduen L. Bhanthumnavin, "Sex and Cultural Differences in Perceived Locus of Control Among Students in Five Countries," Journal of Consulting and Clinical Psychology 42.3 (1974) : 451-455; Oscar A. Parsons and John M. Schneider, "Locus of Control in University Students from Eastern and Western Societies," Journal of Consulting and Clinical Psychology 42.3 (1974) : 456-461.

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<sup>140</sup> Miller and Toulouse 1393.

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<sup>142</sup> Boone et al. "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 667-699.

<sup>143</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 368-372.

<sup>144</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 369.

<sup>145</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 371.

<sup>146</sup> Hornaday and Bunker 50.

<sup>147</sup> Christophe Boone, Bert De Brabander, and Johan Hellemens, "Research Note: CEO Locus of Control and Small Firm Performance," Organization Studies 21.3 (2000) : 641-646.

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<sup>150</sup> Rosabeth Moss Kanter and David V. Summers, "Doing Well While Doing Good: Dilemmas of Performance Measurement in Nonprofit Organizations and the Need for a Multiple-Constituency Approach," The Nonprofit Sector Ed. Walter W. Powell (New Haven, CT: Yale University Press, 1987) 163.

<sup>151</sup> Jerome B. McKinney, preface, Effective Financial Management in Public and Nonprofit Agencies: A Practical and Integrative Approach By Elliot (New York: Quorum Books, 1986) xiii.

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<sup>153</sup> Miller, "The Correlates of Entrepreneurship in Three Types of Firms," 782.

<sup>154</sup> Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1393.

<sup>155</sup> Miller and Toulouse 1393. For a discussion on "policy space," see Merilee S. Grindle and John W. Thomas, Public Choices and Policy Change: The Political Economy of Reform in Developing Countries (Baltimore: The Johns Hopkins University Press, 1991) 8.

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<sup>157</sup> Miller, "The Correlates of Entrepreneurship in Three Types of Firms," 782.

<sup>158</sup> Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1404; Boone et al. "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 683.

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<sup>162</sup> Price and Mueller 128.

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<sup>164</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 368-372.

<sup>165</sup> McGinnies et al. 451-455. Parsons and Schneider 456-461.

<sup>166</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 368-372.

<sup>167</sup> Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1405-1406.

<sup>168</sup> Danny Miller, "Stale in the Saddle: CEO Tenure and the Match between Organization and Environment," *Management Science* 37.1 (Jan 1991) : 34-52. Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1405.

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## Notes to Pages 36-39

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<sup>173</sup> Anna C. Vakil, "Confronting the Classification Problem: Toward a Taxonomy of NGOs," World Development 25.12 (1997) : 2057.

<sup>174</sup> Vakil 2059.

<sup>175</sup> United Nations Development Programme (UNDP), Human Development Report 1994 (New York: Oxford University Press, 1994) 4. See also United Nations Centre for Education and Development (UNCED), "Agenda 21 Rio Declaration," Report of the United Nations Conference on Environment and Development, 3-14 June 1992, Rio de Janeiro, Brazil (n.p.: n.p, [1992?]).

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<sup>183</sup> World Bank, World Development Report 1991 135.

<sup>184</sup> World Bank, World Development Report 1988 9, 131.

<sup>185</sup> Derick W. Brinkerhoff, "Process Perspectives on Policy Change: Highlighting Implementation," World Development 24.9 (1996) : 1399.

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<sup>188</sup> Vakil 2057.

<sup>189</sup> Development Assistance Committee (OECD), Development Cooperation in the 1990s (Paris: Organization for Economic Cooperation and Development, 1989) 107.

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<sup>191</sup> S. Paul, Institutional Development in World Bank Projects: A Cross-Sectoral Review Policy, Research, and External Affairs Working Paper No. WPS 392 (Washington, DC: World Bank, 1990) 27. Cited in Derick W. Brinkerhoff and Arthur A. Goldsmith, "Promoting the Sustainability of Development Institutions: A Framework for Strategy," World Development 20.3 (1992) : 370.

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<sup>196</sup> Gibbs et al. 39.

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<sup>211</sup> Neres 19-20.

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<sup>213</sup> Crowder 51.

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<sup>216</sup> Neres 54.

<sup>217</sup> Neres 55.

<sup>218</sup> Neres 56.

<sup>219</sup> Neres 21.

<sup>220</sup> Crowder 15. These four communal outposts were Dakar, Gorée, Saint Louis, and Rufisque.

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<sup>224</sup> Richard Vengroff and Michael Magala, "Democratic Reform, Transition and Consolidation: Evidence from Senegal's 2000 Presidential Election," The Journal of Modern African Studies 39.1 (March 2001) : 129.

<sup>225</sup> Vengroff and Magala 132.

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<sup>230</sup> Birame Owens Ndiaye, "Rôle des ONG dans la décentralisation pour un développement local," Les Cahiers du CONGAD: Symposium sur l'identité des ONG I (January 1999) : 32.

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**CHAPTER THREE: METHODS AND MEASUREMENT**

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<sup>2</sup> Boone and De Brabander, "Self-reports and CEO Locus of Control Research: A Note," 953. For a full discussion on the topic, see Denise M. Rousseau 1-37.

<sup>3</sup> Rousseau 15.

<sup>4</sup> Orlando Behling, "Some Problems in the Philosophy of Science of Organizations," Academy of Management Review 3.2 (1978) 200; Rousseau 15.

<sup>1</sup> Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement," 11-12.

<sup>2</sup> United Nations. Networking: Directory of African NGOs.

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<sup>5</sup> Rousseau 1.

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<sup>9</sup> Boone and De Brabander, "Self-reports and CEO Locus of Control Research: A Note," 965.

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**Notes to Pages 54-63**

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<sup>11</sup> Seymour Sudman, "Applied Sampling," Handbook of Survey Research Ed. Peter H. Rossi, James D. Wright, and Andy B. Anderson (New York: Academic Press, Inc., 1983) 170-176.

<sup>12</sup> Price and Mueller 132.

<sup>13</sup> Boone et al., "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 678. Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1395. Miller, "Stale in the Saddle: CEO Tenure and the Match Between Organization and Environment," 41.

<sup>14</sup> Geoffrey R. Norman and David L. Streiner, PDQ Statistics 2<sup>nd</sup> ed. (New York: Mosby, 1997) 36.

<sup>15</sup> Norman and Streiner 25.

<sup>16</sup> Huldah Bancroft, Introduction to Biostatistics (New York: Paul B. Hoeber, Inc., 1957) 67.

<sup>17</sup> Norman and Streiner 83.

<sup>18</sup> "Maps of Africa: Senegal (Political) 1989," Online Maps of General Interest online, University of Texas Library Online: Perry-Castaneda Library, Internet, 14 Mar. 2002.

<sup>19</sup> Financial Management Service, "Treasury Reporting Rates of Exchange as of 31 Dec 2000," U.S. Treasury Reportings, online, (Washington, DC: Department of the Treasury, 2001) Internet, 23 Feb. 2001. The Treasury reports a quarterly rate; the rate used for this analysis was established on 31 Dec 2000 and remained in effect for

**Notes to Pages 63-77**

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<sup>22</sup> Boone et al. "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 678.

<sup>23</sup> Boone et al. "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 677-678.

<sup>24</sup> Powell 124.

<sup>25</sup> Osita C. Nwachukwu, "CEO Locus of Control, Strategic Planning, Differentiation, and Small Business Performance: A Test of Path Analytical Model," Journal of Applied Business Research 11.4 (Fall 1995) : 12.

<sup>26</sup> SPSS® Base 10.1 Applications Guide (Chicago: SPSS Inc., 1999) 236.

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Notes to Pages 112-120

CHAPTER FIVE: INTERPRETATION AND POLICY IMPLICATIONS

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<sup>2</sup> Vakil 2065.

<sup>3</sup> A. Fowler, "NGOs in Africa: Naming Them By What They Are," Non-Governmental Organizations' Contribution to Development Ed. K. Kinyanjui. Occasional Paper No. 50 (Nairobi, Kenya: Institute of Development Studies, University of Nairobi, 1985) 17.

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<sup>5</sup> Republic of Senegal, Decree No. 89-775 (30 June 1989); Republic of Senegal, Decree No. 96-103 (8 February 1996) : Chapters 10 and 11.

<sup>6</sup> United States Agency for International Development, Santé Familiale et Prévention du SIDA (SFPS Project)[Family Health and AIDS Prevention]. Regional Project for West and Central Africa. Cooperative Agreement No. 624-0440-A-00-5053-00.

<sup>7</sup> Brockhaus, "Psychological and Environmental Factors Which Distinguish the Successful from the Unsuccessful Entrepreneur: A Longitudinal Study," 369.

<sup>8</sup> Boone et al. "Research Note: CEO Locus of Control and Small Firm Performance," 642. Boone et al. "CEO Locus of Control and Small Firm Performance: An Integrative Framework and Empirical Test," 679. Miller and Toulouse, "Chief Executive Personality and Corporate Strategy and Structure in Small Firms," 1393.

<sup>9</sup> Price and Mueller 133.

<sup>10</sup> Miller, "Stale in the Saddle: CEO Tenure and the Match between Organization and Environment," 49.

<sup>11</sup> Miller 49.

**Notes to Pages 120-133**

<sup>12</sup> Miller 49.

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<sup>14</sup> Drucker 26.

<sup>15</sup> Smillie 184.

<sup>16</sup> Republic of Senegal, Chapters 10 and 11.

<sup>17</sup> Smillie 186.

**Notes to Pages 140**

**CHAPTER SIX: CONCLUSIONS**

<sup>1</sup> Vakil 2057.

### **Glossary**

<b>ANOVA</b>	<b>Analysis of Variance</b>
<b>BAI</b>	<b>Business Activity Interview</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>COGEP</b>	<b>Conseil en gestion, études et projets [Management, Research, and Project Consultants]</b>
<b>CONGAD</b>	<b>Conseil des organisations non-gouvernementales d'appui au développement [Council of Non-governmental Organizations in Support of Development]</b>
<b>CPA</b>	<b>Certified Public Accountant</b>
<b>F CFA</b>	<b>CFA franc (francophone West African currency)</b>
<b>FTE</b>	<b>Full-time equivalent</b>
<b>IDC</b>	<b>Indirect cost rate</b>
<b>IE</b>	<b>Internal - External locus of control</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>K</b>	<b>Capital</b>
<b>ODA</b>	<b>Official Development Assistance</b>
<b>n ACH</b>	<b>Need for achievement</b>
<b>NGO</b>	<b>Non-governmental organization</b>
<b>ROA</b>	<b>Return on assets</b>
<b>ROI</b>	<b>Return on investment</b>
<b>UN</b>	<b>United Nations</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>US</b>	<b>United States</b>

<b>USAID</b>	<b>United States Agency for International Development</b>
<b>USD</b>	<b>United States dollar</b>
<b>WB</b>	<b>World Bank</b>
<b>WHO</b>	<b>World Health Organization</b>

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## **Biography**

**Laura Jeanne Haas began her career in International Development as a Peace Corps Volunteer in the Democratic Republic of the Congo, formerly known as the Republic of Zaire, where she worked in the central office of a rural health district. She continued her work in Africa through the Rockefeller Foundation, Tulane University, and JHPIEGO gaining experience in Kenya, Uganda, Côte d'Ivoire, Senegal, Cameroon, and Burkina Faso among other African countries. Her ten years of experience in Africa has focused on a variety of management issues ranging from identifying personnel needs within Kenya's national health system to assessing specific institutional capacity needs among indigenous NGOs (non-governmental organizations) throughout west and central Africa. Her future plans include investigating the strategic and fiscal challenges facing African NGOs and seeking potential solutions to enhance NGO viability and their contribution to sustainable development efforts.**