More Similarities or More Differences? Comparing Public and Nonprofit Managers’ Job Motivations

Existing research on career motivations tends to focus either on the difference between private and public organizations or on the difference between nonprofit and for-profit firms. Although commonalities exist, the literature suggests that there are also many differences in what motivates public and nonprofit employees. Employing data from the National Administrative Studies Project III, this research examines how seven motivational aspects correlate with the choice between public and nonprofit employment. The authors find that managers who value advancement opportunities, a pension and retirement plan, and the ability to serve the public in their jobs are more likely to accept a job in the public sector, whereas managers who value family-friendly policies and increased responsibility are more likely to accept a position in the nonprofit sector. Participation in volunteering is positively associated with nonprofit employment. The authors suggest a possible link between volunteering and the unique nonprofit motivation that is differentiated from public service motivation.

Scholars argue that the employment sectors (nonprofit, for-profit, and public) differ in numerous ways, including environmental factors, organization–environment transactions, internal structure and processes, employee characteristics, incentive structures, and reporting structures (Blank 1985; Brown et al. 2000; Goodin 2003; Kearns 1994; Rainey, Backoff, and Levine 1976). Research on the differences between sectors tends to emphasize differences in the use of extrinsic and intrinsic rewards to attract employees. Specifically, the research argues that extrinsic motivation factors such as pay and advancement have a significantly greater motivating potential for private managers than for public and nonprofit managers, while intrinsic rewards have higher motivating potential for public and nonprofit managers than for private ones (Khojasteh 1993; Rawls and Nelson 1975; Rawls, Ulrich, and Nelson 1975; Wright 2001). In sum, the literature suggests that public and nonprofit employees are less likely to be motivated by extrinsic factors and more likely to be motivated by intrinsic rewards compared to workers in the for-profit sector (Buekens and Van den Broeck 2007; Benz 2005; Handy and Katz 1998; Lewis and Frank 2002; Mirvis and Hackett 1983; Rainey 1983).

The existing research on career motivations tends to focus either on the difference between private and public organizations or on the differences between nonprofit and for-profit firms. Although some scholars have studied the characteristics of nonprofit organizations that differentiate them from those in the public sector (Brown et al. 2000; Goodin 2003; Kearns 1994; Mirvis 1992; Schepers et al. 2005), relatively little is known about public/nonprofit differences in career motivations. This study aims to contribute to a better understanding of the nonprofit sector by examining the distinctive career motivations of its employees. Particularly, we investigate what motivates public and nonprofit managers to accept a job in their current organization. The underlying assumption in this research is that people choose to work in a sector that they expect will provide them with benefits they consider important, regardless of whether they are extrinsic or intrinsic rewards. By comparing job motivations of nonprofit managers and public managers in state governments, we can improve our understanding of
the motivational correlates of sector choice. This is a particularly
timely question, as many levels of government are facing a “human
capital” crisis, the boundaries between the nonprofit and public sec-
tors are blurring, and there is increasing evidence that employees are
willing to shift between sectors (Arthur and Rousseau 1996).

To address these questions, we draw on several distinct streams of
literature to hypothesize how extrinsic and intrinsic motivational
factors influence sector choice. In our empirical analysis, we analyze
the survey responses of nonprofit managers and public managers
in state governments to identify and evaluate the importance of
the extrinsic and intrinsic factors that motivated managers in both
sectors to accept their current position; we then use that information
to predict whether the manager works in the public or nonprofit
sector. In addition, we examine the association between volunteer-
ning and the choice between the two sectors. In the end, our findings
suggest that nonprofit and public sector managers may be attracted
to their work by different factors.

Extrinsic and Intrinsic Motivation

Work motivation is one of the central topics in organizational stud-
ies, and researchers have struggled with how to measure various
dimensions of motivation. Early theories on individuals’ motiva-
tion recognized the multidimensionality of work motivation. Work
motivation helps explain the work-related behaviors of getting a job,
keeping a job, and performing well at one’s job (Pinder 1998). The
public administration literature makes a distinction between employee
motives and work motivation. Employee motives are defined as the
rewards or factors that attract employees to their jobs, whereas work
motivation is defined as the drive that employees have to perform
their jobs well within the context of their organizations (Wright
2007). It is theorized that because individuals perceive differences in
the type and amount of rewards offered by each employment sector,
individuals self-select into the sector that provides the rewards and
incentive structure that they prefer (Rainey 1982). This study focuses
on one dimension of work motivation: the factors that motivate job
choice.

When selecting a job, individuals seek a career opportunity that
best satisfies their needs and is most compatible with their values.
Factors that motivate job choice include both extrinsic and intrinsic rewards (Lawler 1971). Herzberg’s research motivation identifies two
broad types of factors that play a role in the attractiveness of a position to an employee: motivators and hygiene (Herzberg, Mausner,
and Snyderman 1959; Herzberg et al. 1957). Motivators are intrinsic to the job and include elements that relate to job content and task,
such as recognition, responsibility, advancement, and personal
growth and development. Intrinsic motivation is defined as working
for the sake of the work rather than for some detachable outcomes
(Ryan and Deci 2000). The second type is hygiene factors, which
come from external sources and involve such job characteristics as
pay and job security. Extrinsic and intrinsic factors can pull, or
attract, an individual to a particular position because a person seeks
the best fit between the organization and himself or herself (Bright
2008). In this sense, individuals are expected to take a job in a
sector that provides more fulfillment of their needs and is a better
fit with their values than the other. If public agencies and nonprofit
organizations differ in work environment and provide different
packages of needs satisfaction and values, individuals will try to
make a choice between the two sectors based on their needs and
values.

Although the research comparing the motivations of public and
nonprofit sectors is limited, a large body of research examines how
public and for-profit workers differ in terms of the factors that
motivate their sector choice. Previous research has produced mixed
results with respect to how extrinsic factors motivate public and
for-profit employees. Numerous studies have found that public
employees place less value than for-profit employees on money as an
ultimate goal (Houston 2000; Jurkiewicz, Massey, and Brown 1998;
Karl and Sutton 1998; Kojasteh 1993; Kilpatrick, Cummings, and
Jennings 1964; Porter and Lawler 1968; Rawls, Ulrich, and
Nelson 1975; Rainey 1983; Wittmer 1991). However, other studies
have found no significant differences in the value that public and
for-profit employees attach to pay (Crewson 1997; Gabris and Simo
1995). In addition to pay, researchers have analyzed the importance
of job security and benefits in motivating individuals to work in the
public sector. Here the evidence suggests that public employees are
motivated by these two extrinsic factors (Houston 2000; Jurkiewicz,
Massey, and Brown 1998; Kilpatrick, Cummings, and Jennings
1964). In terms of job security, other research suggests that there
is no difference (Gabris and Simo 1995; Rainey 1983), or that for-
profit employees actually value job security more than public sector
employees (Crewson 1997; Wittmer 1991).

In terms of intrinsic rewards, some research indicates that public
sector employees, especially managers, place a higher importance on
intrinsic incentives than their for-profit counterparts. Several studies
have concluded that public sector employees are more likely to cite
factors such as challenging and interesting work and recognition
in their decision to work for government (Frank and Lewis 2004;
Jurkiewicz, Massey, and Brown 1998; Karl and Sutton 1998; Kho-
ijasteh 1993). One aspect of motivation that has been widely studied
in the field of public administration is the intrinsic reward of serving
the public.

The link between the desire to serve the
public and job choice has been rigorously
investigated in the public service motiva-
tion (PSM) literature. This literature is built
around an emphasis on the intrinsic motiva-
tions in individual’s job choice. Defined as
“an individual’s predisposition to respond to
motives grounded primarily or uniquely in
public institutions and organizations” (Perry
and Wise 1990), the literature argues that individuals who pursue
public service careers are more likely to derive satisfaction from pub-
lic sector work and less likely to be motivated by extrinsic benefits
such as salary (Buelens and Van den Broeck 2007; Lewis and Frank
2002; Pandey and Stazyk 2008; Perry 1996). Testing the relation-
ship between intrinsic motivations and career choice is important
because the literature suggests that PSM is positively related to
employee satisfaction, retention, support for government policy,
and organizational performance (Alonso and Lewis 2001; Houston
If different motivational factors affect the decision to work in each sector, we need to understand specifically how these two types vary. We contend that the differences between the sectors influence the provision of intrinsic and extrinsic rewards and, ultimately, an individual’s choice of employment sector. Recognizing the motivational differences and their implications will help management in public and nonprofit organizations in finding a better person–organization fit, therefore improving the recruitment and retention of employees (Bright 2008; Houston 2009).

**Intersectoral Differences: Public and Nonprofit Sectors**

Despite some commonalities, the literature suggests that there also are many differences between the public and nonprofit sectors (Brown et al. 2000; Goodin 2003; Kearns 1994). The differences between the two sectors create distinct environments for the provision of extrinsic and intrinsic rewards. In turn, the provision of these rewards affects the ability of the organization (public or nonprofit) to attract employees. The discrepancies between these sectors are rooted primarily in the unique legal environment in which nonprofit organizations function. This legal environment mandates how the earnings of nonprofits can be distributed and the purposes they must serve.

Restrictions on how nonprofits can distribute profits stem from the nature of the organizations and efforts to monitor how resources are distributed. In for-profit organizations, a connection exists between the interests of stockholders, employees, and consumers, which ensures the efficient distribution of resources (Hansmann 1980; Leete 2001; Mirvis and Hackett 1983; Preston 1989). Similarly, there is a bond between voter-constituents and the public servants who work in public organizations that encourages the efficient or equitable distribution of resources (Mirvis and Hackett 1983). In the nonprofit sector, scholars argue that it is more difficult to monitor and measure managerial success because of the lack of straightforward measures of performance and electoral control, a result of the detachment of board of trustees from day-to-day management (Handy and Katz 1998; Mirvis and Hackett 1983). Given the difficulty of monitoring, federal and state laws prohibit incorporated nonprofits from distributing net earnings to members, officers, or trustees. This constraint influences nonprofits’ structure and the extrinsic incentives, such as salary and benefits, that they are able to offer to employees, and ultimately could affect whether an individual chooses to work in a nonprofit organization.

Another unique characteristic of nonprofit organizations is the role that tax policy plays in the founding of the organization. To qualify for a tax exemption, nonprofit organizations must demonstrate that they serve a public purpose (Boris and Steuerle 2006). Although public organizations and nonprofits organizations both exist to provide collective goods and to benefit the public, the way in which the two sectors fulfill these requirements is quite different. Public organizations are established by law, and they are publicly funded to implement the policies adopted by democratically elected officials. As such, public organizations are expected to spread resources evenly over affected populations (Lipsky and Smith 1989). On the contrary, the clientele of a nonprofit tends to be more narrowly defined. Most nonprofit organizations serve a specific group of clients, such as the homeless, those with certain diseases, or children with disabilities. This stems from the fact that nonprofits usually are founded by individuals or small groups interested in carrying out a particular mission; they strive to be responsive to the needs of individual clients, even at the expense of equity (Lipsky and Smith 1989; Lohmann 1989). The nonprofit plays a role as a voice from the margins by pointing out the limitations of government services and offering alternatives to them (Young 2000).

Although both sectors exist to “serve the public,” we contend that the identification of clients and the setting of policy priorities make nonprofits distinct and influence the intrinsic rewards that employees receive. In other words, these differences may result in distinctiveness in job content and task, and ultimately in the feelings of recognition, responsibility, and personal growth and development that an individual derives from his or her occupation. We agree with Goodin (2003) that the nonprofit sector is “motivationally and organizationally distinct” from the state. Given this distinctiveness, the nonprofit sector may attract a different kind of worker than the public sector (Frank 1996; Handy and Katz 1998; Hansmann 1980; Mirvis and Hackett 1983).

The differences between nonprofit and public organizations shape the extrinsic and intrinsic rewards they can offer. This leads us to posit that several extrinsic and intrinsic factors are correlated with an individual’s choice between working for the government or for a nonprofit organization. We hypothesize that extrinsic factors (career advancement, salary, pension plans, and family-friendly policies) and intrinsic factors (job responsibility and the desire to serve the public) are related to the sector in which an individual works. If the motivations of public and nonprofit employees indeed differ, a different management style is needed in order to ensure employee satisfaction and improve performance (Kristof-Brown, Zimmerman, and Johnson 2005).

**Opportunities for Career Advancement**

Public organizations rely on a hierarchical form to monitor the performance of employees and to promote efficiency. This hierarchical form also creates a clear progression for employees who are motivated by the opportunity to advance to higher levels of the organization. Given this, opportunity for advancement often is used as an important incentive to recruit and retain capable workers in government agencies. Although the organizational outputs of government agencies also provide psychological satisfaction to employees, the inflexibility of the pay structure in government civil service systems forces the use of promotions as an incentive. (Kettl and Fesler 2005). Therefore, supervisors rely on promotions to reward performance in the public sector.

On the contrary, DeVato and Samuelson (2004) find that promotions are less likely in nonprofit firms than in for-profit firms, even after controlling for worker, firm, and industry characteristics. They argue that the output in many nonprofit organizations is typically something of intrinsic interest to the workers, and incentives in those organizations are in some sense created “automatically.” This allows, they conclude, nonprofit employers to use promotions as a tool for job assignment, but not as an incentive mechanism. This research leads us to hypothesize that managers seeking to move up in an organization are more likely to work in the public sector than in the nonprofit sector.
Salaries and Pension
Although both public and nonprofit employees are thought to be less motivated by monetary incentives, pay in the nonprofit sector historically has been lower than in the public sector, as well as in the private sector (Frank 1996; Leete 2001; McMullen and Schellenberg 2003; Salamon and Sokolowski 2006; Weisbrod 1983). Scholars have proposed numerous explanations for the lower wages in the nonprofit sector. First, the nondistribution restriction on nonprofits acts as an economic constraint on the earning potential of nonprofit employees by limiting the distribution of profits to employees. Second, labor donation theory views lower pay as the result of nonprofit employees donating part of their labor in order to produce social goods (Preston 1989). Similarly, Hansmann (1980) argues that individuals who are interested in accomplishing meaningful goals other than monetary compensation sort themselves into the lower-paying nonprofit sector to work on the causes they believe in. Finally, Handy and Katz (1998) explain the lower wages in the nonprofit sector with the concept of adverse selection. According to these authors, nonprofit firms tend to pay their employees less as an attempt to promote self-selection of committed candidates (Handy and Katz 1998). Given these findings, we expect to find that nonprofit managers are less motivated by salary than public sector managers.

H1: The more managers are motivated by the desire for advancement within the organization, the less likely they are to work for a nonprofit firm.

Family-Friendly Policies
Increasing pressures to attract and retain talented employees have forced many public, nonprofit, and private organizations to develop policies and programs aimed at providing employees with resources to balance their work and family responsibilities. Flexible scheduling, child or elder care provisions, and condensed workweeks are common examples of such programs. Although research on the provision of family-friendly benefits by sector is limited, researchers have found that nonprofit organizations tend to offer more of these types of policies (Hakim 2000, 2006; Hohl 1996; McKenney 2007; SHRM 2001). For example, Hohl (1996) found that 85 percent of the 156 nonprofit organizations surveyed offered one or more of eight different flexible work arrangements. In addition, the 2001 Society of Human Resource Management (SHRM) annual benefits survey found that 61 percent of nonprofit respondents offered flextime, and nearly a third (31 percent) offered telecommuting and compressed workweeks, compared to 58 percent and 31 percent of for-profits companies, respectively.

As a matter of fact, some scholars posit that the availability of these benefits helps explain the overrepresentation of women in the nonprofit sector. Hakim (2000) argues that women are employed in the nonprofit sector in higher percentages than men because nonprofit organizations have more family-friendly policies than the other sectors. However, there is some evidence that this perception may be unfounded when the nonprofit and public sectors are compared. Barbeito and Bowman (1996) found that 9 percent of nonprofits offered child care, while 55 percent of state and local governments provided some child care benefits. Similar differences were found in the provision of flextime arrangements. Riccucci (2002) reports that aside from the entertainment and recreation industry in the private sector, federal employees represent the second-largest cohort of workers relying on flexible work schedules. In addition, the 2009 SHRM benefits survey reports that, compared to for-profit and nonprofit organizations, government agencies were more likely to offer telecommuting on a full-time basis and a compressed work week. Nevertheless, many people tend to associate the nonprofit sector with work environments that are friendlier to families. This perception could be attributable to the fact that the types of policies are much broader than what is measured and may suggest an overall environment that is more tolerant of “motherhood, long parental leaves, part-time hours of work, and family friendly arrangements” (Hakim 2006).
H₁: The more managers are motivated by family-friendly policies, the more likely they are to work for a nonprofit firm.

Public Service Motivation and Volunteering

According to Deci and Ryan, individuals have different kinds of intrinsic needs and orientations, and "these intrinsic needs provide energy for them to act on the environment and manage aspects of their drives and emotions" (1985, 4). The assumption underlying the research on public service motivation is that individuals working in government demonstrate a commitment to the public interest, a desire to serve others, and self-sacrifice (Houston 2006). Given these characteristics, numerous scholars have argued that public employees are motivated less by material rewards and more by psychological rewards, such as serving the public interest (Cacioppe and Mock 1984; Crewson 1997; Lewis and Frank 2002; Perry and Wise 1990; Rainey 1982; Vandenabeele, Hondeghem, and Steen 2004; Wittmer 1991). There is evidence that public employees place a higher value on helping others, serving society, and performing work that is beneficial to society.

The importance of the different dimensions of PSM may vary across organizational settings. Provided that the intrinsic motivation of nonprofit employment is differentiated from PSM, what is this unique nonprofit motivation? As we discussed earlier, nonprofit organizations tend to serve a more narrowly defined clientele, often sacrificing equity for responsiveness (Lipsky and Smith 1989). In this sense, we argue that broader measures of the desire to serve the public are closely related to work associated with government, whereas narrower measures related to specific prosocial behaviors, such as volunteering, may be better for capturing the motivation of individuals to work in the nonprofit sector.

Light (2002) reports that nonprofit employees are much more likely than their for-profit and public sector counterparts to cite as reasons for taking their current job the desire to make a difference and to do something worthwhile. Prosocial behaviors such as volunteering are closely related to these motivations. Several studies of voluntarism have found that public sector employees are more likely to volunteer than for-profit sector employees (Houston 2006; Rotolo and Wilson 2006; Wilson and Musick 1997). However, in their analysis of data from the 2002 Current Population Survey Volunteer Supplement, Rotolo and Wilson (2006) found that nonprofit workers were more likely to volunteer than those who were employed in for-profit and government organizations, even after controlling for personal characteristics. Light (2002) also reports that nonprofit employees volunteer at a higher rate than public employees. This leads us to argue that voluntarism may be a better way to capture a unique nonprofit motivation that may be overlooked by broader measures of public service motivation. Based on the nature of nonprofit organizations, we hypothesize that nonprofit managers are less likely to be motivated by the desire to serve the public, but they are more likely to volunteer.

H₂: Managers who report volunteering are more likely to work for a nonprofit firm.

Data and Method

This research uses data from the National Administrative Studies Project III (NASP-III), a survey administered by Barry Bozeman and his colleagues in 2005. The survey contains information about public and nonprofit managers’ career histories, hiring practices, and organizational environment in the states of Georgia and Illinois. Among 1,220 returned surveys, 790 were from public agencies and 430 were from nonprofit organizations. The public sector response rate was 43, and the nonprofit sector rate was 33 percent. The NASP-III coding rules require the sector to be coded as “nonprofit” even if the respondent indicated that the organization is public but the organization filed a tax form (Form 990) indicating nonprofit status. Meanwhile, if the respondent indicated that the organization is “nonprofit” but did not submit nonprofit tax forms, the sector was coded as either “private” or “public,” depending on the way the organization funded its activities. After this process, our sample includes 797 public managers and 275 nonprofit managers.

In the survey, respondents were given a list of motivation items and asked to indicate “the extent to which the factors below were important in making your decision to take a job at your current organization.” The managers then rated each motivation item on a four-point Likert scale: “not important,” “somewhat unimportant,” “somewhat important,” and “very important.” In addition, they were asked to provide demographic information such as age, sex, ethnicity, educational background, and employment history.

The importance of the different dimensions of [public service motivation (PSM)] may vary across organizational settings. Provided that the intrinsic motivation of nonprofit employment is differentiated from PSM, what is this unique nonprofit motivation?

As previously stated, the logic behind analyzing sector choice is that people choose to work in a sector in which they expect to receive most of the extrinsic and intrinsic rewards they consider important. For example, those who place greater value on a family-friendly environment will choose to work in the sector that they think will provide more of it (Lewis and Frank 2002). In the same way, those who place greater value on monetary rewards would want to work in the better-paying sector given their characteristics, all else being equal.

Dependent Variable

In order to see whether the respondent currently works in the public sector or in the nonprofit sector, the research uses probit analysis. The dependent variable is binary, whose value is 1 if the respondent works in the nonprofit sector and 0 if he or she works in the public sector.

Independent Variables

Independent variables include seven job motivation items. As mentioned, the respondent was asked to rate how important each of the job motivation factors had been in the decision to accept a job at his or her current organization on a four-point Likert scale. The seven motivational items used in this analysis include the following:

Comparing Public and Nonprofit Managers’ Job Motivations 49
1. Opportunity for advancement within the organization's hierarchy
2. Salary
3. The organization's pension or retirement plan
4. Desire for increased responsibility
5. "Family-friendly" policies
6. Ability to serve the public and the public interest
7. Volunteering

Most of our independent variables are ordinal, which means that there is a clear ordering of the variables. However, the intervals between the values are not necessarily equally spaced—that is, the difference between "important" and "somewhat important" may not be equal to the difference between "not important" and "somewhat unimportant." In this case, treating them as interval variables may result in bias (Long and Freese 2006; Walter, Feinstein, and Wells 1978; Winship and Mare 1984). For better estimation, all of the motivational items are dummy coded, with the "not important" category as the reference group (not reported).6

In the case of volunteering, we use a dichotomous measure of whether the respondent had participated in volunteer work in the last four weeks. This measure is somewhat problematic. Ideally, we would have a measure that asked whether the respondent had volunteered prior to entering the workforce. This would be useful so that we could disentangle volunteering outside the job versus volunteering as part of the respondent's employment, which is particularly important for nonprofit employees. Given this, our current measure only allows us to test whether volunteering is correlated with employment in either sector.

Control Variables
Gender. In addition to the motivational factors, we also include several control variables that may be related to sector choice. The nonprofit sector historically has been an important employer of women (Preston 1994). In the United States, women have been active members of voluntary associations by launching local charities, participating in suffrage movements, and creating philanthropic ventures (McCarthy 1994). Recent statistics show that all of the motivational items are dummy coded, with the "not important" category as the reference group (not reported).6

In the case of volunteering, we use a dichotomous measure of whether the respondent had participated in volunteer work in the last four weeks. This measure is somewhat problematic. Ideally, we would have a measure that asked whether the respondent had volunteered prior to entering the workforce. This would be useful so that we could disentangle volunteering outside the job versus volunteering as part of the respondent's employment, which is particularly important for nonprofit employees. Given this, our current measure only allows us to test whether volunteering is correlated with employment in either sector.

Control Variables
Gender. In addition to the motivational factors, we also include several control variables that may be related to sector choice. The nonprofit sector historically has been an important employer of women (Preston 1994). In the United States, women have been active members of voluntary associations by launching local charities, participating in suffrage movements, and creating philanthropic ventures (McCarthy 1994). Recent statistics show that all of the motivational items are dummy coded, with the "not important" category as the reference group (not reported).6

In the case of volunteering, we use a dichotomous measure of whether the respondent had participated in volunteer work in the last four weeks. This measure is somewhat problematic. Ideally, we would have a measure that asked whether the respondent had volunteered prior to entering the workforce. This would be useful so that we could disentangle volunteering outside the job versus volunteering as part of the respondent's employment, which is particularly important for nonprofit employees. Given this, our current measure only allows us to test whether volunteering is correlated with employment in either sector.

Age. Researchers have examined whether there is an age difference among employees of different sectors, and many have found a significant difference (Cornille et al. 2006; Mirvis 1992; Mirvis and Hackett 1983). For example, Mirvis (1992) and Mirvis and Hackett (1983) report that a smaller proportion of younger (under 24) and older (over 55) workers were employed in the nonprofit sector than in government and for-profit firms. We include both age and age-squared to examine whether there is a nonlinear relationship between age and the likelihood of working in the nonprofit sector.

Race. The literature suggests that one's race is related to the sector of employment (Blank 1995; Cohen 1993). For instance, Cohen's (1993) analysis of alumni of a New York undergraduate business college revealed that black alumni were substantially more likely to work in government than their white counterparts. Light's (2002) analysis of the random sample of 1,140 nonprofit workers reports that whites accounted for 84 percent of the nonprofit workforce, while about 70 percent of the entire U.S. population were white.

Education level. Research has found that nonprofit workers tend to have a higher level of education. For example, Mirvis (1992) found that many more college graduates and those with postgraduate education were employed in the nonprofit and government sectors than in the for-profit sector. Johnston and Rudney's (1987) findings show that nonprofit workers tend to be both less educated and more educated than other workers.

Martial and parental status. Being a parent changes many decisions in a person's life, not to mention one's career choice. It is expected that the importance of family-friendly policies depend on whether a respondent is a parent. Moreover, because women's role as a primary caregiver to children or other family members affects their decisions in the labor market (Becker 1985; Crosby, Williams, and Biernat 2004; Ridgeway and Correll 2004), parent status may have greater influence on women's perception of the importance of family-friendly policies than on men's. To see the difference between men and women, an interaction term (female * children) is included in the equation.7

Findings

Descriptive Statistics
Table 1 shows the comparison between public managers and nonprofit managers in the sample on demographic characteristics and the importance they placed on each motivation item. Nonprofit managers were more likely to be female and older compared to public managers, although the difference was relatively small. They were less likely to have only a high school or college education, but more likely to have a master's or advanced degree than public managers. The percentage of managers with children was higher among public managers, and so was the percentage of nonwhite workers. The proportion of nonwhite managers was far greater for the public sector, probably because of the better-established practice of nondiscriminatory policies in government. Nonprofit managers were much more likely to be volunteers than public managers.

The bottom rows of table 1 display descriptive differences in job motivational items between public and nonprofit managers. In terms of their desire for advancement within the organizational hierarchy, public managers valued the opportunity for advancement more than nonprofit managers. Nonprofit managers regarded salary as a more important motivator than public managers. With regard to pension and retirement plans, public managers treated them as more important in the decision to take a job in their current organization. Nonprofit managers valued increased responsibility more than public managers. There seems to be no visible difference between public and nonprofit managers in how important family-friendly policies were in their decision to accept the current job. This rough description of demographic and motivational differences suggests that there may be significant differences between public and nonprofit workers.

Probit Regression Result
We estimated a probit regression to measure the probability of nonprofit employment for the managers. The dependent variable is binary, coded 1 if a respondent works in the nonprofit sector and 0 if he or she works in the public sector. With a binary
Generally speaking, one's demographic characteristics seem to have little impact on one's choice between public and nonprofit employment. Neither the gender nor age of a manager affected the likelihood of working in the nonprofit sector. There was not a significant relationship between one's household characteristics (marital status and the presence of children) and sector choice. Only one aspect of demographic characteristics, one's race, was a significant predictor of the choice. Nonwhite managers were 16.3 percent less likely to work in nonprofit organizations than in state governments. As mentioned previously, this may be attributable to more established equal opportunity practices and affirmative action in government compared to the private sector.

Our first hypothesis was that those who value opportunities for advancement within the organization's hierarchy are less likely to work in the nonprofit sector. A linear probability model has many drawbacks (Wooldridge 2009). The probit regression uses maximum likelihood estimation, which is consistent, asymptotically normal, and efficient under very general conditions (Wooldridge 2002).

As explained, the treatment of ordinal variables as continuous may result in bias in estimation. Instead, we used three dummy variables for each motivation (using the “not important” category as the reference group) and compared the differences in their effects on the probability of accepting a job in the nonprofit sector. Table 2 shows the average marginal effects of the predictor variables on the dependent variable. In other words, it displays changes in the likelihood of accepting a nonprofit job as one independent variable increases by unity (a change from 0 to 1 in the case of nominal variables).8

<table>
<thead>
<tr>
<th>Variable</th>
<th>Public Sector ((N = 748))</th>
<th>Nonprofit Sector ((N = 243))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>43.9%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Age</td>
<td>48.9 (8.58)</td>
<td>50.1 (9.2)</td>
</tr>
<tr>
<td>High school graduate only</td>
<td>15.6%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Bachelor's degree only</td>
<td>42.1%</td>
<td>34.6%</td>
</tr>
<tr>
<td>Master's or professional degree</td>
<td>42.0%</td>
<td>53.1%</td>
</tr>
<tr>
<td>Married</td>
<td>78%</td>
<td>78.2%</td>
</tr>
<tr>
<td>Children</td>
<td>52.8%</td>
<td>48.1%</td>
</tr>
<tr>
<td>Nonwhite</td>
<td>18.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Has volunteered</td>
<td>55.7%</td>
<td>72.8%</td>
</tr>
<tr>
<td>Opportunity for advancement within the organization's hierarchy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>10.2%</td>
<td>27.2%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>9.9%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>46.0%</td>
<td>41.2%</td>
</tr>
<tr>
<td>Very important</td>
<td>34.0%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>2.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>8.2%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>50.3%</td>
<td>45.7%</td>
</tr>
<tr>
<td>Very important</td>
<td>38.9%</td>
<td>44.9%</td>
</tr>
<tr>
<td>Organization's pension or retirement plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>4.9%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>9.1%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>35.3%</td>
<td>46.5%</td>
</tr>
<tr>
<td>Very important</td>
<td>50.7%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Desire for increased responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>7.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>11.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>48.8%</td>
<td>30.9%</td>
</tr>
<tr>
<td>Very important</td>
<td>32.4%</td>
<td>57.2%</td>
</tr>
<tr>
<td>Family-friendly policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>17.5%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>18.2%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>34.1%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Very important</td>
<td>30.2%</td>
<td>32.9%</td>
</tr>
<tr>
<td>Ability to serve the public and the public interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not important</td>
<td>4.4%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>11.0%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>37.7%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Very important</td>
<td>46.9%</td>
<td>40.7%</td>
</tr>
</tbody>
</table>

Generally speaking, one's demographic characteristics seem to have little impact on one's choice between public and nonprofit employment. Neither the gender nor age of a manager affected the likelihood of working in the nonprofit sector. There was not a significant relationship between one's household characteristics (marital status and the presence of children) and sector choice. Only one aspect of demographic characteristics, one's race, was a significant predictor of the choice. Nonwhite managers were 16.3 percent less likely to work in nonprofit organizations than in state governments. As mentioned previously, this may be attributable to more established equal opportunity practices and affirmative action in government compared to the private sector.
nonprofit sector. The probit results show findings consistent with our hypothesis. The more a manager values those opportunities, the less likely he or she is to work in a nonprofit organization. Compared to those who said that promotion opportunities were not important, respondents who indicated that advancement was “somewhat unimportant” were 9.6 percent less likely to work in the nonprofit sector. Respondents who answered that advancement was “somewhat important” were 13.2 percent less likely to work in nonprofit organizations, and those who answered that it was very “important” were almost 20 percent less likely to do so. Managers who value opportunities for advancement tend to prefer working in state governments rather than nonprofit organizations.

The second hypothesis predicted that those who are motivated by salary are less likely to work in the nonprofit sector. The statistical analysis, however, suggests no significant relationship between preference for monetary rewards and the likelihood working in the nonprofit sector versus the public sector. In other words, the importance of monetary compensation in one’s decision to accept the job does not predict whether the person works in a nonprofit organization or in state government.

We also hypothesized that people who place greater value on pension and retirement plans are less likely to work in the nonprofit sector. The findings are consistent with our hypothesis. Compared to the managers who said that these policies were “somewhat unimportant” in their acceptance of the current job, those who said they were “somewhat unimportant” were 11.5 percent, those who said they were “somewhat important” were 17.5 percent, and those who said they are “very important” were 35.1 percent less likely to work in nonprofit organizations. For those who desire a pension and retirement plan, state government agencies are more attractive employers than nonprofit organizations.

The fourth hypothesis stated that people who place more importance on increased responsibility are more likely to work in nonprofit organizations. Consistent with our hypothesis, people who responded that the increased responsibility was very important in their decisions to accept a position were almost 25 percent more likely to work in the nonprofit sector, although those who said that responsibility was “somewhat unimportant” or “somewhat important” were not more likely to work in the nonprofit sector than in the public sector. When managers who consider increased responsibility very important, they tend to prefer working in nonprofits.

We also hypothesized that people who are motivated by family-friendly policies are more likely to work in the nonprofit sector. For the managers for whom family-friendly policies were “somewhat unimportant” in their acceptance of the current job, they were 12.3 percent more likely to work in the nonprofit sector compared to those who said that these policies were not important. For those who said that these policies were “somewhat important” or “very important,” 13.3 percent and 17.4 percent were more likely to work in nonprofit organizations, respectively. Therefore, managers are more likely to work in nonprofit organizations the more they value family friendly policies.

The sixth hypothesis was that managers who value the ability to serve the public and public interests more are less likely to work in

| Table 2. Average Marginal Effect after Probit (Y = probability of nonprofit employment) |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Variables                       | Coefficient     | (S.E.)          | Coefficient     | (S.E.)          | Coefficient     | (S.E.)          | Coefficient     | (S.E.)          | Coefficient     | (S.E.)          | Coefficient     | (S.E.)          |
| Gender                          | .041            | (.037)          | Education       | –.018           | (.037)          | Marital status  | –.007           | (.039)          | Children        | –.014           | (.030)          |
| Nonwhite                        | –.163***        | (.025)          | Age             | –.009           | (.012)          | Age²            | .000            | (.000)          | Has volunteered | .101***         | (.027)          |
| Opportunity for advancement     | –.096**         | (.036)          | Salary          | –.013           | (.081)          | Organization’s pension or retirement plan | –.115**         | (.037)          | Desire for increased responsibility | .247**          | (.071)          |
| Very important                  | –.132***        | (.031)          | Very important  | –.175***        | (.035)          | Very important  | .102            | (.086)          | .277            | (.067)          |
| Organization’s pension or retirement plan | –.115**         | (.037)          | Somewhat unimportant | .027            | (.067)          | .084            | (.059)          | .247**          | (.071)          |
| Very important                  | –.175***        | (.035)          | Very important  | .174***         | (.050)          | Ability to serve the public and the public interest | .123*           | (.051)          | .133**          | (.066)          | .174***         | (.050)          |
| Ability to serve the public and the public interest | –.115**         | (.040)          | Somewhat unimportant | .109**          | (.039)          | Very important  | –.179***        | (.035)          |

*p ≤ .05; **p ≤ .01; ***p ≤ .001. McFadden’s Psuedo-R² = .2622 LR Chi² = 284.34**
nonprofit organizations. This hypothesis tests whether a particular dimension of public service motivation, defined as “the ability to serve the public and public interests,” is an exclusively public sector value. If the ability to serve the public and public interests is also a motivational basis of nonprofit employees, there should be no significant difference in the likelihood as the importance of this motivation in the acceptance of the job. The results show that managers who indicated that the ability to serve the public was “very important” were 17.9 percent less likely to work in nonprofits compared to those who regarded it as unimportant. Managers who said that it was “somewhat unimportant” and those who said that it was “somewhat important” were 11.5 percent and 10.9 percent less likely to work in nonprofits, respectively. The negative relationship between this motivation item and the likelihood of working in nonprofits suggest that there are significant differences in the intrinsic motivations of public and nonprofit employees. Although a majority of nonprofit organizations are engaged in providing public goods and serving public interests, this particular aspect of public service motivation may not be related with intrinsic motivation for nonprofit employment.

Where can we find the distinctive nonprofit motivation? We argue that the unique nonprofit motivation be found in prosocial behaviors such as volunteering. Compared to those who did not volunteer, people who volunteered were more than 10 percent more likely to work in the nonprofit sector. Volunteer activities typically involve helping others at a more micro level than government programs. Although it is not clear whether motivation behind volunteering truly predicts nonprofit employment or whether nonprofit employment promotes volunteering, the positive relationship between volunteering and nonprofit suggests that further research on this issue is worthwhile.

Conclusion
This article has examined how seven motivational aspects correlate with the choice between public and nonprofit employment. We hypothesized that the differences between the sectors impact the provision of intrinsic and extrinsic rewards and ultimately influence an individual’s choice between employment sectors. Our findings show that the motivational correlates of working in the public sector are different from those of working in the nonprofit sector. Specifically, public managers seem to value the opportunity for advancement within the organization’s hierarchy, its pension and retirement plan, and the ability to serve the public and the public interest. Nonprofit managers seem to desire increased responsibility and family-friendly policies. We contend that despite some commonalities, there are many differences between the two sectors. The differences between the two sectors create distinct environments and affect the ability of the organization (public or nonprofit) to attract employees.

The findings of this research are important for several reasons. First, differences in motivation suggest that different systems of rewards and incentives should be used to recruit and retain productive workers (Borzaga and Tortia 2006; Burgess and Ratto 2003; Deci 1971). The literature on person–organization fit suggests that the fit between organizational values and personal values affects job satisfaction, and thus both one’s performance and willingness to stay in the organization (Kristof-Brown, Zimmerman, and Johnson 2005; Naff and Crum 1999). As a consequence, sector-specific management practices and incentive structures are needed in order to motivate managers in the public and nonprofit sectors. This realization is particularly important given the likely “human capital crisis” that the federal government is facing and the increasing evidence that employees are willing to shift between sectors.

Next, this research also found that participation in volunteering is positively associated with nonprofit employment, while the intention to serve the public and public interests increases the likelihood of public sector employment. We propose that the idea behind volunteering may be a potential candidate for the search for a measure of intrinsic motivation of nonprofit employment. Although the possibility of endogeneity (i.e., the possibility that nonprofit employment increases participation in volunteering, not vice versa) exists in our analysis, it is worth studying the relationship between volunteering and nonprofit employment. Future research on this topic could examine the relationship between childhood or adolescent volunteering experience and nonprofit employment in adulthood.

Finally, the literature suggests that PSM is a broad, multifaceted concept (Brewer, Selden, and Facer 2000; DeHarr-Davis, Marlowe, and Pandey 2006; Pandey and Stazyk 2008; Perry 1996; Rainey 1982). For instance, Brewer, Selden, and Facer (2000) divide PSM into four distinctive conceptions—Samaritans, communitarians, patriots, and humanitarians. Perry (1996) develops four different dimensions of PSM, including public policy making, public interest, compassion, and self-sacrifice. Similarly, DeHarr-Davis, Marlowe, and Pandey (2006) categorize PSM into three motivational dimensions: compassion, attraction to policy making, and commitment to public service. The motivation behind nonprofit employment may overlap with several dimensions of PSM given that both public and nonprofit organizations produce public goods and service. In fact, Houston (2008) finds that public and nonprofit workers show similar patterns of PSM-related attitudes. The findings in this research, nevertheless, suggest that the intrinsic motivation of public and nonprofit employees may, though similar in multiple aspects, not be identical. Future research should investigate how specifically the intrinsic motivations of the two types of employees differ and overlap with each other.

Acknowledgments
The authors are grateful to the referees and the editor for their insightful comments on the paper.

Notes
1. There are other factors, such as labor force needs and discrimination, that push individuals out of an employment sector. However, these factors are beyond the scope of this study.
2. Career advancement also could be an intrinsic reward because a promotion provides an employee with a feeling of achievement. We choose to treat it as extrinsic.
because we focus here on the organization's proclivity to offer a promotion as an incentive.

3. However, Houston (2005, 2008) finds no difference in individual philanthropy, including the donation of time and money.

4. The structure of this question requires that respondents comment in the present on what motivated them to make a past decision. As an anonymous reviewer pointed out, there could be some postdecision rationalization on the part of the respondent. We agree that there could be some recall errors, but we cannot control for this error and believe that it is a random error in the sample.

5. The research on public service motivation has developed numerous scales and dimensions to measure public service motivation. We recognize that using a single item to capture this is not ideal, but we feel that the measure allows us some insight into the relationship between the desire to serve the public interest and job choice.

6. Some scholars claim that ordinal variables can be treated as interval-level variables because of the convenience of explanation and flexibility gained from this method. Other scholars however, warn about the biases in using continuous-variable methods for ordinal variables. In the case of Likert scales, an underlying, continuous variable denoting degrees of importance is “mapped into categories that are ordered but are separated by unknown distances” (Winship and Mare 1984, 513). Treating ordinal variables as continuous variables may result in bias when the ordered variable (expressed in a Likert scale) is nonlinearly related to an unobserved continuous variable (Winship and Mare 1984). Wooldridge (2009) points out that the appropriate way to treat this type of variable is to create a dummy for each rating class. In addition, it is not likely that we are overfitting the model by throwing in numerous dummy-coded variables, as the pseudo-$R^2$ values for the model with dummy independent variables and continuous independent variables are not very different (0.2390 and 0.2622, respectively). The sizes of the coefficients in table 2 (when we treat the independent variables as ordinal variables) are not homogeneous across the levels, which suggests that the likelihood of working in either the public or nonprofit sector does not change in a linear fashion.

7. In our model, we include a dummy variable for being female, a dummy variable for having children, and an interaction term between being female and having children. By having these three variables, we are comparing four different groups: females with children, females without children, males with children, and males without children.

8. Because most of our variables are dummy coded, the means of these variables do not exist. Unlike estimation of marginal effects at the mean using $mfx$, estimation of average marginal effects using $margeff$ does not refer to either nonexistent or inherently nonsensical observations (usually mean values of independent variables). For more reference on $margeff$, see Bartus (2005).

References


---

**A Call for Papers, Posters and Symposia…**

**“Improving the Quality of Public Services”**

**June 28-29, 2011**

**A Multi-National Conference hosted by:**

State University – Higher School of Economics
Moscow, Russia

In association with the

University of Maryland School of Public Policy

and the

Association for Public Policy Analysis and Management

Public desire for better government services is universal, but approaches and outcomes vary dramatically from country to country. Much has been learned about the factors that influence efficiency, effectiveness, equity, and responsiveness in public service design. Lessons emerging from developing and transition countries have the potential to shed new light on long-standing questions about public service performance.

For more information, visit:

http://www.umdcipe.org/conferences/moscow/moscowmain.html