

I AM AN OWNER NOW, SO WHAT? THE INFLUENCE OF EMPLOYEE SHARE
OWNERSHIP ON ORGANIZATIONAL CITIZENSHIP AND ENTREPRENEURIAL
ORIENTATION

by

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A dissertation submitted to the faculty of
The University of North Carolina at Charlotte
in fulfillment of the requirements
for the degree of Doctor of Business Administration

Charlotte

2020

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ABSTRACT

BEN WILHELM. I Am an Owner Now, So What? The Influence of Employee Share Ownership on Organizational Citizenship and Entrepreneurial Orientation
(Under the direction of DR. FRANZ KELLERMANNNS)

Employee Stock Ownership Plans (ESOP) are a form of employee share ownership, where employees participate in the financial results of the company in an indirect way through allocation of ownership shares as a benefit plan. While employee ownership has fueled an extensive body of research, few scholars have empirically investigated its relationship with organizational citizenship and entrepreneurial orientation. Organizational citizenship behavior is conceptualized as being positive towards all in-role, extra-role, and organizational functions of the organization. Entrepreneurial orientation refers to decisions, processes, and practices that lead to new entry. Neither of these constructs are widely examined in the literature within the context of employee ownership. This dissertation did not find support for individual focused organizational citizenship behavior (OCBI) within ESO. While OCBI was not observed in this research, it may manifest in other employee owned environments, so more research is required to draw additional conclusions. Furthermore, employee ownership did not show a significant relationship to individual entrepreneurial orientation (IEO). Employee ownership represents a large portion of US-based industry and this research does not resolve the manifestation of entrepreneurial orientation within ESOPs. More research is called for to reveal how entrepreneurship emerges within employee owned companies.

DEDICATION

I dedicate this dissertation to my wife, Karen, and children, Alex and Kiley, and my sister, Beth, for supporting my academic goals and aspirations.

ACKNOWLEDGEMENTS

I extend gratitude to my academic family and mentors who challenged me to do my best and to always appreciate the learning journey. Dr. Franz Kellermanns, thank you for being a fantastic dissertation chair and imparting your German wit throughout my doctoral journey. Dr. John L. Bennett, thank you for your unyielding friendship and steadfast encouragement to pursue my academic ambitions. Dr. David W. Wantz, thank you for seeing in me what I could not see in myself many years ago.

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LIST OF ABBREVIATIONS

EO – Entrepreneurial Orientation

ESO – Employee Share Ownership

ESOP – Employee Stock Ownership Plan

IEO – Individual Entrepreneurial Orientation

OCB – Organizational Citizenship Behavior

OCBI – Organizational Citizenship Behavior targeted to the individual

OCBO – Organizational Citizenship Behavior targeted to the organization

PO – Psychological Ownership

CHAPTER 1: INTRODUCTION

Employee ownership in the US is often represented in Employee Stock Ownership Programs (ESOPs). ESOPs are a form of employee share ownership (ESO) where employees participate in the financial results of the company in an indirect way through allocation of ownership shares as a benefit plan (Beatty, 1995; Employee Retirement Income Security Act, 1974; Poutsma, de Nijs, & Doorewaard, 1999; Poutsma, Kalmi, & Pendleton, 2006; Sesil, Kruse, & Blasi, 2003). ESOPs are important drivers of ownership in privately and publicly held companies (Kruse, Baron, & Blasi, 2010). ESOPs represented 10% of US businesses and approximately 14 million employees in 2016 (Blasi et al., 2017; *ESOPs by the numbers*, 2017).

The initial aims of creating ESOPs were to promote shared capitalism and ownership for employees in accordance with the Employee Retirement Income Security Act (ERISA) of 1974. Hence, ESOPs undergird a significant portion of the US economy and fuel opportunities for sustained growth and employment stability (Kurtulus & Kruse, 2018). Therefore, this dissertation attempts to understand if employee owners individually exercise entrepreneurial orientation to exploit new market opportunities (Dess & Lumpkin, 2005; Fayolle et al., 2010). Furthermore, given that employees share ownership in ESOPs, scholars have noted that participants in ESO are likely to go above and beyond the call of duty because they are more dedicated to their company than employees who do not have an equity ownership (Wagner et al., 2003). Thus, this dissertation investigates the extent to which ESO influences organizational citizenship. The following subsection explains the need for this research and the research questions that this dissertation aims to address.

Motivation for Dissertation and Research Problem

Employee share ownership has fueled an extensive body of research on employee commitment, employee satisfaction, productivity, and performance (Dubb, 2016; Gamble et al., 2002; Pierce et al., 2003; Wagner et al., 2003). However, few studies have empirically investigated organizational citizenship and entrepreneurial orientation as dependent variables of employee share ownership (McConville, 2012). Organizational citizenship behavior (OCB) is conceptualized as being positive towards all in-role, extra-role, and organizational functions of the organization. While scholars have theorized that OCB is positively enhanced within employee owned companies, based on a review of extant literature, no studies so far have verified this relationship empirically. This gap presents an important opportunity because ESO advocates suggest how OCB elements align with employee behavior, such as: altruism, conscientiousness, civic virtue, sportsmanship, and courtesy to perform beyond expectations (Hoffman et al., 2007; Lee & Allen, 2002; Rousseau, 1997). Understanding how ESO influences OCB will deepen our knowledge about work-related attitudinal behaviors of employee owners (Hoffman et al., 2007).

It does not go far enough to simply explain how ESO contributes to increased OCB. More specifically, it is of interest to understand if ESO manifests OCB of the individual within the firm. Understanding if ESO inspires prosocial behaviors in the individual (labelled OCB Individual, or OCBI) helps to further explain elements of extra-role behaviors within employee owned companies (McNeely & Meglino, 1994). For example, if a person engages in helping a fellow employee be more successful in their respective job, it stands to reason that ESO participants are potentially going to feel more connected and loyal to their colleagues and the organization (Caramelli, 2011). This

aligns with the notion that ESO emboldens employees to demonstrate positive attitudes and higher levels of organizational influence (Pierce et al., 1991). Hence, employee owners with high levels of OCBI may be more inclined to demonstrate extra role behaviors above and beyond those employees who work without an ownership stake. Unfortunately, this hypothesis was not supported in this present dissertation. The other important dependent variable to understand within ESO is entrepreneurial orientation.

Entrepreneurial orientation (EO) refers to decisions, processes, and practices that lead to new entry (Covin & Lumpkin, 2011; Lumpkin & Dess, 1996). EO has been studied extensively since the early 1980's (Miller & Friesen, 1983; Rauch, Wiklund, Lumpkin, & Frese, 2009; Wales, 2016), yet no studies have empirically tested the presence of EO within employee owned companies based on a search of the literature. While EO has broadly shown to influence small and medium sized businesses (Wiklund & Shepherd, 2005), family-owned businesses (Naldi et al., 2007), and international enterprises (Shoham et al., 2008), literature linking EO and employee ownership is scarce. Only one qualitative study explored the prospect of ESO influence on EO; hence, researchers have called for quantitative studies to further explore this relationship (Vora et al., 2012). Entrepreneurial orientation matters within employee ownership because counterintuitively, employee owners are legitimate owners of companies, yet they are not necessarily motivated to be entrepreneurs (O'Boyle et al., 2016). This is distinctively different than those who are founding members of companies because they may be inclined to take risks, be proactive, and innovative in order to promote new market entry, whereas members of employee owned companies tend to be well-established and relatively less apt to take risks (Lumpkin & Dess, 1996; Stam & Elfring, 2008).

Therefore, it is important to quantitatively test this relationship to confirm ESO's relationship to EO in order to inform practical implications and establish a future research agenda around entrepreneurship within employee owned companies.

The EO phenomenon is not just reserved for corporate enterprises and founders of firms. EO has found support in cross-cultural contexts (Kreiser et al., 2002), non-profit sectors (Morris, Webb, & Franklin, 2011), family owned businesses (Naldi et al., 2007), and new ventures (Stam & Elfring, 2008). One of the more understudied areas of EO is the individual level of analysis. Thus, it is important to understand if EO is relevant at the individual level (IEO) within ESO because these individuals hold the keys to new market entry due to their initiative and penchant for risk-taking, innovativeness, and proactiveness (Bolton, 2012; Lane & Langkamp Bolton, 2012; Lee, Wong, Foo, & Leung, 2011). Individual entrepreneurial orientation is a nascent concept (Joardar & Wu, 2011), but is important to understanding the influence of EO at the individual level (Kollmann et al., 2007). Furthermore, there is support for the notion that IEO is a multifaceted concept and that its subcomponents of proactiveness, innovativeness, and risk-taking may be assessed both individually and collectively (Koe, 2016). This research expected to find ESO negatively related to IEO because employee owned companies are often more conservative and focused on growth through productivity and efficiency rather than entrepreneurship (Gamble, 2000; Kim & Ouimet, 2014). However, this finding was not supported, which does not resolve how companies discover new approaches to grow and evolve in promoting entrepreneurial behavior.

Agency theory suggests that monitoring and rewards are required to prevent managers from acting in their own self-interest (Eisenhardt, 1989; Jensen & Meckling,

1976). Agency behavior controls may moderate OCB and EO. Agency is an interesting dynamic within an ESO context because management monitoring may be diminished due to the notion that employee owners share accountability as principals of the organization (Fama, 1980; Torp, 2016). More importantly, expectations of ESO participants may align with the goals of the principals by virtue of being owners of the organization (O’Boyle et al., 2016). The present study proposed that high agency monitoring would negatively influence the level of OCBI and IEO (Eisenhardt, 1989; Ross, 1973). However, this finding was not supported. Psychological ownership is another important moderating factor to consider.

Employee share ownership may engender a stronger sense of psychological ownership (PO) grounded in the notion that this (whatever “this” may refer to) is “MINE!” (Pierce et al., 2001). High levels of PO suggest: (1) role control, (2) intimate knowledge about their job, and (3) perceiving the job to be an extension of themselves. PO may influence participative management, recognition, and employee attitudes towards the organization (Wagner et al., 2003). It was anticipated that higher levels of PO would positively influence the level of OCB and IEO within ESO. However, this argument was not supported.

Clarifying the relevance of ESO on OCB within employee owned companies may unmask how to support organizational designs that promote prosocial behavior (Gamble et al., 2002). Furthermore, investigating the relationship of IEO within ESO to consider avenues to promote corporate entrepreneurship where the employees may be indifferent to innovation and new venturing (Gamble, 2000) were thought to be novel and important

in promoting growth within employee owned companies (Sieger, Zellweger, & Aquino, 2013). However, these aspects of study were not observed upon concluding this research.

Research Goals of the Dissertation

The major goal of this dissertation was to clarify ESO's relationship to OCBI and IEO within employee owned companies (ESOPs). This dissertation made an important scholarly contribution in the following ways. First, conducting quantitative research on employee ownership and OCB supports broader understanding for building extra-role behaviors within US-based ESO firms (Korsgaard et al., 2010). Unfortunately, this dissertation did not show a positive relationship between ESO and OCBI. While not observed, it does not conclude that OCBI is absent within ESO and it may be instructive to conduct additional research looking at different ways in which OCBI emerges within employee owned firms. Second, this dissertation proposed a negative relationship between ESO and IEO (Gamble, 2000). There is only one known qualitative study exploring the relationship between ESO and EO in the US to date (Shipper et al., 2014). While this hypothesis was not supported, this dissertation filled a gap in the literature and provided an empirical study to inform future research in the domain of EO relative to employee ownership. Furthermore, this research helps employee owned firms question what approaches promote entry into new markets from the perspective of EO. Finally, this dissertation examined if agency monitoring potentially diminishes the intensity of OCB and EO, while also examining if PO amplifies the intensity of OCB and EO. Examining how these relationships influence the levels of the respective dependent variables can be useful to leaders within ESO firms who are interested in molding

organizational citizenship and entrepreneurship behaviors. Unfortunately, neither agency monitoring nor PO moderation was observed in this dissertation.

In order to accomplish this dissertation, three objectives needed to be addressed: First, it was essential to thoroughly understand the literature related to employee ownership, OCB, and IEO. This dissertation examined these relationships within the context of employee owned companies. OCB has attracted considerable attention from scholars for decades (Podsakoff, Whiting, Podsakoff, & Blume, 2009). While the literature presumes OCB generally positive in employee owned firms, this dissertation links the literature empirically at the individual level. Surprisingly, EO is largely absent in ESO literature. Thus, this dissertation made a contribution by linking IEO literature to the context of ESO. Furthermore, this dissertation tested IEO empirically within an ESO context. Regrettably, the theory was not supported in this dissertation. It remains unclear how employee owned companies activate IEO to perpetuate growth.

Second, the agency dilemma is unique where ESO exists because employees are indeed equity principals of the firm. While research shows agency monitoring to diminish self-interest (Madison et al., 2017), employee owners collectively share accountability for efficiency (O'Boyle et al., 2016). It was anticipated that PO would positively influence the levels of OCBI and EO, which is grounded in the notion that this organization is "MINE!" (Pierce et al., 2001). These moderators were tested and not supported within this dissertation.

Finally, the findings of this dissertation offer to extend the theoretical and practical implications of these relationships, thereby inspiring areas for future research. It was anticipated that ESO would positively influence OCBI due to the democratization of

ownership equity and prosocial aspects of organizational citizenship (Podsakoff et al., 2009). However, it was found that ESO does not significantly influence OCBI. In contrast, ESO was thought negatively relate to IEO, which may have been an important finding for employee owned firms to consider as they endeavor to enter new markets and expand their operations. However, ESO was not found to relate to IEO with any level of significance.

In summary, employee share ownership (ESOPs) was anticipated to positively influence OCBI and negatively influence IEO (O'Boyle et al., 2016). Furthermore, it was hypothesized that these relationships would negatively influence agency monitoring and positively influence PO. Yet, none of these hypotheses were supported. This dissertation incorporated two primary domains of study into one dissertation. The results and alternative explanations are discussed in Chapter 5 of this dissertation. The next section presents a comprehensive examination of the scholarly literature related to all variables included in this dissertation.

CHAPTER 2: LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This chapter of the dissertation provides a comprehensive overview of ESO and proceeds to review what scholars have explored with regards to the influence of ESO on individuals and organizations from a variety of theoretical perspectives. Second, this chapter presents the elements of OCB and EO and examines the individual level of analysis, OCBI and IEO, respectively. Finally, this chapter introduces moderation. There may be PO moderation between ESO and IEO, as well as, ESO and OCBI. Moreover, there may be agency monitoring moderation between ESO and IEO, as well as, ESO and OCBI. Hypotheses are developed for each variable and its role in the proposed network of relationships, respectively.

Employee Share Ownership (ESO)

Employee financial participation provides employees with a share of the surplus growth to incentivize work and cooperation between labor and management (Poutsma et al., 2003). ESO in the context of this dissertation is an employee benefit plan (US-based ESOPs), whereby the company confers equity to employees through allocation of shares of stock in the company as a condition of employment (Beatty, 1995). The primary motivator for enacting ESOP is traditionally related to perpetuation and succession of the firm to retained employees (Buxton & Gilbert, 2004). ESO promotes working collectively for the greater good of the organization because employees are working for something bigger than just a paycheck, themselves, or obligation; they are working for their firm's success because it is, in many ways, tied to everyone's best interest as owners of the firm (Blasi et al., 2017; Hoffman & Shipper, 2018). Conversely, ESO is not preoccupied with risk-taking and high returns in the same fashion as an investor owned

firm because ESOPs typically distribute their shares as a benefit plan contingent on employment, whereas an investor typically has a higher propensity for risk-taking in order to realize a desirable return for their shares (Bonatti & Lorenzetti, 2018). This suggests that ESO may not encourage entrepreneurship, which usually requires some level of risk-taking, since ESO members are not preoccupied with short-term returns like investors commonly are (Bonatti & Lorenzetti, 2018).

ESO is an indirect benefit of firm equity (Beatty, 1995). When the firm grows equity through retained earnings, lowers capital costs, and improves its future prospects, the valuation of the firm tends to increase. Conversely, in the event the firm loses equity, increases capital costs, and diminishes future prospects, the valuation tends to decrease (Miller, 2012). Within the context of ESOPs, in which this dissertation is nested, the employee allocation of shares resides within an employee trust (Loud, 2009). Typically, shares are redeemed in the instance of termination of employment, death, or retirement (Miller, 2012). It is worth noting that members of trade unions may be precluded from ESO plans. Evidence suggests that trade unions and work councils are often negatively related to ESO due to the notion that management may be undermining labor representation (Poutsma et al., 2006). While scholars generally agree unionization among US-based ESO firms offers a powerful voice for employee ownership, studies suggest that unionized firms have lower levels of ESO for a variety of reasons (Blasi et al., 2003; Kroumova & Lazarova, 2009).

Differences Between ESO and Other Forms of Ownership

While there are a myriad of scenarios for how redemptions are distributed, ESO via ESOP transactions are distinctly different from cooperatives, whereby property rights

result in residual returns and voting rights (Chaddad & Cook, 2004). Furthermore, cooperatives are defined and assigned to economic agents, and contractually tied to the organization (i.e. grain cooperatives in the agriculture industry). Uniquely different than in a cooperative, voting shares are typically transacted by a trustee fiduciary on behalf of the shareholders in ESO firms (Miller, 2012), whereas shares are individually voted within a cooperative (Chaddad & Cook, 2004).

Corporate stock options are, yet again, distinctively different from ESO. While stock options may be part of a benefit plan, stock options may be exercised and become an asset and redeemed for cash upon maturity (Brandes et al., 2003), which is not typically an option within ESO firms. Furthermore, stock options are not structured as a retirement plan (whereas ESOP is a retirement plan) and therefore aim to incentivize employees to engage in reasonable risks to build stock price to realize monetary gains so the stock option can be exercised for a profit (Brandes et al., 2003). This is different from ESO, whereby shares are placed in a trust as part of a qualified retirement account with limitations to access without significant tax penalties prior to retirement age (Miller, 2012). Hence, the notion of taking risks may be diminished within ESO firms because they are typically more conservative in decision making compared to firms with different incentive structures (O’Boyle et al., 2016).

This section discusses organizational performance and organizational behavior of ESO firms.

Shared Capitalism and Performance

ESO has been shown to provide significant outcomes related to wealth generation and shared incentive to realize profitability and performance (Freeman, Blasi, & Kruse,

2011; Hoffman & Shipper, 2018; Nyberg, Maltarich, Abdulsalam, Essman, & Cragun, 2018; Shipper, Manz, Nobles, & Manz, 2014). Scholars have found firm performance, risk-aversion, and employment stability to be positive outcomes of ESO (Blasi, Freeman, & Kruse, 2016; Freeman et al., 2011; Kruse, 2016). These findings suggest a protective corporate culture where preservation may take precedent over aggressive entrepreneurship.

Profit sharing and ESO are often lumped together, yet they can have diverse meanings. Profit sharing often relates to accounting figures grounded in past performance, whereas ESO tends to be linked to share price performance predicted by future performance predictions (Poutsma et al., 2006). While some refer to “participation” in ownership as profit sharing, ESO is distinctly different from other profit-sharing mechanisms. Companies that promote ESO offer anything from a nominal share of ownership to complete (100%) ownership depending on the features of respective ownership plans (Rousseau & Shperling, 2003). This heterogeneity may signal how assertive or reluctant individual ESO members are to new venturing (Klein & Hall, 1988) because their level of ownership may influence their disposition for entrepreneurial activities.

A study on publicly listed firms found return on equity in ESO firms to be significantly higher than that in of non-employee owned firms. Moreover, it signaled investors that ESO firms are a lower risk proposition (Conte et al., 1996). Meta-analysis suggests ESO organizations perform better, yet the direct effects are marginal (O’Boyle et al., 2016). Public companies with minority ESO show productivity gains of four percent increase or more, whereby 82% of companies noted productivity improved upon

converting to employee owned (Blasi et al., 1996). Conversely, other studies suggest that ESO firms marginally perform better, if at all, (Fernández-Guadano & López-Millán, 2018; Pugh et al., 2000), whereas Heinfeldt and Curcio (1997) found ESO to be negatively correlated to firm performance. Another study noted ESO participants who perceived control rights (determination for corporate objectives) and high returns were apt to see positive productivity results, whereas participants having control rights and marginal returns reported lower levels of productivity (Ben-Ner & Jones, 1995). It is not clear if other contributing factors influence the variance in productivity (i.e. poor returns leading to demoralization and low productivity).

It is difficult to measure employee ownership consistently given the diversity of industry sectors, ownership structures, and various plan provisions (Blasi et al., 2003). Furthermore, it is not clear how firm performance influences behavior within ESO based on potential share values, though scholars generally agree ESO firms perform better (Blasi et al., 2016). It is also unclear if ESO participants who stand to gain the most through share price increases engage in entrepreneurial behaviors relative to participants with less to gain.

Shared Leadership

Shared leadership emerges as a prospective benefit of ESO, whereby employees exercise freedom to participate in leadership and innovation within the company. The upper limit of this dimension suggests that members of ESO firms can question the proposed action of anyone within the company (Shipper et al., 2014). Surprisingly, ESO may prove costly with higher levels of employee participation because of excessive complaints, slow decision making, and reconciling competing employee interests

(Pendleton, Andrew & Robinson, Andrew, 2010). For example, the invitation of employee input into a controversial action may create friction throughout the company ranks, where employees may have been unaware of the proposed action if only discussed at the management or executive level in a non-employee owned environment. However, participative input may also be a proxy for a highly developed ownership culture (Pendleton & Robinson, 2010). While a highly participative culture implies engagement, presumably behaviors consistent with organizational citizenship, it does not predict entrepreneurial behaviors related to new market entry because of the egalitarian approach to decisions being shared amongst the organization, which is inconsistent with being responsive and assertive to new market cues (Wiklund & Shepherd, 2003).

Decision Making

Increased decision making aligns with greater attitudinal outcomes emanating from ESO (Bakan et al., 2004; Fernández-Guadano & López-Millán, 2018; Hallock et al., 2004), whereby employees feel more control over the organization's direction, which can promote a greater sense of transparency (Blasi et al., 2016). Decision making is important because it relates to role control within PO (Pierce et al., 2004). Bakan et al. (2004) note that decision making and financial participation garner favorable work attitudes when coupled together. Moreover, ESO participants who experience access to business information perceive high procedural justice (perceived fairness) (Chi & Han, 2008). For instance, ESO influences employees to feel more empowerment when they are actively involved in decisions where opinions are solicited (Ben-Ner & Jones, 1995; Pendleton & Robinson, 2010). This also improves the perception of transparency because employees are able to actively engage in knowledge sharing, equity, and influence outcomes (Chi &

Han, 2008; Pierce et al., 1991). Behaviors such as transparency, justice, and empowerment predict high levels of organizational citizenship (Azmi et al., 2016), as well as high levels of PO (Chi & Han, 2008).

In contrast, another study suggests there are no perceived benefits to ESO promoting additional decision making influence (McConville et al., 2016). More recently, in a longitudinal study it was posited that productivity gains were realized after converting to ESO, yet gains were not attributed to employee ownership due to the notion that decision making was not incorporated into the transition (McCarthy & Palcic, 2012). Scholars suggest principals of non-employee owned firms who are converting to ESO commit to implement a scheme where the employees have a voice and legitimate sense of ownership, rather than facilitate a transaction for financial purposes only (Pierce & Furo, 1990). These findings suggest that ESO coupled with authority to influence decisions are tantamount to being motivated organizational citizens in addition to support for strengthened PO (Pierce et al., 2004).

A company that transitions from independent shareholders to ESO may not warrant any structure changes to manager and worker roles, rights, and responsibilities (Rousseau & Shperling, 2003). However, there are intuitive predictions that surface within ESO and employee involvement within the literature (Pierce et al., 1991). Surface level participation may boost productivity, but these results may be amplified where participants maintain higher levels of ESO within the plan. Higher ESO participation also activates accountability (Pendleton & Robinson, 2010) and translates into participative management, recognition, and positive employee attitudes towards the organization

(Wagner et al., 2003). These attributes may contribute to organizational citizenship in positive ways.

Studies have shown that participants may have a negative impression of employee ownership due to the antecedent behaviors of independent shareholders prior to converting to employee ownership (Ben-Ner & Jones, 1995; Rousseau & Shperling, 2003). Maudlin (1999), discovered similar results noting that converting to ESO for financial reasons alone is insufficient in promoting higher levels of productivity and performance. This may exist where exiting shareholders default to ESO as a succession strategy without considering the receptivity of the corporate culture to accept employee ownership. Scholars argue that cultural transformation needs to accompany ESO conversion to fully realize the gains of employee ownership (Kruse et al., 2011; Poutsma et al., 2003). Given these findings, it seems instructive to clearly articulate how ESO influences culture change within an organization, which may naturally include promotion of organizational citizenship.

Involvement and Commitment

Employee share ownership has shown to influence levels of involvement in terms of information sharing, monitoring, and cooperation (Blasi et al., 2017; Pendleton & Robinson, 2010). Hence, minority employee share ownership may require enhanced practices to promote employee voice and involvement relative to firms that have a majority ESO (greater than 50% of the company shares) (Pendleton & Robinson, 2010). Majority ESO has been found to be important relative to perceived fairness of pay, positive supervisory relationships, and higher workplace involvement (Frohlich et al., 1998). Others have found having a voice in designing ESO plans appears to increase

participation (Poutsma et al., 2006). Overall, there appears to be support for ESO and employee participation (Buchko, 1992), which strengthens the notion that organizational citizenship may thrive in a high employee involvement culture.

The free rider problem suggests that individuals may enjoy the benefits of group success without incurring any of the costs (Blasi et al., 2017; Booth, 1985). In respect to ESO, the free rider problem has been thought to exist in larger organizations where monitoring is less likely to occur (Torp, 2016). However, other studies have shown that high levels of ESO participation tend to attenuate the presence of free rider behaviors (Pendleton & Robinson, 2010). The suggestion is there is less monitoring where there is no unionization, higher levels of perceived loyalty, and where peer monitoring is encouraged as a form of employee participation (Poutsma et al., 2003). Others suggest reciprocity between management and labor elicits a cooperative exchange to monitor fellow employees in the interest of group rewards within ESO (Blasi et al., 2016; O'Boyle et al., 2016).

Commitment is noted within the literature related to job attitudes emanating from ESO (Bakan et al., 2004). Commitment is often referred to as the level of emotional attachment to the organization (Stanley et al., 2013). High commitment was also significant among airline pilots where financial reward was regarded as substantial (Gamble et al., 2002). This suggests that tangible ownership earnings are relevant to commitment to the organization, which is also a predictor of organizational citizenship (Azmi et al., 2016). Involvement and commitment are different from employee satisfaction.

Employee Satisfaction

Satisfaction within employee owned companies has drawn the attention of scholars for decades and is often deemed as pleasurable and positive feelings and cognitions related to a person's role (Saari & Judge, 2004). Hence, studies have shown that employee ownership has a significant positive influence on employee satisfaction (Gamble et al., 2002; Hallock et al., 2004; Pierce et al., 1991; Wagner et al., 2003). ESO has shown to positively influence job-related satisfaction (Pierce et al., 1991; Pierce & Furo, 1990); job involvement is measured higher where ESO is prominent (Gamble et al., 2002). Others suggest satisfaction is high when contributions and communication are high, whereas turnover is low under the same conditions (Klein, 1987). Within ESO, there is also support for the notion that older employees report high levels of job satisfaction (Hallock et al., 2004). Generally, scholars have cited higher levels of satisfaction within ESO firms, which is also an indication that organizational citizenship (Weikamp & Göritz, 2016). Furthermore, job satisfaction has also shown to be an outcome of high PO (Van Dyne & Pierce, 2004).

Scholars have also suggested that satisfaction and economic returns are inextricably linked, while much of the research treats economic outcomes and psychological variables as mutually exclusive in ESO studies (Ben-Ner & Jones, 1995). The inference being that we do not know enough about how psychological and performance factors relate to one another (Ben-Ner & Jones, 1995).

Summary of Employee Share Ownership

The background research cited above offers perspective into the unique context of ESO from an organizational and employee perspective. This insight grounds ESO as the

independent variable of this dissertation. There are many questions that remain unresolved within the domain of ESO, either because research results are inconclusive, underexamined, or both. EO is entirely absent from an empirical perspective in the ESO literature (Shipper et al., 2014), whereas OCB has an underwhelming representation in the quantitative realm of ESO literature (Pierce et al., 1991). While quantitative scholarship of EO and OCB, via this dissertation, are important contributions to what we know about ESO, examining the *individual* within the context of EO and OCB is compelling because insights are scarce about the likelihood of employee owners influencing entry into new markets and the extent to which prosocial behaviors exist within ESO.

Employee Share Ownership Research

Table 2.1 summarizes selective ESO literature where employee ownership and factors related to equity sharing programs are independent variables. The search of keywords included, but were not limited to, the following: ESOP, employee stock ownership plan, employee ownership, and employee share ownership. The J. Murrey Atkins Library at UNC Charlotte was primarily, but not exclusively, used to collect articles cited within this dissertation. Google Scholar was initially used to identify the most cited articles and was refined using Business Source Complete and ABI/Inform Collection. Search years generally ranged from 1990-present, yet other *Academy of Management* literature were included where keywords emerged.

Table 2.1: Primary Employee Ownership Research Findings within Academic Literature

Source	Sample	Method	Independent Variable	Dependent Variable	Theoretical Perspective	Key Findings
(Ben-Ner & Jones, 1995)	Literature Review	Conceptual	Employee ownership	Productivity and returns	Performance	ESO participant control rights and profit return rights influence productivity. This relationship is moderated by the nature of the returns (i.e. instant returns vs. deferred compensation).
(Blasi et al., 1996)	562 public firms with >5% employee ownership	Public filings	Employee owned firms	Firm growth rate and share price performance	Performance	Companies with >5% employee ownership had significant return on assets compared to other ownership constructs. No appreciable performance on profitability levels of employee owned firms relative to non-employee owned firms.
(Blasi, Freeman & Kruse, 2016)	Index of 1,089 incentive compensation indicators	Secondary data gathered from Great Place to Work submissions	Group incentive pay structures	Trust, empowerment, and turnover intent	Group incentives	Firms with high levels of shared capitalism experience lower turnover, empowered decision making, high trust supervision, and greater information sharing. Group incentives have positive workplace effects.
(Blasi, Kruse, Sesil, and Kroumova, 2003)	Literature Review	Conceptual	US based ESOPs history	EU based employee-ownership	Policy and governance	Authors analyze historical influence of ESOP's on individual employee outcomes to inform EU company policy makers.
(Aubert et al, 2014)	Manager tenure of companies listed on the French SBF 120 index from 1998 to 2011	Secondary data	Employee ownership	Management tenure	Entrenchment and reward incentives	Managers implement control through employee ownership and reward high performers generously relative to low performers. Finally, employee ownership promotes tenure as an entrenchment mechanism.
(Basterretxea & Storey, 2018)	4,328 and 23,543 employees in two respective firms	Cross-sectional, mixed method	Employee ownership	Productivity and employee turnover	Employee attitudes and behaviors	Longitudinal results suggest mixed attitudes related to satisfaction and growing absenteeism when loss-sharing took place, yet there was support for higher commitment due to co-ownership.
(Conte et al., 1996)	1,743 ESOP companies and 7,297 non-ESOP companies	S&P Compustat and Form 5500 (DOL)	Ownership structure	Corporate returns	Performance	ESOP firms have higher returns relative to public firms, particularly companies with less than 500 employees.
(Fernandez-Guadano & Lopez-Millan, 2018)	1,006 Spanish employee owned firms	Secondary data	Employee owned firms	Value creation to shareholders and employee owners	Performance	Findings suggest that there are negligible gains to shareholders; however, there is support for the notion that employee share is positively influenced.

Source	Sample	Method	Independent Variable	Dependent Variable	Theoretical Perspective	Key Findings
(S. F. Freeman, 2007)	Literature review	Conceptual	ESOP performance	Shareholder returns; firm succession; employee satisfaction; employee motivation	Performance	ESOP returns and firm survivability generally exceed that of other ownership structures. Employee satisfaction and motivation are generally reported favorable with mixed employee retention outcomes.
(Frohlich, Godard, Oppenheimer & Stark, 1998)	210 undergraduate students in Canada	Experimental test-retest survey	Employee owned simulation	Productivity and monitoring behaviors,	Productivity and involvement	Results suggest higher levels of productivity, pay fairness, involvement, and supervisory support within an employee owned context. Student sample limits generalizability.
(Gamble, 2000)	95 ESOP firms; nine-year longitudinal post-test	Longitudinal	ESOP firm managers	R&D investment expenditures	Performance	Post-transaction, firm managers demonstrated risk-averse decision making R&D investments; thus, innovation tends to dissipate with ESOP.
(Gamble, Culpepper & Blubaugh, 2002)	321 airline pilots working with three US-based airlines	Cross-sectional survey	Employee owner commitment, empowerment and stakeholder	Job satisfaction, ESOP satisfaction, and job involvement	Satisfaction	Using SEM, this study found ESOP satisfaction, job satisfaction, and ultimately job involvement were positively influenced by empowerment, commitment, and financial equity in ESOP.
(Hallock, Salazar & Venneman, 2004)	292 ESOP participants using convenience sample within one firm	Cross-sectional survey	ESOP participants	Stock performance, pay equity, decision making, and ESOP satisfaction	Satisfaction	Results showed perceived influence on decision making, stock performance, and age were significant findings relative to ESOP satisfaction.
(Hammer & Stern, 1980)	163 manufacturing firm ESOP employees	Cross-sectional survey	ESO ownership amount	Perception of ownership in the firm	Decision making	Despite having legal ownership, results suggested that de facto ownership resided with the management team. ESOP members did not perceive additional organizational decision making influence.
(Jones & Kato, 1995)	109 ESOP and non-ESOP Japanese manufacturing firms	Report on Labor Policy and ESOP plans	Manufacturing production functions	Productivity gains and bonus compensation	Productivity	Results suggested there is a significant increase (4-5%) in productivity among ESOP firms, yet gains are realized 3-4 years following transaction. Bonuses were found to be significantly higher than those of comparable firms with different ownership structures.
(Klein, 1987)	37 ESOP companies (n=2,804)	Cross-sectional survey	Employee share ownership contributions and communications	Satisfaction and commitment	Satisfaction	Employees reported high levels of satisfaction when communications and ESO contributions were high, and turnover low; no support for intrinsic motivation for effects of ESOP.
(Klinger, 2016)	N/A	Reference	N/A	N/A	Structure	Outlines general concepts of ESOP and ownership structures

Source	Sample	Method	Independent Variable	Dependent Variable	Theoretical Perspective	Key Findings
(Maudlin, 1999)	251 firms implementing ESOP in 1988-89	Aggregated secondary data from Blasi and Kruse; Form 5500 (DOL)	ESOP contribution plans	Retirement plan contributions and firm sales	Performance	Sales performance increases when share contributions increase. ESOPs implemented for employee benefit typically increase contributions.
(McCarthy & Paicic, 2012)	771 employees and annual reports of telecom firm in Ireland	Longitudinal performance data and cross-sectional survey	Labour productivity	Participation in decision making and financial returns of ESOP	Performance	Despite broad employee ownership, there were no appreciable gains in perceived decision making or psychological ownership in the company. While productivity improved, it was not attributed to PO.
(Meng et al., 2010)	251 Chinese ESOP firms (1996-2000)	Secondary data derived from SHSE and SZSE databases	Participant motivation, diffusion of ESOP shares	ESOP firm performance	Performance	Results indicate no relationship between employee productivity and distribution of shares, nor does firm performance outpace non-ESOP firms.
Nyberg, Maltarich, Abdulsalam, Essman, & Cragun, (2018)	106 empirical and conceptual studies on pay for performance plans	Meta-analysis	Pay for performance programs and incentives	Collective pay outcomes	Performance	This meta-analysis found that collective pay and ESOP participation are positively related to outcomes related to performance and other related measures.
(O'Boyle et al., 2016)	102 studies; 56,984 firms	Meta-analysis	ESOP performance	Firm value, efficiency and growth	Performance	Employee ownership performance outpaces public firms by small, but significant difference. Employee owned organizations tend to be more risk averse than counterparts
(Pendleton & Robinson, 2010)	943 respondents to SAYE employee-level survey	Cross-sectional	Employee share ownership	Employee involvement	Performance	Results show high involvement and employee voice are more important factors influencing productivity when employee share ownership is in the minority, whereas productivity.
(Pierce & Morgan, 1991)	Literature Review	Theory Development	Employee ownership	Behavioral effects	Performance	Where formal ownership is operationalized, psychological ownership is increased; hence, group and individual outcomes are improved.
(Pierce & Furo, 1990)	Literature Review	Theory Development	ESOP	Implications for firm	Performance	Employee ownership will not inherently lead to behavioral change. Close management monitoring and decisioning will influence the success or failure of employee ownership outcomes.
(Pierce, Rubenfeld, & Morgan, 1991)	Literature Review	Theory Development	ESOP	Model process and effects	Performance	Conceptual model illustrates process and effects of employee ownership on individual outcomes, attitudinal features, and behavioral effects.
(Poutsma, Kalni & Pendleton, 2006)	661 SHRM participant within EU firms	Cross-sectional survey	Profit sharing and equity sharing plans	Financial participation and other types of firm participation	Employee participation	Direct participation in profit sharing and equity schemes are not proxy to participation in other forms. Plan design important for participant.

Source	Sample	Method	Independent Variable	Dependent Variable	Theoretical Perspective	Key Findings
(Poutsma, Nijts & Doorewaard, 1999)	Secondary data by European Commission	Qualitative	Employee ownership plans	Levels of financial participation	Employee participation	Results of the PEPPER study suggest there is low levels of importance in employee equity sharing plans with exception to France and UK.
(Poutsma, Nijts & Poole, 2003)	Literature Review	Conceptual	Employee financial participation	Commitment, competence, and cost effectiveness	Performance	While results vary, many of the outcomes of employee ownership are dependent upon the culture, types of ownership, and country's governance around employee ownership.
(Rosen, 2015)	General Social Survey 2002-2014	Longitudinal	Employment tenure	Incidents of layoffs between employee owned and non-employee owned	Performance	Employee owners are nearly 4 times less likely to be laid off compared to non-owner employees.
(Sesil, Kruse & Blasi, 2003)	Literature Review	Conceptual	Employ stock ownership	Attitudes, performance, wages	Performance	Findings of 50+ empirical studies suggest equity does automatically translate into improved performance, behavior, and attitudes; meta-analysis found 4-5 percent higher productivity; employ pay, stability, and survivability generally better within employee owned firms.
(Shipper, Manz, Nobles & Manz, 2014)	Literature Review	Conceptual	Shared entrepreneurship	Shared leadership, ownership, and collaboration	Performance	Aligning shared ownership results in higher levels of entrepreneurship, collaboration, shared leadership, and innovation. Cites sample firms to arrive at conclusions.
(Trébucq, 2004)	221 French ESOP firms	Cross-sectional survey	Employee ownership	Risk and performance	Performance	Findings suggest positive financial performance among ESOP firms (ROE), while investors consider employee owned companies to be more risky with larger ESO.
(Vora, Vora & Polley, 2012)	Case study of one medium sized firm (US)	Qualitative, semi-structured interviews and secondary firm level data	Processes influenced by flat hierarchy and employee ownership	Five dimensions of entrepreneurial orientation	Entrepreneurial orientation	This case study investigated the presence of EO by investigating processes and organizational artifacts. ESOP and flat hierarchy supported autonomy and proactiveness, yet innovativeness, risk-taking, and assertiveness were less influential relative to EO.
(Wagner, Parker & Christiansen, 2003)	2,755 employees in a large retail organization	Cross-sectional survey	401(k) participation and climate of self-determination	PO, employee attitudes, and financial performance	Psychological ownership	Participation in a 401(k) profit sharing plan positively boosted PO, participative management, and employee attitudes. Acting and thinking like an owner fosters positive organizational attitudes.

The next section discusses the main dependent variables of IEO and OCBI through discussion of the respective constructs in relation to ESO. Furthermore, moderation is discussed relative to PO and Agency Monitoring. Hypotheses are also presented.

Entrepreneurial Orientation

The EO construct has been widely examined by scholars who argue it promotes entrepreneurial behavior through processes, behaviors, and decision making leading to corporate entrepreneurship (Covin & Slevin, 1989; Fayolle et al., 2010; Lumpkin & Dess, 1996). Individual entrepreneurial orientation relates to the values and beliefs that lead to the concurrent manifestation of risk taking, innovativeness, and proactive choices in the workplace by the individual (Gupta et al., 2016). Individual entrepreneurial orientation is relatively understudied juxtaposed to the extensive stream of research related to EO (Ferreira et al., 2015; Levenburg & Schwarz, 2008). However, IEO is useful in driving individual entrepreneurship to promulgate innovation, economic growth, active partnerships, and employment promotion (Ferreira et al., 2015). This section outlines EO and discusses IEO in more detail.

There is a distinct difference between EO and corporate entrepreneurship. Corporate entrepreneurship refers to concept of *strategy* and endeavoring to create a new venture or renewal (Guth & Ginsberg, 1990). Entrepreneurial orientation processes address behaving entrepreneurially using decision making, practices, and methods (Dess et al., 1999). Entrepreneurial orientation is a strategic posture related to new opportunities, refreshing product offerings, seizing opportunities, and trying out new services, products, and markets (Wiklund & Shepherd, 2005). Curiously, constructs of

EO and corporate entrepreneurship are sometimes conflated in the literature (Zahra & Covin, 1995). There are two prevailing views relative to EO. One perspective views EO based on three dimensions: proactiveness, innovativeness, and risk-taking (Covin & Slevin, 1989). A second perspective views EO as five-dimensional and posits risk-taking, competitive aggressiveness, proactiveness, innovativeness, and autonomy as independent dimensions (Covin & Miller, 2014; Lumpkin & Dess, 1996). Contemporary literature emphasizes corporate entrepreneurship to include: rewards, support, resources (time availability), risk-taking, and supportive organizational structure (Zahra & George, 2002). While risk-taking is a shared dimension between EO and corporate entrepreneurship, EO has been characterized as an aspect of corporate entrepreneurship amongst scholars (Covin & Lumpkin, 2011; Naldi et al., 2007).

The scholarship noted above outlines EO at the construct level and makes important distinctions as a nested model within corporate entrepreneurship (Covin & Lumpkin, 2011). The following section discusses the dimensions of EO.

Dimensions of EO

The scope of this dissertation examines EO as one construct, which includes the domains of risk-taking, proactiveness, and innovativeness, where each facet is of equal importance (Covin & Lumpkin, 2011; Rauch et al., 2009). This section outlines the dimensions of risk-taking, proactiveness, and innovativeness, respectively.

Risk-taking is one of three primary elements of EO (Covin & Miller, 2014; Covin & Slevin, 1991; Rauch et al., 2009). Risk-taking is summarized as making decisions to act without knowing the probable outcomes. This may manifest through allocating significant resources to new venturing (Dess & Lumpkin, 2005; Rauch et al., 2009).

Firms often pursue alternative risks by acquiring debt, dedicating valuable firm resources, and investing in nascent technologies with the prospect of achieving profitable returns. Risk-taking may result in a competitive advantage, yet leaders must be cognizant that the pitfalls and setbacks of a risky venture may lead to substantial loss (Dess & Lumpkin, 2005). For instance, a firm may invest in a project that promises to boost efficiency and lower costs through capital improvement, assignment of human capital, and personal (reputational) risk in an emerging, unproven technology. In the event the investment results in high returns, this risk-taking behavior has a direct effect on building profits, morale, and competitive strength; however, should the same allocation of resources prove to be a failure, the firm stands to suffer considerable loss of resources and capital. Dess and Lumpkin (2005) note that risk-taking should not be construed as haphazard decision making. Rather, risk-taking requires considerable research, planning, and deliberation in preparation for action.

A second dimension of EO is innovativeness, which suggests a willingness to promote novel experimentation and creative processing aimed towards launching new processes, services, and products (Dess & Lumpkin, 2005; Rauch et al., 2009). Innovativeness presupposes a departure from traditional approaches in pursuit of new ideas and concepts to be nurtured without clear certainty of their benefit. While innovativeness may lead to important returns, it may also contribute to abject failure and wasted resources. Hence, innovativeness is thought to be a necessary component of corporate venturing; but it also carries heavy risks in the event that outcomes do not garner a return (Dess & Lumpkin, 2005).

Proactiveness is a third dimension of EO that adopts the perspective of being a market leader engaged in seizing and anticipating future needs and demand (Dess & Lumpkin, 2005). Proactiveness requires more than recognizing opportunity; it necessitates taking action in advance of like-kind competitors to mount a competitive advantage (Rauch et al., 2009). Proactiveness places competitors at a disadvantage due to the need to respond to the changing environment. Being first to recognize and act upon future demand is referred to as “first mover advantage”, whereby a firm is the first of its industry to enter a new market or first to launch a new product (Lieberman & Montgomery, 1988).

The discussion above outlined the conceptual framework for EO. The following section discusses EO at the individual level.

Individual Entrepreneurial Orientation

Understanding EO at the individual level is essential to organizational growth and new market entry, as well as, shaping the influence of individual behaviors (Krauss et al., 2005; Wales, 2016). Individual entrepreneurial orientation is grounded in the notion that an employee is simultaneously engaged in risk-taking, innovativeness, and proactiveness (Gupta et al., 2016; Robinson & Stubberud, 2014). Individual entrepreneurial orientation was initially proposed as a psychological concept to distinguish managers from business owners, but this approach was overshadowed as scholars turned attention to EO as a firm level construct (Krauss et al., 2005). Entrepreneurial orientation is often viewed at the firm level, whereas IEO has emerged as an area of study in recent years to understand entrepreneurship at the individual level (Bernoster et al., 2018). Individual entrepreneurial orientation studies and scale development have been conducted primarily

in student populations in association with entrepreneurship business programs (Koe, 2016; Popov et al., 2019). Absence of examination of IEO is not only a gap in entrepreneurship literature, it conspicuously ignores the importance of individual influence on new entry to markets. Furthermore, understanding IEO within the context of ESO is a perspective that may result in reframing how we think of entrepreneurship within employee owned firms.

Risk-taking from the individual perspective is viewed as a positive endeavor to pursue bold action and venturing into unknown environments (Chien, 2014; Rauch et al., 2009). Moreover, risk-taking is viewed as necessary to forge new avenues to growth while conducting these behaviors in a calculated, responsible fashion (Krauss et al., 2005). Innovativeness in the context of the individual suggests a positive orientation towards new processes, products, and services through creativity and experimentation (Krauss et al., 2005; Rauch et al., 2009). Proactiveness is marked by self-starting and maintaining a persistent pursuit of objectives to shape the environmental conditions through overcoming obstacles (Krauss et al., 2005). Proactiveness is a forward looking, opportunity seeking behavior (Rauch et al., 2009). How do these facets resonate with ESO?

While ESO may be a considerable value to participants, it may conflict with an employee's traditional roles and beliefs when considering EO at the individual level (Blasi et al., 2017). Entrepreneurs may have a predisposition for equity ownership given their proclivity for risk, assertiveness, and proactiveness; participants with ESO may have an interest in equity ownership, but not entrepreneurship (Wagner et al., 2003). Participants with ESO who lack managerial responsibility, business acumen, or a liquid

pension, may exhibit risk aversion or entrenchment behaviors (Aubert et al., 2014; Rousseau & Shperling, 2003), yet they may have an ownership mentality for their role within the organization and decision making related to matters of their job (Wagner et al., 2003). Top and middle managers who stand to earn higher salaries, possess investment knowledge, and perceive controllability over firm performance are more apt to invest in IEO compared to non-managers who show to be more risk averse (Torp, 2016). Thus, the less responsibility, control, and knowledge, the lower the motivation to take risks.

A study of employee stock options suggests that employees do engage in higher levels of productivity given the promise of increased stock values; however, this does not necessarily result in new idea generation (innovativeness). Rather, it motivates recipients to produce higher quality products, not new products, which is a tenet of EO (Sesil et al., 2002). Another study found support for proactiveness and innovativeness for IEO related to strategy, but highlighted a negative relationship with regard to risk-taking (Lechner & Gudmundsson, 2014). It has also been suggested that shared ownership, shared leadership, and shared collaboration result in shared entrepreneurship (Shipper et al., 2014). However, shared entrepreneurship implies the ability to survive and thrive as a collective (Shipper et al., 2014), which is different than IEO where individuals are engaged in risk-taking, proactiveness, innovativeness, competition, and autonomy (Kollmann et al., 2007).

Being entrepreneurial requires more than a penchant for wealth generation and survivability. Entrepreneurs pursue new business venturing for achievement satisfaction (Miner et al., 1989). Miner et al. (1989) suggest that entrepreneurs seek self-achievement through intrinsic motivation, risk-taking in order to engage in challenge (in some cases

the prospect of being overwhelmed), results feedback to recognize success or failure, personal innovation to acknowledge personal causation for an outcome, and planning for the future to realize rewards and goal attainment. In this context, entrepreneurs exhibit less regard for hierarchy and higher motivation to manage rather than to be managed (Berman & Miner, 1985). By contrast, participants with ESO may be completely satisfied with a defined role and bounded responsibilities, yet he or she is a member of the ownership team. The collective efforts of work results in shared success (Blasi et al., 2016).

Risk-taking, innovativeness, and proactiveness comprise the three dimensions of EO (Covin & Lumpkin, 2011; Rauch et al., 2009), which also establish the dimensionality of IEO (Lane & Langkamp Bolton, 2012). Risk-taking implies exploration into unknown environments (Chien, 2014; Rauch et al., 2009). ESO is typically promoted within established enterprises and most common in generations removed from the founder(s) where taking risk is less important than performance (Blasi et al., 2017). Therefore, risk-taking is likely low as a dimension of EO within ESO. Innovation foretells a positive relationship to creativity and experimentation (Krauss et al., 2005; Rauch et al., 2009), whereas ESO promotes employee involvement, employment stability, and productivity over casting new ideas (Blasi et al., 2017). Hence, the EO dimension of innovativeness is apt to be low within ESO relative to other priorities. Proactiveness is akin to the pursuit of objectives and overcoming barriers in a changing environment (Krauss et al., 2005). ESO is preoccupied with protecting the core base of employment and providing stability for the firm (Bonatti & Lorenzetti, 2018),

which tends to promote conservative approaches to proactiveness (Blasi et al., 2017). Thus, the EO dimension of proactiveness is likely to be low within ESO.

Figure 1 shows six hypotheses for this dissertation study. ESO is depicted as the independent variable and is hypothesized to have a negative association to the dependent variable, IEO. Conversely, ESO is hypothesized to have a positive relationship to OCBI as a second dependent variable. Psychological ownership moderates the relationship between ESO and IEO as well as OCBI; PO is proposed to increase the levels of both dependent variables. Agency monitoring moderates the relationship between ESO and IEO as well as OCBI. Agency monitoring is presumed to decrease the levels of both dependent variables. Each of these relationships is discussed in greater detail below.

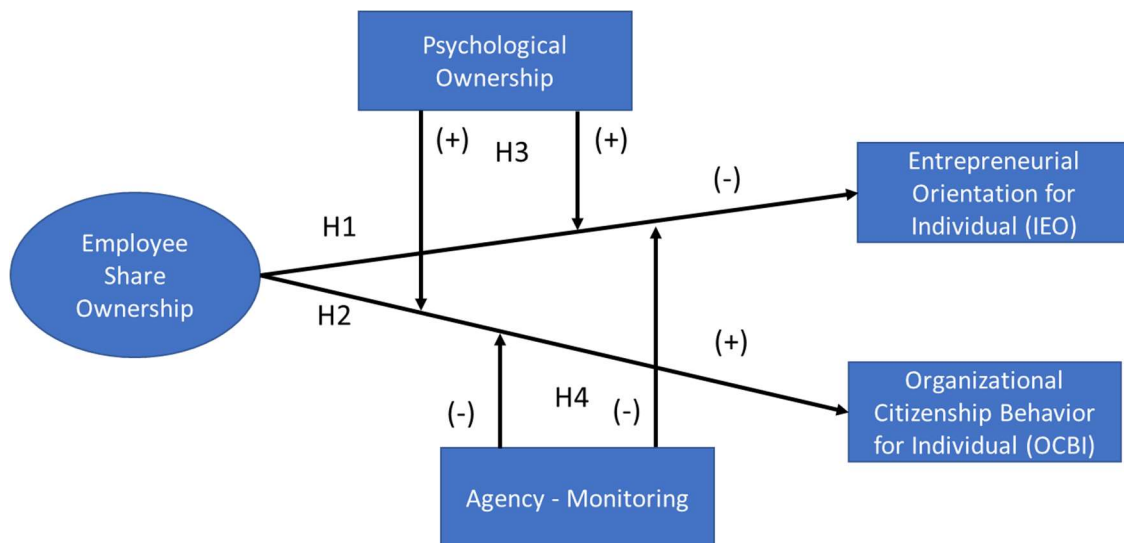


Figure 2.1: Theoretical Model of Proposed Hypotheses

The following section describes the hypothesis development of ESO relative to IEO.

Hypothesis Development

Entrepreneurs have a predisposition to be self-employed, seek risk-taking opportunities and income, and engage in a rational decision to explore independence through entrepreneurship (Baron, 2002). Furthermore, entrepreneurial innovation entails questioning the status quo, intense observation in search of new ideas, experimenting to hypothesize about new ideas, and test new ideas through networking with individuals who are diverse in background and perspectives (Dyer et al., 2008). IEO entails ongoing innovation to respond to change (Rauch et al., 2009; Viana et al., 2018); entrepreneurs tend to engage in risk-taking decisions (Bernoster et al., 2018). In many ways this thinking is antithetical to what ESO represents. From a strategic perspective, ESO reinforces conservative approaches as a means of security in long-term wealth building as employee owned organizations reward people who are highly tenured and highly vested through incremental stock appreciation (Basso et al., 2009; Klein & Hall, 1988). This contrast is the essence of why the practice of IEO could be negatively associated ESO; high presence of IEO is typically not an outcome of ESO. Indeed, research found that participants with ESO often refer to their shares as an investment rather than ownership, particularly where employees have low decision making influence or smaller account balances (McConville, 2012). Other scholars have found that risk-taking is a diminished concern within ESO firms, while productivity and efficiency are of primary importance (O'Boyle et al., 2016; Pierce & Furo, 1990). This is not to say ESO promotes aversion to growth; it suggests that taking risks to engage in entrepreneurial activity is not as

important as building equity and growing through productivity gains (Gamble, 2000; Kim & Ouimet, 2014). One may argue that ESO promotes compliance and assimilation because employee owners are metaphorically spokes of a wheel and uncomfortable with the prospect of entrepreneurship via IEO because it subjects them to risk taking, innovativeness, and proactiveness.

Because IEO suggests concurrent engagement in dimensions of risk-taking, innovativeness, and proactiveness (Gupta et al., 2016; Robinson & Stubberud, 2014), it is likely that ESO results in lower levels of risk-taking because ESO does not warrant bold action (Bonatti & Lorenzetti, 2018). Innovativeness is likely to be muted within ESO because creating new ideas and experimentation are not an expectation. Finally, proactiveness is likely diminished within ESO because opportunity seeking behavior is not rewarded in this context. Given that employee owners lack the proclivity to promote risk-taking, innovativeness, and proactiveness, it is reasonable to assume IEO is negatively related to ESO. Hence,

Hypothesis 1: Employee share ownership participation is negatively associated with individual entrepreneurial orientation.

Organizational Citizenship Behavior

OCB has been extensively examined from various dimensions and perspectives (Spitzmuller et al., 2008). There are two distinct beneficiaries within OCB: individuals and organizations. Thus, OCBI examines interpersonal aspects of citizenship behaviors targeted at individuals, whereas OCBO is aimed at citizenship behaviors towards the organization (Spitzmuller et al., 2008; Williams & Anderson, 1991). This dissertation section is focused on how ESO promotes OCBI. OCBI is a relatively new within the

literature and suggests that individual citizenship behaviors immediately impact the individual and indirectly benefit the organization (Ilies et al., 2007). Furthermore, OCBI is less likely to be rewarded due to benefits accruing to individuals more directly than the organization, yet both forms of OCBI and OCBO often travel together as highly correlated (Hoffman et al., 2007; Ilies et al., 2007). This section outlines OCB and then discusses OCBI in more detail.

Research has investigated the relationship of OCB to other constructs rather than studying the nature of OCB (Podsakoff et al., 2000). Smith, Organ, & Near (1983) note, “Citizenship behaviors are important because they lubricate the social machinery of the organization” (p. 654). Research suggests the outcomes of OCB include employee well-being, mental and social wellness, and strong sociability (Spitzmuller et al., 2008). Scholars have debated what components comprise OCB for many years (Podsakoff et al., 2009). However, within this dissertation, OCB is conceptualized using the original characterization, which has shown to endure the test of time (Organ, 1997; Williams & Anderson, 1991). The five categories (dimensions) of OCB include: (1) Altruism (support for people, colleagues, associates, clients, and supervisors), (2) courtesy (demonstrated interest in mitigating problems that would otherwise occur), (3) sportsmanship (willingness on the part of employees to tolerate less than ideal circumstances without complaining and escalating problems), (4) conscientiousness (act of respecting rules, procedures, and policies of the organization), and (5) civic virtue (showing active interest and/or investing in the life of the organization) (LePine, Erez, & Johnson, 2002; Organ, 1997; Williams & Anderson, 1991).

The broad conceptualization of OCB includes extra-role behaviors, in-role job performance, political behavior, and responsible organizational participation (Van Dyne et al., 1994b). Organ (1997) openly disputes this characterization of OCB by offering the following observation, “Performance that supports the social and psychological environment in which task performance takes place” (p. 95). He also suggests that OCB is discretionary and may or may not be rewarded by virtue of promotion or pecuniary recompense over time – often an indirect outcome. Furthermore, Organ (1997) postulates that OCB contributes to organizational effectiveness in the aggregate rather than discrete gestures. Hence, there is a temporal element to OCB, whereby many actors contribute to overall effectiveness through ongoing engagement. High levels of OCB predict a reciprocal covenant between the employee and employer, whereby people commit to the long-term well-being of the organization (Van Dyne et al., 1994b). This is important idea within ESO firms where employees stand to gain wealth and reward with a long tenure as the organization prospers and grows (Wagner et al., 2003).

The levels of OCB may be influenced by age or potential within an organization. Those who perceive multiple opportunities for growth are more apt to engage in knowledge building behaviors and demonstrate positive attitudinal behaviors toward the organization and individuals (Weikamp & Göritz, 2016). Hence, employees that perceive many additional opportunities report higher satisfaction. High levels of trust between supervisor and direct reports has also shown to boost OCB by virtue of trust building and support. Promoting strong relationships with the supervisor results in higher levels of commitment and loyalty amongst team members (Konovsky & Pugh, 1994; Wech, 2002). Furthermore, openness, honesty, accuracy, and sincerity contribute to OCB at the

individual and organizational level. ESO may serve as a proxy to OCB by virtue of promoting tenure, loyalty, and job satisfaction (Pierce et al., 1991) as commitment is associated as an antecedent to OCB by scholars (Chiu & Tsai, 2007). By contrast, abusive supervision was found to reduce OCB (particularly OCBI) and lead to degradation of productive work behaviors such as optimism, self-efficacy, hope, and resilience (Ahmad et al., 2019).

Research suggests that profit-sharing and reward systems positively influence OCBs (Chiu & Tsai, 2007); this finding aligns with the notion that ESO promotes OCBs based on the prospects of share price appreciation (Rousseau & Shperling, 2003). OCBO and OCBI was found to influence promotion rates, particularly among males within organizations (Allen, 2006). Similarly, OCB was found to influence salary attainment in the same study.

While the notion of motivation and rewards links ESO to OCB, it is essential to consider OCBI within the collectivist environment of ESO.

Individual Focused Organizational Citizenship Behavior

Close examination of OCBI suggests that attitudinal behaviors are accretive to the overall satisfaction of the organization and relatedness to co-workers (Kumar & Jauhari, 2016; Organ & Ryan, 1995). Individuals who promote prosocial behavior in OCB engage in an act of reciprocity, whereas those low in reciprocity are less likely to demonstrate OCB (Korsgaard et al., 2010). Indeed, findings suggest that individuals engage in OCB for self-interest reasons to be recognized for their prosocial behaviors (Lavelle, 2010). Grant (2007) suggests OCB has a profound impact that benefits the actor (awareness that their actions affect other people) and affective commitment relative to the actor's benefit

(showing concern for the welfare of others). Grant suggests these results show support for the notion that employees perceive that their behavior has an impact on the recipient, and that it is appreciated. Hence, employees may be more likely to engage in OCB because they perceive it to be important to the lives of the recipient (Michel, 2017). Empowering leader behaviors has been found to promote OCBI (Li, Huang, Shu, & Liu, 2018).

The next section describes the hypothesis development of ESO relative to OCBI.

Hypothesis Development

As discussed earlier in this section, there are five dimensions of OCB (LePine, Erez, & Johnson, 2002; Organ, 1997; Williams & Anderson, 1991). Altruism implies support of colleagues, people, associates, clients and the like. ESO likely promotes altruism because employees demonstrate extra care for the well-being of their stakeholders (Pierce et al., 1991). Courtesy suggests an interest in mitigating problems that would otherwise occur, which is consistent with ESO where information sharing and cooperation is prevalent (Pendleton & Robinson, 2010). Sportsmanship is the willingness to endure situations without complaint or escalation aligns with ESO where employees have a voice in designing plans to address challenges (Poutsma et al., 2006). Conscientiousness relates to respecting rules, procedures, and policies of the organization and complements ESO and the propensity for peer monitoring among employees (Poutsma et al., 2003). Finally, civic virtue postulates an active interest and investing in the well-being of organization and parallels the notion that ESO promotes wanting good for the organization and its members (Pierce et al., 1991).

Research confirms that OCBI, required and discretionary, has a positive relationship in strengthening relationships (Ilies et al., 2007). Another study suggests that

collectivist work environments promote high levels of OCB targeted towards co-workers (Finkelstein, 2012), which is consistent with ESO environments where the collective group is acknowledged. Similarly, demonstrating OCBI with co-workers motivated by helping was more salient than practicing OCBs based upon extrinsic rewards (Finkelstein & Penner, 2004). Inferring that OCBs are transferrable to OCBI, it is thought to be a form of social connection resulting in approval from friends and co-workers on an individual level. Furthermore, demonstrating organizational citizenship on an individual level may satisfy desires for self-esteem and a sense of feeling needed and wanted (Lavelle, 2010). Some theorists suggest that ESO motivates participants to be “good corporate citizens” and promote constructive organizational behaviors (Pierce et al., 1991; Pierce & Furo, 1990). ESO has been found to promote common interest, shared responsibility, and integration of commitment (Pierce & Furo, 1990), which intuitively parallels the notion that OCBI is high amongst people within employee owned companies. Hence, it may be observed that OCB targeted at the individual is a positive outcome relative to ESO. Hence,

Hypothesis 2: Employee share ownership results in higher levels of individual focused organizational citizenship behavior (OCBI).

Moderation by Psychological Ownership

Psychological ownership (PO) is grounded in the notion that “it is MINE!” (Pierce et al., 2001). It has been postulated that PO requires the following antecedents: (1) role control, (2) intimate knowledge about job role, and (3) perceiving the job to be an extension of themselves (employee) (Pierce et al., 2001). This section outlines the components of PO and its proposed moderating role in the relationship between x and y.

Role control implies having autonomy over a job or the degree to which a person is empowered to exercise control (Pierce et al., 2001). For example, role control predicts a high degree of autonomy in their role. Intimate knowledge about their job relates to how well a person knows individual components of their work from the logical starting point to end point (Pierce et al., 2009). Hence, the more a person knows about the whole of their work, the more they invest their self in the job (Pierce et al., 2009). Lastly, perceiving a job to be an extension of self relates to how the job feels like “ME” (Pierce et al., 2003), whereby parts of the job feel like the extended self (Pierce et al., 2009). Therefore, a person may feel as though their job is emblematic of their self-identity and generally represents who they are.

Scholars theorize that ESO relates positively with PO (McConville et al., 2016; Oehmichen et al., 2017; Pierce et al., 1991). Studies have shown that ESO encourages a collectivist culture where information sharing about the business promotes higher levels of PO (Chi & Han, 2008). Job based PO has also shown to correlate with PO towards the organization (Peng & Pierce, 2015).

Democratization of the workforce through ESO enables the participant to have a greater sense of decision making influence and shared equity through formal ownership (Woodworth, 1981). For instance, it has been argued that ESO within the US reframes the traditional management and employee group friction because ESO promotes shared interests (Gamble et al., 2002). There is a common motive to protect the collective interests of the employee owner and an increased perception of employee input (Pierce et al., 1991; Pierce & Furo, 1990). Employee share ownership may not only influence collectivism, it potentially fuels the likelihood of ownership of the role. Pierce et al. (1991) postulate that

PO manifests possession of an object physically and/or through a financial stake; PO also instills a figurative right to control the owned object (Javed, 2018) and presumes intimate knowledge about the status of what is owned (Pierce et al., 1991; Rousseau & Shperling, 2003). Therefore, PO aligns favorably with legal ownership where employees have a formal ownership of their organization via ESO (Shipper et al., 2014).

The following section describes the hypotheses development and moderation of PO relative to ESO and the dependent variables, IEO and OCBI.

Hypotheses Development

Individuals who possess ownership feelings toward an object tend to invest energy, time, and take reasonable risk to exploit and generate new ideas (Sieger et al., 2013a). Ownership feelings serve as an antecedent to empowerment and autonomy to make an impact (Sieger et al., 2013), whereby creativity, change initiative, and innovation support individual entrepreneurship. Psychological ownership is likely to moderate the relationship between ESO and IEO. Where ESO is low, it is likely for IEO to be equally low. Research suggests that individuals who do not have a strong association of ownership and decision making are likely to be anemic to role engagement (Pierce et al., 2003, 2004). Furthermore, as PO decreases, it will likely diminish IEO, or at best, remain flat as ESO increases. The literature suggests that entrenchment behaviors may emerge in ESO where self-preservation takes precedent over risk-taking (Aubert et al., 2014); hence, absence of PO may promote more entrenchment tendencies.

Conversely, where ESO increases, and PO positively increases, it is likely to magnify IEO because there is a greater sense of ownership for the target; hence, the individual is likely to demonstrate high control and direct engagement in promoting proactive

outcomes (Pierce et al., 1991, 2003). If the presence of high PO accentuates individual entrepreneurship (Mustafa et al., 2016; Sieger et al., 2013), and ESO tends to activate feelings of ownership (Pierce et al., 1991), it stands to reason that IEO will be amplified where PO is resonate. Hence,

Hypothesis 3a: The relationship between employee share ownership and individual entrepreneurial orientation is moderated by psychological ownership. Higher levels of psychological ownership will strengthen the relationship between employee share ownership and individual entrepreneurial orientation. Lower levels of psychological ownership will weaken the relationship between employee share ownership and individual entrepreneurial orientation.

ESO and PO are inextricably linked when considering respective job roles and the welfare of the organization as a whole (McConville et al., 2016; Oehmichen et al., 2017; Pierce et al., 1991; Rousseau & Shperling, 2003). Pierce and Rodgers (2004) suggest that ESO and PO are complementary to one another in positive ways. PO amplifies psychological attachment and relatedness that one feels towards the organization (Dawkins et al., 2017) and their individual job (Peng & Pierce, 2015). It is likely that high PO will strengthen the ESO and OCBI relationship (Dawkins et al., 2017). This is potentially due to the idea that participants with ESO feel more ownership for their role and organization relative to those who are simply employees (Pierce & Rodgers, 2004); hence, participants with high ESO are more likely to engage in prosocial behaviors where shared power and privilege define the ownership culture (Oehmichen et al., 2017; Rousseau & Shperling, 2003; Van Dyne & Pierce, 2004). Therefore, it is foreseen to predict that high PO will positively amplify the relationship between ESO and OCBI.

Furthermore, where high ESO is present, it is anticipated that OCBI will also be high because ownership boosts the tendency to go above and beyond in support of others because an individual is more vested in prosocial outcomes (Van Dyne & Pierce, 2004). Conversely, where ESO is low and PO is low, it is likely for OCBI to remain equally low, or neutral, because individuals are not likely to go above and beyond in their support of others when ownership is not a factor (McConville et al., 2016). Hence,

Hypothesis 3b: The relationship between employee share ownership and individual focused organizational citizenship behavior (OCBI) is moderated by psychological ownership. Higher levels of psychological ownership will strengthen the relationship between employee share ownership and organizational citizenship behavior directed to the individual. Lower levels of psychological ownership will weaken the relationship between employee share ownership and individual focused organizational citizenship behavior.

Moderation of Agency Monitoring Costs

Agency theory is concerned with reconciling the conflict between the goals of the principal owner and the agents (i.e. employees) (Jensen & Meckling, 1976). In the agency relationship, the principal attempts to mitigate divergence of his or her interests by promoting incentives for the agent to align interests consistent with that of the principal (Eisenhardt, 1989). This section summarizes the elements of agency theory and agency monitoring to formulate the proposed hypotheses.

Agency theory posits that the principal-agent relationship is an important consideration relative to motivation (Pepper & Gore, 2015). Within non-employee owned environments, employees are encouraged to find productivity and performance gains

through direct labor output, while ESO managers are intrinsically motivated to make decisions in the best interest of the employee owner – in theory, financial rewards align all parties (Aubert et al., 2014). Pepper and Gore (2015) argue that top management teams need to consider a mix of intrinsic and extrinsic rewards when considering motivation of its agents. Agency costs imply monitoring behavior will improve performance through alignment (Chrisman et al., 2007). Therefore, agency becomes a salient dilemma as ESO members are dual actors as both the principals and agents of the company, yet they exist within a hierarchy where there is a division of labor and stratified managerial responsibilities. It is important to investigate how ESO interacts with agency monitoring (O’Boyle et al., 2016).

Friction emerges in an agency relationship where ownership’s interest in managers taking risk is motivated to increase share price (Brandes et al., 2003). Using this line of thinking, managers make decisions using their expertise and experience in the interest of self-preservation, which may mute risk-taking relative to that of a shareholder. Hence, these conflicting perspectives result in compensation models that encourage managers to invest in appropriate risks (Brandes et al., 2003). Logically, one would presume that participants with ESO would behave from a shareholder perspective as equity owners of the firm (Kornelakis, 2018), yet this may not necessarily be the case since they are also subject to retaining active employment or manifesting entrenchment behaviors such as collusion with leadership to retain their position (Aubert et al., 2014).

There is an inherent cost incurred to align interests of the workforce, and there is no guarantee the agent will not act in their own best interest regardless of the principal’s incentive (Ghoshal & Moran, 1996; Jensen & Meckling, 1976). Thus, there is a

monitoring cost and/or bonding cost (pecuniary or not) related to the principal and agent to ensure the agent will maximize the principal's point of view. Likewise, monitoring takes place vertically throughout the organization to ensure the principal's viewpoint and interests are practiced at all levels (Jensen & Meckling, 1976). Similarly, agency costs exist in any context where cooperation is required. The purest form of agency exists in the separation of control between the shareholder and the employee (Jensen & Meckling, 1976). These perspectives on agency costs and control present an interesting dilemma where the shareholder and employee are one in the same (Kurland, 2018).

The context of this dissertation is ESO from the level of ESOP participants. Many ESOPs are comprised of a single class of shareholder, and they share homogenous interests to promote efficiency and shared accountability, which is arguably different than an being responsive to the desires of an external investor (Caldwell et al., 2006; Sesil et al., 2003). This is an important consideration when examining agency monitoring costs related to operations where the employee owner is perceived to have more motivation, ability, and opportunities to efficiently perform. Pendleton (2006) found that ESO appears to substitute the need for agency monitoring because employee owners are empowered to assume control over their role and methods for going about their tasks. ESO research suggests that the alignment of principal and agent incentives via shared ownership attenuates agency costs (Caldwell et al., 2006; Pepper & Gore, 2015; Pierce et al., 1991; Pierce & Furo, 1990; Sesil et al., 2003); therefore, ESO should reduce the need for agency monitoring (O'Boyle et al., 2016).

The following section describes the hypotheses development and moderation of agency monitoring relative to ESO and the dependent variables, IEO and OCBI.

Hypotheses Development

Sieger, Zellweger, and Aquino (2013) postulate that “high monitoring becomes increasingly ineffective with rising ownership feelings, monitoring agents with strong ownership feelings could be reduced, which would lower agency costs” (p. 377). The authors also espouse that “they (psychological owners) would reduce their absolute level of entrepreneurial behavior when being monitored” (p. 378). This suggests that entrepreneurial behavior on an individual level is elevated where agency monitoring is diminished (Sieger et al., 2013). For example, an employee owner may have a novel idea to add innovation to a mainstay company product. This employee may feel autonomy to explore new approaches without being overly monitored in their role. Thus, the employee is more likely to engage in experimenting with this idea to bring it fruition where he or she senses there is freedom to be proactive and engage in some element of risk-taking (Covin & Lumpkin, 2011; Rauch et al., 2009). Therefore, one may anticipate higher ESO and diminished agency monitoring increase the likelihood for IEO to also be high because the individual is autonomous to exploit opportunities and engage in risk-taking with less concern for monitoring. However, as agency monitoring increases, it is likely to diminish IEO, or at best, remain neutral as ESO increases because monitoring tends to counteract the tendency to practice entrepreneurial behavior (Sieger et al., 2013b). Conversely, where ESO increases, and agency monitoring decreases, it is likely for IEO to increase as well because entrepreneurial behaviors are enabled and expressed without concern for monitoring (Miner et al., 1989). Therefore, it is foreseen to anticipate where agency monitoring is weak within ESO, IEO will be elevated. Hence,

Hypothesis 4a: The relationship between employee share ownership and individual entrepreneurial orientation is moderated by agency monitoring. Higher levels of agency monitoring will weaken the relationship between employee share ownership and individual entrepreneurial orientation. Lower levels of agency monitoring will strengthen the relationship between employee share ownership and individual entrepreneurial orientation.

Niehoff and Moorman (1993) suggest there is an interaction with agency monitoring and OCB. Agency monitoring is likely to moderate the relationship between ESO and OCBI. Scholars have theorized that employees helping one another enables managers to invest more time in productive work because their need for monitoring is diminished and allows for higher levels of delegating tasks (Podsakoff & MacKenzie, 1997). Hence, employees who have less concern for being closely monitored are more likely to engage in extra-role behaviors in support of their co-workers (Niehoff & Moorman, 1993), among other things. Where ESO is low and agency monitoring is high, it is likely for OCBI to diminish or remain neutral because surveilling an individual's behavior tends to diminish their intrinsic desire to act autonomously (Deci et al., 1999; Schepers et al., 2012). Furthermore, where ESO increases and agency monitoring increase, it is likely for OCBI to remain unchanged because individuals practice extra-role behaviors because they *want* act to rather than *have* to act (Deci et al., 1999; Schepers et al., 2012). Conversely, where ESO increases, and agency monitoring decreases, it is likely for OCBI to increase as well because individuals have more discretionary opportunity to support others in practicing prosocial behaviors (Podsakoff & MacKenzie, 1997), and they are able to extend themselves for the general goodwill

achieved by doing so (Grant, 2007; Lavelle, 2010). This is because participants of ESO are more embedded in having ownership in their organization beyond pecuniary rewards (Caramelli, 2011). Given this insight, one can presume that an employee who experiences high levels of agency monitoring is less likely to engage in OCB directed towards the individual. Hence,

Hypothesis 4b: The relationship between employee share ownership and individual focused organizational citizenship behavior (OCBI) is moderated by agency monitoring. Higher levels of agency monitoring will weaken the relationship between employee share ownership and organizational citizenship behavior directed to the individual. Lower levels of agency monitoring will strengthen the relationship between employee share ownership and individual focused organizational citizenship behavior.

Conclusion

This concludes Chapter 2. In this chapter, ESO was examined through comprehensive literature review to ground it as the independent variable of this dissertation. Secondly, theories of IEO and OCBI were examined and discussed as the two dependent variables of this dissertation and hypotheses were proposed. Finally, theories of PO and agency monitoring were discussed and proposed as having a moderation effect on the relationships between ESO and IEO, and ESO and OCBI, respectively. The next chapter outlines the methodology for this dissertation.

CHAPTER 3: METHODOLOGY

Data for this dissertation were collected using a one-time, email questionnaire survey due to the samples having multiple locations and barriers to efficiently distribute a questionnaire in person. Two firms consented to the survey; each firm operated from multiple locations throughout the US and ESO ranged from 20% of the company's shares in an ESOP to 100% employee owned. Each firm's core business included design and engineering in the commercial construction industry. Each company shared employee data and provided an email address for each recipient. For the purposes of this dissertation, ESO was defined as those in which at least 15% of the respective company's shares were represented in an ESOP trust. The small firm included approximately 300 employees in the sample, while the large firm included, 1,800 employees in the sample. Upon correcting for missing data, there were 340 useable cases employed in the data analysis. Recruiting these sample firms manifested through social networking and relationship building with principals of each respective ESOP firm.

Institutional Review Board and Data Storage

Authorization to conduct this research was approved on August 26, 2019 by the UNC Charlotte IRB (Study #: 19-0197). This was a one-time cross-sectional survey with the only identifier consisting of an email address supplied by the respective sample companies. This information was for routing purposes only via email survey administered solely by the principal investigator. Therefore, this information was treated as confidential. Email addresses were captured upon completion of the survey to ensure respondents were members of the respective sample firm. Email addresses were deleted once data collection was complete to protect the confidentiality of survey respondents.

All primary data were stored on a cloud-based drive and only accessible to the principal investigator.

Data Collection

The survey instrument was distributed via email with a link to an online questionnaire administrated through Qualtrics (XM). The email addresses were supplied by the company consenting to the dissertation study. Each respondent was required to check “I agree” for informed consent about the purpose of the study and contact information of the principal investigator and faculty adviser. Furthermore, respondents had the option to abandon the survey at any time, and they were assured that their responses were confidential. The email survey incorporated the following informed consent.

Email survey script for disseminating Qualtrics link to study participants:

Greetings! This is Ben Wilhelm, and I am a doctoral student in the Belk College of Business at the University of North Carolina at Charlotte. I am a former employee of an ESOP company where I served as ESOP Chair. I am conducting my dissertation research on employee owned companies to understand how ESOPs influence organizational citizenship and entrepreneurship to contribute to what we know about US employee owned companies. This is where I need your help!

Please click the link below to take this survey. This survey includes approximately 70 items and should take no more than 15 minutes to complete. This survey will be available for four weeks and you may receive one or two reminders within that timeframe.

This study was approved by the University of North Carolina at Charlotte Institutional Review Board on August 26, 2019 (Study #: 19-0197). Your email is the only identifiable information shared with me and used for collection purposes only. Your email will be deleted from record once data collection is completed. General results of my research are shared with company leadership. Your participation is voluntary and has no bearing on your employment. Your individual answers are strictly confidential and results are used only for research purposes.

To proceed to the survey link, click: I AGREE

Thank you for your help in this request. If you have any questions, please contact me at bwilhel5@uncc.edu or my dissertation adviser, Dr. Franz Kellermanns, Department of Management at UNC-Charlotte, at kellermanns@uncc.edu. You may also contact the Office of Research Compliance regarding your rights as a study participant at 704-687-1871 and uncc-irb@uncc.edu.

Data Analysis

The data were analyzed in IBM SPSS Statistics, V25, in order to obtain descriptive statistics, including means, standard deviations, and bivariate correlations.

Descriptive statistics and bivariate correlations are reported in the next chapter.

Cronbach's alpha was employed to test for internal consistency, which is a coefficient of reliability. Alpha ranges from zero to one and higher scores indicate higher levels of internal validity (Hair et al., 1998). An alpha greater than 0.70 is often suggested as a minimum cutoff for acceptable reliability (Hair et al., 1998). Stepwise regression was used to test the hypothesized relationships (Hair et al., 1998). Upon analyzing the main effects, post hoc analysis was conducted using SPSS AMOS 26.0 for IEO to examine differences for risk-taking, innovativeness, and proactiveness (Hair et al., 1998).

Furthermore, CFA was conducted to examine IEO, OCBI, PO, and Agency to measure the overall model (Hair et al., 1998). These results are reported in the next chapter. A post hoc test was also conducted to control for common method bias of self-reported ESO values (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Measures

Employee Share Ownership (ESO)

ESO reflects indirect ownership of company stock as a benefit of employment (Poutsma et al., 2006). ESOP is the ubiquitous term used to reflect ESO in the US (Kruse et al., 2010; Fidan A. Kurtulus & Kruse, 2017). ESO was measured as a continuous variable and reflected as follows: Approximate value of your ESOP account (US currency) \$_____?

Individual Entrepreneurial Orientation

The Bolton (2012) 10-item scale examines IEO, which is the extent to which individuals engage in risk-taking, innovativeness, and proactiveness. The scale was adapted from Lumpkin and Dess (1996). Responses were measured using a 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree).

Individual Organizational Citizenship Behavior

The Lee and Allen (2002) 8-item scale examines OCBI, which is the extent to which individuals target citizenship behaviors towards another individual. Responses were measured using a 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree).

Psychological Ownership

The Van Dyne and Pierce (2004) 7-item scale examines Psychological Ownership (PO), which is the extent to which individuals feel a sense of ownership (This is MINE!) in the target through intimate knowledge, role control, and extension of self. Responses were measured using a 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree) in response to prompted statements. This scale is slightly adapted by changing the context from “boat or cabin” to “home or car” within the prompt (Heggestad et al., 2019).

Agency Monitoring

The Chrisman, Chua, Kellermanns, and Chang (2007) 5-item scale was used to examine agency monitoring, which is the extent to which employees are assessed through monitoring activities. Responses were measured using a 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree).

Control Variables

Several control variables were incorporated into this dissertation to examine their influence on the independent and dependent variables (Creswell, 2013), as previous research suggests that some variables may influence ESO (Bayo-Moriones & Larraza-Kintana, 2009; Hallock et al., 2004). Therefore, the following controls were employed: age (Basterretxea & Storey, 2018), gender (Hallock et al., 2004), tenure with the firm (Bayo-Moriones & Larraza-Kintana, 2009), level of role (Bayo-Moriones & Larraza-Kintana, 2009), and education (Hallock et al., 2004). Age and tenure with the firm were continuous dummy variables. Gender was a dichotomous variable (1=male, 0=female). Three variables represented the respondent's role within the company: (1) executive, (2) director/manager, and (3) non-management staff member/worker. Education level included five variables: (1) some high school, (2) high school diploma, (3) some college, (4) college graduate, and (5) graduate school.

The Pearce, Fritz, and Davis's (2009) 3-item scale examines individual autonomy and was adapted by changing the context of "church" and "members" to "company" and "employees", respectively. This scale was included for control purposes.

In order to understand the relevancy of ESO to the respondent's retirement, five items were incorporated, including: My ESOP account represents a large portion of my

current net worth; my ESOP account represents a large portion of my retirement savings; my ESOP account will be an important part of my future retirement plans, I am knowledgeable about the benefits of my company's ESOP, and; I am informed about the performance of my ESOP account. Responses were measured using a 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree) in response to the statements above.

CHAPTER 4: RESULTS

Chapter 3 presented the methodology for this research including the relevant sample firms and scales employed to test the hypothesized theory. This chapter includes descriptive statistics, correlations, regression results for hypothesis testing of main effects and moderation along with post-hoc testing. An integrated discussion of these results is included in chapter 5. The first step in analysis includes a discussion on validating the data collection process.

Preliminary Analysis

For purposes of data analysis, 326 fully completed surveys from two different employee owned companies were used to test the hypothesized theory. Table 4.1 summarizes the study population and survey responses. All surveys were issued via email using Qualtrics (XM) with three reminders over a four-week data collection period.

Table 4.1: Summary of Survey Respondents

Sample Firm	Total Emails	Surveys Started	Surveys Completed	Completion Rate	Response Rate
Company 1	1,791	291	232	80%	13%
Company 2	235	108	94	87%	37%
Total	2,026	399	326	81%	16%

A total of 326 cases were completed for data analysis, known as a “total case approach,” which is the most direct method to minimize bias (Hair et al., 1998). Given that ESO (independent variable) was an imperative item for data analysis, any missing values in this regard were eliminated from the dataset. Furthermore, respondents who failed to complete the dependent variable scales and moderator scales were eliminated from the dataset. Thus, 324 listwise cases were used for data analysis.

Internal consistency examines the variability of individual responses in scale measures, which is a measure of error (DeVellis, 2016). Coefficient alpha of .70 or higher is an acceptable level for scale reliability (Hair et al., 1998). Each scale exceeded this threshold except for autonomy (.626), which may be attributed to the scale being composed of only three items. Autonomy was a control variable in this dissertation; and its relatively low reliability is noteworthy as a limitation. All alpha statistics are represented for all measures in Table 4.2.

Table 4.2: Reliability Statistics for Measures

Scale Description	Items	N = Responses	Cronbach's Alpha (α)
Individual Entrepreneurial Orientation (IEO)	10	340	.837
Autonomy (AUT)	3	340	.626
Organizational Citizenship Behavior Individual (OCBI)	8	340	.853
Agency (AGEN)	5	340	.813
Psychological Ownership (PO)	7	340	.938

Common method bias is variance related to the measure method and is a potential impediment to reliability. This bias is a result of abstraction due to the form of measurement relative to scale types, response format, survey items, and ambiguous context (Podsakoff et al., 2003). One of the remedies for this bias is to collect data from different sources for the same items to minimize error. This dissertation used cross-sectional design because extant literature suggested a need for closer cross-sectional examination of these theories (O'Boyle et al., 2016; Podsakoff et al., 2000). To overcome this bias, a single factor test in exploratory factor analysis was conducted to understand if there was a concern. However, common method bias was unlikely, as six

factors emerged accounting for 63% of the variance, with 16% of the variance being explained by the first factor.

Graphical analysis was conducted to ensure normality in the data distribution. Due to the relatively large sample size, visual check was employed to examine for a normal distribution (Hair et al., 1998). Kurtosis refers to the peak or flat orientation of the distribution, whereas skewness is a pattern where data consolidates on one end or the other of a normal distribution (Hair et al., 1998), where negative distribution skews to the right and positive distribution skews to the left on the overall distribution. The independent variable, ESO, was log transformed to achieve normality (in $ESO + 1$) to accommodate the mode of zero (0), which also suggests a positive distribution. This might be explained by the fact that many ($n = 68$) of the respondents reported a zero ESO value balance, which most likely explains that they were not yet qualified to enter their employee ownership plan. This is a result of most employees being relatively new in their company (one year or less). This result is discussed in post-hoc testing.

Correlation Results

Descriptive statistics and bivariate correlations between variables are illustrated in Table 4.3. The mean age was 42.52 and mean tenure was 7.23 years in the sample. All control variables including education, gender, age, and tenure were positively correlated with executive role and significant ($p < .01$). Sixty-two percent of the sample was male and positively correlated with upper management roles (.221, $p < .01$); male gender was also positively related to higher levels of education (.233, $p < .01$). Age was correlated to higher level roles (.307, $p < .01$) and negatively correlated to education (-.116, $p < .05$), which suggests younger respondents were more highly educated than older respondents.

Relative to the independent variable of employee share ownership (ESO), role (executive), gender (male), age, and tenure were positively correlated and significant. Respondents with higher ESO balances are generally in leadership roles (.390, $p < .01$), male (.135, $p < .05$), with relatively longer tenure (.633, $p < .01$), and older than other colleagues (.411, $p < .01$), respectively.

Independent entrepreneurial orientation, one of two dependent variables, was significant and positively correlated to executive role (.174, $p < .01$). This was a surprising finding because IEO was hypothesized to be negatively correlated to ESO. Autonomy showed a slight relationship to ESO participants with less tenure (-.115, $p < .05$). OCBI, the second dependent variable, was negatively correlated to gender (-.180, $p < .01$), which suggested females may be somewhat more inclined to practice citizenship behaviors aimed at individuals. OCBI was also correlated to IEO (.235, $p < .01$) and autonomy (.121, $p < .01$), which suggests some level of entrepreneurship linked to citizenship behaviors. Agency, one of two moderators, was positively linked to autonomy (.276, $p < .01$). Finally, PO, the second proposed moderator, was positively correlated to executive role (.246,

$p < .01$), age (.294, $p < .01$), tenure (.205, $p < .01$), ESO (.189, $p < .01$), autonomy (.489, $p < .01$), OCBI (.190, $p < .01$), and agency (.362, $p < .01$), respectively. This may indicate those with role control, intimate knowledge, and extension of self to be conspicuously present in some regards. Hence, high PO may be prevalent in those in upper management, more senior in age with more tenure, and higher ESO account balances. Furthermore, those exhibiting high PO may also have a stronger sense of autonomy, engage in prosocial behavior to demonstrate extra role behaviors, and perceive higher levels of agency monitoring.

Table 4.3: Descriptive Statistics and Bivariate Correlations

	Mean	Std Dev	1	2	3	4	5	6	7	8	9	10	11
1 Role	1.49	.59	1.00										
2 Education	4.09	.82	.300**	1.00									
3 Gender	.62	.49	.221**	.233**	1.00								
4 Age	42.52	11.97	.307**	-.116*	-.01	1.00							
5 Tenure	7.23	7.16	.372**	.03	.09	.476**	1.00						
6 ESO †	6.79	4.04	.390**	.08	.135*	.411**	.633**	1.00					
7 IEO	5.17	.79	.174**	.00	.03	-.02	.07	.07	1.00				
8 Autonomy	4.04	1.27	.03	.08	.05	-.03	-.115*	-.07	.04	1.00			
9 OCB1	5.91	.72	.10	-.02	-.180**	.110*	.08	.09	.235**	.120*	1.00		
10 Agency	3.57	1.39	-.05	-.07	.07	-.03	-.10	-.09	.07	.276**	.121*	1.00	
11 PO	4.63	1.36	.246**	.04	.134*	.294**	.205**	.189**	.05	.489**	.190**	.362**	1.00

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

n = 324

† variable log transformed

Additional items were included to understand ESO's relevance to the respondent's retirement, as illustrated in Table 4.4. These measures offered insight into the extent that a respondent viewed ESOP as a large portion of their respective net worth and retirement savings. Furthermore, items queried respondents on their knowledge of the ESOP benefit within their company and overall awareness of their account performance. It may be argued that respondents, generally, did not report ESOP as a large portion of their net worth ($\mu = 2.23$) or retirement savings ($\mu = 2.4$), respectively. In general, respondents noted a good level of awareness for the benefits of their company's ESOP ($\mu = 4.83$) and individual account performance ($\mu = 4.99$), respectively.

Table 4.4: Relevance of Employee Share Ownership to Respondent's Retirement

	Items	Mean
1	Approximate value of your Employee Share Ownership account	\$17,948
2	My ESOP account represents a large portion of my current net worth	2.23
3	My ESOP account represents a large portion of my retirement savings	2.4
4	My ESOP account will be an important part of my future retirement plan	4.12
5	I am knowledgeable about the benefits of my company's ESOP	4.83
6	I am informed about the performance of my ESOP account	4.99

Note: 7-point Likert type scale (1 = Strongly disagree; 7= Strongly agree)
n = 325

To summarize, ESO resulted in relatively strong relationships for many of the control variables, OCBI, and PO, while only showing marginal relationships to IEO and Agency. The next section includes the regression results of controls, main effects, and moderators.

Regression Results

The hypotheses were tested using stepwise regression with four models on two dependent variables (IEO and OCBI). Table 4.5 shows the overall regression results of IEO as a dependent variable.

The first column depicts IEO regressed on the control variables with role (executive) being the only control variable that was significant ($\beta = .301$, $p < .01$). The second column shows the result of IEO regressed on ESO (main effect) to test for Hypothesis 1, which was positive ($\beta = .016$, $p < .79$), yet not significant. Therefore, Hypothesis 1 was not supported. The third column shows the IEO regressed on the moderators of psychological ownership (PO) and agency consistent with Hypotheses 3a and 4a. Neither result was significant; Hypotheses 3a and 4a were not supported.

Finally, the fourth column shows the dependent variable regressed on the interactions of PO and agency. Neither result was significant. Interaction was not observed. The R^2 delta between the four models are reported as .048, 0, .004, and .011, respectively.

The R^2 , adjusted R^2 , R^2 change, and F statistics are also included at the bottom portion of the table. Unfortunately, the adjusted R^2 depicted weak relationships for each of the four regressions. Executive role appeared to be a relevant variable in understanding the extent to which ESO participants engaged in individual entrepreneurial behaviors. This result suggests that higher level roles positively influence IEO.

Table 4.5: Regression Results for Dependent Variable - Individual Entrepreneurial Orientation

	Controls	Main Effect	Moderators	Interactions
Constant	5.325 (.335)	5.345 (.343)	5.325 (.372)	5.346 (.371)
<i>Controls</i>				
Company	-.05 (.1)	-.046 (.101)	-.045 (.102)	-.037 (.102)
Age	-.008 (.004)	-.008 (.004)	-.008 (.004)	-.008 (.004)
Tenure	.006 (.007)	.004 (.008)	.005 (.008)	.004 (.009)
Role	.301** (.09)	.296** (.09)	.301** (.091)	.303** (.091)
Education	-.09 (.06)	-.09 (.06)	-.084 (.06)	-.09 (.06)
Gender	-.08 (.093)	-.01 (.094)	-.018 (.094)	-.01 (.094)
Autonomy	.028 (.035)	.028 (.035)	.023 (.041)	.023 (.041)
<i>Independent Variable</i>				
Employee Share Ownership (ESO)		.016 (.059)		.026 (.06)
<i>Moderating Variables</i>				
Psychological Ownership (PO)			-.017 (.058)	-.005 (.058)
Agency			.058 (.049)	.061 (.049)
Agency * ESO				.034 (.048)
PO * ESO				.061 (.047)
R ²	.048	.048	.052	.063
Adjusted R ²	.026	.024	.022	.027
R ² Change	.048	0	.004	.011
F Statistic	2.254	1.975	1.718	1.745

Unstandardized regression coefficients shown (standard errors in parentheses)

n = 324

** Significant at the 0.01 level

* Significant at the 0.05 level

The regression results for the dependent variable, OCBI, are depicted on Table 4.6 below.

The first column depicts OCBI regressed on the control variables with gender (female) being significant ($\beta = -.316$, $p < .01$). The second column depicts OCBI regressed on ESO (main effect) to test for Hypothesis 2. While there is a positive relationship ($\beta = .046$), it is not significant; Hypothesis 2 was not supported. To test Hypotheses 3b and 4b, OCBI was regressed on the moderators of psychological ownership (PO) and agency; however, neither relationship was significant. Hypotheses 3b 4b are not supported.

Finally, the fourth column shows the dependent variable regressed on the interactions of PO and agency with PO with neither being significant. The R^2 delta between the four models are reported as .076, .023, .039, and .002, respectively.

The R^2 , adjusted R^2 , R^2 change, and F statistics are also included at the bottom portion of the table. Unfortunately, the adjusted R^2 depicted weak relationships for each of the four regression scenarios. In summary, ESO positively influenced PO and gender appeared to hold some relevance in understanding the extent to which female ESO participants positively engage in organizational citizenship behaviors directed towards individuals.

Table 4.6: Regression Results for Dependent Variable – Organizational Citizenship Behavior Individual

	Controls	Main Effects	Moderators	Interactions
Constant	5.44 (.302)	5.497 (.31)	5.76 (.332)	5.757 (.333)
<i>Controls</i>				
Company	.027 (.091)	.038 (.091)	.059 (.091)	.068 (.092)
Age	.003 (.004)	.003 (.004)	.001 (.004)	.001 (.004)
Tenure	.005 (.007)	.002 (.008)	.001 (.008)	0 (.008)
Role	.134 (.08)	.121 (.082)	.102 (.082)	.099 (.082)
Education	-.009 (.054)	-.009 (.054)	.004 (.054)	.003 (.054)
Gender	-.316** (.084)	-.321** (.085)	-.351** (.084)	-.35** (.085)
Autonomy	.077* (.031)	.077* (.031)	.027 (.037)	.028 (.037)
<i>Independent Variable</i>				
Employee Share Ownership (ESO)		.046 (.053)		.06 (.054)
<i>Moderating Variables</i>				
Psychological Ownership (PO)			.91 (.051)	.94 (.052)
Agency			.067 (.044)	.066 (.044)
Agency * ESO				-.028 (.043)
PO * ESO				.033 (.042)
R ²	.076	.079	.102	.104
Adjusted R ²	.056	.055	.073	.069
R ² Change	.076	.002	.023	.002
F Statistic	3.733	3.359	3.539	2.298

Unstandardized regression coefficients shown (standard errors in parentheses)

n = 324

** Significant at the 0.01 level

* Significant at the 0.05 level

A summary of hypothesis testing is shown in Table 4.7. None of the six hypotheses were supported in this research. The last topic within this section explains the results of post-hoc testing.

Table 4.7: Hypothesized Relationships and Results

Individual Entrepreneurial Orientation		
<i>Hypothesis 1</i>	Employee share ownership participation is negatively associated with individual entrepreneurial orientation	Not Supported
Organizational Citizenship Behavior Individual		
<i>Hypothesis 2</i>	Employee share ownership results in higher levels of individual focused organizational citizenship behavior (OCBI).	Not Supported
Psychological Ownership Moderation		
<i>Hypothesis 3a</i>	The relationship between employee CFA share ownership and individual entrepreneurial orientation is moderated by psychological ownership. Higher levels of psychological ownership will strengthen the relationship between employee share ownership and individual entrepreneurial orientation. Lower levels of psychological ownership will weaken the relationship between employee share ownership and individual entrepreneurial orientation.	Not Supported
<i>Hypothesis 3b</i>	The relationship between employee share ownership and individual focused organizational citizenship behavior (OCBI) is moderated by psychological ownership. Higher levels of psychological ownership will strengthen the relationship between employee share ownership and organizational citizenship behavior directed to the individual. Lower levels of psychological ownership will weaken the relationship between employee share ownership and individual focused organizational citizenship behavior.	Not Supported
Agency Moderation		
<i>Hypothesis 4a</i>	The relationship between employee share ownership and individual entrepreneurial orientation is moderated by agency monitoring. Higher levels of agency monitoring will weaken the relationship between employee share ownership and individual entrepreneurial orientation. Lower levels of agency monitoring will strengthen the relationship between employee share ownership and individual entrepreneurial orientation.	Not Supported

<i>Hypothesis 4b</i>	<p>The relationship between employee share ownership and individual focused organizational citizenship behavior (OCBI) is moderated by agency monitoring. Higher levels of agency monitoring will weaken the relationship between employee share ownership and organizational citizenship behavior directed to the individual. Lower levels of agency monitoring will strengthen the relationship between employee share ownership and individual organizational citizenship behavior.</p>	Not Supported
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Post-Hoc Analysis

A variety of post-hoc tests were applied to examine several variables.

Confirmatory factor analysis (CFA) was conducted on all scales related to the dependent variables (IEO and OCBI) and moderating variables (Agency and PO) to assess fit of the overall model (Hair et al., 1998). Values exceeding .90 for normed comparative fit (NFI) and comparative fit index (CFI) indicate an acceptable fit. The model in this dissertation had an initial $\chi^2 = 1,471$ and showed a poor fit with an NFI of .747 and CFI of .800. The root mean square error of approximation (RMSEA) for the model was .089; this suggests a less than ideal fit since it exceeds the cut-off of .800, which is considered an indicator of acceptable fit (Hoyle, 1995; Mulaik et al., 1989). Two additional CFAs were performed. The first CFA was performed on the unidimensional construct, while the second was performed on the three-factor dimensional construct. The one-dimensional latent variable, IEO, had an initial $\chi^2 = 473$ and showed a poor fit with an NFI of .644 and CFI of .659, which is below the acceptable level of .90. The root mean square error of approximation (RMSEA) for the model was .192; this suggests a poor fit as it is below the cut-off of .800, which is considered acceptable (Hoyle, 1995; Mulaik et al., 1989). However, conducting CFA individually on the three factors of IEO resulted in $\chi^2 = 180$ and a better fit with an NFI of .864 and CFI of .885, which is much closer to an acceptable level of .90. The root mean square error of approximation (RMSEA) for the model was .117, which suggests a poor fit as it is below the acceptable cut-off of .800. Accordingly, the three sub-dimensions of IEO as dependent variables were investigated in a post-hoc tests. The findings are reported below.

It was noted above that graphical analysis was conducted to assess normality. Of the 324 analyzed cases, 68 had an ESO value of zero. Hence, a post-hoc test was

performed by removing zero balance cases and re-analyzing bivariate correlations to ensure this condition did not significantly influence the results. However, changes in correlations were negligible by removing the zero ESO values and no further analysis was warranted.

Table 4.8 depicts the alpha (α) for risk-taking, innovativeness, proactiveness, and the composite, respectively. Coefficient alpha of .70 or higher is an acceptable level for scale reliability (Hair et al., 1998). While each individual subscale fell below .70, the overall composite was sufficient at .80, as reported above.

Table 4.8: Post-Hoc Analysis – Individual Entrepreneurial Orientation

Item	Description	Cronbach's Alpha (α)
IEO1	Risk-Taking	.679
IEO2	Innovativeness	.612
IEO3	Proactiveness	.654
Overall	Composite	.80
n=340		

Despite the low alphas, an analysis of the three new dependent variables (sub-dimensions of IEO) was performed and resulted in the following: IEO1 ($R^2 = -.004$), IEO2 ($R^2 = -.001$), and IEO3 ($R^2 = -.004$), respectively.

Chapter 5 expands on the results of the dissertation findings and theoretical contributions.

CHAPTER 5: DISCUSSION AND CONCLUSION

This section includes a discussion of the dissertation findings in six sections. The first section includes an overview of the dissertation study. The second section includes a discussion of the findings related to the hypothesized theory. The third section describes the contributions of the findings. The fourth and fifth sections include limitations and grounding for future research. The last section summarizes and concludes the dissertation study.

Overview

ESOPs are gateways to employee ownership in privately and publicly held companies (Kruse, Baron, & Blasi, 2010), representing 10% of US businesses and approximately 14 million employees in 2016 (Blasi et al., 2017; *ESOPs by the numbers*, 2017). Therefore, it is important to understand if employee owners exercise entrepreneurial orientation to exploit new market opportunities (Dess & Lumpkin, 2005; Fayolle et al., 2010). Furthermore, research has noted that ESO promotes prosocial behaviors of employees going above and beyond in their role because they are more dedicated to their company as equity owners (Wagner et al., 2003). Thus, this dissertation focused on individual entrepreneurial orientation and organizational citizenship behaviors targeted towards the individual within an ESO environment.

Entrepreneurial orientation addresses decisions, practices, and processes that promote new entry (Covin & Lumpkin, 2011; Lumpkin & Dess, 1996). There is a call for quantitative studies within ESO to understand its influence on EO (Vora et al., 2012). Owners are typically a catalyst to new market entry because of their propensity to take risks, be proactive, and innovative at an individual level (Bolton, 2012; Lane &

Langkamp Bolton, 2012; Lee, Wong, Foo, & Leung, 2011). Employee share ownership is a form of ownership and, therefore, important in the context of promoting entrepreneurial behavior on an individual level. However, entrepreneurial aspirations are often suppressed within ESO in order to focus on productivity and efficiency gains (O'Boyle et al., 2016; Pierce & Furo, 1990). ESO's relationship to IEO is ambiguous at best.

While OCB is thought to be positively enhanced within employee owned companies (Pierce et al., 1991; Pierce & Furo, 1990), cross sectional studies are absent in the literature for understanding organizational citizenship on the individual level (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Establishing ESO as an influence on OCBI helps leaders consider how to promote extra-role behaviors within their respective organizations (Caramelli, 2011). In turn, ESO may fuel positive attitudes and higher levels of prosocial behavior on an individual level (Pierce et al., 1991).

This dissertation was conducted to explore the existence of a proposed positive relationship between employee share ownership and organizational citizenship to broaden understanding for building extra-role behaviors within US-based employee owned firms. Moreover, this dissertation predicted a negative relationship between employee share ownership and entrepreneurial orientation at the individual level to establish entrepreneurship within the context of employee ownership and promote a new stream of entrepreneurial study. The next section explains the findings and contributions of this dissertation.

Research Findings

This research hypothesized that ESO would negatively influence IEO. As described in the results, the notion that ESO negatively influences IEO was not supported

in Hypothesis 1. In fact, in the present study, ESO positively correlates with IEO, which brings into question the directionality of this relationship. Perhaps the mere presence of ownership hints at the likelihood of motivating ESO participants to consider entrepreneurship favorably (Wagner et al., 2003)? The extant literature suggested that growth and productivity is paramount in an ESO context, yet this may not discount the notion of entrepreneurship's prevalence within employee owned companies. Perhaps other factors may influence entrepreneurial behaviors such as incremental innovations by individuals in firms or reward incentives that prompt individuals to act entrepreneurially. Understanding how entrepreneurship emerges within employee owned companies on an individual level is an unresolved concern.

Hypothesis 3a predicted that increasing levels of PO would positively enhance the main effects of ESO on IEO (O'Boyle et al., 2016; Pierce & Furo, 1990) because individuals are more likely to promote proactive outcomes. However, Hypothesis 3a was not supported. McConville et al. (2016) suggests that PO may not positively interact with ESO in ways previously conceived. Rather, this phenomenological study suggests that finding routes to PO independent of ESO may be a more worthwhile pursuit than linking the theory to ownership. Pierce et al. (1991) proposed that PO is a mediating factor in ESO, yet no empirical research linked this proposition; however, this present research, along with McConville's assertion that PO stands independent of ESO may indicate that PO may vary in all forms of ownership since it is a cognitive orientation or attitude about work (Wagner et al., 2003).

Hypothesis 4a predicted that agency would negatively moderate the main effects of ESO on IEO because high agency monitoring is predicted to have neutralizing or

attenuating effect on entrepreneurship practiced by the individual (Sieger et al., 2013b). However, this hypothesis was not supported. Jensen and Meckling (1976) suggest that aligning the interests of the principal and employee are essential to mitigate agency. Perhaps the prevalence of ESO (or promise thereof as soon to be ESO participants) neutralizes agency monitoring as a relevant concern because employees perceive their shares in the company to be a sufficient proxy to act like owners.

This research hypothesized that ESO would positively influence OCBI. Employee share ownership is widely considered an inducement for OCBI in the literature (Pendleton & Robinson, 2010; Pierce et al., 1991). However, Hypothesis 2 was not supported. There may be other reasons OCBI did not emerge as a significant result. For instance, Ahmad et al. (2019) suggest that stress in the workplace or poor supervisory links may diminish organizational citizenship. While this present study does not posit this condition as applicable in this context, there are potential factors that counteract the emergence of OCBI. Furthermore, OCBO has been supported in the research with collective environments such as ESO, yet Finkelstein (2012) suggests OCBI may differ from the organizational construct because prosocial efforts are directed at peers rather than the organization. Perhaps OCBO is a better measure of organizational citizenship in this context? The notion of how OCBI emerges in the midst of ESO remains unsettled.

The correlation results suggest that ESO may potentially influence females to engage in OCBI in positive ways. A recent study on gender differences and OCB posited that women carry the burden for taking on extra roles and engaging in organizational citizenship behaviors in their work for a variety of reasons (Lin, 2008). This research raises the possibility that gender differences may play a role in predicting OCBI.

Hypothesis 3b predicted that increasing PO would positively enhance the main effects of ESO on OCBI because individuals are likely to demonstrate prosocial behaviors by going above and beyond in support of others (Van Dyne & Pierce, 2004). However, this hypothesis was not supported. The manifestation of OCBI relies on peer and co-worker relations and this level of observation may emerge in any context, so it may have been mis-guided to presume it was unique to ESO. Furthermore, linking organizational citizenship behaviors directed towards the individual may be less prevalent within ESO than exploring citizenship behaviors directed towards the organization (Finkelstein & Penner, 2004), where organizational level, prosocial benefits may result through intrinsic and extrinsic rewards (Weikamp & Göritz, 2016).

Hypothesis 4b predicted that agency monitoring would negatively moderate the main effects of ESO on OCBI because high agency monitoring diminishes an individual's intrinsic motivation to work autonomously (Deci et al., 1999); furthermore, individuals act on prosocial behaviors based on the premise that they want to, rather than have to (Caramelli, 2011). However, Hypothesis 4b was not supported in this research. The premise of agency monitoring may be neutralized within ESO relative to OCBI because interests of the principal and employee align relative to workplace behaviors (Jensen & Meckling, 1976). Hence, agency monitoring may be suppressed from a moderation perspective.

Another plausible consideration about non-findings of this dissertation relates to publication bias, whereby so few articles on entrepreneurship and IEO exist in the extant literature related to ESO. Because there may be other studies similar to this dissertation that revealed non-findings or low magnitude effects (Harrison et al., 2017), it may have

informed other routes of study relative to variables tested in this research. It is also plausible that this theory was mis-specified and not sufficient to measure the variables outlined in the theory.

The next section discusses how this dissertation contributes to ESO research and offers alternative explanations relative to non-findings.

Contributions and Practical Implications

This research conceptually grounded ESO's influence on IEO and OCBI within the literature, which is a novel contribution as it aligns the literature to aspects of ESO. Regrettably, there were many non-findings and an unsupported theory. O'Boyle et al. (2016) postulates ESO research to be challenging because studies related to workplace motivations and performance are difficult to obtain and scarce relative to other business research (potentially due to the majority of firms being privately held). Therefore, while disappointing that this examination led to few findings, it highlights the importance of continuing to research this form of ownership to unmask what we do not yet know.

EO has been broadly examined within the context of small and medium size business (Wiklund & Shepherd, 2005), family-owned business (Naldi et al., 2007), and international business (Shoham et al., 2008), but little was known about the relationship between ESO and entrepreneurship. Though no support was found for the proposed negative influence of ESO on IEO, this dissertation takes a step towards filling the gap within ESO literature. It remains important for ESO leaders to ask what leads to new market entry and individual entrepreneurship within employee owned companies.

Research has theorized that OCB is positively enhanced within employee owned companies (Pierce et al., 1991; Pierce & Furo, 1990); however, no empirical studies had

examined OCBI within ESO (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Despite not finding support ESO relative to OCBI, this dissertation provides a first step in connecting ESO to the OCBI literature. While organizational citizenship and its many forms have been thought to influence prosocial, extra-role behaviors within ESO (Pierce et al., 1991), it remains to be seen if OCBI emerges as important with interactions at the peer or co-worker level. Perhaps a deeper of examination of OCBO will reveal meaningful results because prosocial, extra-role behaviors directed towards the organization stand to benefit the company more than individual transactions of organizational citizenship.

The practical implications of this research reveal that there is more to do in relation to understanding how entrepreneurship emerges in US based ESOPs, as this form of ownership represents a significant share of industry (*ESOPs by the numbers*, 2017). While this dissertation examined individual level entrepreneurial orientation within employee owned firms, it does explain what motivates participants to explore new entry into markets or products. Additional examination of ESO is required to understand how entrepreneurial orientation and entrepreneurial behaviors manifest in employee owned companies.

Furthermore, this research endeavored to explore the role of organizational citizenship at an individual level consistent with the literature (Pendleton & Robinson, 2010; Pierce et al., 1991). It was posited that individuals within a collectivist environment, such as ESOPs, would exhibit prosocial and extra-role behaviors (Chi & Han, 2008); while this research did not discount the notion that organizational citizenship exists within ESO, more is to be done to understand how or if it emerges. Pierce et al.

(1991) suggests the target of OCB is more prevalent towards the organization rather than the individual. Perhaps examining OCBO would reveal where citizenship behaviors emerge within ESO? Hence, unmasking how ESO promotes organizational citizenship remains unresolved within US based ESOPs.

The next section discusses the limitations of this dissertation and potential areas for improvement.

Limitations

This research had several limitations. Individual entrepreneurial orientation is an emerging area of study within the context of entrepreneurship (Joardar & Wu, 2011). While this dissertation grounds IEO within ESO, there are few validated scales to measure IEO in the literature. Hence, the Bolton (2012) 10-item scale was modified primarily from student populations to workforce populations, which was not ideal. The relatively poor CFA of IEO tends to support the notion that this scale is not a sufficient measure of IEO within the context of ESO. While this scale has gained prominence beyond student populations (Kraus et al., 2019), broader IEO scale validation would strengthen the reliability of this research.

The Pearce, Fritz, and Davis, (2009) 3-item scale of autonomy, a control variable in the present study, was adapted from a non-profit context to a corporate workplace environment. Coefficient alpha ($\alpha = .626$) yielded marginal reliability to measure this construct (Hinkin, 1995). Employing a measure of autonomy with stronger validity would strengthen the findings of this research.

It was suggested in the theory building aspects of this dissertation that OCBO and EO are typically examined at the enterprise level, yet this was not examined within the

context of this dissertation. Because this research explored OCBI and IEO, it did not adequately reflect how individuals assess the organization as the target of citizenship behavior and entrepreneurial orientation and therefore represents another limitation. It is instructive to understand how individuals orient their efforts in the pursuit of these factors, yet somewhat insufficient for understanding how people go about promoting prosocial, extra-role behaviors and entrepreneurship when the target transcends individuals to impact the entire enterprise.

While the sample for this study was relatively large ($n=326$), it may have strengthened the research to have a non-employee owned sample to examine the variance between firm effects. This would have enabled further examination of the control variables and main effects to potentially reveal shared variance between ownership structures (DeVellis, 2016). Furthermore, the sample firms are relatively narrow in scope as both are primarily nested within design and engineering sectors in the commercial construction industry. Broader industry context may have been an interesting and more generalizable study.

The cross-sectional design of this study represents a snapshot in time and does not adequately offer insight into of how the relationships proposed in the theory may evolve over time. Furthermore, cross-sectional design is problematic relative to exploring causal relationships, whereas a longitudinal study may reveal change over time (Bono & McNamara, 2011). For instance, to what extent would IEO and OCBI change with subsequent years of growth in ESO participation? A longitudinal design would offer deeper insight into the attributes of ESO's influence over an extended duration, which was not possible within this dissertation.

Perhaps the most prominent shortfall of this research are the obvious non-findings. The proposed theoretical model was not supported, which might be due to several reasons: bad data, weak measures, or mis-specified theory. The theory was not supported on any level, so therein lies the immediate concern. Furthermore, the non-findings of this dissertation suggest the right questions were not explored to uncover how ESO is distinctive in promoting the behaviors espoused in much of the literature. These non-findings unfortunately do not further what we know about what promotes entrepreneurial positioning and organizational citizenship on an individual level within ESO.

Finally, this was a cross-sectional research design, whereby common method bias results from self-reported items on the survey. While not ideal, this form of data collection was the only option available for gathering ESO values.

The next section will discuss ideas for future research within ESO.

Future Research

Aside from contrasting non-employee owned firms with ESO firms, there are additional research possibilities. While the literature pointed to the notion that ESO is negatively related to IEO, bivariate correlations in this study suggest otherwise. Future research should take a closer look at how ESO influences top management teams to promote entrepreneurship within employee owned firms. Additionally, this present study focused on entrepreneurial orientation, whereas it may be more practical to examine entrepreneurial behavior in future research to inform how this behavior emerges within ESO firms. Furthermore, investigating the influence of ESO on IEO using a longitudinal design may reveal how upper management asserts influence in gaining new entry to

markets and products as employee share ownership values grow over time since there was a high correlation between ESO and role within this dissertation.

Understanding the extent to which gender influences OCBI within the context of ESO is a worthy pursuit (Hoffman et al., 2007). This research provides initial evidence suggesting that females are more predisposed to exhibit OCBI relative to men in this research. Deeper investigation of this relationship may unlock clues that reveal how gender may shape behaviors that are accretive to culture building (Allen, 2006).

Additionally, this research focused on OCB targeted towards the individual. However, there is an entire stream of research dedicated to OCB targeted towards the organization (Deckop et al., 1999; Van Dyne et al., 1994a). Given the findings of this research, there may or may not be a difference on an individual level of analysis for finding more prosocial motives of behavior in support of the organization rather than individuals within ESO. However, linking ESO to prosocial behaviors in support of the organization may be a better route to induce behavior because it presents intrinsic and extrinsic reward (Finkelstein & Penner, 2004).

Commitment emerges in the extant literature along with the examination of other attitudinal behaviors within ESO (Bakan et al., 2004). Grit is the drive and passion to persevere in the pursuit of long term goals (Duckworth et al., 2007). Grit is a prominent topic within behavioral science and not much is known about how ESO and collectivist cultures may promote grit behaviors (Datu et al., 2017). For many of the same reasons argued in this research, perhaps the presence of PO and sense of ownership garnered through ESO manifests in promoting grit within the context of employee ownership. Grit

may be essential to high achievement and it is thought to influence every field and industry, professional or otherwise (Duckworth et al., 2007).

Finally, agency monitoring did not garner a significant finding within this research. Perhaps Kurland (2018) has a point when noting the shareholder and employee are one in the same within ESO. Moreover, an emerging stream of research related to mutual monitoring may prove to be a more appropriate measure given ESO is a collectivist environment (McConville et al., 2018). Qualitative research has indicated that ESO participants are keenly aware of fellow employees shirking their responsibilities; no quantitative study has been conducted to fully understand how peer monitoring influences behavior within ESO (McConville et al., 2018). Hence, it may be interesting to explore how mutual monitoring relates to PO and OCBI within the context of ESO because it may be a significant factor in understanding how employees promote accountability towards one another within employee owned companies.

The next section will summarize the overall outcomes of this dissertation and concluding comments.

Conclusion

This dissertation investigated the influence of ESO on IEO and OCBI within employee owned companies (ESOPs). The aims of this dissertation were partly accomplished through an exhaustive review and synthesis of the extant literature and through an empirical test of the hypothesized theory in the context of two employee owned firms.

The first goal of this research was to establish ESO's relationship to IEO within employee owned companies. The topic of entrepreneurship is conspicuously absent in

ESO literature. Despite its non-findings, this dissertation makes a contribution by conceptually linking ESO to the IEO literature. Furthermore, this dissertation is the first study to quantitatively examine the relationship of ESO to IEO within the context of employee owned firms. The second goal of this research was to explore ESO's relationship to OCBI. Organizational citizenship is highly cited within the ESO literature as noted in this dissertation. However, little was known about OCBI within the context of ESO. This research empirically examined this relationship within the context of employee owned companies. The third goal of this research was to investigate how PO is accretive to relationships within ESO. Psychological ownership is widely linked to ESO in the literature, yet it was unfortunately not observed in this dissertation. The final goal of this research was to examine how agency monitoring influences behaviors within ESO. While agency is widely debated in the ESO literature, this research did not find agency monitoring to be a consequential moderator.

In summary, this dissertation examined ESO and its influence on IEO and OCBI to expand what is known about employee ownership and potentially informs future directions for scholarly research within employee ownership literature. Despite its non-findings, it is hoped that this shall inspire future research into this increasingly important topic.

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APPENDIX

Employee Stock Ownership Survey

Start of Block: Job Role



Q12 Indicate the level of your role:

- ☐ Executive (1)
- ☐ Director/Manager (2)
- ☐ Non-management Staff Member/Worker (3)



Q13 Indicate the level of your education:

- ☐ Some High School (1)
- ☐ High School diploma (2)
- ☐ Some college (3)
- ☐ College graduate (4)
- ☐ Graduate school (5)

End of Block: Job Role

Start of Block: OCBI



Q24 In this section we are interested in extra-role behaviors towards other individuals. Please indicate your level of agreement with each of the statements below based on your interactions with other individuals within your organization

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Some what Agree (5)	Agree (6)	Strongly Agree (7)
I help others who are absent (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Willingly give my time to help others who have work-related problems (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adjust my work schedule to accommodate other employees' request for time off (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Go out of my way to make newer employees feel welcome in the work group (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I show genuine concern and courtesy toward coworkers, even under the most trying business or personal situations (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I give up time to help others who have work or nonwork problems (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I assist others with their duties (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I share personal property with others to help their work (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: OCBI

Start of Block: OCBO



Q2 In this section we are interested in extra-role behaviors towards the organization. Please indicate your level of agreement with each of the following statements based on your experience within your organization

[illegible]

from potential
problems (7)

I demonstrate
concern about
the image of
the
organization
(8)



End of Block: OCBO

Start of Block: IEO

I prefer to try my own unique way when learning new things rather than doing it like everyone else does (6)

☐☐☐☐☐☐☐

I favor experimentation and original approaches to problem solving rather than using methods others generally use for solving their problems (7)

☐☐☐☐☐☐☐

I usually act in anticipation of future problems, needs or changes (8)

☐☐☐☐☐☐☐

I tend to plan ahead on projects (9)

☐☐☐☐☐☐☐

I prefer to “step-up” and get things going on projects rather than sit and wait for someone to else to do it (10)

☐☐☐☐☐☐☐

End of Block: IEO

Q21 Answer all questions based on your impression of taking independent action within the company.
Indicate which of the two statements is most true for your company.

	First statement more true			Equally true			Second statement more true	
	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	
Very many changes suggested by employees are implemented	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	Very few changes suggested by employees are implemented
Identifying new programs and services is the responsibility of a small number of employees	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	Identifying new programs and services is done by all employees
Our company discourages independent activity to develop new programs and services	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	Our company encourages independent activity to develop new programs and services

End of Block: Autonomy

Start of Block: PO



Q4 In this section we are interested in the feeling of ownership. Think about the home or car that you own or co-own with someone, and the experiences and feelings associated with the statement 'THIS IS MY (OUR) HOUSE!'. The following questions deal with the 'sense of ownership' that you feel for the

When someone
does good work, I
let everyone in the
department know
it (8)

☐☐☐☐☐☐☐

If I notice an
employee doing a
poor job, I let that
person know right
away (9)

☐☐☐☐☐☐☐

I have achieved a goal that took years of work (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have overcome setbacks to conquer an important challenge (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I finish whatever I begin (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Setbacks don't discourage me (10)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am a hard worker (11)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am diligent (12)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: GRIT

Start of Block: ESOP Value



Q25 Approximate value of your ESOP account: \$ (US Dollars)



Q14 Please answer the following statements:

[illegible]