GROWING FIRMS, HAPPY EMPLOYEES? THE INFLUENCE OF NEW VENTURE GROWTH ON EMPLOYEE WELL-BEING (SUMMARY)

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GROWING FIRMS, HAPPY EMPLOYEES? THE INFLUENCE OF NEW VENTURE GROWTH ON EMPLOYEE WELL-BEING

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Principal Topic

Firm growth is a foundational topic in entrepreneurship research (Nason & Wiklund, 2015). To date, most of this research has concerned explaining why some firms grow more than others. Far less, however, is known about the implications of growth (McKelvie & Wiklund, 2010). While growth poses new opportunities for employees to develop and advance their careers, it can also lead to internal turmoil, stress, and burnout (Flamholz, 2012). Studies have shown that the concern for employee well-being is the most important factor influencing whether entrepreneurs are aiming to expand their businesses or not (Wiklund, Davidsson & Delmar, 2003).

In this paper, we examine the extent to which growth influences the well-being of employees. As firms grow, the employees’ work environment changes. These changes can affect individuals’ well-being differently as they adapt in their own ways. Hedonic treadmill theory suggests that well-being fluctuates over time, but ultimately reaches a hedonic set point, where the individual returns to equilibrium of well-being. (Brickman & Campell, 1971). Building on hedonic and eudaimonic theories of well-being (e.g., Ryan & Deci, 2010) combined with dynamic states of growth models (Levie & Lichtenstein, 2010), we pose hypotheses regarding how growth influences employee well-being.

Method

We developed a suite of software tools to create a custom and novel database. First, we collected firm level data, such as annual revenue and employee counts, from the vendor PrivCo and other sources. We then harvested employee data from the website Glassdoor.com, which included a set of Likert-type scales rating factors of their work experience and free form text describing their experiences at the firm. We then use hierarchical modeling and computer-aided content analysis techniques to test our hypothesis.

Results and Implications

Tentative results indicate that there is a positive relationship between firm growth and employee well-being. This relationship is mediated by the employees’ perception of their work environment. This study offers three contributions. First, it extends our understanding of the implications of firm growth. Second, we systematically link firm growth with well-being. Well-being is increasingly seen as a relevant outcome from entrepreneurship. Lastly, we make a methodological contribution to entrepreneurship research, capturing and analyzing large quantities of data found on the internet.

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