MANAGING HUMAN RESOURCES TO ACHIEVE NEW FIRM GROWTH: A STEWARDSHIP PERSPECTIVE

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ABSTRACT

This study examines the relationship between managerial philosophy and firm performance in a sample of young ventures. We draw from a diverse body of literature linking stewardship theory and the resource based view to submit that management based on trust, reciprocity, and identification (commitment) will enhance firm performance. Utilizing a sample of small high-tech new ventures this study tests the hypothesized relationships between stewardship, human and social capital, sales growth and voluntary turnover. Study findings indicate that a managerial philosophy governed by stewardship is related to higher levels of firm sales-growth, human and social capital and less voluntary turnover. Neither human nor social capital was found to mediate the relationship between partnership and sales growth.

INTRODUCTION & LITERATURE REVIEW

Many entrepreneurs note that one of their greatest struggles is in the implementation of effective management practices that help to select quality employees and motivate their work force to achieve superior performance (Rutherford, Buller, & McMullen, 2003). As firms begin to grow and develop, the addition of new human resources becomes an important part of the management challenge (Hambrick & Crozier, 1985). As these new members are added to the organization the entrepreneur must meet the challenge by retaining his or her visionary role as leader of the firm, while simultaneously letting go of some of the tactical day-to-day operations of the firm. Many entrepreneurs struggle with this transition and find difficulty in defining and implementing a successful managerial philosophy (Terpstra and Olson, 1993). This paper postulates that the most effective form of management for growth-oriented new ventures may be based upon a stewardship-philosophy, where the owner seeks to promote ownership and mutuality within his or her employment base.

While there have been a number of studies examining the connection between a stewardship managerial philosophy and firm performance (e.g. Eddleston and Kellermans, 2007), none have examined this explicitly in the young firm. Indeed the study of human resource management practices in small and young firms, in general, remains an under researched area (Cardon and Stevens, 2004; Hornsby and Kuratko, 1990; Tocher and Rutherford, 2009; Way, 2002). This study endeavors, in part, to remedy this situation by addressing the relationship between management philosophy and performance, as well as by investigating potential mediators of this relationship.

Stewardship Theory as Managerial Philosophy

Stewardship theory arose in the sociology and psychology literatures as an alternative form of management than those based upon agency theory (Davis, Schoorman, & Donaldson, 1997).
Agency theory rests on the core economic belief that human behavior is motivated by self-interest, opportunism, and utility-maximization (Jensen & Meckling, 1976). As such, agency theory prescribes that organizations must work to align the interests of agents with those of the organization’s principles via control and incentive systems. Though generally conceptualized as a framework for the relationship between shareholders and top managers, the basic principles have also been applied to the employment relationship between the small business owner and the organization’s employees (Breton-Miller and Miller, 2009; Corbetta and Salvatto, 2004). Under agency theory the owner is offered the choice of seeking to monitor and control the behavior of his or her employees (and thus incur agency costs) or, alternatively, to create incentive systems that align individual utility seeking behaviors with organizational objectives (thereby reducing agency costs).

Stewardship theory challenges the basic supposition that all human behavior results from self-interest and claims that utility can be maximized in other, more intrinsic, forms (Davis et. al., 1997; Donaldson & Davis, 1991; Zahra et al., 2008). Under stewardship theory, utility may be maximized through both financial and nonfinancial rewards. For instance, research indicates that firm founders are willing to accept lower levels of financial rewards from their firm, because they are achieving other non-pecuniary needs through firm formation and ownership (Wasserman, 2006). In the same vein, employees working for an entrepreneurial firm might be rewarded in forms other than strict financial benefits (Appelbaum & Kamal, 2000; Appelbaum & Shapiro, 1991). The opportunity to work with innovative products or services, or to help build a young organization, or to work in a less firmly established organizational culture may all provide utility to the employees working in a new venture (Appelbaum & Kamal, 2000). As a result, stewardship theory suggests more open forms of management that help to build trust and collaboration between the owner-manager and the firm’s employees in order to establish a culture of pro-organizational rather than pro-self values (Davis et al., 1997).

A managerial philosophy based upon stewardship may be able to enhance firm performance and ultimately lead to competitive advantage by increasing the level of human and social capital within the young firm. As such, a stewardship philosophy to managing human resources may serve as a firm level competency or dynamic capability. The strategic management literature has defined such capabilities as a “subset of the competences/capabilities which allow the firm to create new products and processes and respond to changing market circumstances” (Teece and Pisano, 1994: 541). Several processes have been noted as potential dynamic capabilities such as those connected to knowledge acquisition mechanisms, strategic decision-making processes, new product development, supply chain management, inventory management capabilities, organizational reputation, and organizational culture (Carmeli & Tishler, 2004; Eisenhardt & Martin, 2000; Lee, Lee, & Pennings, 2001; Yli-Renko, Autio, & Sapienza, 2001; Zollo & Winter, 2002). These processes allow for the successful deployment and reconstruction of resources such as human and social capital, which represent the stock of factors available to, or under the control of the firm (Amit & Schoemaker, 1993; Helfat & Lieberman, 2002).

Stewardship forms of management have the ability to affect firm performance by serving as a dynamic capability that unlocks the potential of the firm’s employment base. While the empirical research on the link between stewardship and firm performance is light, it is extant and growing. For example, Vallejo (2009) studied the affect that a managerial philosophy based on stewardship had on firm performance in 90 auto dealers in the Spanish Federation of Automobile Dealers Association. Findings indicate that managers who create an environment based on stewardship (trust, reciprocity, and commitment) among employees are able to achieve significantly higher performance for their firms. Vallejo (2009) measured stewardship as commitment among
employees to the firm along three dimensions (identification, involvement, and loyalty). While involvement and loyalty were not significant, identification commitment was; explaining 10% of the variance in profitability and 16% of the variance in survival.

This is an important finding, because identification is seen as a particularly important aspect of stewardship theory (Davis, et al, 1997). Identification results when individual employees have their values closely aligned with values of the organization (Deckop, Mangel, & Cirka, 1999). When identification is high, organizational members view the firm as an extension of themselves. Stewardship theory suggests that taking a collaborative approach is one such way to build increased levels of identification, which will serve to promote organizational- rather than self-interest (Davis et al., 1997; Wasserman, 2006).

In addition, Zahra, et al. (2008) conducted a study on 248 firms in the food processing industry to ascertain the impact of a stewardship culture on strategic flexibility; essentially submitting that firms with such a culture would have greater flexibility and therefore possible competitive advantage. In this study, items were created to measure a stewardship culture by tapping the manager-employee dyad. Their results generally support the notion that a stewardship culture leads to enhanced strategic flexibility.

**Stewardship Theory and Emerging Organizations**

Stewardship approaches to management may be particularly powerful in young firms. New enterprises are often smaller and rely more heavily on individual contributions than do their larger counterparts. Each individual within the smaller firm contributes to the firm’s bottom line in more direct ways than in larger organizations. Moreover, new ventures often lack the financial capital to be able to pay above market wages (Appelbaum & Kamal, 2000; Hornsby and Kuratko, 1990), which means that these enterprises must find new ways to attract and retain valuable contributors. Offering an environment characterized by trust, communication, and reciprocity may be one such way of attracting talent. In addition, new ventures benefit from having fewer constrains imposed by past management practices, philosophies or cultural artifacts. Many have the opportunity to shape and create organizational culture that larger and more established firms lack. While established firms often fall into the self-fulfilling prophecy of monitoring and controlling employees via traditional agency relationships (Argyis, 1973; Ferraro, Pfeffer, & Sutton, 2005), newer firms are afforded the opportunity of establishing norms and routines based upon a stewardship model. This is particularly important as the philosophies, culture, and practices established early in a firm’s lifecycle will be subjected to the forces of inertia that grow during the firm’s development (Baron & Hannan, 2002).

While the results examining the relationship between managerial stewardship and firm performance have been mixed, we believe that enough has been compiled to suggest a positive association; especially when considering the special nature of the emergent enterprise. Therefore, we hypothesize:

**Hypothesis 1: Stewardship will be associated with firm sales growth.**

Beyond growth, it is also likely that management philosophies based on trust, reciprocity, and commitment will have an effect on other, more proximal, measures of firm performance. For instance, such philosophies have been conceptually linked to increased productivity, better quality, and lower levels of absenteeism and turnover (Roscow & Casner-Lotto, 1998). Of specific interest to this study, is the relationship between stewardship and employee voluntary turnover in new
ventures. Turnover is an important issue in small businesses, as these firms often lack the resources to pay above market wages or offer the benefits that larger competitors are able to provide. As a result, it is important for growing ventures to find other means to compete and retain talent. Stewardship may be one avenue that small businesses can utilize to lower turnover levels as it is expected that perceptions of trust, collaboration, and communication will increase retention. Therefore, we hypothesize:

Hypothesis 2: Stewardship will be associated with lower levels of voluntary turnover.

Linking Stewardship to Performance: The Mediating Role of Human and Social Capital

The proper management of the HR function has been associated with positive firm level outcomes in organizations of all sizes (Arthur, 1994; Huselid, 1995; Way, 2002); including new ventures (Chandler and McEvoy, 2000; Hayton, 2003). It has traditionally been noted that these positive relationships exist because the human resource brings valuable stocks of human and social capital to the organization, which are likely to serve as critical resources that produce competitive advantages (Wright, Dunford, & Snell, 2001). This proposition has traditionally been linked to the resource based view of the firm (Barney, 1991; Penrose, 1959; Wernerfelt, 1984).

The resource based view of the firm proposes that firms can gain a sustainable competitive advantage over rivals to the extent that they are able to utilize resources that are unique, valuable, rare, inimitable, and non-substitutable (Barney, 1991). The strategic human resource management literature has argued that the human resource is a useful avenue to invest and develop as it meets these criteria, possibly more fully than any other organizational resource (Boxall & Steeneveld, 1999; Guthrie, 2001; Wright et al., 2001). This literature further argues that management practices and philosophies can affect firm performance by creating inimitable resources bundles of human and social capital (Agarwala, 2003). By bringing together valuable human and social capital in idiosyncratic forms a young firm is likely to achieve a non- replicable strategic advantage over its rivals (Davidsson & Honig, 2003).

Human capital is the combination of knowledge, skills, and abilities embedded within a firm’s human resources that are the direct result of individual learning and education (Becker, 1964). As a powerful organizational resource, human capital has been noted to be an important driver of firm performance through its potential to influence firm-level innovation (Hayton, 2005; Pinchot, 1985; Selvarajan et al., 2007; Zahra, 1993). Human capital has been specifically identified as a firm-level capability that allows organizations to develop and realign resources to attain a performance advantage and possibly a sustainable competitive advantage (Adner & Helfat, 2003; Carmeli & Tishler, 2004, Reed et al., 2006). In addition, empirical studies have found a consistent and positive relationship between measures of human capital and firm performance metrics (Carmeli & Tishler, 2004; Hitt, Bierman, Shimizu, & Kochar, 2001; Reed et al., 2006; Skagg & Youndt, 2004; Youndt & Snell, 2004).

In addition to human capital, social capital also has been demonstrated to be a firm level resource that can enhance firm performance (Pinchot, 1985). Social capital reflects the strength of associations within the firm and the ability to coordinate knowledge exchange and employee communication (Youndt & Snell, 2004). Social capital serves as a proxy for the overall quality and depth of relationships within the organization that help to build high levels of teamwork, enhance collaboration, and increase the incidence of organizational citizenship behaviors (MacDuffie, 1995). In addition, the strength of social relationships within a firm influences the ability of organizational members to transfer both tacit and explicit knowledge between employees
(Grant, 1996; Kang et al., 2007). This knowledge transfer has been noted as a powerful tool assisting firms in exploitative learning (Kang et al., 2007; Leana & Van Buren, 1999).

Social capital has been subject to multiple empirical investigations. For instance, Subramaniam & Youndt (2005) were able to support a positive relationship between social capital and measures of both incremental and radical innovation capabilities. In addition, Yli-Renko, Autio, & Sapienza (2001) supported a connection between firm-level social capital and knowledge acquisition, which in turn was found to enhance knowledge exploitation capabilities in the form of new product development, cost-efficiency, and technological distinctiveness. Similarly, in a sample of single-industry industrial organizations Youndt and Snell (2004) found a positive relationship between social capital and firm performance.

Simply stated, a stewardship philosophy can be thought of as the dynamic capability that helps to align and realign important organizational resources, such as human and social capital. Stewardship helps to build human capital in the firm by providing market signals that the firm is an “employer of choice” (Pfeffer, 1994). If current employees enjoy working for the organization they are likely to provide an important signal to talented outsiders about the advantages of working for the organization, thereby increasing the quality and quantity of human capital available to the firm. In addition, by building strong levels of stewardship the organization is likely to foster a greater sense of identification and commitment in its employment base that will lead to the retention of greater levels of human and social capital. Therefore, we expect that:

**Hypothesis 3:** The relationship between stewardship and sales growth will be partially mediated by human capital.

**Hypothesis 4:** The relationship between stewardship and sales growth will be partially mediated by social capital.

**METHODS**

The data for this study was collected as part of a larger data collection process, which is detailed in (Messersmith & Guthrie, 2010). The initial sample was derived from the National Establishment Time-Series (NETS) database. The NETS database was first made available in 2003 and has since been used at a more macro level to track business growth and movement and job creation (Neumark, Wall, & Zhang, 2008). The database is assembled by utilizing Dun & Bradstreet market reports to track longitudinal data on firm sales performance, employment numbers, and credit status across the life cycle of each firm.

An initial sampling pool of 50,000 establishments was originally extracted from the database across industry groups operating in the computer hardware, software, peripherals and consulting areas. In particular, firms identified as operating within SIC designated industry sectors 7371-7379 and 5045 were targeted for inclusion in the sample. This more limited set of industries allows for a test of firms operating within industries that have traditionally been classified as technology intensive (e.g., Baron et al., 1996; Burton & O’Reilly, 2004; Insch & Steensma, 2006; Schilling & Steensma, 2002; Tegarden et al., 2005). The initial sample was further restricted to those firms that were listed as being less than 10 years old, which were standalone businesses that had a minimum of 10 employees at the time of the survey. These firms were eliminated in order to avoid bias from having firms in vastly different life cycle stages, with too few employees to establish a management philosophy, and those that may have managerial philosophies adapted from larger corporate mandates. Also, firms without adequate contact information were removed from the sample. This resulted in a pool of 2,018 firms.
Pilot testing was completed with three executives of similarly sized organizations. After revision of the survey instrument, survey based measures of demographic data, turnover, net sales, and partnership (among others) were mailed to the senior most contact person listed in the NETS database. All participants were offered an executive summary of the study results once the project was completed. Several follow-up e-mails were sent to those individuals in the database with available e-mail address information. Those that were inaccessible via e-mail were sent reminder phone messages and an additional mailing. These efforts resulted in 215 responses, providing an overall response rate of 10.7%. Many respondents were hesitant to provide financial information as all of the companies surveyed were private firms. Also, of these 215 responses, 25 of the firms were older than 10 years of age and were subsequently removed from the analysis. Below we describe the measures used in the study.

**Stewardship Philosophy.** As mentioned previously, there is a lack of consistency with respect to the operationalization of stewardship philosophy. Few empirical studies have been undertaken with a stewardship focus. As a result of this lack of agreement we chose to measure stewardship using scale items adapted from the labor relations literature, which actualize stewardship using the concept of partnership. Partnership is an employment model popularized by the Labour Party in the United Kingdom, which has sought to find productive ways to recast the relationship between management and labor as a collaborative rather than an adversarial system (Dietz, 2004; Guest and Peccei, 2001; Guest, Brown, Peccei, and Huxley, 2008; McCartan, 2002). This literature has generally discussed partnership as being a function of the following: mutual trust and respect between employees and owners and managers, a recognition of the link between relative levels of job security and productivity, a shared vision for the mutual success of employees and employers, continuous information exchange within the organization, and decentralized decision-making (McCartan, 2002). Each of these aspects of partnership resonates with the underlying model of stewardship discussed above.

**Sales Growth.** Sales growth was calculated by taking the percentage change in sales from the establishment in 2005 to 2006 as reported in the NETS database. The use of the NETS data allows us to remove concerns of common method bias by retrieving one of the primary dependent variables of interest from an archival source.

**Turnover.** Turnover was calculated by asking respondents to indicate the percentage of employees who left voluntarily during each year from 2004 through 2007. Obtaining turnover data from key respondents is the modal approach in the SHRM literature (e.g., Guthrie, 2001; Huselid, 1995).

**Human and Social Capital.** Both human and social capital were measured using the scale created by Subramaniam and Youndt (2005). These are perceptual scales that use five items to assess the levels of human and social capital in the organization from the perspective of the organizational leader. An average of the five items was taken to represent the perceived level of both human and social capital within the firm.

**Controls.** Control variables were included for firm size, firm age, and the percentage of venture capital financing received by the organization.

**RESULTS**

Descriptive statistics and correlations are presented below in Table 1. The correlations reveal a positive and significant relationship between partnership and firm sales growth ($p < .05$) and a
negative relationship between partnership and voluntary turnover \((p < .05)\). The bivariate correlations do not suggest a significant relationship between either human capital or social capital and firm sales growth.

Structural equation modeling (SEM) was performed to determine the best fitting model for predicting firm performance with all dependent variables included in the analysis. SEM is a broad analytic framework that allows scholars to combine path analysis with confirmatory factor analysis. For each of the models in the study model fit was evaluated using three common fit metrics: \(\chi^2\) significance tests, root mean square error of approximation (RMSEA), and the Comparative Fit Index (CFI). LISREL 10.0 with maximum likelihood estimation was used to perform the structural equation analyses in this study. We examine four models to assess the hypotheses of interest. First, we fit a measurement model for the underlying data structure without the mediation effect of human and social capital. This model was used to assess the degree of overall fit of the hypothesized model with that of the underlying data structure. The measurement model exhibited strong model fit with a nonsignificant \(\chi^2\) statistic. In addition, the RMSEA (.0200) index of fit is well below .08 and the CFI (.997) is well above the .90 threshold that Kline (1998) recommends.

Following the establishment of the measurement model a structural model was fit to test the main effect of stewardship on sales growth and turnover. The structural model also exhibited strong model fit \((\chi^2 = 12.688; \text{d.f.} = 12; p = .392; \text{RMSEA} = .0177; \text{CFI} = .998)\). The structural model is presented in Figure 1. This model indicates that firm size is positively associated with sales growth \((\beta = .146, p < .10)\). In addition, firm age is negatively associated with voluntary turnover \((\beta = -.135, p < .10)\). The structural model supports Hypothesis 1 by showing a significant relationship between stewardship and sales growth at the latent level \((\beta = .262, p < .05)\). Hypothesis 2 was also supported as a significant negative relationship was observed between stewardship and voluntary turnover \((\beta = -.209, p < .05)\).

To test Hypotheses 3 and 4 separate measurement and structural models were fit, which included the human and social capital data. The measurement model for these hypothesis tests exhibits strong model fit \((\chi^2 = 27.772; \text{d.f.} = 22; p = .392; \text{RMSEA} = .0427; \text{CFI} = .986)\). Figure 2 presents the structural model, which was fit to assess whether human or social capital serve as partial mediators of the relationships between stewardship and both sales growth and voluntary turnover. This model also fit the covariance structure of the data well \((\chi^2 = 31.528; \text{d.f.} = 22; p = .0848; \text{RMSEA} = .0533; \text{CFI} = .978)\). The results of this model fail to support Hypotheses 3 and 4. While the relationship between stewardship and both human \((\beta = .539, p < .01)\) and social capital \((\beta = .427, p < .05)\) is significant, neither of these is significantly associated with sales growth. An additional model was also fit to the data to assess the potential for full mediation by human and social capital between the stewardship construct and firm sales growth. This model demonstrates adequate model fit, though the \(\chi^2\) for this model is significant \((\chi^2 = 38.574; \text{d.f.} = 24; p = .0303; \text{RMSEA} = .0593; \text{CFI} = .970)\). This model again fails to support Hypothesis 4, though weak support is found for Hypothesis 3 as human capital is marginally associated with both sales growth \((\beta = .187, p < .10)\) and voluntary turnover \((\beta = -.207, p < .05)\).

**DISCUSSION**

This study examines two primary research questions. The first is to what extent is a stewardship philosophy associated with firm performance? In this case firm performance was operationalized as sales growth and voluntary turnover levels. The results of the study support the logic of stewardship theory which suggests that building, trust, collaboration, and high-levels of
communication with employees will benefit the organization. Stewardship was related to sales growth in this sample of small, young, high-tech firms. The results of the study also indicate that an espoused philosophy of stewardship is linked to lower levels of voluntary turnover. This relationship suggests that small and growing ventures can build higher levels of retention by managing via a philosophy of stewardship, rather than based upon an intricate system of monitoring and controlling employee behavior.

From a theoretical standpoint these results support stewardship theory. Firms that allow their employees greater autonomy and seek to partner with them fully in decision-making tended to outperform those with less stewardship-oriented managerial philosophies. These findings are particularly salient given the relatively youthful nature of the businesses that participated in the study. Whereas more established firms may have difficulty changing their managerial philosophies from an agency-relationship focus to a partnership-relationship focus, this sample of firms does not suffer under the same weight of inertia. As a result they may be able to create their own set of self-fulfilling prophecies (Ferraro et al., 2005) based upon a more inclusive managerial philosophy.

The second research question attempts to examine the relationship between stewardship and firm performance more deeply by analyzing the mediating roles of both human and social capital. The hypothesized answer to this question is that stewardship improves firm performance by increasing levels of human and social capital within the firm, which in turn help to improve firm performance. These hypotheses were built using the logic of the resource-based view of the firm and the dynamic capability perspectives. It was argued that stewardship is a firm-level capability that helps to build key resources in the form of human and social capital, which ultimately influence firm performance. However, these hypotheses were not supported. Though stewardship had a strong positive relationship with both human and social capital in this sample of firms, neither of the mediating constructs was found to be statistically related to firm sales growth in the partial mediation model.

As a result, the arguments based upon the resource-based view and dynamic capabilities perspectives were not supported in this sample of firms. While a clear link existed in this study between models of stewardship and the human and social capital within the firm, these later resource groups were not connected to sales growth. It may be that the measures of human and social capital in the study lacked construct validity or that not enough time was given for true stocks of human and social capital to be established in the firm. In addition, the resource-based view stresses that competitive advantage can only be achieved by configuring resource bundles in a causally ambiguous manner (Barney, 1991). As such, the operationalization of the key constructs in this study may have failed to capture the idiosyncratic forces that each firm used to leverage stewardship into a competitive advantage. Therefore, future studies using better proxies for human and social capital along with longitudinal analyses will be better positioned to answer this research question.

Limitations & Directions for Future Research

The results of this study should be interpreted in light of several significant limitations. First, the relatively small sample size and the low response rate suggest that generalizations should be made cautiously. Despite the fact that tests of nonresponse bias did not reveal any significant differences, it is still possible that other high-tech firms differ in substantive and systematic ways from those who participated in the study.
An additional limitation of this study is the potential for reverse causality between the stewardship measure and firm performance. It may be that successful firms operate with different managerial philosophies early on and then switch to a more stewardship-oriented philosophy once the company has achieved a certain level of success. While this is certainly possible, it seems less likely given the relative youth of all of these firms (all 10 years older or less) and the fact that the majority of the firms in the sample were still led by the founder. It seems more plausible that an underlying management philosophy has guided these firms since their inception, rather than the mid-course correction hypothesis. Regardless, future longitudinal studies are necessary to control for this possibility.

Finally, this study may suffer from a survival bias, in that all of these firms have achieved the first criterion of success: survival. As many young firms fail to reach 7 years of age (the mean in this sample) all of the firms assessed were relatively successful. One could argue that this study then was a study of only successful firms; however, there was still variance to be explained in sales growth that can be attributed to a stewardship philosophy.

CONCLUSION

Entrepreneurship has routinely been hailed as the foundation of successful economies (e.g., Drucker, 1985). In fact, in a recent Wall Street Journal article Edmund Phelps, the 2006 Nobel Laureate in Economics, noted that entrepreneurship is the key to developing and sustaining a prosperous economy, and stressed that a nation’s competitive advantage lies with its ability and motivation to innovate (Phelps, 2007). Despite these claims relatively little has been investigated in regard to the managerial values that help new ventures become successful. This study helps to answer that question by linking a managerial philosophy based upon stewardship to higher levels of sales growth, human and social capital, and employee retention. In doing so, this research adds to entrepreneurship scholarship and offers useful advice to practitioners charged with managing a new venture.

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REFERENCES


### Table 1: Descriptive Statistics & Correlation

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*Correlations greater than 0.20 are significant at p < 0.05, correlations greater than 0.30 are significant at p < 0.01.*
FIGURE 1: STRUCTURAL MODEL – MAIN EFFECT (Non-significant paths removed)

The same pattern of correlations between latent constructs and residuals was used in this model as in the measurement model. Paths were omitted for graphical purposes. 

\[ \chi^2(12) = 12.688 \ p = .392; \ RMSEA = .0177 \ CFI = .998 \]
FIGURE 2: SEM MODEL – STRUCTURAL PARTIAL MEDIATION MODEL
(Non-significant paths removed)

\( \chi^2 (22) = 31.528, p = .0848; \text{RMSEA} = .0533 \text{ CFI} = .978 \)

*The same pattern of correlations between latent constructs and residuals was used in this model as in the measurement model. Paths were omitted for graphical purposes.