Dissertation Defense of Derek Rowland

July 21st, 2020 at 2 p.m.

Live Broadcast on UWW CoBE Facebook Page

CREATING A MORE ENGAGING ESOP THROUGH LITERATURE AND PHYSICS

DEREK E. ROWLAND

Dr. K. Praveen Parboteeah, Dissertation Chair

**ABSTRACT**

Employee stock ownership plans (ESOPs) are federal governed, tax incentivized plans that distribute equity shares of the business to its employees. These types of plans are growing in popularity and are currently underserved in the academic literature (Blasi, Freeman, & Kruse, 2013). While it is widely believed that these types of plans create a highly engaged workforce which drives increased firm performance, this is still highly disputed in the literature (Kim & Patel, 2017). The purpose of this research is to examine the ESOP phenomenon to determine if ESOPs truly impact employee engagement through the ownership mentality construct. This dissertation utilizes social exchange theory and alignment theory to theorize that ownership mentality partially mediates the employee engagement model. Further, using critical mass theory, from physics, this study postulates that firm size negatively influences the relationship ownership mentality has with the antecedents oh employee engagement. The research model is tested using three different models: a) primary literature model, b) primary NBER model, and C) secondary NBER mode. Data for the secondary research model was obtained from a survey funded by the National Bureau of Economic Research (NBER) from 2002 to 2005. The primary research models were tested using a 2020 survey, conducted for this dissertation, of employee owners and non-employee owners, to show that employee ownership had a direct correlation to employee ownership mentality. Employee ownership mentality was then tested in Saks’ (2006) antecedents and outcomes of employee engagement model for partial mediation of the employee engagement relationship. Lastly, critical mass theory was used to establish a moderation effect on ownership mentality based on firm size. The research found support for all its hypotheses, ESOPs do lead to ownership mentality, ownership mentality does partially mediate the employee engagement model and that as firm size increases there is an impact on the ownership mentality relationships. Findings from this study have important implications for research and practice. It provides the framework for all future ESOP research and it provides better guidance to ESOP managers on how to maximize their most important resource, their team.