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Promoting or preventing entrepreneurship? Employers' perceptions of and reactions to employees' entrepreneurial side jobs

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ABSTRACT

Many entrepreneurs start their businesses while staying employed. Although such businesses are theorized to have positive and negative effects on employers' businesses, employers' perceptions and reactions to subordinates' entrepreneurial side businesses are mostly unexplored. Based on a vignette study of 988 managers, we find that employers acknowledge both opportunities related to increased job performance and job attitudes as well as threats emerging from enterprising employees. Employers' prior experiences with enterprising employees make them perceive positive consequences as more likely. Situational factors affect the outcome expectancies and moderate the relationships between these outcome expectancies and employer behavior. We discuss implications of our findings for fostering entrepreneurial mindsets in established organizations and for the emergence of entrepreneurship.

1. Introduction

Most entrepreneurs emerge from employment in established firms (Sørensen and Fassiotto, 2011). One path for such entrepreneurs is to remain employed while launching or running their own businesses. This option, which is also referred to as hybrid entrepreneurship; has been emphasized as a strategy to test new business ideas on a smaller scale (Folta et al., 2010), to survive the initial, low-income phases (Carter et al., 2004), and to hedge the related risks (Parker, 1997). Moreover, second-job entrepreneurship tends to deliver a higher hourly income than a second employment, often even higher than the first-job (Schulz et al., 2017). While organizations may actually benefit from employees with side businesses in terms of an increased entrepreneurial attitude and innovativeness (Fini et al., 2017; Marshall et al., 2019; Sessions et al., 2021), it is not clear whether and to what extent employers actually value the positive consequences of their employees' side businesses. Moreover, while policy-makers support latent entrepreneurs by simplifying (Schulz et al., 2016) or offering advice, e.g., on business registration and public funding, they do not help employers productively deal with their externally enterprising employees, even though supporting latent entrepreneurs' employers might also support the emergence of entrepreneurship.

Our study explores how employers perceive and influence the transition from latent to emergent entrepreneurship when enterprising employees want to remain employed. We seek to answer the following questions: Do employers acknowledge the possibly positive outcomes of employees' entrepreneurship, such as innovativeness, higher motivation, and possibly more entrepreneurially minded employees (Fini et al., 2017; Marshall et al., 2019; Sessions et al., 2021)? Or, conversely, do they solely focus on adverse outcomes, such as these employees' reduced flexibility? Might such employees even use their employers' resources for their own businesses? If employers' overly focus on the negative, employers might hinder the emergence of entrepreneurship and, moreover, not realize that these employees' innovative potential could impact their own businesses positively.

Based on a brief literature review and a conceptual discussion, supported by interviews with human resource and top managers, we identify nine fundamental outcomes that emerge from enterprising

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employees and that might be relevant to employers. These consist of six opportunities, three of which leverage job performance and three relating to more favorable job attitudes. Additionally, we identify three threats related to outcomes considered harmful for the employer. Empirically, we build on a quantitative vignette study (Aguinis and Bradley, 2014) of 988 managers with at least one subordinate. The quantitative study confirms the relevance of the nine selected outcomes. We find that managers who have direct experiences with employees running own side businesses are more likely to see opportunities arising from such employees. Furthermore, the situational specificity in terms of the employees' importance for the employer and the proximity of their businesses affects employers' behavior and moderates the outcome expectancies' influence on this behavior.

Our combined insights contribute to entrepreneurship research in multiple ways. First, we contribute by focusing on new firm emergence (Acs et al., 2009, 2013; Caiazza et al., 2020) and, specifically, on the employers' role (Dobrev and Barnett, 2005; Sørensen, 2007; Sørensen and Fassiotto, 2011). Since many entrepreneurs remain employed when launching startups (Folta et al., 2010; Raffiee and Feng, 2014), entrepreneurship could be triggered by simplifying the organization of such a combination by, e.g., reducing the time needed to register firms (Schulz et al., 2016). Focusing on the contexts of emerging entrepreneurship (Dobrev and Barnett, 2005), we suggest that the ways employers react to such combinations influence entrepreneurship's emergence. If employers were to discourage their employees, the latter might relinquish the idea of starting an own business. We specifically advance this research by highlighting factors that may affect how employers react to enterprising employees. Particularly interesting is the finding that employers have a higher likelihood of acknowledging the positive consequences if they have previous direct experiences with such employees. Thus, the more prevalent and transparent such activities become, the more employers may actually support this type of entrepreneurship.

Second, we contribute to organizational research by focusing on how established organizations could source innovations and, more generally, entrepreneurial skills, as well as how they can create an intrapreneurial spirit (Kuratko and Audretsch, 2013; Weiblen and Chesbrough, 2015; Lukes and Stephan, 2017). We suggest that this stream of research might benefit from a more thorough consideration of the role that employees' independent side jobs could play. Established firms could source entrepreneurial talent not just from their business incubators, specialized departments, and specific programs (Bøllingtoft and Ulhøi, 2005; Kohler, 2016), but also from their employees engaging in entrepreneurship as a side job. We specifically advance this research by identifying a set of positive and negative outcomes that employers associate with employee startups. We go beyond previous studies, which mostly focus on innovativeness (Fini et al., 2017; Marshall et al., 2019) and empowerment (Sessions et al., 2021), by also addressing other positive outcomes, such as employee retention and employer image, but also adverse outcomes, such as employees' reduced resilience and flexibility with regard to their paid jobs. We demonstrate how variations in beliefs about such outcomes affect the behavior of managers facing entrepreneurial employees.

Third, we contribute to a better understanding of an increasingly important path through which latent entrepreneurship translates into emergent entrepreneurship, entrepreneurs who keep their previous employment. Our research reveals that employers' and employees' needs emerging from the combination of entrepreneurship and paid jobs might be valuable entrepreneurship policy targets, at least if policy makers aim to increase the entrepreneurship rate. Our study shows that employers without experience of enterprising employees are more pessimistic about expected positive outcomes. Consequently, we argue that a lack of experience, as well as related anxieties and pessimism, may hinder employee-initiated entrepreneurship's emergence in an early stage, resulting in the employing company losing entrepreneurial potential. Communicating experiences and best practices concerning how employers may productively deal with employees with own businesses could, hence, add a new facet to regional entrepreneurship policy (Audretsch, 2015; Stam, 2015).

2. Theoretical background

2.1. Entrepreneurs' employers

Employees who recognize entrepreneurial opportunities might, as corporate entrepreneurs, exploit these opportunities either within their current employment (Kuratko and Audretsch, 2013) or independently, either as pure entrepreneurs (if they leave the firm) or as employees with a side business (if they remain in their paid jobs, see Fig. 1). Incumbent companies react to such entrepreneurial aspirations in different ways (Hellmann, 2007). When employees form their entrepreneurial intentions, companies might act as filters that either block or support this, therefore influencing the form in which entrepreneurship emerges. Pursuing entrepreneurship internally – often termed intrapreneurship – occurs through either strategic entrepreneurship, which substantially alters existing business units' directions, or through corporate venturing, which creates new businesses, with the existing business keeping control (Kuratko and Audretsch, 2013; Weiblen and Chesbrough, 2015). In both cases, the employer exploits the entrepreneurial opportunity.

However, if employers see no strategic value in being involved in their employee's business ideas or do not care about retaining these people, these employees might resign and start new, independent ventures (Klepper 2001; Acs et al., 2009; Acs et al., 2013). Identifying the processes through which, and the circumstances under which, latent entrepreneurial employees leave and become entrepreneurs is crucial for research on spinoffs (Klepper and Sleeper 2005) and entrepreneurial spawning (Chatterji, 2009; Garrett et al., 2017; Gompers et al., 2005). However, latent entrepreneurial employees might not want to lose their investment in building tenure at their employing organizations or might be unwilling or unable to deal with the related entrepreneurial risks and the possibly uncertain transition (Folta et al., 2010). Rather than resigning and becoming independent entrepreneurs, they may either abstain from independent entrepreneurship (Parker, 2009) or opt for a combination of a paid job and an entrepreneurial side business; our analysis focuses on the latter (Parker, 1997; Lévesque and Maccrimmon, 1998; Folta et al., 2010; Raffiee and Feng, 2014; Schulz et al., 2016).

While previous research focuses on entrepreneurs' decision to combine their occupations (e.g., Folta et al., 2010; Schulz et al., 2016), employers influence such a combination's feasibility significantly. Companies shape the rules and regulations according to which employees become self-employed in addition to their paid jobs (Sørensen, 2007). If sideline activities are explicitly forbidden or require an approval process (Betts, 2006; Sessions et al., 2021), employers influence the likelihood of employee entrepreneurship negatively. Besides contractually preventing sidelines, a lack of support, a revealed dislike of entrepreneurial activities, or encouraging employees to focus on their main jobs might also be entrepreneurship-inhibiting signals (Hellmann, 2007). In contrast, employers could also leverage the sideline's positive side effects for the organization as a whole by, for instance, encouraging innovativeness and entrepreneurial attitudes, by proactively supporting employees organizationally, such as allowing more flexibly working times, or even financially as co-investors. In sum, employers can play a critical role in the emergence of employee-initiated side businesses (Umphress et al., 2013).

When discussing incumbent companies as hotbeds of employee-initiated entrepreneurship, previous research acknowledges that different organizational contexts either prevent or stimulate new businesses (Dobrev and Barnett, 2005; Sørensen, 2007; Sørensen and Fassiotto, 2011). For instance, according to the transmission theory, the latent entrepreneur is already exposed to entrepreneurial processes, and the organization itself is a training field, which is especially true of smaller firms (Gompers et al., 2005; Parker, 2009). Sørensen and

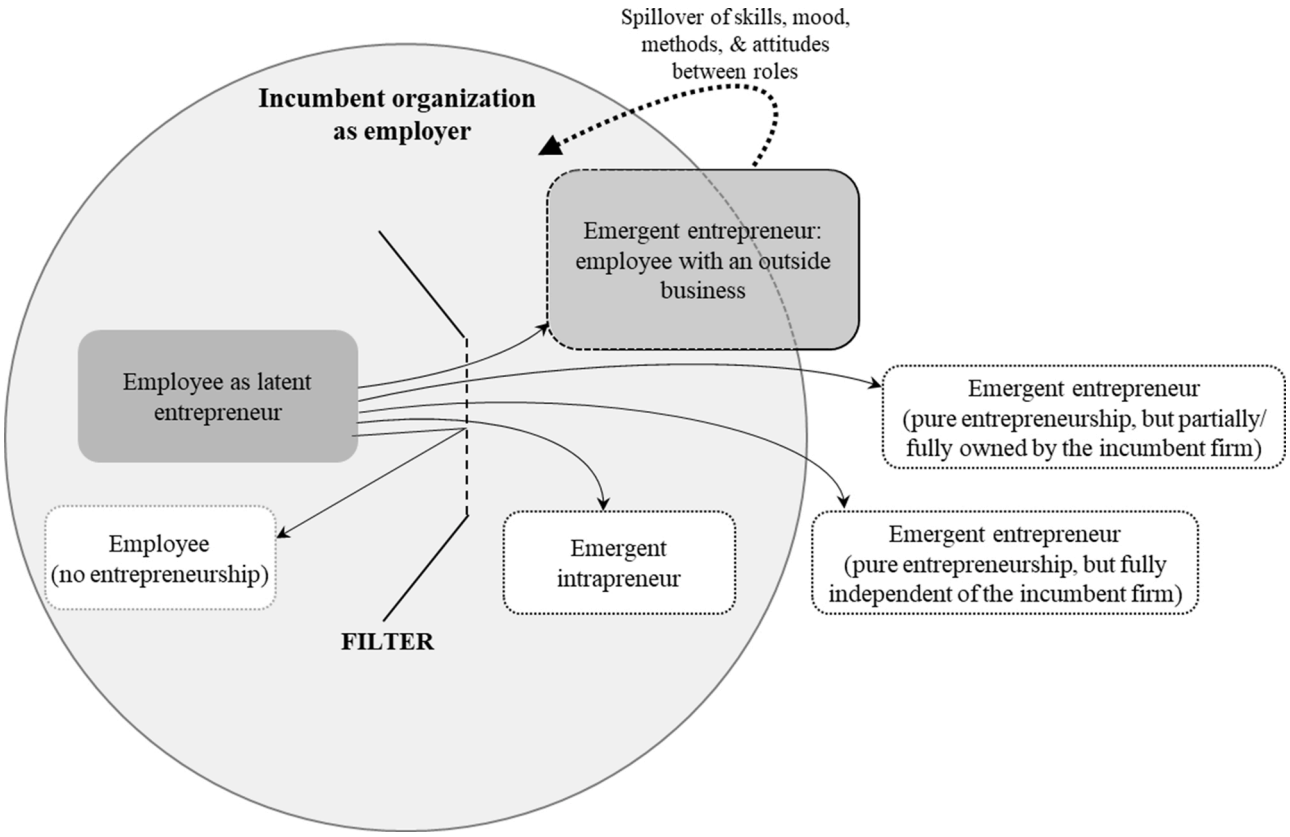

Fig. 1. Extended role of incumbent companies in the transition to emergent entrepreneurship.

Fassiotto (2011) argue that besides providing training, employers also shape entrepreneurs' beliefs and values. Moreover, employers might be a source of social capital that helps entrepreneurs cope with the uncertainties associated with starting new businesses. In addition, incumbent firms influence the transition to entrepreneurship indirectly by shaping their employees' internal career opportunities. Depending on how attractive and flexible the internal opportunities are, and how employers, for example, perceive entrepreneurial pursuits' failure, they influence the emergence of entrepreneurship directly (Campbell et al., 2017). Nevertheless, there is not much research on independent, employee-initiated entrepreneurship's effects on incumbent companies as employers.

Once employees are engaged in both entrepreneurship and paid employment, this new role and the environment provide novel external stimuli (Fini et al., 2017). This might result in positive spillovers to employers, such as employees' increased skills and positive attitudes. Consistent with such arguments, Marshall et al. (2019) document that employees with entrepreneurial side hustles are more innovative in their day jobs than other employees. Sessions et al. (2021) demonstrate that entrepreneurial side-hustles allow a positive spillover to employees' job empowerment. Furthermore, Fini et al. (2017) show that entrepreneurial employees exhibit a performance increase in terms of their main jobs due to their exposure to new ideas and their side hustles' environment.

Furthermore, incumbent firms increasingly realize that an entrepreneurial mindset and related corporate structures foster innovation (Bøllingtoft and Ulhøi, 2005; Kuratko and Audretsch, 2013; Weiblen and Chesbrough, 2015; Kohler, 2016; Lukes and Stephan, 2017). Through external cooperation with entrepreneurs via, for example, business incubators, firms actively reach out to start-ups as a source of external innovation (Kohler, 2016), commercialize otherwise not exploited corporate innovations (Weiblen and Chesbrough, 2015), and leverage entrepreneurial talent and agency (Bøllingtoft and Ulhøi, 2005; Distel et al., 2019). Business incubators or other organization-driven attempts to collaborate with entrepreneurs are often separate organizational entities, but employees with own businesses could facilitate innovation and entrepreneurial dynamics at the lower organizational levels and by means of their organizations' daily business (Marshall et al., 2019; Sessions et al., 2021). Consequently, employers have considerable opportunities to benefit from their enterprising employees.

2.2. Employer-relevant outcomes

The combination of entrepreneurship and employment is a significant change for employees, potentially impacting the performance of their paid job (Jamal et al., 1998; Betts, 2006). Research on whether an own side business leads to paid employment's depletion or enrichment is relatively scarce and there are no insights into how employers perceive these effects. We reviewed existing literature on entrepreneurship combined with paid jobs, also studying related areas that, more generally, analyze the effects of having more than one job in multiple domains, such as research on role theory and multiple job holding. Nine identified outcomes fall into the two categories opportunities and threats, with opportunities relating to job performance and job attitudes. Fig. 2 provides quotations from field interviews that the authors conducted with senior and mid-level managers, as well as with human resource experts, dealing with enterprising employees in order to illustrate the identified outcomes' practical relevance (see Appendix A for details regarding the interviewees). Fig. 2 summarizes our hypothesized relationships.

2.2.1. Opportunities I: job performance

Recent research in the context of learning theories suggests that employees may learn job-relevant skills and competencies both on and beyond their jobs (Betts, 2006; Eriksson and Ortega, 2006; Marshall et al., 2019). Regardless of their paid jobs, entrepreneurship could offer

		Outcome	Description (key references): Illustrative quotes
Opportunities	Job performance	**Personal development**	Development of employee skills and knowledge (e.g., Marshall et.al., 2019): "They know how to do business. They know how to work with numbers. (...) I can make use of such employees in different fields." (P7). "The entrepreneurial thinking they bring with them is often very valuable for a company." (P5)
		Innovativeness	More innovative products or processes (e.g., Fini et.al., 2017, Sessions et al., 2020, Marshall et.al., 2019): "they might somehow bring new ideas into the company. I would always regard that as positive" (P3)
		Efficiency	Increase in employee performance through higher efficiency (e.g., Carlson et.al., 2006): "[they] are more efficient, because they simply give much more thought to what I really have to do" (P2)
	Job attitudes	**Job satisfaction**	Higher employee job satisfaction: "On the positive side, I think and hope that the employee enjoys the entrepreneurial activity, that it offers the employee variety, that he can pursue his personal interests." (P3)
		Employee retention	Long-term commitment of employee to employer (e.g., Rodell, 2013, Grant, 2012, Judge & Ilies, 2004, Lambert, 1990, Evans & Bartolomé, 1984, Edwards & Rothbard, 2000, Greenhouse & Powell, 2006): "Yes, and of course there is the fear that you can lose good people in the long run if the sideline becomes a full-time job." (P6)
		Employer image	More positive image of the area of responsibility (e.g., Umphress et.al., 2013): "one could say that it contributes positively to the image of the company." (P4)
Threats		**Resource use**	Employee's misuse of company resources, such as knowledge, contacts, working time, and material (e.g., Betts, 2006). "Or if the company's mobile phone is kept busy by the side job and you accidentally come across the homepage and note that our company's mobile phone number is given as that of the contact person." (P7)
		Resilience & flexibility	The employee is less resilient and less flexible in terms of time (e.g., Sessions et.al., 2020, Newton et.al., 2020, Leroy & Glomb, 2018, Sliter & Boyd, 2014, Sieber, 1974, Edwards & Rothbard, 2000, Marks, 1977, Greenhouse & Beutell, 1985), "reducing the number of hours in which this employee is 100% percent available to us, because he is less available, or tired, or in some other way." (P3)
		Organizational fit	Disturbance of the team, the organization, and its processes (e.g., Koellinger et al., 2015, Fini et.al., 2017, Mahieu et.al., 2019): "Independence becomes most important and you consequently forget certain other things. (...) One increasingly forgets how to function in a system, which I regard as rather critical." (P5)

Fig. 2. Employer-relevant outcomes.

employees a valuable learning environment (Marshall et al., 2019) and exposes them to new stimuli and fresh knowledge (March 1991; Cirillo et al., 2014; Fini et al., 2017; Petriglieri et al., 2019; Sessions et al., 2021). Given that companies currently try to transform to allow their employees to think and work more entrepreneurially (Kuratko and Audretsch, 2013), entrepreneurial side hustles might be particularly beneficial. More than one interviewee emphasizes this aspect (e.g., see Fig. 2, P5). In fact, a side business's actual practice might create an entrepreneurial spirit more effectively than formal entrepreneurship executive education within an incumbent firm (Petrova, 2011; Raffiee and Feng, 2014; Fini et al., 2017; Marshall et al., 2019). Employees' own businesses might therefore have the potential to leverage their employment-relevant skills and competencies. We refer to these outcomes as *personal development*.

While better skills and competencies create the potential for a better job performance, they may have two prominent direct effects on employers' business: *efficiency* and *innovativeness*. As entrepreneurs, employees gain valuable learning experiences, such as exploiting existing knowledge and exploring new knowledge for new ideas (Alvarez and Busenitz, 2001; Corbett, 2005; Politis, 2005). Such employees could also apply these new skills in the second domain, therefore becoming more efficient, for instance, by recognizing critical business issues better or simply by their side businesses forcing them to do more in a shorter time (Carlson et al., 2006). A mid-level manager, who also combines an own business with a paid job, suggested that such employees "*are more efficient because they simply give much more thought to what I really have to do*" (P2). These employees may also become more innovative with regard to their main job by applying ideas from outside their employer organization (Marshall et al., 2019). While leveraging innovations through spillovers from other businesses is a cornerstone of research on spinoffs, as well as of internal and external venturing (Klepper, 2001; Wadhwa and Kotha, 2006), innovation spillovers into the incumbent company via its employees is relatively unexplored (Marshall et al., 2019).

2.2.2. Opportunities II: job attitudes

Aside from the skill- and performance-related consequences of employees' entrepreneurial side businesses, there are also effects related to general job attitudes, of which *job satisfaction* is the most important. The sideline could compensate for negative or lacking employment characteristics (Evans and Bartolomé, 1984; Lambert, 1990; Greenhaus and Powell, 2006; Grant, 2012; Rodell, 2013). Beyond compensation, positive attitudes and behaviors created in one domain might spill over to the other (Evans and Bartolomé, 1984; Lambert, 1990; Judge and Ilies, 2004; Rodell, 2013), because if employees' side businesses generate satisfaction, employees might also be more satisfied with their paid jobs. A CEO explained that his company did not have enough challenging positions for all well-qualified employees; consequently, their working routines could become dull and dissatisfying, while their own businesses create a balance (see Fig. 2, P7).

Employees setting up new businesses besides their jobs might, furthermore, send positive signals to other employees or to external audiences (Umphress et al., 2013). This signaling could eventually influence *employers' image* positively, resulting in positive side effects in terms of attracting qualified, innovative, and entrepreneurial employees and, more generally, getting more successful (Pitsakis et al., 2015). Companies who support such entrepreneurial activities might signal that they generally support their employees' personal initiatives and maintain an entrepreneurial spirit. A CEO (P4) summarizes the effects of employees' entrepreneurial sidelines as "*[y]es, one could perhaps say that it contributes positively to the company's image.*"

Nevertheless, businesses started as a sideline could eventually lead to important employees resigning to become full-time entrepreneurs (Block and Landgraf, 2016; Luc et al., 2018; Ferreira, 2020): "*(…) of course, there is the fear that you can lose good people in the long run if the sideline becomes a full-time job*" (P6). Conversely, supplementing their first job with a second occupation might meet employees' unfilled needs (Betts, 2006), therefore enriching their working environment, as discussed above, and leading to *employee retention: "this has a very positive potential in terms of motivation, and long-term commitment to a company"* (P5). If employees with own businesses have unique competencies and are important in their main job, their employers might find it worthwhile retaining them by allowing them to run their own businesses as a sideline.

2.2.3. Threats

Employees with their own businesses are not only associated with

opportunities. Employers' fears of adverse side effects are manifested in that most companies either prohibit sideline businesses or at least make these subject to approval processes (Betts, 2006; Rodell, 2013; Sliter and Boyd, 2014; Sessions et al., 2021). In the interviews, a manager (P4) clarified that "the *risk is, of course, that the day job suffers*." We identify three types of threats.

Retaining the role as an employee while running an own business creates ample opportunities to free-ride with employers' resources, which could range from using their material to misusing paid working time, intellectual properties, or even their customer or supplier contacts (Betts, 2006). In respect of intangible resource, "*it is difficult to later prove that the idea had its origin in our* [the employing] *company*" (P6). However, one interviewee (P7) shared a specific situation regarding resources: an employee used his employer's company phone number for his business, even displaying it on his own homepage. In sum, there is a clear expectation that remaining employed while running an own business could lead to such employees using their employers' resources for their businesses.

Beyond the employers' resources, there are also employee resources, such as their time and energy. The literature on role and resource strain suggests that if personal resources are finite and one domain absorbs the resources, less remains for the other domain (Edwards and Rothbard, 2000; Greenhaus and Beutell, 1985; Marks, 1977; Sieber, 1974). Specifically, competing demands could ultimately decrease employees' resilience and flexibility in terms of the paid job (Greenhaus and Beutell, 1985; Betts, 2006; Sliter and Boyd, 2014). Even if employees are active in their main jobs, their thoughts might still be with their own businesses. Moreover, if employees use their spare time to run their businesses, this could reduce their recreational time. Ultimately, their businesses and paid jobs might compete indirectly for their energy (see Fig. 2, the quote by P3) (Sonnentag, 2003; Sliter and Boyd, 2014). While employers' decreased resilience and flexibility could lead to strain-based conflicts with their employers (Greenhaus and Beutell, 1985; Edwards and Rothbard, 2000), working in two different surroundings with two diverting identities could also result in entrepreneurial employees experiencing identity struggles (Caza et al., 2018). Employees' entrepreneurial attitudes, such as their autonomy and independence, could lead to a possible reduced organizational fit with a corporate culture, which has been discussed in the context of hiring former entrepreneurs (Koellinger et al., 2015; Fini et al., 2017; Mahieu et al., 2019). However, proven employees might also exhibit these issues. For instance, an HR expert reports on difficulties with people who were previously self-employed and ends in a somewhat sarcastic tone: *"We often have difficulties integrating them here. (…) They are free spirits - great!"* (P7). Another CEO states that: "*One increasingly forgets how to function in a system, and I regard that as being rather critical.*" (P5) A positive, possibly empowering, entrepreneurial experience might therefore also trigger a lower fit with the employing organization.

2.3. Hypotheses development

Some research has been done on how second jobs and entrepreneurial side hustles specifically affect employees' main jobs both positively and negatively (Marshall et al., 2019; Sessions et al., 2021). However, there is almost no research on whether and to what extent employers recognize or even care about these outcomes when deciding on how to react to employees with entrepreneurial ambitions, but who want to retain their paid jobs.

This study focuses on employers' perception of the above outcomes to shed light on these issues. Fig. 3 illustrates the relationships between employers' outcome expectancies and their behavioral responses to entrepreneurial employees. We acknowledge the context-specificity of these relationships concerning (1) employees' importance for their employers, and (2) the proximity of employees' new businesses and their employers' existing businesses. We additionally explore the extent to which a direct experience with enterprising employees affects

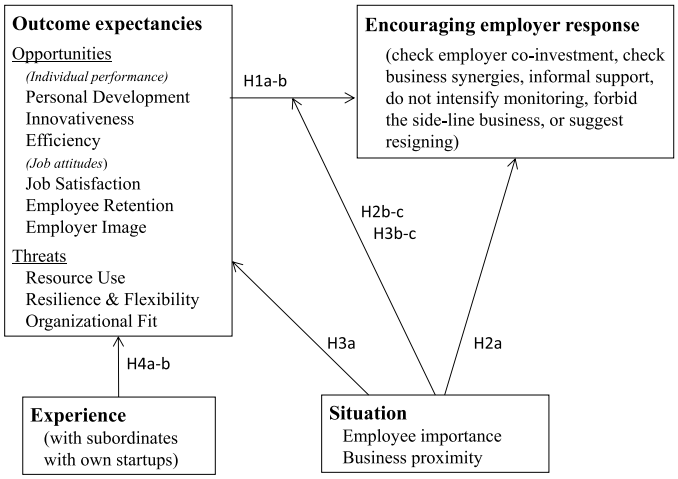

Fig. 3. Conceptual framework.

outcome expectancies, while also controlling for managers' entrepreneurial experiences. Since the public press, managerial training, and management education have paid almost no attention to this phenomenon, there is no common knowledge of the opportunities, drawbacks, and lack of experience in this field. Consequently, managers' first-hand experience could make a crucial difference in how employers perceive and react to employees' entrepreneurial side jobs.

2.3.1. Employers' behavioral responses

Previous research often focused on the positive outcomes, such as innovativeness and empowerment (e.g., Marshall et al., 2019; Sessions et al., 2021). However, little is known of employers' subjective reasons for encouraging or discouraging employee-initiated entrepreneurship (Hellmann, 2007), of whether or not employers perceive the potentially positive outcomes of such entrepreneurship, and of the extent to which they influence such employees' activities beyond their paid employment (Umphress et al., 2013).

Employers might, for instance, appreciate the potential positive outcomes and simply allow entrepreneurial employees to pursue their business plans. Employers could informally support such employees by, for example, linking them to corporate innovation programs or offering them more flexible working hours. Employers could, for example, also proactively check the business synergies of their employees' businesses as, for example, suppliers or customers, or they may even check whether such businesses offer opportunities for a financial engagement as a partner or a co-investor. If so, employers would probably channel employee-initiated businesses toward their corporate venturing path (Hellmann, 2007; Kuratko and Audretsch, 2013; Weiblen and Chesbrough, 2015). However, our initial informal interviews revealed that employers often focus on the negative consequences. Thus, we expect employers to be more likely to be hostile toward a sideline business and either intensify its monitoring or, if possible, forbid it, and might even suggest that the relevant employees should resign (Klepper and Sleeper, 2005; Thompson and Chen, 2011; Fini et al., 2017; Vaznyte et al., 2021). Employers therefore exhibit a wide range of possible behaviors in response to employees wanting to start own businesses besides doing their paid jobs (Hellmann, 2007).

We argue that the employers' choices of behaviors depend on their expectations regarding the above-identified consequences of employees' entrepreneurial activities. The more employers perceive the likelihood of job performance opportunities, such as personal development, innovativeness, and efficiency, as well as job attitude opportunities, such as job satisfaction, employer image, and employee retention, the more positively we expect them to react. Conversely, the more employers perceive the likelihood of threats, the more likely they are to respond unfavorably to such employees.

Hypothesis 1a: Opportunity expectancies affect employers' behavioral responses to employees' intentions to start own businesses positively.

Hypothesis 1b: Threat expectancies affect employers' behavioral responses to employees' intentions to start own businesses negatively.

2.3.2. Employee importance as a situational factor

The relationships between outcome expectancies and employers' behavioral responses are likely to depend on situational factors (Welter, 2011) or, as an interviewed CEO (P1) emphasized: "cases are always considered individually." Acknowledging that many more situational factors might matter in such relationships (see the discussion by Bögenhold, 2019), in this initial study, we only focus our discussion on two: the employees' importance for their employers, and the businesses' proximity; that is, the extent to which the employees' businesses are related to those of their employers. First, if employers depend on specific employees, due to, for instance, their particular skills and competencies, these would make replacing them difficult and expensive. Employers might therefore accept the drawbacks of such employees' businesses to retain them. Under such conditions, employers might generally respond more positively (see H2a) and care less about specific positive or negative outcomes. We therefore suggest that employees' importance also moderates the outcome expectancies' effect on their employers' behaviors by attenuating these effects (see H2b and H2c).

Hypothesis 2a: The more important employees are, the more positive their employers' behavioral responses.

Hypothesis 2b: The more important employees are, the less positive the opportunity expectancies' influence on their employers' behavioral responses.

Hypothesis 2c: The more important employees are, the less negative the threat expectancies' influence on their employers' behavioral responses.

2.3.3. Business proximity as a situational factor

Besides employees' importance as a situational factor, the proximity of their and their employers' businesses was a recurring theme in our interviews. The more proximal the businesses are, the greater the threat that employers' material, contacts, and ideas might be exploited, and that their employees' businesses might even serve their customers competitively (Klepper and Sleeper, 2005; Walter et al., 2014; Vaznyte et al., 2021). Hence, the closer the proximity, the greater is the possibility that entrepreneurial employees might use their employers' resources.

Hypothesis 3a: If employees' businesses are more proximal to those of their employers, the latter consider it more likely that these employees will use their resources for their own businesses.

Moreover, the greater the proximity, the greater the perceived competitive threat. For instance, employees might commercialize and competitively use ideas generated in employing organizations and the business contacts that they established (Vaznyte et al., 2021). Conversely, if employees' businesses are unrelated and distal, their use of their employers' ideas and contacts might not hurt the employer, but could even help the employers' businesses, for instance, by offering complementary services. Consequently, we surmise that employers' expectations that their employees might use their resources, lead to them to have more negative responses particularly if their businesses are more proximal.

Hypothesis 3b: If employees' businesses are more proximal to that of their employers, the latter's perceptions that their employees might use their resources for their own businesses are more negatively related to positive employer responses.

While employers may suffer due to employees using their resources, we have already suggested that employers could also benefit from the skills and competencies that their employees develop in their second job. Employees' job performance in their employing organizations could benefit from the skills and competencies they acquire in their sideline business. Under such circumstances, we would expect a more positive employer response. However, the likelihood of employees applying the skills and competencies they acquire through a second job in their employers' businesses is higher if the businesses are at least moderately related (Umphress et al., 2013). The less the businesses are related, the less the chance of competency and skill spillovers.

Hypothesis 3c: If employees' businesses are more proximal to those of their employers, the expectation of these employees' personal development is more positively related to positive employer responses.

2.3.4. Experience

Employers' experiences with enterprising employees are likely to substantially affect their expectations of such activities' consequences. Having already observed an outcome, whether positive or negative, provides first-hand evidence of such an outcome. Gaining more experiences, allows individuals to know more about whether or not a particular consequences might be related to a particular event, since the entrepreneurial process is then a demystified (Sørensen and Fassiotto, 2011). If the above-discussed outcomes are indeed associated with employees running their own businesses, more experience should rationally be associated with higher perceived likelihoods of such outcomes, while less experienced individuals' expectancies should be closer to neutral priors.

Individuals, however, rarely form their expectations based on rational grounds, but often use heuristics. Having observed an outcome more often, makes it easier for employers to recall it, because it is more vivid and present in their minds. Such availability could lead individuals to consider these outcomes more likely (Tversky and Kahneman, 1973). However, having experienced the phenomenon's complexity, employers are also aware of the many conditions needed to generate positive outcomes. Since they might consider these conditions as rare, even positive experiences might lead them to perceive such outcomes as less likely. Consistent with this idea, the theory of motivated reasoning (Kunda, 1990; Epley and Gilovich, 2016; Drummond and Fischhoff, 2017) suggests that whatever direction the effect is, individuals with more knowledge are more likely to find justifications for more extreme beliefs. By conjointly considering the discussed outcomes as positively associated with enterprising employees, and more extreme beliefs as more likely to be associated with more experience, we derive our fourth and last hypothesis.

Hypothesis 4a: More experience allows employers to regard opportunities as more likely.

Hypothesis 4b: More experience allows employers to regard threats as more likely.

3. Method

We employ a vignette study approach, in which managers with personnel responsibility are confronted with pre-specified descriptions of situations and report how likely they would be to exhibit encouraging or discouraging behaviors. The vignette study approach reduces unobserved heterogeneity resulting from the participants' different assumptions about the context, thereby increasing the comparability across participants (Aguinis and Bradley, 2014). Our vignette sets the context as an appraisal interview with an employee informing the boss that he or she wants to register a sideline enterprise. The employee has been with the employer for about five years. The new business is a service idea, but the implementation is still some way off, requiring tests before it can go live, which will involve the employee having to invest substantial time

and money. We asked all participants to evaluate two vignettes to identify what they thought are the likely consequences for the organization would be and how they as managers would react. They all received the same vignettes, one referring to an important and difficult to replace employee, and the other to a less important and easier to replace employee. The order of these two conditions was randomized. We also varied the proximity between the employee's new business and that of the employer from no obvious relation, to a moderate one, to a strongly related one. Appendix A provides a detailed description of the vignette and the varying characteristics.

3.1. Sample and procedures

We theorize on how employers handle subordinates who want to run an own business besides their jobs. Since we could not ask an employing organization to process our vignettes through the usual organizational processes, we approached managers responsible for at least one subordinate.[1] The data were collected in three waves. We used snowball sampling to collect data in the first wave and undertook a pilot study in 2018. After an initial analysis of the data and adding additional questions, especially on the number of employees in participants' firms, we ran a second wave in 2019 and, when more funds became available, the third wave in 2020. The sample collection for the second and the third wave was conducted through GapFish (www.gapfish.com), a professional service provider with a large panel of participants. This service provider enabled us to target employees with personnel responsibilities more efficiently. GapFish organized access to potential participants on their panel, while the authors retained full control of the survey and its content. Since the three waves do not differ with regard to variables that are central to this study, we pooled the data from all the waves. We subsequently included year fixed effects (equivalent to wave fixed effects) to statistically control for differences. By excluding those participants with missing data on the key variables, the final sample comprises 988 participants, all of whom respond to two vignettes.

Table 1 reports the descriptive statistics. Males comprise 61% of the participants, but given the gender biases in leadership positions, this is not an artificial oversampling. The remaining statistics indicate that our sample covers many kinds of managers, old and young with an average age of 42 years, with low (9%), intermediate (43%), and a high education (48%), as well as with different numbers of subordinates in differently sized firms. A total of 53% of all the participants report experiences with employees starting a side business, while 37% of them have experiences with their own entrepreneurial side jobs. The vignettes therefore describe a relevant phenomenon in the participants' job contexts.

3.2. Model variables

To measure participants' behavior in response to employees' entrepreneurial side jobs, we ask them to report the odds of engaging in specific behaviors related to the specific vignette's situation after each vignette (see Aguinis and Bradley, 2014). Specifically, we asked about the following six behaviors: "suggest they quit their employment," "forbid the side-line business," "intensify monitoring," "informal support," "check the business synergies," and "check the employer's co-investment." Since the participants evaluated a hypothetical vignette, which by design does not have the details of a real-world case, they might not be perfectly sure what they would do, but are able to report how likely particular behaviors are. They responded on a 7-point scale ranging from "definitely not" (1), "very unlikely" (2), "unlikely" (3), "undecided" (4), to "likely" (5), "very likely" (6), and "definitely, yes" (7). Such behavioral expectancies have been shown to predict real behaviors, as well as or even better than the often used behavioral intentions (Warshaw and Davis, 1985b; Sheeran, 2002). We reverse-coded behaviors discouraging a side job (suggest they quit, monitor, and forbid). The variable *behavioral expectancy* is the average of these responses and reflects a rough measure of the expected tendency to react more positively to an employee's entrepreneurial side job.

Participants' beliefs about the likelihood of specific consequences of employees engaging in their own businesses are measured as *outcome expectancies* when telling them: "Imagine that you tolerate the employee's sideline business but do not pay any attention to it. Now guess how your employee's side job will affect your area of responsibility. The complete list of outcomes is provided in Appendix A. For instance, to measure personal development (PD), we asked about the likelihood of "the development of employee skills and knowledge" being the effect of engaging in an entrepreneurial side job. Participants evaluate each outcome on the basis of a 5-point scale ranging from very unlikely (−2), unlikely (−1), undecided (0), to likely (+1), and very likely (+2).

Conditioning the outcome expectancy to no employer interference is critical to reduce the endogeneity concerns that would arise if employers' expectancies depended on their intended behavior in response

Table 1
Individual-level descriptive statistics.

Variable	Mean	Standard deviation
Experience: subordinate (dummy)	0.53	0.50
Experience: own (dummy)	0.37	0.48
Case variables (manipulated)		
Importance: high (dummy, within-subject)	0.50	0.00
Proximity: low (dummy, between-subject)	0.34	0.47
Proximity: moderate (dummy, between-subject)	0.32	0.47
Proximity: strong (dummy, between-subject)	0.34	0.47
Control variables		
Gender: male (dummy)	0.61	0.49
Age (in years)	41.7	11.3
Education: low (dummy)	0.09	0.29
Education: intermediate (dummy)	0.43	0.50
Education: high (dummy)	0.48	0.50
Firm size: 1–10 (dummy)	0.25	0.43
Firm size: 11–50 (dummy)	0.15	0.36
Firm size: 51–100 (dummy)	0.13	0.33
Firm size: 101–500 (dummy)	0.20	0.40
Firm size: 501–1000 (dummy)	0.12	0.33
Firm size: >1000 (dummy)	0.15	0.36
Subordinates: 1–5 (dummy)	0.27	0.44
Subordinates: 5–10 (dummy)	0.24	0.43
Subordinates: 10–20 (dummy)	0.20	0.40
Subordinates: >20 (dummy)	0.29	0.45
Data collection		
Year 2018 (dummy)	0.13	0.34
Year 2019 (dummy)	0.29	0.45
Year 2020 (dummy)	0.58	0.49
Opportunities expectancies (–2 to 2)	0.28	0.76
(Job performance)		
Personal development (PD, –2 to 2)	0.65	0.83
Innovativeness (IN, –2 to 2)	0.23	0.87
Efficiency (EF, –2 to 2)	0.11	0.94
(Job attitudes)		
Job satisfaction (JS, –2 to 2)	0.39	0.90
Employer image (EI, –2 to 2)	0.29	0.92
Employee retention (ER, –2 to 2)	−0.00	1.00
Threat expectancies (–2 to 2)	0.47	0.62
Resource use (RU, –2 to 2)	0.61	0.78
Resilience & flexibility (RF, –2 to 2)	0.58	0.81
Organizational fit (OF, –2 to 2)	0.23	0.97
Behavioral expectancy (1 to 7)	4.20	0.66

Notes: $N = 988$ ($N = 855$ for firm size, missing in wave 2018). Individual-level values for outcome and behavioral expectancies are the average of the expectancies of each of the two vignettes individually evaluated. The employee importance is manipulated within-subject and therefore fixed at 0.5 with zero variance at the individual level.

[1] This approach is accepted in management and entrepreneurship research. For instance, Zacharakis et al. (2007) investigate venture capitalists' decision making by targeting individual decision makers working for venture capital firms.

to their expectations. For instance, if a manager were to implement strict monitoring in response to the side business or were even to forbid it, this manager might expect different outcomes than one who is not even willing or able to implement strict monitoring. The conditional expectation allows us to implement a neutral, identical baseline-setting for all participants. We therefore facilitate the comparability of the outcomes expectancies across managers who may behave differently in the same vignette context, and, consequently, reduce severe endogeneity threats via reverse causality.

We run principal component factor analyses to shed light on the structure of correlations between the outcome expectancies. Both the Eigenvalue-larger-one criterion and Horn's parallel test indicate that the nine outcome expectancies could be compressed into two factors, which essentially reflect positive outcomes (opportunities related to performance increases and job attitudes) and adverse outcomes (threats). Outcome expectancies' links to behaviors and employer experiences might not be specific to individual outcomes, but related to the general perceptions of the opportunities and threats. The correlation between the outcome expectancies could reduce the power of statistical tests based on the independent variances of these expectancies, independent of other outcome expectancies. To address this problem, our analyses focus on the average scores of both the opportunity and threat expectancies, as well as on individual outcome expectancies.

Two of our three key explanatory variables are exogenously varied; that is, manipulated in the vignette study. At the vignette level, we define the variable *Importance* as describing whether the employee is considered important, and the variable *Proximity* as describing how strongly the employee's side business is related to the employer's business. Proximity comprises three levels: no, moderate, and strong.

The third key explanatory variable is the participant's experience with subordinates with side businesses. We asked the participants to indicate, using yes (1) or no (0), whether they have experience with subordinates starting a business besides their employment (*Experience: subordinate*).

3.3. Control variables

We ensure that the participants' own experience with combining jobs does not confound the association between the outcome expectancies and experience with enterprising employees, and that the estimated relationship does not suffer from possible self-serving biases, by including their experience as a business owner with simultaneous employment as a control variable (*Experience: Own*). We asked the participants to indicate, using yes (1) or no (0), whether they had started a business besides their paid job. We also control for the year of data collection (*Year*), gender (dummy variable for male), age, education, the participant's number of subordinates, and the size of the employer's organization as *individual-level* characteristics. In addition, the participants indicated their age in categories (<30, <40, <50, <60, ≥60). We create a continuous variable for age by assigning each participant the mean of the corresponding age category.[2] *Education* is operationalized on three levels: low (no school, primary, and lower secondary school), high (university or university of applied sciences degree), with intermediate degrees as a base group. Participants indicated the number of *subordinates* for whom they are responsible on the basis of four categories (1–5, 6–10, 11–20, >20) They indicated the firm size as their organization's number of employees (*Firm Size*) on the basis of six categories (1–10, 11–50, 51–100, 101–500, 501–1000, >1000). The firm size is only available for the last two years (87% of the data). We set the missing values to zero, but the year fixed effects already account for otherwise biasing effects on the estimates. Note that the year fixed effects also imply a control of the coronavirus pandemic in 2020.

[2] Using categorical operationalization by including dummies for each category does not change our conclusions.

4. Results

Table 1 reports our key dependent variables' summary statistics. While the outcome expectancies averages are relatively close to zero, all of them, except employee retention, are positive and differ significantly[3] from zero. Zero represents the scale mean and indicates either full uncertainty or undecidedness regarding whether it is more or less likely. Thus, participants tend to consider all selected outcomes, except employee retention, as more likely. In turn, employee retention exhibits the highest variation, which suggests that employers do indeed disagree substantially on whether employees are more likely to leave or more likely to stay. On average, the behavioral expectancy is above the mean of the scale,[4] suggesting a tendency to react more positively to the employee's side business.

In the following hypothesis tests, based on regression analyses, we first focus on the aggregate measures of opportunity expectancies and threat expectancies, testing Hypotheses 1, 2, and 4 (Table 2). Second, we investigate individual outcome expectancies to test Hypothesis 3, and explore the robustness of Hypotheses 1, 2, and 4′s aggregate-level tests at the outcomes' individual level (Tables 3 and 4). Owing to the number of estimated coefficients, Table 3 omits the outcome expectancies' estimated effects on the behavioral expectancy; these are reported in Column 1 in Table 4. Column 2 in Table 4 reports the corresponding coefficients for a model including the hypothesized interaction effects, while the robustness checks are reported in Columns 3 and 4.

4.1. Analyses at the aggregate level of opportunity and threat expectancies

Table 2 reports a generalized structural equation model with opportunity and threat expectancies, and behavioral expectancy approximating the employer's behavioral responses as dependent variables. We allow the correlation of the opportunity expectancy's and threat expectancy's errors. To control for within-subject error correlation, we report standard errors clustered at the participant level. Supporting our Hypotheses 1a and 1b, opportunity and threat expectancies unambiguously affect the behavioral expectancy in the hypothesized directions.

Hypothesis 2a states that entrepreneurial employees' importance impacts the behavioral response positively. Supporting H2a, the corresponding effect reported in Table 2 is positive and statistically significant ($p<0.001$). The coefficient of opportunity and threat expectancies' interactions with importance (Hypotheses 2b and 2c) display signs opposite to those of the expectancies' main effects. The latter indicates that outcome expectancies display smaller effects if employees are relatively more important, with the effects sizes each declining by about a quarter. Although statistically significant for opportunity expectancies ($p<0.001$), the interaction misses traditional thresholds for threat expectancies ($p = 0.102$). Therefore, Hypothesis 2b is supported, but not Hypothesis 2c.

Hypotheses 3a-c suggest that business proximity relates to specific outcome expectancies. Table 2 reports tests of such opportunity and threat expectancies' effects at an aggregate level. Hypothesis 3a suggests that an employee's use of employer resources is more likely if businesses are more proximal. Supporting the hypothesis, we observe that, in general, more proximal businesses seem more likely to create threats. While Hypotheses 3b and 3c suggest that proximity moderates selected outcome expectancies' impact on the employer's behavioral response, we do not, at the aggregate level, observe such interactions ($p>0.500$ for all four interaction terms, i.e., the two types of outcomes with moderate and high proximity levels).

Table 2 also reports tests of our Hypotheses 4a and 4b, which suggest

[3] Tests based on random effects regression analyses with cluster-robust standard errors, $p < 0.001$ for all, but $p = 0.932$ for employee retention.

[4] Tests based on random effects regression analyses with cluster-robust standard errors, $p < 0.001$.

Table 2
Results of aggregate-level analyses with sum scores for opportunities and threats.

	Outcome expectancies				Behavioral expectancies	
	Opportunities		Threats			
Outcome expectancies						
Opportunity expectancies					0.43	(0.06)***
×importance					−0.12	(0.03)***
×moderate proximity					−0.04	(0.07)
×strong proximity					0.02	(0.08)
Threat expectancies					−0.28	(0.06)***
×importance					0.06	(0.04)
×moderate proximity					−0.02	(0.07)
×strong proximity					0.03	(0.08)
Context						
High importance	0.14	(0.02)***	0.04	(0.02)+	0.18	(0.03)***
Moderate proximity	0.01	(0.06)	0.13	(0.05)*	0.08	(0.06)
Strong proximity	−0.05	(0.06)	0.16	(0.05)**	0.05	(0.06)
Experiences						
With employees	0.18	(0.05)***	−0.03	(0.05)	0.00	(0.05)
Own	0.15	(0.06)**	0.08	(0.05)	0.22	(0.05)***
Control variables						
Gender: Male	−0.03	(0.05)	−0.01	(0.05)	−0.11	(0.04)*
Age	−0.01	(0.00)**	0.00	(0.00)	−0.00	(0.00)
Education: low	0.26	(0.09)**	0.02	(0.08)	−0.18	(0.08)*
Education: high	0.18	(0.06)**	0.04	(0.05)	0.01	(0.05)
Subordinates: 5–10	0.02	(0.07)	0.03	(0.06)	−0.03	(0.07)
Subordinates: 10–20	−0.02	(0.08)	0.02	(0.07)	−0.02	(0.08)
Subordinates: >20	0.09	(0.08)	0.06	(0.07)	0.02	(0.07)
Firm size	0.17	(0.10)+	0.23	(0.08)**	−0.03	(0.09)
Firm size	0.24	(0.11)*	0.14	(0.10)	−0.01	(0.09)
Firm size	0.27	(0.10)**	0.05	(0.08)	−0.18	(0.08)*
Firm size	0.49	(0.11)***	0.26	(0.10)**	−0.17	(0.09)*
Firm size	0.21	(0.10)*	0.14	(0.09)	−0.14	(0.09)
Year 2019	−0.02	(0.10)	−0.07	(0.09)	−0.27	(0.09)**
Year 2020	0.18	(0.09)*	−0.05	(0.08)	−0.29	(0.09)***
Constant	−0.03	(0.14)	0.24	(0.12)*	4.43	(0.13)***
R-squared	0.245		0.059		0.375	

Notes: $N = 1{,}976$ (988 participants). Seemingly unrelated regression analysis with correlated errors terms for opportunity and threat expectancies (cov = 0.14, SE = 0.03, $p < 0.01$), estimated as a generalized structural equation model (Fit indices: Log-Pseudolikelihood = −6,919.758, AIC= 13,983.52, BIC= 14,385.52). Cluster-robust standard errors reported in parentheses (clustered for participants). Base categories: Proximity = none, Gender = female, Education = moderate education, Subordinates = 1–5.
Significance levels: *** $p<0.01$, ** $p<0.05$, * $p<0.1$.

that prior experiences with subordinates make perceiving opportunities more likely and perceptions of threats less likely. Consistent with these expectations, this experience variable's effect on opportunity expectancies is large and positive ($p<0.001$), supporting Hypothesis 4a at the aggregate level. The effect of threats is in the direction suggested in Hypothesis 4b, but so weak that it misses statistical significance's traditional levels ($p = 0.493$). Hypothesis 4b is therefore not supported at the aggregate level.

4.2. Analyses at the level of individual outcomes expectancies

We proceed by considering specific outcomes' expectancies to test our Hypotheses 3a-c. We will also test the other hypotheses at the specific outcomes level. Table 3 (in conjunction with Table 4, Column 1) shows an analysis of individual outcome expectancies equivalent to that in Table 2 of aggregate outcome expectancies. This analysis includes the individual outcomes, but, as a first step, does not include these outcome expectancies' interactions with employee importance and business proximity. That is, we first examine how business proximity affects the outcome expectancies related to resource use (H3a); thereafter, we replicate the test of Hypotheses 1a-b related to outcome expectancies' effects on employers' responses, and of H4a-b related to experience's effects on outcome expectancies at the level of individual outcomes. In the following step (Table 4, Column 2), we focus on situational factors' hypothesized moderating effects on the relationships between specific outcome expectancies and employers' behaviors (H2b-c and H3b-c). As the third step, and to avoid spurious effects on the moderation effects' analyses, we additionally control for all outcome expectancies' not hypothesized interactions with proximity (Table 4, Column 3). Finally, we report the estimations of outcome expectancies' effects when not controlling for other outcome expectancies and their interactions (see Table 4, Column 4).

Supporting Hypothesis 3a, Table 3 reveals that employees' resource use is considered more likely in businesses that are proximal to those of their employers and, thus, if resources might be transferrable. It is interesting that the same effect (of comparable size) is observed in respect of organizational fit. In this case, threats the organizational fit are more likely in respect of employees with more related businesses, since critical attitudes and behaviors might be more likely to be transferred to the paid job if the businesses are related.

In terms of replicating Hypotheses 1a and 1b's tests for specific rather than aggregate outcomes, we observe that expecting better job satisfaction and higher employee retention, without any change in other outcomes, such as the employer image or innovativeness, does not lead to a more positive employer response. Consequently, we cannot support H1a in respect of all specific outcomes. Employers seem to not appreciate that such side jobs could leverage individuals' job satisfaction, which would allow them to retain these employees. They only appreciate the latter if this leads to a positive public image of the organization or to improvements in their employee's job performance, which are other types of consequences.

Furthermore, and contrary to Hypothesis 1b, on average, resource

Table 3
Results of outcome-specific analyses (without outcome expectancies' effects on behavioral expectancy).

	Outcome expectancies									Behavioral expect.
	Opportunities (Job Performance)			(Job Attitudes)			Threats			
	PD	IN	EF	JS	ER	EI	RU	RF	OF	
Expectancies										[Tab 4]
Context										
High importance	0.19***	0.18***	0.11***	0.07*	0.17***	0.11***	0.10**	0.02	−0.00	0.16***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)
Moderate proximity	0.09	0.00	−0.00	−0.03	0.00	−0.03	0.15*	0.05	0.20*	0.06
	(0.07)	(0.07)	(0.08)	(0.07)	(0.08)	(0.07)	(0.07)	(0.07)	(0.08)	(0.05)
Strong proximity	0.06	0.03	−0.05	−0.13+	−0.19*	−0.04	0.20**	0.07	0.21*	0.04
	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)	(0.08)	(0.07)	(0.07)	(0.09)	(0.05)
Experiences										
with employees	0.10	0.10+	0.21**	0.24***	0.26***	0.18**	0.10+	−0.06	−0.14*	0.00
	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)	(0.07)	(0.05)
own	0.22***	0.15*	0.16*	0.08	0.13+	0.17*	0.12+	0.10	0.01	0.21***
	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)	(0.08)	(0.05)
Control variables										
Gender: Male	−0.06	−0.02	0.02	−0.08	−0.02	−0.01	−0.05	0.00	0.02	−0.11*
	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)	(0.06)	(0.07)	(0.04)
Age	−0.00	−0.01***	−0.01**	0.00	−0.01*	−0.01***	−0.00	−0.00	0.00	−0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Education: low	0.14	0.23*	0.39***	0.27*	0.37**	0.14	0.09	0.07	−0.10	−0.16*
	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)	(0.11)	(0.10)	(0.11)	(0.13)	(0.08)
Education: high	0.12+	0.21**	0.17*	0.19**	0.20**	0.18**	0.03	0.03	0.07	0.02
	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)	(0.06)	(0.06)	(0.07)	(0.05)
Subordinates:5–10	−0.00	−0.09	0.09	0.08	0.12	−0.07	−0.03	0.10	0.02	0.00
	(0.08)	(0.08)	(0.09)	(0.09)	(0.10)	(0.09)	(0.08)	(0.09)	(0.10)	(0.06)
Subordinates:10–20	−0.05	−0.11	0.15	0.01	0.02	−0.11	−0.03	0.04	0.06	0.01
	(0.10)	(0.10)	(0.11)	(0.11)	(0.11)	(0.10)	(0.09)	(0.10)	(0.11)	(0.07)
Subordinates: >20	0.03	−0.03	0.21*	0.11	0.21+	0.03	0.09	0.10	−0.00	0.04
	(0.09)	(0.10)	(0.10)	(0.10)	(0.11)	(0.10)	(0.09)	(0.10)	(0.11)	(0.07)
Firm size: 11–50	0.08	0.19+	0.18	0.18	0.22+	0.19	0.30**	0.09	0.30*	−0.03
	(0.11)	(0.11)	(0.12)	(0.12)	(0.13)	(0.12)	(0.10)	(0.11)	(0.13)	(0.08)
Firm size: 51–100	0.17	0.29*	0.23+	0.16	0.26+	0.30*	0.30*	0.03	0.08	−0.04
	(0.12)	(0.12)	(0.13)	(0.14)	(0.15)	(0.12)	(0.12)	(0.13)	(0.15)	(0.09)
Firm size: 101–500	0.22*	0.28*	0.32**	0.19	0.32*	0.31**	0.12	−0.05	0.09	−0.17*
	(0.11)	(0.11)	(0.12)	(0.12)	(0.13)	(0.12)	(0.10)	(0.12)	(0.13)	(0.08)
Firm size: 501–1000	0.28*	0.57***	0.54***	0.43**	0.61***	0.49***	0.35**	0.21	0.24	−0.17*
	(0.12)	(0.12)	(0.14)	(0.14)	(0.15)	(0.13)	(0.12)	(0.13)	(0.15)	(0.08)
Firm size: >1000	0.26*	0.24*	0.13	0.28*	0.12	0.20	0.10	0.07	0.24+	−0.13
	(0.11)	(0.12)	(0.13)	(0.12)	(0.14)	(0.13)	(0.11)	(0.12)	(0.14)	(0.08)
Year 2019	−0.36**	0.11	0.13	−0.20	0.28*	−0.07	−0.16	−0.07	0.03	−0.23*
	(0.12)	(0.11)	(0.12)	(0.12)	(0.13)	(0.12)	(0.10)	(0.12)	(0.12)	(0.09)
Year 2020	−0.07	0.26*	0.30**	0.07	0.42***	0.10	0.01	0.02	−0.17	−0.28***
	(0.11)	(0.11)	(0.11)	(0.12)	(0.12)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)
Constant	0.41*	0.06	−0.36*	−0.04	−0.63***	0.37*	0.28+	0.42*	0.03	4.32***
	(0.17)	(0.17)	(0.18)	(0.18)	(0.18)	(0.18)	(0.16)	(0.17)	(0.19)	(0.13)
R-squared	0.109	0.201	0.218	0.128	0.244	0.181	0.091	0.025	0.045	0.438

Notes: N = 1,976 (988 participants); Seemingly unrelated regression analysis with correlated errors terms for outcome expectancies, estimated as a generalized structural equation model (Fit indices: Log-Pseudolikelihood = −25,516.35, AIC= 51,568.70, BIC= 53,066.51). Cluster-robust standard errors reported in parentheses (clustered for participants). Importance = low, Proximity = none, Gender = female, Education = moderate education, Subordinates = 1–5, Firm Size = 1–10, Year = 2018. Abbreviations: PD = Personal development, IN = Innovativeness, EF = Efficiency, JS = Job satisfaction, ER = Employee retention, EI = Employer image, RU = Resource use, RF = Resilience and flexibility, OF = Organizational fit.
Significance levels: *** $p<0.001$, ** $p<0.01$, * $p<0.05$, + $p<0.1$.

use affects behavioral expectancy positively (Table 4, Column 1). However, this positive effect disappears when taking the business proximity's moderation effect into account (Table 4, Column 2); the positive effect only emerges if the businesses are unrelated. It seems that employers welcome unrelated businesses' resource use. However, these businesses' positive effect disappears, even turning negative, if there is no control for other outcome expectancies (see Table 4, Column 4). Since other outcomes (e.g., resilience & flexibility) already capture an employee's time and energy as more competitive resources, resource use's estimated independent effect might reflect non-competitive resources' effects. If there is no control for the correlated outcomes (Column 4), these other effects are also captured, leading to the changes in the estimated effects between Columns 2 and 4. The positive effect might therefore be the result of using non-competitive goods, such as ideas and contacts, that do not harm, but might possibly benefit the employers' businesses, for example, via complementarity effects when exploiting

Table 4
Effects of outcome expectancies on behavioral expectancies.

	(1) Main effects		(2) Interactions		(3) Additional interactions		(4) Expectancy-specific models	
Opportunity expectancies								
Personal development	0.08	(0.03)**	−0.04	(0.05)	−0.06	(0.05)	0.09	(0.05)+
× high importance			0.03	(0.04)	0.03	(0.04)	0.11	(0.06)*
× moderate proximity			0.15	(0.06)*	0.19	(0.06)**	0.01	(0.04)
× strong proximity			0.15	(0.06)*	0.17	(0.06)**	−0.01	(0.03)
Innovativeness	0.13	(0.03)***	0.15	(0.03)***	0.16	(0.04)***	0.16	(0.03)***
× high importance			−0.03	(0.05)	−0.02	(0.05)	−0.07	(0.03)**
Efficiency	0.05	(0.02)*	0.08	(0.03)*	0.11	(0.04)**	0.09	(0.03)***
× high importance			−0.06	(0.04)	−0.07	(0.04)	−0.09	(0.02)***
Job satisfaction	−0.01	(0.02)	−0.02	(0.03)	0.01	(0.04)	0.01	(0.03)
× high importance			0.01	(0.04)	0.01	(0.04)	−0.05	(0.03)+
Employee retention	−0.03	(0.02)	−0.01	(0.03)	0.01	(0.04)	0.01	(0.02)
× high importance			−0.03	(0.04)	−0.02	(0.04)	−0.07	(0.02)***
Employer image	0.09	(0.03)**	0.10	(0.03)**	0.05	(0.05)	0.12	(0.03)***
× high importance			−0.02	(0.04)	−0.03	(0.04)	−0.07	(0.02)**
Threat expectancies								
Resource use	0.05	(0.02)*	0.12	(0.04)**	0.11	(0.04)**	−0.08	(0.05)+
× high importance			0.03	(0.04)	0.02	(0.04)	−0.05	(0.05)
× moderate proximity			−0.14	(0.05)**	−0.12	(0.05)*	0.09	(0.04)*
× strong proximity			−0.11	(0.06)+	−0.11	(0.06)+	−0.00	(0.03)
Resilience & flexibility	−0.09	(0.02)***	−0.11	(0.03)***	−0.12	(0.04)**	−0.11	(0.03)***
× high importance			0.03	(0.03)	0.04	(0.03)	0.03	(0.03)
Organizational fit	−0.17	(0.02)***	−0.17	(0.02)***	−0.19	(0.03)***	−0.18	(0.02)***
× high importance			−0.00	(0.03)	0.00	(0.03)	0.02	(0.02)

Notes: Estimated as generalized structural equation models as in Table 3 (columns for outcome expectancies are not reported, and the column for the behavioral expectancy reports only coefficients for outcome expectancies and related interaction effects). Cluster-robust standard errors reported in parentheses (clustered for participants). Base categories: Importance = low, Proximity = none. Column 1 reports remaining effects of the model reported in Table 3; Column 2 reports effects of a model that includes the hypothesized interactions; Column 3 additionally includes interactions of proximity with remaining expectancies (χ^2(df=14)=18.66, p = 0.178); Column 4 reports coefficients for outcome expectancies that are derived from models that only include the specific expectancy and the hypothesized interactions.
Significance levels: *** p<0.001, ** p<0.01, * p<0.05, + p<0.1.

these in unrelated businesses. Nevertheless, consistent with our Hypothesis 3b, the positive effect becomes less positive and possibly even negative in respect of more proximal employee businesses.

Through further testing of proximity's moderating effects on outcome expectancies' effects on behavior, we observe, in support of Hypothesis 3c, that personal development's effect becomes more positive in respect of more proximal businesses. Consistent with our theorizing that proximity facilitates the cross-application of competencies and skills acquired in the own business, personal development only affects behavior positively if the businesses are related. When businesses are related, employers might think that whatever the employee learns could affect their businesses positively.

Since individual outcome expectancies are correlated, related interaction terms correlate, too. Consequently, significant moderation effects could emerge from moderations effects related to correlated outcome expectancies.[5] To account for this bias, we also estimated a model in which all of proximity's remaining moderating effects are included with all the other outcome expectancies (Table 4, Column 3). The hypothesized moderation effects are robust, while the additional ones are statistically not significant (jointly tested: χ^2(df=14)=18.66, p = 0.178).

In terms of replicating Hypothesis 4a's tests for specific rather than aggregate outcomes, we observe that experience with subordinates affects all types of opportunity expectancies positively. While positive, the effect is not statistically significant in respect of personal development (p = 0.110), but statistically significant regarding all other opportunity expectancies. Overall, this is consistent and supports Hypothesis 4a. Consistent with finding no effect at the aggregate level, we observe that experience has opposing effects on threat expectancies. Consistent with Hypothesis 4b, those with more experience consider issues related to resource use more likely. Contrary to Hypothesis 4b, those with more experience consider threats to the organizational fit less likely. Organizational fit issues seem to become somewhat stereotypical, rather than having experienced employers support them. In sum, it appears that with more experience, positive, as well as some selected negative, outcomes are considered more likely. Nevertheless, others, such as threats to the organizational fit, are considered less likely.

When including outcome expectancies' interactions with importance and proximity at the individual outcome level, none of importance's interactions with individual outcome expectancies is statistically significant, despite the interactions with the aggregate measures achieving high significance levels (see Hypotheses 2b and 2c). We surmise that multicollinearity might affect our tests, rendering the relatively small moderation effects insignificant due to the correlated outcome expectancies and correlated interaction terms. To validate this surmise, we implemented a joint test of the six interactions related to opportunities, as well as one of the three interactions related to threats. Consistent with the aggregate level of analysis, and suggesting the presence of multicollinearity issues, significant effects are related to importance's interactions with opportunity beliefs (χ^2(df=6)=18.06, p = 0.006), but not with threats (χ^2(df=3)=2.23, p = 0.525). There are multiple ways of dealing with multicollinearity. One could aggregate the correlated variables to reflect their joint variation. Our aggregate-level analyses followed this approach and supported Hypothesis 2b. Alternatively, we could estimate a model by including only one outcome expectancy and all its interactions (see Table 4, Column 4). Such a model implies that we

[5] The relevance of this robustness check becomes clear when estimating models where we include only one outcome expectancy and the related moderation effects (see Table 4, Column 4). That is, we omit other relevant moderation effects hypothesized in opposite directions and which relate positively to correlated variables (i.e., personal development and resource use, r = 0.40). The expected suppression effect (MacKinnon et al. 2000) causes the estimated moderation effects to change substantially.

estimate outcome expectancies' effects without assuming that the other expectancies remain constant. The latter, however, opens the door for spurious results (see our discussion on resource use's effect on employers' behavioral expectancy). Nevertheless, with the exception of personal development, we observe—consistent with Hypothesis 2b and the aggregate-level analysis—that opportunity expectancies have a smaller effect if the employee is more important.

We ran additional robustness checks varying our model specifications' components (available upon request). We included random effects in the equation for behavioral expectancies, and modeled the outcome expectancies as ordered probit processes. None of these model specification variations leads to different conclusions, which confirms our conclusions' robustness.

5. Discussion

Transition into entrepreneurship often occurs while entrepreneurs remain employed (Folta et al., 2010; Block and Landgraf, 2016; Raffiee and Feng, 2014; Schulz et al., 2016). While Sørensen and Fassiotto (2011) still assume that once entrepreneurs have started an own business, they leave their paid jobs, established firms might be a home for entrepreneurs far beyond that point (Folta et al., 2010). In fact, most of the 988 managers contacted in our study tend to agree (62%) rather than disagree (18%) with the statement that, 'in the next years more employees will start businesses in parallel with their paid jobs'. The more employers recognize and value the possibly positive consequences and learn to manage the pitfalls associated with such employees' entrepreneurial side jobs, the more individual employers, the regional ecosystem, and our society benefit from such forms of entrepreneurship. Supportive employers may help latent entrepreneurs take the required steps to start new businesses. If the potential drawbacks are sufficiently controlled, employers may experience the positive side effects, such as increased innovativeness and motivation, as well as a more entrepreneurial climate.

5.1. Contributions to entrepreneurship research

Our study contributes to entrepreneurship research in several ways. First, we enrich research dealing with factors that may facilitate or hinder latent entrepreneurs to become emergent entrepreneurs. Conceptually, we argue that multiple stakeholders are required for the latter transition. Previous research focuses on the latent entrepreneurs themselves, on financial sources, such as venture capitalists, and other sources of support, such as accelerators. While businesses that emerge from an employment position rather than from necessity seem to be more successful (Evans and Leighton, 1989; Raffiee and Feng, 2014), the role of the employer has – with few exceptions (Dobrev and Barnett, 2005; Sørensen and Fassiotto, 2011) – not been thoroughly investigated. Our study therefore draws attention to factors that influence whether an employer supports or hinders employees' entrepreneurial attempts pursued as a side job.

Second, we contribute to research by establishing how firms can develop entrepreneurially-minded, innovative, and empowered employees (Marshall et al., 2019; Sessions et al., 2021). Managers' perceptions of corporate entrepreneurship have been thoroughly analyzed (Hornsby et al., 2002), but recent research also reports on independently enterprising employees' positive contributions to corporate entrepreneurship and innovation (Marshall et al., 2019; Sessions et al., 2021). However, managers' perceptions and valuation of employees' independent startup activities besides their paid jobs have not yet been considered. Our study expands the current state of knowledge of employees' entrepreneurial side hustles by providing insights into the assessment of the possible outcomes, specifically from an employer perspective. We explain how employers evaluate the likelihood of their employees' own businesses producing specific outcomes, and the extent to which these will affect their encouraging or discouraging behaviors toward such employees.

As outcomes that employers associate with enterprising employee, we identify five positive outcomes: innovativeness, efficiency, job satisfaction, personal development, and the employing firm's image. We also identify three negative outcomes: a decrease in enterprising employees' resilience and flexibility, an emerging misfit with the employees' organization, and the misuse of employers' resources for the employee business. Employers are undecided about the likelihood of employee retention as an outcome, since allowing side businesses could contribute to retaining employees, but also entails the risk that they will eventually leave to become full-time entrepreneurs. The observation that positive outcomes are considered more likely with more experience with enterprising employees suggests that employers without any direct experience are more likely to be pessimistic.

Believing that particular outcomes will emerge does not imply that employers also value these outcomes. All but two of the positive outcomes' (opportunities') influence employers' support of employees with side businesses positively. As exceptions, we observe that neither an increase in job satisfaction nor an increase in employee retention leads to a more favorable employer reaction. Hence, more individual employee-related outcomes, i.e., their job satisfaction and retaining them, are less relevant than the company-related outcomes as a whole, i.e., employers' image, and the performance-related outcomes, such as innovativeness and efficiency. Another argument that supports this perspective is that personal development is only relevant to employers if their businesses and those of their employees are related. In this case, skills and competencies acquired in the own business are more likely to be applicable in the employing organization.

While previous entrepreneurship research focuses on positive outcomes emerging from employees with own businesses, our study also provides interesting insights and raises new questions regarding the threats emerging from such businesses. Consistent with our expectations, both lower resilience & flexibility and organizational misfit are perceived as threats affecting employers' behavior negatively. Our results, however, also show that if employees' businesses are not related to that of the firm, employers might even welcome their employees' businesses, even if they use employer resources. We presume that our measurement of resource use may drive this result. We measure resource use as both resources incurring costs for the employer when their employees' businesses use them (competitive resources, such as time and material) and as resources that do not incur such costs (e.g., business contacts and ideas). Since other outcomes (e.g., resilience & flexibility) already capture employees' time and energy, the effect estimated for resource use is possibly more tightly linked to non-competitive resources. Hence, our seemingly counterintuitive result might be explained by our empirical analysis indirectly focusing on using employers' non-competitive resources.

5.2. Practical implications

While previous studies focus on the objective outcomes of employees running own businesses (Fini et al., 2017; Marshall et al., 2019; Sessions et al., 2021), our study focuses on the consequences that senior and mid-level managers of incumbent firms perceive and on the outcomes that they value. Our study offers managers a framework to reflect on how they should cope with such employees and with which to benchmark their perceptions of and possible behaviors toward their peers. In turn, this framework also offers employees an opportunity to reflect on how they may convince employers to consider their entrepreneurial sidelines more favorably.

It is striking that managers who have previously worked with such employees consider opportunities, like employee innovativeness and efficiency, as more likely. Thus, improvements along such dimensions are not necessarily only linked to formal innovation and entrepreneurship programs and departments, but all employees and their side activities are a potential source of innovation and entrepreneurial spirit. Moreover, compared to managers without experience with enterprising subordinates, those with experience do not necessarily see threats (e.g., an emerging organizational misfit) more often, some even less often. Consequently, managers with less experience tend to be more (possibly too) pessimistic and less encouraging in their responses to enterprising employees. Therefore, employers might be a factor hindering latent entrepreneurship's transformation into emergent entrepreneurship, resulting in an unexploited source of entrepreneurial spirit in established organizations. This finding has implications for both managers and policy makers.

Managers may appreciate employees' entrepreneurial intentions due to the emerging opportunities for an innovativeness and entrepreneurial mindset (Marshall et al., 2019; Sessions et al., 2021). Policymakers, on the other hand, may appreciate this type of entrepreneurship because of its potentially higher quality and higher survival chances compared to other forms of entrepreneurship (Raffiee and Feng, 2014). Our study, which, unlike previous studies, focuses on employers' decision-making rather than solely on outcomes, is the first to provide operational guidance on how managers and policymakers could encourage this type of entrepreneurship.

Complementing companies' efforts to develop business incubators (Kuratko and Audretsch, 2013; Weiblen and Chesbrough, 2015) and foster employee innovation (Lukes and Stephan, 2017), we suggest that more attention should be paid to employees with own businesses. Frameworks focusing on such activities may allow more employees at all levels to set up own businesses in ways that allow both sides to benefit from the advantages, such as innovativeness and personal development (Marshall et al., 2019). New forms of policy measures could be developed, aimed at supporting the transition from latent to emergent entrepreneurship, while retaining a paid job. These policy measures should specifically acknowledge and target problems that established firms face when their employees start own businesses. There is also a need to develop specific support measures and incentives linked to explicitly, or additionally, supporting this path toward entrepreneurship. Such measures could encompass the simplification of processes, for example, clarifying the legal context so that managers and employees clearly understand what is legally allowed. These measures could also promote an entrepreneurship-friendly working environment that fosters emerging opportunities rather than fear in companies. Schulz and colleagues demonstrate that policy reforms reducing the time needed to start and register new firms facilitate entrepreneurship that emerges in parallel with employment; these entrepreneurs experience the tightest time constraints (Schulz et al., 2016). Moreover, if entrepreneurship has positive externalities toward the surrounding ecosystem, then the negative externalities experienced by employing organizations might need to be addressed by entrepreneurship policy.

Our finding regarding experience's effects on expectations of opportunities and threats emerging from employees who run their own businesses has a very specific, though broadly relevant, implication. Agencies promoting entrepreneurship, such as those that Caiazza (2016) discusses, might consider employers as a new and critical target group. Facilitating the exchange and publication of best practices on dealing with emerging employee entrepreneurship could play an essential role in facilitating the emergence of high-quality entrepreneurship (Acs et al., 2009).

5.3. Limitations and further research opportunities

While developing a basis for analyzing employers' perspectives and reactions to employees starting their own business besides their paid jobs, this study's limitations might open additional opportunities for future research. First, the chosen vignette study approach has advantages regarding our analyses' internal validity, but comes with limitations regarding its external validity. Most importantly, we only elicited participants' beliefs about how likely they were to engage in particular behaviors, which reflect behavioral expectancies (Warshaw and Davis, 1985a) rather than their actual behaviors. Nevertheless, behavioral expectancies predict their behavior rather well (Warshaw and Davis, 1985b). Similarly, while we are the first to shed light on managers' perceptions and considerations of particular outcomes, we cannot evaluate whether these perceptions reflect real likelihoods sufficiently well. There is evidence for some positive outcomes (e.g., Marshall et al., 2019; Sessions et al., 2021), but not, for instance, for threats like resource use or reduced resilience and flexibility.

Second, although our sample is relatively large and broad in terms of employing companies' types and sizes, our analyses focus on the German context. Given the cultural differences across countries, it would be worthwhile extending this research to other countries. We surmise that firms' cultures and norms might affect managers' perceptions strongly (Dobrev and Barnett, 2005; Sørensen and Fassiotto, 2011; Caiazza et al., 2020).

Third, while we believe we have captured the most significant consequences of employees' side businesses, future research could explore different contexts, extend our list, and refine some of these outcomes. For instance, based on our analyses, we suggest separating the employers' resources that employees may use for their businesses into those that can and cannot be shared without additional cost.

Last, future research should acknowledge the heterogeneity of employers, employees, and situations in greater detail. We only consider employee's importance and business proximity as characteristics that are specific to the employee-employer relationship. Future studies might find considering employee characteristics, such as their personality traits, family background, and organizational tenure, or more specific business characteristics, such as whether their own businesses are more a type of self-employment, freelancing, a startup, or even an own business with own employees, worthwhile. Future research could also explore industry characteristics' effects in more detail. For instance, in academia, cultural industries, and farming, combining paid jobs with own businesses is more common than in other industries.

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CRediT authorship contribution statement

Diemo Urbig: Conceptualization, Methodology, Resources, Formal analysis, Investigation, Visualization, Data curation, Writing – original draft, Writing – review & editing, Project administration. **Karina Reif:** Conceptualization, Investigation, Visualization, Data curation, Writing – original draft, Writing – review & editing. **Stephan Lengsfeld:** Conceptualization, Investigation, Visualization, Writing – original draft, Writing – review & editing. **Vivien D. Procher:** Conceptualization, Investigation, Resources.

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Appendix A: Vignette and attribute levels

In the appraisal interview, your employee informs you that he or she is registering a sideline enterprise at the HR department. Your company has employed this employee, who is going to be also self-employed, for almost five years. The employee is ⟨*less important to you and easier to replace / very important to you and harder to replace*⟩ than others. As a sideline, the employee has developed a service idea. The activity has ⟨*no obvious relation / a slight relation / a strong professional relation*⟩ to your and your team's business. During the conversation, you learn that the idea's implementation is still in its infancy. Nevertheless, some tests are required before the service is approved; these tests will not only cost the employee a great deal of money, but will also consume his spare time.

Indicate how likely you are to engage in the indicated behaviors (please select)

- I suggest that my employee should move to full-time self-employment and aim to terminate the employment.
- I forbid my employee from engaging in his or her sideline business.
- I monitor this employee's performance more intensively to prevent the employing organization from suffering as a result of the sideline business.
- My behavior toward the employee remains unchanged; what he does in the free time is not my business.
- I try to support the employee formally or informally (e.g., by referring him or her to the company's idea management processes, which offer flexible working hours and personal advice).
- I try to ensure that this sideline business also creates new business opportunities for the employing organization.
- I try to stimulate the employing organization to become financially actively involved as a partner or a co-investor.

[Participants evaluated each behavior on a 7-point scale, ranging from "definitely, not" (1), "very unlikely" (2), "unlikely" (3), "undecided" (4), "likely" (5), "very likely" (6), to "definitely, yes" (7).]

Imagine that you tolerate the employee's sideline business but do not pay any attention to it. Now guess how your employee's side job will affect your area of responsibility. In this case, the startup business leads to

- the employee developing skills and knowledge.
- more innovative products or processes.
- an increase in the employee's performance through his or her greater effectiveness.
- the employee experiencing less resilience and time flexibility (reverse-coded).
- team disturbances (reverse-coded).
- the employee misusing the company resources, such as its knowledge, contacts, working time, and material (reverse-coded).
- the employee experiencing higher job satisfaction.
- a more positive image of the area of responsibility.
- the employee's long-term commitment to the employing organization.

[P*articipants evaluated each outcome on a* 5*-point scale, ranging from very unlikely, unlikely, undecided, likely, very likely*.]

Appendix B: Interviews

In-depth interviews were used to validate and extend, if needed, the list of relevant consequences of employees engaging in entrepreneurial side businesses from employers' perspective. This appendix provides brief descriptions of our interview partners.

ID	Job	Job title	Subordinates	Firm size (employees)	Industry	Interview mode	Transcript pages
P1	Manager	CEO	50 empl.	50	Microcomputer Technology	face-to-face	12
P2	Manager	Manager	n.a.	n.a.	Energy	face-to-face	3
P3	HR expert	Junior HR Officer	specialist	7,249	Marketing and Design	face-to-face	7
P4	Manager	Senior Lead Manager Employer Branding	6 empl.	6,000	Mobility Service	face-to-face	5
P5	Manager	COO	12 empl.	12	Mobility	face-to-face	11
P6	HR expert	HR manager	specialist	10,000	Auditing, tax and management consulting	face-to-face	6
P7	HR expert	Head of HR	450 empl.	2,000	pharmaceutical	face-to-face	11
							Total = 55

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