

MANAGING THE RISKS OF PROACTIVITY: A MULTILEVEL STUDY OF INITIATIVE AND PERFORMANCE IN THE MIDDLE MANAGEMENT CONTEXT

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Drawing on theories of behavioral decision making and situational strength, we developed and tested a multilevel model that explains how the performance outcomes of personal initiative tendency depend on the extent of alignment between organizational control mechanisms and proactive individuals' risk propensities. Results from a sample of 383 middle managers operating in 34 business units of a large multinational corporation indicated that risk propensity weakens the positive relationship between personal initiative tendency and job performance. This negative moderating effect was further amplified when middle managers receive high job autonomy but was attenuated in business units with a strong performance management context. We discuss the implications of these findings for research on proactivity, risk taking, and organizational control.

Within our organization, we want everyone to be innovative; we want them to challenge the status quo. But to do that productively we need to deeply engage them in our strategy and culture so they understand how far we want them to go—and how far is too far.

(Robert E. Moritz, Chairman of PricewaterhouseCoopers)

An important and recurring theme in the organizational literature has been the design of structures and processes that increase predictability of employee behavior (Ouchi, 1980). Yet as today's business environments are becoming ever more dynamic, both scholars and practitioners have recognized the growing need for flexible work roles in which employees must exercise initiative rather than just "do their jobs" (Frese & Fay, 2001; Griffin, Neal, & Parker, 2007). This shift in focus has been guided by the expectation that high-initiative employees engage in self-starting, proactive behaviors that contribute to individual and organizational effectiveness (Crant, 2000; Grant & Ashford, 2008). These potential benefits are not always realized, however, as evidenced by the mixed findings on the performance outcomes of personal initiative (Grant, Nurmohamed, Ashford, & Dekas,

2011; Tornau & Frese, 2013). Indeed, because initiative extends beyond formal job descriptions, proactive employees may often take inappropriate actions that ultimately fail to create value. Organizations thus face the dilemma of how to exercise control over proactive employees without overly constraining them.

Unfortunately, understanding about how this tension can be resolved remains incomplete. Although prior research has alluded to the risks of proactivity, most theoretical and empirical attention has focused on the factors that promote initiative at work (e.g., Frese & Fay, 2001; Parker, Williams, & Turner, 2006). This research has argued that providing freedom and support is essential for encouraging initiative, which might suggest that organizational controls are undesirable. However, conditions that elicit personal initiative in the workplace may not be the same conditions that enhance its performance benefits. An important question therefore is how the risks of personal initiative can be adequately controlled and at what level in the organization this is best done. In answering this question, some have recognized that top management may guide employee initiative by designing appropriate control systems (e.g., Marginson, 2002; Shimizu, 2012). An assumption in this emerging literature is that all proactive employees require the same

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type of control. Yet individuals may actually vary greatly in their capacity to manage risks related to undertaking new initiatives (Chan, 2006), implying that substantial heterogeneity may exist in proactive employees' idiosyncratic needs for control. It follows that researchers must better understand these individual differences in order to determine when particular control mechanisms strengthen or weaken the performance benefits of personal initiative.

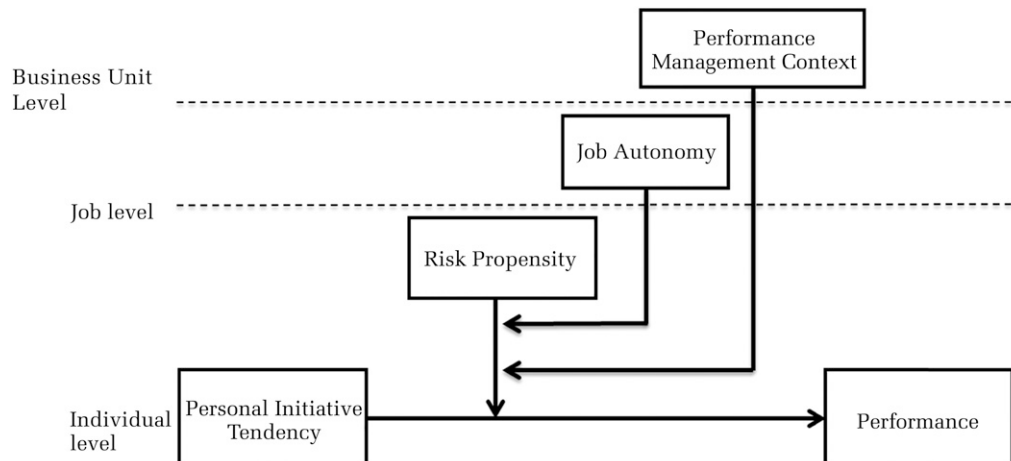
One purpose of this study is to advance knowledge of the individual differences that influence employees' abilities to manage the risks of proactivity and obtain higher job performance from personal initiative. Scholars have argued that individuals often try to assess the potential risks before taking initiative but few have examined the determinants and performance outcomes of such expectancies. Drawing on behavioral decision theory (March & Shapira, 1987; Sitkin & Pablo, 1992), we propose that risk propensity constitutes an important individual trait that can clarify why some employees obtain better job performance from personal initiative than others. In contrast to prior assertions that proactive individuals must be willing to take risk (e.g., Fay & Frese, 2000), we suggest that individuals with higher risk propensities in fact are less effective in controlling the risks associated with initiative. Accordingly, our study not only highlights the significance of risk propensity for understanding the contingent performance benefits of personal initiative, but also provides a theoretical explanation for why proactive employees may have different needs for organizational control.

Another purpose of this study is to elucidate what forms of control enable employees with varying risk

propensities to translate personal initiative into higher job performance. To date, the control literature has predominantly focused on formal control strategies that evaluate behavior or outcomes by means of rules and procedures (Cardinal, 2001; O'Reilly & Chatman, 1996). But given that uncertainty makes it difficult to specify appropriate initiative behaviors *ex ante*, there is a need for research that considers the effectiveness of a wider range of controls. We develop and test a multilevel model that explains how the relationship between personal initiative and job performance depends on the extent of alignment between employees' risk propensities and organizational control mechanisms. At the job level, we examine the role of autonomy, which is a core facet of formal control that has been shown to influence proactivity (Parker et al., 2006). At the business unit level, we consider performance management context as a form of informal control that captures whether employees are bounded by a shared ambition and collective orientation toward discipline (Gibson & Birkinshaw, 2004). Drawing on situational strength theory (Mischel, 1977), we propose that the negative moderating effect of risk propensity on the initiative–performance link is amplified by autonomy but attenuated by performance management context. Our study thus improves theoretical understandings of when particular control mechanisms enhance the performance benefits of personal initiative, delineating how formal and informal controls distinctly influence the job performance of proactive individuals with low and high risk propensities. Figure 1 depicts our multilevel model.

We tested this model using a sample of middle managers in a large multinational corporation. This

FIGURE 1
Multilevel Research Framework



research context was compelling because initiative is a key part of middle managers' job description. Given their unique position as organizational linking pins, personal initiative may help middle managers to successfully reconcile top management's strategic directions with implementation issues surfacing at lower levels (Kanter, 1982; Wooldridge, Schmid, & Floyd, 2008). However, it is also at the middle management level where the risks of initiative are most salient. Compared to top- or operating-level managers, middle managers must navigate a more complex set of interactions by resolving divergent expectations from a larger number of stakeholders (Floyd & Lane, 2000). Middle managers' initiatives are therefore highly interdependent with, and visible throughout, the rest of the organization, rendering their future impact highly unpredictable. Thus, our study extends past work that has mostly examined initiative in low-level jobs by examining a research setting where initiative is not only essential for job performance but also a risky endeavor that needs careful management.

THEORETICAL FRAMEWORK AND HYPOTHESES

The burgeoning literature on proactivity has introduced multiple constructs that all aim to capture "anticipatory action that employees take to impact themselves and/or their environments" (Grant & Ashford, 2008: 8). Here, we focus on the concept of personal initiative tendency, defined as an individual's propensity to engage in work behaviors that are self-starting, proactive, and persistent in overcoming barriers (Frese & Fay, 2001). Consistent with the idea that these three facets often reinforce one another (Frese, Fay, Hilburger, Leng, & Tag, 1997), we view personal initiative tendency as a unidimensional construct capturing one's overall disposition to be self-starting, proactive, and persistent. The concept is similar to other constructs that capture one's propensity to show initiative such as proactive personality (Bateman & Crant, 1993), but is broader in scope than various context-specific concepts like feedback seeking, issue selling, or individual innovation (Crant, 2000; Parker & Collins, 2010). Personal initiative tendency thus signifies whether individuals are generally inclined to pursue self-set goals instead of assigned ones, proactively respond to threats or opportunities rather than wait for others to follow, and try to overcome resistance to change instead of giving up easily.

We acknowledge that conceptualizing personal initiative as a relatively stable individual attribute is

certainly not uncontroversial. Proponents of the dispositional perspective argue that enduring individual differences in personal initiative do exist and explain considerable variance in proactive behaviors beyond other personality traits (Bateman & Crant, 1993; Seibert, Crant, & Kraimer, 1999). Yet critics have noted that an individual's initiative may not necessarily be consistent across situations, such that a focus on actual behavior may be more appropriate (Parker & Collins, 2010). In this study, we assume a middle ground between these opposing views by proposing that a person's general tendency to show initiative may not always activate the same pattern of behaviors, but rather influences the general likelihood that an individual behaves proactively. Our model thus recognizes that both individual differences and situational influences regulate the specific behavioral manifestations and associated performance outcomes of an individual's personal initiative tendency.

Personal Initiative and Job Performance of Middle Managers

Although prior research has mostly examined the performance consequences of initiative in lower-level jobs, personal initiative is particularly important at the middle management level. Middle managers serve as organizational linking pins who are often expected to proactively identify new opportunities emerging at lower levels and overcome obstacles by mobilizing support for initiatives from top managers (Kanter, 1982; Wooldridge et al., 2008). Juggling multiple roles creates substantial uncertainty for middle managers about how to satisfy conflicting demands from different stakeholders (Floyd & Lane, 2000). To successfully navigate such ambiguous situations, middle managers may benefit from taking initiative by engaging in proactive behaviors, such as seeking feedback and building networks, which help to reduce uncertainty and increase control at work (Frese, Garst, & Fay, 2007; Seibert et al., 1999).

The foregoing suggests that middle managers with high personal initiative tendencies will be more effective in executing their boundary-spanning role and thus achieve better job performance. However, prior findings on the performance benefits of personal initiative remain inconclusive. Crant (1995) found a positive link between proactive personality and job performance of real estate managers. Seibert et al. (1999) and Thompson (2005), using samples of college graduates, also discovered that proactive

personality was positively related to career success and supervisor-rated job performance, respectively. In contrast, Chan (2006) and Erdogan and Bauer (2005) found that proactive personality was unrelated to either subjective or objective measures of job performance. Studies by Grant et al. (2011) reveal that personal initiative behavior improved the productivity of call center employees, whereas self-reported personal initiative tendency was unrelated to the job search success of students. A recent meta-analysis by Tornau and Frese (2013) confirmed that prior research results have been inconsistent. A key insight from their meta-analysis is that effect sizes of personality measures of personal initiative on supervisor-rated job performance are, on average, moderately positive ($r_{wc} = .15$ to $.17$), but exhibit substantial heterogeneity. It thus appears that personal initiative tendency does not always improve job performance and that moderators likely exist in influencing this relationship.

One interpretation of these mixed findings is that taking initiative is a risky endeavor that often has unpredictable consequences. Personal initiative entails risk because initiating change without being told implies that proactive individuals may take actions that are poorly timed, use inappropriate methods, or encounter resistance from coworkers (Ashford, Rothbard, Piderit, & Dutton, 1998; Grant, Parker, & Collins, 2009). These risks are particularly acute in the middle management context because initiatives developed at this intermediate level might easily trigger a "ripple effect" of unexpected responses across the organization. Top managers indeed often struggle to evaluate how new initiatives will advance the organization's goals (Burgelman, 1983), creating the risk that middle managers' initiatives are either rejected or create little value. These risks are exacerbated in large organizations where it is difficult to closely monitor the numerous dispersed initiatives emerging at the middle management level (Shimizu, 2012).

In this study, we seek to clarify the role of organizational control in enabling proactive middle managers with varying risk propensities to translate personal initiative into higher job performance. Defined as an individual's tendency to take or avoid risk, risk propensity has been shown to regulate whether an individual's attention is primarily focused on information related to opportunities or threats (Lopes, 1987; Sitkin & Pablo, 1992). Based on this insight, we argue that middle managers with higher risk propensities perceive fewer risks associated with proactivity, expend less effort to carefully

evaluate and mitigate these risks, and thus obtain fewer performance benefits from personal initiative.

The proposed moderating role of risk propensity is based on three assumptions that need to be clarified. First, we view personal initiative tendency and risk propensity as theoretically distinct constructs that are not causally related. This view is consistent with findings in the entrepreneurship literature indicating that proactiveness and risk taking represent two key dimensions of the entrepreneurial orientation construct that vary independently of one another (Covin & Lumpkin, 2011). Second, our arguments emphasize that risk propensity modifies the behavioral expression of an individual's personal initiative tendency rather than that it influences these behaviors directly. Although risk propensity might also directly promote proactive behavior, Ashford et al. (1998) and Grant and Rothbard (2013) found no support for such a link. We suggest it is useful to distinguish between the likelihood that one behaves proactively and the quality of the behavior in terms of specific actions that are undertaken. In our theorizing, we assert that the former is predicted by managers' personal initiative tendency, whereas the latter is influenced by their risk propensity.¹ Third, we treat risk propensity as a relatively stable personality trait, which is consistent with findings showing that individuals have fairly consistent risk preferences (Das & Teng, 2001). Yet we do acknowledge that managers can be risk-seeking in one situation, but risk-averse in another situation by focusing on their risk propensity within the job domain, excluding risk preferences related to personal decisions (cf. MacCrimmon & Wehrung, 1990). Furthermore, we explicitly consider how the outcomes of risk propensity depend on context by examining the cross-level moderating influences of situational strength. Situational strength invokes the notion that features of the context in which individuals operate can limit the behavioral expression of personality (Meyer, Dalal, & Hermida,

¹ Our theoretical arguments and hypotheses are consistent with an alternative model focusing on actual initiative behaviors instead of one's generalized tendency to take initiative. In both cases, we expect that risk propensity influences the precise nature of the proactive behavior in terms of its form, intended impact, timing, and tactics instead of just the frequency of the behavior (Grant & Ashford, 2008). This means that, unless these dimensions are explicitly captured in an empirical study, risk propensity can be expected to also moderate the link between traditional measures of personal initiative behavior (which typically capture its frequency) and job performance.

2010). Strong situations generate uniform expectations of suitable behaviors, whereas weak situations lack clear and consistent cues on appropriate actions (Mischel, 1977). Grounded in the interactionist perspective, our model recognizes that while risk propensity tends to focus middle managers' attention on potential gains or losses associated with personal initiative, situational strength can either correct or exacerbate these biases in risk perception.

Risk Propensity as a Moderator

Middle managers with proactive tendencies may frequently expose themselves to substantial risks that can harm their job performance. Behavioral decision theory indicates that the way people perceive and handle these risks is governed by their risk propensity (Das & Teng, 2001; Sitkin & Pablo, 1992). Individuals with high risk propensities disproportionately focus their attention on potential opportunities and therefore tend to regulate their behaviors through eagerness strategies that emphasize gains and advancement. Conversely, individuals with low risk propensities focus primarily on potential threats and regulate their behaviors through vigilance strategies aimed at preventing negative outcomes (Crowe & Higgins, 1997). In support of these distinctions, Grant and Ashford (2008) argued that proactivity can either be promotion-focused or prevention-focused and proposed that the two forms may produce distinct performance outcomes.

Research findings indicate that the behavioral manifestations of risk propensity occur through its impact on risk perception. Risk-seekers often perceive the same objective situation as less risky than risk-aversers, which induces greater risk taking than their willingness to bear risk would predict (Sitkin & Weingart, 1995). Middle managers with high risk propensities mainly focus on information about potential opportunities, leading to a reduced awareness of downside risks (March & Shapira, 1987). Discounting negative outcomes may create a false sense of optimism that limits a manager's capacity to handle risky situations (Hmieleski & Baron, 2009). Accordingly, we argue that proactive middle managers with higher risk propensities are less likely to carefully evaluate and mitigate relevant risks and thus obtain fewer performance benefits from personal initiative. Several mechanisms account for this hypothesized moderating effect.

First, showing initiative requires that managers actively develop self-set goals that go beyond formal job requirements. Since risk-seekers tend to focus on

attaining "hits" and avoiding missed opportunities (Baron, 2004), they will more easily conclude that a particular initiative is desirable. In turn, setting a lower threshold prompts risk-seekers to take action more quickly (Wally & Baum, 1994) and, as a consequence, develop initiatives that turn out to be poorly timed or of little value. Mishra and Lalumière (2011) indeed found that risk-seekers engage in more impulsive behaviors and often neglect the long-term impact of their actions. Ironically, being overly optimistic helps risk-seekers to get attention from top managers (Ashford et al., 1998), but also leads to greater discontent when initiatives fail to deliver promised results. In contrast, risk-averse individuals require a high probability of success to tolerate exposure to potential failure (Brockhaus, 1980) and thus focus primarily on avoiding initiatives that could fail. This concern with preventing "false alarms" (Baron, 2004) makes proactive middle managers with low risk propensities more likely to only take initiative when doing so has a high probability of success. Interestingly, their initial pessimism about the potential impact of their initiatives helps risk-aversers to often exceed top managers' expectations, leading to better performance evaluations.

Second, personal initiative involves anticipating future developments and proactively taking action to address them. Doing so often ignites resistance from others who oppose proposed changes and prevent initiatives from having impact (Ashford et al., 1998). Given that threats are less salient to risk-seekers (Lopes, 1987), they may underestimate opposition against their initiatives and thus fail to perform activities that prevent setbacks later on, such as requesting feedback, developing a plan, and monitoring progress. Evidence indicates that risk-seekers indeed undertake fewer risk adjustment actions to gain control over outcomes and limit exposure to possible losses (Wehrung, Lee, Tse, & Vertinsky, 1989). In contrast, proactive middle managers with low risk propensities focus on cues signaling possible resistance to their initiative. Increased salience of threats, in turn, induces risk-aversers to more carefully evaluate the merits and feasibility of their initiative. Research by Dowling and Staelin (1994) confirmed that risk-averse individuals engage in more risk-reduction behaviors (i.e., information search) to handle risky situations. Brockner, Higgins, and Low (2004) argue that conducting such due diligence is critical for the success of entrepreneurial initiatives because it highlights potential problem areas and helps to identify actions that can mitigate these risks. Doing so may align initiatives with

organizational objectives, suggesting that top management is more likely to appreciate the personal initiative of middle managers with lower risk propensities.

Third, personal initiative demands strong persistence in overcoming barriers that could limit an initiative's impact. Yet removing obstacles may be difficult, if not impossible, suggesting that middle managers must judge when to give up (Staw, 1981). In this regard, risk-seeking managers tend to believe they have greater control over outcomes than they actually do (March & Shapira, 1987), which makes them more likely to escalate commitment to failing initiatives (Keil, Tan, Wei, Saarinen, Tuunainen, & Wassenaar, 2000). At the same time, the opportunity costs of such persistence can be substantial because risk propensity increases an individual's willingness to challenge the status quo (Ashford et al., 1998). Risk-seeking middle managers must therefore expend relatively more effort to overcome resistance to their initiatives, such that the contextual performance benefits of personal initiative may come at the expense of lower task performance, resulting in few benefits for overall job performance.

In sum, the preceding arguments suggest that risk propensity regulates the behavioral manifestations of middle managers' personal initiative tendency. Compared to risk-averse individuals, risk-seekers tend to develop expectancies about the benefits of taking initiative that are biased upward, which reduces their efforts to carefully evaluate and mitigate relevant risks. Failure to perform such risk adjustments increases risk-seekers' tendencies to escalate their commitment toward potentially inappropriate initiatives, resulting in reduced performance benefits associated with personal initiative. Thus, we offer the following hypothesis:

Hypothesis 1. The positive relationship between personal initiative tendency and job performance is weaker for middle managers with high risk propensities than for middle managers with low risk propensities.

The Amplifying Role of Job Autonomy

Although risk propensity generally reduces the performance benefits of personal initiative tendency, we argue that high job autonomy constitutes a key boundary condition for this moderating effect. Autonomy indicates whether middle managers receive discretion to structure their own work and make independent decisions (Hackman & Oldham, 1976).

According to theories of situational strength (Mischel, 1977), low autonomy constitutes a strong situation that directs individuals' attention to those behaviors that are deemed appropriate and restricts opportunities for acting on one's own dispositions. Conversely, high autonomy represents a weak situation in which the attention focus and behavior of managers are largely guided by individual differences instead of external forces (Barrick & Mount, 1993). Based on these insights, we argue that risk propensity only reduces the performance benefits of personal initiative in situations of high autonomy.

At low levels of job autonomy, risk-seekers and risk-averse will gain few, but comparable, performance benefits from personal initiative. Limited autonomy constitutes a strong situation (Barrick & Mount, 1993), where the need to follow prescribed procedures restricts risk-seekers from taking initiative without addressing the associated risks. For example, top managers may not give permission to proceed with undesirable initiatives, or may provide feedback that can prevent unexpected outcomes (Campbell, 2000). However, low autonomy also constrains one's ability to take actions that support new initiatives, suggesting that middle managers with high risk propensities obtain few performance benefits from initiative when job autonomy is low. Meanwhile, for risk-averse managers, personal initiative tendency is also unlikely to increase job performance when autonomy is low. Having little autonomy signals that taking initiative may not be feasible or rewarded (Den Hartog & Belschak, 2012), which further increases risk-averse managers' concern for avoiding mistakes. Thus, in low autonomy situations, proactive middle managers with low risk propensities will either fail to take initiative when it is required or spend unnecessary time mitigating trivial risks, both of which contribute little to job performance.

In contrast, when autonomy is high, the link between personal initiative tendency and job performance strongly varies as a function of risk propensity such that it is more positive for risk-averse than for risk-seekers. Prior research shows that autonomy increases employees' confidence in their ability to influence work outcomes by taking initiative (Frese et al., 2007; Parker et al., 2006). Accordingly, in situations of high autonomy, risk-averse middle managers are more likely to pursue value-creating initiatives they would otherwise have forgone out of fear of failure. Yet autonomy also comes at the cost of increased accountability and ambiguity about appropriate behaviors. Since risk-averse middle

managers focus more on avoiding negative outcomes (Crowe & Higgins, 1997), they will make greater effort to ensure that initiatives are well aligned with top managers' expectations. High-autonomy situations thus motivate and enable proactive middle managers with low risk propensities to perform necessary risk adjustments, such as acquiring information and developing plans, which enhance the performance benefits of personal initiative (Frese & Fay, 2001).

For middle managers with high risk propensity, autonomy weakens the relationship between personal initiative and job performance. Individuals who are risk-seeking primarily consider the gains associated with initiative and tend to discount the possibility of failure (Sitkin & Pablo, 1992). Autonomous situations further magnify these perceptual biases by inducing feelings of control and enactive mastery (Parker et al., 2006). This means that when risk-seekers are given autonomy, they are even more likely to falsely believe that initiatives will succeed and be appreciated. Meanwhile, autonomy also enables middle managers with high risk propensities to act upon these biases because top managers are less likely to intervene. Autonomous risk-seekers may thus become isolated from the rest of the organization and be free to develop self-serving initiatives that fail to create value (Shimizu, 2012). Accordingly, proactive middle managers with high risk propensities are particularly likely to develop initiatives that contribute little to job performance in situations of high autonomy.

Taken together, the preceding suggests that risk propensity only reduces the performance benefits of personal initiative tendency when middle managers are given high autonomy. Since low-autonomy situations counter the overconfidence of risk-seekers but exacerbate the pessimism of risk-averters, both will gain few, but comparable, performance benefits from taking initiative. On the other hand, high-autonomy situations further magnify the tendency of risk-seekers to overestimate the potential gains of initiative, while they curb the excessive concern of risk-averters with potential losses. Risk-seekers therefore obtain fewer performance benefits from personal initiative than risk-averters when autonomy is high. Hence we hypothesize:

Hypothesis 2. Job autonomy moderates the negative interactive effect of personal initiative tendency and risk propensity on job performance in such a way that this interaction only occurs when autonomy is high.

The Attenuating Role of Business Unit Performance Management Context

So far we have argued that risk propensity reduces the performance benefits of personal initiative tendency, particularly under conditions of high autonomy. It may be difficult, however, to overcome this situation by curtailing the job autonomy of middle managers. Doing so requires that top management specifies desired behaviors *ex ante* and continuously monitors performance, which may be impossible in contexts where future job demands are uncertain and middle managers value independence (O'Reilly & Chatman, 1996). Accordingly, some have argued that to minimize undesirable outcomes of proactivity, top managers may develop an organizational context that creates shared expectations and common frameworks (Campbell, 2000). Such work environments entail a strong situation that offers clear and consistent cues about what proactive behaviors are deemed appropriate (Meyer et al., 2010). Thus, rather than purely restricting individual discretion, a strong organizational context provides middle managers with adequate information and incentives to ensure that their initiative supports organizational objectives.

In this study, we focus on a business unit's performance management context, which captures whether work environments emphasize both discipline and stretch (Gibson & Birkinshaw, 2004). Discipline induces individuals to voluntarily strive to meet all expectations generated by their explicit or implicit commitments. Establishing clear standards of performance and behavior, having a system of candid and fast-cycle feedback, and applying sanctions consistently help to instill discipline (Ghoshal & Bartlett, 1994). Stretch, on the other hand, refers to a context in which employees voluntarily strive for more, rather than less, ambitious objectives. Developing a shared ambition and collective identity, along with promoting a sense of personal accomplishment, contributes to the establishment of stretch (Ghoshal & Bartlett, 1994). Together, discipline and stretch define the strength of a business unit's performance management context (Gibson & Birkinshaw, 2004).

We expect that a high personal initiative tendency is less rewarding for risk-seekers than for risk-averters in a weak performance management context. When discipline is lacking, middle managers experience ambiguity about what behaviors are appropriate and may perceive this as either a threat or an opportunity for taking initiative (Grant & Rothbard, 2013). Because

threats are more salient to individuals with low risk propensities, their initiative tendency is likely to elicit proactive behaviors aimed at reducing ambiguity resulting from unclear performance standards and inconsistent feedback (Grant & Ashford, 2008). Thus, in weak performance management contexts, risk-aversers' natural concern for avoiding mistakes increases the likelihood that their personal initiative is appreciated and rewarded. Risk-seekers, on the other hand, mainly focus on the opportunities afforded by a lack of discipline such that they tend to overlook the importance of performing adequate risk adjustments (Wehrung et al., 1989). Hence, in the absence of adequate information and incentives, proactive middle managers with high risk propensities are more likely to develop initiatives that contribute little to their job performance.

Moreover, weak performance management contexts lack a shared ambition such that initiatives that challenge the status quo are less appreciated. Here, risk-seeking middle managers are more willing to tolerate exposure to failure by promoting novel ideas that deviate from prevailing practices (March & Shapira, 1987). Doing so will bring few performance benefits, however, when managers are not bounded by a shared commitment to strive for excellence. In units with limited stretch, middle managers with high risk propensities thus obtain few performance benefits from personal initiative because top managers resist innovation and risk-taking (Burgelman, 1983). Risk-aversers, in contrast, are primarily concerned with avoiding failure such that their initiative tendencies mostly elicit proactive behaviors that reinforce the organization's existing activities. Such initiative may be particularly appreciated and rewarded in business units with little stretch as it supports the status quo (Burris, 2012).

Conversely, in strong performance management contexts, we expect that personal initiative generates greater performance benefits for middle managers with higher risk propensities. Discipline creates shared expectations about appropriate behaviors and ensures timely feedback that can prevent misalignment of initiatives with organizational objectives (Campbell, 2000). As a result, risk-seeking middle managers are less likely to escalate their commitment to inappropriate initiatives. Discipline also implies that top managers frequently monitor results and apply consistent sanctions to enforce accountability (Ghoshal & Bartlett, 1994). Such fast-cycle feedback motivates and enables risk-seekers to seek input, develop plans, and perform other risk adjustments that help to align initiatives with organizational objectives.

In contrast, risk-aversers seek to avoid failure and thus may become overly cautious in a strong performance management context. Indeed, when top managers stress the importance of delivering results and apply sanctions consistently, risk-averse managers may only develop incremental initiatives that contribute little to their job performance.

In addition, in strong performance management contexts that induce organization members to stretch their goals, top managers are more supportive of initiative that challenges the status quo. Shared aspirations to strive for excellence render managerial risk-taking more desirable because top managers recognize that simply continuing existing activities is no longer adequate (Burgelman, 1983). As a result, they may come to favor the initiative of middle managers with high risk propensities, who typically promote more novel ideas and solutions than risk-aversers. Initiative is thus more likely to enhance the job performance of middle managers with high risk propensities in business units with strong performance management contexts.

In sum, we argue that risk propensity becomes less harmful for the performance benefits of initiative when middle managers operate in a strong performance management context. The shared ambition and consistent sanctions that prevail in these work environments make it more likely that risk-seeking middle managers undertake initiatives that are appreciated by top managers. In contrast, in weak performance management contexts, clear and consistent cues about acceptable forms of initiative are lacking, such that middle managers with high risk propensities are more likely to act on their tendency to take initiative without performing adequate risk adjustments. Thus, we hypothesize:

Hypothesis 3. Business unit performance management context moderates the negative interactive effect of personal initiative tendency and risk propensity on job performance in such a way that this interaction only occurs in weak performance management contexts.

METHODS

Research Setting

The empirical context of this study is a global transport and logistics service company with approximately 160,000 employees worldwide in 2010. The company had grown considerably in the years prior to our study with annual revenues of approximately \$17 billion in 2010. It serves as an appropriate

research setting for testing our hypotheses for several reasons. First, the company faced substantial competitive pressures in its domestic market due to slowing growth rates and increasing deregulation. To remain competitive, it consolidated its market share in the home market but also explored new opportunities in emerging markets. Hence, middle managers were increasingly expected to show personal initiative and support the company's strategic changes. Second, the company's global activities were organized into 34 business units. These units were geographically dispersed, had relatively autonomous operations and decision rights, and each had their own senior management team. Accordingly, we expected to observe sufficient individual- and unit-level variance in the predictor and criterion variables in our model.

Research Design and Data Collection

To minimize single-informant bias, we collected primary and secondary data from multiple data sources. The dataset was part of a larger research effort to understand middle managers' role in strategic renewal (see Glaser, Fourné, & Elfring, 2015). Primary data were collected mid-2010 by surveying both the middle management and the top executives of each business unit. At the time of the survey, human resource representatives provided us with the contact details of all 687 individuals representing the senior executives and middle managers of the company's 34 business units. We started by contacting the middle managers who reported directly to the executive team of each unit, requesting them to complete several scales capturing their personal initiative tendency, risk propensity, and job autonomy. Next, another survey was distributed to unit top executives that assessed their unit's performance management context. Out of a total of 687 surveys sent, we received usable responses from 383 middle managers (69% response rate) and 72 executives (56% response rate) across 34 business units. We tested for nonresponse bias by comparing key attributes of respondents and non-respondents. Logistic regression analyses indicated no significant difference on gender ($\gamma = .03, p = .91$), tenure ($\gamma = -.04, p = .46$), or job grade ($\gamma = -.11, p = .19$).

The secondary dataset was collected through internal company records at the end of 2010 (seven months after collecting the primary survey data). We collected year-end job performance appraisals of the middle managers including their job grades. We enhanced the validity of our measures and reduced

common method variance by gathering data from multiple sources.

Measures and Validation

Surveys were administered in English, which was the working language in all business units of the focal organization. Unless otherwise noted, the measures were rated on a scale ranging from 1 ("strongly disagree") to 7 ("strongly agree").

Personal initiative tendency. Middle managers' tendency to take personal initiative was measured using a seven-item scale that captures the extent to which middle managers take an active, self-starting approach to work and go beyond formal job requirements (Frese et al., 1997). For example, middle managers responded to the item: "Whenever there is a chance to get actively involved, I take it." The measure has been validated as a unidimensional construct capturing one's overall disposition to be self-starting, proactive, and persistent in prior research (Frese et al., 2007). We factor-analyzed the items and found that all of them loaded above .70. All items loaded on a single factor having an eigenvalue of 3.86 and accounting for 55% of the variance ($\alpha = .86$). For each middle manager, we averaged the seven items into a single overall personal initiative tendency score.

Risk propensity. Risk propensity was measured using a four-item scale based on the work of Gomez-Mejia and Balkin (1989) and Zhao, Seibert, and Hills (2005). The measure captures a middle manager's generalized tendency to take or avoid risk and has been validated in prior research on proactivity at work (e.g., Ashford et al., 1998). A sample item was: "I often take risks in my job." We factor-analyzed the items and found that all of them loaded above .76. All items loaded on a single factor having an eigenvalue of 2.19 and accounting for 72% of the variance ($\alpha = .81$). Consequently, for each middle manager, we averaged the items into a single overall risk propensity score.

Job autonomy. Job autonomy was assessed using a nine-item scale adapted from Hornsby, Kuratko, and Zahra (2002). For example, middle managers were asked to indicate the extent to which they agree with the following statement: "I have the freedom to decide what I do on my job." We factor-analyzed the items and found that all of them loaded above .69. All items loaded on a single factor having an eigenvalue of 5.12 and accounting for 57% of the variance ($\alpha = .90$). We considered job autonomy as an individual level variable rather than a unit level

variable because autonomy was largely individually negotiated within the units. The ICC1 score for autonomy indeed showed that less than half of the variance in autonomy is between units, indicating considerable within-unit variability in job autonomy. We averaged all nine items into a single overall job autonomy score for each middle manager.

Performance management context. We measured performance management context by adopting a seven-item scale from Gibson and Birkinshaw (2004). Top executives were asked to indicate the degree to which their business unit encouraged stretch and discipline. For example, executives rated to what extent their unit encouraged individuals at their level to “Issue creative challenges to their employees, instead of narrowly defining tasks” and “Hold employees accountable for their job performance.” All items loaded on a single factor having an eigenvalue of 3.11 and accounting for 45% of the variance ($\alpha = .78$). For each business unit, we averaged all seven items into a single performance management context score.

Job performance. The focal organization used a common job performance appraisal instrument for all middle managers. Specifically, it had developed a competency framework that was used to assess middle managers’ job performance against several objectives. These objectives were set at the beginning of the year and supervisors evaluated each subordinate’s performance on these objectives by the end of the year. The framework focused on middle managers’ functional, value-based, and leadership competencies. The functional competencies are those that pertain to a particular job function. These competencies were defined at the department level since they often incorporate specific task-related skills (e.g., “database management”). The value-based competencies reflected the type of people and behaviors that were valued by the organization. For instance, two values that were considered important were integrity and social responsibility. The leadership competencies assessed middle managers’ ability to lead others and be adaptive to changes in the workplace. For instance, strategic orientation, communication, and change management were part of middle managers’ leadership competencies. Overall, the competency framework assessed middle managers’ job performance on 11 competencies: strategic awareness, people management, communication, managing results, delighting customers, teamwork, continuous improvement, integrity, change management, business development, and social responsibility. Each competency was evaluated on a five-point scale (E = “significantly below expectations” to

A = “significantly above expectations”). Integrating these ratings, supervisors constructed an overall job performance appraisal using the same five-point scale (i.e., E = “significantly below expectations” to A = “significantly above expectations”) and provided written comments justifying the appraisal.

The company provided us with the overall job performance appraisal rating for each middle manager at the end of this evaluation process (i.e., seven months after measuring the predictor variables). For this study, we recoded this summative job performance score (E, D, C, B, A) into numeric scores (i.e., 1 to 5).

Control variables. We controlled for possible alternative explanations by including relevant control variables. At the individual level, we controlled for four important variables. First, we controlled for *gender* as research findings suggest a mixed picture with regard to the influence of gender on proactive behaviors (Kanfer, Wanberg, & Kantrowitz, 2001). Gender was dummy coded, with 1 = female and 0 = male. In our sample, 18% of the respondents were females. Second, we included *job grade* as a control variable because managers at higher levels often have greater responsibility for undertaking initiative and may experience higher job complexity (Frese et al., 2007). Job grade was dummy coded as the company applied two different job grades that reflect the strategic, hierarchical position of each middle manager. Third, we included *years in job* as a control variable as prior work experiences may indicate differences in knowledge and abilities that influence middle managers’ initiative and job performance (Frese & Fay, 2001). Last, we controlled for *functional area* of the job because functions may differ in the extent to which they demand or reward personal initiative. We created four dummy-variables for each functional area: Marketing & Sales; IT & Operations; Finance & Accounting; and Other (reference category).

At the business unit level, we controlled for three different variables. First, we controlled for *size* and included the natural logarithm of the number of full-time employees in each business unit as this may affect resource availability to support new initiatives and add complexity when initiatives must be implemented. Second, we controlled for *client focus* because business units may specialize in different markets. We differentiated between units that served business clients (coded as 1) and those that served consumer clients (coded as 0). Third, we controlled for the *geographic location* of the business unit to account for possible geographical differences in middle managers’ motivation or opportunity to take risk and initiative. Here we created a dummy variable

for the main geographic location in which the company operated (0 = Western Europe and 1 = Outside Western Europe).

Aggregating Business Unit Data

Since business unit performance management context represents a “shared unit level construct” (Kozlowski & Klein, 2000), we conducted several analyses to ensure that our data exhibited sufficient within-unit agreement and between-unit variation. ICC1 and ICC2 were calculated for the performance management context measure to assess whether it met the statistical criteria for aggregating individual responses from each unit’s top executives. ICC1 and ICC2 for this scale were 0.32 and 0.77, respectively. Furthermore, we calculated an interrater agreement score (r_{wg} ; LeBreton & Senter, 2008) for the performance management context variable. We used the interrater reliability to assess agreement between two or more top executives on the assignment of the unit variable. The interrater reliability is Cohen’s κ , which ranges from 0 to 1 (although negative numbers are possible), where larger numbers mean better reliability. Most researchers prefer κ values to be at least 0.60 and most often higher than 0.70 before claiming a good level of agreement (Glick, 1985). The median interrater agreement value for performance management context was 0.76, suggesting adequate agreement for aggregation. Together, these analyses supported our decision to aggregate performance management context to the unit level by taking the mean of top executives’ individual responses for each unit, as recommended by Kozlowski and Klein (2000).

RESULTS

Confirmatory Factor Analyses

Before testing our hypotheses, we conducted confirmatory factor analysis (CFA) using Lisrel 8.72

(Jöreskog & Sörbom, 2005) to examine the factor structure of the four study variables. A 4-factor model (personal initiative tendency, risk propensity, job autonomy, and performance management context) reached good fit [$\chi^2 = 461.60, df = 266, p < .00$; root mean square error of approximation (RMSEA) = 0.05; non-normed fit index (NNFI) = 0.97; goodness of fit index (GFI) = 0.91; comparative fit index (CFI) = 0.97]. The fit of the 4-factor model was significantly better than an alternative 3-factor model where personal initiative tendency and risk propensity were constrained to load on one factor ($\Delta\chi^2 = 395.22, \Delta df = 3, p < .00$). Furthermore, we tested discriminant validity by comparing an unconstrained with a constrained model. The constrained model sets the correlation between two constructs equal to one. As Table 1 indicates, the four multi-item constructs all exhibit satisfactory discriminant validity. We examined potential common method variance by testing whether adding a single latent method factor would significantly improve model fit. Adding the additional method factor did not significantly improve model fit [$\Delta\chi^2 = (\Delta df = 60, n = 455) = 142.69, n.s.$], indicating that common method bias is unlikely to be severe.

We used hierarchical linear modeling (HLM) (Raudenbush, Byrk, & Congdon, 2004) to test our hypotheses because HLM is particularly well suited for nested data. HLM not only estimates model coefficients at each level, but also predicts the random effects associated with each sampling unit at every level. We first ran a null model for the dependent variable with no predictor to ensure that there was sufficient variance between the business units. The test revealed that a significant amount of the variance in middle managers’ job performance resided between units ($\chi^2 = 50.55, p < .05$). The ICC1 value for job performance was 0.12, indicating that the variability between units was large and using HLM was appropriate.

We first tested Hypothesis 1 by regressing the individual (level 1) variance component on the individual-level predictor. We then tested Hypotheses 2 and 3

TABLE 1
Results of Scale Analyses using Confirmatory Factor Analysis

Model	χ^2	df	$\Delta\chi^2$	Δdf	RMSEA	NNFI	GFI	CFI
4-factor	461.60***	266	Baseline model		.05	.97	.91	.97
3-factor	856.82***	269	395.22***	3	.08	.91	.85	.92
2-factor	1478.80***	271	621.98***	2	.12	.81	.73	.84
1-factor	1905.83***	272	427.03***	1	.14	.75	.69	.79

Note: 4-factor: risk propensity, performance management context, autonomy, personal initiative tendency; 3-factor: risk propensity, performance management context, autonomy; 2-factor: risk propensity, performance management context; 1-factor: all items loading on one factor.
*** $p < .001$

where the independent variables were mean centered prior to the formation of interaction terms, as recommended by Aiken and West (1991). Finally, we tested cross-level interactions by regressing level 1 slopes (i.e., relationships between level 1 predictors and outcomes) onto unit level (level 2) predictors. We group mean centered the level 1 predictors, as this is the recommended centering approach when cross-level interactions are involved (Hofmann, Griffin, & Gavin, 2000). Finally, although it is difficult to estimate precise effect sizes in cross-level models, we report Snijders and Bosker's (1999) overall pseudo R^2 ($\sim R^2$), indicating the proportional reduction of level 1 and level 2 errors owing to the predictors of the model.

Descriptive Statistics

Table 2 presents the means, standard deviations, and correlations among the variables under study where the individual variables are measured at level 1 and performance management context at level 2. Personal initiative tendency correlated positively with risk propensity ($r = .21, p < .01$) and job autonomy ($r = .24, p < .01$). Risk propensity and job autonomy were also positively correlated ($r = .27, p < .01$). Furthermore, job performance correlated positively with personal initiative tendency ($r = .09, p < .05$), but was neither significantly correlated with risk propensity ($r = .00, n.s.$) nor job autonomy ($r = .02, n.s.$). Finally, performance management context was not significantly correlated with any of the individual level constructs.

Hypothesis Testing

Table 3 summarizes the results of the HLM analyses for Hypotheses 1–3. Control variables (including gender, job grade, years in job, functional area, unit size, unit client focus and unit geographical location) were included first (Model 1). We then tested whether middle managers' personal initiative tendency was positively related to job performance. As shown in Model 2a, middle managers' personal initiative tendency is significantly related to their job performance ($\gamma = .13, p < .01$), replicating prior findings of research on personal initiative (Frese & Fay, 2001). This step accounted for 4% additional variance in job performance over the first step with controls (total pseudo $R^2 = .11$).

Next, we tested our baseline hypothesis stipulating that risk propensity has a negative moderating influence on the relation between middle managers' initiative and job performance (Hypothesis 1). As shown

in Model 3a, the individual-level interaction term between personal initiative tendency and risk propensity was significantly negative ($\gamma = -.16, p < .01$), indicating that the positive relation between personal initiative tendency and job performance becomes weaker when risk propensity is high than when it is low. We performed a simple slope analysis (Aiken & West, 1991) to examine whether the slope is significantly different from zero. Results indicated that the simple slope was negative but not significant when risk propensity is high ($t = -.19, n.s.$), whereas it was positive and statistically significant ($t = 4.49, p < .00$) when risk propensity was low. The addition of two-way interaction terms accounted for 7% additional variance in job performance (total pseudo $R^2 = .18$). These results provide support for our Hypothesis 1.

We then entered the cross-level interaction terms to test Hypotheses 2 and 3, which took into account the contingent moderating roles of job autonomy and performance management context, respectively. The addition of two, three-way interaction terms accounted for 6% additional variance in job performance (total pseudo $R^2 = .24$). As shown in Model 4a, the interactive effect of personal initiative tendency, risk propensity, and job autonomy on job performance was negative and significant ($\gamma = -.10, p < .01$). To further probe this result, we plotted the interaction effect using Aiken and West's (1991) procedures. In support of Hypothesis 2, Figure 2 shows that the negative interaction effect of personal initiative tendency and risk propensity on performance mainly occurs when job autonomy is high. We performed simple slope analyses for each regression line to test whether its slope was significantly different from zero (Aiken & West, 1991). The results show that the relationship between personal initiative tendency and job performance was significantly positive when risk propensity was low and job autonomy was high ($t = 3.02, p < .00$) but neutral when risk propensity and job autonomy were both high ($t = -.23, n.s.$). Under conditions of low autonomy, personal initiative tendency was unrelated to job performance for both middle managers with low risk propensities ($t = 1.10, n.s.$) and high risk propensities ($t = -.23, n.s.$). Slope difference tests revealed that the slope of middle managers with high risk propensities and high job autonomy differed significantly from the slope of middle managers with low risk propensities and high job autonomy ($t = -2.66, p < .01$). For middle managers with low job autonomy, the slope difference was not significant ($t = -.78, n.s.$). Combined, these results provide support for Hypothesis 2.

TABLE 2
Means, Standard Deviation, and Correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Gender	0.18	0.39													
2 Job grade	0.25	0.43	-.12*												
3 Years in job	2.52	1.42	.00	.03											
4 Marketing & sales function	0.28	0.45	.04	-.01	.08										
5 IT & operations function	0.20	0.40	-.05	-.07	-.01	-.32**									
6 Finance & accounting function	0.26	0.44	.05	.07	-.00	-.37**	-.30**								
7 BU size	49.0	29.5	.01	-.16**	.13**	.38**	-.14**	-.14**							
8 BU client focus	0.64	0.49	-.05	-.01	.19**	.22**	-.11*	-.18**	.37**						
9 BU geographic location	0.40	0.49	-.05	.00	.08	-.10*	-.04	-.08	.04	.54**					
10 Personal initiative tendency	4.81	0.73	.04	.04	-.06	.03	-.01	-.10*	-.05	-.01	.13**	.86)			
11 Risk propensity	4.17	1.24	-.13*	-.03	-.00	.13*	.01	-.17**	-.06	-.04	-.05	.21**	.81)		
12 Job autonomy	5.14	0.98	.01	.05	-.05	.09	-.08	-.01	-.03	-.10	-.10	.24**	.27**	.90)	
13 Performance management context	4.93	0.65	.03	.01	.07	.10	-.02	-.03	.15**	.30**	.25**	-.04	-.04	.00	.78)
14 Job performance	3.77	1.10	.04	-.31**	-.02	-.09	-.00	.02	.02	-.09	-.03	.09*	.00	.02	.02

Note: $n = 383$ middle managers (level 1) in 34 business units (level 2), internal consistency reliability (α) estimates are on the diagonal.
** $p < .01$ * $p < .05$; two-tailed tests.

TABLE 3
Results of HLM Analyses Predicting Middle Managers' Job Performance

Variables	Model 1	Model 2a	Model 2b	Model 3a	Model 3b	Model 4a	Model 4b
<i>Control variables</i>							
Gender	.05(.11)	-.00(.12)		-.02(.13)		-.02(.13)	
Job grade	-.01(.09)	-.03(.09)		-.01(.09)		-.03(.08)	
Years in job	-.01(.02)	-.01(.02)		-.01(.02)		-.02(.02)	
Marketing & sales function	-.41(.16)*	-.40(.16)*		-.42(.15)**		-.44(.15)**	
IT & operations function	-.12(.21)	-.11(.19)		-.08(.20)		-.10(.20)	
Finance & accounting function	-.08(.15)	-.07(.14)		-.09(.13)		-.09(.13)	
BU size	-.00(.00)	-.00(.00)		-.00(.00)		-.00(.00)	
BU client focus	-.52(.17)**	-.58(.18)**		-.58(.18)**		-.58(.18)**	
BU geographic location	.30(.20)	.29(.20)		.29(.20)		.29(.20)	
<i>Main effects</i>							
Personal initiative tendency		.13(.05)**	.10(.05)*	.17(.05)**	.17(.05)**	.21(.05)**	.20(.05)**
Risk propensity		-.08(.04)†	-.07(.04)	-.05(.04)	-.06(.03)†	-.04(.03)	-.05(.03)
Job autonomy		.01(.06)	.01(.07)	-.01(.06)	.01(.07)	-.00(.07)	-.01(.07)
Performance management context		.13(.10)	.03(.10)	.13(.10)	.03(.10)	.13(.10)	.03(.10)
<i>Two-way interaction</i>							
Personal initiative tendency x risk propensity (Hypothesis 1)				-.16(.06)**	-.18(.06)**	-.17(.06)**	-.16(.05)**
Personal initiative tendency x job autonomy				.14(.04)**	.10(.04)**	.07(.06)*	.07(.05)*
Risk propensity x job autonomy				-.05(.03)†	-.03(.02)†	-.02(.03)	-.03(.03)
Performance management context x personal initiative tendency				.00(.07)	.05(.10)	.04(.11)	.06(.10)
Performance management context x risk propensity				.12(.04)**	.11(.04)**	.10(.04)**	.09(.04)*
Performance management context x job autonomy				-.13(.09)	-.13(.11)	-.11(.11)	-.13(.11)
<i>Three-way interaction</i>							
Personal initiative tendency x risk propensity x job autonomy (Hypothesis 2)						-.10(.04)**	-.08(.04)*
Personal initiative tendency x risk propensity x performance management context (Hypothesis 3)						.18(.07)**	.17(.06)**
<i>Pseudo R²</i>	.07	.11	.06	.18	.12	.24	.21

Note: $n = 383$ middle managers (level 1) in 34 business units (level 2). Coefficients (based on grand centering) are reported with standard errors in parentheses.

Pseudo R² values estimate the amount of total variance in the dependent variable captured by predictors in the model.

** $p < .01$

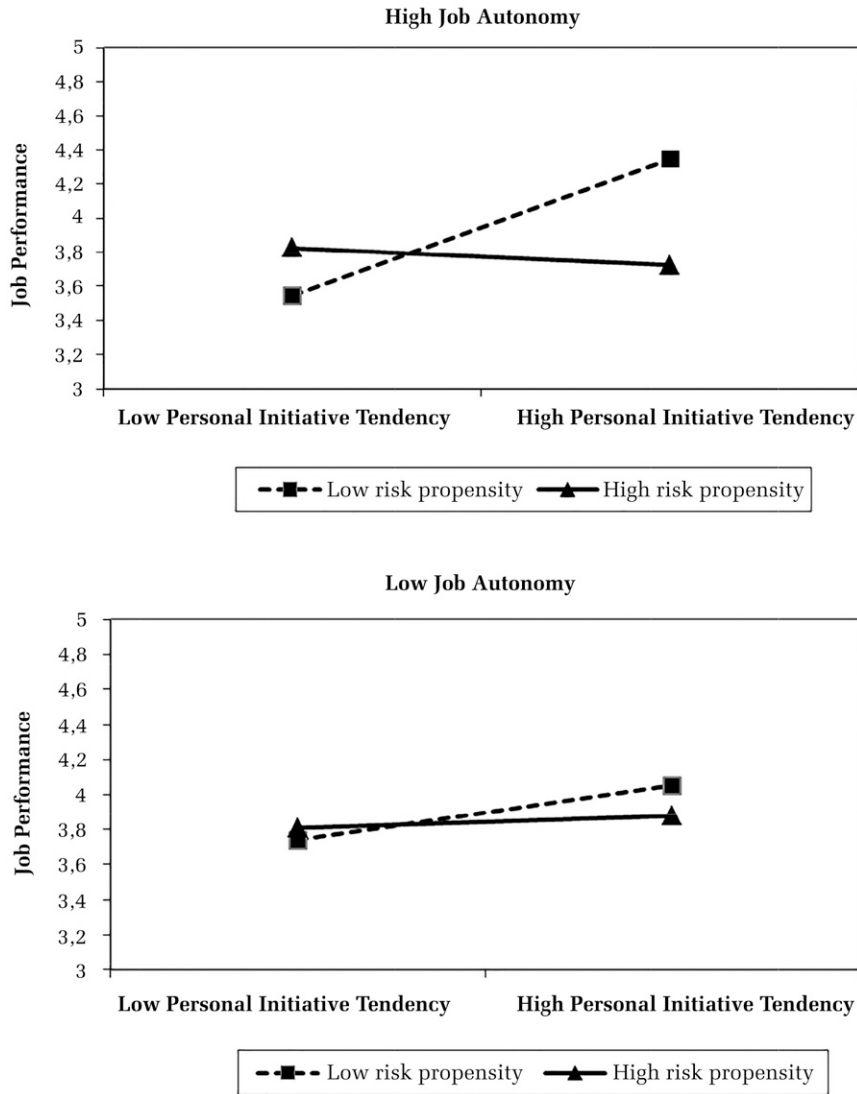
* $p < .05$

† $p < .10$

In testing Hypothesis 3, Model 4a shows that the interaction effect of personal initiative tendency, risk propensity, and performance management context on job performance was positive and significant ($\gamma = .18$, $p < .01$). We again plotted the interaction to better understand the contingent relationships. In support of Hypothesis 3, Figure 3 shows that the negative interaction effect of personal initiative tendency and risk propensity on job performance only occurs in weak performance management contexts. Again, simple slope analyses were performed, indicating that in weak performance management contexts, the

relationship between personal initiative tendency and job performance was significantly positive for managers with low risk propensities ($t = 3.73$, $p < .00$) but neutral for managers with high risk propensities ($t = -1.09$, n.s.). In strong performance management contexts, however, personal initiative tendency was positively related to job performance ($t = 2.09$, $p < .05$) among middle managers with low risk propensities, but unrelated to performance for those with high risk propensities ($t = 1.08$, n.s.). Slope difference tests revealed that the slope of middle managers with high risk propensities differed significantly from the

FIGURE 2
Interaction of Personal Initiative Tendency, Risk Propensity, and Job Autonomy



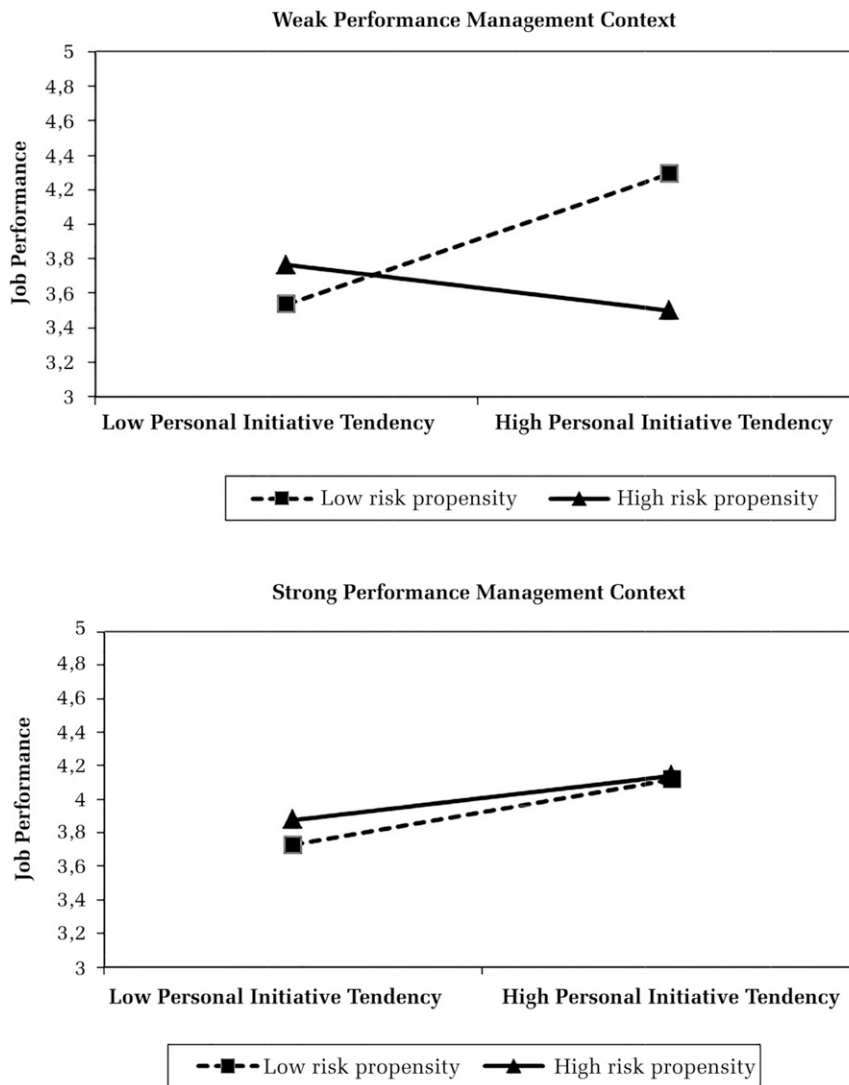
slope of middle managers with low risk propensities ($t = -3.40, p < .01$) for units with a weak performance management context. In contrast, the slope difference was not statistically significant ($t = -.58, n.s.$) for units with a strong performance management context. Hypothesis 3 was thus supported.

Supplementary Analyses

We performed several supplementary analyses to examine the robustness of the findings. First, we conducted the same set of analysis without any controls (as shown in Model 2b, 3b, and 4b in Table 3). These results are highly comparable to the

ones we found with various controls. Second, we created interaction terms among middle managers' prior job performance, personal initiative tendency, risk propensity, and job autonomy to examine potential reverse causality—i.e., prior job performance x personal initiative tendency x risk propensity on autonomy ($\gamma = -.01, n.s.$), prior job performance x personal initiative tendency x job autonomy on risk propensity ($\gamma = .03, n.s.$), and prior job performance x risk propensity x job autonomy on personal initiative tendency ($\gamma = -.03, n.s.$) were all non-significant. Third and related, supplementary analyses indicated that prior job performance had no statistically significant main effect on personal

FIGURE 3
Interaction of Personal Initiative Tendency, Risk Propensity, and Business Unit Performance Management Context



initiative tendency ($\gamma = .00$, n.s.), risk propensity ($\gamma = -.03$, n.s.), and job autonomy ($\gamma = .04$, n.s.). These two results combined indicate that prior performance is unlikely to be driving our results, addressing potential reverse causality concerns. Fourth, we redid our main analyses with middle managers' prior job performance included as an additional control variable. Results from these analyses were largely identical to the results reported earlier. Of course, controlling for past performance changes the interpretation of our results because personal initiative tendency then predicts changes in job performance instead of absolute performance

levels. Given that our hypotheses focus on the latter, we decided not to control for prior job performance in our final analyses (results from our supplementary analyses are available on request).

DISCUSSION

To date, research on proactivity at work has emphasized that providing freedom and support is essential for promoting employee initiative. Our study complements this work by developing a multilevel model that clarifies the potential enabling role of organizational control for the job performance of

proactive individuals with varying levels of risk propensity. Findings from a sample of middle managers indicated that risk propensity reduces the performance benefits of personal initiative, but only when individuals receive high job autonomy or operate in business units with weak performance management contexts. We also found that while autonomy improved the job performance of proactive individuals with low risk propensities, performance management context increased the job performance of proactive individuals with high risk propensities. Thus, a key insight of this study is that the performance outcomes of personal initiative depend on the extent of alignment between individual differences in risk propensity and organizational control mechanisms. Below we discuss the implications of our findings for research on proactivity, risk-taking, and control.

Theoretical Implications

By revealing that an individual's risk propensity reduces the performance benefits of personal initiative, our study advances recent efforts aimed at understanding when proactivity leads to better job performance (e.g., Grant et al., 2011; Li, Liang, & Crant, 2010). This negative moderating influence of risk propensity is a noteworthy finding because it calls into question the common assumption that proactive individuals must be willing to take risks (Grant & Rothbard, 2013). It also answers calls for more research on why different employees form different perceptions of the potential risks associated with proactivity (Crant, 2000) by demonstrating the significant role of individual differences in risk propensity. Our findings suggest that high levels of risk propensity may bias middle managers' risk assessments, leading them to overestimate potential opportunities afforded by initiative and to disregard the corresponding risks. Ironically, it is exactly those individuals who are most tolerant of the risks associated with proactivity that gain the fewest performance benefits from personal initiative.

More broadly, our study attests to the value of integrating behavioral decision theory with research on proactivity. Decision theorists have produced many insights into the determinants and consequences of risk behavior (e.g., Das & Teng, 2001; Sitkin & Pablo, 1992), but these have not yet been linked to the proactivity literature. In this study, we took a first step toward merging these research streams by proposing that when individuals have higher risk propensities, their personal initiative

tendency will elicit fewer risk adjustment efforts and thus provide fewer performance benefits. Our results offer indirect support for this logic, but more research is needed to verify the proposed cognitive and behavioral mechanisms. For instance, scholars may directly capture individuals' risk perceptions regarding different forms of initiative and examine the efficacy of different risk reduction strategies (see Wehrung et al., 1989). Future work could also extend our focus on risk propensity to include other individual differences that might influence risk behavior, such as domain familiarity (Sitkin & Pablo, 1992) and regulatory focus (Crowe & Higgins, 1997). As far as these individual differences decrease employees' risk adjustment efforts, we expect them to also reduce the performance benefits of personal initiative.

Our study also helps to reconcile competing views on the performance consequences of risk propensity. On one hand, risk propensity may increase performance by enhancing managers' alertness to opportunities, persistence in the face of adversity, and pace of decision making (Brockhaus, 1980; Wally & Baum, 1994). On the other hand, risk propensity may reduce performance by biasing managers' judgment and decision making (Hmieleski & Baron, 2009). Our multilevel framework contributes to resolving this debate by introducing situational strength as a key contingency factor. Specifically, we found that risk propensity only reduces the performance benefits of initiative when middle managers receive high job autonomy or operate in a weak performance management context. This finding is insightful because it clarifies how individual differences in risk propensity interact with contextual factors to influence a manager's performance. Although strategy scholars have recognized that the value of risk-taking depends on environmental conditions (Palmer & Wiseman, 1999), this idea has not yet been applied to the job performance literature where few studies have examined the career benefits of risk propensity (for an exception, see MacCrimmon & Wehrung, 1990).

Our study demonstrates that risk propensity only reduces performance when middle managers have high personal initiative tendencies and operate in weak situations. Interestingly, this result appears inconsistent with the person-job fit literature, which has argued that proactive individuals must be comfortable with taking risks because showing initiative is risky (Fay & Frese, 2000). It also contrasts with empirical evidence indicating that managerial risk-taking is particularly beneficial in ambiguous environments (Gupta & Govindarajan, 1984). We believe

this apparent contradiction can be reconciled by recognizing that risk propensity might increase managers' willingness to take risk when it is needed, but decrease their post-decision ability to manage risk. This contention raises new questions regarding the particular risk adjustment actions used by risk-averse individuals to control the risks of personal initiative. For instance, future studies could examine the efficacy of various risk-reduction tactics, such as gathering information, developing new decision alternatives, hedging exposure to potential losses, and changing the timing or sequence of actions (see Wehrung et al., 1989). Scholars may also consider when these strategies are most effective. For example, the success of proactive individuals' risk mitigation efforts might depend on their political skills, social network ties, and knowledge resources. Risk reduction may also not always be possible, especially when individuals face severe time pressures. Further research is needed to examine these possibilities.

Our study also has implications for research on organizational control. Based on the assumption that control undermines personal initiative, past research has mostly focused on the "soft" elements of an organization context that provide freedom, encourage experimentation, and support entrepreneurship (e.g., Ashford et al., 1998; Li et al., 2010). Yet our results demonstrate that high job autonomy and a weak performance management context—factors that are often believed to facilitate proactivity (e.g., Parker et al., 2006)—were ineffective in enhancing the performance benefits of personal initiative for managers with high risk propensities. The present study thus complements past research by suggesting that the "hard" elements of an organization context, as captured by its control systems, can actually enhance the effectiveness of employee initiative and thus deserve more attention in future research.

Importantly, our study not only indicates that control can be beneficial for initiative, but also reveals that the efficacy of certain control mechanisms depends on individual differences in risk propensity. We found that proactive middle managers with low risk propensities performed better in high-autonomy situations, while their performance was little influenced by business unit performance management context. In contrast, the performance of proactive middle managers with high risk propensities was hardly affected by autonomy, but was significantly influenced by performance management context. These divergent results

clarify that it is not the level of control per se that affects whether initiative improves performance, but rather the extent to which control mechanisms are aligned with employees' individual needs for control. This finding is interesting because the idea that proactive individuals vary in their responses to organizational control systems remains largely unexplored. Our study thus makes a contribution by advancing a contingency-based perspective on the enabling role of control for proactive employees, which relates the relative effectiveness of different control mechanisms to individual differences in risk propensity. Clearly, additional research is needed to clarify how the personalities, motivations, and abilities of proactive individuals affect their responses to different forms of control.

A somewhat unexpected finding is that neither of the two control mechanisms examined in this study evoked a significant positive link between initiative and performance for risk-seeking middle managers. Yet we found that, unlike job autonomy, performance management context did significantly improve the job performance of proactive managers with high risk propensities. Overall, these results highlight the need for further research on the contingent benefits of different control mechanisms for employee initiative. One direction for future studies would be to compare performance evaluation systems that employ strategic versus financial controls. Strategic controls might be more effective in guiding the initiative of risk-seeking individuals because they emphasize long-term and strategically relevant performance assessment criteria (Hitt, Hoskisson, Johnson, & Moesel, 1996). In exploring this possibility, scholars could draw from behavioral agency theory (Wiseman & Gomez-Mejia, 1998) to examine how reward and incentive systems interact with a manager's risk propensity in shaping the outcomes of personal initiative. Another research opportunity would be to more closely examine the potential enabling role of informal control. Informal controls might be more appropriate for guiding employee behaviors like personal initiative that involve high task uncertainty (O'Reilly & Chatman, 1996). Our results on the benefits of performance management context for risk-seeking individuals appear to support this logic, but more work is needed that examines a wider range of informal controls. Thus, research examining how peer control by coworkers and supervisors affects the risks and performance outcomes of personal initiative would be a fruitful extension of our study.

Limitations and Future Research Directions

This study has several limitations. First, using mostly cross-sectional data prevented us from fully disentangling the causal relationships in our model. We did implement a seven-month time lag between measuring the predictor and criterion variables, but this does not completely rule out the possibility of reverse causality. Longitudinal studies are thus required to clarify the interplay between personal initiative, risk propensity, and job performance over time. Prospect theory suggests that whether individuals engage in risk-taking depends on whether their current performance exceeds or falls behind their past performance (Kahneman & Tversky, 1979). Hence an alternative explanation for our findings is that poorly performing middle managers become more proactive and risk-seeking. Although our supplementary analyses did not support this possibility, we invite future research to more closely investigate the role of aspiration levels in explaining the emergence and outcomes of proactivity at work.

Second, this study did not directly examine the behavioral mechanisms underlying the hypothesized relationships. By explicitly capturing these behaviors, future studies may clarify how risk propensity affects an individual's engagement in different forms of proactivity. This work could draw from regulatory focus theory (Crowe & Higgins, 1997) by comparing how the eagerness strategies of risk-seekers and vigilance strategies of risk-aversers shape the performance outcomes of personal initiative. Moreover, there is reason to believe that a manager's risk propensity can be domain-specific (March & Shapira, 1987). It is therefore critical to evaluate whether the findings from this study, which focused on people's generalized tendency to take initiative, are applicable to other, more context-specific proactive behaviors.

Third, we tested our model using only one overall job performance measure. It is possible that considering distinct performance dimensions would lead to different results. For instance, risk propensity might reduce the task performance of proactive individuals, but increase their innovative job performance. Future research could employ multiple performance measures to more fully capture the contrasting influences of personal initiative and risk propensity on managers' job performance. One interesting possibility that warrants further study is that risk propensity not only influences the mean performance benefits of personal initiative, but also the variance of managers' job performance over time.

Considering performance variability would enable future studies to more directly capture the risks associated with personal initiative.

Fourth, we followed prior work (e.g., Den Hartog & Belschak, 2012; Parker et al., 2006) by using a self-reported measure of job autonomy. Our approach is consistent with evidence attesting the validity of employees' perceptions of work characteristics (Frese et al., 2007). Nonetheless, individual differences in risk propensity might have caused managers in our sample to consistently underestimate or overestimate their actual autonomy. While such misperceptions can be costly, they may be difficult to avoid because managers often encounter situations of "mixed discretion" (Hambrick & Finkelstein, 1987) in which they have high autonomy in some domains but low autonomy in others. Research incorporating both perceptual and objective measures of autonomy is needed to examine when managers develop biased perceptions of their discretion and how such biases affect the performance outcomes of personal initiative.

Fifth, we only examined middle managers operating in a single multinational corporation. This approach helped us to probe the generalizability of findings from prior research that has mostly examined proactivity in low-level jobs, while controlling for context-specific conditions that might impact the outcomes of initiative. Arguably, middle managers are generally expected to be more proactive and often have greater latitude in taking initiative than lower-level employees. Hierarchical level, functional area, and specific organizational factors may all affect whether individuals are able and expected to show personal initiative. Thus, research replicating our study across a wider range of jobs, organizations, and industries is warranted.

CONCLUSION

Organizations increasingly promote personal initiative in the workplace, yet doing so creates significant risks in that proactive employees may take inappropriate actions that fail to create value. The present research improves understanding of how these risks can be managed in the middle management context by combining insights from behavioral decision theory and situational strength theory into a multilevel framework. A key insight of this study is that the organizational control mechanisms that increase the performance benefits of personal initiative are distinctly different for individuals with low and high risk propensities. The theory and findings

presented in this article thus not only refine the common belief that control is harmful for initiative, but also underscore the importance of aligning control systems with proactive individuals' idiosyncratic needs for control. Clearly, more research is needed to further unravel how organizations can manage the risks of personal initiative while leveraging its benefits.

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