

Research Article

Ownership Insecurity Theory: A Conceptual Framework for Explaining Owner-Driven Pressure in Private Sector Organisations

Williams Acquah^{1,*} , Frederick Owusu Danso² 

¹Environmental Science, University of Education, Winneba, Ghana

²Building Technology Department, Takoradi Technical University, Takoradi, Ghana

Abstract

Employees in privately owned organisations often encounter intense, owner-driven pressure that persists even when performance is adequate. Existing managerial theories such as Theory X, Theory Y, and Theory Z explain employee motivation and managerial responses but do not adequately account for the psychological experiences of owners themselves. This paper addresses that gap by introducing Theory O (Ownership Insecurity Theory), a conceptual framework that reframes excessive supervision as a product of owner psychology rather than employee inadequacy. The study employs a conceptual theory-building approach, synthesising insights from organisational behaviour and psychology to propose three interrelated constructs: Investment Fear (owners' anxiety about losing personal and financial resources), Satisfaction Threshold (unrealistic performance expectations shaped by personal sacrifice), and Knowledge Dominance (the belief that owners possess superior organisational expertise). These constructs are differentiated from existing concepts of risk aversion, managerial standards, and authority by their grounding in ownership psychology. From these constructs, the paper develops four propositions linking owner insecurity to supervisory intensity, decision-making rigidity, and organisational vulnerability. The propositions suggest that excessive supervision in private enterprises is often driven by subjective perceptions rather than objective employee performance. The framework is particularly relevant to small- and medium-sized enterprises (SMEs), where founder dependence and limited institutional safeguards heighten the impact of owner psychology. The theoretical contribution of Theory O lies in extending managerial theory beyond employee-centred assumptions, offering a structured lens for analysing owner-driven behaviours. The practical implication is that recognising these psychological drivers can help owners moderate supervision, set realistic benchmarks, delegate authority, and foster employee empowerment, thereby reducing stress and improving organisational resilience. In conclusion, Theory O provides a novel perspective for scholars and practitioners by situating supervision within the psychology of ownership. It opens avenues for empirical testing and comparative research, while offering practical guidance for improving employee well-being and organisational stability in private-sector contexts.

Keywords

Ownership Insecurity Theory, Private Sector Management, Supervision, Employee Autonomy, Organisational Psychology

*Correspondence: Williams Acquah (paawillyexcellencya1@gmail.com)

Received: 28 March 2026; Accepted: 11 April 2026; Published: 3 July 2026



1. Introduction

In many privately owned organisations, employees arrive at work each day knowing that the pressure they face will be intense, immediate, and unrelenting. Whether in a private school where the proprietor demands hourly updates, a clinic where the owner monitors every patient interaction, or a construction firm where the founder insists on approving even routine decisions, the pattern is strikingly similar: owner-driven pressure is a defining feature of private-sector work. This phenomenon persists across industries and countries yet remains under-theorised in organisational behaviour research. Recent studies continue to document the prevalence of heightened supervision and pressure in private-sector settings [1-3], particularly in sectors such as education, healthcare, construction, and corporate services where the owner's personal financial and emotional investment is substantial.

In contrast, public-sector organisations typically operate with more formalised structures, with clearer bureaucratic procedures, established accountability systems, and greater employee autonomy [4, 5]. While public institutions face their own challenges, the intensity of day-to-day supervision is generally lower, and employees often experience more predictable managerial oversight. The stark difference between these sectors raises an important question: why do owners in private organisations exert such disproportionate levels of control, even when employees are performing adequately?

Persistent pressure in private firms is not a trivial managerial preference; it carries significant organisational consequences. Excessive supervision has been linked to elevated employee stress, reduced job satisfaction, diminished organisational commitment, and higher turnover intentions. For small-and medium-sized enterprises (SMEs), where institutional memory and operational continuity often depend on a few key employees, such turnover can expose the organisation to significant vulnerability. Yet despite these risks, many owners continue to intensify supervision, raise expectations, and exert pressure even in the absence of performance deficits. Traditional management theories offer only partial explanations for this behaviour. Theory X, Theory Y, and Theory Z provide valuable insights into managerial assumptions about employee motivation and workplace dynamics [6, 7]. However, these frameworks implicitly position employees as the central source of organisational problems and assume that managerial pressure is a rational response to employee shortcomings. They do not account for the psychological experiences of owners themselves-experiences shaped by personal financial risk, emotional attachment to the business, and beliefs about their own expertise. As a result, existing theories struggle to explain why owners may exert intense pressure even when employees meet or exceed performance expectations.

This conceptual gap is significant. Owner behaviour in privately held organisations is not merely a managerial style; it

is deeply rooted in ownership psychology the fears, expectations, and beliefs that arise from personally investing in and being responsible for an enterprise. These psychological drivers include fear of losing one's investment, elevated satisfaction thresholds shaped by personal sacrifice, and a belief in possessing superior or irreplaceable knowledge about the business. Yet these factors remain largely absent from mainstream organisational theory.

This paper introduces Theory O (Ownership Insecurity Theory) to address this gap. Theory O proposes that three interrelated psychological constructs: Investment Fear, Satisfaction Threshold, and Knowledge Dominance shape the supervisory behaviours of owners in private-sector organisations. By centring the owner's drive on the owner's psychological experience rather than employee behaviour. Theory O re-frames supervision as an owner-driven phenomenon and offers a theoretical lens for understanding why private-sector employees often face disproportionate pressure. The theory further explains how these psychological mechanisms contribute to organisational vulnerability, particularly in SMEs where founder dependence is high and institutional safeguards are limited.

2. Literature

This section critically reviews existing scholarship relevant to supervisory intensity and owner-driven management in private-sector organisations. It examines seven interconnected strands of research. These literatures provide valuable insights into managerial behaviour and organisational outcomes. However, they also reveal conceptual gaps, particularly in explaining why owners persist in exerting excessive pressure even when employees are competent.

2.1. Abusive Supervision

Abusive supervision has been widely recognised as one of the most destructive forms of leadership in organisational behaviour. According to Tepper [8], it is defined as sustained hostile verbal and nonverbal behaviours by supervisors, excluding physical contact. This conceptualisation has guided decades of research, and scholars consistently demonstrate that abusive supervision undermines both employee well-being and organisational performance. Li et al. [9] argue that its most immediate consequence is emotional exhaustion, leaving employees psychologically depleted and dissatisfied with their jobs. Sridadi et al. [10] add that employees often respond with silence and withdrawal, behaviours that weaken organisational learning and resilience. Studies also make it clear that abusive supervision reshapes the organisational climate in profound ways. A meta-analysis by Shengmin & Zhenyu [11] shows that it dismantles psychological safety, eroding the trust that teams require to innovate and collaborate effectively. In a

similar vein, Qiu et al. [12] show that supervisory hostility provokes counterproductive behaviours such as retaliation and disengagement, which directly undermine organisational performance. Even those assumed to be resilient are not spared. Tepper [13] demonstrate that high performing employees also suffer long term stress and reduced commitment when exposed to abusive supervisory practices. This argument is reinforced by Mayuran and Thasika [14], who illustrate how employees conceal knowledge and reduce proactive contributions, thereby weakening adaptability in dynamic environments. Previous studies have demonstrated that abusive supervision is not simply a matter of strained interpersonal relations but a systemic organisational phenomenon that reshapes the psychological and behavioural foundations of work [8].

2.2. Micromanagement and Control in SMEs

Vu [15] suggest that micromanagement is described as a managerial style characterised by excessive oversight and control over employees' tasks, often leaving little room for autonomy. According to Tsolaki [16], micromanagement in SMEs frequently emerges from owners' desire to safeguard quality and minimise risk, yet this behaviour paradoxically undermines employee morale and productivity. Her study demonstrates that constant monitoring creates insecurity among workers, discouraging initiative and innovation. Literature also situates micromanagement within the broader discourse on management control systems. Safae and Aziz [17] argue that management control mechanisms are indispensable for SMEs, where informal structures and limited resources demand accountability. They contend that while micromanagement represents an extreme form of control, structured management control systems can provide balance by ensuring compliance without suffocating autonomy. This distinction is critical, as micromanagement narrows employee discretion, whereas constructive control systems channel effort toward organisational goals [18]. Contextual studies further highlight the persistence of micromanagement despite advances in decentralised work practices. Vu [15] notes that micromanagement remains a global concern, consistently linked to stress, disengagement, and reduced creativity. At the same time, she observes that in industries requiring precision, such as healthcare or manufacturing, micromanagement can align with organisational objectives by enforcing strict compliance. This duality illustrates that micromanagement is not universally destructive; its impact depends on context, intensity, and the balance between oversight and autonomy [15].

2.3. Founder Centrality in SMEs

According to Sohail et al. [18], founder influence enhances management team congruence by aligning culture, vision, and goals, which strengthens cohesion and ultimately improves firm performance. This argument is reinforced by Liu et al. [19], who demonstrate that SMEs frequently rely on

founder-driven decision making to overcome resource constraints and strategic ambiguity. According to Lanivich et al. [20], founder-led firms often benefit from long-term orientation and stewardship, but this concentration of authority can also limit adaptability. Similarly, Kraiczy et al. [21] argue that founder dominance in decision making provides clarity and speed, yet it risks suppressing diverse perspectives within management teams. In this sense, founder centrality is both a source of resilience and a potential bottleneck for innovation. Sohail et al. [18] show in a global study that founder influence fosters cohesion in top management teams, while Lanivich et al. [20] add that founder-driven strategic choices shape entrepreneurial orientation and innovation capacity in SMEs. These findings illustrate that founder centrality is not merely a leadership style but a structural phenomenon embedded in the identity of SMEs.

2.4. Psychological Ownership in SMEs

Psychological ownership is a powerful driver of employee attitudes and behaviours, capturing the sense that individuals feel the organisation or its outcomes belong to them [22]. According to Bai et al. [23], this feeling of possession is cultivated when employees are given autonomy and involvement in decision making. This, in turn, strengthens their commitment and encourages them to go beyond their basic job duties. A study by Dey and Fasbender [24] argues that psychological ownership is rooted in responsibility and self-identity, motivating employees to protect and enhance the organisation. Scholars consistently add that psychological ownership is not only about attachment but also about performance outcomes. Scuotto et al. [25] show that it helps explain how emotions and knowledge sharing lead to innovation, reinforcing its role as a mechanism through which attitudes translate into action. According to a study by Feldermann and Hiebl [26], employees with strong psychological ownership are more likely to engage in proactive behaviours such as creative problem solving and spotting new business opportunities, which are critical for SMEs competing in dynamic markets. Similarly, Pinna et al. [27] demonstrates that psychological ownership enhances commitment to change and reduces turnover intentions, stabilising the workforce in resource constrained firms. Studies further reinforce the argument that psychological ownership is a structural resource for SMEs. According to Melander et al. [28], psychological ownership acts as a driver for successfully implementing new management ideas in small companies. Dey and Fasbender [24] add that it strengthens innovation through knowledge transfer, while Scuotto et al. [26] argue that it directly supports technological innovation, and the Bai et al. [23] study shows its role in helping employees feel more embedded in their jobs. These contributions present a compelling narrative: psychological ownership is not merely an individual attitude but a collective asset that sustains engagement, innovation, and resilience in SMEs [23-29].

2.5. Entrepreneurial Stress and Loss Aversion in SMEs

Entrepreneurial stress has been consistently identified as a central challenge in small and medium sized enterprises (SMEs), where founders and owners often carry disproportionate responsibility for survival and growth [30]. According to Neneh [30], entrepreneurs experience stress not only from workload and uncertainty but also from the emotional investment tied to their ventures. This stress is amplified in SMEs, where limited resources and high personal stakes make the boundary between personal and organisational well-being particularly fragile [29]. Scholars argue that entrepreneurial stress is closely linked to cognitive biases, especially loss aversion. Kahneman and Tversky's [31] prospect theory established that individuals weigh losses more heavily than equivalent gains, and subsequent research has shown that entrepreneurs are no exception. A study by Sohail et al. [18] contends that loss aversion intensifies stress because entrepreneurs perceive setbacks as disproportionately threatening to their identity and survival. In SMEs, this bias often leads to risk averse decision making, even when innovation or expansion might be necessary for long term competitiveness [32]. Recent studies add that entrepreneurial stress and loss aversion interact to shape strategic behaviour. According to Feldermann and Hiebl [26], stress influences how entrepreneurs evaluate opportunities, often narrowing their focus and reinforcing conservative choices. A study by Enăchescu et al. [33] on emotional appeals and financial decision-making argues that fear of failure, a manifestation of loss aversion, can both motivate persistence and constrain experimentation. This duality illustrates that stress and loss aversion are not purely destructive; under certain conditions, they can foster resilience and cautious stewardship, though at the cost of reduced adaptability.

2.6. Employee Autonomy and Empowerment in SMEs

Eng et al. [34] assert that employee autonomy and empowerment central drivers of organisational performance, particularly in small and medium sized enterprises (SMEs) where flexibility and innovation are critical. Beltrán-Martín [35] highlight that empowerment reflects employees' sense of meaning, competence, self-determination, and impact, which collectively enhance motivation and engagement. Autonomy, as a core dimension of empowerment, allows employees to make decisions and exercise discretion, thereby fostering creativity and responsibility [36]. Jabid et al. [37] contends that empowered employees are more likely to adapt to change and contribute proactively to problem solving. In SMEs, where resources are limited, this adaptability becomes a strategic advantage [37]. Similarly, Beltrán-Martín [35] adds that empowerment strengthens psychological safety and collaboration,

enabling employees to take initiative without fear of reprisal. Recent studies reinforce the argument that autonomy and empowerment are essential for innovation. According to Jabid [37], empowering leadership enhances employees' intrinsic motivation, which in turn drives creative performance. Eng et al. [34] demonstrates that empowered teams show higher productivity and commitment, outcomes particularly valuable in SMEs where collective effort compensates for resource constraints. Moreover, Eng et al. [34] argues that empowerment is not only a motivational tool but also a governance mechanism, distributing responsibility and reducing dependence on centralised authority.

2.7. Governance in Owner Managed Firms

Freixanet et al. [38], this concentration of authority reduces the usual problems between owners and managers but simultaneously raises concerns about managers becoming too powerful and facing limited outside checks. In SMEs, governance structures are often informal, reflecting the founder's personal values and priorities rather than written rules and systems [39]. A study by Pinelli et al. [27] highlights that family ownership can enhance long term thinking and responsible stewardship, yet it may also limit how flexibly a business can respond to changes. Similarly, Coffie et al. [39] add that succession decisions in owner managed firms often prioritise family connections over actual skills, which can weaken how well the firm is governed. According to Amerongen [40], effective governance structures provide strategic oversight and legitimacy, even in small firms. Pinelli et al. [38] argues that boards in family owned SMEs often serve advisory rather than monitoring roles, reflecting the strong influence of owner managers in making decisions. While this model reduces the costs of monitoring managers and encourages long term commitment, it also risks managers becoming too powerful and limits how easily the firm can adapt to new challenges.

The preceding review highlights that abusive supervision, micromanagement, and governance challenges are well-documented in SMEs, yet existing theories fail to explain why owners persistently exert pressure even when employees perform adequately. Traditional frameworks such as Theory X and Theory Y position employees as the source of organisational problems, overlooking the psychological insecurities of owners. To address this gap, the authors propose Theory O (Ownership Insecurity Theory), which explains supervisory intensity as a product of owner psychology. Theory O identifies three interrelated constructs: Investment Fear, Satisfaction Threshold, and Knowledge Dominance that collectively drive excessive supervision and organisational vulnerability. By reframing supervision as owner-driven, the theory provides a novel lens for understanding managerial pressure in privately held enterprises, particularly SMEs where founder dependence is high.

Table 1. Comparison of Theory O with Theory X, Y, and Z.

Theory	Focus of Explanation	Source of Pressure/Control	View of Employees	Distinctive Contribution
Theory X	Employees are lazy, require supervision.	Employee inadequacy	Negative	Explains managerial control as rational response to laziness.
Theory Y	Employees are self-motivated, seek responsibility.	Employee potential	Positive	Explains empowerment and autonomy as effective management.
Theory Z	Long-term commitment, trust, collective culture.	Organisational culture	Neutral/positive	Explains stability through trust and shared values.
Theory O	Owner psychology drives supervision.	Owner insecurity (fear, dissatisfaction, dominance)	Employees competent but pressured	Explains excessive supervision as owner-driven, not employee-driven.

2.8. Conceptual Method / Theory-Building Rigor

2.8.1. Problem Identification

The problem addressed in this study was identified through a critical review of existing managerial theories and empirical research on supervision in SMEs. Traditional frameworks such as Theory X, Theory Y, and Theory Z [6, 7] provide important evidence on managerial assumptions about employee motivation but implicitly position employees as the source of organisational problems. They do not explain why owners exert disproportionate levels of control even when employees are competent and performing adequately. Empirical studies on abusive supervision, micromanagement, and founder centrality [12-20] revealed a recurring pattern of persistent supervision in privately owned firms. This contradiction between employee competence and continued owner-driven pressure highlighted a conceptual gap: the absence of a framework that explains supervision as rooted in owner psychology rather than employee inadequacy. Addressing this gap provided the foundation for Theory O.

2.8.2. Selection of Constructs and Key Concepts

The three constructs thus Investment Fear, Satisfaction Threshold, and Knowledge Dominance were selected through abductive reasoning, combining insights from prior literature with observed organisational practices.

(i). Investment Fear Level

Investment Fear was derived from research on entrepreneurial stress and loss aversion [31], which consistently shows that entrepreneurs experience heightened anxiety about losing personal and financial investments. Investment Fear Level refers to the profound anxiety and concern owners feel regarding the potential loss of their personal, financial, and temporal investment in the organisation. Private business owners often

perceive the organisation as an extension of themselves; it embodies the resources, time, and sacrifices they have committed to building it. Any perceived underperformance, inefficiency, or lack of initiative by employees is interpreted as a direct threat to the security of that investment. Owners may fear that, without constant monitoring, employees could become lazy, neglect their responsibilities, or make mistakes that jeopardise organisational goals. This fear drives a pattern of intense supervision, micromanagement, frequent reporting requirements, and continuous intervention in employee tasks. In real-world settings, Investment Fear is observed in owners who demand daily progress updates, review minor operational decisions, or correct work that is already acceptable. The concept illustrates that managerial pressure is not necessarily driven by objective performance deficiencies but by the owner's psychological perception of vulnerability.

(ii). Satisfaction Threshold Level

Satisfaction Threshold emerged from studies on founder expectations and employee performance [42], highlighting how owners compare employee contributions against their own sacrifices, often setting unrealistic benchmarks. Satisfaction Threshold Level represents the internal benchmark owners set for employee performance, which is often unrealistic and rooted in the owner's personal experiences and sacrifices. Owners compare employees' efforts and outcomes with the extraordinary effort they themselves invested in establishing the organisation. Even when employees demonstrate competence and achieve measurable results, their work is often perceived as insufficient because it does not match the owner's internal standards. This persistent sense of dissatisfaction perpetuates high-pressure management and continual oversight. This manifests as owners refusing to acknowledge achievements, frequently requesting revisions, or setting increasingly higher expectations over time. Satisfaction Threshold explains why employees in private enterprises often experience ongoing stress, feel undervalued, and may leave the organisation, creating vulnerability when skilled personnel depart. It also highlights why, even at peak performance, employees rarely

satisfy the owner, reinforcing a cycle of pressure and oversight.

(iii). Knowledge Dominance Level

Knowledge Dominance was informed by literature on founder centrality and governance in SMEs [43], which demonstrates that owners often perceive themselves as the primary source of organisational expertise. Knowledge Dominance Level refers to the owner’s perception that they are the primary or sole source of essential organisational knowledge, expertise, and legitimacy. Owners with high Knowledge Dominance believe that employees depend on them for guidance, decision-making, and managerial direction. This belief justifies restricted delegation, continuous intervention, and minimal employee autonomy. Knowledge Dominance is observed when owners dictate minor operational details, override employees’ decisions, or disregard input from even highly competent staff. It reinforces the notion that the organisation would struggle or fail without the owner’s constant involvement, which legitimises intense supervision. Knowledge Dominance also contributes to a hierarchical culture in which employees’ contributions are undervalued and independent problem-solving is discouraged.

These constructs were chosen because they consistently appeared across diverse contexts and provided explanatory power for the persistence of owner-driven supervision. Understanding these core concepts is essential to explaining owner-driven behaviour, employee experience, and the structural fragility that can result from highly centralised private-sector management.

(iv). Distinctiveness of Constructs

Although interrelated, the constructs are conceptually distinct. Investment Fear is anchored in risk perception, reflecting the owner’s anxiety about losing resources. Satisfaction Threshold is rooted in subjective evaluation, capturing the internal benchmarks owners set for employee performance relative to their own sacrifices. Knowledge Dominance is based on authority and expertise, representing the belief that owners possess superior organisational knowledge. Each construct addresses a different psychological dimension — fear, dissatisfaction, and authority ensuring that the theory does not collapse into a single explanatory factor. Their distinctiveness allows for precise theoretical propositions and empirical testing, while their interrelatedness ensures coherence in explaining supervisory behaviour.

(v). Interrelatedness of Constructs

The constructs belong together because they collectively explain the persistence of owner-driven pressure. Investment Fear motivates vigilance and control, Satisfaction Threshold sustains chronic dissatisfaction with employee performance, and Knowledge Dominance legitimises intervention and micromanagement. When combined, these constructs create a reinforcing cycle: fear triggers oversight, dissatisfaction perpetuates pressure, and dominance justifies intervention. This dynamic interaction explains why supervision remains intense even when employees are competent. The constructs therefore form a coherent triad that captures the psychological drivers of owner behaviour in SMEs, offering a holistic explanation that single constructs cannot provide.

Table 2. Definitions of Constructs in Theory O.

Construct	Definition	Antecedents	Classification (State/Trait/Reaction)	Distinctiveness
Investment Fear	Anxiety about losing personal, financial, and temporal investment in the firm.	High personal risk, emotional attachment, lack of safeguards	Situational reaction (risk perception)	Rooted in vulnerability and risk
Satisfaction Threshold	Unrealistic internal benchmark for employee performance based on owner’s sacrifices.	Founder identity, personal effort, comparison with employees	Perceptual state (evaluation bias)	Rooted in dissatisfaction and expectations
Knowledge Dominance	Belief that the owner is the primary source of organisational expertise and legitimacy.	Founder centrality, prior experience, weak governance systems	Stable trait (authority belief)	Rooted in authority and expertise

2.9. Derivation of Propositions

The propositions were derived through logical deduction and abductive reasoning, linking each construct to observable organisational outcomes.

2.9.1. Proposition 1: Investment Fear and Supervisory Pressure

Investment Fear and Supervisory Pressure was hypothesised to predict supervisory pressure because heightened anxiety logically increases monitoring and control. Owners who

perceive a greater risk of losing personal and financial investment are more likely to closely monitor work, intervene frequently, and impose strict performance expectations. Because the organisation represents both a professional achievement and a personal stake, owners perceive any potential loss as a direct threat to their resources, time, and effort. This insecurity motivates them to closely monitor employees, implement strict controls, and frequently intervene in daily operations, even when the employees are competent and performing effectively. The intensity of this behaviour is proportional to the owner’s perceived vulnerability, making ownership insecurity a primary driver of excessive supervision. This proposition highlights the causal link between perceived personal risk and the intensity of oversight, suggesting that protective behaviours are driven primarily by psychological concerns rather than by objective measures of employee performance.

2.9.2. Proposition 2: Satisfaction Threshold and Perceived Employee Underperformance

Satisfaction Threshold was linked to perceived underperformance, as unrealistic benchmarks inevitably produce dissatisfaction regardless of actual employee output. Unrealistic Satisfaction Thresholds increase the likelihood that owners perceive employees as underperforming, even when actual

performance is adequate. Owners who measure employee output against their own past effort and sacrifice are more likely to experience dissatisfaction, which in turn prompts additional demands and corrective interventions. This proposition emphasises that managerial pressure in private enterprises is often rooted in subjective benchmarks rather than measurable deficiencies. Consequently, even optimal employee performance may fail to meet the owner’s internal expectations. This assumption highlights that managerial pressure is often a product of subjective perception rather than objective measures of employee capability, which helps explain why supervision remains high despite actual performance.

2.9.3. Proposition 3: Knowledge Dominance and Employee Autonomy

Knowledge Dominance was connected to reduced autonomy, since owners who believe they hold superior knowledge are less likely to delegate. Owners who consider themselves the primary source of organisational knowledge are more likely to restrict delegation, intervene frequently, and undervalue employee contributions. This proposition explains why capable employees may experience micromanagement and constrained decision-making opportunities in private sector workplaces.

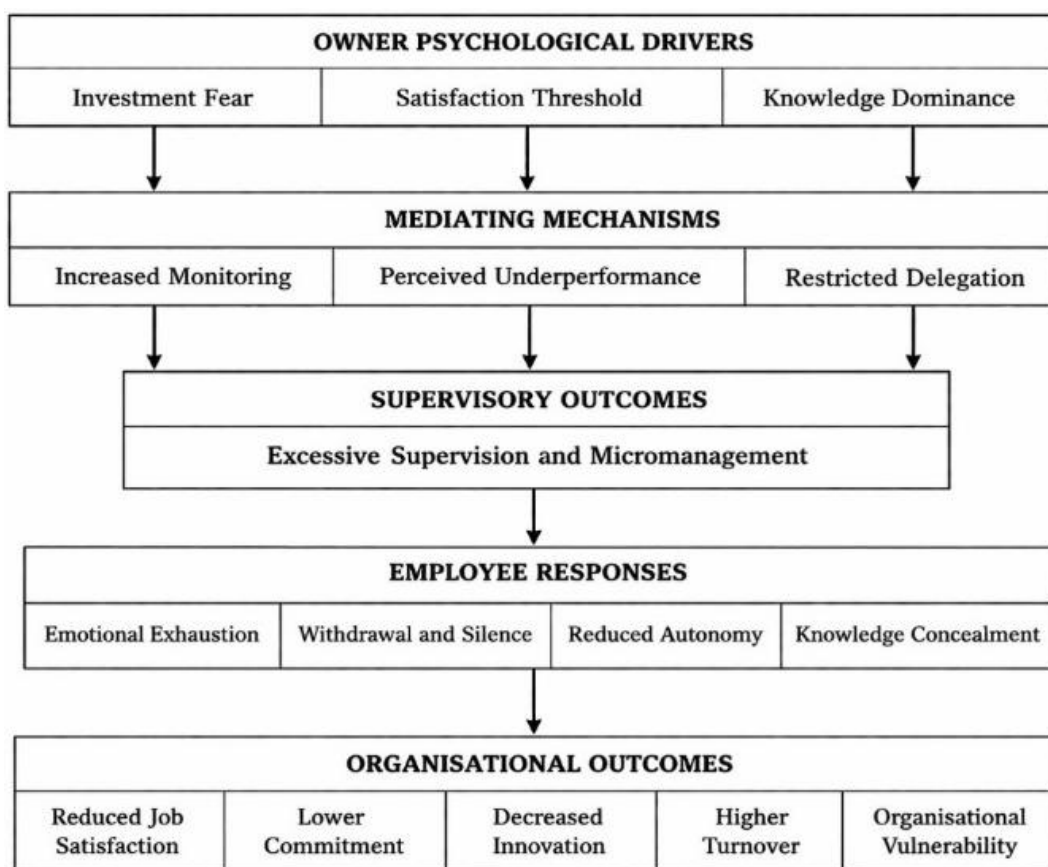


Figure 1. A flow chart illustrating these relationships.

2.9.4. Proposition 4: Combined Effect on Organisational Vulnerability

The combined effect of all three constructs was theorised to predict organisational vulnerability, as persistent high-pressure management undermines employee morale, increases turnover, and reduces resilience. The interaction of these three concepts results in persistent high-pressure management, excessive supervision, and limited employee empowerment, which can lead to stress, burnout, turnover, and reduced organisational resilience. This proposition illustrates how owner-driven behaviours may inadvertently undermine organisational stability even when employees are competent and committed. These propositions were grounded in prior empirical findings on stress, governance, and supervision in SMEs [10, 12, 30, 33, 41], ensuring that the theory is both conceptually rigorous and empirically plausible. Theory O translates the relationships between Investment Fear, Satisfaction Threshold, and Knowledge Dominance into testable theoretical propositions. These propositions provide a framework for empirically examining how owner psychology drives supervisory behaviour and affects organisational outcomes in private-sector workplaces. Unlike public sector organisations, which have broader financial backing, formal procedures, and distributed accountability, private enterprises rely heavily on the owner's investment, decisions, and personal effort.

2.10. Boundary Conditions

2.10.1. Applicable Contexts

Theory O is most relevant to privately owned firms, particularly those established and led by a single individual or a small group of founders. It is particularly applicable to small- and medium-sized enterprises (SMEs) in which the organisation's survival and success depend heavily on the owner's personal investment, decisions, and effort. Founder-led businesses in sectors such as education, healthcare, and corporate services are prime examples, as these contexts often exhibit intense supervisory behaviours and high owner-driven pressure. In these settings, employees are critical to achieving organisational goals, yet the owner's perceptions of risk, satisfaction, and knowledge dominance strongly influence management style and workplace dynamics.

2.10.2. Non-Applicable Contexts

Theory O does not fully apply to public or government organisations, where supervision is structured, standardised, and supported by institutional procedures rather than the personal investment of individual leaders. Similarly, large corporations with dispersed ownership or strong corporate governance mechanisms are less likely to exhibit patterns of intense owner-driven oversight, as decision-making is distributed and accountability is formalised. Firms with robust institutional

governance, including internal controls, performance evaluation systems, and employee empowerment policies, are also less susceptible to the psychological drivers outlined in Theory O. In these contexts, supervision and pressure are generally guided by organisational rules and objective performance metrics rather than the owner's perceptions and insecurities. Theory O clarifies that its explanatory power is strongest in private enterprises where owner psychology dominates managerial behaviour.

3. Implications

3.1. Practical Implications

The theory provides private business owners with a structured lens for identifying and understanding the psychological drivers of excessive supervision and high-pressure management. By recognising the influence of Investment Fear, Satisfaction Threshold, and Knowledge Dominance, owners can assess how these factors may affect employee morale, autonomy, and productivity. This understanding allows for the development of targeted management interventions, such as delegating authority, setting realistic performance benchmarks, and fostering employee empowerment. By moderating the intensity of supervision, owners can reduce unnecessary pressure, improve employee satisfaction, and enhance organisational resilience, particularly in small- and medium-sized enterprises where the departure of key personnel can create vulnerability.

3.2. Research Implications

Theory O opens new avenues for empirical investigation into owner psychology, management behaviour, and organisational outcomes in private sector contexts. Researchers can operationalise the core concepts: Investment Fear, Satisfaction Threshold, and Knowledge Dominance to examine their impact on employee turnover, workplace stress, performance, and organisational vulnerability. The theory also provides a basis for comparative studies between private- and public-sector organisations, highlighting how ownership structures and psychological drivers influence supervisory practices. Furthermore, the theory invites interdisciplinary research that links management studies, organisational behaviour, and occupational psychology to better understand founder-led and owner-managed enterprises.

3.3. Comparison with Theory X and Theory Y

While Theory X and Theory Y focus primarily on general assumptions about employee motivation and behaviour, Theory O complements them by introducing the owner's psychological perspective as a central determinant of organisational practices. Theory X emphasises the need for supervision,

based on assumptions of employee laziness, whereas Theory Y highlights employee self-motivation and potential. Theory O, in contrast, explains why even motivated and competent employees may experience excessive oversight in private enterprises. It shifts the analytical focus from employee characteristics to owners' perceptions, providing a more comprehensive understanding of management behaviour in owner-led businesses. Theory O offers practitioners and researchers a nuanced framework for interpreting, predicting, and addressing the unique challenges of supervision, employee pressure, and organisational vulnerability in private-sector organisations.

4. Conclusion

Theory O (Ownership Insecurity Theory) provides a framework for understanding why excessive supervision and high-pressure management are prevalent in private sector organisations. The core argument of the theory is that these behaviours are primarily driven by owner psychology rather than employee performance. Factors such as Investment Fear, Satisfaction Threshold, and Knowledge Dominance collectively shape managerial practices, often resulting in chronic oversight, employee stress, and organisational vulnerability. The theory offers a novel perspective by shifting the analytical focus from employee characteristics, as emphasised in traditional theories such as Theory X and Theory Y, to owners' perceptions and insecurities. This reframing illuminates why even competent and motivated employees may experience unnecessary pressure in privately owned enterprises.

Future research can empirically test the propositions of Theory O across diverse private-sector contexts, including education, healthcare, and corporate settings, to validate its explanatory power. Refinement of the theory in different organisational settings can further clarify the conditions under which owner-driven supervision affects employee outcomes and organisational resilience, providing practical insights for both scholars and practitioners.

Abbreviations

SMEs Small and Medium-Sized Enterprises

Author Contributions

Williams Acquah: Conceptualization, Writing – original draft

Frederick Owusu Danso: Writing – review & editing

Data Availability Statement

This is a theoretical framework, and as such requires no first hand data.

Conflicts of Interest

The authors declare no conflicts of interest.

References

- [1] Mensah, P., & Okeke-Uzodike, O. E. (2025). Abusive supervision and employee reactions: The moderating roles of high-performing employees. *SA Journal of Human Resource Management*, 23(0), a2966. <https://doi.org/10.4102/sajhrm.v23i0.2966>
- [2] Sardana, D., Gupta, N., Zhu, Y., Parida, S., Garg, S., & Paruchuri, S. (2024). Still waters run deep: Differences in employee empowerment between public- and private-sector firms in India. *The International Journal of Human Resource Management*, 35(8), 1512–1546. <https://doi.org/10.1080/09585192.2024.2309150>
- [3] Xu, J., Chen, J., Lan, Q., & Zhao, M. (2025). To share or hide under performance pressure: The role of supervisor support in shaping subordinate knowledge management behaviours. *Frontiers in Psychology*, 16, 1586812. <https://doi.org/10.3389/fpsyg.2025.1586812>
- [4] Boyne, G. A. (2002). Public and private management: What's the difference? *Journal of Management Studies*, 39(1), 97–122. <https://doi.org/10.1111/1467-6486.00284>
- [5] Rainey, H. G. (2009). *Understanding and managing public organisations* (4th ed.). San Francisco, CA: Jossey-Bass. *Public Productivity & Management Review* 15(4). <https://doi.org/10.2307/3380636>
- [6] McGregor, D. (1960). Theory X and Theory Y. *Organisation Theory*, 358, 5. <https://www.scirp.org/reference/referencespapers?referenceid=3245673>
- [7] Ouchi, W. G. (1981). *Theory Z: How American Business Can Meet the Japanese Challenge*. Reading, MA: Addison-Wesley. [https://doi.org/10.1016/0007-6813\(81\)90031-8](https://doi.org/10.1016/0007-6813(81)90031-8)
- [8] Tepper, B. J. (2000). Consequences of abusive supervision. *Academy of Management Journal*, 43(2), 178–190. <https://doi.org/10.2307/1556375>
- [9] Li, J., & Xu, G. (2025). The impact of abusive supervision on employee counterproductive work behaviour: A moderated mediation analysis. *Frontiers in Organizational Psychology*.
- [10] Sridadi, A. R., Admojo, R. T. C. (2022). Himmawan, M. F. and Fuciu, M. The effect of abusive supervision on employee silence with the mediation role of emotional exhaustion and moderate leader-member exchange. *BISMA (Bisnis dan Manajemen)*, 15(1), pp. 78–95. <https://doi.org/10.26740/bisma.v15n1.p78-95>
- [11] Shengmin, L., & Zhenyu, L. (2025). How does authoritarian leadership and abusive supervision suppress employee voice? A meta-analysis based on cognitive and resource perspectives. *Baltic Journal of Management*, 20(2), 248–265.

- [12] Qiu, A., Li, Z., Choi, M., & Kim, H. E. (2025). Abusive supervision and counterproductive work behaviours under generational differences: A chain mediation model between perception of organizational politics and defensive silence. *Frontiers in Psychology*.
- [13] Tepper, B. J. (2000). Consequences of abusive supervision. *Academy of Management Journal*, 43(2), 178–190. <https://doi.org/10.2307/1556375>
- [14] Mayuran, L., & Thasika, T. (2025). The moderating role of power distance orientation on the relationship between abusive supervision and coworker-directed knowledge hiding in the Sri Lankan information technology sector. In *Proceedings of the 14th International Conference on Management and Economics (ICME)* (pp. 703–716). University of Ruhuna. <http://ir.lib.ruh.ac.lk/handle/iruror/19961>
- [15] Vu, T. T. (2025). Micromanagement: A systematic literature review and future research agenda. *SAGE Open*, 15(4). <https://doi.org/10.1177/21582440251383211>
- [16] Tsolaki, C. (2025). The cost of control: A case study on micromanagement and organizational dysfunction. *International Journal of Research in Management*, 7(2), 313–323. <https://doi.org/10.33545/26648792.2025.v7.i2d.467>
- [17] Safae, S., & Aziz, H. (2025). Mastering management control to optimize SME performance: A bibliometric review. *International Journal of Innovative Science and Research Technology*, 10(2), 149–155. <https://eprint.innovativepublication.org/id/eprint/225/>
- [18] Sohail, K., Belitski, M., & Christiansen, L. C. (2025). Multi-level entrepreneurial ecosystem framework: Founder, incubator, and country characteristics for start-up performance. *Journal of Small Business Management*. <https://doi.org/10.1080/00472778.2025.2581669>
- [19] Liu, G., Zhang, S. X., Ko, W. W., & Jahanshahi, A. A. (2024). Causation processes and innovation strategy in small- and medium-sized firms in emerging countries: The moderating role of founder-CEOs' human capital. *Technological Forecasting and Social Change*, 212, 123954. <https://doi.org/10.1016/j.techfore.2024.123954>
- [20] Lanivich, S. E., Adomako, S., Vardaman, J. M., Donbesuur, F., & Tang, J. (2025). Founder regulatory focus: Effects on entrepreneurial orientation and venture performance. *Strategic Entrepreneurship Journal*. <https://doi.org/10.1002/sej.1535>
- [21] Kraiczy, N. D., Bock, C., & Hack, A. (2025). The two faces of hierarchy: CEO power and TMT learning diversity in technology venture innovation. *Small Business Economics*, 64, 93–112. <https://doi.org/10.1007/s11187-024-00893-4>
- [22] Pierce, J. L., Kostova, T., & Dirks, K. T. (2001). Toward a theory of psychological ownership in organizations. *Academy of Management Review*, 26(2), 298–310. <https://doi.org/10.5465/amr.2001.4378028>
- [23] Bai, T., Jia, D., Liu, S., et al. (2024). Psychological ownership and ambidexterity influence the innovative work behavior and job performance of SME employees: A mediating role of job embeddedness. *Current Psychology*, 43, 14304–14323. <https://doi.org/10.1007/s12144-023-05399-y>
- [24] Dey, C., & Fasbender, U. (2024). Exploring the role of psychological ownership toward organizational innovation in family businesses. *Journal of Entrepreneurship in Emerging Economies*, 17(3), 725–743. <https://doi.org/10.1108/JEEE-02-2024-0057>
- [25] Scuotto, V., Chaudhary, S., Gupta, P., & Tripathi, P. M. (2025). Mediating role of knowledge management for emotional ownership in technological innovations: An overview of Italian family SMEs. *Journal of Knowledge Management*, 29(6), 2046–2065. <https://doi.org/10.1108/JKM-06-2024-0707>
- [26] Feldermann, S. K., & Hiebl, M. R. W. (2025). Strategies to evoke entrepreneurial behavior in middle managers: Involvement in strategy development and the creation of psychological ownership. *International Journal of Entrepreneurial Behavior & Research*, 31(11), 235–253. <https://doi.org/10.1108/IJEBR-10-2024-1071>
- [27] Pinelli, M., Debellis, F., & De Massis, A. (2024). Long-term orientation, family-intensive governance arrangements, and firm performance: An institutional economics perspective. *Small Business Economics*, 63(2), 731–754. <https://doi.org/10.1007/s11187-024-00877-4>
- [28] Melander, A., Brunninge, O., Andersson, D., Elgh, F., & Löfving, M. (2024). Management innovation in SMEs – taking psychological ownership of Hoshin Kanri. *Production Planning & Control*, 35(14), 1687–1705. <https://doi.org/10.1080/09537287.2023.2214517>
- [29] Terstriep, J., David, A., & Rosenberger, T. (2025). Too robust to fail: International entrepreneurial resilience as coping mechanisms in crisis for SMEs. *European Journal of International Management*. <https://doi.org/10.1504/EJIM.2025.144621>
- [30] Nench, B. N. (2024). Why peer support matters: Entrepreneurial stressors, emotional exhaustion, and growth intentions of women entrepreneurs. *International Journal of Entrepreneurial Behavior & Research*. <https://doi.org/10.1108/IJEBR-ERJ-14-3-0501>
- [31] Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, 47(2), 263–291. <https://doi.org/10.2307/1914185>
- [32] Jathanna, A., Prasanna, P. N. N., Raphel, G., Nebhani, S., & Hunswadkar, R. (2025). Emotional appeals and financial decision-making among MSME entrepreneurs: A behavioural finance perspective. *International Journal of Advanced and Professional Technology*. <https://doi.org/10.52783/ijapt.68>
- [33] Enăchescu, V.-A. (2025). The psychological determinants of financial decision-making in SMEs: An empirical analysis of cognitive biases and risk perception. *Revista de Studii Financiare*, 10(19), 126–138. <https://doi.org/10.55654/jfs.2025.10.19.07>
- [34] Eng, I., Aboagye, E., Bergsten, E. L., & Strömberg, A. (2025). Balancing employee flexibility and organizational performance: Implications for innovation, productivity, and company attractiveness in SMEs. *Frontiers in Psychology*, 16, 1518284. <https://doi.org/10.3389/fpsyg.2025.1518284>

- [35] Beltrán-Martín, I., Bou-Llusar, J. C., García-Juan, B., & Salvador-Gómez, A. (2025). Does psychological empowerment mediate the HPWS–affective commitment relationship? *International Journal of Manpower*, 46(1), 1–17. <https://doi.org/10.1108/IJM-05-2023-0253>
- [36] Meurs, D., Born, M., Grift, Y., Lycklama à Nijeholt, M., & Schippers, J. (2024). Informal human resource management and innovation: Insights from European SMEs. *International Small Business Journal: Researching Entrepreneurship*, 43(2). <https://doi.org/10.1177/02662426241288719>
- [37] Jabid, A. W., Amarullah, D., Soleman, M. M., Sabuhari, R., & Zulkifli. (2025). From empowering leaders to innovative work behavior of SME employees: The mediating role of psychological well-being and psychological capital. *Cogent Business & Management*, 12(1), 2492401. <https://doi.org/10.1080/23311975.2025.2492401>
- [38] Freixanet, J., Renart Vicens, G., & Marquès Gou, P. (2024). Family firms' survival in an economic downturn: The role of ownership concentration and collaborative intensity. *Journal of Small Business Management*, 62(6), 3087–3118. <https://doi.org/10.1080/00472778.2023.2293905>
- [39] Coffie, I. S., Müller, R., Marfo, M., Ocloo, E. C., & de Klerk, N. (2025). Succession planning practices and succession success in family-owned businesses: The role of leadership style as internal branding mechanism. *Journal of Family Business Management*, 15(3), 684–704. <https://doi.org/10.1108/JFBM-09-2024-0207>
- [40] Amerongen, N. V. N. (2025). LCE auditor's management override-oversight dilemma: A descriptive analysis. *International Journal of Critical Accounting*, 14(4), 101–120. <https://doi.org/10.1504/IJCA.2025.149497>
- [41] Uy, M. A. & Foo, M-D & Song, Z. (2013). Joint effects of prior start-up experience and coping strategies on entrepreneurs' psychological well-being," *Journal of Business Venturing*, 28(5), 583-597 <https://doi.org/10.1016/j.jbusvent.2012.04.003>
- [42] Kelly, L. M & Athanassiou, N & William F. Crittenden, W. F (2000). Founder centrality and strategic behavior in the family-owned firm," *Entrepreneurship Theory and Practice*, 25(2), pages 27-42, December. <https://doi.org/10.1177/104225870002500202>
- [43] Uhlaner, L., Wright, M. and Huse, M. (2007) Private Firms and Corporate Governance: An Integrated Economic and Management Perspective. *Small Business Economics*, 29, 225-241. <http://dx.doi.org/10.1007/s11187-006-9032-z>