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**THE EFFECTS OF EMPLOYEE OWNERSHIP
UPON WORK ATTITUDES**

A thesis presented in partial fulfilment of
the requirements for the degree of
Master of Arts in Psychology
at Massey University

Tim Cotter
1994

ABSTRACT

The present study explores the role of employee ownership in increasing positive work attitudes in New Zealand companies. In particular, the study examines the extent to which employees view their stake in the company as a purely financial investment as opposed to an opportunity to assume more control and influence within the organisation. Questionnaires regarding attitudes toward the company and to the company share scheme were completed by 156 subjects from two organisations, one a small goods company, and the other a financial institution. Participants who owned shares in their company (n = 33) reported higher organisational commitment and job satisfaction, and lower turnover intention, than those who did not own shares (n = 123). However, none of the differences between owners and non-owners were found to be significant. Those who did hold shares showed a significant positive correlation between share scheme satisfaction and organisational commitment and job satisfaction, and a significant negative correlation between scheme satisfaction and turnover intention. Shareholders who were satisfied with the financial return on their investment were more likely to want to buy more shares if offered them in the near future. The results indicate that, when employees are given no extra influence over their job as a result of owning shares in the company, the financial benefits gained from ownership are not sufficient to create more positive attitudes toward the organisation. It is concluded that successful share ownership schemes require a corresponding increase in employee decision-making participation. Findings are contrasted with those of overseas studies and recommendations are made for longitudinal research which addresses the effects of employee ownership upon organisational culture and power distribution.

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CHAPTER 1. INTRODUCTION TO EMPLOYEE SHARE OWNERSHIP.

Much of the attention of occupational psychologists in recent years has focused upon maximising employee's commitment to and satisfaction with their job and their employer (Reichers, 1985; Mathieu & Zajac, 1990). In particular, efforts have been made to align the goals and values of the organisation with those of the employee. An increasingly popular strategy has been the introduction of employee share ownership. The rationale for this is that by providing employees with the opportunity to claim a stake in their company, the organisation encourages a more cooperative relationship, with the intention that employees will exert more effort towards the company's success if they know that they are entitled to a share of that success. Benefits from the organisations point of view include increased organisational commitment and lower employee turnover.

On a larger scale, employee ownership has important societal implications, through it's encouragement of capitalist participation and the sharing of profits among the work force. By investing in their company, more people can become skilled in business and more able to manage their own money and therefore meet their personal economic goals.

Research into employee ownership has revealed mixed results. Although several studies have found that employee owners have more positive attitudes toward their company than their non-owner counterparts (Rosen, Klein & Young, 1986; Buchko, 1992a, 1992b), it is uncertain under what circumstances employee ownership achieves the best results. Research on New Zealand organisations is very limited, consisting of the work of Firth, Keef and Mear (1987) and some comment by Clark (1988).

The present study compares the attitudes of employee owners with those of non-owners in two large New Zealand companies, then focuses on the factors which contribute to employee satisfaction with the company share scheme. The study aims to give an overview of the specific effects of employee ownership upon the organisational commitment, job satisfaction and turnover intention, while identifying the facets of

employee ownership which have the greatest effect upon the attitudes of employee owners. Perhaps most importantly, the present study draws comparisons between employee ownership as it exists overseas, and the New Zealand experience of employee ownership.

Types of Employee Ownership.

Employee Stock Ownership Plans.

The most common form of employee ownership in the US is the Employee Stock Ownership Plan (ESOP) (Rosen et al, 1986). The ESOP involves a company setting up a trust for its workers, into which it makes regular contributions of shares or cash to buy shares from existing owners. Each eligible employee has an account in the trust, usually proportional to his/her salary. The stock remains in the trust until the employee ceases employment in the company. The longer the employee stays in the company, the more rights s/he has to the stock in the account. Through a process known as vesting, the employee gradually gains rights to the stock in the account, at an annual rate determined by tenure. For example, if an employee left the company after five years s/he could take 30% of the stock in his/her account. The non-vested stock is returned to the trust and redistributed to the rest of the shareholders. Upon receipt of their shares, employees can either hold onto them or sell them. The main advantage of the ESOP scheme is that there is a minimum of risk involved for the employee. The shares which are received are seen as a bonus and no payment is made by the employee.

In the US, several pieces of legislation were passed in the 1970's which provided tax breaks for companies' contributions to share accounts. In this way, for every dollar contributed to a company share ownership account, around ten cents is saved in taxation. While this is seen as a critical factor in the adoption of share ownership, many companies also take into consideration the benefits to their employees. Rosen et al (1986) reported that over 57% of companies in their study agreed that making employees owners has benefits aside from the tax incentives, such as increasing organisational commitment and providing indirect remuneration to employees, even though they would not set up the plan if tax incentives did not exist.

Share Option Schemes

An option scheme gives the employee the opportunity to purchase stock in their company at a set price at any time up to a specified date. Thus, the scheme works to "fix" the price payable for shares. For example, if an option is granted when the share price is \$5, and the stock appreciates in value to \$10, the employee can still purchase shares for \$5. As this method of profit-sharing can be very valuable to the employee, and involves a minimum of risk, the granting of share options is usually reserved as a reward, or as part of the remuneration package for senior employees.

Sale to employees through share price discount

Aside from more formalised schemes for share ownership, many companies make stock available to their employees through a discount on the market share price. This provides a direct incentive for workers to claim a stake in their company more realistically within their means. The strength of this incentive, however, would depend on the size of the discount.

In New Zealand, tax legislation passed in 1976 allows companies to loan money to employees in order to purchase shares in their organisation at a discounted price. This section of the Income Tax Act potentially benefits workers in that the interest free loan is not classed as assessable income and therefore is non-taxable. The company also receives some benefit to the extent that an interest deduction can be claimed on the money advanced. In one of the few investigations into the existence of share schemes in New Zealand, Firth et al (1987) report that 51 schemes were approved under the Income Tax Act 1976 by the Inland Revenue Department between 1976 and 1985 for the 212 companies listed on the New Zealand Stock Exchange. Approval for the scheme, however, does not necessarily guarantee its implementation. The lack of research into employee ownership in New Zealand precludes a more detailed discussion of the types of schemes which operate in New Zealand companies.

The following chapter outlines some of the theories of employee ownership and the ways in which it is thought to benefit companies which operate ownership schemes. Chapter 3 provides examples of research into the effects of employee share ownership

upon employee attitudes and behaviour, and company performance. Chapter 4 and 5 introduce the rationale, hypotheses and method of the present study. Results of the present study are described in Chapter 6, and Chapter 7 discusses the results, and employee ownership in general, and suggests directions for future research.

CHAPTER 2. THEORIES OF EMPLOYEE OWNERSHIP.

Most theories of employee ownership have been centred around the relationship between employees' attitudes toward the purchase of shares, and subsequent changes in attitudes and behaviour toward the company. When attempting to explain the purchase of shares, it is important to address the cognitive processes which are behind the decision to invest in one's company.

Huczynski and Buchanan (1991) maintain that humans behaviour is determined by decisions they make based on the relevant information available to them, and the personal goals and motives which they have. Our motives are primarily influenced by society - we are motivated to act towards attaining rewards that society sees as desirable, such as wealth and status. Lawler (1971) draws a comparison between intrinsic and extrinsic rewards. Intrinsic rewards are things that come from within the individual, such as satisfaction, whereas extrinsic rewards are given to us by others. Extrinsic rewards include such things as pay and respect. Lawler (1971) suggests that intrinsic rewards are more immediate and linked to the behaviour of the individual, and therefore are more important influences on motivation to work. In the case of employee ownership, the rewards from owning shares can be both extrinsic and intrinsic. Extrinsic rewards from share ownership come in the form of financial return from the investment. Intrinsic rewards may stem from the extra influence over one's job which possibly results from share ownership, leading to increased satisfaction with the job. Huczynski and Buchanan (1991) state that humans gain satisfaction from influencing others, and therefore any increase in influence within one's job can be hypothesised to increase job satisfaction.

An important factor in the success of any strategy which aims to enhance positive attitudes toward the organisation is the link between employee attitudes and work behaviour. Festinger (1957), in his discussion of cognitive dissonance, states that people desire cognitive consistency - they want to act in a way which matches their attitudes. This would suggest that those who have invested in their company, and therefore have interest in it's success, would want to behave in a way which is beneficial to the

company. Festinger (1957) goes on to say that, once a decision has been made, the individual will make attempts to increase the attractiveness of the decision. Therefore, favourable attitudes should develop toward the company if the employee has chosen to invest in it.

Sivacek and Crano (1982) conducted research into the effects of vested interest and concluded that attitude-behaviour consistency is maximised when the behaviour suggested by the attitude has obvious relevance to the individual. If the consequence of an attitude directly affects the individual, then s/he is more likely to act in ways consistent with that attitude. It follows that, if the employee owner perceives that it is in his/her best interests that the company performs well, then s/he should be motivated to behave in a way which benefits the company.

The remainder of this chapter outlines some of the theories regarding the way in which employees view the opportunity to purchase shares in their company, and the proposed effects of purchase upon their attitudes and behaviour.

Ownership as an Investment.

An obvious rationale for the purchase of shares would appear to be as a financial investment. Through ownership of stock in their company, employees are given the opportunity to share in the profits of the company, as well as to benefit from the sale of appreciated shares. French (1987) puts forward a strong case for viewing employee ownership as an investment, suggesting that employee owners seek profits, not influence. He goes on to propose that employee shareholders are no different to outside shareholders, defining ownership only in terms of increased rights to profits. Dewe, Dunn and Richardson (1988), report that employees were most likely to be attracted to share purchase if they thought the scheme would increase organisational commitment within the firm, and if they thought there would be personal financial benefits.

The effect of ownership on attitudes is thought to be moderated by the individual's perception of the firm's performance. French (1987) suggests that, when performance

is perceived as favourable, owners should be more satisfied than non-owners, as the success more directly affects them. Conversely, where performance is seen as poor the employee owner has more to lose, resulting in a decrease in attitudes such as organisational commitment and job satisfaction.

Research into the financial perspective of ownership has brought mixed results. Of the employee owners surveyed by Greenberg (1981), 63% cited financial investment as being the most important reason for their purchase of shares. Similarly, French and Rosenstein (1984) report that 75% of their sample of employee owners saw shareholding as an investment rather than as a chance to become an owner. These findings led Rosen et al (1986) to surmise that "by far the most important factor in explaining differences in employee attitudes towards ownership is the amount of stock they earn each year" (p.9.)

In contrast, Buchko (1992a) surveyed a US communications firm and found stronger support for a model which saw employee influence as the important moderator in the ownership-satisfaction relationship, than for the financial perspective. Employee owners who perceived an increase in influence as a result of owning shares were more likely to be more satisfied than those who perceived no increase in influence. Others suggest that the act of purchasing shares has a more powerful effect on attitudes than the dollar amount invested. Canadian research by Long (1978b) found that ownership effects occurred despite relatively low levels of investment, and suggested that employee participation has the strongest effect on attitudes, regardless of the level of investment. A study by Tucker, Nock and Toscano (1989) found that share ownership was seen by employees to be very important, even though few knew the specifics of their companies' scheme. This suggests that the existence of ownership held more importance than the dollar value of investment. Pierce et al (1991) suggests that a purely financial approach to the purchase of shares will inhibit the development of a "collective consciousness" and therefore weaken the relationship between ownership and positive attitudes toward the company.

Ownership and Worker Participation.

The theory that employee participation has an important role as a moderator in the relationship between share ownership and attitudes has received much attention. It is suggested that the purchase of shares empowers employees to have more say in day-to-day decision-making within the company. This opportunity for increased control over one's job is seen as a powerful incentive to become an owner. Russell (1988) maintains that, for employee ownership to be a success, firms must be committed to giving employees some involvement in the decision-making process.

In his survey of attitudes in a recently purchased firm, Long (1978a) reports that around 50% of employees thought their influence within the company had increased. Long (1979) reported similar findings in the case of a recently converted truck company. A further investigation by Long (1980), of a firm recently purchased by employees, found that employees who perceived an increase in influence showed positive attitude changes, while those who did not perceive extra influence actually showed a decline in positive attitudes toward the company. Marshall and Stohl (1993) also found that participation was positively related to job satisfaction. Buchko (1993) was another to report a positive correlation between perceived increase in influence through ownership and share scheme satisfaction, job satisfaction and organisational commitment.

In contrast to his earlier studies, Long (1981) revealed that employee owners did not perceive, nor desire, any change in the distribution of influence within the company. Hammer and Stern (1980) also report no correlation between the amount of shares held by employees and their perception of influence within the company.

Despite the support for participation as a moderating variable in the relationship between ownership and attitudes, few companies seem to be welcoming employee influence. Rosen et al (1986), in a major study of 37 American firms, found no significant relationship between the amount of stock held by employees and their influence over decision making. Rooney (1988) also found a low level of employee participation, even in majority employee-owned firms. In 80% of the US employee-owned firms studied by Rooney (1988), employee-owners had no voting rights on company decisions. Of

the companies who do incorporate some employee owner participation, the participation usually takes the form of a single representative on the voting board. Rosen et al (1986) estimate that 10-15% of ESOP companies in the US give their employee-owners the right to vote.

The reluctance of management to empower employee owners, according to Tannenbaum (1983), stems from the fact that managers are unwilling to share power within the company. The prospect of assuming the role of coordinator rather than boss is not seen as particularly attractive by those who wish to maintain the status quo. For employee participation to succeed a change would have to take place in the traditional adversarial relationship between labour and management. Dugger (1987) dismisses ESOP's as unprogressive without the granting of rights to employee owners, stating that they work out to be "massive tax subsidies for the banks that finance them" (p.95).

Long (1978) summarised the situation by proposing that employee participation appears to have stronger effects on job attitudes than employee ownership, and that the latter only creates conditions which facilitate the process, something which remains to be empirically demonstrated.

Theories of Organisational Commitment

Mathieu and Zajac (1990) raise the question of whether the commitment associated with employee ownership represents an attitudinal loyalty to the organisation, or a calculative attachment through intrinsic and extrinsic investments. The following section will explore these different perspectives of commitment as they relate to employee ownership.

Calculative Commitment.

In 1960, Becker proposed the side-bet theory, which defined organisational commitment in terms of the expenses incurred in exiting from the company. The side-bet theory suggested that commitment comes about when the consequences of inconsistent

behaviour become so costly as to make inconsistent behaviour no longer feasible. Becker (1960) postulates that commitment arrives through existence of three elements:

1. The individual is in a position where his/her decision with relation to one action has consequences for other interests and activities not related to it.
2. They have placed themselves there by their own actions.
3. They recognise the above factors.

In concrete terms, the cost of not being committed to the organisation becomes too high for the individual through the accumulation of investments, or side-bets, both intrinsic and extrinsic. Side-bet theory has parallels with Festingers' (1957) theory of cognitive consistency, whereby an earlier commitment to a course of action affects the later likelihood of certain behaviours. In the case of side-bet theory, the earlier commitment is usually a tangible investment compared to the expressed attitudes which Festinger (1957) discussed.

The investment associated with employee share ownership is thought to represent an side-bet which induces the individual to remain with the company. If the employee was to leave the company s/he would be cutting him/herself off from an organisation of which s/he was a part owner. This process would be particularly relevant in companies which have a qualification period of tenure before stock can be purchased and/or vested.

Farrell and Rusbult (1981) tested a job investment model of commitment and found that investments and alternatives significantly affected job commitment, lending support to Becker's (1960) theory.

Commitment viewed as an investment-influenced phenomenon is referred to as **calculative commitment**. The individual is seen as calculating the cost of leaving the company in terms of the sacrifices and rewards of doing so.

The most common measure of calculative commitment is a scale devised by Hrebiniak and Alutto (1972). The Hrebiniak and Alutto (1972) scale requires the participant to imagine a number of scenarios of alternative employment, offering different inducements to leave the present company. For example, the respondent is asked if s/he would leave the organisation if offered a position in another organisation which offers a slight increase in pay. It is thought that any decision whether or not to leave will be based on the external utility of doing so.

Meyer and Allen (1984) questioned the relevance of side-bet theory as it is currently conceptualised. They suggested that age and tenure were the most accepted indices of investment in the company, as it was conceived that side-bets build up over time at the company. Therefore, most research took the view that, the longer an employee had been with the company, the higher his/her side-bets were. However, Meyer and Allen (1984) claim that there are too many confounding variables in this relationship, and therefore a more direct measure of side-bets should be used, such as employee-perceived investment. This approach would be more consistent with Becker's (1960) suggestion that the employee must recognise his/her investment in the organisation before the commitment effect can take place.

The instruments which are currently used to measure calculative commitment are also questioned by Meyer and Allen (1984), among them the Hrebiniak and Alutto (1972) scale. Empirical data presented by Meyer and Allen (1984) showed that the Hrebiniak and Alutto (1972) scale was affected more by affective factors than calculative factors. This is thought by Meyer and Allen (1984) to suggest that the Hrebiniak and Alutto (1972) scale measures an attitudinal dimension rather than a calculative dimension as Becker (1960) perceived it.

Attitudinal Commitment.

An alternative view of organisational commitment sees the individual as becoming committed to the company through internal processes of identification with the company. The employee identifies with the goals of the organisation and wishes to maintain membership in the organisation in order to achieve those goals. Mowday, Steers and

Porter (1982) identify three primary components as making up the attitudinal view of commitment:

1. A strong belief in and acceptance of the organisation's goals and values.
2. A willingness to exert considerable effort on behalf of the organisation.
3. A strong desire to maintain membership in the organisation.

The most common measure of attitudinal commitment is the Organisational Commitment Questionnaire (OCQ), developed by Porter, Steers, Mowday and Boulian (1974). The 15-item questionnaire asks the respondent to state their level of agreement with a variety of statements regarding attitudes and behavioural intentions toward the firm. According to Ferris and Aranya (1983), the OCQ has been the most widely used measure of organisational commitment.

Antecedents and Consequences of Organisational Commitment.

Organisational commitment has been associated with many antecedents, correlates and consequences regarding organisational behaviour.

Antecedents of organisational commitment:

A recent meta-analysis and review by Mathieu and Zajac (1990) found that perceived personal competence, skill level, age and salary were all positively correlated with organisational commitment.

Organisational tenure was more likely to be related to calculative commitment, while position tenure (the period of time for which the employee has occupied his/her present job) correlated highest with attitudinal commitment. This suggests that psychological attachment builds up over time in a job, while sidebets increase with tenure in an organisation. DeCotiis and Summers (1987) found no significant relationship between

position tenure and organisational commitment. However, the scale used by Decotiis and Summers (1987) to measure commitment was a non-standardised one constructed by the authors, which may have had some effect on the results.

Mathieu and Zajac (1990) note the paucity of research into the effect of salary on calculative commitment, and suggest that the positive correlation between salary and attitudinal commitment is due to the self-esteem associated with a higher salary.

Education was found to have a slight negative correlation with attitudinal commitment in particular. This was suggested by Mathieu and Zajac (1990) to reflect the fact that more educated employees have more opportunities for alternative positions and are therefore unlikely to value their present position as highly.

Reichers' (1985) review found investments, rewards and sidebets to be common predictors among the many studies which have explored commitment as a dependent variable.

Consequences of organisational commitment:

Research has identified a number of consequences of organisational commitment. Reichers' (1985) review of a number of studies revealed that absenteeism and turnover were two variables which consistently showed a negative correlation with organisational commitment. Mathieu and Zajac (1990) and Decotiis and Summers (1987) report similar findings. The meta-analysis by Mathieu and Zajac (1990), however, found that commitment (particularly attitudinal) correlated much more highly with turnover-related intentions than with turnover itself. Turnover was more likely to be correlated with attitudinal than calculative commitment, although the difference was not significant.

Results regarding the effect of commitment upon job performance have not been so encouraging. Only two of the eleven studies reviewed by Reichers (1985) reported a correlation between commitment and performance. The findings of Mathieu and Zajac (1990) reveal that commitment exerts "relatively little direct influence on performance in most instances" (p.184). Surprisingly, the review by Decotiis and Summers (1987)

revealed a very significant positive correlation between commitment and objective individual job performance, a finding that the authors themselves describe as unique. Until the effect of commitment upon performance is replicated, the link between the two should be treated as tentative.

Motivational Factors Associated with Share Purchase

Vroom (1964) proposed the expectancy theory of organisational motivation in which employee behaviour is dictated by the expected outcomes of that behaviour, and the desirability ("valence") of those outcomes. Vroom (1964) cites early work (Wyatt, 1934; Atkinson and Reitman, 1956) which demonstrated a link between external inducements and performance, particularly when financial rewards are dependent upon level of performance. Vroom (1964) proposed an equation of motivation in which the strength of the motivation to perform an act depends on both the valence of the outcome and the subjective probability of achieving it:

$$F = E \times V$$

F = motivation

E = expectation (probability that behaviour will result in a particular outcome)

V = valence of the outcome

Expectation and valence are multiplied for the reason that, if either has a value of 0, the motivation for the behaviour will be 0.

Steers and Porter (1975) elaborated on the concept of expectancy, focusing on two areas, which they labelled E - P expectancy and P - O expectancy. The former is the subjective probability that increased effort (E) will result in increased performance (P), while the latter refers to the expectancy that increased performance will lead to an increase in desirable outcomes (O). If an employee believes that a certain behaviour

will lead to increased performance, and that this effort will result in positive outcomes for him/her, then the motivation to act in such a way is likely to be very strong.

The expectancy theory of motivation can be applied to employee share ownership, particularly if we view company performance as a consequence of employee behaviour. If the employee believes that a certain behaviour will result in enhanced company performance, and that company performance will directly benefit the employee, then s/he should be highly motivated to perform that behaviour. In the case of employee ownership, if the employee owner believes that company performance is linked to personal earning, then s/he is likely to behave in ways which benefit the company. Behaviour which benefits the company could include such things as higher personal effort, lower absenteeism and better stock control. By identifying the success of the company as a personal goal, it should follow that commitment to the company is enhanced. Therefore it can be expected that ownership of shares in the company would lead to an alignment between the values of the company and the employee, resulting in more favourable employee attitudes toward the job. These favourable attitudes should be reflected in behaviours which contribute toward the success of the company.

CHAPTER 3. RESEARCH INTO EMPLOYEE OWNERSHIP.

Employee Behaviour and Company Performance.

An obvious goal for any management strategy is to improve company performance, and any employee behaviour which facilitates this improvement. The adoption of employee share ownership is no exception. Reasons for the establishment of such schemes include lowering absenteeism and turnover and increasing company growth and profitability.

The cost of turnover to New Zealand organisations is highlighted by Bowler, Jones, Simmons and Velseboer (1985) who describe the exit of employees as a company's most expensive personnel problem. Costs are incurred through recruitment, loss of productivity and retraining. Of the two companies which were examined, both had annual estimated turnover costs of over \$250,000. The authors recommended that more attention be paid to this potentially fruitful area for cost-cutting.

Wilson and Peel (1990) report that, controlling for other company variables, UK firms which had adopted profit-sharing showed lower rates of absenteeism and job quitting. Rhodes and Steers (1981), Long (1978a) and Wilson and Peel (1991) were among others who report lower turnover among firms with employee share ownership. Rusbult, Farrell, Rogers and Mainous (1988), analysing exchange variables associated with ownership, found that investment inhibited the likelihood of exit from the company. Internationally, Fitzroy and Kraft (1987), and Vaughn-Whitehead (1992, cited in Vaughn-Whitehead, 1993) found lower absenteeism and turnover rates among profit-sharing firms in Germany and France respectively.

Poole and Jenkins (1990) conclude that the extra commitment that comes from investment in the firm and the belief that personal effort is linked to company performance leads to a reduction in absenteeism and turnover.

Hammer, Landau and Stern (1981), however, found that conversion to employee ownership did not necessarily result in a drop in absenteeism. They suggest that other

mechanisms must be in place, such as group work norms which encourage loyalty to the company and value attendance.

Change in organisational behaviour is thought to stem from the change in traditional labour-management relations. Rosen et al (1986) explain that labour traditionally sees its goal as getting the most for the employees in the short term, regardless of long term consequences. However, with the advent of employee profit sharing, the focus of employees is increasingly on improving productivity. Individual performance is now seen as linked to personal gain. Evidence of an increased interest in the fortunes of the company as a result of employee ownership is provided by Rosen et al (1986), who reported that 84% of employee-owners in their sample agreed with a statement that ownership has increased their interest in the firm's financial success.

If employee ownership results in an improvement in organisational behaviour, it should follow that firms which have adopted such schemes will be more profitable. In a survey of ESOP companies in the US, Marsh and McAllister (1981, cited in French, 1987) found that the productivity of firms with share schemes was above average in the late 1970's. Long's (1980) comparison of three firms which had recently converted to employee ownership revealed that financial performance in all three had increased since the conversion. Rosen and Klein (1981) found that company growth was higher than average for those companies which had adopted profit-sharing. An econometric analysis of 543 Japanese manufacturing companies by Jones and Kato (1993a) found a 7% net increase in productivity after the introduction of employee ownership, while Jones and Kato (1993b) report an increase in "enterprise productivity" among firms which operate an ESOP. Higher productivity was found among firms with share schemes in Germany (Fitzroy & Kraft, 1987) and France (Fitzroy & Vaughn-Whitehead, 1992, cited in Vaughn-Whitehead, 1993; Vaughn-Whitehead, 1991, cited in Vaughn-Whitehead, 1993). United States research by Weitzman and Kruse (1990) and Jones and Pliskin (1991, cited in Vaughn-Whitehead, 1993) has also concluded that share ownership has a positive and significant effect on productivity.

Sales growth and return on equity was also positively affected by the introduction of employee ownership, according to Wagner and Rosen (1985, cited in Pierce, Rubinfeld & Morgan, 1991). Finally, Kruse (1991) reported that manufacturing firms with profit-sharing schemes experienced smaller employment decreases than non-profit-sharing firms during business downturns. However, this finding was not replicated in the case of non-manufacturing firms.

Contrasting findings are reported by Conte and Tannenbaum (1978, cited in Pierce et al, 1991) and Tannenbaum, Cook and Lohmann (1984, cited in Pierce et al, 1991), neither of whom found any significant relationship between the existence of a share ownership scheme and company profitability.

Clark (1988) suggests employee ownership as a promising path for New Zealand businesses seeking to achieve industrial relations harmony, outlining research which shows the resounding success of employee share ownership in terms of company profitability, albeit somewhat selectively. Conte, Tannenbaum and McCulloch (1981, cited in Tannenbaum, 1983) qualify these findings, stating that the most important determinant of performance is the percentage of company equity held in the ESOP account rather than the existence of a scheme itself.

Findings regarding the effects of share ownership schemes upon company performance should be approached warily, given the difficulty in controlling the vast amount of variables which can affect company performance.

Attitudes Associated with Employee Share Ownership.

One of the major motivations for the introduction of employee share ownership is to improve employee attitudes towards the company. In particular, research has focused on the effects of ownership upon organisational commitment and job satisfaction.

Various types of methodology have been employed in research in this area, with investment treated as both a dichotomous variable (ownership vs non-ownership) and

continuous variable (varying levels of ownership). Other studies have compared firms before and after the establishment of share schemes in longitudinal research.

An examination of behaviour associated with shareholding in a US communications company by Rusbult and Farrell (1988) found that those with higher investment were more likely to act in ways beneficial to the organisation, showing more loyalty and problem solving effort. Buchko (1992a), in a study comparing ownership viewed as investment to ownership viewed as influence, found level of ownership to be positively correlated with satisfaction and organisational commitment. Findings to the contrary include Buchko (1993), who found degree of ownership to be positively related to satisfaction with the share scheme, but nothing else, while Hammer, Stern and Gurdon (1982, cited in Pierce et al, 1991) and French and Rosenstein (1984) report no relationship between shareholding and job satisfaction. The major conclusion reached by Rosen et al (1986) was that the more stock that an employee owned, the more committed s/he was to the company.

Studies comparing shareholders to non-shareholders have also supported stock ownership as a correlate of positive attitudes. Australian research by Goldstein (1978) revealed that shareholders reported more commitment to the company than non-shareholders. Poole and Jenkins (1990), in a study of 22 British companies, reported that share ownership had a positive impact on satisfaction and work effort. Attitudes towards the share scheme were also found to be linked to views about the company overall. However, Dunn, Richardson and Dewe (1991) examined employees of a company which had recently introduced an employee ownership scheme and found no difference in the attitudes of owners and non-owners.

The effect of ownership upon attitudes has also been studied longitudinally. In Long (1978a)'s survey of a recently purchased trucking firm, 81% of subjects reported overall increases in satisfaction with their job, with stockholders' ratings being more favourable than non-stockholders. Another study by Long (1980) examined 3 firms which had recently converted to employee ownership, and found that the organisational

commitment and organisational identification had increased, and turnover and grievance rates had decreased, since the conversions. Tucker, Nock and Toscano (1989) also found that job satisfaction and commitment significantly increased after the establishment of an ESOP in a small Virginian company. Research cited by Poole (1993) found that 47% of subjects reported an increased loyalty to their firm since the introduction of profit-sharing. Similarly, Dunn et al (1991) found that the introduction of employee owners resulted in 40% of those who had purchased shares feeling "better and more loyal" toward their firm and 60% expressing a desire to stay with the company longer. In contrast, Long (1982) compared employee attitudes in recently purchased company and found relatively little change in job attitudes since the purchase, with even a small decline in positive attitudes among worker owners.

Among research which has compared workers in US companies with employee share schemes to those without, Greenberg (1980) found higher satisfaction among worker-owners in a plywood cooperative compared to employees in conventional mills. Russell, Hochner and Perry (1979) conducted similar research on refuse collection firms and found higher levels of organisational identification and satisfaction among worker owners. Florkowski and Schuster (1992) also support profit sharing as a method of strengthening workforce commitment. However, studies comparing different firms should be treated with caution due to the chances of extraneous variables affecting the results.

Some evidence of a link between satisfaction with the share scheme and overall positive attitudes toward the company has been reported. Satisfaction with the company share ownership scheme was found to correlate positively and strongly with overall job satisfaction in a study by Klein and Hall (1988). Salary, tenure and vesting also correlated positively with ESOP satisfaction. Salary was a particularly important variable, as stock is usually awarded in proportion to salary. Buchko (1992a) was another to demonstrate a positive correlation between ESOP satisfaction and organisational commitment. Finally, Florkowski and Schuster (1992) found that employee support for profit-sharing was associated with high organisational commitment. The correlation between satisfaction with the share scheme and overall

commitment to the company is thought by Klein and Hall (1988) to suggest that ESOP satisfaction can increase commitment to the organisation by making the company seem more generous and committed to employees.

Buchko (1992a), compared three models of share ownership in order to investigate the mechanisms by which owning shares affects employee attitudes towards the organisation. A brief description of Buchko's (1992a) models follows.

Intrinsic Satisfaction Model:

The intrinsic satisfaction model postulates that satisfaction and commitment to the organisation increase as a result of positive feelings about ownership itself. According to this perspective, ownership in itself is rewarding, aside from organisational variables.

Instrumental Satisfaction Model:

The instrumental satisfaction model of ownership proposes that ownership leads to an increased feeling of control and influence over ones job. It assumes that the purchase of shares raises the level of participation in decision-making of the purchaser. This increased control is believed to lead to higher levels of satisfaction and organisational commitment.

Extrinsic Satisfaction Model:

The extrinsic satisfaction model views ownership as a financial investment in the organisation. The financial benefits of owning shares are thought to increase commitment and satisfaction.

Buchko (1992a) found support for both the Instrumental Satisfaction Model and the Extrinsic Satisfaction model, with evidence showing the most backing for the former perspective. Employees' attitudes toward their company were most affected by the perception that ownership had increased their influence and control in the company. To a lesser degree, financial benefits from the share scheme also affected employee attitudes.

The way in which employees view the outcome of their ownership of shares appears to be a major predictor of the effects of that ownership upon their attitudes toward the company. With the lack of formal participation attached to most share schemes, the financial perspective of share ownership should take on new significance.

CHAPTER 4. THE PRESENT STUDY.

The aim of the present study was to explore the attitudinal effects of employee share ownership and the variables which correlate with share scheme satisfaction. By comparing shareholders to non-shareholders, the study measured the effects of financial investment in the company upon organisational commitment, job satisfaction and intention to leave the company.

Among shareholders, the effects of perceived financial return upon attitudes toward the company and the share scheme were measured. As illustrated in Figure 1, it was expected that high financial return would result in high scheme satisfaction, increase in positive attitudes toward the firm, and a strong intention to purchase more shares in the future. Low perceived return would have an opposite effect upon attitudes and result in intentions to sell shares in the future.

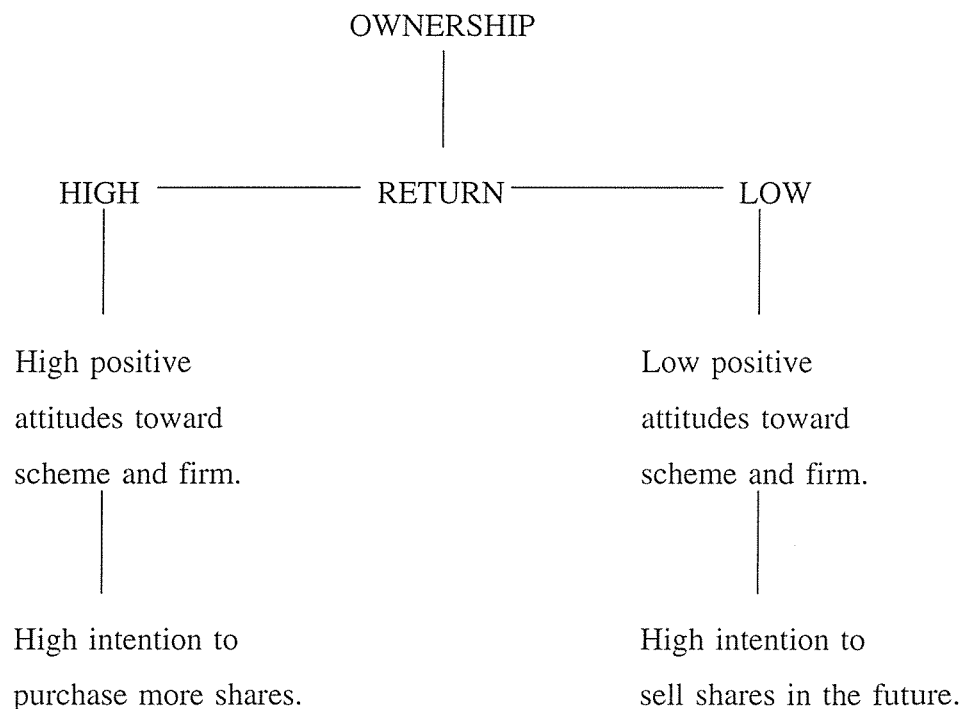


FIGURE 1. MODEL OF THE EFFECTS OF PERCEIVED FINANCIAL RETURN.

Correlations between share scheme satisfaction and overall job satisfaction and organisational commitment were measured to give an indication of the importance of employee share ownership in shaping worker attitudes.

Another issue which the present study investigated was whether investment was related more to calculative or attitudinal commitment. Becker's (1960) side-bet theory of commitment suggests that share holding acts as an investment which commits the individual to the company, and therefore that organisational commitment will be increased in terms of a calculative involvement to a greater extent than an attitudinal one. By viewing share ownership as a tangible side-bet, the approach is consistent with Meyer and Allen's (1960) proposal that side-bets be measured directly rather than through the use of age and tenure as side-bet indices.

Hypotheses.

Becker's (1960) sidebet theory suggests that investment in an organisation increases one's commitment to that organisation. The ownership of shares in a company would give the employee a tangible interest in its' performance and profitability, which should result in a convergence of the goals and values of the worker and the company. The outcome of this convergence of values and interest in the success of the company should be an increase in organisational commitment and job satisfaction. The extrinsic nature of the financial investment suggests a calculative rather than attitudinal relationship between shareholding and commitment. Therefore:

Hypothesis 1: Employee owners will show higher job satisfaction and organisational commitment (calculative more so than attitudinal), and lower turnover intention than non-owners.

The attitudes of the employee toward employee ownership could be expected to have an important effect on the relationship between ownership level general attitudes toward the firm. Thus:

Hypothesis 2: Satisfaction with the share scheme will be positively correlated with overall job satisfaction and organisational commitment, calculative more so than attitudinal, and negatively with turnover intention.

One of the central aims of the present study is to investigate the way in which employee shareholders view their holding - as a financial investment or as a means to gaining greater influence in decision-making within the company. It is expected that the employees' satisfaction with the scheme will depend more on their perception of the return they receive on their shareholding, than on the increase in influence within the company that they perceive. This expectation is based on an assumption that the average employee will own such an insignificant stake in the company that influence over decision making will not be affected.

Hypothesis 3: Employee shareholders will perceive little or no increase in influence within the company.

A major contributor to employee satisfaction with the share scheme is expected to be perceived financial return. Employees who feel that their return has been substantial will be more likely to feel that their participation in the share scheme is justified, and will therefore express greater satisfaction with scheme.

Hypothesis 4: Perceived financial return on shareholding will positively correlate with satisfaction with the share scheme.

If the employee owner perceives the share scheme in a positive light, s/he should then express a willingness to increase, or at least maintain his/her stake in the company:

Hypothesis 5: Perceived return on investment and employee share scheme satisfaction will correlate positively with desire to purchase more shares in the near future and negatively with intention to sell shares in the near future.

CHAPTER 5. METHOD

Sampling.

Lists of New Zealand companies which operate employee share ownership schemes are virtually non-existent. The strategy used to obtain sample companies in the present study initially involved approaching companies which the researcher had gained information about through word of mouth and similar informal ways. Seven companies were approached in this way. The next strategy involved contacting a sample of 15 large, mainly listed, New Zealand companies.

The initial approach involved sending a letter to a management official (usually the company secretary) outlining the purpose of the study and what was required from interested participants. The official was asked whether or not the company operated a share scheme and, if so, whether or not they would be interested in participating in the research. Strict confidentiality was assured. (A copy of the letter is provided in Appendix A).

Of the total of twenty-two companies which were approached, replies were received from sixteen. Eight of the respondent companies do not operate a share scheme and therefore did not qualify for participation in the study. Of the eight firms which do operate such a scheme, four declined for unspecified reasons, and a fifth because of insufficient time to deal with research requests. The remaining three companies agreed initially to participate in the study, with one of these three firms having to subsequently withdraw on advice from senior management. Therefore, the study proceeded with a sample of two companies.

Company A produced a computer-generated random sample of 150 employees who were to be sent questionnaires. The population included all employees of the company regardless of organisational level or ownership status.

Company B, with a relatively low proportion of employee owners, distributed 200 questionnaires among offices nationwide, from which individual employees were handed questionnaires. It was suggested that management distribute the questionnaires with a view to ensuring that a fairly high proportion of the sample were shareholders in the organisation.

The Companies.

Company A:

Company A is a financial organisation employing approximately 7000 staff in branches throughout New Zealand. 1090 employees own a total of 535,825 shares constituting less than 5% of total company stock.

Company A introduced share ownership in 1980, through a system by which employees purchase shares at a 20% discount from the market rate. All employees who have been with the company for over one year are eligible to purchase shares, the maximum number allowed being determined by seniority. No employee is permitted to own more than 5000 shares. Loans are available to employees wishing to purchase shares, at 85% of the current lending rate.

Employee-owners gain no special rights or privileges over and above those extended to minority shareholders.

Company B:

Company B is a small goods company, employing approximately 700 staff, with several processing plants throughout New Zealand.

In July, 1992, a one-off discount share purchase opportunity was offered to all staff. In total, ninety employees bought 344,000 shares at \$1.04 at a time when the market value of shares was \$1.26.

Company B also operates a stock option scheme, whereby members of senior and middle management staff are rewarded with options for above average performance. Thirty-two staff members held options in the company at the time of the study.

Employee owners in Company B may trade their shares with no restrictions other than those under insider trading. No special rights or privileges are extended outside of those of outside shareholders.

Data Collection.

The envelopes which subjects received contained one 39 item questionnaire and a stamped addressed envelope for return to the researcher. Attached to each questionnaire was an information sheet which outlined the subjects rights regarding confidentiality and the right to refuse participation. Subjects were also informed that a summary of results from the study would be made available to them via their company office. A copy of the questionnaire sent to employees of each company, and the accompanying information sheet, is provided in the appendix.

Variable Measurement.

Independent variables:

Ownership Status: Employees in Company A were asked simply whether or not they own shares in the company. Thus, Company A employees were categorised as owners and non-owners. Employees of Company B were asked whether or not they owned shares in the company, as well as whether or not they held options in the company. Therefore, Company B employees were placed in one of the following categories:

- i. Owns shares and holds options.
- ii. Owns shares but does not hold options.
- iii. Holds options but does not own shares.
- iv. Neither holds options nor owns shares.

Share Scheme Satisfaction: An eight-item scale was used to measure general satisfaction with the company share scheme. This scale was developed by Rosen et al (1986) for research involving ESOP's in the US, and has been used by Buchko (1992a, 1992b) for measuring scheme satisfaction. Rosen et al (1986) report an internal consistency estimate of reliability of .91, using Cronbach's alpha. Participants indicate the extent of their agreement with statements regarding benefits of employee ownership.

Perceived Company Performance: Employees were asked to indicate their perception of the firm's financial performance over the previous six months on a five point Likert-type scale ranging from 1 = very poor to 5 = very good.

Perceived Increase In Influence: Employee-owners indicated their agreement with a statement, constructed by the author, that ownership had increased their influence within the company on a Likert-type scale ranging from 1 = strongly disagree to 5 = strongly agree.

Satisfaction With Return On Investment: Shareholders were asked to indicate on a Likert-type scale their satisfaction with the financial return on their investment. Values ranged from 1 = very satisfactory to 2 = very unsatisfactory (reverse scored). This method of measuring return was preferred over more objective measures, such as the dollar value of return, in order to more accurately represent the participants view of the relative size of the return.

Dependent Variables:

Intention To Buy Shares: Owners indicated if, given the opportunity, they would purchase more shares in their company. Responses were made on a Likert-type scale ranging from:

1 = no, definitely not to 5 = yes, definitely.

Intention to Sell Shares: Owners indicated if, given the opportunity, they would sell their shares in their company. Responses were made on a Likert-type scale ranging from: 1 = no, definitely not to 5 = yes, definitely.

Turnover Intention: A 2 item scale, as used by Rosen et al (1986) was used to measure the likelihood that the respondent would leave the company in the near future. Subjects indicated their level of agreement with statements regarding their intention to exit the company in the near future, such as "I often think about quitting". Rosen et al (1986) report a Cronbachs alpha of .91 for the scale. Buchko (1992b) examined the relationship between turnover intention and subsequent actual turnover after six months and found a correlation of .372 ($p < .01$) indicating a fairly strong relationship between the two variables, and therefore strong convergent validity of the turnover intention scale.

Attitudinal Commitment: The 9-item version of the Organisational Commitment Questionnaire (OCQ), developed by Mowday, Porter and Steers (1982), was used to measure subjects' attitudinal commitment to the organisation. As noted earlier, attitudinal commitment refers to the employees acceptance of the organisations values and his/her willingness to exert effort of behalf of the organisation. Respondents are asked to indicate the degree to which they agree with statements regarding their commitment to the firm eg. "I find that my values and the organisation's are very similar.

Originally constructed as a 15 item scale, many studies have opted to delete the negatively worded items of the OCQ, while still preserving it's psychometric properties. Mathieu and Zajac (1990) reported an internal consistency reliability of .857 for the thirteen studies using shortened version, as opposed to .882 for those using the 15-item scale. The decision to use only positively worded items in the current study was based upon the desire to keep the questionnaire as short as possible and, perhaps more importantly, to avoid confusion of the respondents.

Mowday, Steers and Porter (1979) analysed six samples in order to test the psychometric properties of the OCQ. Test-retest reliability showed the scale to be relatively stable when measures were taken at monthly intervals over 4 months, with correlations ranging from .53 to .75.

The item-to-total correlations of the OCQ were also found to be encouraging by Mowday et al (1979), with an average correlation of .64 between each individual items and the total. This suggests that the items of the OCQ are relatively homogenous in the underlying construct which they measure. Further evidence of homogeneity was found in a factor analysis performed by Mowday, Steers and Porter (1979), which resulted in a single factor solution. The percentage of variance associated with the first factor ranged between 83.2 and 92.6. An interesting point to note is that the negatively worded items of the scale in general correlated less highly with the total than the positively worded items. This can be seen as further justification for the use of the nine-item scale as opposed to the 15-item scale, aside from the practical reasons for doing so.

Mowday et al (1979) also assessed the convergent validity of the OCQ. Convergent validity refers to the degree of correlation of the scale with other measure which it should theoretically correlate with. Mowday et al (1979) reports that the OCQ correlated with a job attachment questionnaire over five of the samples with an average coefficient of .70. In addition, supervisors rating of employee commitment showed an average correlation of .60 with the OCQ.

Calculative Commitment: Calculative commitment was measured by a five item scale adapted from the Hrebiniak and Alutto (1962) scale. The original scale contained four items regarding the respondents intention to leave the company under several inducements, such as extra pay and extra status. An additional item was added regarding the likelihood of leaving for a company with a more favourable share scheme. The original four-item scale was found in a meta-analysis by Mathieu and Zajac (1990) to have an average internal consistency reliability of .787 over the 15 samples who used the instrument to measure organisational commitment. Therefore the Hrebiniak and

Alutto (1972) scale items can be reasonably assumed to be measuring the same underlying construct.

Job Satisfaction: General job satisfaction was measured using a 2-item scale adapted from the Michigan Organisational Assessment Questionnaire (MOAQ) developed by Cammann, Fichman, Jenkins and Klesh (1983). The original scale consisted of three items in which the respondent indicates on a 5-item Likert-type scale their level of agreement with statements regarding their satisfaction with their job. For example:

"In general I like working here"

Rosen et al (1986) report an internal consistency reliability estimate of .86 for the scale, indicating relative homogeneity among the scale items. Stability of the scale was reported by Macy, Peterson and Norton (1989), who reported test-retest reliability of .53 - .73 three samples on three occasions over a two year period.

It was decided to use a two-item scale in the present study, with a reverse-scored item was deleted to avoid confusion as well as redundancy in the scale items.

Analysis.

Analysis was performed at two levels, firstly to measure differences between the attitudes of owners and non-owners, and secondly to identify correlates and predictors of share scheme satisfaction.

T-tests were used to compare the means of owners and non-owners for the following variables: job satisfaction, calculative commitment, attitudinal commitment, turnover intention and perceived company performance.

Pearson product-moment correlations were computed to measure the relationship between pairs of continuous variables, while relationships with the dichotomous variable of share ownership were assessed using point-biserial correlations.

The difference between owners and non-owners on a number of dependent variables combined was measured using multivariate analysis of variance (MANOVA). The

MANOVA asks whether there are mean differences in job attitudes - measured by attitudinal commitment, calculative commitment, job satisfaction and turnover intention - associated with share ownership.

MANOVA is also performed to assess differences in job attitudes at different levels of share scheme satisfaction. For this purpose, share scheme satisfaction was recoded into dissatisfaction, indifference to and satisfaction with the scheme. Recoding was done on the basis of cell frequencies, so that each level of scheme satisfaction contained approximately one third of the cases.

CHAPTER 6. RESULTS.

Of the 350 questionnaires which were sent out, a total of 166 were returned, constituting a return rate of 47%. Five questionnaires were deemed invalid due to incomplete data. Four respondents held options in Company B, a number deemed too small to warrant analysis. Therefore those responses were discarded from the analysis. In total, the responses of 156 subjects were entered into the analysis, 81 (52%) from Company A and 75 (48%) from Company B. Responses were treated as a pooled sample in the analysis. Sixteen (20%) respondents from Company A and seventeen (23%) from Company B owned shares in their company. 92% of the respondents were aged between 21 and 50 as indicated in Table 1, while 77% received a salary of \$21,000 - \$50,000 (Table 2). Tenure ranged from less than one year to over 15 years (Table 3).

TABLE 1: AGE OF SUBJECTS.

Age Range (Years)	Frequency	%	Cumulative %
15-20	1	.6	.6
21-30	48	30.8	31.4
31-40	59	37.8	69.2
41-50	37	23.7	92.9
51-60	11	7.1	100.0

TABLE 2: SALARY OF SUBJECTS.

Salary Range	Frequency	%	Cumulative %
\$10,000 - 20,000	12	7.7	7.7
\$21,000 - 30,000	61	39.1	47.1
\$31,000 - 40,000	41	26.3	73.5
\$41,000 - 50,000	19	12.2	85.8
\$51,000 - 60,000	10	6.4	92.3
\$60,000 +	12	7.7	100.0

TABLE 3: TENURE OF SUBJECTS.

Tenure Range (Years)	Frequency	%	Cumulative %
<1	10	6.5	6.5
1-5	49	31.6	38.1
5-10	44	28.4	66.5
10-15	21	13.5	80.0
15+	31	20.0	100.0

Prior to analysis, all variables were inspected using SPSS for missing values and outliers. Listwise deletion was used to eliminate cases with missing data. An analysis of Mahalanobis distance revealed no multivariate outliers.

Results of evaluation of assumptions of linearity, homogeneity of variance-covariance matrices and multicollinearity were satisfactory. An analysis of normality revealed the variable for job satisfaction (SATIS) to be slightly negatively skewed. However, no

theoretical justification could be found for transforming SATIS and analysis went ahead with the original variable. All other variables showed adequate normality.

Table 4 displays Cronbach's alpha for the attitude scales, all of which showed good internal consistency estimates of reliability.

TABLE 4: CRONBACH'S ALPHA FOR ATTITUDINAL VARIABLES.

Variable	Cronbach's Alpha
Attitudinal Commitment	.90
Calculative Commitment	.88
Share Scheme Satisfaction	.88
Job Satisfaction	.88
Turnover Intention	.85

A comparison between owners and non-owners of means and standard deviations is displayed in Table 5. Owners scored higher than non-owners on the variables of tenure, attitudinal commitment, job satisfaction and calculative commitment. Non-owners showed higher perceived company performance and turnover intention. T-tests failed to demonstrate a statistically significant ($p > .05$) difference between the attitudes of owners and non-owners.

Chi-square analyses were performed in order to assess whether there were any differences between owners and non-owners at 3 different levels (high, medium and low) of job satisfaction, organisational commitment and turnover intention. No significant differences were found between the two groups, ($p > .05$).

TABLE 5: MEANS AND STANDARD DEVIATIONS FOR STUDY VARIABLES FOR OWNERS AND NON-OWNERS.

Variable	Non-owners (n = 123)		Owners (n = 33)	
	Mean	S.D.	Mean	S.D.
Return	N/A	N/A	2.82	0.73
Influence	N/A	N/A	1.76	0.61
Sell Intention	N/A	N/A	2.64	1.14
Buy Intention	N/A	N/A	3.56	1.09
Perceived Company Performance	3.82	.81	3.45	1.03
Tenure	2.95	1.19	3.61	1.25
Scheme Satisfaction	N/A	N/A	27.45	5.84
Attitudinal Commitment	30.24	7.71	32.56	7.41
Job Satisfaction	7.77	2.06	8.30	1.79
Turnover	5.04	2.11	4.67	1.85
Calculative Commitment	16.35	4.75	17.52	4.89

N/A = Not applicable

TABLE 6: PEARSONS PRODUCT-MOMENT CORRELATIONS BETWEEN THE STUDY VARIABLES FOR POOLED SAMPLE.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Return										
2. Influence	-.03									
3. Sell intention	-.27	-.17								
4. Buy intention	.58*	.09	-.03							
5. Perceived co. performance	.49*	.47*	-.20	.19						
6. Tenure	.02	.04	-.35	-.19	-.08					
7. Scheme Satisfaction	.39	.45	-.24	.47	.53**	.16				
8. Attitudinal Commitment	.22	.37	-.40	.03	.25	-.04	.61**			
9. Job Satisfaction	.26	.35	-.36	-.02	.17	.10	.56**	.72**		
10. Turnover intention	-.12	-.38*	.50*	.14	-.18	-.10	-.53**	-.68**	.69**	
11. Calculative Commitment	.08	.10	-.38	-.30	.01	.30**	.22	.43**	.52**	-.60**

*p < .01 **p < .001

Pearson product-moment correlations were computed for all the study variables except share ownership (Table 6). Highly significant ($p < .001$) correlations were found between the attitudinal variables of job satisfaction, attitudinal commitment and calculative commitment. Turnover intention was highly negatively correlated with share scheme satisfaction (-.53), attitudinal commitment (-.68), job satisfaction (-.69) and calculative commitment (-.60), suggesting that those with higher positive attitudes toward their organisation had a lower intention to exit it in the next 6 months.

Z - scores were computed to test the difference between owners and non-owners for the correlations of perceived company performance with job attitudes, as suggested by Downie and Heath (1974). The analysis revealed no significant difference ($p < .05$) between owners and non-owners.

Chase, (1984) recommends point-biserial correlations be calculated between a naturally dichotomous variable and continuous variables, therefore point biserial correlations are provided for share ownership (Table 7). No significant correlations were found between share ownership and any of the attitude variables.

TABLE 7: POINT BISERIAL CORRELATIONS BETWEEN SHARE OWNERSHIP AND ATTITUDINAL VARIABLES.

	Share Ownership
Calculative Commitment	.09
Attitudinal Commitment	.12
Job Satisfaction	.11
Turnover	-.01

A one-way multivariate analysis of variance (MANOVA) was performed with share ownership (SHARE) as an independent variable and four dependent variables: attitudinal commitment (ATCOM), job satisfaction (SATIS), turnover intention (TURN), and calculative commitment (CALCO). Using Wilk's criterion, the combined dependent variables were not significantly affected by share ownership, $F(4, 149) = 0.84, p > .05$.

A further MANOVA was performed with share scheme satisfaction (SCHEMS) as an independent variable and ATCOM, SATIS, TURN and CALCO as the dependent variables. SCHEMS was recoded into discrete categories of dissatisfaction, indifference and satisfaction, on the basis of equal frequencies in each category.

Wilk's criterion showed the combined dependent variables to be significantly affected by scheme satisfaction, $F(8, 64) = 3.26, p < .05$. Association between scheme satisfaction and the combined dependent variables was high, $\eta^2 = .50$.

Pooled within-cell correlations between the dependent variables were all in excess of .30 (Table 8), making stepdown analysis appropriate in order to control for overlapping variance between the dependent variables.

TABLE 8: POOLED WITHIN-CELLS CORRELATIONS BETWEEN MANOVA DEPENDENT VARIABLES.

	Atcom	Satis	Turn
Satis	.618		
Turn	-.460	-.528	
Calco	.293	.582	-.705

Reliability of the dependent variables was deemed to be sufficient for a step-down analysis, and homogeneity of regression was established for each component of the analysis. Variables were entered into the analysis in order of priority, with the highest

priority dependent variable tested in a univariate ANOVA and subsequent dependent variables entered with higher priority dependent variables treated as covariates.

The largest contribution to predicting differences in scheme satisfaction was made by attitudinal commitment, stepdown $F(2, 35) = 7.34, p < .05, \eta^2 = .17$. Subjects scoring highly on scheme satisfaction were also more likely to score highly on job satisfaction, stepdown $F(2, 34) = 3.72, p < .05, \eta^2 = .09$. After accounting for the variance explained by attitudinal commitment and job satisfaction, no unique contribution to differences in scheme satisfaction was found for turnover intention, stepdown $F(2, 33) = 0.93, p > .05, \eta^2 = .03$. No significant contribution to differences between those high and low in scheme satisfaction was explained by calculative commitment, stepdown $F(2, 32) = 1.43, p > .05$.

CHAPTER 7. DISCUSSION.

Hypotheses.

Hypothesis 1: Owner - Non-owner differences.

Employee owners showed higher mean job satisfaction, attitudinal commitment and calculative commitment, and lower turnover intention, than non-owners. However, these differences were non-significant, thus failing to support the hypothesis.

Hypothesis 2: Correlations between scheme satisfaction and attitudes.

Satisfaction with the share scheme correlated significantly with job satisfaction, attitudinal commitment and turnover intention, supporting the hypothesis partly. Surprisingly, there was no significant correlation between scheme satisfaction and calculative commitment, thus failing to fully support the hypothesis.

Hypothesis 3: Perceived increase in influence as a result of owning shares.

Employees perceived very little increase in influence as result of owning shares, with the mean for the item falling between "strongly disagree" and "disagree" with a statement regarding an increase in influence through ownership. Hence, the results support Hypothesis 3.

Hypothesis 4: Correlation between perceived financial return and share scheme satisfaction.

Perceived financial return did not significantly correlate with scheme satisfaction, failing to support Hypothesis 4.

Hypothesis 5: Effect of perceived return and share scheme satisfaction on intention to trade shares.

Perceived return on investment correlated significantly and positively with intention to buy shares in the future and negatively and non-significantly with intention to sell shares.

However, share scheme satisfaction did not correlate significantly with intention to either buy or sell shares, failing to support that part of Hypothesis 5.

Discussion.

The results indicate that owners were, on average, more committed to and satisfied with, and less likely to leave their job in the near future. Despite the statistical non-significance of this finding, the trend is in a similar direction to overseas research, namely that of Rosen et al (1986) and Buchko (1992a).

The failure of the findings to significantly replicate those of overseas studies may have some grounding in the way in which employee ownership is perceived in New Zealand. Long (1980) suggests that a critical mass of employees must own a stake in the company before effects can take place at an organisational level. Long (1980) proposes that group processes are largely responsible for the increase in favourable actions and behaviours toward the company. Given the relatively small percentage of employees who owned a stake in the companies surveyed in the present study, it is quite possible that the concept of collective ownership has not yet become engrained into the organisational culture to an extent to which attitudes towards the company have been altered. If ownership has not yet become a group norm, then the pressures to behave as an owner would not be as high. The fact that the majority of overseas studies have focused on ESOP's, in which shares are allocated virtually as of right, may explain the greater strength of their findings.

Limited support was found for viewing employee ownership as a financial investment, while the lack of increase in decision-making influence perceived by employees made the influence perspective of ownership difficult to assess.

The Investment Model of Employee Ownership.

The expectation that owners view their share holding as a financial investment was not strongly supported in the present study. The non significance of the correlation between return on investment and share scheme satisfaction indicates that owners did not place great importance on financial return in their evaluation of the scheme. One explanation for this finding may be the attitudinal nature of the scheme satisfaction scale. While respondents may see the return on shares as worthwhile, and view ownership as a sound investment, they may not perceive it as providing them with the benefits at work which the scheme satisfaction scale draws upon. For example, response to a statement such as "because of employee ownership my work is more satisfying" may give little indication of the intention of the employee to purchase more shares in the future. The view of scheme satisfaction as a measure of the employee's perception of the influence of ownership on his/her job may be inconsistent with its use as an instrument which measures the satisfaction with the scheme per se. It may be possible for the employee owner to be satisfied with his/her investment without feeling that their job has become more satisfying as a result of it. From this perspective, it would seem plausible to use buy and/or sell intention as a more accurate measure of contentment with the shares currently owned. By expressing a desire to purchase shares in the near future, the employee would appear to be exhibiting a positive assessment of the shares s/he currently owns. Alternatively, if the employee intends to sell shares in the near future, it could be presumed that s/he is less than satisfied with the outcome of the share holding.

An employee's satisfaction with his/her share holding may depend greatly on the expectations which s/he has when entering the scheme. Employees who purchase shares with the notion their job will become more satisfying and rewarding may view the success of their investment in an entirely different light to those who see it as an

opportunity to gain a little extra cash. For this reason, caution must be exercised when interpreting responses to the share scheme satisfaction scale.

Taking the view that intention to trade shares is a more valid measure of share scheme contentment than the share scheme satisfaction scale, the theory that employees view ownership as a financial investment would appear to carry some weight, due to the significant correlations in the present study between financial return and intention to buy and sell shares.

The lack of a significant relationship between perceived return on investment and any of the satisfaction, commitment and turnover intention variables suggests that, not surprisingly, satisfaction with the financial return on shares is not a sufficiently strong variable to dictate the perception of one's job. Given the generally trivial size of the average employee's share holding, it is understandable that there are many other more important factors which dictate how employees view their job.

Beckers' (1960) theory of side-bets, and Festingers' (1957) theory of cognitive consistency, suggest that employee owners would display attitudes and behaviours which are beneficial to the company in order to justify their purchase of shares. However, the lack of significant differences between owners and non-owners in the present study suggests that the investment, or side-bet, is not large enough to make employee owners believe that their efforts will increase the value of their share holding. If the employee does not believe that personal effort really effects his/her return, then there should not be the same level of cognitive dissonance if s/he does not express favourable attitudes to the company.

Rosen et al's (1986) study of ESOP's found that the amount of company contribution to the ESOP plan affected job attitudes more than the financial return for the employee. This finding suggests that the perceived generosity of the organisation is responsible for favourable attitudes towards it. Particularly in the case of organisational commitment, it makes sense that one would feel more favourable attitudes towards an organisation which is seen as being generous and genuinely interested in the welfare of it's staff.

Employees are likely to see company contribution to the ESOP as a more direct form of generosity than profit generated from share holding. Given that employee enthusiasm is likely to be directed at the source of the generosity, the company is likely to benefit more from the response to their ESOP contribution than response to a share in the profits.

The nature of the share schemes involved in the present study prevent an analysis of the effect of the size of company contribution to the ESOP upon employee attitudes. However, the lack of company involvement in the purchase of shares could go some way to explaining the lack of significant findings. More light could have been shed on this area if employee owners in Company A had been asked whether or not they made use of the loan which is available for the purchase of shares. This form of company assistance in share scheme participation may have some effect on employee perception of the organisation.

Another possible difference in the response of employees to various types of ownership scheme may stem from whether they have purchased the shares themselves or whether they have automatically received them as part of their remuneration package, as is often the case in ESOP's. Klein (1987) suggests that employees may respond differently to share ownership when they have had to give up something, as opposed to when they have received them as a gift. Because employees in the two companies in the present study have paid for their shares, they may have high expectations of the return on their investment. Employees in companies where the shares are received as a gift may see any return as a bonus and therefore be more easily satisfied with the outcome of their ownership. This may go some way towards explaining the non-significance of the findings of the present study compared to those of the overseas research, which tends to focus on ESOP's.

The Influence Model of Employee Ownership.

The absence of a perceived increase in influence as a result of share ownership means that the influence model of employee ownership was difficult to interpret. The lack of variance in employee response to the influence question made it infeasible to

discriminate between different levels perceived increase in influence. This lack of variance can in itself be seen as raising questions regarding increased worker participation as a mechanism by which ownership effects attitudes. Although several authors (eg. Buchko, 1992a, 1992b; Russell, 1988) assert that increase in influence correlates highly with positive outcomes, many studies report that, in reality, very few share schemes incorporate voting rights and formal decision-making participation (eg. Rosen et al, 1986; Rooney, 1988). Buchko (1992b) attempts to explain this discrepancy by suggesting that, even though employees do not gain a tangible increase in their rights to influence decisions, they may perceive that they have increased influence. It is possible that, because they are taking a greater interest in the affairs of the company, employees see themselves as participating in it more.

Of the previous studies which have found sufficient variance in response, the results have almost invariably revealed a positive correlation between perceived increase in influence and favourable attitudes toward the company, suggesting that the key to a better scheme may well lie in increasing the number of people who think their influence has been increased. Buchko (1992b) goes so far as to say that attitudes toward the organisation are a function of the ability of the share scheme to provide benefits to employees in the form of greater influence and control over their jobs.

Limitations of the Present Study.

An obvious limitation of the present study is the sample size, particularly the number of respondents who owned shares in their company. Although trends could be identified within the sample, a large amount of variance between groups is required if statistically significant effects are to be revealed. Despite the small number of respondents in the employee owner category ($n = 33$), the number was in fact overrepresentative of the true proportion of the population who owned shares in the company. Although only 14% of employees in both companies owned shares, around 21% of the sample in the present study were owners. Therefore, the small number of owners who participated can be

justified as a representative sample of the true population. Nevertheless, a larger sample would have extended the overall generalisability of the findings.

As with most survey research, the issue of causality is very relevant to the present study. The major concern in this area is the question of whether those who purchase shares become more committed and satisfied as a result, or whether those who are already committed and satisfied are more likely to purchase shares. Other than through longitudinal research, this matter is virtually impossible to resolve. Therefore, the reader is advised to exercise caution and commonsense when interpreting the results.

The fact that the present study was conducted using two companies with rather informal share purchase schemes limits the comparison of the findings with those of previous studies, which have tended to focus on ESOP's. As noted earlier in the discussion, the different mechanisms by which employees acquire their shares may have an important bearing on the way in which they perceive their share holding, and the expectations which they may have regarding their outcome of their holding. A smaller proportion of the employees in the sample companies held shares, compared to overseas ESOP studies, where often a majority of the employee own shares. This represents another area for caution when comparing the results of the present study with overseas findings. Despite the contrasts of the present study with those conducted on ESOP's, the fact that very little research has been reported on schemes such as those in the present study may in fact add value to the findings, with a view to comparing different types of share ownership scheme. Such comparisons are necessary for researchers to understand the dimensions along which employee response to ownership differs.

Conclusions

It is clear from previous research that one of the keys to a successful share ownership programme is for the company to not only share profits, but also to share power. The more influence over decision-making the employee perceives as a result of owning share, the more s/he is satisfied with his/her investment, and the more positive his/her

attitudes become toward the company. The findings of the present study confirm that employees are given virtually no extra power as a result of their share holding, something which must severely limit the success of the share scheme. The lack of a significant difference between the attitudes of owners and non-owners is most likely attributable to the fact that employee owners receive no extra entitlements or rights than non-owning employees, and therefore treat their investment as a financial venture distinct from their position within the company. If the company treats employees no differently when they own shares to when they don't, then it is hardly surprising that employees do not report any significant difference in satisfaction with their job. Only when some aspect of their job has changed due to the ownership of shares can it be expected that attitudes toward that job will alter.

The present study has also revealed the need for the employee's expectations to be taken into account when assessing his/her satisfaction with his/her share holding. An assessment of the employee's intention to buy or sell more shares in the near future appeared to carry more weight as a measure of share satisfaction than questions regarding the positive effects of share ownership on his/her job. From an analysis of these variables it was found that those who perceived a higher return on investment were more likely to be encouraged to increase their stake in the company, providing partial support for a financial orientation to share ownership.

Therefore, support can be found for both a financial and an influence perspective to employee ownership. It is likely that the success of share schemes depends to some extent on the financial return which employees receive as well as the increase in influence which they perceive as a result of owning shares. However, the result of these perceptions may affect employee attitudes differently. While financial return only appears to affect the employee's view of the desirability of owning shares, perceived increase in influence may affect overall attitudes toward the company as a whole. Of the two outcomes, the latter would be more desirable from the company's point of view. By increasing positive attitudes toward the organisation, share ownership should then encourage behaviours favourable to the organisation.

While the aim of most company policy is to increase profit, employee share ownership is an initiative which also offers the opportunity for employees to participate in the ownership experience, which can only be of benefit to society as a whole. When share holding is accompanied by employee participation in decision-making, benefits not only come from more favourable employee attitudes toward the company, but also from the diverse range of ideas and opinion which such employee participation facilitates.

Employee participation could also have implications for industrial relations within organisations which adopt employee ownership. If decisions are seen as stemming from consultation with staff members, unions would be more reluctant to take action against those decisions, at the risk of undermining their own members. Nor would there be as great a need for unions to protect the rights of workers, as these would be taken into account more in a decision-making system which valued the input of workers.

As New Zealand moves toward a society of political and commercial consensus, business will have to place more emphasis upon the opinions of its human resources. Rather than seeing this change as disruptive and requiring a compromise in profitability, the successful business will embrace the opportunity to gain ideas from a wider range of sources and thus become more innovative while at the same time nurturing a more committed and satisfied workforce. Employee ownership is a policy which, by definition, protects the profitability of the business through allowing the people in whose interest it is to have a successful business the opportunity to have a say in that success. Provided that management is committed to giving employees a share of the power as well as the profits, employee ownership should enjoy widespread success in the future.

Recommendations for Future Research

Research into employee share schemes in New Zealand is still very much in its infancy. Although overseas research is a good starting point, it is imperative that information from the New Zealand context be available in order for companies to make informed decisions as to the likely effects of the implementation of a share scheme. As the present study is a New Zealand first concerning the effects of employee ownership on

attitudes, there is no comparative research against which to validate the findings and build a theory of employee ownership specific to New Zealand organisations. In particular, research must take into consideration the way in which New Zealanders view work and their relationship with their organisation.

To understand more completely the effects on the company of the introduction of a share ownership scheme, work needs to be done on a much larger scale than it is at present. Rather than focusing on specific effects on individuals who own shares, research should look at the overall change in organisational culture and the long term stability and profitability of companies who adopt such schemes. The way in which decision-making processes adapt to allow input from employee owners is another important focus for the future, particularly comparing those companies who allow employee input to those who do not.

Longitudinal research will play an increasingly important part in the future of employee ownership research. Through the study of employee attitudes before and after the implementation of a share scheme, and changes the power structure of the company, a better understanding of the overall effects of employee ownership on an organisation can be gained. Employee attitudes before and after the purchase of shares will also allow a more confident attribution of causality, and provide insight into the effects of different expectations upon employees' perspectives of the success of employee ownership.

Finally, and perhaps most importantly, the effect of employee ownership on society as a whole is an area which must be more closely examined. The issue of whether or not employee ownership will lead to a more equitable distribution of profits and economic participation appears to lie in management's willingness to welcome it as a source of ideas rather than a threat to the status quo.

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APPENDIX A: Initial Contact Letter to Prospective Sample Companies

Dear Sir/Madam,

In order to complete an M.A. at Massey University, I am undertaking a thesis in 1993. This thesis is concerned with employee share ownership, and the effects of ownership on work attitudes and organisational commitment. Of particular interest is the question of whether employee-owners view their ownership as a financial investment, or as a means to influencing the running of the organisation, and whether or not it has a bearing upon work activities.

Organisations with employee share schemes are relatively scarce in New Zealand, and it would be greatly appreciated if your company could participate in this research. It is intended that questionnaires be distributed among a sample of employees for confidential completion and returned to the researcher. The questionnaire should take less than ten minutes to complete.

In return for participation in the study, the company will receive high quality information as to the effects of share ownership on such dimensions as job satisfaction, turnover intentions and commitment to the company. The strictest confidentiality is assured in terms of both individual respondents and the participating company.

If you currently operate an employee share ownership scheme, and feel you may be interested in participating in this study, please reply to the above address as soon as possible. I would be happy to discuss any further details with you. Your cooperation would be greatly appreciated.

Yours faithfully,

Tim Cotter.

APPENDIX B: Subject Information Sheet

INFORMATION SHEET.

In order to complete an MA at Massey University I am undertaking a thesis concerning employee share ownership. The attached questionnaire asks questions about employee share ownership and your attitudes toward the ownership of shares by employees in the company they work for.

The questionnaire includes about 40 items and takes about 10 minutes to complete.

It should be noted that this research is for my purposes only, and that Company A/B has agreed to participate at my request. The information you provide is completely confidential and questionnaires will be identifiable by number only, rather than by name. It will not be possible to identify you in any reports that are prepared from the study.

You have the right to decline to fill in the questionnaire, and to refuse to answer any questions which you do not wish to answer.

Any further questions which you wish to ask about the study can be directed to me at the address shown below. Several copies of a summary of results of the study will be mailed to Company A/B and will be made available to interested participants.

Your cooperation would be greatly appreciated.

Yours sincerely,

Tim Cotter
Department of Psychology
Massey University
Palmerston North
Ph. (06) 3569099 ext.8326

APPENDIX C: Questionnaire Sent to Company A Employees

EMPLOYEE OWNERSHIP QUESTIONNAIRE

Office use only

1. Do you own shares in Company A?
(circle one).

yes

no

1

If you do own shares in Company A, answer
Section A and B of the questionnaire.

If you do not own shares in Company A, answer
only Section B of the questionnaire.

SECTION A.

2. How long is it since you last purchased
shares? (circle one).

less than one month

1 - 6 months

6 - 12 months

more than 12 months

3. How would you rate the financial
return you have received from
owning shares in Company A? (circle one).

1	2	3	4	5
very				very
satisfactory	satisfactory	reasonable	unsatisfactory	unsatisfactory

Questions 4-12 ask you about your views of employee share ownership.

Indicate the degree to which you agree with the statements by writing the appropriate number in the space provided.

	1 strongly disagree	2 disagree	3 uncertain	4 agree	5 strongly agree	
4. Because of employee ownership, my work is more satisfying.						7 <input type="checkbox"/>
5. I'm proud to own shares in this company.						<input type="checkbox"/>
6. Employee ownership at this company makes my day-to-day work more enjoyable.						<input type="checkbox"/>
7. Owning shares in this company makes me want to stay with the company longer than I would want to if I didn't own shares.						<input type="checkbox"/>
8. It is very important to me that this company have an employee share ownership plan.						<input type="checkbox"/>
9. Owning shares in this company makes me more interested in the company's financial success.						<input type="checkbox"/>
10. Employee ownership at this company gives me a greater share in company profits.						<input type="checkbox"/>
11. I really don't care about employee ownership.						<input type="checkbox"/>
12. Employee ownership gives me more influence over decision-making within the company.						<input type="checkbox"/>

13. Do you intend to sell some (or all) of your shares in the next six months? (circle one).

yes, definitely yes, probably uncertain probably not definitely not.

16

14. Would you purchase more shares in Company A if offered them in the near future? (circle one).

yes, definitely yes, probably uncertain no, probably not no, definitely not

SECTION B.

15. In general, how would you rate the financial performance of Company A in the previous six months? (circle one).

very good good fair poor very poor

Questions 16-26 relate to possible feelings you may have about Company A. Indicate the degree to which you agree with each of the statements by writing the appropriate number in the space provided.

1	2	3	4	5
strongly disagree	slightly disagree	uncertain	slightly agree	strongly agree

- | | | | |
|-----|---|--------------------------|-----------------------------|
| 16. | I am willing to put in a great deal of effort beyond that normally expected in order to help this company be successful. | <input type="checkbox"/> | 19 <input type="checkbox"/> |
| 17. | I find that my values and the organisation's are very similar. | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. | I really care about the fate of this organisation. | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. | I tell my friends that this is a great organisation to work for. | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. | This organisation really inspires the very best in me in the way of job performance. | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. | I am proud to tell others that I am part of this organisation. | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. | I am extremely glad that I chose this organisation to work for over the others I was considering at the time that I joined. | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. | I would accept almost any type of job assignment in order to keep working for this company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. | For me, this is the best of all possible organisations for which to work. | <input type="checkbox"/> | <input type="checkbox"/> |

office use only

34. Please indicate your age group (circle one).

15-20 21-30 31-40 41-50 51-60 60+

37

35. Are you... Male
 Female (circle one).

36. What job level do you occupy? (circle one).

graded supervisory managerial

37. What is your approximate salary in thousands ? (circle one).

10-20 21-30 31-40 41-50 51-60 60+

38. How many years have you been employed at Company A?

less than 1 1-5 5-10 10-15 15+

Thank you for your participation in this survey.
Please return the questionnaire in the envelope provided.
No stamp is required.
Your cooperation is greatly appreciated.

Tim Cotter.

APPENDIX D: Questionnaire Sent to Company B Employees

EMPLOYEE OWNERSHIP QUESTIONNAIRE

Office use only

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1. Do you own shares in Company B.
(circle one).

yes

no - go to question 20

If you do not own shares in Company B, answer only Section C of the questionnaire.

If you have purchased shares through a one-off purchase opportunity, answer Sections A and C of the questionnaire.

If you have received your shares through an issue of stock options to senior staff, answer Sections A, B and C of the questionnaire.

SECTION A.

2. How would you rate the financial return you have received from owning shares in Company B? (circle one).

1	2	3	4	5
very satisfactory	satisfactory	reasonable	unsatisfactory	very unsatisfactory

SECTION B.

office use only

10. On how many different occasions have you purchased shares? (circle one)

1

2

3

4

5 or more

11. How long is it since you last purchased shares? (circle one).

less than one month

1 - 6 months

6 - 12 months

more than 12 months

SECTION C.

12. In general, how would you rate the financial performance of Company B in the previous six months? (circle one).
very good good fair poor very poor

Questions 13-17 relate to possible feelings you may have about Company B. Indicate the degree to which you agree with each of the statements by writing the appropriate number in the space provided.

1 2 3 4 5
strongly slightly uncertain slightly strongly
disagree disagree agree agree

13. I am willing to put in a great deal of effort beyond that normally expected in order to help this company be successful.

14. I really care about the fate of this organisation.

15. I tell my friends that this is a great organisation to work for.

16. This organisation really inspires the very best in me in the way of job performance.

17. For me, this is the best of all possible organisations for which to work.

25. Please indicate your age group (circle one).

15-20 21-30 31-40 41-50 51-60 60+

office use only

26. Are you... Male
 Female (circle one).

27. What is your approximate salary in thousands ? (circle one).

15-20 20-25 25-30 30-35 35-40 40-45 45-50 50-55 55-60 60+

28. How many years have you been employed at Company B?

less than 1 1-5 5-10 10-15 15+

Thank you for your participation in this survey.
Your cooperation is greatly appreciated.

Tim Cotter.