Towards a Theory of the Attitudinal Effects of Employee Stock Ownership

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Employee ownership refers to the fact that employees of a company are also stockholders of the company for which they work. Employee ownership is not a simple, unidimensional concept. There are a variety of ways by which employees may own stock in their company and such practices may yield varying combinations of owner/manager/worker roles, rights, and responsibilities, and workers can hold anything from a nominal stake to full collective ownership (Ben-Ner & Jones, 1995, p.534; Rousseau & Shperling, 2003, p.554; Toscano, 1983). This practice continues to attract the attention of scholars, practitioners and policy-makers in different parts of the world, including the US (NCEO, 2011b), Europe (Poutsma, et al., 2006), China (Chiu, Hui, & Lai, 2007) or Australia (Landau, Mitchell, O’Connell, & Ramsay, 2007).

Employee ownership forms vary according to different parameters and some of these are closely related to local legislations and tax regulations. A first parameter is the cost of acquisition of stock. Employees can acquire stock by receiving it as grants as in the Employee Stock Ownership Plan (ESOP) arrangement in the United States, while at the other extreme, employees can acquire stock by purchasing them 100% with their savings. This happens for example, when an employee buys company stock in the 401(k) plan arrangement in the U.S. Another approach provides the employees with the right to purchase stock at a discounted price (usually 15-20%). Finally, some companies have encouraged employees to fund the purchase of company stock with cash profit- and/or gain sharing payments. This is particularly the case in France where profit sharing is mandatory for companies with more than 50 employees. As a consequence, plans differ in their combination of employee contributions, employer matching contribution, profit- and/or gain sharing bonus, and funds borrowed by a trust fund. Also, the percentage of employees who participate in ownership may vary, and employees may own different percentages of stock within the company.
Finally, stock ownership may confer different prerogatives and rights to employees. In the US, employee stockholders do not typically participate in corporate governance. The other extreme is found in France where employee stockholders can often elect representatives at the board of directors and at the general meeting. In this article, I will consider only the case of capitalistic companies that implement broad-based employee ownership plans (i.e. plans in which more than half of the workforce is eligible to participate) and I will not address the specific case of worker cooperatives and labor-managed firms.

About thirty years after the first relevant contributions (e.g. Conte & Tannenbaum, 1978; Hammer & Stern, 1980; Long, 1978a, 1978b; 1979...), there has been a large number of empirical studies focusing on the influence of employee ownership on corporate economic performance, specifically through enhanced work attitudes that can come about when employees have a direct stake in firm performance through stock ownership. A first strand of empirical studies has focused on firm-level performance outcomes such as productivity and financial performance, and generally found that employee ownership has a positive or neutral effect on corporate performance (Jones & Pliskin, 1988; Kruse & Blasi, 1997; Pérotin & Robinson, 2003). Most of this quantitative research used agency theory or other incentive-based theoretical foundations. Hence, almost the whole employee ownership/performance relationship has been generally attributed to changes in employee work attitudes and behaviors. The second strand of empirical research has focused on individual-level attitudinal and behavioral outcomes such as employee commitment, satisfaction, motivation, absenteeism or turnover. Again, the results of about 60 empirical studies (Kaarsemaker, 2006, p.44) suggest that employee ownership either improves or does not affect employee attitudes (Kruse & Blasi, 1997, p.143).

Since the early nineties, there has been a lack of theoretical development regarding the ways in which employee ownership (EO) could affect companies, both in terms of corporate

A review of the existing theory on the attitudinal effects of EO shows that scholars’ efforts have mainly focused on which elements of the ownership construct can affect employee attitudes, and paid little attention to (1) how each element of the ownership construct operates to affect employee attitudes, and (2) how these elements affect different attitudes in different ways. In other words, scholars have determined that EO operates through property rights, financial rights and participation in decision-making, but failed to explain how each type of rights specifically affects such key outcomes such as job satisfaction, organizational commitment or work motivation. This lack of theoretical development limits the improvement of knowledge concerning the preconditions or success factors of the effects of EO. Also, the existing empirical research suggests that employee ownership has differential effects of such attitudinal outcomes as job satisfaction, work motivation, affective organizational commitment and turnover intentions (Kruse & Blasi, 1997), but fails to explain why.

Ben-Ner and colleagues argue that the fashion in which ownership rights are allocated and restricted affects the behavior of those who hold them and has important organizational consequences (Ben-Ner, Montias, & Neuberger, 1993). Past research has failed to account for interactions and synergy between the elements of the employee ownership construct (Ben-Ner & Jones, 1995, p.551) and for specific contingency relationships such as the organizational strategy, other organizational variables, or environmental factors (Kaarsemaker, 2006, p.72). This certainly explains to a large extent why empirical results are often inconclusive and contradictory. As stated by Kruse and Blasi (1997, p.132), “Given the wide variety of forms of employee ownership and circumstances in which it is implemented, and the dispersion of
findings relating employee attitudes to employee ownership, it is to be expected that there is no simple direct connection between employee ownership and firm performance.”

Overall, there is a need to build on the existing literature and to try to explain how each element of the EO construct affects each relevant employee attitude and the specific contingency variables moderating these relationships. To achieve this goal, I first draw on theory about the antecedents of work motivation, job satisfaction and organizational commitment to understand the extent to which stock ownership can function as an antecedent. As previously suggested, employee stock ownership provides the employees with the property of more or less stock, with more or less financial rewards and with more or less opportunities to participate in different kinds of decisions. Therefore, I rely on theory about the attitudinal effects of ownership and possessions, financial rewards and participation in decision-making to develop testable propositions of how each moving part of the employee ownership construct may affect distinctively each attitudinal outcome. I then go further in the analysis by investigating how expectations towards ownership, individual needs, values and norms can vary and moderate the attitudinal effects of employee ownership.

This article is divided in four parts. I will first present an overview of the theoretical background of the existing empirical studies of the attitudinal effects of employee ownership. Then, I will describe the antecedents of job satisfaction, work motivation, and affective organizational commitment in order to suggest the extent to which stock ownership can represent one of such antecedents. In the third part I will specify the mechanisms by which each element of the ownership construct can affect each work attitude distinctively, and in the fourth part I will present some moderators. I will conclude with a summary of the implications of this article for theory development, future research, and managers.
1. Employee Ownership and Attitudes: Theoretical Background

Among the first studies addressing the employee ownership/attitudes relationship was Long’s (1978a) study of a Canadian trucking company purchased by its employees. Similar studies were then regularly carried out in different countries by different researchers. A review of these empirical studies reveals that their theoretical foundations have been limited, with Long’s (1978a) article being possibly the most theoretically developed. In this article, Long presents a theoretical framework in which he first explains that the construct of stock ownership has to be conceptualized in terms of the ownership of shares and of employee participation in decision making. Then, the author suggests a series of steps through which EO first distinctively affects employee organizational commitment, job satisfaction, and work motivation, and then enhances job effort, peer pressure and cooperative behavior. In later publications (Long, 1979, 1980, 1981, 1982) the author recalls that participation in decision making and ownership itself are the reasons for the expected effects of stock ownership, but does not explain neither how nor why such effects occur. Moreover, the outcome variables in these later studies were not well differentiated anymore, referring to either a generic “job attitudes” (e.g. Long, 1982, p.196) or to “motivation” (e.g. Long, 1979, p.611). The theory presented by French & Rosenstein (1984) and French (1987) introduces novelty by separating the factors that enhance commitment to those that enhance job satisfaction. According to the authors, stock ownership develops desired and actual participation in decision-making and the acquisition of more information by the employees. This is believed to enhance their identification with the organization by creating perceptions of common interests and stakes in the firm’s success. However, job satisfaction is believed to be enhanced by the participation in the company’s financial returns.
Klein (1987) summarized research up to that point and would go on to be widely cited by subsequent scholars researching employee ownership and attitudes. However, as acknowledged by the author herself, her article provides a synthesis of previous theoretical developments, rather than the development of new theory. Klein (1987) actually presented “three alternative, but not mutually exclusive, models of the psychological effects of employee ownership”. The assumption underlying each model was that “if employees are satisfied with the employee ownership plan, they will feel committed to the company and motivated to keep working there” and that “each model predicts that different employee ownership conditions are associated with high employee satisfaction with stock ownership, high organizational commitment and lower turnover” (Klein, 1987, p.320). Therefore, the author first suggests that employee ownership indirectly affects employee commitment and turnover intention through their satisfaction towards the employee ownership plan (ESOP satisfaction). However, there is no mention of any effect on work motivation and job satisfaction. Moreover, when Klein (1987) details each model later in the article, the effects become direct, and the dependant attitudinal variables change. The first model, the “intrinsic satisfaction model” suggests that ownership alone increases the employees’ commitment to and satisfaction with the company. According to the second model (the “instrumental satisfaction model”), employee ownership increases employee influence in decisions, which in turn increases employee commitment (“employee attitudes” later in the article). Finally, the third model called “extrinsic satisfaction model”, suggests that it is the financial value of stock ownership that increases organizational commitment (but no other work attitudes). Later, however, the author suggests that the extrinsic model “is supported by research on pay systems which documents the importance of financial rewards as a determinant of job satisfaction” (Klein, 1987, p.121). It is obvious that job satisfaction, organizational
commitment, and satisfaction with the company are used interchangeably throughout the article.

In the beginning of the nineties, Buchko published the first empirical studies on the subject using multiple regressions and structural equation modeling methods (Buchko, 1992a, 1992b, 1993). According to the author, stock ownership first enhances organizational commitment by creating a common interest and shared goals among the members of the company, and then the increased commitment leads to greater job satisfaction and other behaviors that support the organization (Buchko, 1992a, p.63). This reasoning was later inverted in an article published in 1993 where EO was hypothesized to affect job satisfaction through perceived influence, and job satisfaction was then hypothesized to positively influence organizational commitment. Also, the financial value of the ESOP was found to affect job satisfaction directly, but that the effect of commitment was indirect, i.e. that it was related to a positive effect on the satisfaction towards the ESOP plan (Buchko, 1993, p.649). Later empirical studies by Keef (1994, 1998), Pendleton and colleagues (Pendleton, Wilson, & Wright, 1998), Gamble and colleagues (Gamble, Culpepper, & Blubaugh, 2002) or Kuvaas (2003), cited the Klein’s models (or their contents) as their theoretical foundations. One of the rare exceptions is the paper by Culpepper and colleagues (Culpepper, Gamble, & Blubaugh, 2004) which suggested that different elements of the ownership construct could affect distinctively each of the Meyer & Allen’s (1991) components of organizational commitment. Finally, the concept of “psychological ownership”, defined as the employee perception of being a company’s owner, has been cited in a number of empirical studies after the publication of a theoretical article by Pierce and colleagues in 1991 (Pierce, et al., 1991). In some cases (e.g. Kuvaas 2003) this concept of psychological ownership was just cited in the “theoretical background” section, while in others it has been studied as a dependant or mediating variable (Chiu, et al., 2007; Pendleton, et al., 1998).
Some authors with a financial and economic rather than a psychology background, have often considered the Jensen & Meckling’s (1976) agency theory as the main theoretical background for empirical research on employee financial participation (Pendleton 2006). Agency theory was first used in the context of equity compensation for executives and is arguably quite limited to gain a clear understanding of how the effects of “broad-based” employee ownership come about. In fact, according to agency theory, the mere ownership of some stock in their company by employees (no matter how much) would align their interests with the stockholders interests, which is highly questionable. Second, the mere alignment of interests (provided that it occurs) is supposed to explain the observed effects of employee ownership on all employee attitudes and behaviors while the evidence shows that motivation, satisfaction and commitment emergence through different mechanisms.

Overall, this review of the existing theory on the attitudinal effects of employee ownership reveals a lack of consistency in the use and definitions of the independent variables (the employee ownership construct itself) and the dependant variables (the attitudinal variables often used interchangeably), and a lack of theoretical development concerning the links between each independent variable and each dependant variable. In order to illuminate in more depth the relationship between employee ownership and employee attitudes, the first step will be to analyze theories about the antecedents of the three most researched work attitudes, in order to get a first understanding of how each element of the ownership construct can represent an antecedent of each of these three attitudinal outcomes.

2. Employee Ownership and the Antecedents of Work Attitudes

The attitudinal variables that deserve specific attention are job satisfaction, work motivation and affective organizational commitment. In fact, these are the most researched
attitudinal outcomes in the employee ownership literature as well as in the more general HRM literature. Also, in the employee ownership literature, outcomes such as turnover and absenteeism are generally considered to be affected indirectly through motivation, satisfaction and commitment (Buchko, 1993, p.639; Pierce, et al., 1991, p.123).

2.1. Employee ownership and the antecedents of job satisfaction

Job satisfaction has been defined as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke, 1976, p.1300), and as the “affective orientations on the part of individuals towards work roles they are presently occupying” (Vroom, 1964, p.99). Concerning its determinants, Locke suggests that “job satisfaction results from the perception that one’s job fulfils or allows the fulfillment of one’s important job values, providing and to the degree that those values are congruent with one’s needs” (Locke, 1976, p.1307).

Researchers have distinguished process theories of satisfaction from content theories (see Judge, Parker, Colbert, Heller, & Ilies, 2002 for a detailed review). Process theories of satisfaction argue that employee satisfaction depends upon the discrepancy between what his/her environment offers and what he/she expects, and upon the degree to which the job fulfils or allows the fulfillment of the individual needs (Kuhlen, 1976; Locke, 1976, p.1303). Content theories of satisfaction attempt to identify the specific needs or values most conducive to job satisfaction. Two major theories have analyzed human needs. Abraham Maslow developed a model which suggests that humans have five basic categories of needs (physiological needs, safety needs, belongingness needs, esteem needs and self actualization needs). The theory further argues that these needs are arranged in a hierarchy so that lower level needs must be satisfied before higher-level needs are pursued. Also, when a need is
mostly satisfied it no longer satisfies and motivates and the next higher need then takes its place (Maslow, 1943). Hertzberg’s theory improved the Maslow’s needs theory by suggesting that factors leading to satisfaction are different from the determinants of dissatisfaction. More particularly, issues related to the work itself (achievement, promotion, recognition and responsibility) were labeled “motivators” since they were found to be sources of satisfaction while issues related to supervision, interpersonal relations, working conditions, company policies and salary, were found to cause job dissatisfaction and were labeled “hygienes” (Hertzberg, 1966, 1976).

In order to enhance job satisfaction, therefore, employee ownership must fulfill some of the employee needs towards their job and some expectations towards work role and experiences. We can consider that most employees have financial expectations towards their job. As a consequence, EO should enhance job satisfaction if it is financially rewarding. The reasoning is quite different for ownership itself and participation in decision-making. In fact, it is arguable that not all employees consider ownership and participation in decision-making as an equally important need toward their job (see for example Hofstede, 2001; Pierce, et al., 1991). Moreover, the only case where stock ownership could be related to “work role and experiences” concerns companies where it is a core element of the company culture as in worker cooperatives or labor-managed firms, and in some ESOP companies. According to the US-based National Center for Employee Ownership, this so-called “ownership culture” concerns companies that (1) provide a financially meaningful ownership stake, enough to be an important part of employee financial security, (2) provide ownership education that teaches people how the company makes money and their role in making that happen, (3) share performance data about how the company is doing overall and how each work group contributes to that, (4) train people in business literacy so they understand the numbers the company shares, (5) share profits through bonuses, profit sharing or other tools, (6) build
employee involvement not just by allowing employees to contribute ideas and information but making that part of their everyday work organization through teams, feedback opportunities, devolution of authority, and other structures (NCEO, 2011a). A company’s “ownership culture” has also been defined as “a business community composed of people sharing the values of ownership, and working together in an organized way for their mutual benefit as co-workers” (Brohawn, 1997, p.1).

To summarize, EO can enhance job satisfaction (1) if it provides the employees with some financial gains, and (2) through ownership itself and participation in decision-making rights, if those rights are considered important and are expected by the employees.

2.2. Employee ownership and the antecedents of work motivation

Work motivation refers to the willingness of employees to work hard and well for a long time. The three aspects of action that motivation can affect are direction (choice), intensity (effort), and duration (persistence) (Locke & Latham, 2004, p.288). Many different theories have been proposed to explain motivated behavior (see Donovan, 2002 for a review). The “valence-instrumentality-expectancy” theory of motivation developed by Vroom (1964) and completed by Lawler (1971) is certainly the best suited theory for the analysis of the motivational properties of employee ownership. Vroom’s expectancy theory is based on the concepts of expectations and valence, where expectation is defined as “a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome” and valence as “affective orientations toward particular outcomes” (Vroom, 1964, pp.15,17). In the model presented by Lawler, the employee willingness to make efforts depends (1) on his/her belief that if he/she puts effort into performing at a specific level, he/she will be able to perform that well (called expectation), (2) on the perceived relationship between one’s own
performance and some expected outcome (called *instrumentality*), and (3) on the *valence* of the outcome related to performing well (Lawler III, 1971, pp.107-108).

Building on the *valence/expectations* theory we can consider that stock ownership could enhance work motivation if the employees’ individual work efforts affect significantly corporate performance and if corporate performance positively affects the financial gains related to stock ownership.

This view is consistent with Rousseau and colleagues (2003, p.564) who suggested that employee ownership can provide appropriate incentives only if workers individually can contribute substantially to the firm’s competitive advantage.

### 2.3. Employee ownership and the antecedents of affective organizational commitment

Organizational commitment concerns the attachments that form between employees and their employing organization (Mowday, 1998, p.387). According to Meyer and Allen, there are three main motives for employees to be attached to their organization leading to three components of organizational commitment. *Affective commitment* refers to the employee’s emotional attachment to, identification with, and involvement in the organization. *Continuance commitment* refers to an awareness of the costs associated with leaving the organization, and *normative commitment* reflects a feeling of obligation to continue employment (Allen & Meyer 1991 p. 67). Research on employee ownership has generally focused exclusively on the affective dimension of organizational commitment with the exception of the article by Culpepper and colleagues (Culpepper, et al., 2004, p.156). This can be explained by the fact that affective commitment is the commitment component which produces highest levels of employee motivation, organizational citizenship behavior and performance (Meyer, Becker, & Vandenberghe, 2004, p.993).
There is no real theory explaining how affective organizational commitment develops. However, it has been suggested that “any variable that contributes to the likelihood that an individual will (a) become involved in a course of action, (b) recognize the value of association with an entity or pursuit a course of actions, and/or (c) derive his/her identity from association with an entity, or from working toward an objective, will contribute to the development of affective commitment” (Meyer & Herscovitch, 2001, p.316). Therefore, personal involvement, identification and value congruence with the organization are the main determinants of affective commitment (Meyer, et al., 2004, p.994).

Employee ownership has the potential for developing affective commitment by associating employees to different “courses of actions”. First, shares constitute physical and legal evidence of their association with the organization. Also, through financial participation and participation in information and decision-making, the employees can perceive a feeling of shared interests and goals with the company, a feeling of membership and belongingness (Long, 1978a, pp.33-34; Rousseau & Shperling, 2003, p.558), and recognize the value of their association with the company. Moreover, stock ownership can allow employees to derive their own identity from their association with the company, especially if the company is successful and/or prestigious.

This section has analyzed the extent to which employee ownership can be an antecedent of work motivation, job satisfaction and organizational commitment. In the next section, this will be combined with theory about the attitudinal effects of ownership, participation in decision-making, and financial rewards, which represent the elements of the employee ownership construct, to propose testable propositions of the relationships between each element of the ownership construct and each work attitude.
3. How does Employee Ownership Affect Employee Attitudes

3.1. The psychological effects of property

The importance of possessions and ownership in influencing human attitudes, motivation, and behavior has been emphasized in a wide variety of fields (Van Dyne & Pierce, 2004, p.440). One research strand concerns a psychological bias called the “mere ownership effect”. This was first illustrated by an experiment performed by Nuttin showing that children systematically preferred the letters composing their names above other letters. According to the author, this result suggests that “mere belonging to self, or to a relatively unique attribute of self, seems to be sufficient a condition for an enhancement of the attractiveness of the elements of this self attribute” (Nuttin, 1985, p.358). This theory was further corroborated by experiments performed with college students from 13 European countries (Nuttin, 1987), and with Flemish, Hungarian and Thai children (Hoorens, Nuttin, Herman, & Pavakanun, 1990). Another series of studies has been carried out by Beggan and Brown, but in this case, the targets were objects and not name letters. These experiments showed that participants evaluated a target object more favorably when they were the owners relative to when they were not the owners (Beggan, 1992, p.234). The author explains this result by the fact that to satisfy the desire to see oneself in a favorable light, people overvalue an object associated with the self, namely, an owned object (Beggan, 1992, p.235).

What is the consequence of the mere ownership effect for the study of employee stock ownership? First, it gives a new explanation for the employee tendency to invest money in their company stock above other options. In fact, the evidence shows that the employees tend to overweight their company stock in their portfolios (Benartzi, 2001, p.1747; Blasi, Kruse, &
Markowitz, 2010; Meulbroek, 2005; Pendleton, 2006, p.6). Also, in a recent study, Caramelli (2006) found that seniority in the employee ownership plan (the number of years the employees have been participating in the plan) was a determinant of employee preferences for their company stock. This result can be explained by the mere ownership effect: employees would tend to overvalue the stock that they already own. However, to what extent can the mere ownership effect explain the relationship between stock ownership and employee attitudes towards their work and their company? Will employees overestimate their job and their company because they own some company stock? This is more likely to occur if the employees feel like they are owners of the company because they own some company shares.

Hammer and Stern (1980) were the first authors to suggest that formal ownership does not always lead to the feeling of being an owner and that the effects of employee ownership are likely to be different when employees perceive themselves as the owners of the company because they own some stock. The individuals’ “perception of ownership” also called “psychological ownership” has been further theorized by Pierce and colleagues (Pierce, Kostova, & Dirks, 2001, 2003; Pierce, et al., 1991; Van Dyne & Pierce, 2004). They define psychological ownership (PO) as “the state in which individuals feel as though the target of ownership or a piece of that target is ‘theirs’” (Pierce, et al., 2003, p.86). Pierce and colleagues also explain that psychological ownership emerges through three major experiences, three routes: the control of the target, the active participation or association with the target, and the self-investment in the target (Pierce, et al., 2001, p.301-302; 2003, pp.92-93). Different empirical studies have examined antecedents of PO in the context of stock ownership plans. For example, in a study of a large retail organization, Wagner, Parker & Christiansen (2003) showed that participating in employee ownership initiatives and working in a climate supporting self-determination were antecedents of PO. Chi and Han (2008) examined the determinants of psychological ownership and found that profit sharing, access
to business information and participation in decisions at worker level correlate with PO. Finally, Chiu and colleagues (Chiu, et al., 2007) showed among other things, that the fact that the board of directors was dominated by manager directors had a negative effect on psychological ownership.

Building on the existing literature, I suggest that any practice that makes the employees perceive that they are – at least to some extent – the co-owners of the company is likely to enhance psychological ownership. Among the main practices are: formal stock ownership, participation in decisions and access to business information.

**Proposition 1a:** The employee individual amount of stock ownership is positively related to his/her psychological ownership for the organization.

**Proposition 1b:** The employee's perception of rights to participate in decisions is positively related to his/her psychological ownership for the organization.

**Proposition 1c:** The employee’s access to business information is positively related to his/her psychological ownership for the organization.

Which are the expected effects of psychological ownership on the three attitudinal outcomes? Psychological ownership has been consistently shown to correlate with job satisfaction and affective commitment. For example, Wagner, Parker & Christiansen (2003) found that PO was positively related to the employee overall affective attitude toward the organization (p.863), and Van Dyne & Pierce (2004) found a positive correlation between PO and both affective commitment and job satisfaction. Finally, Pendleton, Wilson & Wright
(1998) showed that feelings of ownership were significantly associated with higher levels of commitment and satisfaction in a study of four U.K. bus companies (p.114).

The relationship between PO and work motivation has not been researched. However, Van Dyne & Pierce (2004) studied the effects of psychological ownership on the employee performance and found that it was weak.

**Proposition 2a:** Psychological ownership will be positively correlated with job satisfaction.

**Proposition 2b:** Psychological ownership will be positively correlated with affective organizational commitment.

3.2. The psychological effects of participation in decision-making

The second element of the employee ownership construct concerns the right to exercise influence and control and to receive information about the target company (Alchian & Demsetz, 1973; Ben-Ner & Jones, 1995; Pierce, et al., 1991, p.125; Rousseau & Shperling, 2003). How do these rights affect employee attitudes and behaviors?

Participative decision-making has been advocated by some of the most prominent organizational psychologists and theorists such as Argyris (1964), Likert (1961), March and Simon (1958) or McGregor (1960), as a means of improving both the performance and
satisfaction of individuals in organizations. Participation has been defined as “a process in which influence is shared among individuals who are otherwise hierarchical unequals”, and participatory practices as involving “managers and their subordinates in information-processing, decision-making, or problem-solving endeavours” (Wagner III, 1994, p.312). Because there are many kinds of practices falling into the general terms of participative management or participation in decision-making, different typologies have been proposed. According to Bernstein (1976, p.492) participative practices can be distinguished along three dimensions: the degree of control employees have over decisions, the type of issues over which that control is exercised, and the organizational level at which their control is exercised. Dachler & Wilpert (1978) consider that participation can be more or less formal, direct or indirect, can provide different levels of influence from mere information to full decision power, and can concern different types of decisions varying in terms of content, importance and complexity. Basically, we can distinguish two broad sorts of participative practices: participation to workplace-level decisions and participation to corporate-level decisions.

In the context of employee ownership, we should be interested in corporate-level decisions because stock ownership is supposed to give rights to participate in corporate governance through the general meeting of stockholders and the board of directors, while workplace-level decisions are usually delegated to managers. However, in the employee ownership literature, scholars have mostly studied participation in decision-making rights at workplace-level. This is because in the US employee ownership does typically not give the employees any participation rights at the corporate level but rather, employees are often given increased involvement in different types of workplace decision-making, mostly at the level of their jobs and departments (Kruse, Freeman, & Blasi, 2010). However, such job-level participation rights cannot be considered as an element of the ownership construct but rather, as the consequence of a participative management’s philosophy. Therefore, in studies where
participation at workplace-level was of interest, researchers were not addressing employee stock ownership, but a combination of stock ownership and participation in decision-making at workplace-level.

France represents a good example of a country where employee ownership gives some decision-making rights at corporate level. More specifically, there are two main ways by which employee stockholders may affect corporate governance. First, in most cases, employee ownership is managed through a trust savings fund supervised by a council which votes the stocks on behalf of the employee stockholders. In general, half of the council is composed of representatives elected by the employee stockholders, and the other half by representatives of management. However, the president of the council must be chosen from the representatives of the employee stockholders. Also, the companies where 3% or more of the capital is owned by employees must have at least one representative of the employee stockholders at the board of directors.

Two main models have been proposed in the literature concerning the mechanisms through which participation is supposed to positively affect employee satisfaction and productivity, (Miller & Monge, 1986, p.729). The role and expectancy participation model has been first proposed by Mitchell (1973) and further extended. This model proposed an explanation of the effects of participation at workplace level and information sharing on satisfaction and motivation based on expectancy theory. Mitchell first suggests that information-sharing allows the employees to better understand which behaviors are likely to be rewarded and which are not. Then, the effort-performance relationship should be clearer and higher in magnitude under a participative system. Therefore, the better the information shared, the higher the expectancy, the higher the predicted effort (Mitchell, 1973, p.674). Participation can also influence the valence employees will attribute to outcomes that are contingent on their efforts. In fact, through the process of participation, employees may be able to help set
work standards, negotiate working conditions, and influence the reward structure. Again, by
definition, the higher the valences, the greater the effort (Mitchell, 1973, p.675). Finally,
participation would also increase the opportunities for role clarification and role conflict
awareness thus leading to higher employee satisfaction (Fry & Hellriegel, 1987, p.296;

Existing theory suggests that participation in decisions at worker level enhances the
employees’ satisfaction with their job and their motivation to work harder. However, there are
no reasons to expect any effect on organizational commitment.

The affective model of participation concerns corporate-level participation but also
workplace-level participation, even if to a lesser extent. The affective model suggests that:
“when management accords the workers participation in any important decision, it implies
that workers are intelligent, competent, and valued partners. Thus, participation directly
affects (...) the perceptions of being valued, the perception of common goals, and
cooperation. It satisfies such important needs such as the need for recognition and
appreciation and the need for independence. These satisfactions (...) lead to higher job
satisfaction” (J. R. French, Israel, & As, 1960, p.5). Then, beyond job satisfaction,
participation has also the potential of increasing employee affective commitment through the
development of the perception of common goals. As it is suggested by Tannenbaum (1962,
p.244), “the man who exercises control (...) is (more) likely to be more identified, more loyal,
more active, on behalf of the organization.” Styskal (1980, p.927) confirms the relationship
between participation and affective commitment by suggesting that participation implies more
favorable employee attitudes towards the norms and goals of the organization.

A large number of empirical studies have tested such predictions and generally confirm a
positive relationship between participation and employee satisfaction (Cotton, Vollrath,
Froggatt, Lengnick-Hall, & Jennings, 1988, 1990; Leana, Locke, & Schweiger, 1990; Miller
& Monge, 1986; Wagner III, 1994; Wagner III & Gooding, 1987). However, some studies have analyzed the relative effect of each type of participative practice on job satisfaction and the evidence seems to show that various forms of participation do have different effects. Cotton and colleagues, (1988, p.11) found that informal participation and representative participation were the forms of participation that correlated the most consistently with job satisfaction, while evidence on the relationship between participation in work decisions, consultative participation and short-term participation and job satisfaction was either mixed or inconclusive. The conclusions of the Miller and Monge (1986) review confirm these results to some extent. The authors suggest in fact that the participative climate has a more substantial effect on workers’ satisfaction than participation in specific decisions (p.748).

The relationship between participation and motivation has been much less researched (see Wagner III & Gooding, 1987, pp.248-249). Indeed, empirical evidence seems to confirm that participation leads to increased motivation (Ruh, White, & Wood, 1975, p.309; Stashevsky & Elizur, 2000, p.62). According to the role and expectancy model however, the participation/motivation relationship is likely to be limited to direct participation in decisions concerning the immediate organization role of participants.

**Proposition 3:** The employee perception of rights to participate in decision-making at the workplace level will positively moderate the relationship between stock ownership and job satisfaction.

**Proposition 4:** The employee perception of rights to participate in decision-making at the workplace level will positively moderate the relationship between stock ownership and work motivation.
Finally, the participation/affective commitment relationship has been also largely researched both in the context of studies on the attitudinal effects of participation and in studies on the antecedents of organizational commitment. Overall, the results are somewhat mixed even if a majority of studies found that participation improved employee affective commitment (Alutto & Belasco, 1972, p.121; Bateman & Strasser, 1984, pp.102-105; Currivan, 1999, pp.508-509; Iverson & Buttigieg, 1999, p.323; Styskal, 1980, p.938).

Contrarily to participation in decisions and worker level, allowing the employees to participate in decisions at corporate level is less likely to improve what the employees think about their job and how hard they are ready to work. However, it is more likely to change their attitude and their attachment to their company as a whole.

**Proposition 5:** The employee perception of rights to participate in decision-making at the corporate governance level as a consequence of stock ownership will positively moderate the relationship between stock ownership and affective organizational commitment.

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Insert Figure 2 about here
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3.3. *The psychological effects of financial rewards*

The third way by which employee stock ownership can be analyzed is through the financial rewards it provides to the employees. In this sense, employee ownership is generally considered as an incentive, or as a deferred element of the compensation package linked to
corporate performance (Igalens & Roussel, 1999, p.1004; Oyer, 2004). Different theories from the fields of both psychology and economics have been proposed to explain the rationale for performance-contingent pay practices and can be useful to explain the employee ownership/attitudes relationship. I have already evoked agency theory, and expectancy theory: I will focus here on reinforcement and justice theories.

Reinforcement theory suggests that people’s behavior is a function of its consequences. The frequency of behavior is likely to be increased when a valued reward is made contingent upon that behavior. Therefore, rewards can be effective in motivating employees only if they are closely linked temporally to the behavior they are meant to control (Heneman, 1992, p.29; Schneier, 1974, p.529). While this theory has been more used to explain employee work behaviors’ performance than attitudes, it confirms the prediction of expectancy theory that employee ownership is less likely to increase work motivation when the link between the employee work behavior and the financial value of stock ownership is lacking.

Justice theories refer to the different theories that have been proposed to explain how people react to injustices and promote justice, and how fair the procedure determining an outcome or the resulting distribution of outcomes are viewed by individuals (Greenberg, 1987). Reactive theories of justice can potentially explain how perceptions of justice affect employee satisfaction and commitment, and proactive theories explain how perceptions of justice affect employee motivation. Feelings of justice have interested researchers in different fields such as personnel selection, performance assessment and compensation (Konovsky, 2000, p.498) because it has been demonstrated that perceptions of fairness result in increased job satisfaction, organizational commitment, and organizational citizenship behaviors (Viswesvaran & Ones, 2002, p.199). However, there has been very limited research on the relationship between perceptions of fairness and motivation (Konovsky, 2000, p.492).
How can justice theories help us in explaining the attitudinal and behavioral effects of employee ownership? Concerning the case of large multinationals, I argue that they tend, on average, to make considerable profits because they benefit from global growth, and that they usually are more visible in the mass media compared to small businesses. At the same time, salaries tend to stagnate because of global competition. In this situation, employees are likely to develop feelings of injustice concerning the distribution of wealth between them and other stakeholders. Employee ownership has therefore the potential to alleviate such feelings of injustice given that it allows employees to participate in the distribution of dividends and in the stock price growth, thereby leading to enhanced work satisfaction and affective commitment. There is some empirical evidence comparing pay and benefits in ESOP and non-ESOP firms in the US, showing that the levels of pay and other benefits are similar between these two types of firms, so that ESOPs appear to come on top of other worker pay and benefits (Kruse, Blasi, & Park, 2008). Therefore, employees who are paid more than the ‘going wage’ may develop feelings of fairness and equity leading to better attitudes towards their compensation, their work and the company overall (Fitzroy & Kraft, 1992, p.210; Frohlich, Godard, Oppenheimer, & Starke, 1998, p.314).

**Proposition 6:** The perceived financial gain resulting from stock ownership will be positively related to job satisfaction.

As suggested in the analysis of the antecedents of affective commitment, through the financial value of stock ownership the employees can perceive a feeling of shared interests and goals with the company, and a feeling of membership and belongingness.
Proposition 7. The perceived financial gain resulting from stock ownership will be positively related to affective organizational commitment.

Finally, as suggested in the section on the determinants of work motivation, stock ownership could enhance work motivation if the employees’ individual work efforts affect significantly corporate performance and if corporate performance positively affects the financial gains related to stock ownership.

Proposition 8. The relationship between stock ownership and work motivation will be moderated by the employee perception that their individual work efforts have a significant impact on corporate performance and, that corporate performance has a significant effect on the financial gains related to stock ownership.

Overall (see figures 1,2,3), the review of theory on the effects of possessions, participation in decision-making and financial rewards suggests that each element of the ownership construct affects each work attitude differently: (1) Psychological ownership is related to job satisfaction, and affective commitment, (2) Participation in decisions at workplace-level moderates the effect of EO on both satisfaction and motivation, while participation in decisions at corporate level moderates the effect of EO on commitment, (3) The financial rewards related to employee ownership have a positive effect on both satisfaction and
commitment, and correlate with motivation only if they perceive that their individual effort can improve corporate performance.

4. Contingencies to the Social-Psychological Effects of Employee Ownership

The theories reviewed in the two previous sections all suggested that the key explanatory elements are employee needs and expectations, as well as the extent to which the different outcomes are valued by employees. As a consequence, in order to understand the attitudinal effects of employee ownership, we have to further analyze the employees’ values and needs and the determinants of their expectations towards stock ownership.

Moreover, most of the previous discussions suggested that the attitudinal effects of employee ownership are not automatic and universal but that they depend on a series of contingencies. In what follows, I argue that the management’s philosophy towards human resource management, and employee ownership, and corporate culture in general are important in determining the form that the employee ownership arrangement will take and the rights it will give to employees as well as the employees’ expectations towards stock ownership (see Figure 4). The personality, cultural values and norms of employees also likely influence their expectations towards stock ownership and the value they attribute to the ownership-related rights and finally their attitudinal and behavioral reactions (see Figure 5).

4.1. The Role of Corporate Culture and Management’s Philosophy

According to Ben-Ner and Jones (1995, p.552), “the effects of different participation schemes may depend on the reasons for their adoption.” Companies can decide to implement and develop an employee ownership scheme for several reasons. While in practice companies
implement employee ownership for a combination of different reasons, it is possible to
determine a broad main reason which can be manly tax and financial in nature or more
employee and HR-oriented (Caramelli, 2006, p.43).

There is a growing belief (e.g. Kaarsemaker, 2006, p.70; Kaarsemaker & Poutsma, 2006,
p.674; Kruse, et al., 2010, p.2) that as an HRM practice, employee ownership will not be as
effective as it potentially could be if it is not accompanied by a complementary bundle of
HRM practices such as participation in decision-making, profit-sharing, information-sharing,
and training for business literacy. Kaarsemaker & Poutsma (2006, p.674) also contend that
this will depend on the management’s workforce philosophy defined as the “values, beliefs
and assumptions on which the choice and allocation of HRM practices is ultimately founded”.

Many authors have suggested that the extent of rights that stock ownership provides to
employees is related to the “management’s philosophical commitment to employee
ownership” defined as the extent to which the management sees employee ownership as a
part of the company’s overall culture, human relations policy, and/or commitment to
employees (Rosen, Klein, & Young, 1986, p.64; Rousseau & Shperling, 2003, p.565).

Empirical evidence supports this hypothesis (see Gamble, et al., 2002; Klein, 1987; Logue &
Yates, 2009; Rosen, et al., 1986). Finally, when the management is committed to the concept
of employee ownership, “an ownership culture” is more likely to occur as the consequence of
the implementation of the complementary bundle of HRM practices suggested above (see
figure 4).

4.2. From Management’s Messages to Employee Expectations

4.2.1. Employee expectations towards stock ownership
As previously noted, employee expectations are a key element in understanding the employee ownership/attitudes relationship. For example, work satisfaction has been suggested to depend on the discrepancy between what the employee’s work environment offers and what the employee expects. Also, according to Pierce and colleagues, the relationship between formal and psychological ownership depends on the extent to which employee expectations towards stock ownership are met (Pierce, et al., 1991, p.128). Moreover, Hammer & Stern (1980, p.80) note that “when actual sharing of control is desired, changes in decision making processes are needed to avoid frustrated expectations on the part of new worker owners”, and Trewhitt (2000, p.439) suggests that “the claim that employees seek greater involvement when their company is employee-owned, is based on the premise that ownership is viewed in terms of desire for, and expectations of, greater control”. Thus, I propose that the “employees’ philosophical commitment to employee ownership”, defined as the extent to which the employees see stock ownership as a management practice related to the company’s overall culture, human relations policy and/or commitment to employees, rather than as a tax and financial tool, is a key variable in explaining the attitudinal effects of employee ownership. More precisely, I suggest that employee ownership is less likely to enhance affective organizational commitment if it is considered by the employees as a mere financial or tax saving tool, while it can enhance job satisfaction if employees have a purely financial expectation towards stock ownership. Moreover, I expect the participation in decisions rights that the employees can exert as a consequence of being stockholders to affect organizational commitment to a greater extent when the employees expect to have such rights i.e. when they are highly committed to EO.
Proposition 9. The employees’ philosophical commitment to employee ownership will positively moderate the relationship between stock ownership and affective organizational commitment.

Proposition 10. The employees’ philosophical commitment to employee ownership will positively moderate the relationship between the employee perception of rights to participate in decision-making at the corporate governance level as a consequence of stock ownership and affective organizational commitment.

How do employee expectations towards stock ownership develop? I suggest that the main determinant of what employees expect from stock ownership relies upon how the company communicates about it. Existing empirical evidence confirms that the employees’ philosophical commitment to employee ownership is highly correlated with the perceived management’s philosophical commitment to employee ownership (Caramelli, 2006). Kaarsemaker and Poutsma (2006) have emphasized the importance of management sending a clear message to the employees about how they value the employees and how they conceive employee ownership. This message can be sent through a number of ‘core HRM practices’ that directly reflect the management’s workforce philosophy. Ultimately, the authors suggest that employee ownership is successful in terms of social-psychological effects in companies where the prevailing workforce philosophy is one in which the relative role and value of employees relates to their co-ownership, i.e. where employees are seen as worthy of their co-ownership of the company and they are taken seriously as owners (Kaarsemaker & Poutsma, 2006, p.678).
Proposition 11. The management’s philosophical commitment to employee ownership has a positive effect on the employees’ philosophical commitment to employee ownership.

4.2.2. Employee needs, norms, and cultural values

Most of the relationships between the elements of the employee ownership construct and work attitudes have been suggested to be moderated by employee values or norms. Norms are the mutual sense a group has of what is "right" and "wrong" in a specific setting (Trompenaars & Hampden-Turner, 1997, p.23). It has for example been suggested that norms shape employee expectations towards stock ownership and that the congruence between the actual experiences and socialized ownership expectations are likely to moderate the employee ownership/attitudes relationship (Pierce et al., 1991, pp. 127; Rousseau & Shperling, 2003, pp. 562).

Cultural values can be conceived at different levels (individual, societal, institutional, organizational…) and refer to the rules that individuals apply to differentiate what is important from what is not, what is good from what is bad (Rokeach, 1979, p.2; Trompenaars & Hampden-Turner, 1997, p.37). Values are considered to be important in the management literature because a large amount of research has shown that they play a key role in moderating the attitudinal and behavioral effects of management practices (Connor & Becker, 1979, .72; Robert & Wasti, 2002, p.643). In the same way, the attitudinal effects of employee ownership are likely to be moderated by the employee values concerning the elements of the stock ownership construct.
To date, the impact of the relevance of cultural values for employee ownership has not been well researched. Schuler and Rogovsky (1998, p.171) have shown that employee ownership is less prevalent in countries with higher individualism, lower uncertainty avoidance, and lower levels of power distance. Concerning the moderating impact of cultural values on the attitudinal effects of employee ownership, only one study has been carried out by Caramelli (2006). The author found that individualism and masculinity moderated the relationship between the individual employee ownership and affective commitment, power distance moderated the relationship between stock ownership-related participation and commitment, and uncertainty avoidance had a negative effect on employee ownership preferences.

Despite this limited research, there is large evidence that possessions, financial rewards and participation in decision-making are valued differently by different individuals and different cultures.

4.2.2.1. Employee ownership and individualism. Individualism refers to the extent to which individuals feel independent from their in-group, and the extent to which they put their own interest and goals before their in-group's interest and goals (Hofstede, 2001; Oyserman, Coon, & Kemmelmeier, 2002; Triandis, Bontempo, Villareal, Asai, & Lucca, 1988). According to Hofstede in individualistic societies bonuses must be based on individual performance to be effective in terms of satisfaction and motivation (Hofstede, 2004). Therefore, we can expect that stock ownership will be more favorably viewed by less individualistic employees because its benefits are collective and based on the employees’ collective performance. As suggested by Klein (1987) if employees are satisfied with the employee ownership plan, they will feel committed to the company and motivated to keep
working there. Therefore, the attitudinal effects of EO should be lower for more individualistic employees.

**Proposition 12a.** *The employee level of individualism will negatively moderate the effect of employee ownership on job satisfaction.*

**Proposition 12b.** *The employee level of individualism will negatively moderate the effect of employee ownership on affective commitment.*

4.2.2.2. *Employee ownership and power distance.* Power distance can be defined as the extent to which people believe that subordinates should not have voice in decision processes, and the extent to which people consider inequality between individuals as being normal (Eylon & Au, 1999; Hofstede, 2001). Participation in decision-making is generally considered as something positive and desired by the employees. However, the existing evidence shows that low power distance employees respond more favorably to practices aimed at empowering them (Eylon & Au, 1999; Hui, Au, & Fock, 2004; Robert, Probst, Martocchio, Drasgow, & Lawler, 2000).

**Proposition 13a.** *The employee level of power distance will negatively moderate the effect of participation in decisions at workplace-level on job satisfaction.*

**Proposition 13b.** *The employee level of power distance will negatively moderate the effect of participation in decisions at workplace-level on work motivation.*
Proposition 14. The employee level of power distance will negatively moderate the effect of participation in decisions at corporate level on affective commitment.

4.2.2.3. Employee ownership and masculinity. Masculinity is a cultural dimension describing the extent to which assertiveness, achievement, and acquisition of money and other material possessions are emphasized (Aycan, Kanungo, & Sinha, 1999, p.504; Hofstede, 1980, p.46). Arguably possessions and financial value are universally valued by people (Pierce, et al., 2003, pp.87-88). However, more “masculine” individuals are likely to respond more favorably to the possession and the financial value of equity stocks than less masculine employees.

Proposition 15a. The employee level of masculinity will positively moderate the effect of stock ownership on employee job satisfaction.

Proposition 15b. The employee level of masculinity will positively moderate the effect of stock ownership on employee affective commitment.

Proposition 16a. The employee level of masculinity will positively moderate the effect of the perceived financial gain resulting from stock ownership on job satisfaction.

Proposition 16b. The employee level of masculinity will positively moderate the effect of the perceived financial gain resulting from stock ownership on affective commitment.

4.2.2.4. Employee ownership and uncertainty avoidance. Hofstede defines uncertainty avoidance as the extent to which people feel either uncomfortable or comfortable in
unstructured situations, where unstructured situations are defined as “novel, unknown, surprising, or different from usual.” (Hofstede & Bond, 1988, p.11). Individuals in cultures with high uncertainty avoidance are described as being more risk averse and less tolerant to ambiguities and deviations from norms (Aycan, et al., 1999, p.504; Hofstede, 1984, p.395). Employee ownership is generally considered as a risky investment (Kuvaas, 2003, p.19; Sparrow, 2002, p.49). Therefore, we can expect the attitude towards employee ownership to depend on the employee perception of risk and uncertainty (Pendleton, 2006, p.12). Blasi and colleagues (Blasi, et al., 2010) found that employees with a high level of economic insecurity were less likely to be motivated by various forms of shared capitalism including employee ownership, less likely to have positive attitudes towards it, and less likely to want more of it. Again, according to Klein (1987) if employees are satisfied with the employee ownership plan, they will feel more committed with their company. Therefore, the attitudinal effects of EO should be lower for employees high on uncertainty avoidance.

**Proposition 17.** *The employee level of uncertainty avoidance will negatively moderate the effect of stock ownership on employee affective commitment.*

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Insert Figure 5 about here

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5. Discussions and Conclusion

This article was aimed at providing sound theoretical explanations of how employee ownership affects individuals’ attitudes. I believe that these theoretical developments will
allow researchers to perform better empirical research and to better understand existing evidence in the future.

The main contributions to extant theory are as follows. First, since outcomes such as job satisfaction, organizational commitment and work motivation are different concepts with different determinants, each element of the employee ownership construct will not necessarily affect these three outcomes in the same way. Put differently, the elements of the ownership construct operate differently in affecting work attitudes. Past research failed to make such a distinction. For example, I have suggested that employee ownership is less likely to enhance work motivation because in most cases, there is virtually no link between the employee individual work efforts and the company performance. Also, employee ownership is less likely to enhance affective commitment if its main purpose is purely tax or financial. However, in this case, it can still enhance job satisfaction if, in regards to stock ownership, employee expectations are primarily financial.

In this article I have also suggested a series of moderators to the EO/attitudes relationship, such as corporate culture, management's and employees’ philosophical commitment to employee ownership, and individual cultural values. The results of this theoretical analysis finally suggest that researchers should investigate employee values, norms, needs, and expectations to understand the extent to which stock ownership can affect work attitudes.

5.1. Implications for theory and future research

In past research work attitudes were usually not theoretically differentiated. Therefore, authors could not really explain some of the results gathered from empirical research. For example, empirical evidence shows that employee ownership has differing effects on job satisfaction, work motivation, affective organizational commitment and turnover intentions (see Kruse & Blasi, 1997) but no theoretical explanations were available to explain such
differences. Moreover, work motivation has been the less researched attitudinal outcome and when it has been studied, researchers most often found that stock ownership had no effect on motivation (e.g. Long, 1982; Ros, 2001). This article provides some explanations for these results.

Also, existing evidence shows that employee ownership can have positive effects on work attitudes but we still have little knowledge of the preconditions or success factors in terms of employee ownership-mix. This article brings some new insights to that question. In fact, it explains how stock ownership itself, the financial value of the stockholding and the participation in decisions rights related to the stockholding operate separately on each relevant work attitude. I have, for example, suggested that the mere possession of stock could affect satisfaction only if it generated a psychological feeling of ownership in employees. Also, I made a distinction between workplace-level and corporate level participation in decision making rights, suggesting that the first type could increase job satisfaction and work motivation while the second could increase affective commitment. In past research on EO, authors focused virtually only on participation in decisions at worker level even if share ownership is not supposed to give any such rights to the employee shareholders.

In this article I go further by suggesting that the key explanatory elements of the employee ownership-attitudes relationship are employee needs, norms, and expectations, as well as the extent to which the EO-related rights are valued by employees. This allowed me to address one of the main limitations of past research which concerns the external preconditions or success factors of the attitudinal effects of employee ownership. I first showed that the relationship between the elements of the employee ownership construct and work attitudes, are likely to be moderated by the employee expectations towards stock ownership. For example, this implies that employee ownership is less likely to affect organizational commitment when the employees see stock ownership as a tax or financial tool. Then, I
argued that the employee expectations towards stock ownership depend on the management’s conception of employee ownership. I suggest that the more internal and employee-focused the conception, the more employee ownership will potentially affect work attitudes. In fact, the higher the management’s philosophical commitment to employee ownership, the more employee ownership will be accompanied by complementary HRM practices such as participation in decision-making, communication, information-sharing, or training for business literacy, and the more the employees will see stock ownership as a participative and employee-focused practice.

The last main contention of this article is that employee cultural values are important moderators of the stock ownership-attitudes relationship. To that respect, I presented a series of propositions showing the moderating effects of some common cultural dimensions on the EO/attitudes relationships.

In the future researchers should address the issue of the synergy between the three elements of the ownership construct. As far as I know, this issue has not been addressed yet. It would be useful to build upon the concept of “employee ownership-mix” and to empirically analyze the relative effects of different quantities of stock/financial value/participation mixes in affecting employee work attitudes.

This theoretical framework also suggests an interesting research avenue concerning the attitudinal effects of employee ownership in the periods of stock market crises. In fact, past research suggests that employee ownership can have positive attitudinal effects essentially when the stock price performs well. However, this article counters that employee ownership can possibly have a positive effect on affective commitment even - and perhaps particularly - after a relevant drop in the stock value. In fact, at these times, employees are more likely to feel more concerned and to show an increased interest in what is going on with their company.
and how the management runs it. As a consequence, they may have an increased feeling that the company’s problems and goals are also they own, thereby enhancing their commitment towards the company.

Future empirical enquiry should consider more specifically the moderations to the employee ownership/attitudes relationships. Two main moderators seem to be particularly relevant and should be integrated in future empirical research. First, the meaning of employee ownership - both for the companies and the employees - should be assessed to avoid comparing apples to oranges. For example, some authors have tested whether the percentage of capital owned by the employees mattered in affecting employee attitudes, and generally found that it did not (Klein, 1987, p.325; Pendleton, 2001, p.169). It seems evident that this depends on the way employee ownership is perceived and conceived. If it is mainly considered as an element of the compensation package, the percentage of capital owned by the employees is not likely to matter. On the contrary, if it is considered as a tool for participating in corporate governance, then it is more likely that the percentage of capital owned would make a difference. In the same fashion, this article calls for more research on how cultural values moderate the attitudinal reactions du stock ownership both at national and individual levels.

5.2. Implications for managers

The existing theory and past empirical results on the attitudinal effects of employee ownership were certainly not specific enough and too inconclusive and contradictory to be useful for practitioners. In fact, existing literature does not provide any clear answer to a majority of the questions that practitioners may consider.

The theoretical improvements presented in this paper have several practical implications. For example, this paper suggests that employee ownership is not the best management
practice to implement when managers seek to enhance employee motivation, especially in large businesses. This is particularly important since enhancing employee motivation is considered as an important reason for implementing employee ownership for many companies (Dondi, 1994). More generally, this paper explains that the elements of the employee ownership construct have differential effects on employee attitudes. Consequently, managers can better conceive their employee ownership-mix to maximize the effect on the specific attitudinal outcome they have targeted. Finally, this work suggests that companies should adapt the ownership-mix and/or its communication to their employee values in order to maximize the positive attitudinal outcomes. As an example, in a company where the employees are very individualistic and masculine on average, stock ownership can be implemented to develop affective commitment, but it would be important to set up a complementary plan of bonuses based on individual performance to enhance work motivation and job satisfaction.
References


Fig. 1 Antecedents and attitudinal effects of psychological ownership
Fig. 2 The attitudinal effects of participation in decisions
Fig. 3 The attitudinal effects of the financial gains from stock ownership
Fig. 4. From Management’s Messages to Employee Expectations
Fig. 5. Cultural Values and the attitudinal effects of employee ownership