EMPLOYEE OWNERSHIP IN JAMAICA: A CASE STUDY ANALYSIS

Dissertation submitted in partial fulfillment
of the requirements for the D.Phil. in Management Studies from
Templeton College, Oxford University

D.Phil. Candidate: David Panton
Supervisor: Roger Undy

December 1999

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

APPENDICES

ACKNOWLEDGEMENTS

I would like to acknowledge the kind assistance of several people and institutions:

- My former employers for kindly facilitating time to complete the study: the World Bank, McKinsey and Co., and Morgan Stanley Dean Witter and Co.
- Institutions where I was able to access valuable research materials: the World Bank, the International Monetary Fund, The Inter-American Development Bank, the National Center for Employee Ownership, the Institute of Social and Economic Research, the University of the West Indies, the Trade Union Education Institute, Jamaica Employer's Federation, Joint Trade Union Research and Development Centre, Jamaica Promotions, Templeton College, Oxford University, the Ministry of Labour, the Planning Institute of Jamaica, the Statistical Institute of Jamaica, the National Investment Bank of Jamaica, the Office of the Prime Minister, the Island Record's Office, the Jamaica Stock Exchange, the <u>Gleaner</u>, <u>the Observer</u>, <u>Investor's Choice</u>, and <u>Money Index</u>.
- The management and workers of the six companies used in this dissertation as case studies who generously shared their thoughts with me in personal interviews;
- The union officials, politicians, economists, civil servants, and others who generously shared ideas with me in personal interviews;
- My supervisor, Roger Undy, whose insight, good cheer, and, most importantly, patience have been the pillars of strength on which this dissertation was built;
- My moral and financial advisers at the Rhodes Trust, especially Sir Antony Kenny and the former Secretary of the Jamaican Rhodes Scholarship Committee, Delroy Chuck, M.P., who assisted me extensively during my time at Oxford and while doing field research;
- My parents, Keith and Barbara Panton, and my family – Uncle Lloyd and Aunt Vivia, Marc and Colleen, Beth-Sarah and Robert, and Melanie; as well as my friends, Peter Gomopolous, Ted Cruz, Jeffrey Hall, Nigel Clarke, Andrea Kilpatrick, and Carol Brooks, who played an integral role in boosting my morale;

Lastly, Lisa who made me believe it could be done, who helped me when I most needed it; and who loved me throughout it all. I thank you.

AUTHOR'S NOTE

The research and fieldwork for this dissertation was completed while I was attending Templeton College at Oxford University between 1993 and 1995. Most of the research was conducted over a period of several months in Jamaica after I had completed all the Management Studies coursework required for D.Phil. candidates. Since that time, I have received another degree (in law) from Harvard University and have worked in both the United States and Jamaica. Time and resource constraints had prevented the completion of the dissertation prior to this date. I was fortunately able to take time off of my current employment in the end of 1998 and beginning of 1999 to complete the writing up of the dissertation. Over that period, I re-visited all the case study companies and conducted research to update the dissertation, which is reflected herein. It is hoped that the dissertation will make a substantial contribution to the academic and theoretical literature on employee ownership internationally and in developing countries. It is also hoped that the dissertation will serve as a valuable and useful guide to the practitioners – managers, union officials, and employees – who increasingly continue to implement employee share ownership plans in its various permutations around the world.

PREFACE

In March 1994, the Jamaican Parliament passed the Employee Share Ownership Plan (ESOP) Act, to facilitate widespread employee share ownership by granting tax incentives to companies that offer shares to their employees (GOJ 1994). The primary aims of the legislation were to (a) strengthen Jamaica's economy by enabling workers to acquire an ownership stake in their employer and (b) improve the economic performance of Jamaican companies by encouraging employees to identify more closely with the goals of their employers (GOJ 1993). Former Jamaican Prime Minister Michael Manley, who introduced the ESOP legislation into Parliament, explained that organizational rather than ideological goals were the primary aims of the legislation. He explained that "in due course larger goals such as broadening the base of ownership and giving workers a wider stake in the national economy will also be achieved through ESOPs. But the first objective must be to increase productivity at the company level" (Manley 1995:17).

Prior to the passage of this legislation, several employee ownership schemes had been implemented by Jamaican companies on a limited and ad hoc basis without the support of legislation (GOJ 1993). Despite the introduction of these earlier schemes, however, the concept of employee ownership is still a new one to Jamaica and little research has been conducted on how the pre-legislation employee ownership schemes were implemented or how they affected the implementing companies. Although consultants to the government examined these companies and used them as models in drafting the ESOP legislation, the consultants performed no academic studies to examine the organizational impact of the employee share schemes (Golding; Maharaj Interviews). Similarly, several academic studies have been conducted on employee ownership in the US, the UK, and a few other countries, but no formal academic studies of employee ownership have been conducted in Jamaica. These omissions are unfortunate given the interest in ESOPs expressed by the Jamaican government and the desired political, economic, and organizational effects of introducing employee ownership schemes.

This research aims to fill this academic gap by conducting an exploratory study that examines the organizational impact of employee ownership in Jamaican companies. As such, this research conducts case studies of six companies in Jamaica that established employee share schemes prior to the passage of the ESOP Act in 1994 and that served as models for the Act. The investigation is aimed at identifying the social-psychological and behavioural effects of employee ownership on both managerial and non-managerial employees in the companies. In particular, it focuses on how and whether employees have responded to share ownership, and how this affected their attitudes, behaviour and perceptions about the industrial relations climate in their respective employers.

In general, the main channel of inquiry focuses on whether and in what ways companies in Jamaica were modified or transformed as a result of employee ownership. The main research question is what impact, if any, does employee ownership have on the perceptions and attitudes of employees? Theoretically, employee share ownership could result in greater motivation, commitment, satisfaction, and teamwork among employees, and result in increased productivity and profitability. In contrast, employee ownership could also theoretically result in a less stable working environment, greater hostility, uncertainty, skepticism, confusion, and resentment, resulting in decreased productivity and profitability. It could also result in a more complex reaction combining elements of each or neither response. Because employee ownership can prompt such a wide variety of reactions, the primary research task was to provide a detailed understanding of the ways in which employees and organizations in Jamaica responded to employee ownership.

This research addresses three main deficiencies in the existing literature on employee share ownership. First, most studies on employee ownership have been conducted in the US and, to a limited extent, the UK (Wilkinson et al 1994). There is a severe paucity of academic literature on employee ownership in developing countries such as Jamaica. The few studies that have addressed the impact of employee ownership on companies in developing nations such as Jamaica have two main deficiencies. First, these studies are either politically-oriented and are thus explicitly ideological and propagandistic in nature (Bayat 1991) or were prepared for advocacy organizations and international lending agencies and thus lack systematic academic rigour (e.g., Lund 1992; Young 1992; Goldmark et al 1984). In addition, most of the existing studies have involved survey work or meta-analytical country comparisons of a highly generalised nature and are thus of limited use to most companies or unions (e.g., Prasnikar 1991).

The few country-specific empirical studies of employee ownership in developing nations have focused almost exclusively on one of few countries with readily identifiable historical and cultural patterns of co-operatives or worker-owned enterprises, such as Yugoslavia, Algeria or Israel (Bayat 1991, ICPEDC 1981). Jamaica is similar to most nations with liberalising economies in the developing world in that it does not have a significant historical tradition of employee ownership or co-operatives (Feuer 1984). Thus employers, managers, union officials, workers, and academics in most liberalising economies throughout the developing world have been left with little empirical research findings into employee ownership under circumstances similar to their own experiences.

Second, most relevant academic studies have focused on the extent, growth, economic results or ideological consequences of employee share ownership (e.g., Gates 1998; Beaumont and Harris 1995; Jones and Kato 1993b), but only a few have examined its impact on relevant actors in the organizational context. As Buchko (1992:713) explains, "the mechanisms through which ownership operates to influence employees' attitudes and behaviours are not well understood [and] to date there has been relatively little research which has examined the effects of ownership on individual employees." Several researchers have attempted to address this deficiency (e.g., Pendleton et al 1998; Keef 1998; Buckho 1993; Jenkins and Poole 1990; Baddon et al 1989; Fogarty and White 1988). Only a few studies, however, have conducted in-depth and holistic case study analyses that examine the impact of employee share ownership within its broader organizational context (e.g., Wilkinson et al 1994). This study conducts a case study analysis of six companies with employee share schemes in Jamaica to determine how and in what ways share ownership has affected the attitudes, behaviours, and interactions of employees. The research involved an administered survey conducted in an interview format with over 600 managers, union officials, and various employees.

Third, the existing studies on the attitudinal and behavioural impact of employee share ownership produce conflicting results. Some researchers have found that employees who own shares become more loyal and committed, identify more closely with company, express greater satisfaction, work harder, and feel more like partners in their company. These researchers include Hays 1999; Pendleton et al 1998; Buckho 1993, 1992b; Jenkins and Poole 1990; Fogarty and White 1988; Bell and Hanson 1984. In contrast, these researchers and others have also found that employees with shares experience little organizational commitment, feel no more better about the company, fail to develop any real sense of ownership or involvement, and express little awareness or interest in company financial issues. These authors include Pendleton et al 1998; Keef 1998; Wilkinson et al 1994; Nichols and O'Connell Davidson 1992; Dunn et al 1991. This study aims to make a contribution to the existing academic literature by examining the effects of employee ownership in Jamaican companies and to determine the reasons why employees respond in the ways they do.

Using the findings from this research, this paper constructs a heuristic model of employee ownership, outlined in Figures 9 and 10. The purpose of the model is to provide a useful tool for academics and practitioners in understanding the various factors that influence employee ownership in the workplace. It is based on a synthesis of the fieldwork as well as the existing academic literature on employee ownership.

The model is outlined in detail in Chapter 8, but is summarized briefly here. The model has three critical elements. First, employee ownership cannot be divorced from the larger social and economic context. There are three primary variables that affect employees – very often to a greater degree than employee ownership itself. The first variables are the political, economic, and cultural context (the macro-environment). The second variables are structural and include the industrial sector, labour market, and competitive market of the business. The third variables are organizational such as the performance of the company, the organization culture, and the industrial relations climate in the company. These three variables are collectively referred to herein as "environmental variables." The second element of the model is the notion that the method in which employee ownership is implemented is critical. Two phases of implementation are involved. The first phase is the introduction of employee ownership (i.e., the motives of management, employees, or unions in interdicting employee ownership, management commitment to the scheme, and the extent and quality of information disseminated about employee ownership). The second phase is the implementation of employee ownership (i.e., the structure of the scheme, the distribution of the scheme, and the rewards that the scheme offers). Importantly, the environmental variables also affect both the introduction and the implementation of the scheme. The third element of the model is the response to employee ownership by employees. The response is dependent on what kind of employee is responding (i.e., the occupational status, the tenure, and the unionized status of the employee). In general, the more senior the employee in status and tenure, the more likely the employee is to have a positive reaction to employee ownership. More unionised than non-unionised employees were inclined to have negative views toward unions, although not to a significant degree.

Employees responded through five "perspectives". First, employees had psychological responses that were based on increased feelings for and attachment to the company. Second, financial responses were based on the increased short-term and long-term financial gains that employees felt arose from share ownership. Third, instrumental responses were based on the increased feelings of participation and involvement in decision-making that employees felt arose from share ownership. Fourth, job security-seeking employees focused on the employment security that share ownership provided. Fifth, passive employees had no particularly strong feelings about shares.

Responses fell into four general categories. First, "positive" responses were those in which employees – mostly senior managers, and older employees with longer tenure – felt strongly about the psychological and financial advantages of share ownership. Second, "negative" responses were those in which a small percentage of respondents –

mostly middle managers and supervisors, and a few disenchanted employees – were somewhat cynical and displeased with the perceived negatives of share ownership. Third, "neutral" responses were those in which many respondents did not have particularly strong views on shares either way. An interesting fourth category emerged, called "mildly positive." Mildly positive respondents appreciated share schemes, thought positively about them, were generally satisfied with the scheme, but felt that the schemes had little to no impact on most employee attitudes or on the industrial relations climate.

The main implications of the model are that the environmental variables are extremely important – when the economy, the industry, and the company are doing well, employees are generally pleased about employee ownership. Second, employee ownership did not serve as a means of greater employee participation and involvement because of union efforts to separate employee ownership from collective bargaining and because structurally employee ownership schemes rarely provided meaningful power or involvement in decision-making. Third, efforts can be taken to enhance the effectiveness of employee ownership such as providing greater information about the company to employees, facilitating other mechanisms of involvement and participation, and providing a liquid and accessible market for employee shares. In a sentence: managers, union officials, and employees should not have too high expectations about employee ownership, but should understand that employee ownership can serve as a supplementary tool for all organizational players in further enhancing their agendas if accompanied by appropriate mechanisms of information, consultation, and participation.

The outline of the study is as follows. Chapter 1 provides an academic context for the study of employee ownership. Chapter 2 outlines the research methodology of the study. Chapter 3 provides a cultural, historical, political, economic, and industrial background and context to Jamaica. Chapter 4 examines the employee ownership structure, history, industry, organizational structure and culture, industrial relations climate, and financial performance in the six case studies. Chapter 5 examines the motivations and characteristics of the case study companies and their employees. Chapter 6 examines the effects of employee ownership on the financial performance, employee attitudes, and employee behaviour in the six companies. Chapter 7 examines the effects of employee ownership on employee participation in decision-making and on the industrial relations climate in the case study companies. Chapter 8 summarises the main findings, discusses limitations of the study, and sketches areas for further research.

CHAPTER 1: THE THEORETICAL AND ACADEMIC FRAMEWORK

1.1. INTRODUCTION

This chapter examines the theoretical and academic foundations of employee share ownership, focusing primarily on human resource management (HRM) and worker participation. It also constructs a descriptive classification of organizational ownership by employees, with a particular emphasis on employee ownership in joint stock companies – employee share ownership plans (ESOPs). It also provides a descriptive and historical background to the growth of employee ownership both globally and in Jamaica.

Section 1.2 presents a descriptive classification of employee-owned organizations and focuses on firms in this study: ESOPs. Section 1.3 examines the nature of employee ownership growth in Jamaica within an international context. Section 1.4 places employee ownership within an academic framework by examining the two main theoretical perspectives for understanding the impact of ESOPs: HRM and worker participation. It also creates a classification scheme that distinguishes employee ownership from other kinds of employee participation. Section 1.5 summarises.

1.2. UNDERSTANDING EMPLOYEE OWNERSHIP

1.2.1. Classifying Employee Ownership Descriptively

Phrases such as employee ownership and ESOPs are used widely in both the academic and popular literature. Both terms are difficult to define because so many varieties exist and because practitioners and scholars understand them in different ways and from diverse perspectives (Reid et al 1990). Despite these uncertainties, however, employee ownership is used in this study to describe an organizational arrangement in which most employees own part or all of the enterprise in which they work (Rooney 1988). More specifically, an employee-owned or worker-owned firm refers to an organizational arrangement with a clear separation between managers and workers, and where a significant proportion of employees own shares in the organization, regardless of their salary or occupational status or how many shares they own (Pierce et al 1991). A majority employee-owned or worker-owned firm will describe an employee-owned firm in which the majority of employees own a controlling or exclusive ownership interest in the company and thus are its controlling or majority owners. ESOPs will be defined broadly as any arrangement where a joint stock company establishes an employee ownership trust to distribute shares to employees (Wilson 1992).

Several authors have attempted to create classifications of employee ownership (Ben-Ner and Jones 1995; Pierce et al 1991; Cornford 1990; Ellerman 1988; Toscano 1983). Although various kinds of employee ownership can be identified, they all share the common purpose of providing workers with a capital ownership stake. This paper identifies three classifications of employee ownership: socially-owned enterprises, producer co-operatives, and employee-owned firms. Socially-owned enterprises operate at the macro-social level when people in a society or community (including employees) acquire equity rights, profit rights or both in an organization. Various examples of socially-owned enterprises exist (Pierce et al 1991; Cornford 1990; Goldmark et al 1984). First, state-owned co-operatives like the Kolkhoz collective farms in the former Soviet Union. Second, community co-operatives like the Kibbutzim in Israel. Third, consumer stock ownership that provides stock to customers of public utilities. Fourth, general stock ownership corporations that enable residents in geographic areas to gain access to capital credit. Fifth, government stock ownership plans that permit government employees and professional groups access to credit to purchase qualified shares in public companies.

In contrast, producer co-operatives and employee-owned firms operate at the micro-organizational level when most or all employees acquire equity and profit rights in the company where they work. The difference between producer co-operatives and employee-owned firms is how membership and ownership rights are defined. These rights are determined in a co-operative by the work contribution of workers, who are the exclusive owners of the organization. Membership is thus a personal and not a property right (Ellerman 1988). Workers in co-operatives are often paid the same or similar salaries (wage equalisation) and the price of "membership certificates" is usually set by co-operative members rather than by market forces. Profits are distributed through individual accounts that hold a worker's share of gains or losses, which are usually paid out on retirement or termination. In employee-owned firms, ownership and membership rights are both defined by possession of share certificates and not on work contribution. Market forces usually determine the price of shares, and profits are distributed in direct proportion to the number of shares held. Producer co-operatives are thus democratically-controlled organizations where membership rights are non-transferable and personal rights attach to work effort (Lund 1991). Employee-owned firms, in contrast, provide workers with property rights in the form of shares generally unrelated to job performance.

There is, however, a fine line between the different kinds of employee ownership (Bradley 1986). For example, the South Wales Stevedoring ESOPs in the UK essentially function as co-operatives, while several ESOPs in the US operate on a one-worker, one-vote basis (Pendleton 1994a, Toscano 1983). Some worker-shareholder co-operatives in

Quebec, Canada also combine all three types of employee ownership. These organizations function as co-operatives; on a one-person, one-vote system, but workers collectively own preference shares that entitle them to capital-sharing, and the remaining ("social') shares are held by the provincial government (Comeau and Lévesque 1993).

1.2.2. Employee-Owned Firms

Employee-owned firms, the focus of this study, can be further divided into three broad and overlapping categories, depending on whether share ownership is individual or trust-based, whether shares are used for retirement or savings purposes, and whether shares are open or restricted to selected employees. Individual employee ownership occurs when employees acquire stock in their employer's company on an individual basis and hold the shares directly. Employees are usually free to dispose of shares at any time. Trust-based employee ownership occurs when the company establishes an independent entity to hold and distribute employee shares. The most common indirect mechanism is a legal trust, the basis for most ESOPs. Many of these companies restrict employee sales of shares and offer incentives for employees to purchase shares, such as stock options, subsidies, installment payments, salary deductions, free shares, matching shares or loans. Apart from the legal trust, other kinds of mechanisms for holding employee shares in a collectivised unit include employee associations, non-profit organizations, holding companies, and "internal" ESOPs (i.e., ESOPs that are created under company by-laws rather than using existing trust or company law) (Lund 1991; Ellerman 1988).

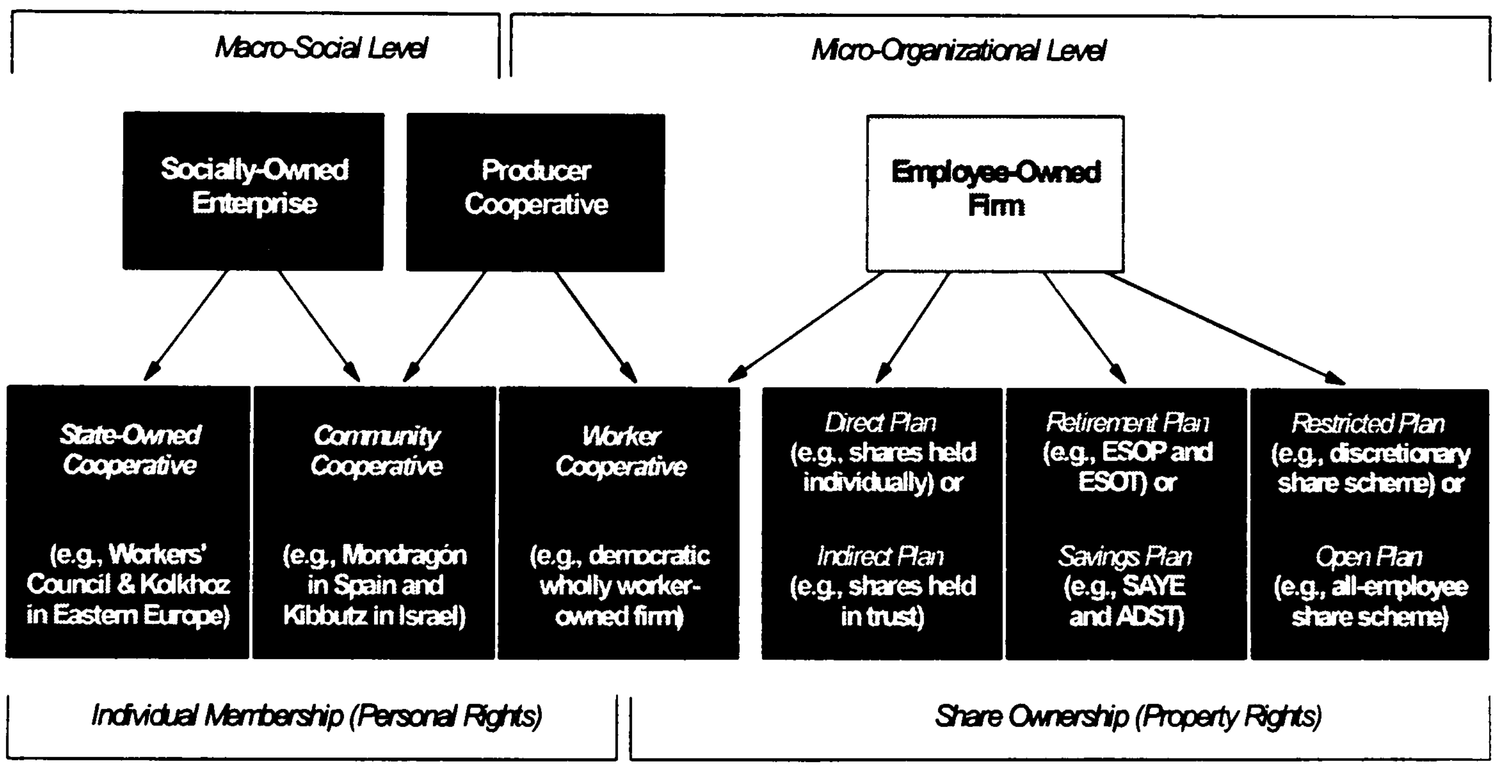
Companies may also sell shares to all employees (open share plans) or to a number of select employees (restricted share plans). Examples of open share plans include schemes where all employees are entitled to receive share allocations – although allocations may vary according to the individual employee's occupational status, salary or length of service. The shares may be held individually or in a trust such as ESOPs in the US and Approved Deferred Share Trust (ADST) schemes in the UK. Examples of restricted share schemes include executive stock options plans and discretionary share option schemes in the UK in which certain employees (usually senior managers or executives) acquire shares or the rights to sell shares (stock options) at a future date.

In addition, employee share schemes may serve as a form of savings that allows employees to sell shares only after a stipulated period of time (five or seven years in the UK) or as retirement or pension plans where employees receive shares upon retirement or departure from the firm. Retirement-linked share plans are the most common form of employee share ownership in the US but are not allowed in the UK. Examples of saving plans include the Save As You Earn (SAYE) schemes in the UK where deductions are made to employee salaries and then employees can either purchase shares or receive their savings with interest at the end of the saving period (subject to capital gains rather than income tax). Examples of retirement-linked schemes include deferred profit-sharing or 401(k) plans, where the company purchases its stock with employee savings (usually deducted from salaries) and makes matching cash or stock contributions into a retirement trust fund. Companies often receive tax deductions on their contributions to the plan and employees usually receive certain tax deferrals on share sale (Blasi and Kruse 1991). Figure 1 below illustrates the classification of employee ownership described above.

1.2.3. Employee Stock Ownership Plans (ESOPs)

Increasingly one of the most popular forms of employee ownership and the most widespread in the US is the Employee Stock Ownership Plan (ESOP). ESOPs are usually trust-based, open, retirement-linked plans in which the company either uses internal funds (non-leveraged ESOP) or borrows capital to purchase shares for the trust (leveraged ESOP) (Gates 1998). Shares are usually distributed to individual employee accounts based on compensation level or length of service. In several countries such as

Figure 1: Typography of Organizational Ownership



the US and UK, some ESOP companies receive tax deductions for principal loan repayments, the amount of stock allocated to employee accounts, and dividend payments on employee-held stock. Vesting of shares (employee rights to full legal ownership of shares) often occurs over several years and employees can usually sell shares when they leave the firm for fair market value, which is the market price in public firms and an independently-appraised price in private firms. Employees vote shares like shareholders do in other public companies, but only a few private companies offer voting rights to ESOP stock (Blasi and Kruse 1991).

The six companies used as cases in this study were all employee-owned firms. In addition, the case studies were all trust-based, open, savings employee share plans and thus closely resembled most ESOPs. Indeed, all six companies established trusts (a de facto trust in one case) and opened shares to all employees, usually based on length of service and salary. The six companies all shared three important characteristics, however, that may make them different from ESOPs in other countries such as the US or UK.

First, the ESOPs in the case studies were savings-based and not retirement-linked so that employee shareholders could sell their shares back to the trust (or on the stock market in the four public companies) at any time – not just retirement – subject to certain restrictions. In this regard, the ESOPs in the six case studies differed substantially from most ESOPs in the US and more, closely resembled certain kinds of ESOPs in the UK.

Second, these ESOPs were all implemented prior to the passage of the ESOP legislation in Jamaica in 1994 and thus the companies did not receive any tax advantages for implementing the schemes. As such, the ESOP case studies in this research differed from most ESOPs in the US and UK that benefit from generous tax incentives. Importantly, the case studies were similar to so-called "unapproved" ESOP companies in the UK which did not receive tax incentives for implementing (Pendleton et al 1994b).

Third, all six companies combined elements of individual ownership with trust-based ownership by allowing employees either to hold their shares individually when they had received them from the trust or to vote them directly or by proxy (all case study companies provided employees with full voting rights). This practice contrasts with that of some ESOPs in the US and UK in which trustees vote shares or employees do not receive voting rights. In sum, the six case study firms all had trust-based, open, savings-based ESOP schemes that allowed individual share ownership and full employee voting rights, but did not originally benefit from direct government tax incentives.

1.3. THE GROWTH OF EMPLOYEE SHARE OWNERSHIP

The evolution of employee ownership in Jamaica reflects similar changes that have occurred in many other countries such as the US, UK, and Japan. Indeed, available evidence demonstrates that employee ownership has experienced tremendous growth globally over the past two decades. Company-based share ownership schemes in particular have spread rapidly both in incidence and across industries (Gates 1998; Wilkinson et al 1994). The number of employee share schemes in the UK has increased tenfold since 1978, growing from 200 to over 2,000 in 1992, and approximately 3 million British employees had received shares in their companies worth about £12.5 billion (Alexander 1999, Smith 1993). Approximately one-third of all workplaces in Britain are covered by a company-wide share scheme (compared to only 13% in 1980) and share-based schemes make up nearly 75% of all financial participation schemes in the UK (Uvalic 1993). In the US, the number of ESOPs has grown from about 1000 in 1974 to about 10,000 covering 11.5 million workers and controlling about US$100 billion in corporate stock (NCEO 1998). In fact, more workers in the US own stock in the companies where they work than belong to trade unions (Blasi and Kruse 1991). In addition, most public companies (91%) and other firms (60%) in Japan have employee ownership schemes (Jones and Kato 1993).

Employee ownership has also been implemented in countries as ideologically and geographically diverse as Zimbabwe, Thailand, Costa Rica, Saudi Arabia, China, and Hungary (Lund 1991). Even relatively well-off socially democratic countries such as Sweden, Denmark, and Norway have effectively abandoned efforts at implementing wage earner or employee investment funds started in the 1970s and 1980s and have moved toward greater employee share ownership. In Norway, for example, employee share ownership grew rapidly during the 1980s and today every fifth employee owns shares in the company where he or she is employed (Langeland 1993). The growth of employee ownership in developing countries has occurred most frequently in several Eastern European and former Soviet states that have actively encouraged the emergence of small- and medium-sized worker-owned businesses formerly run by the state (Wilson 1992). In addition, many other countries such as Egypt, Argentina, New Zealand, and Poland have enacted laws to encourage, require or facilitate employee ownership.

1.3.1. Explanations for Employee Ownership Growth

Government legislation and preferential tax treatment have been the main driving force behind the rapid growth in employee share ownership schemes in the US, UK, and several other countries throughout Europe (Gates 1998; Uvalic 1993; Blasi and Kruse 1991). The large number of laws and amendments supporting employee ownership in several countries is explained by the political convergence of support for employee ownership legislation from a wide range of ideological perspectives. For example, a Labour government introduced the first share ownership tax-incentive legislation in the UK (the 1978 Finance Act) and subsequent Conservative administrations have extended that Act and passed several other pieces of employee ownership legislation. Similarly, the the companies in the six case studies examined in this dissertation implemented share ownership plans during the administrations of both main political parties in Jamaica.

Many liberal proponents view employee ownership as a back-door to socialism and worker control, especially in a climate dominated by ideological conservatism and a rejection of social ownership (Cornford 1990). Other liberal supporters appreciate the potential that it provides to alter traditional hierarchical relationships and to redress a history of concentrated and exclusivistic ownership by providing workers with an economic and legal basis for control (French 1987). Some liberals view it as a new route to industrial democracy, a reaction against the excesses of capitalism, or an answer to the controversial debate between social equity and economic efficiency (Thompson 1993). Liberals also view it as a tool for redistributing wealth, spreading ownership of the means of production, promoting economic democracy and social justice, and empowering workers. Market socialists such as former Jamaican Prime Minister and ESOP advocate, Michael Manley, view employee ownership as part of a broader process of social reform intended to enhance the position and protect the interests of wage labour in an adverse economic climate (Manley Interview). At the same time, market socialists also believe that ESOPs serve macro-economic goals of providing a cost-effective method of increasing savings, investment, and national productivity (Manley Interview).

Most conservative supporters view ESOPs as a vehicle to foster an appreciation among workers for the operations of the free enterprise system and to reduce alienation, stimulate productivity, and legitimise managerial control (French 1987; Garson 1977). Conservatives support employee ownership as a means of transforming employees into capitalists, strengthening grassroots support for free market capitalism, reinforcing the importance of property rights to freedom and democracy, and countering the negative reaction of workers to the economic inequalities associated with the market (Kelso and

Kelso 1986). Widespread employee ownership can also serve to help important macro-economic goals such as improving national productivity, lessening societal inequality, reducing inflation, and increasing levels of employment, savings, and investment.

Throughout the 1980s and 1990s, conservative parties and coalitions in several nations pushed centre-left governments out of office and many liberal advocates became less assured of the feasibility of organizational democracy as a result (Lammers and Széll 1989). The conservative view of employee ownership thus predominated in many nations where the dominant ideological debate has shifted from democratisation of industry to making the economy work more efficiently. In many of these nations, questions of democratic control over the process of capital formation have been replaced by questions of increased efficiency, profitability, and productivity (Langeland 1993).

In Jamaica, employee ownership is one response to issues of labour productivity and human resource management, which have become an almost national obsession since 1980 in response to the severe decline in national productivity and the perceived need to improve the international competitiveness of Jamaican firms. Indeed, the government and other organizations have tried to reform labour market practices, disseminate greater information on labour issues, and improve management-labour relations, worker attitudes, and employee motivation. These organizations have thus established national task forces, commissioned national surveys, convened seminars and conferences, and created advisory councils in labour-related subject areas, culminating in the formation of a National Productivity Council in 1993. In addition, several other organizations have started journals or newsletters devoted to organizational, managerial, labour, and employee productivity issues such as the Caribbean Labour Journal (1991) and the International Journal of Human Resource Development and Management (1994).

Employee ownership thus represents part of several wider socio-cultural, political, and economic changes. These changes include a shift in the dominant climate of values from the ideal of a more egalitarian society during the 1970s to a revaluation of entrepreneurship and managerial prerogative in the 1980s. In the UK, for example, the Thatcher governments encouraged employee share ownership as part of a broader strategy to create an "enterprise culture" characterised by employee commitment to business values and economic success (Pendleton 1994a). Similarly, Ronald Reagan in the US proclaimed that widespread employee share ownership would "accelerate economic growth and production and at the same time broaden the ownership of productive capital" (cited in D'Art 1992:85). Many conservative governments thus view employee ownership as a method of strengthening capitalism and deepening an appreciation for private property. At the same time, conservatives see it also as a new model of labour-management relations in which unions become increasingly less relevant as employees develop closer links with their employers toward unitary values of improved corporate performance and organizational efficiency.

The conservative employee ownership approach prevails in Jamaica, although it differs significantly because unions have played an integral part in the creation and implementation of the ESOP initiative. Union involvement in Jamaica has resulted from the historical union-party alliance and because the market-oriented policies of the government reflect less an ideological embrace of conservative principles so much as a pragmatic response to fundamental changes internationally. Like many other nations, Jamaica has embarked on an ambitious project to reduce political and economic controls of the state in order to build a market-based economy and integrate it into the global economic system. Liberalising economies such as Jamaica have attempted to deregulate protected industries, privatise state-owned enterprises, and remove import-restrictions such as tariffs and quotas in order to improve efficiency and economic performance. Like Jamaica, several of these countries have also used employee share ownership as one mechanism to achieve these objectives:

> In a time of intensifying international competition, political upheaval, economic restructuring, crushing national deficits, and wavering competitiveness, many countries [have used] employee ownership to help them with problems as varied as the countries themselves (Lund 1991:7).

Apart from legislation, the main way in which government support for employee ownership has been put into practice has been through privatisation. Indeed, privatisation has served as the primary mechanism for transferring shares to employees in Jamaica and provided the basis under which all the case study companies in this research (except one) became employee-owned. Similarly, employee ownership played an important role in Britain's privatisation programme during the 1980s as fourteen large state companies were sold with shares offered to employees. In addition, over one hundred smaller employee buyouts and "buy-ins" occurred, particularly in the bus sector with the break-up of the National Bus Company (Pendleton 1998, 1994b). As such, Jamaica is similar to the UK in that the development of ESOPs has been associated primarily with the Government's privatisation programme. Many other nations have used employee ownership as part of their privatisation programmes, including Canada, Chile, Argentina, Russia, Lithuania, and Poland (Young 1992). Some nations have even passed laws requiring that employee ownership be introduced in most or all privatisations.

Employee ownership has been used primarily in the privatisation of utilities and other monopolies, government services, and potentially profitable and competitive government subsidiaries (Young 1992). Countries like the UK, Canada, and Jamaica have offered free or discounted shares to employees in privatisations so as to reduce worker and union opposition by providing employees with the opportunity to realise considerable financial gains from owning shares (Thompson 1993). In addition, employee ownership has also been used to foster support for privatisation among working classes and the general public who could see the benefits of privatisation being widely disbursed. The Jamaican government privatised three of the case studies under circumstances similar to these and this explains in part the establishment of share schemes in those companies. In other instances, governments have sold entire subsidiaries or departments to their employees, which has often proven less costly and more politically palatable than either continued state ownership or subsidisation (Bradley 1986). Many communities have often felt more comfortable with the transfer of ownership to employees who had been members of the community for years than to outsiders who were uninvolved and uninformed about particular community needs (Thompson 1993). Similarly, two of the cases in this study were former government departments purchased by their employees.

1.3.2. Organizational and Industrial Explanations

Significant organizational and industrial changes also help to explain the growth of employee ownership. Many companies in the increasingly market-oriented international environment face intense local and global competition. Indeed, increased economic pressures such as product market competition, structural transitions, and rapid technological change have caused declining profitability and low survivability chances in many firms. One response to these significant economic changes has been to examine alternate means of organizational control (such as employee ownership) in an effort to reduce costly internal conflict and to engender greater cooperation between managers and workers. In citing the benefits of ESOPs in Jamaica, Manley (1995:17) explains that:

> The world economy is rapidly becoming a closely integrated system of financing, production, and marketing [in] a global village.... [It] is only ... [those] enterprises that can compete at the highest level that will survive in the global marketplace. Increasingly, it is becoming difficult to

> hide under subsidies, duties, and other protective measures. High productivity is becoming more than an ideal. It is a necessity! Cooperation between workers and management is going to be a pre-condition of success [and] survival. ESOP is one vehicle which can help this process by creating a shared incentive to cooperate to ensure competitive success.

Companies have also used employee ownership as a pro-active mechanism to raise capital and improve corporate performance in an increasingly competitive environment. Tactical methods include using share ownership to discourage or repel hostile takeovers in a period of widespread mergers and acquisitions, to provide an indirect employee control mechanism as direct control approaches have failed, and to appease workers in an uncertain and unstable organizational climate. Private companies in particular are attracted to employee ownership schemes to provide an internal market for shares, an alternative exit route to public flotation or leveraged buyout, and a useful solution for handling succession problems (Blasi and Kruse 1991). Employee ownership thus represents a flexible method of achieving diverse managerial objectives and appeals to different employers because the degree of control shared with workers can range from a great deal to little or none.

Companies have used employee share ownership schemes for both short-term and long-term economic benefits. In the short-run, share schemes have been used simply as a tool of corporate finance in countries that offer generous financial benefits and tax exemptions such as the US. Employers and managers have also protected their economic interests in the short-term by deploying the collective block of employee shares to ward off asset strippers, break-up raiders or takeover artists (D'Art 1992). These short-term financial incentives often have little to do with employees, however, and companies can actually adopt ESOPs under existing legislation in the United States without ever giving any employee any stock in the company (Levin 1985).

In contrast, the longer-term financial benefits relate more to employees in both positive and negative ways. Companies have viewed employee ownership as an effective compensation mechanism to complement salaries as a form of bonus or as a cost-effective retirement payment that can replace or supplement existing pension plans. Indeed, ESOPs in the US represent a fundamental change in the pattern of employee compensation and retirement saving that is fast supplementing the fixed wage and benefits systems of the post-war period (Blasi and Kruse 1991). Although companies have regularly paid generous stock options to managers as a part of their salaries as an incentive, nearly all ESOPs in the US are pension plans where workers cannot withdraw stock until they retire or leave the company. Increasingly, however, both UK and US firms are making stock options part of their workers' take-home pay and thus linking pay to performance (Gates 1998). Similarly, some employers in Jamaica view share schemes as an effective mechanism to reward and motivate employees because employee compensation in most Jamaican firms has historically been based on the position and level of the person in the organization and unrelated to performance (Hussey 1991). Indeed, most Jamaican firms have determined wage increases using negotiation (collective bargaining), evaluation (job task and role assessment), and comparability (market surveys of compensation levels) (Brown 1995). Incentive compensation has usually been reserved for employees that operate in a piece-rate system or that possess higher education and critical bottleneck or transferable skills (Doeringer 1988).

In addition, collective bargaining in Jamaica has historically not facilitated performance-related incentives such as shares schemes. Agreements with unions usually cover all or most employees in single firms on a plant-to-plant basis and run for a fixed term (Gordon 1984). Joint bargaining occurs in a few industries (such as the sugar industry) but remains far less important than plant-level negotiations. In general, most collective bargaining agreements cover wages, benefits, time of work, and grievance procedures, and leave remaining issues to informal bargaining or employer prerogative (Gordon 1984). Most agreements have included discretionary benefits such as accident and health insurance, uniform, laundry expenses, and retirement benefits, which supplement statutory benefits such as injury compensation, protective clothing, insurance and housing contributions, and sickness, vacation, and maternity leave (Roberts Interview). At the same time, however, the imposition of wage guidelines during the late 1970s (that were lifted in 1991) has resulted in more creative and complex collective bargaining that has persisted into the 1990s. Unions have used several methods to enhance their negotiating flexibility such as productivity bargaining, non-wage compensation bargaining, and negotiating category-by-category rather than across-the-board increases (Hussey 1991). Although productivity-linked schemes have become an increasingly prevalent feature of collective bargaining agreements, few of these plans actually relate compensation to increased productivity and most plans were often creative use of loopholes to evade the wage guidelines (Brown 1995). Share schemes are possibly one method to implement meaningful productivity-linked schemes that may be acceptable to employers and unions.

Employers have also used employee ownership to help realise the potential of the individuals they employ and to increase employee commitment and flexibility so as to improve company performance over the long-term (Smith 1993). Companies have achieved these objectives because employee ownership offers the opportunity of substantial rewards to employees at low cost, since shares and dividends reflect company profitability, do not affect operating costs, and are therefore not dependent on employment levels. Companies have also used employee ownership to address worker alienation and dissatisfaction as well as the poor quality of working life associated with the uncertain environment and the rise in job insecurity and instability. Companies have therefore provided shares to their employees in order to strengthen their loyalty to the firm or to reaffirm the company's commitment to their contributions. In this way, employee ownership has served either as an effective method of attracting and retaining an adaptable workforce or as part of an anti-union campaign (Poole and Jenkins 1990, 1989). Jamaican employers may have been attracted to share schemes for these strategic purposes because several Jamaican companies have used profit-sharing schemes and other paternalist practices in the past to avoid unionisation, although the empirical evidence on anti-union practices is limited:

> [T]here are some good and progressive employers (in Jamaica) who have been able to keep out trade unions and maintain high levels of work discipline because of how well they treat their workers and how much incentives they offer them to increase productivity and share in the profits (Stone 1991:3A).

Employee ownership has also represented an effective response to a fundamental problem facing managers of how to exercise control in organizations that now demand innovation and creativity. Many companies have used diagnostic control mechanisms (such as goal-setting and performance-related pay) and boundary control systems (such as company guidelines and codes of conduct) to ensure that important organizational goals are achieved efficiently and effectively. These control mechanisms have often proven less than effective, however, because of poorly defined objectives, a lack of resources, and unintended responses such as excessive pressure and employee resentment. As a result, many managers have turned to belief control systems (such as employee ownership) that are intended to promote commitment to the organization's core values and to motivate individuals to search for new ways of creating. As a belief control mechanism, employee ownership can serve to foster an attitude of longer-termism among workers, strengthen management-worker cooperation, and provide workers with a stronger voice in corporate governance and organizational decision-making (Buchanan 1998). In Jamaica, supporters believe that employee ownership can address:

> . . . [employees'] lack of motivation and an absence of identification with the business and, more particularly, management's way of running it. Hence simple and effective incentive schemes [for employees] - material and moral - [are needed] . . . for there to be maximum benefit" (emphasis added) (Munroe 1993:166).

In addition to the pro-active ways in which managers and employers have used share schemes in an increasingly competitive environment, employee ownership has also arisen in a reactive manner. In this regard, share ownership has simply served as a by-product of corporate restructuring or as an indirect response by unions to external threats and to widespread job instability among their membership. In this regard, employee ownership can thus be viewed as a reaction to the industrial dislocation associated with intensified competition, declining economic performance, and technological change (Bradley 1986). The intensity of competition and the impact of recession has forced major restructurings in companies through decentralisation, downsizing, and out-sourcing in order to improve efficiency and focus on core competencies. This process has usually resulted in mass redundancy associated with the closure of unprofitable or undesirable plants and subsidiaries. In order to preserve their jobs, many employees – particularly government employees – have bought subsidiaries or departments through management or employee buyouts (Cornford 1990).

Changes in the industrial relations climate have also facilitated the rise of employee ownership. In a period of extreme job instability as a result of the recession and corporate restructurings, many unions have diverted their attentions from demands for industrial democracy rights to the defense of employment. In the process, they have often grudgingly accepted more market-oriented and co-operative views of relations with management such as those associated with employee ownership (Ramsay 1991). Some unions have also responded to increased competitive pressures directly and have embraced employee ownership as a method of preserving job security (usually involving a reduction in pay and other benefits in return for shares). In several instances, unions have even taken the lead in employee buy-outs, such as in the bus passenger industry in the UK and the airline industry in the US. Indeed, as are will see, unions played an active role in the decision to implement ESOPs in three of the firms examined in this study.

Unions and workers have also been drawn to employee ownership for various other reasons. Ideologically, they view employee ownership as a method to strengthen industrial democracy and deepen worker participation in the workplace. Workers can benefit financially from alternate sources of income or retirement benefits through dividends, capital gains, and tax concessions on share sale. Unions can also diversify their income from membership dues and contributions to include dividend income and capital gains. Both unions and employees can use share ownership to preserve and expand job opportunities through employee buy-outs, and unions can expand their decision-making involvement and strengthen their collective bargaining position by acquiring additional leverage – voting shares to replace directors and veto key decisions.

In Jamaica, unions have played an active role as supporters, instigators, and participants in ESOPs since the late 1980s. In particular, the national union research organization, the Jamaica Trade Union Research and Development Centre (JTURDC), has held several conferences, workshops, and training sessions on the role of unions in worker participation, employee ownership, and productivity enhancement and measurement mechanisms (JTURDC 1993a, 1993b). In 1992, for example, the JTURDC held a conference with the theme <u>Employee Share Ownership Plans: The Trade Union Perspective</u> where it argued that ESOPs would provide workers with a greater voice in the workplace. In addition, the JTURDC coordinates the employee education component of the ESOP legislation. Unions took a pro-active stance towards employee ownership for three broad reasons. First, interviews with union officials revealed that unions feared employee ownership becoming a managerial tool to marginalise or even eliminate them from the workplace and thus felt that they could prevent this from occurring by participating actively in the evolution and design of share schemes. Second, unions felt that equity ownership could provide employees (particularly low-wage workers) with substantial financial benefits by allowing them to participate in profits and by supplementing the low real wages many workers receive in the Jamaican economy (Stone 1986b). Third, some (but not all) union officials in Jamaica believed that ESOPs can serve to empower workers and improve the bargaining position of unions themselves. The president of a leading union in Jamaica explains that share schemes can:

> . . . bring significant ownership to employees [and] real power in the directorate of the enterprise. . . . [In this regard, the] labour movement itself needs to become more aware of relevant experiences of worker share ownership in enterprises, seek out financial resources to educate union members about benefits to be derived from worker

> ownership . . . [and] raise the workers' self-consciousness, self-activity, [and] self-organization in a rapidly changing environment (Munroe 1993:283-4).

The popularity of employee ownership schemes in Jamaica and elsewhere may also be viewed as part of a broader changes in the wider organizational climate related to management strategy. These changes include a de-emphasis of "hard" forms of participation (such as works councils, extended bargaining rights, and worker directors) to softer and more managerially-oriented techniques for engendering employee commitment, such as total quality management (TQM), briefing systems, team initiatives, quality circles, and profit-sharing (Troxel 1993; Ramsay 1992). Indeed, several firms have combined employee ownership with other soft methods of employee participation.

These changes are also explained by the response of many managers to a new form of corporate paternalism espoused by many management gurus and consultants in the 1980s and 1990s that promotes a shared sense of value among all employees (Peters and Waterman 1982). This perspective views "shared values" as the most powerful factor underlying the superior performance of the most successful firms in the world. It also rejects the traditional adversarial models of industrial relations and the impersonal and narrowly contractual relations between employers and employees (the cash nexus) that have characterised most traditional hierarchical firms (D'Art 1992, Fox 1974). For example, in their international bestseller, <u>In Search of Excellence</u>, Peters and Waterman (1982) identify several basic principles used by well-run companies. These principles include the ability to create in <u>all</u> employees the awareness that their best efforts are essential and that they will share in the rewards of the company's success (Peters and Waterman 1982). Although the authors do not explicitly list employee ownership as a method to achieve this objective, they encourage companies to foster an "entrepreneurial spirit" in all their employees and to give them "a <u>modicum of apparent</u> control over [their] destiny" (emphasis added) (1982:201, xxiii). In his influential <u>Harvard Business Review</u> article charting the efforts of several companies to move from employee "control" to "commitment" strategies, Walton (1985:79) refers to the so-called "principle of economic sharing" which, he argues, involves the widespread use of mechanisms such as employee gain sharing, stock ownership, and profit sharing.

More recently, several popular management theorists and practitioners have argued that employers need to invest more in their human capital in order to achieve and sustain a competitive advantage over other firms (e.g., Alexander 1999; Anonymous 1998; Harvey-Jones 1994). These authors cite employee ownership as an example of several factors that have worked for the world's best-performing firms and that other firms should emulate. For example, the former chairman of ICI and a popular business writer in the UK, Sir John Harvey-Jones (1994) endorsed employee shareholding as a powerful method of generating stronger company performance that is preferable to profit-sharing and other forms of individual or collective performance-related pay.

As intellectuals and academics lend greater support to employee ownership and as employee share ownership schemes become more widespread, several advocacy and umbrella organizations have also arisen to promote the international growth of employee share ownership schemes, primarily ESOPs. These organizations include the National Center for Employee Ownership (NCEO) and the ESOP Association in the US as well as ProShare, the Wider Share Ownership Council, and the ESOP Centre in the UK. In addition, many financial institutions in the US and the UK have actively promoted employee share ownership in order to reap the tax benefits offered to share ownership lenders. Venture capital funds have also taken a more active role in financing management and employee buy-outs and some venture capitalists are dedicated solely to financing transactions of this kind. General awareness of employee ownership has also increased with the rise in the number of well-publicised ESOPs and other employee share ownership schemes implemented in large, traditional corporations such as United Airlines and Texaco in the US, and British Airways and Sainsbury in the UK. No private ESOP advocacy groups have so far been formed in Jamaica, but several government departments, employer associations, and union organizations have all played an active role in promoting employee ownership throughout the island. As a result of the government's educational activities related to the ESOP Act, many financial and professional advisors have acquired expertise in ESOP matters and the general public has become more aware through a series of informative media efforts. The share schemes in this dissertation were also subject to extensive media publicity that raised awareness.

1.3.3. Limits to the Growth of Employee Ownership

Despite the impressive growth of employee ownership in recent times, several limitations should be kept in mind. For example, the number of ESOPs in the US has grown rapidly over the past decade, but the growth has slowed during the 1990s (Gates 1998). This slow-down has occurred for several reasons including the recession, regulatory pressures on bank lending, and reductions in certain tax incentives for ESOPs (Conte 1994). Indeed, for several years, the number of ESOP terminations has exceeded the number of new ESOP formations in the US, although the reasons for this are unclear (Conte 1994). In addition, ESOPs and all-employee share schemes have grown in both the US and the UK, but the massive take-up of executive schemes still illustrates the skewed nature of financial involvement towards those with higher salaries and senior positions in the organization (Wilkinson et al 1994). In the UK, for example, the fastest growing type of share ownership scheme during the 1980s was the discretionary or executive option scheme (usually restricted to top managers) and approximately 65% of all share schemes in the UK fall into this category (Pendleton 1994b). Although most ESOPs in the US include most employees, many share schemes have been offered only to managers and other high-level employees (Alexander 1999).

Furthermore, the number of employees that participate in many share-based schemes remains relatively low in several countries. Most company share schemes in the UK have low participation rates of approximately 20% and even lower for clerical and manual workers (Pendleton 1997, Baddon et al 1989). On the other hand, participation rates have been much higher (60-100%) in ESOPs, employee buy-outs, and privatisations (Gates 1998; Pendleton 1994b). Similarly, approximately 70% of employees in ESOP firms in the US participate in the plans, even though unionised employees may be excluded from ESOPs (Blasi and Kruse 1991; Rosen 1991). Indeed, relatively small proportions of employees in both the US (12%) and UK (4%) own shares in their employer's company (Thompson 1993). Prior to the ESOP legislation in Jamaica, fewer than one percent of employees owned shares in their employer, and that figure still remains low today (Maharaj; Bragg Interviews). As such, share ownership continues to be a "minority habit," although this may change (Ramsey et al 1990:184).

Moreover, most of the growth in employee ownership has occurred in a few countries such as the US, UK, Japan, New Zealand, several Eastern European states, and a few other nations (Rosen et al 1990). Indeed, most nations have no incentive legislation for employee share ownership schemes (Uvalic 1991). In addition, share schemes are the most prevalent form of financial participation in countries with facilitative legislation (such as the UK, Ireland, and Belgium), but cash-based profit sharing schemes predominate in EC countries without such incentive legislation, such as Germany, Italy, and Spain (Uvalic 1993). Most important, the growth in the number of employees owning shares has not been accompanied by a significant transfer of decision-making to employees within individual firms or a substantial acquisition of power and control by employees. In most European countries, for example, the percentage of shares transferred to employees in most cases has not exceeded 5% of total share capital (excluding share schemes as part of privatisation) (Uvalic 1993), although the similar percentages in the US average between 10-15% (Blasi and Kruse 1991). As such, employee-owned companies in which workers own a significant percentage remain a "peripheral feature" of industry in many countries (Pendleton 1994a). Indeed, one researcher concludes:

> The total number of shares in employee hands is still very limited in most countries. There are few signs indicating that employee shareholding is likely to lead to a significant degree of employee-shareholder control. Most studies also show that individuals are normally fragmented and passive minority owners, lacking sufficient skills to exercise control (Langeland 1993:227-8).

1.4. A THEORETICAL FRAMEWORK FOR EMPLOYEE OWNERSHIP

Academic research into employee ownership spans many disciplines, including management studies, psychology, political theory, economics, and social anthropology. Most of the managerial literature on employee ownership has either been in finance or, more frequently, in organizational theory. Within organizational theory (the focus of this dissertation), research has fallen into the human resources management (HRM) camp (Iles et al 1990; Keenoy and Anthony 1992). HRM has its roots in the "human relations" school, which rose to prominence in the 1930s as a reaction to Taylorism, Scientific Management, and Fordism. HRM theorists responded to employee alienation associated with the earlier managerial theories that manifested itself in high labour turnover, absenteeism, excessive waste, sabotage, and similar practices (Palloix 1979).

1.4.1. Employee Ownership and HRM

Several theorists view employee ownership as part of a HRM designed to incorporate labour in certain specified areas of the organizational structure (Purcell and Ahlstrand 1994; Guest 1987). First, many HRM proponents believe that employee share ownership will guide employee attitudes toward closer identification with company objectives and emphasise a common frame of reference. As Ramsay et al (1990:183) note, "share schemes are being introduced as part of the move by companies to adopt 'human resource' management styles which emphasise the relationship of the individual employee to the enterprise." Second, several theorists argue that employee ownership will increase employee motivation and commitment and eventually have a positive long-term effect on company productivity and profitability (Klein 1988). Employee ownership is thus one technique intended to involve employees so as to improve their identification, commitment, and motivation within the workplace.

Viewed in this way, employee ownership can be seen as one of many performance-related pay mechanisms that are unitary, as opposed to pluralist, in their purpose. As Kessler and Bayliss (1992:103) observe, "[t]hey are aimed at enlisting employee opinion and behaviour behind management's objectives and not at incorporating the influence of employees' organizations in negotiated decisions." Indeed, this unitary approach has often been linked with attempts by management to reduce the influence and power of unions by aligning employees with managerial goals and objectives. As a result, therefore, critics argue that share schemes are simply another tool in the managerial arsenal involving a more sophisticated strategy to make the work force more committed to the company's objectives (cf Keenoy and Anthony 1992).

1.4.2. Employee Ownership: Beyond HRM

In his literature survey on employee ownership, Moss (1991) concludes that most writers fall into what he terms the "human resource" camp, both in terms of research emphasis and philosophical orientation. Moss argues, however, that employee ownership can also be understood using other approaches within organization theory. To that end, he applies the four-frame theoretical framework developed by Bolman and Deal (1987).

Bolman and Deal identify four broad theoretical approaches or "frames" to understanding organizations: human resources, structural, political, and symbolic. Human resource theorists focus on the individual as the critical variable of analysis and propose theories designed to maximise the fit between organizations and individuals to enhance the potential of both (e.g., Maslow 1970; Hertzberg 1966; McGregor 1960; Argyris 1957). Structural theorists view organizations as goal-oriented and believe that co-ordination and control within organizations occur under structural conditions of environmental and technological uncertainty (e.g., Blau and Scott 1982; Lawrence and Lorsch 1967; Weber 1947). Political theorists view organizations as coalitions of different individuals and groups in constant conflict, and argue that organizational change occurs as a result of on-going processes of bargaining, negotiation, and compromise among these individuals and groups (e.g., Pfeffer 1978; Baldridge 1971). Symbolic theorists view events and processes in organizations as imbued with meanings that are shaped by human interpretation, and believe that humans create organizational symbols to reduce ambiguity, resolve confusion, increase predictability, and provide direction (e.g., Deal and Kennedy 1982; Cohen and March 1974).

Using Moss' analysis, employee ownership can thus be placed in the structural, political, and symbolic literature as well as in the human resource literature. First, structural factors play a critical role in affecting the nature, and often the success, of employee owned enterprises. Researchers have identified numerous structural features under which employee ownership tends to be most successful. These factors include small organization size, relatively undifferentiated technology, and homogeneous social composition (Rosner 1983). Indeed, these three factors account for many of the most successful experiments in employee ownership with a few significant exceptions. In addition, structural features are arguably more important in employee-owned companies than in conventional firms. This is so, theorists argue, because ownership is more diffuse in employee-owned firms and thus democratic mechanisms must be found to accommodate new organizational structures, which can involve changes in organization hierarchy, participatory institutions, information flows, and decision-making processes.

Second, political factors also play a critical role in employee-owned firms. There are essentially three levels at which potential conflicts may occur. First, the relationship between management and labour is central to any enterprise, and particularly so in employee-owned firms where the traditional roles of labour and capital have been altered. Researchers have investigated the relationship between new mechanisms that accompany the introduction of employee ownership and traditional institutions of collective bargain and industrial relations (Pendleton 1994a). Although researchers have found that traditional institutions of union representation and collective bargaining have often been kept procedurally separate from new forms of representation established under employee ownership plans, there have been examples where this has not been the case, and the potential for conflict, misunderstanding, and opposition remains high. At the operational level, too, potential exists for conflict between supervisors and subordinates, especially when subordinates feel that ownership entails a change in the way they should be perceived and treated by their line managers. Similarly, as we will see, supervisors may in turn have perceptions about employee ownership at odds with those of their subordinates. Third, conflict can abound among workers themselves. In partial employee-owned firms, owners and non-owners may come into conflict about their respective roles. Tensions between traditionally divided worker groups (such as unionised and non-unionised workers or blue and white-collar workers) are potentially exacerbated once the ownership variable is introduced into the organizational framework.

Third, symbolic theory serves as a useful way of understanding employee ownership for the simple reason that people interpret the concept of ownership in a multitude of different ways. Several researchers have found that the success or failure of employee ownership often depends on the symbols used to communicate the meaning of ownership to employees, particularly with regard to employee roles, rights, and responsibilities (Blasi and Kruse 1991). Seemingly less significant symbols have also been shown to have a major impact on employee attitudes and responses (such as the elimination of status perks like executive dining room, calling employees 'associates' or 'partners', or repeating stories about dedicated employees). Thus, symbols can be particularly potent in helping employees to cope with the difficulties of employee ownership transition and may lead to higher levels of employee participation, solidarity, and firm commitment. On the other hand, symbolic theory may help to explain how management can use ownership to control employees by presenting an idealised image of ownership while denying employees access to the more substantive rights and privileges that meaningful ownership traditionally entails. As Moss (1991:197) observes,

> The control aspect of employee ownership . . . can be a largely symbolic phenomenon which serves to allow labour and management to accept the positive myth of organizational democracy.

Although this study is grounded primarily in human resource theory, it is also mindful of the other variables in the organizational context. First, it is mindful of the structural contingencies that can affect organizational democracy in employee-owned firms. Second, it is mindful of the conflicting and collaborative political processes endemic to the existence of employee-owned firms. Third, it is mindful of the symbolic techniques that can make employee ownership either more meaningful and rewarding or simply just another tool of managerial control.

1.4.3. Employee Ownership and Worker Participation

Because share ownership provides employees with an ownership stake in their companies and thus enhances and deepens the relationship between employer and employee (at least in form), some academics have generally classified it within the broader framework of worker participation. Thus, a detailed inquiry into employee ownership requires a brief exploration into the notion of worker participation. Worker participation can be examined from two different analytical perspectives that occur at the <u>social</u> level (as a philosophical or ideological view of industrial organizations in society) and the <u>organizational</u> level (as method of describing those formal processes and institutions designed to increase employee involvement in an organization's activities).

1.4.3.1. Worker Participation as a Philosophy

At the philosophical level, participation focuses on strengthening and deepening workplace democracy throughout society. This analysis expresses a normative preference for fundamental transformations in ownership and industrial power within and among social organizations, usually in favour of the working class. A wide ideological spectrum falls under this broad heading and includes aspects of capitalism, collectivism, (utopian) socialism, Marxism, Catholic social doctrine, and syndicalism (Cole 1975). In general, however, three broad categories can be identified along the spectrum.

1.4.3.1.1. Worker Control: at one end of the spectrum, proponents of worker control aim to establish a radical system of employee self-management in firms governed by democratically-elected workers, who make all organizational decisions including profit allocation and investment (Salamon 1992:340). As such, labour will replace the role traditionally played by capital. True authority, power, and control over all aspects of the organization will occur 'from below' with workers in the enterprise possessing the right (either collectively or through a participatory framework) to replace those who make strategic decisions or to make those decisions themselves (as in co-operatives).

1.4.3.1.2. Industrial Democracy: nearer to the centre of the spectrum, advocates of industrial democracy seek primarily to extend managerial power-sharing in enterprises by strengthening labour-based organizations (primarily trade unions) and by widening the scope of collective bargaining (Farnham and Pimlott 1992:82). Many unions fear that worker democracy of the sort described above will weaken the power of labour-based organizations as employees become more aligned with the interests of management (Clegg 1963). Most unions seek to influence managerial decisions that affect employee wages and working conditions, but some unions believe that too much involvement may reduce their effectiveness and possibly render them obsolete (Gates 1995).

1.4.3.1.3. Economic Democracy: moving to the other end of the spectrum, conservative supporters of economic democracy endorse a widespread diffusion of individual share ownership among employees to counter the excessive concentration of wealth and share capital and thus to sustain and perpetuate the free enterprise capitalist system (Copeman et al 1984:15). Supporters of economic democracy believe that the dispersion of share ownership will reduce employee alienation, increase motivation, and legitimise managerial authority (Kelso and Kelso 1986; Kelso 1958). For conservatives, share schemes should improve the low-trust adversarial nature of the traditional labour-capital relationship by strengthening the bond between managers and workers to enhance the perception that both sides have a common interest in the firm (Plender 1998).

1.4.3.2. Worker Participation as an Organizational Mechanism

The second approach to participation describes those mechanisms or processes designed to increase employee involvement within organizations (Jackson 1992). Wall and Lischeron (1977) identify three levels of organizational participation. First, low level participation issues are of immediate relevance to the worker's job (such as wage terms, methods, and pace, as well as work conditions and responsibilities). Second, intermediate level participation issues affect large numbers of workers, usually at a department or divisional level (such as recruitment, redundancy, promotion, work schedules, plant layout, and materials purchase). Third, high level participation issues relate to executive decisions, policy formulation, corporate strategy, and organizational expansion (such as marketing plan, takeover possibilities, and long-term prospects).

Conceptually, employee ownership may be sub-divided into four overlapping categories of worker participation related to the particular focus of participation (i.e., profits, information, decision-making or ownership). These four categories depend on how participation operates. First, whether ownership serves as a method of allowing workers to receive part of company profits (financial participation). Second, whether ownership serves to share information with workers about the company (information participation). Third, whether ownership involves workers in managerial decision-making (decision-making participation). Fourth, whether ownership provides workers with legal ownership of the means of production (ownership participation). Employee ownership potentially falls into each of these categories because it can provide workers with access to legal ownership (share certificates), decision-making (the right to vote and to select the board of directors), information (annual reports), and profits (dividends and capital gains). Importantly, ownership differs because it can fall into all of these categories.

Each of the four participation categories also includes other methods of achieving similar objectives. Financial participation at the macro-level includes wage earner and investment funds designed to invest employee savings or bonuses in companies and other investments for their benefit. Examples include various wage earner funds developed in Sweden and Norway during the 1970s and 1980s. At the company level, financial participation takes the form of profit-sharing, including cash-based profit-sharing where cash bonus payments are made to employees based on the company's share price or profits. Financial profit-sharing also includes gainsharing where financial rewards are linked to the performance of an entire department or other unit such as the Rucker and Scancon Plans (D'Art 1992). As discussed, employee ownership differs from these other mechanisms. For example, Pendleton et al (1994b:44) argue that "ESOPs appear to have the potential, more or less absent from conventional financial participation schemes, for ownership to be translated (to some degree at least) into control."

Information participation at the macro-level includes legislated works councils such as those in several European countries in which managers share information with worker representatives, and disclosure laws designed to ensure that companies provide employees or unions with relevant information about company performance such as balance sheet and profit-and-loss statements. At the organizational level, information participation usually occurs in three primary ways. First, notification, where managers provide information to workers through briefing groups, newsletters, bulletin boards or memoranda. Second, consultation, where managers elicit worker views through employee attitude surveys, suggestion schemes or open-door policies. Third, interaction, where workers and managers interact through employee councils, quality circles, production teams, joint union and management committees or communication groups.

Decision-making participation at the societal level includes national collective bargaining such as joint industrial councils or Whitley Committees in the UK, and mandated employee representatives on company boards such as co-determination in Germany. At the organizational level, decision-making participation includes collective bargaining where employer and employee representatives negotiate employee-related issues, as well as institutions in which employee representatives sit on bodies such as employee councils, board of directors, or strategic-level worker-management committees.

Ownership participation at the macro-level includes several experiments in social ownership where workers and other individuals in communities have taken an ownership stake in the enterprise (such as Kibbutzim in Israel and the Mondragon co-operatives of the Basque region of Northern Spain). More direct forms of social ownership have included the Kolkhoz (collective farms) in the former Soviet Union and Workers' Council in the former Yugoslavia. For the most part, however, nationalised or other state-owned enterprises typically found in communist or socialist nations generally do not fall into the category of worker participation because workers usually do not participate in the ownership of the enterprise. At the company-level, ownership participation by workers includes both producer co-operatives and various forms of employee-owned firms described in detail above. A model of the forms of employee participation as described in the paragraphs above is illustrated in Figure 2 below.

Figure 2: Classification of Worker Participation

	Ownership Participation	*Decision-Making Participation*	*Information Participation*	*Financial Participation*
Macro-Level (Society)	**Social Ownership**	**Joint Industrial Councils**	**Works Councils and Disclosure Laws**	**Wage Earner and Investment Funds**
Micro-Levels (Organisational)	**Employee Ownership**	**Collective Bargaining**	**Briefing Circles and Teams**	**Profit-Sharing**

Although employee ownership falls into several categories of participation, it differs from the other participation mechanisms in two primary ways. First, the other forms of participation seek to enhance work effort or protect worker interests by holding out to employees the prospect of sharing in firm profits, information, or decision-making. Employee ownership schemes go further, however, and provide employees with partial or total equity in the firm and thus commit workers to an investment in the affairs of their employers on which they may lose or gain financially. As such, employee share ownership may possess a "stronger logic" than the other methods in pursuit of greater employee trust, loyalty, commitment, identity, and belonging (Baddon et al 1989:8).

Second, employee ownership involves a legal claim not present in the other participation categories. Share ownership can appeal to the instrumental orientations of workers but also purports to create a psychologically compelling and enticing commitment to work and organizational goals that may lead to substantial changes in employee attitudes and behaviour (Poole and Jenkins 1991; Long 1978a). Although these differences may have beneficial or detrimental consequences, employee ownership has the potential to create profound, significant, and real impact on organizational change.

1.4.4. Integrating Employee Ownership into Worker Participation and HRM

Attempts to create theoretical and practical models of employee ownership and worker participation have fascinated both thinkers and practitioners for centuries. The theoretical models and actual experiments in social or employee ownership vary and draw support from various ideological perspectives. This section integrates the various ideals and attempts at worker ownership or participation. Any attempt to provide a linear progression of worker ownership and participation would prove futile, however, because various participatory forms and principles have gained in popularity and then receded into obscurity at various times in history, in different places, and in response to diverse economic, political, and cultural factors. Nonetheless, certain prominent beliefs and practices stand out. Understanding these ideas and their subsequent impact requires a brief understanding of the historical and cultural context in which they originated.

Attempts at worker participation date back ideologically to the late eighteenth and early nineteenth centuries to utopian socialists such as Buchez, Comte, Fourier, Proudhon, and Saint-Simon in France; Baader, Von Mohl, and Wohlwill in Germany; and the "father" of the co-operative movement, Robert Owens, in the UK. In addition, several radical clergymen who were part of the Catholic social movement and various Christian socialists such as Neale and Nudlow in the UK also advocated various forms of worker participation during the same period (Outhwaite and Bottomore 1994). Although writing in different historical circumstances and from different perspectives, these theorists all reacted to the birth of industrial society, the subsequent division between capital and labour, and the creation of a new class of wage-earners. In most instances, both Christian and utopian socialists advocated the creation of production communes or co-operatives dedicated to the general good and to reducing worker alienation through cooperation, participation, and self-determination. In some cases, utopian socialists such as Buchez called for the replacement of the state with a free association of producers.

In the mid-nineteenth century, proletarian socialists such as Marx and Bakunin responded to the pervasive worker alienation experienced by wage labourers under the exploitative processes of the industrial revolution. These theorists argued for the expropriation of the means of production and the transfer of control over surplus value to the workers themselves. Marx believed that political organizations would best achieve this result and his thinking provided the groundwork for communism. In contrast, Bakunin felt that trade unions and industrial action provided a better route to reform and his thinking provided the framework for syndicalism and industrial unionism.

In the late nineteenth century, Fabian socialists, such as the Webbs, argued for democratic industrial relations in which management would recognise workers as equal partners in industry-wide and national bargaining and the state would take a leading role in the "commanding heights of the economy". This thinking later led to policies supporting nationalisation of basic industries, trade union representatives on the boards of nationalised enterprises, and worker participation on plant-level committees. In the early and mid-twentieth century, guild socialists such as Cole (1975) rejected the utopianism of Marxism and advocated instead the creation of nationalised industries run by craft unions ("guilds") that would work closely with socialist leaders on reforming economic policy.

The social and economic dislocation caused by World War II heralded a general but significant ideological shift in the capitalist world from a push for absolute control (associated with communism) to shared power. The underlying basis of the shift was a general acceptance among Western nations that capitalism was an imperfect but viable economic system. Importantly, this shift included a move from macro-social (national economic) issues to micro-organizational (company management) issues. At the organizational level, there was a related shift in concern from a determinative say in decision-making to a consultative role. This trend towards more restricted worker participation at the organizational level resulted in two capitalist models. These models were consultative participation (such as joint consultation in the UK and co-management such as co-determination in Germany), and self-management in a small number of socialist or communist countries (such as Workers' Councils in Yugoslavia).

Reflecting the move from the macro-social to the micro-organizational level and the emphasis on joint decision-making rather than worker control, collective bargaining rose to prominence in this period as the most widespread form of industrial participation in North American and Europe. Collective bargaining is concerned with both worker representation and participation in the rules governing the terms and conditions of employment, equal rights, and due process through negotiation (Jackson 1992). Collective bargaining differs from the worker participation models in three primary ways. First, collective bargaining is an intermittent process that occurs at fixed intervals, while worker participation is a continuous, on-going process. Second, collective bargaining usually occurs in a disjunctive (conflict-oriented) environment while worker participation usually functions in an integrative (co-operative) mode. Third, collective bargaining is largely a corrective and responsive measure intended to ameliorate worker abuse, while worker participation is both corrective and preventative designed to create structures that eliminate worker abuse. Indeed, collective bargaining implicitly accepts (but attempts to mitigate) the existing distribution of organizational wealth, while worker participation advocates revolutionary changes that involve a transfer of wealth and control to workers.

At the same time during the post-war period, several organizational theorists and practitioners began to realise that certain benefits could accrue to companies from increased worker participation and involvement in company decision-making. With a few notable exceptions, most employers and managers had not supported any of the earlier worker participation models. The exceptions to this general principle date back to the early eighteenth century when several companies in places such as France and the UK implemented different kinds of participatory schemes as profit-sharing. These schemes represented an act of faith and generosity (paternalistic and religious reasons) or were implemented to secure greater employee compliance (manipulative reasons) (Baddon et al 1989). Several paternalist companies in the UK instituted employee share schemes during the early twentieth century such as ICI in 1927 (Aitken and Wood 1989).

These efforts were relatively short-lived, however, and occurred largely in isolation. The shift in managerial thinking towards greater worker involvement during this period is related to the human relations school mentioned earlier and associated with theorists such as Mayo, Argyris, and McGregor. These authors rejected the "autocracy syndrome" prevalent amongst most managers (who embraced Taylorist, Fordist or Scientific Management principles) and advocated instead a managerial approach involving mutual trust, confidence, respect, middle manager autonomy, and open, bilateral communication.

Although they share some similarities, the worker participation and HRM approaches differ fundamentally. First, HRM seeks primarily to "humanise" the working environment, while worker participation involves significant changes in the organizational power structure. As such, HRM involves mostly a psychological phenomenon intended to motivate workers to produce and contribute more, while worker participation involves substantive political and economic issues related to the distribution of organizational influence, power, and wealth. Second, HRM ultimately aims to improve organizational effectiveness and performance by involving workers more in the decision-making process ("empowerment"). In contrast, worker participation views the empowering of workers as an end in itself and defines empowerment as encouraging the personality growth of workers, developing their individual potential, and improving their mental health. Third, HRM is largely a managerial approach designed to strengthen managerial control over and authority in the workplace, while worker participation seeks to effectuate greater sharing of power or subjugation of managerial responsibility to worker authority, both of which entail a reduction in managerial power and control.

These lines have become blurred in the modern era, however, with the advent of sophisticated managerial tools and techniques that seem to resemble parts of the worker participation model, but that are actually grounded in HRM and managerial control. ESOPs and other employee-owned firms often serve as good examples of the dualistic nature that employee ownership assumes today. In theory, ESOPs can be placed in the worker participation model because they can facilitate a substantial transfer of both legal ownership and organizational control from employer to employees through an independent trust mechanism. At the same time, ESOPs may also fall into the category of HRM and managerial control because managers can provide only limited control or involvement to employees by, for example, dominating the employee trust. This dualistic nature of ESOPs is a central focus of this study.

1.5. CHAPTER SUMMARY

This research addresses several weaknesses in the existing literature on employee share ownership by conducting a case study analysis of six employee-owned firms in a developing country (Jamaica) that examines the attitudinal, behavioural, and interactional impact of share ownership on employees within the broader organizational context. This chapter has provided a theoretical and analytical framework for the research by first describing and distinguishing the overlapping, but different kinds of employee-owned organizations: socially-owned firms, producer co-operatives, and employee-owned firms. This study focuses primarily on employee-owned firms.

The chapter also examines the various sub-categories of employee-owned firms using the dimensions of share eligibility (restricted or open), method of holding shares (individual or trust-based), and purpose of shares (savings or retirement-linked). ESOPs have become increasingly popular, although a wide variety of ESOPs exists. The six case studies were all open, trust-based, saving schemes that integrated elements of individual ownership in the holding and voting of shares, but did not receive tax incentives.

Although employee ownership has undeniably grown rapidly and extensively over the past two decades, the growth has slowed in recent years, has been skewed towards higher-status employees, and has not resulted in significant transfers of wealth or control. Even so, however, many non-traditional employees have had the relatively rare opportunity to own shares, and some employee-owned firms have made significant efforts towards greater internal democracy and egalitarian organizational control.

Academics have conducted theoretical and empirical research on ESOPs in various disciplines, although most studies have been found primarily in HRM. Other theoretical perspectives within the organizational behaviour literature such as structural, political, and symbolic theory are also applicable and thus may be useful in understanding the nature and role of ESOPs and employee-owned firms in general. Most of the recent literature on share schemes has been in HRM and worker participation, even though both theoretical perspectives differ in several regards. Indeed, ESOPs adopt a dualistic nature because they can be a means of facilitating substantial control to employees and yet can also be used by managers as another tool of control.

CHAPTER 2: RESEARCH METHODOLOGY

2.1. INTRODUCTION

Researching employee ownership in Jamaican firms requires an appropriate research strategy that provides an operational framework stipulating the nature and sources of information to be collected. This research strategy in turn determines the appropriate research techniques (interviews, surveys, observation, etc.) for data collection, measurement, and analysis (Oppenheim 1992). The research strategy depends on several factors. First, it depends on the aims and target users of the research. Second, it depends on the purpose of the research (exploratory, descriptive or prescriptive). Third, it depends on the focus of the research (theory-building or theory-testing). Fourth, it depends on the research questions, practical research constraints (time, access, resources, etc.), and the degree of researcher control over the phenomena under study.

My research presented an interesting dilemma. On one hand, there exists a relatively extensive amount of literature on the impact of employee ownership that lends itself to hypothesis-testing research. On the other hand, most of the literature is confined primarily to countries in the developed world. But there are several difficulties in applying organizational and managerial findings across national boundaries because cultural differences between countries often lead to different approaches to and definitions of organizational concepts such as authority, style, conduct, participation, and attitudes (Redding 1994:346). Specifically, care must be taken in applying research instruments (such as questionnaires) from one cultural context to another because employees in different nations often do not share similar frames of reference, value systems, perceptions, and interests. As Riordan and Vandenbers (1994:644) observe:

> Since many research instruments are designed to tap some aspect of work experience, it is not readily apparent that respondents from diverse groups will complete the measure using the same definitions of organizational concepts. Any comparison between cultural groups is only appropriate if construct equivalence between them is established first.

In addition, several theorists argue that the practices and behaviours of managers in the developing world usually differ from those of their counterparts in industrialised nations (Kiggundu 1990). For example, in many companies in developing countries, planning is non-existent or simply based on precedence; organizational structures are rigid, hierarchical, and status oriented; decisions are made on 'non-rational' criteria; and rewards are based not on performance but on other criteria (Boxill 1994). Certain preferred managerial styles such as Theory Y and similar strategies may thus not be inappropriate in developing countries and may even run counter to the values in the cultures of those countries. Within the Caribbean context, Boxill (1994:55-6) observes:

> [T]he nature of social organization in Western industrialized countries reflects their social, political and economic realities. Industrialized countries typically exhibit high levels of per capita income, low levels of unemployment and poverty, relatively stable political systems and ration-legal authority systems. In contrast Caribbean countries exhibit great disparities in wealth, relatively unstable political systems, high levels of unemployment and poverty, and authority systems which reflect elements of rationality coexisting with high levels of paternalism. Additionally, Caribbean states are more at the mercy of the vicissitudes of the world economy than industrialized countries.

Furthermore, there are also problems with using theories and research instruments from studies on employee ownership in other developing nations at a similar stage of development to that of Jamaica because of significant cross-national differences. Hofstede (1983:76) argues, for example, that different countries have distinct institutions rooted in their unique histories that affect individuals within those institutions in strikingly different ways. In addition, Hofstede suggests that nationality has a symbolic value to citizens that forms part of their personal identity resulting in several cross-cultural distinctions among employees. Moreover, national cultural factors partly condition how people think, a process Hofstede (1983:76) labels "collective mental programming." In the Caribbean context, Lindo (1994:48) observes:

> The Caribbean workers, at least those of mainly African origin, are the end product of a massive array of geographical, historical and cultural influences which in combination have produced a finished output which is unique. Geographically, they are displaced persons, but the displacement was not voluntary. Culturally, too, they have been displaced because the people who brought them here did not permit them to maintain their cultural identity but

> attempted in every possible way to destroy, suppress, belittle and devalue this cultural expression.

Chapter 3 examines these and other variables that may have affected many Jamaican employees.

Section 2.2 of this chapter outlines the research strategy of the study. Section 2.3 discusses the main philosophical positions, assumptions, and approaches in social science research that provides a framework for understanding the use of case study analysis. Section 2.4 examines the research designs that could be used to examine the organizational impact of employee share ownership and discusses the use of the case study approach. Section 2.5 presents an overview of the specific methods used in the actual fieldwork and the major issues that arose. Section 2.6 summarises the chapter.

2.2. THE RESEARCH STRATEGY

With the constraints and suggestions related to the difficulties involved in cross-cultural research in mind, we can address the research strategy issues listed above.

2.2.1. The Aims and Target Users of the Research

The research findings in this study are aimed primarily at both academics and parties in the organizational context (e.g., managers, workers, trade unions, advisers, and consultants). First, the results are intended to contribute to their understanding of whether employee ownership has an impact on worker attitudes and interaction with management, and if so, in what ways and under what circumstances. Second, the results may be used by managers, workers, and trade union officials in (Jamaican) firms contemplating the introduction of employee ownership schemes by highlighting possible difficulties and potential advantages associated with such schemes. Third, the findings may be useful to the Inter-American Development Bank (and other donor agencies interested in funding employee ownership projects) by providing an academic framework of employee ownership schemes that can be used to evaluate those initiatives. The study is also useful to academics as it uses a case study approach to examine the attitudinal and behavioural effects of employee ownership in Jamaican firms, findings which can be compared and contrasted with findings from other nations.

2.2.2. The Purpose of the Research

As indicated above, the literature on employee ownership and its effects in developed nations is relatively extensive. Similar literature on developing countries is limited, however, and practically non-existent in Jamaica. Given that this study focuses on employee ownership in Jamaica, the primary purpose of the research is exploratory so as to examine the impact of employee ownership in the Jamaican organizational context. Exploratory research is used primarily when the researcher is investigating a little understood phenomenon, where the developed data are limited, or where the researcher lacks a clear idea of the problems that will be faced. As a result, the exploratory approach is usually more unstructured and less focused on pre-determined objectives. Because similar research has been done elsewhere, however, the study also has limited potential for explanatory and predictive research. Embracing exploratory research was valuable because it allowed me to develop concepts into more clearly established priorities that led to an improvement in the final research design. Exploratory research also allowed me to generate hypotheses for further research and to discover significant variables and relationships for subsequent more refined explanatory or predictive research. This study is also both descriptive and analytical to the extent that it attempts to describe and understand the phenomenon of employee ownership in Jamaica and its effects on a specified subject population.

2.2.3. The Focus of the Research

The research in this study has a dualistic focus of both theory-building and theory-testing. To the extent that the existing literature and empirical work on organizations in Jamaica is limited, this study is concerned primarily with generating a coherent theoretical framework for employee ownership in Jamaica. This theory building exercise adopts an inductive approach and relies primarily on the interpretation and analysis of the data collected from the case studies. In addition, however, this study aims to contribute to the fairly expansive literature on employee ownership by examining how the empirical data from Jamaica compares with similar research in other nations. In this way, the study combines the inductive with a deductive methodology. The deductive method starts from a pre-existing theoretical perspective and thus involves theory-testing or, more accurately in this study, theory re-generation. As several researchers have noted, combining elements of induction and deduction can be both necessary and useful in providing greater insight and understanding into complex phenomena under study such as this:

> [D]eductive as well as inductive thinking are both very much a part of the analytic process. For instance, there may be times when the analyst is not able immediately to find evidence of process in data . . . . When this happens, the analyst can turn to deductive thinking and hypothesise possible potential situations of change, then go back to the data or field situation and look for evidence to support, refute or modify that hypothesis (Strauss and Corbin 1990:148).

In sum, this study attempts to understand and build upon existing theoretical developments and to determine how my study fits in or changes that paradigm.

2.3. THE PHILOSOPHICAL FRAMEWORK

Before detailing the research strategy used in this study, it is beneficial to provide a brief discussion of the main philosophical approaches to research in the social sciences. The dominant approach for many years, positivism, entails a wide variety of views and beliefs that fall into the more generalised tradition of causal explanation (Erklären). More recently in the literature, an anti-positivist movement has emerged in response to positivism that falls into the broader historical and intellectual tradition of interpretative understanding (Verstehen). Although positivism and anti-positivism encompass many complex and often contradictory strands, certain fundamental elements can be distilled from each position. Positivism is concerned with formulating general propositions or "laws" believed to govern human behaviour and interaction while anti-positivism (or naturalism) is primarily concerned with individual phenomena and understanding the diverse and complex ways in which those phenomena interact.

Positivism has led to a tradition of social research dedicated to attaining standards of rigour comparable to those in the so-called "hard" sciences such as physics and chemistry. The positivist view is based on a nominalist and voluntaristic conception of society as a mere aggregate of individuals and, as such, is concerned primarily with issues of operationalisation and verification. On the other hand, anti-positivism rejects the notion that natural and social sciences are ontologically or logically compatible, and holds that "explanatory" social science is largely untenable. Anti-positivists explain that causal explanations of human behaviour cannot be constructed because beliefs are inherently meaningful and constituted by the understanding that participants have of them (Outhwaite and Bottomore 1994:497).

Flowing from its scientific assumptions, the positivist perspective focuses on issues of testability, replicability, and feasibility. Thus the ultimate aim of positivism is to understand, manipulate, and control the natural world. Indeed, epistemological validity and progress are seen in terms of prediction and control (Redding 1994). In contrast, the purpose of social investigation for anti-positivists is to make human behaviour intelligible by interpreting it in relation to subjective intent. Importantly, anti-positivists feel that such interpretations involve a projection of cultural prejudices grounded in a network of socially-constructed expectations and assumptions that make up a cultural tradition. Thus, the aims of naturalistic inquiry are not to duplicate or confirm previous research, but to revise prejudice by illuminating new dimensions of a phenomenon.

From these broad philosophical approaches, we can identify a continuum of research methodologies based on their relative emphasis on deduction or induction, their degree of structure, the data they generate, and the explanatory forms they create (Gill and Johnson 1991:36). At one extreme, nomothetic methodology falls into the positivist camp. At the other end of the continuum, idiographic methodology flows from the anti-positivist approach. Nomothetic research is based on systematic protocol and emulates natural science methodology by focusing on the process of testing hypotheses in accordance with standards of scientific rigour. As such, it often calls for precise models and adopts standardised research instruments that are used to measure quantified and operationalised concepts. In addition, the instruments of enquiry largely determine the questions asked and the definitions of many concepts about the research.

Idiographic methodology, in contrast, embraces a subjective account generated by "getting inside" situations. The emphasis is on theory grounded in empirical observations that take account of subjects' meaning and interpretative systems in order to acquire greater understanding. Indeed, the dominant branch of idiographic methodology, ethnography, evolved largely from anthropological and sociological research traditions. Ethnography enables the researcher to use the cultural setting of an organization to account for the observed phenomenon. The ultimate aim of ethnographic research is to uncover, understand, and explicate the ways in which individuals and groups come to understand and take action in given situations.

Nomothetic methodology places a priority on quasi-experimental designs and quantitative surveys. It often includes statistical measurements that are cross-tabulated with one another to explain the variability of social events. Idiographic methodological approaches, and particularly ethnography, rely instead on fieldwork and case studies that use interviews, participant observations (and sometimes surveys) as its main research technique. The aim of these designs is to provide an in-depth, detailed descriptive account of social actions occurring at a specific time. This qualitative approach allows the researcher to uncover complex and dynamic interactions among organizational actors, functions, and processes. In so doing, however, it is highly susceptible to researcher bias and unreliability, as it is dependent on the researcher's interpretations and frames of reference. In contrast, quantitative approaches associated with nomothetic methodology provide greater objectivity, reliability, and generalisability, but often ignore many important and complex organizational realities.

2.4. THE RESEARCH DESIGN

Several difficulties are inherent in researching the impact of employee ownership in organizations, particularly on worker attitudes and responses. First, most studies of employee ownership from several different countries produce mixed and inconclusive results about its effects. These results are explained in large part because employee ownership schemes cannot be separated from the specific conditions in which they arise. Second, it is often difficult to determine if employee ownership is the cause of observed organizational change or simply a response itself to broader environmental forces that lead management to implement it. Put another way, does employee ownership improve a company's performance or do well-run companies embrace the concept? Third, there are causal difficulties in assuming that, after implementing employee ownership, an increase in employee commitment and satisfaction necessarily is the cause of company productivity and profitability (the use of slaves in America was highly productive, for example, but slave satisfaction was undoubtedly rather low).

With these issues in mind, we can then compare the three distinct (but not mutually exclusive) research designs that can be used to study employee ownership that flow from the nomothetic-idiographic methodological spectrum. First, a quantitative survey of employees in one or more employee-owned firms; second, a quasi-experimental design (either performing a longitudinal study of an organization before and after employee ownership or comparing employee-owned organizations with conventionally-owned firms); or third, case studies of employee-owned organization(s).

There are serious problems associated with quantitative survey designs that collate numerical data on frequencies of employee actions and use operationalised written questionnaires to ascertain worker attitudes. First, the traditional "objective" indices of employee satisfaction and commitment – labor turnover, absenteeism and grievance rates – are not entirely reliable in providing a complete and accurate overall picture because many variables unrelated to employee ownership may be more important. Moreover, written questionnaires offer only a snapshot of employee views at a particular time and make it difficult to identify the agents responsible for influencing employee dispositions (Ramsey et al 1990:185).

In addition, written questionnaires are often inadequate in eliciting the underlying feelings that workers may possess. For example, Iles et al (1990:148) distinguish different forms of employee commitment. First, affective commitment occurs when employees are loyal, identify with the company, display strong psychological involvement, and desire to exert significant effort for the organization. Second, calculative commitment occurs when employees simply evaluate the costs and benefits of maintaining organizational membership using an instrumental-calculative approach and conclude that remaining with the company narrowly outweighs the advantages of leaving. Third, alienative commitment occurs when employees are committed to the organization because they perceive few existing alternatives and some sacrifice and disruption if they leave. It would be difficult to construct questions that would delve sufficiently deep to identify the nature of employee commitment. Even if this was possible, many workers would be reluctant or unable to reveal these intricate thought processes in a written questionnaire format.

Using a quasi-experimental design also poses several problems. Comparing employee-owned and conventional firms would involve several time and resource difficulties, and comparisons would be extraordinarily difficult to make. It would be virtually impossible to control for the myriad variables constantly at work within and external to the organization (e.g., company sector, size, and climate). In general, studying the effects of ownership in the organizational context precludes the effective use of experimental or laboratory-type approaches as these efforts would fail to adequately reproduce the complex and dynamic factors involved in a functional business environment. A longitudinal design is preferable in many ways, but is also restrictive. In the Jamaican context, a pre-test and post-test design would have been impossible because of the limited population of pre-legislation employee-owned companies. Moreover, the study of an organization before and after the implementation of employee ownership involves a highly problematic assumption:

> This analysis is based on a mistaken idea of how change works in practice, with [employee share ownership] as the 'input' and some measure of performance as the 'output.' In reality, few managements think so crudely. Rather, a

> change such as a new share scheme would be expected to initiate gradual changes in employees, which would have to interact with many other processes of change before producing a result. An input-output analysis is much too hasty. The first step, surely, is to examine the intermediate changes which management is trying to achieve (Fogarty and White 1988: 10-1).

Moreover, in their study of employee shareholder attitudes in two privatised utilities in the UK, Nichols and O'Connell Davidson (1992:108) caution against "accepting any clear and necessary relation between the introduction of employee share ownership and subsequent changes." Any meaningful research into the impact of employee ownership therefore requires a more detailed investigation into various factors. First, the originators of the plan, the objectives and intentions of the originating parties, and the industrial relations climate and environment in which the share ownership plan was introduced. Second, the method of implementation (e.g., preliminary communication, decision-making structure, and selection criteria), the extent and amount of employee ownership, and the degree of employee involvement and control. Third, the extent of managerial commitment (or lack thereof) to employee ownership, as well as the managerial style and approach to industrial relations and communication with workers.

Given these important contextual variables, a nomothetic methodological approach utilising the case study method was chosen as the most appropriate for this study because it satisfied the need to understand the complex social phenomenon of employee ownership. The case study approach requires that researchers make every effort to retain the holistic and meaningful characteristics of real-life events within the employee-owed firms and to acquire a greater understanding of the contemporary and historical context in which those firms function. Detailed case studies also help the researcher to provide an understanding of the complex processes and structures at work in employee-owned companies rather than establishing a simplistic cause-effect relationship. As such, case studies allow researchers to examine many aspects of employee ownership as they interact with other variables in the holistic organizational context. In recent years, several authors (e.g., Keef 1998; Wilkinson et al 1994; Ramsey et al 1990) have reviewed the empirical literature on employee ownership and have lamented the lack of case study research. For example, Baddon et al (1989) argue that there have been few instances of research based on case studies which would help to provide the vital depth of analysis for a fuller understanding of the operation and impact of employee share ownership schemes.

Despite the many benefits of case studies, however, they also pose several difficulties. Many critics feel that case studies are too specific and unique, prone to researcher bias (in data selection, collection, and interpretation), cannot test hypotheses well, and cannot be replicated, compared or generalised. In response, Lincoln and Guba (1985) identify four constructs for the qualitative research paradigm similar to those for positivist research that are designed to establish the "truth value" of a study, as well as its applicability, consistency, and neutrality. These constructs were used in the course of this study to address the concerns with case studies. Credibility (internal validity) questions whether the subject was accurately identified and described. Transferability (external validity) assesses the applicability of the study's findings to other similar contexts. Dependability (reliability) seeks to account for changing conditions in the phenomenon being studied. Confirmability (objectivity) determines if other researchers can confirm the study's methodology and findings.

This study addressed the issue of credibility by attempting to acquire an intimate knowledge of the case study organizations. Using a combination of techniques (triangulation) to study the same phenomenon of employee ownership was the best method to accomplish this goal. This multi-technique approach rests on the premise that the limitations of a given technique are compensated by the counterbalancing strengths of other techniques. In addition, the use of multiple techniques increases researcher confidence that variance among subjects reflects differences in subject attributes rather than in techniques (Snow and Thomas 1994). As several researchers have noted, the unique strength of the case study method is its ability to deal with a full variety of evidence from different sources (Yin 1984). As such, various research techniques where utilised in the research, including a quantitative-type survey approach to employee interviews. In addition, a form of "case study triangulation" was used by examining multiple cases (six organizations) to strengthen the validity of the theoretical model. Burgess (1982:620) explains the value of the multiple case approach:

> [M]ultiple cases are a powerful means to create theory because they permit replication and extension among individual cases. Replication simply means that individual cases can be used for independent corroboration of specific propositions. Corroboration helps researchers to perceive patterns more easily and eliminate chance associations. Extension refers to the use of multiple cases to develop more elaborate theory. Different cases often emphasise complementary aspects of a phenomenon. By piecing

> together the individual patterns, the researcher can draw a more complete theoretical picture.

Three additional types of research triangulation were used in this study: data, source, and technique triangulation (Bennett 1983; Sieber 1982). The various data collected included factual information on the structure and design of employee ownership, the economic and industrial relations performance of the firms, as well as subjective information (e.g., attitudes and behaviour) from various parties both internal and external to the case study companies. Source triangulation ensured that information came from a wide variety of sources. These resources included senior managers in each company (including the chief executive officer in each case), trade union officials, workers of all different levels in the companies, and external parties who played a role in and sustaining employee ownership (e.g., business and legal consultants and relevant government officials). Several techniques were also used. These included unstructured and semi-structured interviews with union and government officials as well as semi-structured and structured interviews with employees conducted in a survey-type fashion. These also included examination of written company documentation such as formal archival records and minutes, internal memoranda, and annual reports; and participant observation including spending several weeks in each company and attending meetings and other formal and informal firm events along with employees and managers.

In addressing transferability, the study attempted to develop in-depth case studies that provide rich descriptions and contextualisations and allow practitioners to assess the applicability of the findings to their own particular circumstances. This required the establishment of a sufficiently adequate database involving interviews with several hundred employees and other organizational actors. Although others may be able to generalise from these findings in various contexts, the primary purpose of the study is to make a contribution to theory development and enhancement through analysis of the collected data. As such, the research focuses less on statistical generalisation and more on comparing the different employee-owned organizations in an effort to identify major patterns and to illuminate interesting dimensions. Following Lewin (1951), emphasis is placed on producing constructs such as metaphors and diagrams used both to make generalisations and to allow a greater understanding of the role that employee ownership played in each case study and across the studies.

In dealing with the issue of dependability, it is important to understand that qualitative studies like this one are difficult to replicate by their very nature because companies in the real world change constantly. Of course, the degree of replication possible depends on the nature and extent of those changes. These changes often result in subtle or dramatic shifts in the subjective perceptions, beliefs, attitudes, and responses of individuals within those organizations. Despite this fact, however, this study aimed to ensure that the methodological approach remained transparent and constant even though the subject phenomena may have changed. As such, particular effort was placed on maintaining an effective record-keeping system that retained all relevant data and data-collection mechanisms. In addition, most field notes and a record of research design decisions and changes were kept, as well as the rationale and justifications for the decisions and changes. By keeping data and decision-making in an organised and retrievable form, this provides easy access for interested researchers.

An effort was also made to ensure confirmability by establishing a regularised "audit" trail so that other researchers who may attempt to perform the same study would easily understand the basic justification for and outline of the research methodology (Lincoln and Guba 1985:319-20). Establishing an audit trail required a carefully delineated record of the research material collected and analysed in the study. Six broad categories of research materials were retained that are closely related to the logical progression of the research (Lincoln and Guba 1985:320. The first category includes instrument-developing formation (pilot forms and interview questions). The second category includes raw data (interview transcripts, field notes, and all company documentation). The third category includes data reduction and analysis products (summaries of notes, quantitative summaries, and working hypotheses and concepts). The fourth category includes process notes (notes on research procedures, design, strategies, and rationale). The fifth category includes intention and disposition material (inquiry proposal as well as personal notes). The sixth category includes data reconstruction and synthesis products (findings, conclusions, and final report).

2.4.1. Case Study Selection and Research Techniques

The two most important steps in the case study approach involved selecting the cases to be studied and determining the specific techniques to be used for data collection and measurement. Selecting the appropriate research sites was important as each case has a major impact on the identifiable empirical patterns (and thus on the ultimate findings and theoretical development). As such, the most important criterion was that each case should serve a specific and readily apparent purpose. Importantly, following Yin's (1984:39) approach to case studies, the cases in this study were selected both as a representative sample of employee-owned companies in Jamaica (statistical generalisation) and because each company could contribute to my attempt at generalising the results to broader theory (analytic generalisation). Indeed, the empirical results of the case study are integrated into the employee ownership literature.

Based on preliminary interviews with senior officials responsible for the ESOP legislation as well as inquiries made with various business leaders and trade union officials, eight companies in Jamaica were identified as employee-owned. The only two surviving production co-operatives in Jamaica, a printery and co-operative farm, were excluded from this study's subject population because co-operatives differ from share schemes in several ways. Although co-operatives share some similarities with wholly worker-owned companies conceptually and intellectually, co-operative "ownership" is a function of membership and work contribution whereas share ownership arises solely out of a purchase of share certificates, a significant analytic and practical difference (discussed in Chapter 1). Two companies (both publicly-traded) were also identified that had sold shares to employees several years ago (in 1977 and 1985). In interviews conducted with senior managers from both companies, it was revealed that fewer than 20% of employees in each company had retained their shares, a figure too low for the companies to be considered employee-owned. Furthermore, the share scheme had been discontinued in one company (Seprod). In the other (Grace), subsequent share offerings had been taken up primarily by managers (who owned nearly 20% of issued shares and had become the largest shareholders in the company as a group), making it a management-owned rather than an employee-owned company.

The subject population of eight companies included six companies that had been privatised by the government (two of them majority worker-owned) and two companies that had sold shares to their employees without government involvement. Five of the six privatised companies and one of the two non-privatised companies were selected as case studies for my research because they most closely approximated the type of company targeted by the recently-passed ESOP legislation. The two omitted companies were both large subsidiaries of foreign firms and were thus relatively atypical in a country where domestic ownership of business greatly exceeds foreign ownership. In addition foreign ownership is a powerful variable that probably would have weighed disproportionately in making case study comparisons. Most importantly, time and resource constraints precluded the inclusion of eight case studies. Thus, this study examines <u>all</u> the locally-owned corporations in Jamaica where more than 50% of employees owned shares in the company prior to the passage of the ESOP legislation.

Although statistical generalisation was not a primary goal in selecting the companies, the six employee-owned companies come from various industries, had different sizes and backgrounds, and were located in rural and urban areas. All of these companies thus provided some diversity and acted as a limited control for structural or contextual factors other than employee ownership. In addition, interviews were conducted with both shareholders and non-shareholders in each company to provide a limited "control" group in examining employee responses. Although the companies agreed to have their names used in the study, industry-based pseudonyms are used for simplicity and ease of reference. Broiler Co. is the only case study whose management offered shares to its workers without government intervention. Radio Co., Bank Co., and Cement Co. were all nationalised by the government during the late 1980s and later privatised with employee share schemes. Print Co. and Computer Co. are both former government departments that were divested by the government and purchased by their workers in employee buyouts. Chapter 4 provides a detailed overview of each company.

2.4.2. Methodology and Contextual Factors

Four main research techniques were used in the study. The first was semi-structured and unstructured interviews with various relevant parties external to the case study companies. The second was structured and semi-structured worker interview survey administered on a one-to-one basis and group settings. The third was an analysis of written company documentation. The fourth was participant observation in the case study companies. The fieldwork was conducted over a total seven-month period involving two visits to Jamaica between July - September 1994 and December 1994 - March 1995. Research in each company was affected by several critical external and internal variables. First, the passage of the ESOP legislation in March 1994 and the subsequent publicity served to heighten awareness and sharpen the focus of public opinion on the concept of employee ownership. Most of the media coverage was positive, but several commentators expressed their reservations and doubts about ESOPs. Only a few interview respondents mentioned the impact of these external media influences. Even so, however, any analysis of the responses must recognise the fact that several newspaper and magazine articles explaining the ESOP concept were featured prominently throughout the duration of my research, which may have affected the comprehension levels and opinions of respondents.

Second, a serious upheaval in the industrial relations climate in the country occurred over several months in the end of 1994 and the beginning of 1995, in which all major industries experienced serious strike action by employees. Only one of the case study companies, Bank Co., succumbed to this tide of industrial unrest when employees went on a company-wide strike in September 1994, four months before my interviews took place. The strike clearly had a major impact on my fieldwork as it was the first strike in the company in over eighteen years and coincided with several significant and related changes the bank had experienced in the months preceding the strike. These changes included the appointment of a new managing director, a merger with another bank, and the advent of new owners who purchased the Government's remaining shareholding in the bank. The hostile industrial climate affected respondents in all six companies, some of whom made references to other companies experiencing industrial unrest, either to point out their own company's apparent immunity from strike action or to indicate their company's impending journey towards a similar fate.

Third, movements in the stock market clearly affected the research in a serious way, particularly in the four publicly-traded companies. In 1992, the International Finance Corporation rated Jamaica's stock market as the fastest growing in the world as the market index grew by over 235% and stock prices rose to astronomical levels. Since that time, however, the market has experienced a series of corrections, prices have plummeted, and many equity investors lost several billion dollars. In addition, for several weeks during the fieldwork, the stock market moved in highly erratic ways by making inexplicably rapid advances and experiencing severe downward turns, all within just a few days. In February 1995, a front-page article in a leading financial newspaper questioned whether insider trading was responsible for the one-day 60% drop in the price of Bank Co.'s shares, seemingly unrelated to the bank's performance. The appearance of this article in the middle of my research in Bank Co. clearly affected several respondents who pointed to the article as confirmation of what <u>they</u> had believed all along about the managers of the company.

Fourth, Jamaican companies, like their counterparts in Europe, North America, and around the world, face severe international competitive pressures and have implemented a wide array of programmes and policies in order to compete more effectively in the increasingly globalised world economy. In three of the six companies, Cement Co., Print Co., and Broiler Co., significant staff reductions had taken place in the months prior to my research or were going to occur within a few months in order to improve efficiency. This created an atmosphere of tension, uncertainty, and fear that resulted in many respondents being very careful in responding to questions (although this did not have a significant effect on response rates, as discussed below). During the course of my research, Bank Co. instituted a hiring freeze while Computer Co. faced such a financial crisis that it was often unable to pay employees. Computer Co.'s financial crisis resulted in the relatively low response rate (73%) for that company – the lowest of the six companies – as many employees were so unsure about the future, they had no desire to speak to anyone about the company. Indeed, within a three-week period, ten employees left the company and the company eventually closed down. As the only case study company that was not downsizing or facing a financial crisis, Radio Co. had its own problems. Previously one of only two radio stations operating in a regulated industry (the other radio station was owned by the Government), Radio Co. has faced severe competition from the explosion of seven new radio stations over the previous five years in the wake of the communications industry de-regulation. As a result, Radio Co. had been the victim of staff poaching by many of the new radio stations and thus had to devise creative strategies to effectively retain staff. At the same time, Radio Co. also had to find ways to build and maintain employee morale in the face of unprecedented high turnover levels and an unpredictable competitive environment.

2.5. FIELDWORK OVERVIEW AND APPROACH

The research involved in this study can be divided into three temporally overlapping, but conceptually distinct, stages. First, although I am a Jamaican and am familiar with many organizations in Jamaica, my research was initially hindered by the lack of academic materials on management practices, trade unions, and employee ownership in Jamaican companies. Either little or no academic work has been done in these areas in Jamaica or the existing literature is unpublished and extremely difficult to access (Doeringer 1991). The fieldwork aspect of my research thus had to be put off for several months in order to complete the difficult and time-consuming task of gathering information and academic studies on managerial practice and structure in Jamaica.

In the US, the libraries of the World Bank and International Monetary Fund in Washington DC contained valuable literature on employee ownership in developing countries. The Inter-American Development Bank (IDB), which funded the Jamaican ESOP programme, provided me with several internal documents and proposals related to ESOPs. I also joined the National Center for Employee Ownership (NCEO), based in California, which supplied me with materials on employee ownership from both a theoretical and international perspective. In Jamaica, the Institute of Social and Economic Research (ISER), the Department of Management Studies, and the Trade Union Education Institute, all part of the University of the West Indies, provided several books, mimeographs, working papers, and unpublished papers and theses. The libraries of the Jamaica Employer's Federation (JEF), Joint Trade Union Research and Development Centre (JTURDC), Jamaica Promotions (JAMPRO), and the United States Embassy also generated background materials. Primary data was collected from the Ministry of Labour, the Planning Institute of Jamaica, the Statistical Institute of Jamaica, the Island Record's

Office, the Jamaica Stock Exchange, and from the Daily Gleaner (daily newspaper), Investor's Choice, and Money Index (weekly magazines).

With this background information, the second stage involved acquiring greater knowledge about employee ownership in Jamaica. This involved several lengthy, unstructured or semi-structured interviews with relevant government officials and consultants, primarily those who work for the National Investment Bank of Jamaica (NIBJ), the government agency responsible for implementing and overseeing the ESOP legislation. Several of the consultants also acted as advisers to the two majority worker-owned companies that are included in the case studies and these interviews assisted in my understanding of those two cases. Interviews were also conducted with several associated individuals who instigated the original privatisation of Cement Co. and Bank Co., who are currently involved in the implementation of the ESOP legislation (1999), or who were instrumental in the IDB's decision to fund the ESOP programme in Jamaica. During the course of fieldwork, I also attended several meetings, either with the head of the ESOP secretariat or with the entire ESOP consultant team consisting of the senior ESOP consultant as well as the legal, public relations, and education consultants.

In addition to speaking with government officials and consultants, I also conducted several unstructured and semi-structured interviews with union officials. These interviews served several purposes. First, unions have taken the lead in the promotion of ESOP plans in Jamaica. Prior to his death, the senior ESOP consultant, Michael Manley, was the former president of a major union in Jamaica (although this qualification was probably less important to the NIBJ officials than his qualification as the former Prime Minister who was responsible for introducing the ESOP legislation). Although some union leaders have their doubts about ESOPs, there is generally widespread support for their adoption. Second, union officials also represented workers in four of the case studies, and another union official interviewed was the head of the union that used to represent employees in the two case studies that were formally government departments.

The third stage of the research was the most difficult and time-consuming. Several months before going into the companies, the senior management official for each of the six companies was contracted for permission to use their companies in my research. All six managers agreed because of the support of the IDB and NIBJ, the timely nature of the topic, and the several months of advance time provided. In fact, they all welcomed the opportunity of a free "employee survey" conducted by an external party and thus took an active interest in the research. As a result, each company received feedback on its results in return for its participation and support. The initial research strategy was to conduct approximately one hundred unstructured interviews with employees across the six companies and to send a questionnaire to another thousand employees. This plan changed for several reasons. First, it became obvious during the pilot study in Print Co. that employees intensely disliked filling out written questionnaire, which is relatively long at sixty questions. Second, despite extensive efforts at making the questionnaire as simple, user-friendly, and appealing as possible, no employee could or would fill out the questionnaire from beginning to end correctly (most skipped over, misread or missed questions). Third, going over the complete questionnaire with the respondent inevitably triggered a stimulating and enlightening conversation that made the questionnaire on its own seem somewhat sterile. Indeed, the interviews exposed me to the diverse reactions and body language of the respondents.

At the same time, the unstructured pilot interviews also proved unrewarding. First, respondents expressed considerable opposition to the use of the tape-recording machine for various reasons, such as shyness or fear of management hearing their voice (despite assurances that this would not occur). More important, workers simply felt like they were being interrogated, which created a high degree of discomfort. Thus a tape-recorder was used only with the few managers who felt comfortable with it and the remaining interviews were recorded by hand directly onto the questionnaire. Second, most respondents in the pilot did not seem to appreciate open-ended questions, making it difficult to get a conversation flowing. When the questionnaire was used as a framework for the interview, it invariably produced a better response because issues could be addressed specifically and covered comprehensively. Throughout the companies, therefore, respondents were given the opportunity of filling out the questionnaire on their own and discussing it with me afterwards or having me read the questions to them followed by a discussion. This method proved particularly useful with poorly-educated workers who were already hesitant about being interviewed.

The value of this administered survey interview approach based on the questionnaires quickly became apparent and was thus utilised in all the companies. Each interview based on the questionnaire lasted anywhere from twenty minutes to two hours, with an average of thirty minutes. After explaining the purpose of the research and stressing my independence from management, the interviews began with two open-ended questions (not printed on the questionnaire) related to the respondents' view of what they liked and disliked about working for the company. The point of these open questions was to get a general "feel" of how employees viewed their company and also to provide an opportunity to develop a rapport with each respondent. Each subsequent printed question and its possible responses were then asked verbatim in the same order and the employees' response noted. Respondents were usually asked to clarify, explain or justify their answers (although this had to be done carefully as many employees quickly came to dread follow-up questions). In their explanations, respondents were made to feel they could change their answer to whatever they felt comfortable with so long as it was honest. In some instances, respondents were unable to explain their answer choice and I reassured them that this was fine, so as to mitigate feelings of failure that respondents experienced when unable to explain an answer.

Almost all researchers who have examined employee responses to share ownership have used prompt or closed questions (e.g., "Please indicate the extent to which you agree or disagree with the following statement about the impact of employee share ownership in your company"). Even in single case studies of employee-owned firms, researchers have used prompt questions rather than open-ended questions (Wilkinson et al 1994; Buckho 1992a, 1992b; Long 1981, 1980). The administered questionnaire used in this study also used prompt questions, but an effort was made to ask all respondents an open-ended question prior to presenting the prompt questions, a significant difference from all other studies on share ownership that I know about.

The use of the open-ended question prior to the prompt questions was important because an unprompted response can generally be expected to reveal which issues are most important to respondents. An employee may "strongly disagree" with a prompted statement (e.g., "employees are worse off as shareholders") and may thus give the impression that they feel particularly strongly about that issue. The extent to which the employee thinks about and stresses the importance of an issue is best reflected in whether they themselves bring it up. Moreover, prompt questions are often too restrictive and narrow and do not provide respondents with sufficient flexibility to explain the subtlety and nuances in their thought processes. Open-ended questions allow employees to more freely utilise phrases that begin with "if", "and", "but", and "it depends" that most employees want to (but cannot) use in response to prompts.

Of course, open-ended questions are not perfect and suffer from many problems inherent to all interviews related to respondent bias and the dependence on the veracity of respondents. In general, however, the use of the open-ended question can be expected to produce the most accurate and "genuine" employee feelings about share ownership. As such, analysing the responses involved dissecting all comments and then using "cluster analysis" (Miles and Huberman 1994) to identify the primary associations and similarities among the various sub-responses to identify categories of responses.

Interviews were conducted with select employees from different levels of the organization who were chosen using a stratified random sample to ensure representativeness and to improve the ability to generalise to the whole company. The personnel department in each company provided employee lists based on payroll or similar records. In all companies except Bank Co., workers were randomly selected by subsidiary or department and by employment category (middle manager, supervisory, clerical skilled, and unskilled). In Bank Co., which has thirty-three branches across the island, eight branches were randomly chosen in proportion to rural and urban representation and were studied in detail as mini-case studies (in addition to the head office). In all six companies, most or all of the senior managers were interviewed.

The employee sample size (680) represents 16% of the total number of employees (4,340) in the six case studies. Most employees in the sample (600) agreed to an interview for an overall response rate of 88%, representing 14% of the total employee population (see Table 2). The formal response rate excludes interviews with employees not randomly selected. Included in this group were union delegates, board of director representatives, and several informal interviews with employees who either asked to talk with me on their own or who other employees suggested I interview for various masons (and who often proved to be valuable informants). The relatively high response rate resulted largely from persistence and the active support that senior managers gave to the fieldwork by facilitating access and allowing workers time off to speak with me.

The high response rates and large percentages of the workforce interviewed in Print Co., Radio Co., and Computer Co. strengthen the confidence level of cross-section representational accuracy in those companies. Although the response rates were also high in Bank Co. (100%), Cement Co. (89%), and Broiler Co. (81%), the relatively low percentages of the workforce interviewed reduce the confidence level of cross-sectional representation accuracy in those companies. In Bank Co. and Cement Co., however, the both companies operate in single industries, possess rigid hierarchical structures, have a single, strong union, and hire employees from similar educational and class backgrounds. These similarities resulted in uniform responses among employee categories that strengthen the confidence levels for those two firms. On the other hand, Broiler Co. operates in several distantly related industries and is a diverse company with ten subsidiaries that have little in common except that they belong to the same company. In addition, three separate unions represent different bargaining units and most subsidiaries operate as autonomous fiefdom independent of the head office. As such, attempts at generalising from the selected sample in Broiler Co. would be misleading. When relevant, focus is placed on employee responses within the particular subsidiary or department whenever Broiler Co. is referenced in the study.

Table 1: Statistical Profile of Employee Interviews in Case Study Companies

Company Name	# of Employees	Selected Sample Size	# of Interviews with Employees	Response Rate	# of Interviews as a Percentage of the Total # of Employees
Bank Co.	2500	180	180	100%	7%
Broiler Co.	1100	150	130	87%	12%
Cement Co.	450	150	125	83%	28%
Print Co.	140	100	88	88%	62%
Radio Co.	110	60	48	87%	44%
Computer Co.	40	40	29	73%	73%
OVERALL	**4340**	**680**	**600**	**88%**	**14%**

Both the formal and informal interviews generated a greater understanding of the complex processes and phenomena that were at work in the companies. The formal interviews conducted using an administered survey approach also provided systematic and rigorous measurement data. Although this approach has several drawbacks, such as its rigidity, it allowed me to draw statistical inferences about a large group of people from data drawn on a relatively small number of individuals from that group. This survey approach was concerned primarily with the relative frequency with which certain characteristics or instances occurred and enabled me to statistically describe and explain the variability of certain features of the population. Integrating the quantitative survey into the qualitative case study design served to strengthen the research approach. One research team describes the value of this combination:

> The careful measurement, generalisable samples, experimental control, and statistical tools of good quantitative studies are precious assets. When they are combined with the up-close, deep, credible understanding of complex real-world contexts that characterise good qualitative studies, are have a very powerful mix (Miles and Huberman 1994:42).

The use of a stratified random sample helped to ensure that an adequate number of responses came from workers at different organizational levels who possessed different characteristics. As such, this approach facilitated easy comparisons of managers with non-managers, shareholders with non-shareholders (even in the two majority employee-owned firms, several employees did not own shares for various reasons), and unionised employees with non-unionised employees. Indeed, as Table 2 below illustrates, most of the interviewees were non-managerial employees (65%), shareholders (68%), and unionised employees (69%). In the stratification exercise, no effort was made to select respondents on whether they owned shares, so as to provide a statistically descriptive profile of share ownership across each case study.

Table 2: Number of Interviews

Company Name	Total # of Interviews	# of Interviews with Employees *	% of Total	# of Interviews with Shareholders **	% of Total	# of Interviews with Unionised Employees	% of Total†
Bank Co.	180	108	60%	121	71%	153***	90%
Broiler Co.	130	81	62%	72	63%	40	49%
Cement Co.	125	89	71%	69	57%	73***	61%
Print Co.	88	67	77%	67	83%	No Union	--
Radio Co.	48	31	65%	29	74%	13	42%
Computer Co.	29	15	52%	13	62%	No Union	--
OVERALL	**599**	**391**	**65%**	**371**	**68%**	**279**	**69%**

*Excluding Managers and Supervisors

** Excluding Senior Manager Shareholders

***Includes unionised Managers and Supervisors

†Total of employees *eligible* to be unionised

In addition, the interview survey approach was relatively easy to administer and avoided the mechanical and substantive difficulties associated with postal surveys. Importantly, I was able to individually approach most of the potential respondents, which helped to increase the response rate and thus enhanced the richness of the data. In contrast to traditional quantitative surveys, the administered survey format allowed me the opportunity to follow up survey questions with more probing questions and to examine puzzling or provocative replies in greater detail. Notes from individual interview cases were useful to exemplify certain types of individuals or situations that recurred or to highlight deviant behaviours or patterns. Piloting the survey among small groups of workers in each company was useful in clarifying interpretations and checking language, as well as in ensuring consistency of comprehension across the case study companies. In sum, the interweaving of detailed interviews into an administered survey served as an optimal design for this research.

Indeed, the use of the case study method in conjunction with an administered interview format addressed many of the criticism associated with previous studies of employee ownership in other contexts. As a recent study in the UK concludes:

> [E]mployee surveys are of limited value in themselves unless they are firmly rooted in their specific organizational and employment context. While mass surveys may shed some light on the views employees hold, this is of little real insight unless are able to understand why these views are held and what factors cause them to vary. In other words, <u>case study work of this kind – which includes questionnaires, interviews and observation – is necessary to provide a more holistic view of how ESOPs operate and are perceived in practice</u> (emphasis added) (Wilkinson et al 1994:141)

2.5.1. Case Study Interviews and Participant Observation

All management interviews were conducted either in the manager's office or home in a few instances. Initially, interviews with workers were conducted in offices or board rooms provided by management, but this had a negative effect as it increased my association with management and made workers less forthcoming. Subsequently, most interviews were conducted on the shopfloor or at the workplace site. This sometimes went to an extreme, however. Indeed, at three o'clock one morning, I was in Cement Co. wearing my hard hat and dust mask, with writing materials in hand, sitting atop a bulldozer, interviewing a shift operator about his share ownership in the company as he used the massive vehicle to transport clinker into the cement kilns.

All interviews were one-on-one except for several interviews with production workers. Because some production workers may have felt intimidated by me, particularly those with little or no education, I often asked them to invite their closest colleague(s) to participate in the interview. Although only the selected worker's question responses were recorded (for statistical purposes), the comments and interactions of the colleague(s) were also noted and often proved fascinating. In addition to receiving more information, allowing the respondent to have a close friend present resulted in a "group session" rather than a formalistic one-on-one interview and generally made the respondent more comfortable and thus more open. The involvement of third parties may have made the respondents more inhibited or caused them to change their answer, which may have an impact on the statistical findings. The presence of other workers did not create any noticeable changes in responses, but the impact of the subtle and non-spoken peer pressure the third party may have exerted is impossible to quantify. In general, however, these informal sessions proved more valuable than harmful in eliciting information. As such, I tried as much as possible to conduct them in each company because they usually produced more open and honest responses, and generated more dynamic and contrasting perspectives and viewpoints.

The thrust of the formal interviews was to have workers reflect on their attitudes and behaviour within the organization, to trace the developments of change in the organization, and to focus on their account and interpretation of employee ownership. Respondents were encouraged to provide examples of actual events that illustrated their assertions. The point of these interviews was to generate facts, opinions, and insights that helped in developing the theoretical structures guiding the analysis of data. Generally, these interviews provided a picture of how employees felt about and viewed their jobs. More specifically, these interviews yielded valuable information about employee receptivity, frames of reference, and span of attention. In addition, the interviews facilitated greater probing into employee cultural nuances, perceptions, meanings, and interpretations of various phenomena such as employee ownership.

The actual interview questions fall into several broad categories related to employees' views of the industrial relations climate in the company and their attitudes toward unions; their perception of their roles as owners; their attitudes, values, and behaviours in response to employee ownership; and their personal and occupational status. The texts of the questions on the questionnaire are reproduced in Appendix 2.

Because of the pilot study, two personal questions to which many respondents objected or expressed discomfort in responding were removed from the initial questionnaire: education level and salary. Jamaican workers (or at least those to whom I spoke) felt uncomfortable revealing personal information about their educational background or their compensation and, in several cases, reacted in a negative manner unconducive to an open interview. These data would have been interesting but not essential since respondents' employment status usually serves as an accurate proxy for these criteria in Jamaican companies. In addition, although respondents were asked how many shares they owned, a substantial minority of respondents declined or were unable to answer, and thus the individual share ownership data is incomplete.

In addition to the personal question problem, there are several other difficulties and limits associated with self-reporting in interview responses (Sieber 1982). Ultimately, subjective data instruments rely on the honesty and accuracy of respondents who may be less than forthcoming and not wholly truthful or accurate in responding. Despite these limitations, however, interviews remain the most direct, practical, and effective method of ascertaining how workers feel about employee share ownership in a study that is concerned primarily with employee reactions to the phenomenon. In addition, interviews with multiple informants allowed triangulation of findings across sources that tested issues of validity and reliability. Source triangulation also allowed me to address factual inaccuracies and discrepancies related to memory lapses.

In addition to the interviews with employees, several weeks were spent in each company trying to understand and observe as much about the company as possible. In each company, I toured all the offices, facilities, plants, and/or subsidiaries to understand physical lay-out and working conditions (except Bank Co., where only the eight mini-case study branches and the head office were visited). In addition, I sat in on several staff or departmental meetings and was able to observe the interactions of managers with workers and among workers themselves. Valuable contacts with informants were made by offering workers rides to and from work, eating in the canteen during lunch time, socialising with them before and after work, and generally having discussions with them about many issues on and off the job. All six companies provided me with full access, except to senior manager and board meetings. Computer Co. also denied my request to attend their shareholder's meeting – a meeting in which several employee shareholders notified the company of their desire to withdraw their investments. Apart from lack of access to confidential and the Computer Co. meetings, all the companies provided full access to employees and other areas of the company.

Interviews with union officials were conducted at their homes or at the union office. In addition, although most of my time spent in each company involved interactions with workers, my presence and ability to do so depended on the generosity of senior managers. The managers proved particularly helpful in providing information and a special effort was made to spend time with the managers in a social context outside the companies for two reasons. First, on the job, most managers adopted a standard company line toward many issues to make their companies look good. In a more relaxed social setting (e.g., at their homes), managers proved more forthcoming and frank. Second, associating with managers too often on the case study premises would surely have fostered the perception that I was part of management and thus would have hindered my efforts at building up an effective rapport with workers. Unfortunately, this dependence on managerial generosity resulted in the only significant and controversial issue that occurred during the fieldwork. The incident arose when the operations manager in one of Broiler Co.'s subsidiaries explained to me how the subsidiary had recently de-unionised its operations. Because he was unable to locate the subsequent letter from the union charging the company with union busting, he suggested that I contact the union organiser for more information. The next morning, the general manager of the subsidiary called me at home and requested that I not speak with the union organiser because the de-unionising episode had been "bitter and upsetting" and thus my involvement would drag up unpleasant memories. As a compromise, he "allowed" me to speak with the head of the union (with whom I had already made an appointment), but not to the specific organiser, on the condition that I not bring up the de-unionising episode. As such, I asked the union president in our meeting what his response would have been if theoretically one of his bargaining units had been de-unionised. In response, the union president revealed to my surprise that he had no knowledge of the de-unionisation in Broiler Co. The union president's ignorance is surprising but somewhat understandable because the union is the fastest-growing one in Jamaica and because the Broiler Co. subsidiary was located in a deep rural area and had only thirty employees at the time of de-unionisation. Regardless, I was unable to sufficiently investigate the union response to the de-unionisation. More relevant to my research, however, I did interview some new "contract employees" (most of whom owned shares) to elicit their views.

2.6. CHAPTER SUMMARY

This study adopts a case study approach to understanding the impact of employee share ownership in six case study organizations. These case studies represent all the locally-owned companies in Jamaica that implemented employee share schemes prior to the implementation of the ESOP Act and in which more than 50% of the employees participated. The research process involved two broad phases. The first phase involved an analysis of the major macro-level factors applicable to all the Jamaican companies in the case study as well as an analysis of the specific micro-level factors external to the companies (structural factors) or operating within the firms (organizational factors). Particular focus was on the conditions under which employee ownership was implemented in the companies as well as the reasons for and design of the employee ownership structure. Practical issues include the percentage of shares owned by employees, when employees are allowed to sell their shares, and the role and structure of the employee trust. More generally, information was sought on the extent of participation by employees in decision-making, the degree of information-sharing and communication, and the ability of employees to evaluate their role and participation in employee ownership structures. This first phase relied primarily on primary and secondary data on employee ownership and managerial practice in Jamaica, an analysis of company records and other documents, and numerous semi-structured interviews.

With this analysis of the macro-level and micro-level factors in which employee ownership was implemented, the second phase involved a more detailed examination of the effects of employee ownership. Within the companies, key reactions, responses, and variables were identified through personal interviews with management, workers, union officials and relevant external parties conducted in an administered survey format. Particular focus was on identifying individual and collective employee attitudes and behaviour and finding out how employees perceived the impact, benefits, and disadvantages of employee ownership and how the workers interacted with management and unions under those circumstances. Several methods were used including interviews with various organizational actors based on a questionnaire, company document and participant observation in the case studies.

CHAPTER 3: THE CONTEXTUAL AND HISTORICAL FRAMEWORK

3.1. INTRODUCTION

This chapter develops a framework for examining the impact of employee ownership in the Jamaican workplace. This framework requires an exploration of the particular historical, cultural, political, and economic forces that have shaped the structure of organizations; and the nature of workplace relations in the Jamaican context. In their analysis of the performance and problems faced by employee-owned enterprises in Chilé, for example, Espinosa and Zimbalist (1978) argue that the organizations cannot be meaningfully assessed in isolation from the general economic and political conditions in the country. Similarly, in their review of worker-owned enterprises in Québec, Canada, Comeau and Lévesque (1993:233) stress that the firms cannot be adequately understood outside of their "particular history, geography and cultural specificity." Within the Caribbean context, Nurse (1986:12) posits that:

> [T]he structures, practice and dynamics of workplace relations in peripheral capitalist economies in the Commonwealth Caribbean differ in important respects from those obtaining in industrialised societies. Some of these differences are institutionally, culturally, and environmentally specific [and] include the value-systems, world view and objectives and strategic orientation of the parties and how these are shaped by their experiences within a particular pattern of economic and social relations. In this connection, <u>particular attention must be paid to the cultural contours and the corporate culture mix within Caribbean organizations, as well as to the culture of Caribbean trade unionism itself and the array of historical forces that have shaped that culture</u> (emphasis added).

Section 3.2 provides an overview of Jamaica's economic and political history. Section 3.3 examines the Jamaican private sector and labour market and outlines the structure of corporate ownership in the economy. Section 3.4 explores the status of management-labour relations in Jamaican companies and traces the role and influence of trade unions on the industrial relations climate in the island. Section 3.5 provides an historical development of efforts at worker participation, co-operation, and ownership in Jamaica and their impact on the six case studies. Section 3.6 summarises.

3.2. JAMAICA'S SOCIO-ECONOMIC AND POLITICAL HISTORY

In many ways, Jamaica's political institutions as well as recent economic history share much in common with that of industrialised democracies such as the US and UK. For example, Jamaica is an English-speaking democracy with a bi-cameral legislature (Parliament) in which two dominant political parties have competed for and shared power alternatively over the past fifty years. The two political parties consist of a traditionally left-leaning party (the People's National Party or PNP), and a historically conservative party (paradoxically named the Jamaica Labour Party or JLP). In addition, Jamaica's legal system is based on English common law, the legal structure takes its shape from both US and English courts, and the practice and dissemination of law remain relatively free from any overt corruption (Payne 1988).

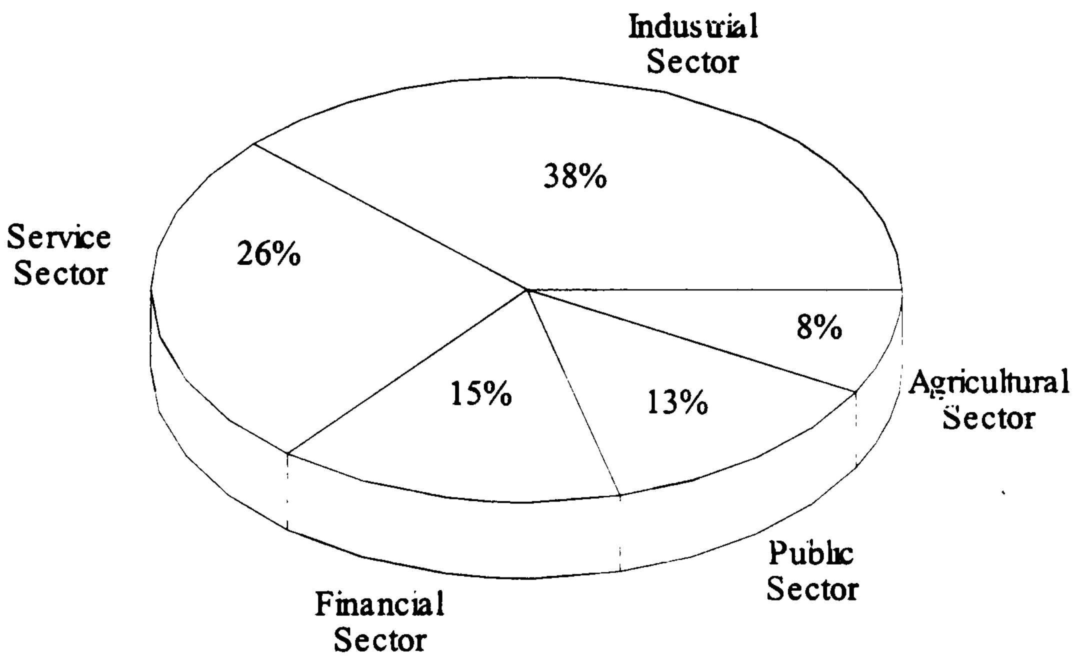
Like both the US and UK, Jamaica's economy grew rapidly during the post-war period (with GDP growth rates of over 6% annually) buoyed by healthy export growth, and substantial foreign investment flows (Jefferson 1972). This impressive growth was sustained until the 1970s when the international oil crisis and world recession led to a slowdown in growth (Kaufman 1985). During the same period, the Jamaican government (under the leadership of the PNP's Michael Manley) embarked on a radical campaign to nationalise the commanding heights of the economy and to make extensive reforms in education, health, housing, and other social sectors (Stephens and Stephens 1986). As a result of the external economic shocks and increased national spending, Jamaica's economy suffered under the PNP between 1974-80 as real GDP growth contracted by an average 3.2% (PIOJ 1972-80).

In 1980, the country embarked on a free-market, export-oriented course under the leadership of Edward Seaga. The JLP established close ties with both the Reagan and Thatcher administrations and Seaga become the first foreign head of state to visit Reagan after his election in 1980. Similarly, Thatcher's principal adviser on privatisation (John Redwood of N.M. Rothschilds) became a senior adviser to the JLP Government in its extensive privatisation programme (Adam et al 1992). Even in the face of widespread cutbacks in the social services and despite a return of the economy to a growth path, the national deficit increased during the 1980s to unprecedented levels (PIOJ 1998). Like in the US and UK, Jamaica's economic growth slowed in the early 1990s as a result of the world recession and domestic pressures associated with the large national budget deficit (EIU 1998).

In 1989, the PNP under Manley returned to power and abandoned its socialist stance, in practice (although not in rhetoric), reflecting the ideological convergence of the two political parties over the direction of the economy towards greater market reform and economic liberalisation (Panton 1993a). As a result, when Manley retired as Prime Minister in 1992, his successor, P.J. Patterson, continued the party's market-oriented reforms both in principle and practice. In March 1993, Patterson won a national election on a market liberalisation campaign that was softened by social rhetoric, which has secured for the PNP a mandate for the following five years. In December 1997, Patterson created history in Jamaica when he led the PNP to an historic third term in power.

A key difference between Jamaica and the US and UK, however, is size. The largest English-speaking island in the Caribbean, Jamaica is roughly the size of Northern Ireland, with a population of 2.4 million people, and a GDP of approximately £1.4 billion (£800 per capita) in 1998 (PIOJ 1998). Jamaica's size means that the economy is open and dependent on its foreign exchange earners of tourism, bauxite mining, and agriculture. Jamaica also sends more than two-thirds of its exports to three countries (US, UK, and Canada) and receives more than 70% of its imports from four (US, UK, Japan, and Mexico) (EIU 1998). Despite its small size, however, Jamaica has a developed manufacturing base and a diversified economy not unlike those of the UK (Figure 3).

Figure 3: Origins of Jamaica's GDP (1998)



Source: Economic and Social Survey (1998)

Of course, Jamaica's socio-cultural composition also differs from both the US and UK. On one hand, Jamaica's racial structure is similar to that of both countries in that a dominant racial and ethnic group makes up a majority of the population and co-exists, relatively peacefully, with substantial minority groups. On the other hand, the majority group in Jamaica is of African descent and the primary minority groups are of European, Chinese, and Indian origin. More important, the historical context out of which most Jamaican people arose is one of plantation slavery and colonial domination. Indeed, several authors stress the importance of these institutions in shaping and defining the structure and character of modern Caribbean society (Lindo 1994; Feuer 1984; Beckford 1972). As such, an understanding of the critical role of both slavery and colonialism is required in any attempt to adequately examine contemporary social organizations and interaction in the Caribbean.

3.2.1. Jamaica: An Historical Overview

The legacy of plantation slavery and colonial domination date back to the fifteenth century when Christopher Columbus visited Jamaica in 1494 and brought the island under the rule of Spain. The Spanish developed the plantation system and initiated the importation of African slaves to provide plantation labour. In 1655, the British conquered the island from the Spanish and further entrenched the plantation system by importing larger numbers of African slaves. As a result, Jamaica never became a settler colony and African slaves always outnumbered the white population. Income from lucrative sugar plantations made Jamaica a prized possession of the British Crown during the eighteenth century, until the Parliament ended the slave trade in 1807 and abolished slavery in 1838 over the protests of local plantation owners (Black 1983). Combined with the international free trade movement and competition from sugar beet production during the 1850s, the emancipation of slaves dealt a crippling blow to the sugar trade (Eisner 1960). As a result, the sugar industry went into a severe and irrevocable decline but never totally collapsed as plantation owners imported cheap indentured workers from China and India (Black 1983).

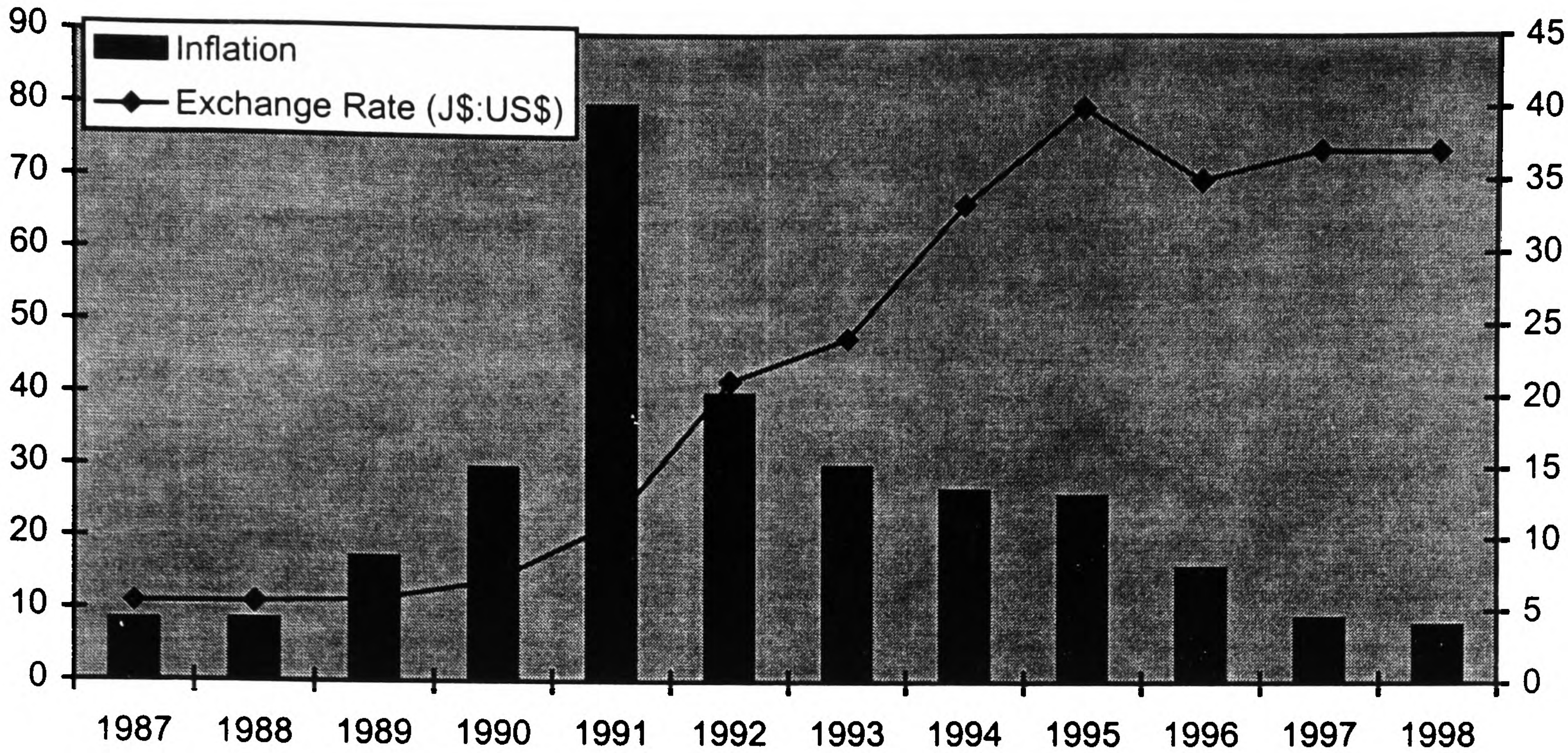
Jamaica's economy suffered in the 1930s from an economic crisis related to the international recession. The economic crisis was also associated with high unemployment rates coupled with widespread feelings of political and economic resentment, discontentment, and agitation among the Jamaican working classes. The increasingly tense and explosive climate came to a head between 1935 and 1938 in various disturbances and riots throughout the English-speaking Caribbean islands. In reaction to low wages, rising employment, and increased taxation, many Jamaican labourers participated in a major uprising in 1938 in which several people were killed or seriously injured (Phelps 1960). In response to the disturbances, the colonial office authorised the introduction of liberalising labour legislation and initiated improvements in areas such as education, public health, housing, and general welfare.

The 1938 labour disturbances also marked the birth of the modern trade union movement as members of the working classes organised formally to improve their economic and social positions (Eaton 1990). Unlike that of unions in some other nations, therefore, the development and growth of unions in Jamaica represented "a political response happening to express itself in trade union terms" (Manley 1975a:45). The rise of unions and increasing political agitation paved the way for the island's first election under universal adult suffrage in 1944 in which newly-formed local political parties (which were either offshoots or affiliates of unions) competed for leadership. This election initiated the process toward national independence that Great Britain peacefully granted in 1962. The JLP government held office for the first ten years of independence until the PNP assumed power in 1972.

3.2.2. The Impact of the Economy on Labour

Economic policies pursued by the Jamaican government over the past two decades under the auspices of international lending agencies (such as the International Monetary Fund (IMF) and the World Bank) have had a significant impact on the Jamaican working classes (Douglas 1993). In particular, structural adjustment and economic liberalisation policies have had a detrimental impact on labour and thus, by extension, on the employees in the six case study companies. Several specific policies adversely affected Jamaican workers (Douglas 1993). First, wage guidelines of 12-15% reduced real income for workers when in place between 1977 to 1991. Second, currency devaluations eroded the purchasing power of the working class. Third, removal of price control and food subsidies increased the cost of living. Fourth, high interest rates decreased access to capital. Fifth, cutbacks in social spending reduced the standard of living and increased the cost of health, education, and housing. These policies resulted in an economy characterised by extremely high inflation and currency exchange rates. Between 1987 and 1994, for example, the exchange rate grew rapidly from J$5.5=US$1 to J$33.5=US$1 while inflation rates reached critically high levels exceeding 25%, although they have fallen substantially from a high of 77% in 1992 (Figure 4). Exchange rates have remained relatively stable between 1994-98.

Figure 4: Change in Inflation and Exchange Rates (1987-98)



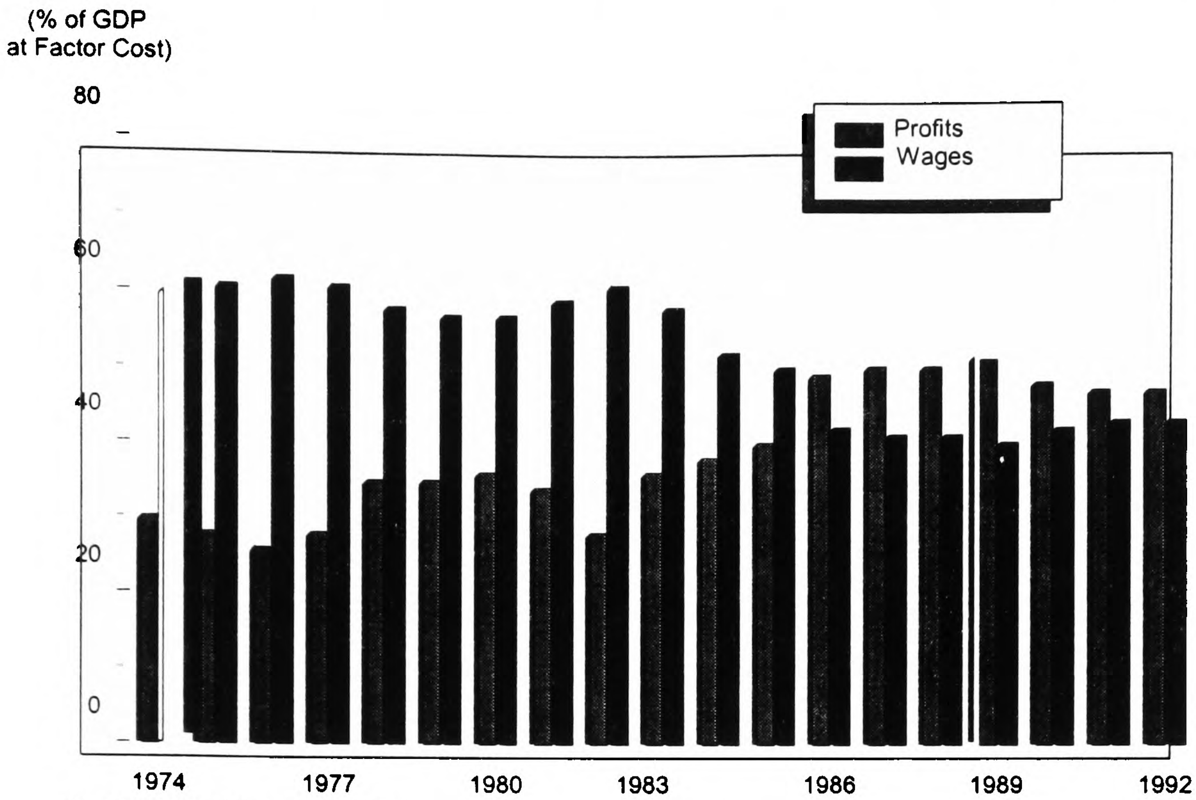
The salaries of Jamaican workers have eroded considerably in recent years as a result of the high exchange and inflation rates. In addition, wages are generally low with the average earnings of employees in the formal sector (excluding agriculture and the state) during 1998 at approximately £42 weekly or just over £2,000 annually (PIOJ 1998). Of course, there is a wide variation around this average with workers in high-wage sectors (such as bauxite mining) earning five to six times the average and workers in low-wage sectors (such as the apparel industry) receiving less than 40% of the industry average (USAID 1994). Four of the case studies (Broiler Co., Bank Co., Cement Co., and Radio Co.) fell in the high wage sector, while the remaining two (Print Co. and Computer Co.) fell in the low-wage sector. In general, the low-wage policy pursued by the government during the 1980s resulted in an increase in the number of low-income workers (Stone 1992b). After three years of real declines, the national minimum wage was raised in 1994 from a weekly wage of J$300 (£6) to J$500 (£10), which places minimum wage workers below the official Jamaican poverty line (US Embassy 1994-98).

Government policies and the resultant reduction in both the purchasing power and the standard of living of the working classes have had other negative consequences. For example, the Jamaican economy has averaged positive growth rates over the past decade, but this growth does not reflect improved productivity. Indeed, while real GDP grew by 18% (from £1.21 billion to £1.44 billion) between 1979 and 1998, national productivity actually fell by 15% (from £1829 to £1587) over the same period as measured by GDP per employee (PIOJ 1998, 1979; SIOJ 1998, 1979). Similarly, Jamaican workers are exerting far less extra effort in their jobs than in the recent past, presumably in response to the adverse economic climate. For example, the number of workers who worked more than forty hours per week (the average work week in Jamaica) fell from 62% of the labour force in 1972 to 41% in 1985 and to 37% in 1998 (Labour Force Survey).

The economic policies of the past two decades have also had some positive results. In particular, the growth and expansion of the private sector during the 1980s has had several beneficial consequences for labour. For example, official figures indicate a fall in unemployment from 27% in 1980 to 16% in 1998 (Labour Force Survey 1998). Several critics view these figures with caution, however, and estimate that unemployment in recent years has been much closer to 35-40% rather than 15-20% (US Embassy 1995). Indeed, real employment growth has been minimal and averaged only 1% between 1980 and 1994 while public sector employment actually fell by 20,000 during the 1980s largely as a result of privatisations and civil service retrenchment (Labour Force Survey various years). On the other hand, the government reduced the income tax rate from in excess of 50% during the 1970s to a flat rate of 25% since 1993. At the same time, however, the imposition of a general consumption tax on various products and services in 1993 has eroded the purchasing power of the working class.

In addition, employers have benefited from recent economic policies more than have their employees over the past twenty years. Between 1974 and 1994 (the latest year for which figures are available), for example, the growth of employee compensation increased by an average of 20% and was outstripped by the growth of both annual inflation (23%) and national profits (26%) over the same period (SIOJ 1994). Indeed, the success of employers in recent years has occurred at the expense of wage labour with a redistribution of income away from labour to asset-owners. As Figure 5 illustrates, national wages as a percentage of GDP fell from of 62% to 43% between 1976 and 1994 (the last year that the SIOJ published these statistics), while national profits <u>grew</u> from 28% to 48% of GDP over the same period (SIOJ 1994).

Figure 5: Wages and Profits as a Percentage of GDP (1974-94)



Source: Statistical Institute of Jamaica

*Wages=Employee Compensation and Profits=Operating Surplus

3.3. THE PRIVATE SECTOR AND LABOUR MARKET

Few attempts have been made in the literature to examine the structure and nature of the private sector in Jamaica, although several authors have attempted to model the Jamaican labour market (Panton 1993b; Doeringer 1988; Stone 1986). As such, the data on the private sector is scarce:

> [I]nformation on the structure of Jamaica's private sector is unsatisfactory, making a detailed analysis impossible. The limited disaggregated data that are available refer solely to the manufacturing sector, and have a historical/policy perspective rather than focusing on structure and concentration (Adam et al 1992:158).

As with most nations, the private sector in Jamaica comprises an informal and a formal sector. The informal or petty commodity sector consists of micro-enterprises usually comprised of fewer than five people and own-account or self-employed workers. These individuals typically engage in wholesale and petty trading, small-scale production and services, hustling, and the manufacture and sale of unregulated or illegal services (e.g., informal commercial importers, unofficial service operators, self-employed craftsmen) (Anderson and Gordon 1989). The informal sector largely falls outside the scope of this study because few informal sector participants are in registered companies and thus have no shares to distribute to employees. In addition, the informal sector is "owned" for the most part by working class Jamaicans and does not possess the concentrated ownership structure found in the formal sector that share schemes have attempted to address (Anderson and Gordon 1989; Doeringer 1988).

As such, this study focuses on the formal sector, which has increased in both size and importance over the past decade. This increase in importance is a result of a reduction in the public sector, increased opportunities associated with the liberalisation of the Jamaican economy, and the privatisations of government enterprises in the banking, cement, consumer goods, tourism, agriculture, telecommunications, and airline industries (Adam et al 1992; Stone 1992). In 1998, for example, the formal sector employed slightly more than half of the Jamaican labour force and provided most of the economy's production of goods and services (75-80%) (PIOJ 1998). Indeed, the formal sector will probably grow in prominence and power as the government has announced its intention to privatise the large state-owned electricity, oil, and water agencies.

3.3.1. The Labour Market

The number of workers in the private sector grew from 36% to 52% of the labour force between 1985 and 1998. At the same time, own-account workers (located primarily in the informal sector) fell from 44% to 37%, and public sector workers declined from 13% to 10% over the same period (Labour Force Survey). The majority of the Jamaican labour force is located in both services and industry (70%) with the remaining in agriculture (30%). Services remained constant between 1980 and 1998 as the largest employment sector (46%), but the proportion employed in agriculture declined from 38% to 30% between 1980 and 1998, and the proportion in industry grew from 16% to 24% over the same period (Labour Force Survey).

The growth in industry and services also helps to explain similar changes in the distribution of occupational categories within the Jamaican wage labour force. Indeed, those occupational groups representing the largest proportion of the labour force have changed significantly since 1980. Between 1980 and 1998, the proportion of the formal sector workforce represented by production and skilled workers grew from 20% to 28%, service workers increased from 20% to 27%, and clerical and sales workers increased slightly from 20% to 21%. During that time, the proportion of unskilled and manual workers dropped sharply from 25% to 13% and managerial, technical, and professional employees fell slightly from 15% to 11 %. The creation of new vocational and tertiary institutions over the past fifteen years helps to explain the drop in unskilled and manual workers. The decline in the managerial category partly reflects high migration rates as qualified and professional employees have left Jamaica in relatively large numbers seeking better employment and other opportunities abroad, mostly in the US, UK, and Canada (US Embassy 1995).

3.3.2. The Private Sector

Most Jamaican firms in the formal sector share several similarities such as high labour intensity, few backward or forward linkages, and low capacity utilisation and value-added (Best and Dorrance 1994). With the exception of a few capital-intensive bauxite mining and other large manufacturing companies, most Jamaican companies depend on their labour for the bulk of their output (USAID 1994). In addition, most firms utilise little of their existing capacity as indicated in one recent survey of Jamaican businesses which found that more than three-quarters of respondents operated at less than near-full or full capacity (PSOJ 1995). Similarly, most Jamaican firms engage in production or service operations such as assembling, finishing, labeling, distributing or retailing with only a small minority of firms involved in new product development or meaningful value-added production (Weiss 1989; Ayub 1981). In addition, few firms have created meaningful backward or forward linkages with other parts of the economy and many of them (including small firms) remain dependent on imports for many of their inputs. Indeed, the majority of large manufacturing and distribution firms in Jamaica have grown as a result of franchise agreements, joint ventures or acting as commission agents for the products or services of dominant overseas partners (Biddle 1993; Reid 1977; Ayub 1981).

At the same time, however, several structural and descriptive features distinguish companies in the primary formal sector from those in the secondary formal sector. The primary formal sector includes large multinational companies located in mining and petroleum production, major hotels, and heavy manufacturing, financial, agro-industrial, and professional service firms (Anderson and Gordon 1989). In general, primary formal sector firms are large with sizes ranging from 200 - 5000 employees, have high pay, have diversified products or services, operate in monopolistic or oligopolistic market environments, are often highly vertically integrated, and represent an extremely cohesive and organised interest group (Anderson 1987). Indeed, several observers note that primary formal sector companies are the most powerful lobby group in Jamaica (Biddle 1993). These organizations operate through a variety of umbrella organizations such as Jamaica Employer's Federation, Private Sector Organization of Jamaica, Jamaica

Manufacturing Association, Jamaica Exporter's Association, Jamaica Banker's Association, Jamaica Agricultural Society, and the Jamaica Chamber of Commerce. The four largest case studies examined in this dissertation (Broiler Co., Radio Co., Bank Co., and Cement Co.) all fall into the primary formal sector category.

In contrast, firms in the secondary formal sector are concentrated primarily in distribution, trading, and other non-financial services, with the remaining in light manufacturing, construction, and agriculture (Anderson and Gordon 1989). Secondary formal sector firms are small or medium-sized with sizes ranging from 10 - 200 employees, pay comparatively less or use a piece-rate system, have limited products or services, operate in competitive market, are not very integrated vertically, and are generally a fragmented and splintered group (Doeringer 1988; Anderson 1987). Although companies in the secondary formal sector have made several attempts to organise officially, these efforts have proven to be relatively unsuccessful because of limited funds, intra-firm competition, and a lack of commitment (Doeringer 1988). The two employee buy-outs of government departments (Print Co. and Computer Co.) were the smallest cases in this study and fall into the secondary formal sector.

According to calculations based on data from the Jamaican Registrar of Companies, approximately 40,000 companies comprise the secondary formal sector. Using the same data, an estimated two hundred large companies make up the primary formal sector and half of these form the core of the sector as the largest contributors to Jamaica's regulated economy. This distinction between the primary and secondary sectors is of course simply a heuristic device to better understand the structure of the Jamaican private sector because the distinctions between the two categories is becoming less clear in the increasingly competitive economic environment.

3.3.3. Ownership in the Private Sector

The employee share schemes implemented in the six case study organizations represented a substantial deviation from the traditional pattern of corporate ownership in the Jamaican economy. Unsurprisingly, only one of the case study companies implemented the share scheme without direct government involvement, and then largely in response to government action. The concentrated nature of ownership in Jamaica helps to explain the wide degree of positive support for employee ownership from traditionally hostile social actors such as unions. In response to the introduction of the ESOP Act in Jamaica's parliament, the head of a prominent union explained:

> [O]ne . . . area in which a new approach, new thinking is required in the new business culture. . . is the area of Employee Share Ownership Schemes (ESOP) . . . . The concentration of asset ownership which continues to grow in our country contributes to economic inequity, social envy and potentially explosive tension. This is an adverse tendency which must be reversed by breaking with the negative aspects of our past, such as exclusivist ownership, and with the appropriate will and creativity in the encouragement of employee ownership plans (emphasis added) (Munroe 1993:178).

Indeed, several authors and commentators argue that ownership and control of the Jamaican primary formal sector remains concentrated in the hands of very few individuals and families primarily of European or Middle Eastern background (Biddle 1993; Stone 1992b, 1988; Reid 1977). For example, one outside observer who spent two years researching the Jamaican private sector concluded that:

> [T]he Jamaican business class . . . is characterised internally by a concentration of wealth and power among a small group of extended families and associates . . . . [who] own and control most of the largest private Jamaican corporations . . . [and who are] racial and ethnic minorities within the predominantly black population of Jamaica (Biddle 1993:54-5).

This concentration of ownership over the large corporations and business enterprises in Jamaica dates back to the crisis associated with the end of slavery and the worldwide decline in the sugar market that led to widespread bankruptcies and abandonment of many sugar plantations. Many of the plantation factories and their land acreage was purchased by cash-rich merchants who thus became land-owners in addition to their dominant positions as traders, wholesalers, retailers, and distributors of a wide variety of goods in the island (Bakan 1990; Beckford 1972). These merchants consisted almost exclusively of immigrant minorities including Portuguese Jews, Syrians, Lebanese, and Chinese but also included the mixed offspring of wealthy white plantation owners and black Jamaicans who are referred to in Jamaican terminology as "brown" or "Jamaica White" (Stone 1988).

Under the market-oriented policies pursued in the 1980s and 1990s, traditional owners have become stronger, particularly in large primary formal sector enterprises (owned primarily by the minority business elite) that benefit from size economies of scale and greater access to capital. Biddle (1993:17) argues that these "merchant-manufacturing conglomerate corporations" in Jamaica are similar to Japan's keiretsu, Korea's chaebol, and India's corporate "houses" in that they straddle different sectors of the economy (usually import-substitution manufacturing, distribution, finance, and tourism) and control multiple firms, many of which operate in oligopolistic or monopolistic market environments. Stone (1988:33) also concludes that "the browns, whites, Jews, Lebanese, and Chinese are evolving into a single unified ethnic minority of powerful families controlling the country's corporate sector."

Several observers argue that the stock market is "dominated by a handful of big companies and corporate interests [who are reluctant] to open up the system and allow . . . smaller interests to put their savings into investing in corporate assets" (Stone 1991:6). Many Jamaicans believe that wealthy and powerful business leaders who sit on interlocking board of directors use inside information to manipulate stock prices to their financial advantage (Adam et al 1992; Reid 1977). For example, a national survey in 1989 revealed that 65% of new investors on the Jamaica Stock Exchange (JSE) who felt dissatisfied with the market cited market manipulation as the cause of their dissatisfaction (cited in Adam et al 1992:167).

Observers identify three important characteristics of the Jamaican minority business elite relevant to our discussion. First, the minority owners form a distinct social class whose members "hold similar economic positions [and] are likely to marry within the class, to share social and cultural values and characteristics and, importantly, to transmit class position, class values and class characteristics intergenerationally" (Biddle 1993:23-4). This exclusivity creates a social as well as an economic distance from the working classes that exacerbates and perpetuates existing conflicts in the workplace. Second, the business elite wield significant influence and power over Jamaica's political economy by funding and supporting both political parties, serving in semi-official capacities on state-owned enterprises, and lobbying the government through various private sector interest groups (Biddle 1993). This influence over national policy provides an additional leverage of power that employers can wield in their relations with employees. Third, the presence of a dominant minority "owner class" in several critical areas of the economy means that members of this class effectively determine the identity and success of participants in the existing ownership structure:

> The corporate power of the ethnic minorities extends to their strategic location in sectors that determine whether smaller investors survive. They control ownership of the financial institutions and dominate the boards of directors. They therefore determine which interests get big loans and how enterprises are treated when they run into financial problems. They also control the big distribution firms that determine which goods reach the mass market through their networks. They therefore operate as gate-keepers of the private sector, who control exit and entry and exercise enormous private power over the fate of smaller business enterprises (emphasis added) (Stone 1988:33).

The presence of a dominant and controlling minority business elite remains a pervasive feature of the Jamaican private sector. At the same time, however, the extent of their domination and control has relaxed somewhat in recent years in response to the increased liberalisation of the economy and more enlightened attitudes among members of the elite (Biddle 1993). For example, Reid (1977) argued that twenty-one families and a "supergrouping" of five families (all ethnic minorities) constituted the major power centres in Jamaica's corporate sector and accounted for 51% of existing directorships of all the companies on the Jamaican Stock Exchange and over 70% of the chairmen positions. Since the publication of Reid's article, however, the number of companies on the stock exchange has grown from only 42 to 45, but the number of directorships has increased by 100% (from 219 to 438 between 1973 and 1994). In addition, the existing directorships held by the 21 families fell from 51% to 13%, while the number of chairmen fell from 70% to 40%, still a substantial number reflecting their power (Panton 1994). Furthermore, the liberalisation of the economy has facilitated greater access of blacks to ownership, particularly in the financial sector:

> As a new set of predominantly black entrepreneurs establishes itself in Jamaica's economy, particularly in banking and finance, the overlap between the social systems of race, ethnicity and class which have historically marked the Jamaican business community has begun to erode (Biddle 1993:30).

3.4. MANAGEMENT-LABOUR RELATIONS IN JAMAICA

3.4.1. Models of Jamaican Organizations

In attempting to understand management-labour relations in Jamaica, we need to examine the history of organizational structures as well as the methods of labour control in those organizations. Several theorists have identified the plantation and family ownership models as the most prevalent organizational structures in the Caribbean (e.g., Munroe 1993). Both models presume that ownership, control, and decision-making authority remain in the hands of one or few individuals. In the family-owned enterprise, ownership and managerial control are synonymous as families both own and manage the firm, while ownership in the plantation firm is also confined to one or few people, but control usually remains in the hands of professional managers.

Owners and managers in both models possess a strong belief in managerial prerogative or, more accurately, ownership prerogative, in which owners retain full and unquestioned right to make any and all decisions related to the existence, function, direction, and activities of the enterprise (Manley 1975a). Opposition to organised labour and an adversarial industrial relations environment are a natural consequence of this fervent belief in ownership prerogative, as many owners and managers resist any challenge to their authority and power to decide, manage, and control. Other characteristics flow from these assumptions such as centralised decision-making, exploitative approaches to labour, and authoritarian practices which preclude consultation or communication with the workforce (Munroe 1993). At the same time, because of its presence in small firms, the family-ownership model often includes more personalised and paternalistic practices than does the plantation model.

Both the family ownership and plantation model overlap and may even co-exist, particularly in large enterprises where one individual or family retains a controlling majority of shares (Stone 1991). When both models co-exist, however, they have often combined to heighten the tension and conflict between traditional family owners and managers in the company, who often feel constrained, frustrated, and dissatisfied company (a prominent feature of the Broiler Co. case study).

3.4.2. The Influence of Slavery

Many patterns of management-labour relations established during slavery and on the plantations persist into modern corporate relations today both in actual practice and in the perceptions of organizational participants (Lindo 1994; Munroe 1993; Stone 1991).

Throughout the interviews for this study, for example, several managers and workers made references to institutions, attitudes, and practices that originated under slavery or related to plantation labour in the immediate post-emancipation period. In his analysis of the applicability of TQM in Caribbean organizations, Charles (1994:293) observes:

> Indigenous Caribbean management is still a relatively recent phenomenon – perhaps no more than twenty-five years old. There are still many first-generation Caribbean managers in place. Most of these managers would have worked their way up the corporate or public service ladder without much formal training in management. They would have learned management at the feet of their colonial predecessors who, in turn, may not have been far removed in the practice of worker-management relations from the salve master and landowners of yesteryear. The plantocracy is therefore still alive and well in Caribbean organizations.

The impact of the plantocracy and slave plantations relates to the type of organization and the reaction of slaves to that organization:

> The African-Caribbean man's historical work experience has been quite different from that of his counterpart in the United States or Europe. On arrival in the Caribbean, the Afro-Caribbean man first worked in a large-scale organization [i.e., the slave plantation] using large-scale, if crude, production methods. He did not own the means of production; on the contrary, he was himself owned by someone. He did not develop any affinity with the organization for which he worked; his basic organizational orientation was one of alienation, and his tendency was to resist organizational efforts by running away, by revolt and sabotage . . . The American settler and the European peasant had a far longer period to adjust to the demands of the Industrial Revolution. Their social history is not clouded by a recent period of slavery. Even where the relationships between the factory owners and the workers may have been exploitative, both classes shared the same racial

> characteristics . . . By sharing the same racial characteristics with the exploiters, the exploited had some hope that once they escaped economic domination, they could join the ranks of the exploiters. The post-emancipation history of the Caribbean ex-slave showed that this avenue was effectively closed to him.

The historical reality in which members of wealthy racial minorities assumed the role of employers in a country with a poor black majority has added a complicating dimension of class and race that has served to magnify and exacerbate the existing psychological and economic dynamic in many firms. Indeed, one researcher used terminology from slave plantations when he described the Jamaican workplace in the 1980s as having "a master-servant ideology, a rigid caste-like, social hierarchy and an impassable social barrier and social distance between the privileged white and light skinned employers and the poor black working class" (Stone 1986:101). Although the workplace has undoubtedly changed somewhat over the past decade, relations in many Jamaican companies remain rigidly stratified and hierarchical with a particularly divisive distinction made between managerial and non-managerial categories often tied with race and class (Boxill 1993).

Several observers note that aspects of organizational structure and managerial practice established under slavery persist today in many Jamaican organizations. Slave plantations were large labour-intensive and hierarchical organizations characterised by centralised decision-making and authoritarian management practices in which the semi-skilled "workers" and skilled "managers" were separated by significant social, cultural economic, racial, and linguistic barriers (Higman 1976; Beckford 1972). In many ways, slave labour control techniques represented an extreme form of Taylorist control methodology such as simple routine (constant supervision and rigid scheduling of repetitive gang labour duties) and task work design (detailed and distinct roles and responsibilities for field, domestic, skilled, and service slaves) (McDonald 1993; Aufhauser 1973). Both of these practices and their consequences – such as tension between employers and workers over the pace of work performance – remain a dominant feature of many modern Jamaican enterprises (Best and Forrant 1994).

In addition, plantation owners used Taylorist techniques of both coercion and paternalism in their efforts to extract maximum output and motivate their labourers. Coercion involved the use of physical force such as whipping, lashing, and burning while paternalism involved setting aside ground provisions for slaves to grow foodstuff and raise livestock for both self-sufficiency and income (from trading the surplus in local town markets) (McDonald 1993). This practice of granting "ownership" of ground plots represented a method of moral suasion to attach slaves to the plantation both psychologically and materially by satisfying their urges for independence and relief from work duties and discouraging them from leaving the plantation or engaging in acts of sabotage (Bakan 1990). Several case study respondents drew an interesting parallel between this historical mechanism of granting slaves a "share" in the plantation and the granting of shares under ESOPs.

Furthermore, plantation slaves often negotiated informally for improved conditions of life by manipulating their labour productivity and using the leverage of collective labour withdrawal and work stoppages to bring grievances to the attention of their masters (McDonald 1993; Wilmot 1993; Eaton 1990; Turner 1988). These actions culminated in an unsuccessful mass labour strike known as the 1831 Morant Bay Rebellion in which over 20,000 slaves on several plantations refused to work until they received wages (Gray 1991; Bakan 1990; Beckford and Witter 1982). The active use of the strike by Jamaican workers has persisted into the contemporary era and often represents less a weapon of last resort in deadlocked negotiations than an intimidatory early warning used to test management's position on issues in dispute (Stone 1986; Gordon 1984). This inclination to strike first and make demands later poses serious problems for union leaders who negotiate collective agreements in good faith only to observe them frequently breached by disgruntled rank-and-file union members without warning or use of the grievance procedure (Eaton 1990).

Dominant plantation attitudes and practices have also endured into the modern era in several ways. Plantation owners and overseers often viewed their workers as ignorant, irresponsible, lazy, and untrustworthy, interested only in stealing, running away or engaging in acts of sabotage and violence (Higman 1976; Manley 1975a). Similarly, the labourers often thought of their masters as cruel, evil, manipulative oppressors concerned solely with monetary gain, exploiting labour, and increasing production (Lindo 1994; Heuman 1981; Hart 1988, 1980). These negative attitudes combined with coercive and paternalistic control methods produced feelings of bitterness, suspicion, and distrust, and resulted in an atmosphere characterised by both misunderstanding and hostility (Wilmot 1993; Black 1983). Several recent surveys and studies demonstrate that these characteristics remain pervasive in many Jamaican organizations today (Carter 1997; Munroe 1993; Carter 1988; TUEI 1987; Stone 1982).

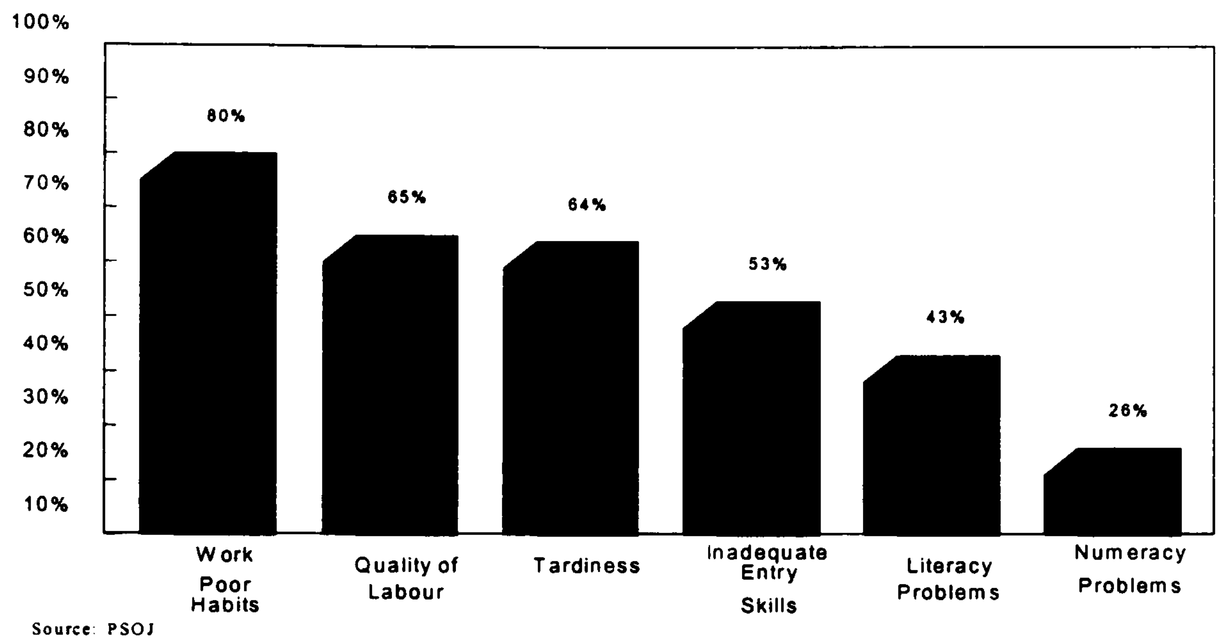
3.4.3. Contemporary Management-Labour Relations

Over the past decade, several researchers have studied the contemporary nature of management-labour relations in Jamaican firms (Carter 1997; USAID 1994; Carter 1989; TUEI 1987). Most of these studies reveal that many workers still possess a negative view of their managers and employers, and feel that the poor state of management-labour relations is the most dissatisfying area of their overall work environment (Carter 1997; Lindo 1994; Williams 1994; Carter 1989). For example, the vast majority of workers surveyed in one study (93%) believed that workers in Jamaica did not receive a fair deal from their employer (TUEI 1987). Most workers in another study felt that managers were not concerned about the welfare of workers (68%) and treated workers less than human beings (60%) (Carter 1997). Respondents in that study complained about inadequate communication (89%), a lack of motivation (81%), poor managerial performance (77%), and insufficient staff development (74%). In particular, most respondents received information about the company through non-official sources such as the grapevine (90%), were rarely or never consulted on decisions affecting their jobs (80%), and felt displeased with the opportunities to communicate their feelings, suggestions, and grievances to management (90%) (Carter 1997).

As a result, most studies cite the high levels of demotivation, alienation, dissatisfaction, and insecurity among the Jamaican workforce (Carter 1997; Lindo 1994; Munroe 1993; Carter 1989). For example, one study characterised over three-quarters of the respondents as demotivated and one in five as "critically withdrawn" and thus irretrievable (Carter 1997:43). In addition, four of five workers in that survey expressed dissatisfaction with their jobs because they felt their skills and education were insufficiently utilised and because they perceived their job as boring and irrelevant to organizational objectives (Carter 1997). In particular, many educated and skilled workers with high aspirations felt deprived and frustrated because they lacked opportunities for autonomy, responsibility, and creativity (Stone 1991; Standing 1981). Studies also find that many Jamaican firms are characterised by feelings of suspicion, misunderstanding, hostility, and a lack of mutual respect, reflecting the "long tradition of animosity and distrust between employers and workers in Jamaica" (Doeringer 1988:478; Carter 1997; Munroe 1993; Carter 1989; Stone 1982).

Both empirical and anecdotal studies identify three prevalent responses of employees to their negative perceptions of the organizational climate (Munroe 1993; McIntyre 1990; Standing 1981; Manley 1975a). The first response is reduction in the effort-bargain (e.g., lack of effort and initiative, slacking off on the job, and poor work habits). The second response is removal from the work environment (e.g., lack of interest, withdrawal, tardiness, and absenteeism). The third response is participation in antagonistic behaviour (e.g., pilferage, theft, and industrial action). These actions often combine with negative worker attitudes to produce an unstable and often hostile relationship with managers. Indeed, one author argues that Jamaican workers are "pathologically conditioned [and] addicted to combative relationships" reflected in "selective distortion" in which workers express aggressive attitudes to managerial initiatives, which they perceive as driven by selfish motives regardless of evidence to the contrary (Carter 1997:37-9).

Figure 6: Impediments to Growth (Results of Private Sector Survey)



Source: PSOJ 1994

Managers also share similarly negative feelings about their employees. In a rare survey of Jamaican businesses, most responding companies cited labour-related issues as the primary internal impediments to growth (PSOJ 1994). Most of the responding companies cited poor work habits (80%), poor quality of labour (65%), tardiness (64%), inadequate entry skills (53%), literacy problems (43%), and numeracy problems (26%). These findings are illustrated in Figure 6 above. Significantly, large firms (more than 200 employees) expressed greater concern than either small or medium-sized firms about their employees' poor work habits (99%) and quality of labour (92%). In addition, non-labour issues ranked less important as impediments to growth for all firms and included inadequate utility supplies (44%), outdated technology (39%), scheduling problems (33%), and poor equipment (27%).

Available evidence also indicates that few Jamaican employers (or unions) have adopted sophisticated industrial relations practices and that "[n]either management nor organised labour can be characterised as progressive in terms of innovative work practices and the organization of the workplace" (USAID 1994:17). Indeed, many managers and unions adopt hostile and confrontational attitudes that often result in feelings of embitterment, resentment, and a poisoning of the work atmosphere (Munroe 1993a). Many firms that lack unionisation adopt paternalistic approaches to labour relations that often result in worker passivity and submission (USAID 1994). Indeed, one researcher who examined the Jamaican private sector concluded that "current productivity problems are rooted more in management practices than in worker skills or attitudes" (Doeringer 1988:469). For example, many managers take a disciplinary approach to problems in the workplace, reflected in the following excerpt from the chief executive officer's statement in the annual report of a large Jamaican firm that lost several million dollars over the past decade as a result of unfavourable employee actions:

> Our operations are still being adversely affected by expensive absenteeism, theft and "engineered" overtime. <u>Management's policy is to be fair but firm in trying to restore discipline to the workforce</u> and I believe are making steady progress in this regard (emphasis added) (Seprod 1993:12).

Several factors may explain the lack of sophisticated approaches to labour among many Jamaican managers and employers. First, several observers note the pervasive lack of innovation and strategic vision among Jamaican managers (USAID 1994; Stone 1992b). This conservatism and traditionalism inhibits the desire or ability of managers to make substantial investments in their workers such as the development of a human resource strategy to motivate and train workers. Although the percentage of the Jamaican labour force without any form of training dropped from 84% to 75% between 1984 and 1998, these changes reflected the increase in vocational and tertiary training institutions started by the government (PIOJ 1993-98). Indeed, the percentage of the workforce that has received on-the-job training or apprenticeship training from their employers has remained constantly low over the past decade (less than 2% in each case), reflecting the reluctance or inability of employers to train their workers (Labour Force Survey). As a result, many Jamaican firms respond to the shortage of skilled labour by poaching other firms or investing more in capital technology (USAID 1994). In its review of the Jamaican workplace, a recent study (USAID 1994:1-2) concluded that:

> Jamaican managers tend to see their industry in static, rather than dynamic, terms . . . The results of this lack of

> vision are that many managers have little concept of how to expand or deepen markets for their goods and services in the future. Without these most basic strategies, there is no basis for them to develop . . . a human resource development plan . . . which [is] essential to a dynamic enterprise" (emphasis added).

In addition, formal management training in Jamaican organizations is a relatively recent concept. As a result, several observers of the Jamaican workplace have identified widespread "managerial inflexibility, rigidity and disregard for the human element" (Munroe 1993:293). Other researchers have noted the weak middle management structure and poor quality of supervisors labour to assist employer-owners in Jamaican firms (USAID 1994). The Department of Management Studies at the University of the West Indies (Jamaica's largest university) started offering undergraduate courses in 1970, began to offer an executive MBA course in 1991, and plans to offer a non-executive MBA course. Since 1991, however, many managers in several companies have taken the executive MBA course as well as other MBA courses offered in conjunction with North American business schools. In many instances, the recent influx of middle managers with formal management training has created a negative reaction among many "traditional" (and often senior) managers:

> Caribbean managers have developed a tendency to be insecure (especially in the presence of young, bright college graduates, unlike themselves), inflexible, autocratic, even arrogant. They believe that they are indispensable, they abuse their power, they engage in empire-building and turf protection, they reinforce the difference between themselves and their "subordinates" at every opportunity (Charles 1994: 293-4).

At the same time, however, the increasing numbers of professionally trained managers has contributed to changes in several Jamaican firms "in management practices [and] with respect to the organization of production and the utilisation of labor. . . . [such as] improvements in the quality of human resource management, in the interpersonal and organizational skills and attitudes of supervisors, and in the financial and non-monetary incentives provided at the workplace" (Doeringer 1988:477). Indeed, several commentators have documented the efforts being made by an increasing number of Jamaican companies to adopt "modern" managerial practices associated with HRM such as participative management, performance-related pay, improved employee communication, and, of course, share schemes (Munroe 1993; Panton 1990). Although it is difficult to determine accurately the extent of these practices, interviews with practitioners indicate that only few Jamaican firms have embraced these principles. Importantly, however, several authors have suggested that higher levels of work effort were generally found in firms where managers were taking positive steps to motivate production and where work attitudes were favourable (Munroe 1993; Doeringer 1988; Stone 1982).

It should be kept in mind that variables external to the organizational context also contribute to attitudes, behaviour, and outcomes in the workplace. As noted, for example, the increased provision of training in institutions sponsored by the state has reduced the number of untrained employees in the Jamaican labour force. Similarly, the poor literacy and numeracy skills of many employees reflect in part the quality of the Jamaican educational system that has experienced an alarming decline over the past decade in response to economic cutbacks (USAID 1994). Actions such as absenteeism may also represent workers attempting to supplement their income in response to the fall in real wages by holding more than one job or pursuing other economic interests (Panton 1993b). Low worker effort may also reflect the declining value of worker compensation, while output may be hindered by the poor working performance of machines and tools that are improperly maintained, lack accessories, and are being used for unintended purposes (Best and Forrant 1994). Therefore, we can confidently draw general conclusions about the nature of workplace relations in many Jamaican companies, but it is more difficult to make a causal connection between these relations and subsequent organizational outcomes.

3.4.4. The Role and Influence of Trade Unions

It is exceedingly difficult to obtain reliable statistics on the extent and nature of unionisation of the Jamaican workforce. This is so because only a few unions file the required annual update at the Island Records Office. Thus, no effective mechanism exists to substantiate claims made by the unions regarding their membership size. Indeed, the competitive atmosphere between the two largest unions creates an incentive to provide artificially high membership numbers. Despite these limitations, however, current estimates of the size of the unionised workforce in Jamaica range from 15% to 30% (Roberts, Munroe and Goodleigh Interviews; JTURDC 1994; US Embassy 1994; USAID 1994). Importantly, national union influence extends beyond these numbers because unions predominate in the important and large public sector and the manufacturing, mining, and agricultural sectors, although there is virtually no unionisation in areas such as the small-tourist, information services, and apparel industries (USAID 1994). In addition, most observers and unions agree that the membership figures have declined since their peak during the early 1970s when unions represented approximately 40% of the workforce (Stone 1986b).

Union structure in Jamaica is not a monopoly (as in Scandinavia) nor genuinely competitive (as in the US) but is a "duopoly" with two powerful, rival, highly-politicised unions co-existing with a few smaller unions. Founded in 1938, the Bustamante Industrial Trade Union (BITU) is the largest union in the island with over 100,000 members and representing more than 350 bargaining units (Spencer Interview). It is affiliated with the Jamaican Labour Party (JLP) and was founded by Alexander Bustamante, the founder of the JLP and Jamaica's first Prime Minister. The BITU represented the non-staff employees in one of the case study companies (Bank Co.). The National Worker's Union (NWU) was founded in 1952 as an affiliate of the People's National Party (PNP) and is the second largest union in the island with approximately 60,000 members and 300 bargaining units (Goodleigh Interview). The NWU represented employees in three of the case study companies.

Two former BITU leaders have served as the island's Prime Minister. One former NWU leader has served as Prime Minister (Michael Manley), although several PNP ministers have also come from union leadership ranks. Although the leadership of both these unions and the two political parties has often overlapped, this trend has become less noticeable in recent years. During the late 1960s and early 1970s, for example, both the Prime Minister and the Leader of the Opposition were former heads of the NWU and the BITU respectively. Today (1999), neither the current Prime Minister (Patterson) nor the Leader of the Opposition (Seaga) has a trade union background. Even so, however, some government ministers and opposition spokesmen have risen through the NWU and BITU ranks.

The BITU and NWU are both general unions (the most predominant form of union organization in Jamaica) that represent a wide variety of employees in different occupational categories from several industries located across the island. In addition to these unions, several other unions are also very influential and powerful. These include dominant government unions and associations that represent civil servants (Jamaica Civil Service Association), teachers (Jamaica Teacher's Association), nurses (Nurses Association of Jamaica), policemen (Jamaica Police Federation), and other government employees, and wield great influence in the society as counterparts to the island's single largest employer, the government.

In addition to these organizations, approximately seventy unions are officially registered at the Island Records Office, although several are no longer functional and have failed to remove their names from the official records. In addition, many employer and staff associations are included on the list of registered trade unions because the registration law provides a broad definition of "unions". Most of the remaining "unions" are professional associations, regulatory bodies, advocacy organizations, and small establishment-based unions. Of the remaining bona fide unions, many of these are affiliates of the BITU or NWU, while the others are genuinely small, independent unions operating in niche markets or industries, such as the craft trade industry.

Most significantly, the Union of Allied Workers Union (UAWU) has been making significant inroads into union territory traditionally dominated by the NWU and BITU over the past decade. The UAWU was founded in 1972 and eventually became an affiliate of the now-defunct communist Worker's Party of Jamaica (WPJ). The union has grown steadily from 500 members and three bargaining units in 1972 to more than 40,000 members and 200 bargaining units today (Munroe Interview). Much of the union's growth has come at the expense of the established unions, particularly the NWU. In July 1992, for example, the UAWU defeated the NWU in a representational rights poll at one of Jamaica's large bauxite companies and thus ended the NWU's forty-year exclusive domination in the bauxite sector. Since the demise of the WPJ in the early 1990s, the UAWU has emphasised its politically independent status and this has contributed greatly to its rapid growth, as employees view the union as less beholden to political interests (such as a desire to reduce inflation) that may counter employee claims.

The recent rise of the UAWU has contributed to a major schism within the union movement. The UAWU has not joined the two main national union organizations because the they are both affiliated with the International Confederation of Free Trade Unions (ICFTU), while the UAWU maintains close ties with the communist-organised World Federation of Trade Unions (WFTU). Local attempts by the UAWU to gain a greater foothold into established union territory have also further exacerbated this already deeply divided and highly politicised situation. These social rifts are reflected in the workplace as several workers in the case studies made reference to the increasing power of the UAWU and the associated rivalry as an effective method of dealing with poor representation of their established unions.

3.4.5. Union Decline

Since 1980, union influence, power, and membership have all declined. More than two-thirds of workers in a national survey conducted in the mid-1980s expressed the view that trade unions in Jamaica had become weaker since 1980 when the JLP came into power (TUEI 1987). In addition, many national critics charge that unions have become ineffective and irrelevant in fulfilling the needs of the working class (Roberts 1993). Despite their decline, however, unions still maintain a strong presence in the national economy because they represent workers in many essential services and sectors, serve as the most vocal voice for worker interests generally, and retain an image as having secured many gains for wage labour. In particular, the use of the strike weapon remains a potent force in the economy that unions have used increasingly in the 1980s. In addition, many unionised workers in a national survey expressed dissatisfaction with unions, but most respondents also agreed that unions had been successful in protecting jobs and worker rights, generating respect for workers, and achieving better wages (TUEI 1987).

Several variables explain the decline of unions over the past two decades. Unions themselves have faced several internal problems such as the union-political party relationship and inter-union rivalry that have combined to hinder the independence of the unions and their ability to present a united position on national issues (Roberts 1993). For example, most unionised employees in the national survey criticised unions for their undemocratic structures and restricted role for rank-and-file membership in union affairs (TUEI 1987). Unions have also suffered from a growing negative public perception and hostility to union tactics, particularly those that disrupt the economy and restrict the supply of essential services (Stone 1986b).

Hostile government policies under former Prime Minister Edward Seaga and the JLP during the 1980s have also affected unions negatively. As Jamaica's first elected Prime Minister who had not previously headed a union, Seaga actively pursued a low-wage, export-oriented development strategy that sought to restrict or prevent unionisation in order to attract new businesses to the country (Munroe 1993). The adverse effect of pro-capital economic policies and the resultant lack of unionisation in most new businesses have served to reduce union bargaining power and revenue base (Douglas 1993; Downes 1993). Seaga also restricted formal union participation in national consultative bodies, although unions have experienced a strengthening in recent years under the PNP, such as formal union representation on the IMF negotiating team since 1990 (Panton 1993b; Stephens and Stephens 1986). Widespread public sector lay-offs and intimidatory practices against government unions also fuelled the perception of Seaga as an anti-labour Prime Minister intent on breaking union power. This in turn strengthened the psychological will and determination of those private employers who share similar views regarding the restriction of union power (Nettleford 1987).

Unions have also faced public opposition and hostility from employers who accused unions of creating tension in the workplace, engineering strikes, and being negative, anti-success, and anti-development (Roberts, Munroe, Spencer, and Goodleigh Interviews). In general, many employers blame unions for the inflationary pressures in the economy, disrupted production, and inflexibility and opposition to productivity enhancements at the workplace (Doeringer 1988). At the micro-organizational level, several employers have used intimidatory practices such as deploying strike-breakers, harassing union supporters, and victimising union delegates (Munroe 1993; Gayle 1993; Bhaggan 1989). In addition, the increasing use of large-scale redundancies by employers has created widespread fear among employees of job displacement and loss of job security that has reduced employee militancy, while reinforcing and strengthening employers' ability to dictate terms to the labour market (Doeringer 1988). The rise in layoffs and cutbacks has thus forced many unions to spend more of their energies negotiating retrenchment packages and devising strategies to avoid redundancies, and less on membership recruitment and growth (Munroe 1993).

3.4.6. Impact of Unions

Unions have had a substantial impact in the Jamaican workplace. Because unions represented a threat to exclusive ownership prerogative, many employers reacted negatively to their growth after 1938, opposed them bitterly, withheld recognition as long as possible, and victimised "disloyal" union leaders and supporters (Stone 1986b). This adversarial relationship and the historical strength of owners over wage labour combined to create a confrontational work environment characterised by numerous conflicts, strikes, lock-outs, deadlocks over bargaining issues, and unwillingness to compromise on collective bargaining issues (Stone 1986b). Worker militancy thus became a valuable weapon in bringing management to the bargaining Table or forcing employer interests to listen or make compromises with labour. Using these methods, and bolstered by early widespread support, unions thus succeeded (prior to 1980) in achieving job security for workers, increasing their wages, challenging unilateral managerial prerogative, and blocking decisions in certain areas of enterprise administration (Nurse 1986).

The relationship between unions and the rank-and-file in the workplace is a complex one because the blanket structure of the unions means that the relatively small bureaucracy in most unions is spread thin across large numbers of enterprises (Stone

1986b). As a result, union officials are not in close touch with plant level developments (outside wage negotiations) and are often hostages to the sentiments of workers in many conflict issues. Although union leaders wield almost dictatorial powers over the internal union bureaucracy, workers often exercise considerable influence over industrial relations at the enterprise level (Eaton 1990). In addition, many unionised employees distrust union leaders almost as much as they distrust management and are often suspicious of delegates who are too harmonious with management or who adopt an attitude of reason with management instead of antagonism (Stone 1986b). As a result, union militancy often includes wildcat strikes by workers that union officials ratify rather than instigate (Eaton 1990; Panton 1970).

In addition, many workers feel little loyalty to their unions and seek out another union if the current one fails to represent their interests adequately (Gordon 1984). As such, competition is rife and the unions function in many ways as hired bureaucratic advocacy agencies. The rivalry among unions in this competitive environment gives the workers a powerful lever of control and accountability over union leadership. This worker control is often expressed by a network of informal leaders who are usually the most militant and vocal workers (Stone 1986b). Indeed, this network will often voice strong criticism and may occasionally use violent force against union officials in situations where their motives or effectiveness is in doubt (Stone 1986b). In addition, this network often demands a strong presence at collective bargaining negotiations that limits the flexibility of union representatives and may even reject agreements made between union representatives and management. As such, union officials and delegates are forced to prove their loyalty to these and other workers with "strenuous regularity and assertive visibility" (Carter 1989:93).

3.4.7. The Role of the State in Industrial Relations

Despite the active use of labour legislation, there is no evidence that the labour laws in Jamaica distort the operation or the outcomes of the labour market (USAID 1994). Article 23 of the Jamaican Constitution guarantees the right to form, join, and belong to trade unions, while the Labour Relations and Industrial Disputes Act (LRIDA) of 1975 provides explicit protection of the rights of workers with respect to trade union membership and activities. The history of minimal regulatory oversight over labour disputes and voluntary collective bargaining came to an end with the passage of the LRIDA. The LRIDA codified regulations on worker rights, provided for compulsory arbitration of disputes in essential services, and provided a framework in which industrial disputes could be taken to the Industrial Disputes Tribunal (IDT). The LRIDA also established a non-binding code of labour relations practices to assist management and unions in industrial relations matters and provided an implied grievance procedure which saw disputes moving from the local (or shop-floor) level to the Ministry of Labour's conciliatory department or to the IDT (Cowell 1998).

Reflecting their close linkages with both political parties, unions in Jamaica have not suffered from legislative restrictions on their rights or from official subordination, illegalisation, de-unionisation, or suppression (Munroe 1993). Indeed, the state passed several pro-labour laws during the 1970s that (a) strengthened the requirements for adequate notice and redundancy payment for employee termination, (b) granted employees the option of job reinstatement or monetary compensation for unfair dismissal, (c) mandated equal pay for men and women for equal work, and (d) gave employee wages priority repayment treatment in bankruptcy (Stephens and Stephens 1986). Despite its general hostile approach to labour, the JLP administration retained and even expanded these legislative acts by making redundancy more flexible and extending the minimum notice of redundancy required for long-service employees (PSOJ 1986). Throughout the 1980s and 1990s, the state has also enforced policies aimed at improving productivity such as granting tax relief on overtime pay and lifting wage guidelines in 1991 (Panton 1993a; PSOJ 1989).

Since the late 1970s, however, the state has played an increasingly active role in industrial relations that has affected labour adversely by limiting the role and scope of collective bargaining. For example, the government imposed mandatory wage guidelines in 1977 after unions opposed earlier efforts to form a social contract to voluntarily limit the size of pay claims. In addition, the state created a Pay Monitoring Unit in the ministry of labour in 1979 to verify that collective bargaining agreements complied with the wage guidelines. After 1986, the government required that all wage settlements be registered with the Ministry of Labour and excluded all increases in excess of the wage guideline from income tax deductions. Within the state sector itself, the government moved from one-year to two-year wage contracts and actively encouraged this practice in private sector firms so that two-year agreements have become the norm in most large Jamaican companies today (Munroe Interview).

The state has also become more involved in restraining workers from engaging in industrial disputes. For example, the state amended the labour legislation in 1978 by granting the Minister of Labour the unilateral power to refer industrial disputes to the IDT without the request or permission of either party to the dispute. State involvement was extended in 1986 with further legislative changes that allowed the IDT to hear disputes in the absence of either party, extended the power of the IDT to issue awards when industrial action was threatened, allowed the Ministry of Labour to apply ex parte to court for an order restraining parties in circumstances affecting the "national interest", and increased the penalties for failing to comply with IDT awards or engaging in industrial action in essential services (Cowell 1998). These significant legislative and policy changes have shifted the role of the Ministry of Labour from a conciliatory body to an enforcement agency of governmental interests.

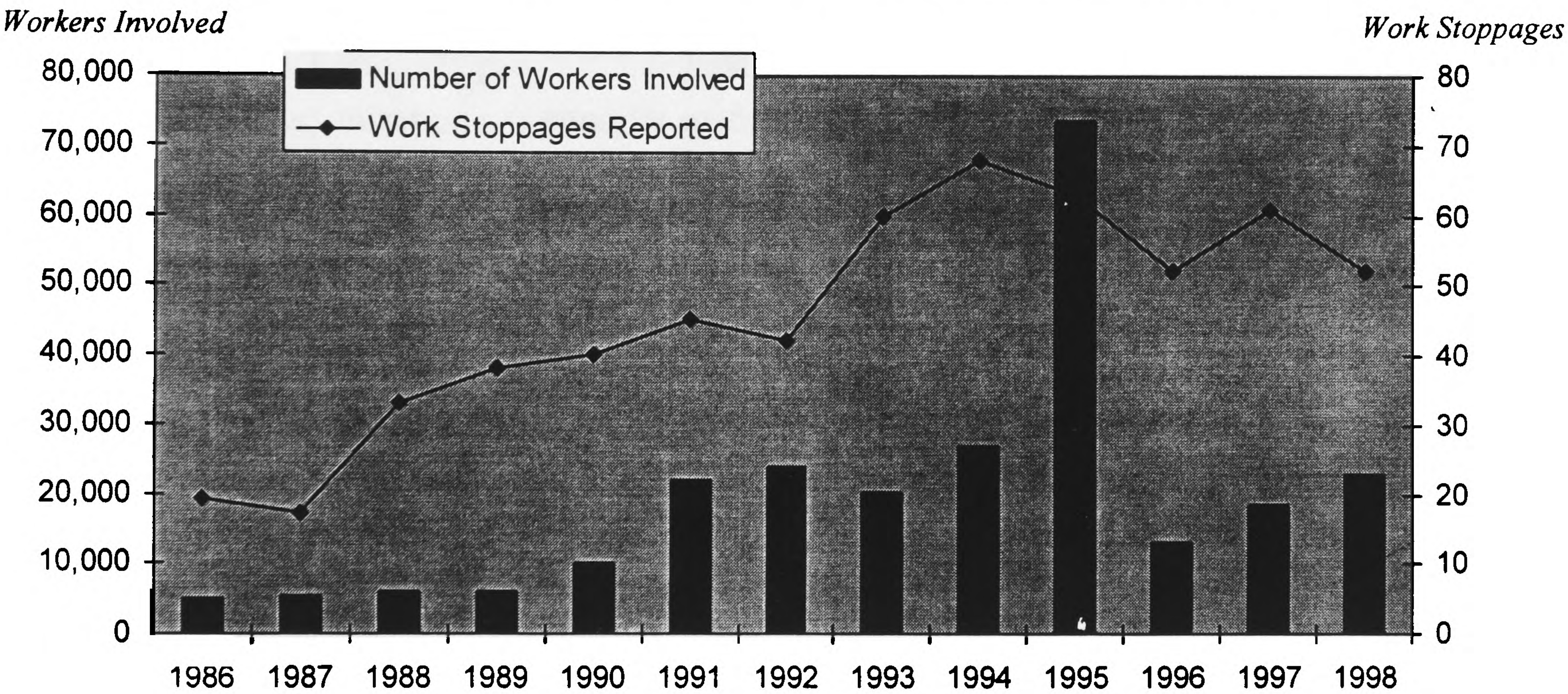
The Jamaican courts have also strengthened the powers of employers relative to labour in a series of cases throughout the 1980s brought by employers to challenge pro-labour IDT judgements. Several cases restricted union growth by allowing employers to (a) exclude certain employee categories from unionisation (e.g., managers and confidential employees), (b) restrict employees from participating in union activities on company time, and (c) dismiss employees attempting to unionise (so long as the employer found another legitimate reason and paid the appropriate redundancy) (Cowell 1998). Other cases have limited the ability of unions to secure larger wage settlements by striking down excessive wage awards that ran counter to the "national interest", and by ruling that non-wage payments (such as overtime) were discretionary and possessed no legal or statutory basis (Cowell 1998; Stone 1986b). Most important, several cases severely curtailed the ability of unions to use industrial action by ruling that employers could justifiably dismiss both passive and active participants in "riotous" behaviour at the workplace. Although a right to strike exists, the courts ruled that employers could legitimately lock-out and fire employees who withdrew their work effort and thus violated the implicit employment contract by taking industrial action including strikes, sick outs, go-slows, and work-to-rules (Cowell 1998).

3.4.8. The Industrial Relations Climate

The lifting of wage guidelines in 1991 has heightened the tension and conflict in the industrial climate for several reasons. First, many employees had high expectations of the removal of guidelines following an extended period of repressed wages and thus demanded large wage increases to make up for the erosion of their real wages under the guidelines and to prevent further erosion in the high inflation environment. Second, many employers had never managed labour costs in a non-guideline situation and (like many union leaders) had never negotiated in such a flexible climate (McDonald 1993). As a result, the number of work stoppages in the economy have jumped since 1991 as both employees and employers have faced increasing frustration at the wide gap between wage claims and offers (Figure 7). The difference in magnitude between claims and offers was evidenced in several of the unionised case studies, in which initial union wage claims often exceeded 500% while initial employer offers rarely surpassed 10%.

The tense environment created by this disparity resulted in major strikes in the cement and sugar industries in early 1994. This tension came to a head in November 1994 when 37,000 civil servants staged a two-day strike (the first national strike since 1985) and brought ministries and government agencies to a standstill in support of their wage claims of 100% that contrasted with the 9% offer (EIU 1994). Similarly, teachers and employees in several government agencies also went on an unsuccessful strike in early 1995 to protest inadequate wage offers, while employees in large manufacturing and mining firms went on highly-publicised strikes for improved wages that produced mixed results with both successes and failures (EIU 1995). Since 1995, there have been no major national strikes, although, for example, the Jamaica Police Federation went on a "sick out" in July 1999. As Figure 7 illustrates, the number of work stoppages and workers involved has dropped sharply since 1995.

Figure 7: Work Stoppages and Number of Workers Involved (1986-98)



3.5. TRADITIONS OF OWNERSHIP AND CO-OPERATION IN JAMAICA

The preceding sections provided a contextual framework for understanding both the macro-economic influences on labour and the nature of workplace relations in Jamaican organizations. This section attempts to provide a historical framework of efforts at worker co-operation, participation, and ownership in Jamaica in which employee share ownership was implemented. This historical context is necessary because the six case study companies established employee share schemes in differing economic and political circumstances (two in the 1970s, two in the 1980s, and two in the 1990s). Moreover, all the case study companies were affected by and responded to the prevailing social and cultural attitudes of various organizational parties that were conditioned by their historical experiences and perceptions.

As noted, the first access to "ownership" that most early Jamaicans possessed was ground plots of land that plantation owners granted to their slaves as a means of encouraging loyalty to the plantation and motivating them to produce more. Although slaves themselves were property and thus could not legally "own" anything, these plots of land represented a form of customary ownership formally recognised by plantation owners (MacDonald 1993). The plantation owners often compensated slaves when the plantation converted their grounds to other uses, permitted slaves to bequeath their grounds to fellow slaves on death, and allowed slaves to keep the income from selling the livestock and foodstuff grown on their plots (McDonald 1993). This early land ownership provided slaves with a source of income and an escape from the brutality of slavery and thus created a lasting "legacy of landholding [that] remained a powerful aspect of working class organization and consciousness" (Bakan 1990:9).

Because they rejected the plantations as institutions of oppression and domination, few emancipated slaves remained as permanent wage labourers on the estates. Most ex-slaves preferred instead to continue the landholding tradition as independent peasant cultivators on small plots of land or in "free villages" set up with the help of English or American missionaries (Bakan 1990; Beckford 1972). Large numbers of former slaves also preferred to become members of own-account occupations such as "higglering" (traders of various goods in local markets), artisan production (such as coopers, butchers, tailors, and cabinet makers) and extractive processes (such as fishermen and salt-miners) (McDonald 1993; Higman 1976; Eisner 1961). As a result, both peasant cultivators and own-account workers established a traditional preference for self-employment that continues into the modern era (Lindo 1994; Carter 1989; Nettleford 1976). Both land ownership for peasants and control over the means of production for own-account labourers created immense pride for the "owners" as a critical source of autonomy, investment, and political access; as well as long-term economic and social security (Lindo 1994). As such, these early owners created "an indigenous tradition of worker self-management" in a "people-owned sector" (Nettleford 1976:16). Self-employment thus represents an ideal for many Jamaicans (Nettleford 1976:16):

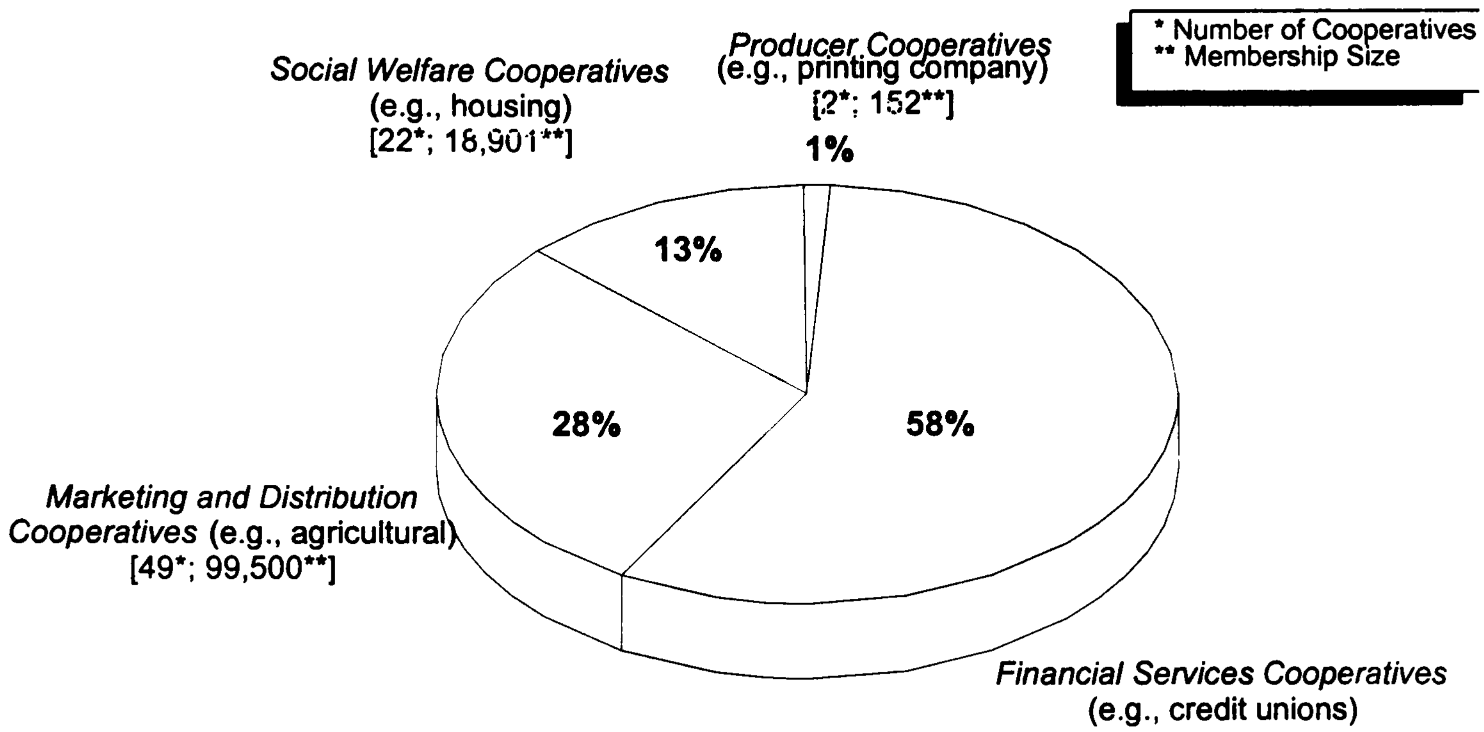
> To the mass of Jamaican people, the own-account tradition symbolises and epitomises the dignity that comes from self-management and worker control over the enterprises to which they commit their labour.

Lack of access to capital, land shortages, high rents, increased migration, falling agricultural productivity, and growing development of urban areas resulted in a drop in the number of peasants and an increase in the number of urban wage labourers during the early twentieth century (Bakan 1990). Even in urban areas, however, own-account employment has become a striking feature of the economy, particularly in retail and personal services such as urban higglering, informal vending, tailoring, and dressmaking (Eisner 1961). Although wage labourers have grown substantially as the number of independent cultivators has fallen, desires for economic independence and security remain paramount in the minds of many Jamaican workers. In his national worker survey, for example, Carter (1989) found that a majority of respondents expressed a preference for owning their own business and being their own boss, primarily because of the authority associated with giving rather than taking orders.

Importantly, the own-account tradition has historically functioned on an individual basis where peasants and self-employed workers have established small-scale single proprietor or family-owned enterprises and both produced their own output and owned the means of production (e.g., land, buildings, and equipment) (Beckford 1972). At the same time, however, individuals and families often engaged in various collective endeavours to market their goods and services, raise capital to purchase land, improve their social welfare, provide a means of collective savings, and help others in times of need by contributing work and financial assistance (Post 1978). Informal cooperation involved traditions of collective work (e.g., "day fi day"), welfare (e.g., "share pot"), and savings (e.g., "partner") still practiced today, particularly in rural areas (Manley 1975a). Formal cooperation resulted in numerous marketing organizations, co-operative banks, citizens associations, building societies, consumer stores, thrift clubs, friendly societies, and credit unions. These organizations were first started in the late nineteenth and early twentieth centuries at around the same time that various craftsmen were beginning to organise formally in unions (Watson 1994; Eisner 1961).

This historical development of ownership has produced three legacies relevant to our discussion. First, a dualistic tradition emerged in which many Jamaicans expressed a preference for individual control over production and ownership but co-operative participation in financial and related activities (e.g., purchasing inputs, marketing outputs, and raising capital) and welfare services (e.g., fulfilling housing, and other social needs). This tradition has resulted in the relative dearth of producer co-operatives or other formal efforts by working class Jamaicans to operate productive enterprises on a collective basis. According to the National Union of Cooperative Societies, only two co-operatives registered in Jamaica in 1998 were producer co-operatives. As such, many Jamaicans have come to understand ownership as an immensely individualistic and personal phenomenon in which individual or family "owners" are entitled to full or substantial control over all decisions related to the means of production and the production process.

Figure 8: Distribution and Size of Cooperatives (1998)



Source: National Union of Cooperative

Second, many of the early co-operatives started by small farmers and own-account labourers failed as a result of undercapitalisation and inadequate training in business management (Watson 1994). At the same time, however, a few agricultural service co-operatives that benefited from economies of scale and several collective organizations controlled by middle and upper class professionals (including trade and credit unions) flourished during the post-war period (Panton 1970). As such, the gradual urbanisation of the economy and the growth of collective organizations meant that union and association membership came to rival ownership of land and own-account labour as the primary mechanisms by which working class Jamaicans could secure greater economic autonomy, control, and self-determination (Bakan 1990). Indeed, the number of people involved in co-operatives (Figure 8) combined with number of unionised employees represents almost one-third of the adult population.

Third, the lack of a producer co-operative tradition combined with concentrated ownership in the formal sector means that most Jamaican workers have had little or no experience with ownership participation in large enterprises. Several of the collective organizations were founded and have been controlled by small farmers and wage-earners. At the same time, however, most of the structured, bureaucratic, and successful organizations (such as building societies, mutual assurance societies, and marketing associations) were controlled by boards of directors made up largely or exclusively of wealthy landowners, solicitors, upper class professionals, and members of the minority elite (Biddle 1993; Worrell 1987; Post 1978). The most striking example is the largest marketing organization, the Jamaica Banana Producer's Association, controlled by a wealthy landowning family that was initially started as a co-operative with a broadbased membership, but that eventually became a limited liability shareholding company listed on the stock exchange that placed restrictions on new shareholders (Biddle 1993). This co-existence in collective organizations of substantive worker involvement (through savings, work effort, and personal membership) with minimal worker control over decision-making parallels similar disparities in the formal sector where workers participate through work effort but play little or no role in decision-making.

In addition, most of the other large-scale collective organizations have been started or eventually co-opted by the government and have also lacked meaningful worker ownership or control. Since the late nineteenth century, the government has created national collective organizations (such as the Jamaica Agricultural Society and Jamaica Welfare Limited), passed oversight legislation (such as the Industrial and Provident Societies and the Co-operative Societies Law), and established regulatory bodies (such as the Co-operative Department and Registrar of Co-operatives) to supervise, inspect, and promote the development of formal co-operative initiatives (Girvan 1993). The increasingly radical climate of the 1970s provided fertile grounds for the development of a more state-centred and formal co-operative movement. For example, the PNP government established an agrarian reform programme that provided agricultural co-operative services such as farm inputs, land preparation, and marketing to small farmers and encouraged the development of retail and shopkeeper co-operatives to distribute basic food items throughout rural areas to alleviate shortages (Kaufman 1985).

3.5.1. Sugar Worker Co-operatives

The most significant producer co-operative effort in Jamaican history began in 1974 when the democratic socialist PNP government established 23 worker-controlled co-operative farms on three large sugar estates covering 48,000 acres of state-owned cane land and representing 30% of the island's total sugar production (Feuer 1984; Stone 1978). The sugar co-operative initiative began when the government purchased the sugar lands from the existing owners (UK-based Tate and Lyle) and responded to overtures from two organizations organised by Jesuit Priests and local grassroots activists that both sought to establish worker control on the estates (Stone 1992a).

The government established several state enterprises to oversee the co-operatives, but the land, machinery, and buildings were owned collectively by co-operative members and the co-operatives were operated on a democratic one-worker, one-vote basis. The co-operative structure comprised three tiers of co-operatives (at the farm, estate, and national levels) with membership confined to sugar workers who purchased membership shares on a generous re-payment plan and who were asked to lend a small part of their redundancy payments to provide start-up capital. Ultimate authority resided in a general committee of delegates representing each estate-level co-operative that elected an eleven-member managing committee (at the annual general meeting) responsible for financial, technical, purchasing, and marketing duties and led by a General-Secretary (Feuer 1984). The general committee delegated responsibility for day-to-day farm operations to appointed managers who could not join the co-operatives but who could attend general committee meetings as observers (Kaufman 1985). Although innovative, the organizational structure of the co-operatives obscured the fact that worker loyalties and communication patterns functioned at the farm rather than the estate level and served to reinforce the perception among workers that the co-operatives were artificially-imposed arrangements (Kaufman 1985; Stone 1978).

The sugar co-operatives benefited from positive factors such as the strong support of the Prime Minister (Manley), the dedicated leadership of the grassroots activists, and the government's decision to accept the losses incurred by the estates (Kaufman 1985). Importantly, however, several actions necessary to generate support among the workers ultimately proved more harmful than beneficial. First, the government's decision to make substantial severance pay to sugar workers when the management of the estates changed hands was the most decisive factor in generating worker support for the co-operative idea (Feuer 1984). At the same time, however, the redundancy payments reduced the amount of money available for investment, made materialist aspirations the dominant motivating force in co-operative commitment, and provided workers with financial benefits before they experienced the burdens and responsibilities of self-management (Kaufman 1985; Stone 1977). Second, the grassroots activists made workers enthusiastic by promising and even guaranteeing that their earnings and incomes would increase dramatically when they became owners of the estates. This rhetoric also created unrealistically high expectations among workers that quickly bred hostility in an adverse economic climate. Third, the government decided not to make any workers redundant on the farms so as to prevent opposition among laid-off workers (Feuer 1984). But this decision also perpetuated overstaffing difficulties, increased labour costs, and provided workers with an unnatural sense of security incompatible with genuine self-management and control (Stone 1992a). These lessons were fresh in the minds of the managers in the six case study companies, many of whom mentioned the sugar worker co-operatives as the wrong or inappropriate method of achieving employee ownership.

Several external variables did indeed affect the co-operatives negatively such as a national drought and technical irrigation problem, as well as increasing inflation and currency devaluation that resulted in falling real worker incomes, rising input costs, and a scarcity of inputs (Feuer 1984). The fall in government revenues also made it difficult to fund necessary education programmes on the estates and to repay the original start-up capital loans made by the worker-owners (Stone 1992a). These negative economic conditions were exacerbated by the fact that the co-operatives inherited the diseconomies and inefficiencies of large-scale estate production that existed under the previous owners. These inefficiencies included high levels of decapitalisation, deficits, technological deterioration, and overcentralisation, as well as poor management practices reflected in outdated agronomic techniques, high surplus labour (overstaffing), the lack of crop diversification, and the operation of the factories and farms as distinct units (although both are an integrated part of the complex production process) (Feuer 1984). The unfavourable economic and production conditions were intensified by the reaction of many businessmen and the private media who attacked the worker co-operatives as "the cutting edge of socialism and the end of the world" (Stone 1992a; Manley Interview).

Moreover, the worker co-operatives were introduced into sugar estates that had changed only minimally since slavery and were still characterised by an authoritarian, hierarchical, and oppressive culture in which racial stratification both reinforced and overlay existing class inequality that served to increase the tension and virulence of the working environment (Feuer 1989). In particular, bitter and often hostile division existed between the workers (e.g., field and factory labourers) and staff (e.g., managers and supervisors), whom many workers considered to be brutal, corrupt, racist, and unjust in awarding work assignments (Stone 1992a). In addition, social conflicts also existed among workers themselves as factory workers viewed field workers as the lowest stratum on the estate lacking specialist skills (Stone 1978).

Importantly, many of the co-operative leaders and the majority of the appointed managers came from the staff because they possessed the literacy and financial skills necessary to run the co-operatives and manage the estates. As such, the staff successfully resisted efforts to change the existing organizational hierarchy and also retained the basic system of work organization on the estates, including task work patterns, irregular work, favouritism in work assignments, and the absence of worker training programmes (Feuer 1984). In addition, both the staff and co-operative leaders failed to hold and attend meetings on a regular basis, to diversify the estate operations, or to develop effective mechanisms to communicate with workers, which all weakened the legitimacy and credibility of the leadership (Feuer 1984). Moreover, staff members feared they would lose control and thus formed a staff association and went on a successful strike that secured a promise from the government to provide them both severance pay and a two-year guarantee of employment (Kaufman 1985).

Despite these concessions, however, several staff members remained staunchly opposed to the worker co-operative idea and became increasingly bitter, resentful, unco-operative, and intimidatory, that created a serious division between the co-operative rank-and-file and its leadership (Stone 1992a). As such, "while formally the co-operatives were structured as democratic worker-controlled institutions, informally their was an enormous and debilitating 'tug of war' reinforced by high levels of mutual distrust, dislike, and conflict." (Feuer 1984:116). These divisions came to a head when the pay of supervisors was raised nearly twice that of workers (in an adverse economic climate) that exacerbated economic inequality and social tensions and resulted in a hostile worker reaction including strike action (Stone 1978).

The existing conflicts were driven by the fact that many field workers were illiterate, lacked exposure to democratic ideas or structures, and were concerned primarily with job displacement and security, declining income levels, poor working conditions, and preserving and enhancing their general material welfare (Stone 1978). In addition, many workers simply did not believe that the historical legacy of the plantations would allow transfer of the estates to their hands and also possessed little confidence in their own capacity and ability to run the estates by themselves (Feuer 1984). In fact, most sugar workers had reacted to the proposals of the educated grassroots activists to take over the farms with responses ranging from limited and qualified support to skepticism, doubt, ambivalence, and even hostility (Bogues Interview). In particular, the support of unionised workers was lukewarm, fragile, and subject to drastic reversal because unions represented the only institutional ally and defender of worker interests to which most sugar workers had ever been exposed, while the grassroots activists had no extensive experience in these areas (Stone 1978).

As a result of the adverse political, economic, and organizational variables, the managing committees functioned ineffectively, profits plummeted, productivity fell, agricultural practices deteriorated, and debts piled up (Stone 1992a). In addition, worker support dwindled, apathy increased, labour indiscipline became widespread, wildcat strikes by worker-owners became more frequent, and conflicts among the workers, committee leaders, and the staff reached crisis proportions (Feuer 1984). In 1981, therefore, the JLP declared the sugar co-operatives bankrupt, accused them of mismanagement, incompetence, and inefficiency, and reverted them to full state-control prior to re-leasing them to Tate and Lyle. It should be noted, however, that extensive managerial training and educational programmes conducted by grassroots activists on one estate apparently resulted in significantly more positive changes in worker attitudes and far less conflict and diminished output than occurred on the other estates without similar efforts (Kaufman 1985; Stone 1978).

3.5.2. Worker Participation

In addition to the worker co-operatives, the PNP regime also pursued a model of worker participation in organizational decision-making in the 1970s as one method to improve and protect worker interests (Stephens and Stephens 1986). At the macro-social level, the government hoped that worker participation would facilitate "the widest possible participation of the mass of the Jamaican people toward a more egalitarian society, overcoming the stark class and race divisions characterising Jamaica" (Stephens 1987:335). Manley explains that the worker participation model was "borne [from] the fabric of my own socialist thinking [and] represented a critical element in [the] process aimed at changing the balance of economic power in the society" (Manley Interview). At the micro-organizational level, worker participation was aimed at redressing the historical inequality between employers and employees, establishing mutual respect and cooperation between both groups, shifting the power balance in enterprises toward employees, and generating attitudes of solidarity among employees (Stephens 1987; Manley 1975a).

In 1975, Manley appointed a commission of experts and representatives from the private sector, unions, and government to examine the experiences of several nations, conduct a national survey of workers and managers, and solicit submissions from unions and employers in order to advise on a worker participation model for Jamaica (Nettleford 1976). In his budget speech, Manley directed the commission to consider and suggest methods to facilitate worker involvement in decision-making at the shop floor, departmental, and board levels, and to ensure full disclosure of accounts to unions in collective bargaining (Manley 1975b). In the speech, Manley made one of the first ideological statements on employee share ownership in Jamaican history when he urged the commission to find ways to facilitate the worker

> . . . sharing the ownership of the business in which he or she works. The division of companies into owners and workers derives from past class arrangements and is based on the assumption of [superiority] and inferiority. We believe that people are equal and that the worker cannot be allowed to continue to occupy an inferior status in the business which is the inevitable consequence of being a worker and not an owner – of being excluded from ownership (Manley 1975b).

In 1976, the commission presented its report to cabinet suggesting the establishment of worker participation schemes in both public and private enterprises employing more than 40 workers. The primary proposals included the implementation of: (a) worker representation on the board of directors with one-third in private sector firms and one-half in public sector enterprises; (b) employee councils with equal worker and employer representatives responsible for personnel and social affairs; (c) health and safety and discipline and grievance committees to advise the employee councils on specific issues; and, in enterprises with more than 100 workers; (d) economic committees with worker representatives both elected from the workforce and appointed by unions to be consulted on all major economic developments in the enterprise and entitled to full financial information (Nettleford 1976). The report also recommended that unions make internal democratic reforms and be involved in all worker participation mechanisms; that a national fund be established to finance education and training programmes for managers, union officials, workers, and the public; and that a permanent Worker

Participation Commission be formed to oversee the implementation and evaluation of participation programmes (Nettleford 1976).

Importantly, the report also tentatively supported the adoption of three shareholding and profit-sharing mechanisms. These three mechanisms were (a) preference shares to provide a regular and predictable annual return to workers, (b) profit-sharing to provide a financial incentive for workers that would complement wages; and (c) cost-reduction bonuses to share the financial gains with workers achieved by cost reductions initiated by them at the departmental level (Nettleford 1976:43-4). The committee felt that mandatory implementation might violate existing ownership laws and thus recommended that it be voluntary and part of collective bargaining. The report also rejected suggestions that the government purchase and transfer shares to workers by arguing that it would create unfair "enclaves of privilege" within the working class and would undermine the principle that equity acquisition requires a financial sacrifice. Significantly, the report considered but rejected worker ownership of ordinary shares because of the low discretionary income of workers, the uncertain and irregular income, the weak financial position of participating companies, and poor understanding by workers of financial and equity-related issues. More fundamentally, the report felt that employee share ownership in general was limited and restricted in its ability to achieve substantive organizational reform:

> [W]orker participation in ownership will not <u>in the short run</u> (by the methods advocated) fundamentally change the concentration of ownership that now exists in the society nor lead to an accumulation of large equity holdings by workers. It amounts to tinkering with, rather than a basic transformation of ownership patterns in the country . . . [Therefore,] <u>worker participation in ownership should not be attempted either prior to or independently of a programme of enlarging worker participation in the decision-making process</u> (emphasis added) (Nettleford 1976:43).

The government accepted the broad thrust of the recommendations, announced implementation plans, and established a Worker Participation Unit (WPU) in the ministry of labour responsible for implementing and evaluating participation schemes. Ultimately, however, the worker participation model did not meet with widespread success for several reasons. At the macro-social level, difficulties included unfavourable ideological associations between worker participation and socialism; unclear objectives and definitions of worker participation; and the worsening economic situation. At the macro-organizational level, problems and conflicts arose from employer resistance, union skepticism, and worker indifference.

The socialist rhetoric and increasingly hostile ideological climate made it unclear among advocates whether the goal of worker participation was greater participation in decision-making, control of enterprises, or both (Kaufman 1985). In addition, dwindling state resources and other financial constraints associated with the economic crisis restricted the administrative and bureaucratic support base for the expansion of the model outside a few pilot studies attempted in state enterprises (Stephens 1987). Most importantly, the model was associated with ideological rhetoric that alienated many potential supporters who perceived worker participation as simply a tool of ideological control. For example, journalists involved in the communist Worker's Party of Jamaica (sympathetic to the PNP) effectively assumed control of the state-owned television station under its worker participation scheme. These journalists' censuring of certain news items served to undermine the credibility of the station in the eyes of the public, raised fears of a communist takeover, and created an unfavourable view of worker participation and its consequences (Stephens 1987).

Given the conflictual relationship at the workplace between union leaders and rank-and-file membership, most unions paid only lip service or opposed worker participation because they feared it would institutionalise plant-level leadership and reduce the need for the negotiating and advocacy role they performed (Stephens and Stephens 1986; Stone 1986). Personal differences also hindered the implementation of worker participation as several unions opposed the individuals chosen as field organisers in the WPU (Stephens 1987). Significantly, many unions shared the doubts of the commission regarding share ownership and viewed it more as a management device to muzzle unions and limit collective bargaining rather than a means of providing meaningful participation in decision-making (Stone 1986b). Few workers took an active interest in worker participation as they were too engrossed in wage-related issues and day-to-day economic survival in the high-inflation environment to support ideas for restructuring the workplace (Stone 1986).

In their submissions, employers expressed virtually unanimous opposition to mandatory worker participation. Most negative employer positions were paternalistic responses that cited the implementation difficulties associated with "translating the worthy idea of worker participation into an effective operating reality" (quoted in

Stephens 1987:342). Several employers presented authoritarian reactions, however, and referred to the alleged inability of workers to make a meaningful contribution to the running of an enterprise, the perceived injustice of worker involvement in "the right to decision-making that belongs to ownership" or the fear that "producer democracy" would threaten "consumer freedom and entrepreneurial rewards" and thus "create fertile grounds for a new tyranny" (quoted in Stephens 1987:342).

Despite the substantive difficulties and opposition, the model was implemented for short periods in five state-owned enterprises including Radio Co., one of the six case studies (Stephens and Stephens 1986). Some practitioners and researchers argue that the implementation of worker participation proved beneficial for both unions and workers in those enterprises that received a direct voice in policy-making, access to confidential information, and greater involvement at the division level. This was so because the employee councils acted with unions to save jobs and played a greater role in firing and dismissals (Kaufman 1985). At the same time, however, critics argue that the hostility and opposition of senior and middle managers ensured that the participation mechanisms had only a peripheral or limited long-term impact within these organizations (Stephens 1987; Kaufman 1985). More importantly. "not a single participation scheme approximating the guidelines was experimented with in the private sector," reflecting the opposition of Jamaican employers to increased worker participation and the 1970s PNP government (Stephens 1987:342).

As a result of the serious economic, political, and organizational obstacles, the government abandoned plans for worker participation legislation in the late 1970s, laid off many of the WPU field organisers, portrayed the commission's recommendations as guidelines and not stringent rules, and placed less emphasis on the limited and public sector programme (Stephens 1987). The election of the JLP in 1980 and the rise of a pro-employer outlook signaled the demise of worker participation and thus most of the public sector programmes were disbanded.

Significantly, two of the six case study companies implemented employee share schemes during this period. The first, Broiler Co. voluntary decided to sell shares to employees for religious and paternalist reasons but also as a pre-emptive and strategic move to avert a nationalist takeover by the government similar to that which occurred in the sugar worker co-operatives. In the second, Radio Co., the government divested the company to so-called "mass representative organizations"' and reserved a block of shares for employees as part of the more comprehensive worker participation scheme. Although many employees and unions in both organizations suspected that the schemes would not continue into the 1980s under the JLP administration, the managers of both companies expressed their commitment to employee share ownership and continued the schemes. Chapter 5 examines the motives for and structures of the share schemes in greater detail.

Several studies reveal that the legacy of worker participation is unclear. In the 1982 national worker survey, for example, most respondents (84%) indicated support for the idea of worker participation, but only 16% of the sample felt that its benefits were as important as material improvements in wages or improved pension benefits (Stone 1982). Similarly, the 1987 national worker survey found that only 5% of the respondents who believed they did not receive a fair deal from their employers cited a lack of say in decision-making as a reason for that belief (TUEI 1987). On the other hand, many respondents in the survey (50%) indicated that they both understood and approved of worker participation, although a similar number (49%) felt they did not understand the concept (TUEI 1987). Most respondents in a later national worker survey expressed strong support for worker-management committees and worker representation on the board, but most respondents considered strong union influence and advocacy to be the most superior and indispensable part of workers' participation in decision-making (Carter 1989). In general, therefore, many employees have supported worker participation, but felt that it was not as important as other forms of compensation, were unsure what it meant or how it could be implemented, and believed that union involvement was a necessary part of the concept.

Employee views on <u>share ownership</u> are similarly ambiguous. The 1976 worker participation committee commissioned a national worker survey which found that "the overwhelming majority of workers viewed quite positively the prospect of owning shares" in the enterprises where they worked (Nettleford 1976:40). At the same time, however, only a minority of respondents expressed an interest in investing a defined sum of money in shares, citing as their primary reasons inadequate incomes, low and uncertain returns on investment, and pressing short term cash needs. Employee interest in purchasing a defined sum of shares varied across sectors, however, ranging from a low of 16% to a high of 59%. In addition, most respondents expressed a preference for improved wages as opposed to a share in profits, although these results also varied across sectors with the low of 40% and a high of 82% (Nettleford 1976). In contrast, the 1989 survey found little enthusiasm for direct equity ownership among employees and that many employees viewed share ownership with an "uneasy eye of distrust and lively fears of eventual political manipulation and betrayal" (Carter 1989:68). Unfortunately, Carter does not indicate the number of shareholders in his sample (nor provide statistical support for his conclusion), but the results may be significant because more shareholders probably participated in the study as more workers owned shares in 1989 than 1976. In general, therefore, workers have expressed varying opinions on share ownership at different times ranging from strong conceptual support to unenthusiastic skepticism. Most studies find, however, that Jamaican workers have viewed shares as a costly financial burden.

3.5.3. Privatisation and Liberalisation

Although the worker participation and sugar co-operative initiatives in the 1970s provided the most vocal ideological support for employee ownership, efforts to privatise national enterprises and liberalise the economy during the 1980s and 1990s presented many workers with the most practical access to share ownership. Significantly, the employee ownership model of the 1980s initially represented a practical mechanism to achieve certain social policy objectives other than an ideological commitment to worker empowerment The minister responsible for the programme (Prime Minister Edward Seaga) explains the motivation for encouraging employee ownership:

> It was just good social policy, it made workers feel that they were part of the ownership of the institution they were working in and therefore it would give them more motivation, better productivity, and it would help to spread ownership (Seaga Interview).

Substantive employee share ownership began in the mid-1980s when the government actively pursued its privatisation agenda. In 1985, the government privatised a large enterprise, Soap and Edible Products, Ltd. (Seprod), and included an employee share scheme (ESS) that reserved 10% of the shares offered to private institutional investors (1.5 million shares) for Seprod's employees at a 40% discount in price (Adam et al 1992). The inclusion of the ESS reflected Seaga's long-time practical policy of offering shares to employees: "It has been a standard policy [of the JLP], you never privatise a government-owned entity without setting aside something for workers" (Seaga Interview). The government's lack of clearly-articulated principles for employee ownership prompted one observer to comment:

> The motivation for [the Seprod ESS] is unclear: the managing director [believed the ESS would ensure that] the workforce did not 'miss out' on the potential benefits of divestiture, although another interpretation is [that the ESS was] intended to buy off potential union opposition to the

> sale. . . Thus, while the economic arguments for employee share ownership programmes are usually couched in terms of appropriate incentives for labour effort, in the Seprod privatisation the motivations were quite different (Adam et al 1992:124-5).

As a result of the pragmatic and unclear reasoning for the share scheme, the Seprod managers discontinued the scheme during the late 1980s. In an interview, the Seprod managing director explained that he felt the employees did not appreciate their shares and simply sold them for capital gain with no benefit to the company. With the assistance of UK-based technical advisers who had advised the Thatcher government on privatisation (headed by John Redwood, former candidate for the leadership of the Conservative Party), the government sharpened its rhetorical justification for employee ownership during the privatisation of Bank Co. in 1986 and Cement Co. in 1987. The government felt that employee share ownership would democratise ownership, strengthen union and employee support for privatisation, and improve organizational productivity, efficiency, and profitability by boosting the personal motivation of employees (Adam et al 1992). In addition, unlike the Seprod privatisation, the share schemes were actively supported by the Bank Co. and Cement Co. managers who appreciated the opportunity to strengthen their control since a limit was placed on the ownership of both companies by outside parties (7.5% and 10% respectively). In contrast, the Seprod privatisation involved a transfer of majority ownership to a single entity and thus the management did not really benefit from the share scheme.

Indeed, the government's privatisation programme fulfilled several of its stated objectives. First, there was minimal public opposition from the unions or PNP to the privatisations of Bank Co. and Cement Co. Second, nearly all employees in Bank Co. (98%) and Cement Co. (99%) participated in the share schemes (Adam et al 1992). Third, the majority of employees in both companies supported the divestments as revealed in surveys conducted after the privatisations (Stone 1992b). Importantly, however, the level of employee support for the divestments in Bank Co. (82%) and Cement Co. (74%) was less than the extraordinarily high levels of employee support for owning shares, indicating that employee participation in share ownership did not necessarily indicate their support for the privatisation (Stone 1992b). Even so, though, support for the divestments of both enterprises among employees exceeded that of the general public substantially (Stone 1992b). Moreover, the government's restrictions on ownership and its impressive media campaign to publicise the privatisations yielded impressive results:

> [T]he government succeeded in introducing almost 30,000 new investors into the market in the period 1985-7. These new investors came from a lower income bracket [and] were mostly clerical, secretarial, and technical employees . . . Thus the government succeeded partially in one objective, namely the democratisation of share ownership (Adam et al 1992:168).

The explicit emphasis on organizational objectives is a critical difference between the JLP's employee ownership model and the PNP worker participation model. Former Prime Minister Seaga asserts that the PNP's model was "a purely social policy approach" that involved the use of coercive mechanisms in a hostile environment to fulfil certain abstract ideological aims. In contrast, Seaga claims that the JLP created an "economic model" that provided necessary financial incentives to employees and therefore yielded the desired objectives of "greater motivation, greater productivity, greater harmony, and the social spin-off of a better environment" (Seaga Interview). In describing the most appropriate model, therefore, Seaga argues that:

> [T]he motivation has to be right on both sides of the equation. If it is a question of share ownership, those who own the shares and are going to distribute them must feel that they are doing something that is also of value to them and those who are going to be the beneficiaries must feel that they are getting something that is of value. You can't, as [the PNP] did in the 1970s, load the equation on one side and say that owners of companies must distribute shares to employees, because then [those] owners . . . are just going to pull in and do nothing. . . [Y]ou can't do this sort of thing in an atmosphere of conflict (Seaga Interview)

3.5.4. The 1990s ESOP Initiative

In many ways, the PNP's ESOP initiative in the 1990s represents a continuation of the JLP employee ownership model. At first, the ESOP model was simply the PNP's worker participation model under a different name. When he was opposition leader during the early 1980s, Manley consulted the leadership of the island's employer organization, who informed him that the US-style ESOP model might prove more palatable to employers than the worker participation model that they felt contained excessive and undesirable ideological baggage. Manley explains:

> [I]n the 1980s, I had some talks with the Jamaica Employer's Federation [JEF], and it was [the JEF President] who said to me one day, you know something, [the JEF] is beginning to look afresh at this thing, . . . [but] let us change the language. Worker participation just evokes all these memories of the 1970s that upset people. . . . [W]e can find another name and get a process going by some sort of co-operative approach . . . And [we] decided to use the American phrase Employee Share Ownership Plan . . . So, in due course, ESOP became the name. (Manley Interview).

In formulating the ESOP model, Manley accepted that many people approached ESOPs with "pained resignation" and viewed it only "as a desperate expedient when all else has failed" (Manley Interview). He rejected this view, however, and felt that employee ownership could be a pro-active part of "market-oriented socialism" and "positive social engineering" in which the state would act as an architect and engineer in designing strategies of economic empowerment, rearranging the power structure, and mitigating the difficulties associated with unequal wealth distribution (Manley Interview). He also felt that ESOPs would help to ensure political and social stability by facilitating the widest popular participation in expanding ownership and by providing people with the opportunity to influence economic development (Manley interview). As such, therefore, Manley viewed ESOPs as a mechanism for providing "every citizen with the opportunity to own part of the productive activity of a society" and thereby creating "a nation of owners" (Manley Interview). At the micro-organizational level, Manley felt that ESOPs could "transform relationships between the main actors in each enterprise and create a unity of interest in discipline and productivity and a reality of participation in the benefits of increased efficiency" (Manley Interview). As such, therefore, he felt that employee ownership could "make the workplace a factor in social unification instead of the cause of social disharmony and conflict" (Manley Interview).

After the PNP returned to power in 1989, Manley therefore established a special task force to examine options for implementing employee ownership legislation, which was located in the state-owned National Investment Bank of Jamaica (NIBJ) that oversees the government's divestment and privatisation programmes. The task force eventually established a National Committee on Worker Ownership comprised of representatives from employer organizations (JEF and PSOJ), trade unions (BITU, NWU, and UAWU), and government ministries (labour and finance). The committee consulted various other individuals and organizations, held several conferences and workshops, sought financial and technical assistance from USAID, and hired an American-based ESOP consultant to assist in drafting legislation. In 1992, the committee presented a proposed outline of the ESOP initiative that was submitted to various government authorities for comment and discussion, which eventually became the draft legislation submitted to Parliament as the ESOP Act.

The Print Co. and Computer Co. case study companies both arose out the 1990s ESOP initiative and out of Manley's "positive social engineering" to create "a nation of owners." When the government privatised its printing and computer service departments, it responded to the overtures of the employees and their unions who requested that they be given a chance to own and run their departments as private companies. As with the 1980s share ownership plans, the government had both ideological and organizational objectives when it privatised the companies. Although ideological rhetoric dominated the justifications for the 1970s worker participation model, the 1980s privatised share scheme model, and the 1990s ESOP model, all of the models either explicitly or implicitly assumed that certain organizational results related to employees would obtain. First, all the models felt that employees would become more motivated and increase their output that would lead to greater productivity, efficiency, and profitability. Second, the three models assumed that a minimisation of conflict between employers and employees, as well as greater co-operation, harmony, and "social unification" would result from employees owning shares in their employing companies. Unfortunately, however, no empirical studies have been conducted to examine or determine the extent to which the stated benefits of employee share ownership to the participating organizations and their members simply represent the unrealistic and fanciful desires of Jamaican managers and government officials or accurately reflect the actual organizational realities.

3.6. CHAPTER SUMMARY

This chapter has provided a broad historical overview of the prevalent relationships and patterns found in many Jamaican organizations by examining the variables that have shaped workplace relations in Jamaica. These variables have affected the manner in which employee share ownership was introduced into the six case study companies as well as the subsequent impact on the perceptions and behaviour of organizational participants. At the macro-economic level, employer profits have grown over the past two decades in contrast to the real incomes of Jamaican workers, which have eroded in the face of high inflation rates and other adverse economic policies that have also reduced workers' standard of living.

The negative macro-economic environment has also been exacerbated by various organizational variables such as the traditionally conservative and bureaucratic organizational culture that prevails in many Jamaican organizations. The dominant plantation culture derives from and reinforces the historical legacy of slavery and exploitative employer practices. In addition, the weakening of union bargaining power since 1980 through government and judicial action has restrained the ability of workers to counteract the adverse conditions they face. This has resulted in widespread demoralisation, demotivation, dissatisfaction, and distrust in the Jamaican workplace. The lifting of wage guidelines in 1991 removed the main barrier to organizational conflict and therefore strike action and work stoppages have increased substantially, reflected in recent widespread incidents of industrial action and protest.

The introduction of employee share schemes since the 1970s has occurred in a context of concentrated corporate ownership in the hands of a minority elite who wield significant influence and power in Jamaican society. The exclusivity and dominance of the elite is most evident in the stock market, where a small number of individuals and families own and control a disproportionate number of public companies and allegedly engage in manipulative practices. At the same time, many Jamaicans have participated in ownership historically through land ownership, own-account labour, and small enterprises that has created a widespread perception of ownership among most Jamaicans as granting the owner full and exclusive control over the productive process. Although Jamaicans have participated in co-operative enterprises in substantial numbers, these organizations have fulfilled social or financial needs and members of the working class have not participated substantially in the decision-making process. Combined with a legacy of concentrated ownership and minimal worker participation in formal sector companies, Jamaica has no historical tradition of worker ownership in large enterprises.

The lack of an ownership tradition has been compounded by the well-known failures of the most significant experiments in worker participation and ownership that occurred during the 1970s. The reasons for the failure of both initiatives have also affected the implementation of employee share schemes in the case studies to varying degrees. These reasons include the negative economic environment, employer and managerial hostility, union opposition, artificially-imposed structures, unrealistic worker expectations, and the lack of education among workers. At the same time, however, both the worker participation and co-operative efforts involved direct government intervention and were introduced in an intense ideological environment. In contrast, the share schemes in the six case studies in this research – even though all arose out of both direct and indirect government involvement – were implemented in less stridently ideological ways, typically involving privatisations and other more practical and tactical reasons.

The contextual and historical framework has also affected the impact of share schemes of the case study companies in several ways. First, an atmosphere of hostility and conflict characterised by poor interaction and communication, low worker effort and output, and feelings of doubt and distrust may have blocked, stifled, or simply made it difficult to implement share schemes in several of the case studies. Second, the hostile organizational culture combined with the widespread lack of worker training opportunities has resulted in poor work effort and attitudes among many workers that may have minimised both the willingness and ability of Jamaican workers to respond positively to motivational mechanisms such as employee ownership.

CHAPTER 4: THE CASE STUDY COMPANIES

4.1. INTRODUCTION

This chapter provides an overview of the six case study companies in order to understand the different contexts in which employee ownership was implemented. The purpose of the overviews is to understand the organizational motives for implementing employee ownership schemes, the nature of employee ownership, the most important external and internal variables and the industrial relations and financial outcomes in each company. The case study overviews are based on secondary materials such as company publications and government documents; magazine and newspaper articles; speeches and reports; as well as primary sources (i.e., interviews conducted with directors, managers, employees, and union officials in each company).

4.2. THEORETICAL FRAMEWORK

Several theoretical issues arise in attempting to understand the nature, role, and impact of any phenomena such as employee ownership in an organizational context. Ultimately, any such investigation involves an attempt to understand and communicate the "culture" of an organization, a process which itself involves several assumptions, positions, and approaches:

> An organizational analyst, in constructing an interpretation of practice in an organizational setting (e.g. an account of culture and symbolism), is necessarily manifesting particular logic or strategies to attain both authenticity and persuasion [and to provide interested readers with] . . . an authoritative and credible account. . . Here, through the agency of the experience and technique of the interpreter, meaning is extracted from data and translated into a meaningful account (Jeffcutt 1994a:228)

Unfortunately, the extensive literature on organizational culture produces a wide variety of definitions of the term (Dunham et al 1994). In addition, "there is yet no single pre-eminent point of view or methodology for the study of culture, but rather a rich mixture of ideas and approaches, which range from anthropology to social psychology and organizational sociology" (Brown and Starkey 1994:808). This study accepts the underlying assumption that "organizations are mini-societies that have their own distinctive patterns of culture and subculture" (Morgan 1986:121). As used in this study – and as the data from the case studies illustrate – organizational culture refers generally to the institutions, processes, and beliefs that provide coherence and meaning to members of the organization and to external observers (Keenoy and Anthony 1992).

This chapter also attempts to place the six case studies within an historical context in an effort to better understand the culture within each firm. As Mabey and Mallory (1994:15) argue, "statements about culture have little meaning when divorced from the historical development of the organization concerned. In reality cultural knowledge is highly contextualised." This historical and contextual approach is also necessary because organizational culture builds up over time and can therefore be seen as the intangible glue that holds various aspects of the organization together:

> [C]ulture can be seen as the meanings attached to more tangible aspects of organizations, such as strategies, structures, and labour management practices. Cultures or meanings that are underpinned by real practice are more accessible as historical data (Rowlinson 1995:123).

The case studies focus on three main variables. First, they emphasise the perceptions and feelings of participants – and particularly workers because, as Deal and Kennedy (1982:4) observe, "a company's real existence [lies] in the hearts and minds, of its employees." Second, they focus on the presence and role of the information sharing and communication mechanisms used in the companies because these phenomena are often "surface manifestations of complex configurations of deeply felt beliefs, values, and attitudes" (Brown and Starkey 1995:808). Third, they focus on the structure of the organizations, even though "corporate culture writers pay little attention to structure" (Rowlinson 1995:122).

Organizational structure refers to the formal and informal rules, practices, and procedures that establish how critical organizational decisions are made, usually with reference to the division of labour within the organization, the configuration of positions, the lines of authority among organizational members, and the nature of job duties (Bailey et al 1992). Some theorists argue that culture and organizational structure are highly correlated and that structure is simply one component or 'artefact' of culture (Schein 1990). In contrast, other theorists argue that culture is subordinate to structure and that culture is simple "a mediating process that supports the bounding and redefining stabilisations of restructuring" (Jeffcutt 1994a:254). As noted, this study assumes that culture and structure are usually closely related phenomena, but recognises that organizational "culture" can – depending on the context – strengthen, undermine or interact indifferently to the organizational structure (Mabey and Mallory 1994). With this theoretical framework, therefore, the case study overviews attempt to provide an essential understanding of several variables. First, the significant external influences that have affected participants in the organizations. Second, the formal structures in each organization (e.g., the organizational structure and employee ownership participation mechanisms). Third, the organizational culture within each organization (the underlying philosophies, motives, values, beliefs, and attitudes of organizational participants). Fourth, the tangible results from the interactions of organizational culture and external influences (the industrial relations climate and financial performance of each company). Table 3 presents an overview of the characteristics of the six case study companies.

Table 3: Characteristics of the Case Study Companies

Company Name	Company Status	Company Sector	Employee Owned (%)	Year Employee Ownership Started	# of Employees	Union Status
Broiler Co.	Public	Agriculture	20%	1977	1100	Unionised
Radio Co.	Public	Media	19%	1980	110	Unionised
Bank Co.	Public	Finance	10%	1986	2500*	Unionised**
Cement Co.	Public	Manufacturing	4%	1987	450	Unionised
Print Co.	Private	Printing	60%	1992	135	No Union
Computer Co.	Private	Computing	70%	1993	45	No Union

*Prior to merger with Merge Co. **Staff Association with formal ties to a union

4.3. BROILER CO.

4.3.1. History and Industry

Broiler Co. is the only pre-ESOP legislation company in the island whose owners decided to sell shares to a majority of its employees and appoint employee representatives to its board of directors outside of the privatisation context. Founded by three businessmen in 1958, Broiler Co. eventually became family-owned when one of the founders (Sydney Levy) bought out his partners, and the company became listed on the Jamaica Stock Exchange when it went public in 1992. In addition to being the island's largest producer of poultry, eggs, animal feed, and freshwater fish, Broiler Co. also diversified its operations into various other products such as farm equipment, vitamin, and fertiliser, and acquired a stake in a financial institution. In 1995, the company expanded internationally by acquiring a controlling interest in both an American-based chicken producer and a UK-based poultry distribution company. The company maintained contracts with several hundred farmers and truckers who respectively grew and transported Broiler Co. chickens. As the larger of only two integrated poultry producers in the island, Broiler Co. experienced minimal local competition, but faced stiff competition from US poultry producers who allegedly "dumped" cheap chicken leg quarters below cost into the Jamaican market since 1992. In response to the long-term threat of imported leg quarters, Broiler Co. convinced the Jamaican government to put tariffs on imported leg quarters in 1994.

4.3.2. Employee Ownership

At the time of my field research, Broiler Co.'s largest shareholders were the family of Sydney Levy by blood and marriage (50%), public shareholders (23%), Broiler Co. contractors (8%), Broiler Co- employees (7%), and the Broiler Co. employee trust (12%). By 19990, the ownership structure had not changed significantly. The Levy family created the Broiler Co. employee trust in 1973 to purchase the shares of a departing founder and partner of Broiler Co. who wished to sell his shares (26% of Broiler Co.). After Sydney Levy died in 1976, his family decided to contribute some of their own shares (24% of Broiler Co.) to the employee trust and then offered the shares in the trust (50% of Broiler Co.) to the company's employees and contractors in 1977. This decision reflected the deep religious convictions of the Levy family members and their desire to share their wealth with other participants in Broiler Co. The main solicitation document distributed to potential participants by the company to encourage participation in the ownership scheme contained a letter signed by Levy family members explaining why they decided to give up majority interest in Broiler Co.:

> We have come to feel that helping others is more important than accumulating wealth or retaining the security which a majority interest provides. This is the simple outworking of something which God has been doing in our lives. It started some years ago when we began to experience in a special way a personal relationship with God's son, Jesus Christ. Our heart's desire is that you too shall experience what God has been doing in us and our hope is that all of you who participate in this offer will benefit in more than just a material way. As you consider participating in ownership we want you to be aware that our future influence in [Broiler Co.] will be directed towards helping people adopt God's pattern for their lives as we work together for the continuing success of our company.

In addition, in an interview, Broiler Co.'s chairman (who had been chairman since 1964) revealed that the decision to sell shares to employees also served three other purposes not mentioned in the solicitation document. First, some proceeds from the share sale came back into Broiler Co. and provided it with a necessary financial infusion since the company "did not have the cash resources to meet [its] capital requirement for . . . continued growth." The remaining capital inflow from the share sale accrued to those members of the Levy family who had given up part of their shareholding and thus enabled those family members to pursue certain financial objectives related to personal or other business commitments. Second, the share sale represented a strategic move designed to "give significant strength to the company in negotiations with the government" if the democratic socialist PNP decided to nationalise Broiler Co. or become involved in its management. Although the government did not formally attempt to take over Broiler Co., it had created the sugar worker co-operatives and nationalised several other companies (such as Bank Co. and Radio Co.), which indicated to the company's board that Broiler Co. was likely to be a nationalisation target. Indeed, as the country's largest supplier of several basic food items, Broiler Co. represented an ideal nationalisation candidate as it would have fulfilled the government's desire to protect the "national interest" by controlling the price and supply of chicken in the island. Third, Broiler Co. faced internal pressures when it had not renewed the agreements of contract farmers who had demanded an ownership stake in Broiler Co. prior to the share sale, presumably because the farmers felt inspired by the sugar worker co-operatives.

The share sale elicited diverse reactions. A member of Broiler Co.'s board of directors at the time who was a wealthy, white Jamaican (and a member of what many consider to be the most influential of Jamaica's twenty-one families) resigned as a Broiler Co. director. Senior managers of Broiler Co. confirmed that the board member resigned because he was a "traditionalist" who felt that a family should never surrender control in a company to any group or individual. Given Jamaica's history of concentrated ownership and the highly politicised climate of the 1970s, the unprecedented decision of a wealthy minority family to give up majority ownership in a company founded by its patriarch inevitably generated feelings of skepticism and doubt among potential participants. These feelings were exacerbated because few employees and contractors probably understood the meaning of shares during the 1970s. Importantly, union officials in the company became suspicious and felt that the company was attempting to "buy out" worker loyalty. Although they were initially skeptical, union officials explained that they later supported the share scheme because employees have benefited financially and because a chief delegate in one of the company's unions had served on Broiler Co.'s board since the scheme was established.

To address early apprehensions, the company stressed the meaningful and voluntary nature of the share sale in the offer documentation distributed to potential shareholders. For example, the offer document contained the company's detailed financial records over the prior three years and revealed that the company had remained consistently profitable over that period. In addition, the company explained in the offer document that "the basic objective of this offer is to enable ownership participation between all those involved in the company . . . that is real and not fictitious . . . [and] where the employees, the contractors, the managers and the original shareholders can grow in working together with co-determination for the future." Furthermore, the Levy family also emphasised in the document (a) that they remained confident in and committed to the company; (b) that no significant changes were contemplated in the management team or structure of the company "other than to make participation real," (c) that the share scheme was "a voluntary decision reached by management and major shareholders" since "no pressure had been exerted by unions, employees, contractors or the government"; and, (d) that "the major shareholders of the company recognise that in making this offer <u>they [were] relinquishing control</u>" (emphasis added). Significantly, in an interview, the Broiler Co. chairman explained to me that his "gut feeling" was that even if the family surrendered majority control, it would still have wielded "effective control because we only needed several managers to come in and vote for us."

The company offered approximately half of the shares in the employee trust (25% of Broiler Co.) to employees and contractors, reserving the remaining share in the trust for future offers to employees. All employees and contractors received a glossy solicitation document that contained an overview of the company's operations, financial information about the company's performance, a letter from the Levy family, and the terms of the offer. In addition, an offer and acceptance form was included in the distribution materials that participants could sign to become shareholders immediately. Employees could purchase shares based on a standard formula incorporating length of service and income. The shares were offered at book value with payment by interest-free automatic salary deductions over five years. Participants received full beneficial and legal share ownership (e.g., full voting, dividend, and bonus issue rights) from the day of acceptance and not after the five-year repayment period, so that many employees received more from dividends over five years than they paid for their shares. Participants could sell their shares back to the employee trust at anytime based on book value certified by auditors and had to sell their shares to the trust when they left the company for any reason except retirement. In addition, the employee shares were similar in all respects to other Broiler Co. shares. As a result of the generous terms of the offer and the information dissemination, most eligible employees (75%) participated in the share scheme. Although the employees initially received 50% of the company, that figure fell to 12% because of the public issue in 1992 and the change of the share scheme in 1988 (discussed below).

Each year following the share offer, shares were offered once or twice a year to both new and existing employees or contractors on similar terms as the initial offer. When the conservative JLP administration returned in 1980, many employees, contractors, and unionised officials felt that the share ownership scheme would come to an end. Thus, Broiler Co.'s senior executives distributed a letter to these groups explaining that the company still remained committed to share ownership and employee participation at the board level. At the same time, however, the company recognised that the generous terms of the first scheme had placed a financial strain on the company and thus changed the terms of sale in 1988 when the company introduced a new share scheme. Under the second scheme, participants could pay for their shares through automatic salary deduction over a one-year period and had to pay interest. In addition, participants received beneficial share ownership (and thus had the right to direct the trustees to vote their shares) and only received full legal ownership when they paid for the shares in full. Importantly, several employees who had originally purchased shares expressed disappointment and disillusionment with the less favourable financial terms of the new share scheme.

Prior to going public in 1992, investment analysts warned the company that both the share scheme and employee representation at the board level would deter some potential investors from participating in the public offer. The company expressed its commitment to these institutions, however, and even reserved shares for employees and contractors in the public offer. Even so, Broiler Co. wound up the share scheme pending full implementation of the ESOP legislation under which it intended to participate (but had not yet as of July 1999). Predictably, the lack of any share offers in the intervening period frustrated or disappointed several employees – particularly longer-serving ones – accustomed to the traditional share distribution. In addition, the company continued to use shares in the employee trust to compensate senior managers as part of the new performance-related executive compensation, which further disturbed middle managers and workers who did not benefit. In addition, several employees who purchased shares prior to the winding up did not receive their share certificates for over a year (despite several efforts to acquire them) because of an administrative oversight during the winding up. Many of them became bitter and upset at the seeming "disrespect" they had received from the company. Furthermore, several employees hired since 1992 were not shareholders and revealed that they had never even heard of the share scheme. As such, the absence of a share offer for several years had served to widen the difference between younger employees (the "new" generation hired after Broiler Co. became public) and older, long-serving employees (the "old" generation who knew it as a private firm).

4.3.3. Financial Performance

Broiler Co. experienced consistent revenue and profit growth in its first two decades and grew even faster after the implementation of the share scheme in 1977. The improved economic situation in the 1980s also contributed to the company's financial performance, however, and it was therefore difficult to isolate the role of employee share ownership. The company incurred substantial foreign currency loans during the 1980s to modernise and upgrade its equipment but the unexpected devaluation of the currency increased the company's interest repayment obligations substantially. The increased interest expense combined with high interests rates and prim controls resulted in a fall of Broiler Co.'s profits in the late 1980s and the company suffered a loss of J$15 million in 1989. Between 1990 and 1999, Broiler Co. was consistently profitable because of its dominant market position, tariffs on cheaper chicken imports, and the lifting of price controls. In 1992, the company embarked on a cost-cutting initiative and thus profits grew by 194% to J$120 million between 1993 and 1994. In 1998, the company posted profits of J$215 million. In 1999, however, the company experienced a significant loss of over J$200 million largely related to continued dumping of imported chicken and the write-off of the investment in the United Kingdom, which was placed in bankruptcy.

4.3.4. Organizational Structure

The most decentralised company of the six case studies, Broiler Co. owned eleven subsidiaries that operated as independent fiefdoms as each had its own manager and nine of them even had their own boards of directors. The subsidiaries ranged in size from five employees in the smallest subsidiary to six hundred employees in the largest. Broiler Co. also had one of the largest managerial staff complements of the six case studies with five senior executives in the head office and similar managerial bureaucracies in the eleven subsidiaries. In addition to their autonomy, the subsidiaries operated in different product markets and processes, drew their employees from different social backgrounds, and were spread out around the island, mostly in deeply rural areas. Furthermore, most of the subsidiaries were the largest employer and dominant economic influence in the rural communities where they were based, which reinforced their local importance and also distanced them from the central head office.

As a result, inter-subsidiary relations were characterised by fragmentation, rivalry, competition, and even conflict. For example, a competitive rivalry existed between the two subsidiaries that contributed the most to the company's turnover – animal feed (41%) and poultry (36%) – as to which was the most important group subsidiary and therefore deserved the greatest resource allocation. In addition, the more successful subsidiaries often complained that the less profitable or unprofitable ones were unnecessary burdens on the company. Furthermore, personal differences existed between several subsidiary managers related to the pricing, timing, and quality of goods involved in inter-group transactions. Broiler Co.'s executives had attempted to counter these difficulties by creating a group head office to oversee strategic developments and by monthly meetings among subsidiary heads to improve communication since 1993. These efforts had addressed several of the conflicts, but tensions and divisions still remained.

4.3.5. Organizational Culture

In 1993, the eldest son of the company's founder became the chief executive officer of the company and embarked with evangelical fervour on a radical campaign to modernise the company's operations, reduce its costs, and improve its competitive position. Although he lacked tertiary education, the new CEO was a graduate of the Owner/President Management Programme at Harvard Business School that partly explained his zealous devotion to principles of efficiency, competitiveness, and customer service. As a result, his "internationally competitive agenda" involved the removal of inefficient managers, the recruitment of young managers with MBAs, strengthening the company's information technology base, and the implementation of performance-related executive compensation using employee trust shares.

The CEO emphasised the importance of symbols in his competitiveness reform agenda. It was significant, for example, that although the personnel or human relations officer served as the main gatekeeper for my research in the other case study companies, the public relations manager acted as the gatekeeper in Broiler Co. Indeed, the public relations officer interacted with the

CEO on a daily basis and her office was located close to his, whereas the office of the human resource manager was located in another nearby building. The CEO's symbolic efforts were manifest in the image that the company portrayed to its shareholders in colourful and professionally designed annual and quarterly reports. To reinforce the competitiveness agenda, the company created large, bright posters prominently displayed in all the head office and subsidiary buildings which declare to employees and visitors alike that the company's "Number one objective for 1994 [was] to become internationally competitive." Although less simple and catchy, the company's objective for 1995 was to "identify targets and measure their progress to achieve international competitiveness and customer satisfaction." In 1996, the objective was to "ensure a motivated, committed and productive work force totally incohersed with achieving customer satisfactory in the development of new product," an objective that was also used in the following two years (1997 and 1998).

As a family-owned company, Broiler Co.'s management was dominated by Sydney Levy's relatives as four of the five senior executives in the company were related to him by blood or marriage (the chairman, the president, and two vice-presidents for operations and finance). In addition, Broiler Co. extended this family-orientation throughout the company so that many members of the same family (unrelated to the Levy's) worked in the company. This culture fostered a sense of unity, loyalty, and dedication among many employees but also led to inter-family conflict, managerial entrenchment, and perceptions of favouritism and nepotism. The family culture also created resentment and divisions between employees who found it reassuring, comforting, and just; and those who found it exclusionary, stifling, and unfair.

At the same time, however, the company made an impressive effort in recent years to recruit non-family professional managers (many of whom had MBAs) and thus nine of the eleven subsidiary heads were not members of the Levy family. Respondents felt that the influx of the new managers enriched the company with more professionalism, creativity, and innovation, although some felt that it also created tensions and conflict with the familial culture. First, the young, bright, and ambitious managers possessed "progressive" ideas that appealed to the CEO but that were less appreciated by many of the older, longer-serving managers. Second, several of these young managers felt frustrated with the traditional family structure as their prospects for entering senior management were limited. These tensions were compounded because members of the third generation of the Levy family (several of whom also had MBAs) worked at the company for several years, assumed prominent positions, and seemed poised to assume leadership when the second generation departed.

A Christian family, the Levy's ran the company on spiritual principles that influenced both the internal operations and external perceptions of the firm. Examples of the spiritual ethos that pervaded the company included the tradition of beginning meetings with a prayer (including the board meeting) and, most visibly, the adoption of a religious mission statement in 1987. The mission statement reads: "With God's guidance we shall efficiently manage our Company to fulfil its obligations to our customers, shareholders, employees, contractors, and the community at large, with an attitude of service and a commitment to truth, fairness and the building of goodwill" (emphasis added). The mission statement remained in force during the interview and is still used today (1999). Because most Jamaicans belong to a Christian church, the religiosity of the company appealed to many employees (and outside observers), who considered the company to be admirable, honest, and principled – especially compared to other firms. At the same time, however, a minority of employees felt that religious commitment served as a basis for company favouritism. These respondents argued that several senior managers achieved their status because they either belonged to the same church as the Levy family or held similar Christian beliefs, a charge that was vehemently denied by both the family and the managers themselves.

4.3.6. Industrial Relations

As a family-oriented, Christian company, Broiler Co. practiced paternalist principles since its founding. These principles included kind gestures rarely found in other Jamaican firms (apart from share ownership) such as generous employee loan schemes, profit-sharing, health insurance, social events, housing programmes, and even a "company counselor" for employees to "receive advice in moral, social, spiritual and related matters." During the fieldwork, Broiler Co. was completing plans to build day care facilities for children of employees and to establish a system to transport employees to and from work. In addition, most of the senior managers and executives maintained an open-door policy that enhanced the family-oriented atmosphere. Because of the extreme diversity of its subsidiaries, however, Broiler Co. did not possess a single, unified industrial relations climate.

Broiler Co.'s human resource and training (HRT) department changed its name from the "personnel department" in 1994 when a group HRT manager was appointed as part of the international competitiveness agenda. Only five people worked in the HRT department but it relied heavily on the advice of an external consultant who designed the executive compensation system. In addition, the general manager of each subsidiary (assisted by the subsidiary's personnel officer) negotiated and determined employee benefits independently, which created disparities in compensation across the group. Several efforts were being made, however, to make the process uniform and to establish regular meetings among personnel officers and with the group HRT department. Several employees complained about the HRT department for its lack of set procedures and documentation and the lack of substantial training opportunities.

The non-managerial workforce fell into three categories: office workers, factory workers, and agricultural workers. Historically, none of the office workers were unionised, their compensation was usually been determined by managers, and, significantly, they had never engaged in collective industrial action in the company's history. Both the factory and agricultural workers had been represented historically by three separate unions (the island's three largest: BITU, NWU, and UAWU) across the five unionised subsidiaries. The unionised workers had participated in various forms of collective action at different times both prior to and after the implementation of the employee share scheme – although strike action remained concentrated in the two largest subsidiaries (poultry and animal feed).

One aspect of the 1990s competitiveness drive had been to reduce labour costs through increased mechanisation and contracting-out of labour so that several subsidiaries had either laid off workers and replaced their functions with machines or had made workers redundant and re-hired them as "independent contractors" or "contract employees". As a result, the number of permanent employees fell from approximately 1400 to 1200 between 1992 and 1994, while both productivity and profitability increased over the same period. By 1999, the number had fallen to under 900. Importantly, the employee reduction initiative was connected with the company's de-unionisation effort, which reflected the company's unitarist frame of reference as well as its paternalism. Most executives openly admitted their desire for a union-free company and explain that the unions are "unproductive" and that the managers treated the employees both fairly and well. Since 1993, therefore, <u>all</u> of Broiler Co.'s agricultural workers as well as a minority of its factory workers became de-unionised. Of the five unionised subsidiaries, three became de-unionised (two of those switched to a contract system) and in the remaining two where the unions remained (poultry and animal feed), union officials lamented that the unions had become weaker as a result of the drastic reduction in employee size. Indeed, the plant managers in those subsidiaries (where the bulk of unionised employees work) explained that they had made a conscious effort to "break the back" of the unions. These managers explained that they had tried to "regain control of the workforce" by enticing key union agitators to leave and by communicating directly with the workforce in an effort to undermine the perceived need for the union among workers. The management team denied that they had used shares as part of the de-unionisation effort, but one senior manager admitted that employee ownership had "created an environment which has prevented immature unions from being as militant in their bargaining."

In addition to the deunionisation effort, the competitiveness drive had the effect of "leaving the employees behind" as one worker explained. One employee echoed the view of several in stating that the company was "not very worker-oriented [and the] culture is company objectives first, second, and third – employees last." In an effort to cut costs, for example, several traditional employee benefits such as social events, the housing assistance programme, and even the company counselor had been eliminated or cut back and thus several workers had become disappointed, bitter, and even angry. For example, the sales and marketing manager (an MBA who was one of the new breed of managers) had become so involved in redesigning the operations of the department that he had neglected a popular motivational tool. That tool involved a monetary reward to top salespersons (every month and every year) whose names were inscribed in a plaque prominently displayed on the department wall, but he had not made an award since 1990. Unsurprisingly, employees in that department who saw the outdated plaques every day expressed high levels of dissatisfaction with the department.

The deunionisation and staff reduction efforts had a mixed impact on the industrial relations climate. On one hand, several contract and de-unionised workers expressed pleasure at the increase in income that they had received as a result of their status, the removal of "unnecessarily hostile" unions, and their newly-acquired independence. On the other hand, several workers expressed concern about their uncertain job security and loss of pension benefits (contract employees still received all other benefits) and almost all workers complained about the increase in work pressure. One manager in a de-unionised subsidiary described what he perceived as an attitude of "mistrust and uncertainty" that prevailed among the remaining employees, and explained that "this will take some time to change." Throughout the fieldwork, employees expressed feelings of doubt and concern about the changes in general, but seemed to accept that the improvements were both inevitable and necessary. As a result, unionised employees focused more on the deunionisation exercise than on employee ownership issues. In addition, union officials stated that share ownership was relatively peripheral to their main focus – avoiding downsizing and de-unionisation – although they expressed appreciation for the financial benefits and access to board-level information associated with share ownership.

4.3.7. Employee Participation

When Broiler Co. introduced its employee share scheme in 1976, it also altered its articles of association to guarantee representation on the board of directors for "special interest groups" – unionised employees, salaried staff, trucking contractors, and farming contractors – whose representatives would serve on the board for two-year term. The special interest directors held four board seats (one for each group), senior executives held five seats, and outside directors held three seats. The senior executives also encouraged the subsidiary managers to ensure representation of the special interest groups on their individual boards. The company did not have a uniform policy on special interest group board representatives across subsidiaries, however, and thus some subsidiaries had representatives while others did not, and some of the special interest group representatives were elected by workers while others were appointed by managers. In addition, the subsidiary board representatives operated independently from the group board representatives, although employee representatives on the subsidiary and group boards had expressed their intention to pursue greater co-operation.

At the group level, the unionised board representative was selected in a secret-ballot vote held at the AGM that was conducted by and among all unionised workers. As such, the representative always came from the subsidiary with the largest number of unionised workers (poultry) and was usually the chief delegate in the main processing plant. Because the unionised employees were spread out across the island in different subsidiaries and were represented by separate unions, the unionised board representative focused primarily on the interests of the unionised workers in his subsidiary since he did not often interact with unionised workers in other subsidiaries. The salaried staff representative on the group board was elected in a secret ballot vote of salaried staff representatives from each subsidiary (some appointed by the subsidiary manager, others elected by the salaried staff) held at a bi-annual meeting at the group office conducted by the chairman of the board or the group HRM manager. The salaried staff representative always came from the largest subsidiary (poultry) and was always a middle manager or specialist employee (e.g., field officer).

Interviews with board members revealed that the presence of employee representatives had a positive impact on the company in providing alternative perspectives on various issues and ensuring that employee positions had been adequately expressed. In addition, the directors felt that the employee representatives – the non-unionised representative in particular – had made valuable contributions in securing employee objectives such as equal company-wide pension and health benefits. Directors also revealed that most of the discussions that occurred prior to worker representation still occurred in the presence of employee representatives on the board, although tactical approaches had changed. First, the chairman stressed at each meeting the importance of keeping information confidential far more than he did prior to worker representation. Second, certain issues related to union negotiations, staff salaries, and contract negotiations that would have previously been discussed openly at the board level in detail now occurred in summary form. Detailed discussion occurred in the board's executive committee made up of company officers (but no special interest group representatives or outside director). The "detailed thinking" that occurred at the executive committee level was then "packaged and taken to the board of directors for ratification." Third, conflicts that had arisen between members of the company's team and the special interest group representatives (primarily those of the contractors and the unionised employees) were mediated by an independent director.

Unlike the unionised board representative, the salaried staff board representative did not represent an organised group since the salaried staff was not formally organised. Without a formal association, the salaried staff board representative possessed no forum to solicit ideas from or provide feedback to employees on a regular basis and thus many employees viewed the representative as providing them with few, if any, benefits. Several salaried employees lamented the lack of a formal staff association and felt that one was needed in a high inflation environment to negotiate for staff salaries. Indeed, the staff had been put at a disadvantage as a senior manager revealed that the percentage increase the Broiler Co. management planned to give salaried staff in 1995 had been lowered because of the high award given to unionised workers that year. One employee who had made several efforts to organise a staff association (before eventually giving up) had faced stiff resistance from senior executives and she speculated that the executives viewed her efforts as either insulting or threatening to their managerial prerogative. Moreover, the salaried staff representative on the group board informed the CEO during my fieldwork that he could not deliver the vote of thanks at the company's annual award ceremony because he would have felt like a hypocrite since he was upset about the lack of formal representation for the staff and felt that his role was symbolic and not substantive.

Formal participation in Broiler Co. thus remained an exclusive privilege of employees in the company's remaining two unions, which the management was attempting to weaken or eliminate. Work-related participation such as teams and quality circles had been attempted on an experimental basis among a small number of workers in select subsidiaries, and the management had plans to implement them widely depending on the results. Various other forms of participation existed such as an employee newsletter that used to be distributed on a regular basis but had faced difficulties during the transition to a group HRT office and had been published sporadically (once every three months between 1994 and 1995). In addition, bulletin boards appeared in various offices and departments depending on the style of the particular department supervisor or manager. The company relied heavily on personal communication as the CEO visited each subsidiary twice a year to meet with workers. Most managers also maintained an open-door policy, which many workers supported, although several workers explained that they would have preferred a collective forum to express their views since they occasionally felt shy and reluctant to make complaints or requests to managers on a personal basis.

The employee trust deed provided for four employer trustees and one employee trustee, although in practice the board of directors appointed the five trustees, usually choosing a middle manager as the employee trustee. In any case, the trustees played an insignificant role as the board had made most trust decisions such as the voting of unallocated trust shares (the chairman of the company was also the chairman of the trust). Responsibility for the practical administration of the scheme historically fell to the company lawyer. Prior to its public listing in 1992, Broiler Co. distributed an audited financial statement to all shareholders with a notice of the annual general meeting (AGM). The company also made a special effort to make the AGM employee-friendly by holding it in an open area at one of the company's offices (not at a hotel or conference room), making transportation available for interested shareholders to attend, providing meals to attending shareholders, and distributing dividend cheques to attending shareholders (the personnel officer of each subsidiary distributed dividend cheques to employee-owners who did not attend).

Since the public listing of the company, however, many employees who felt privileged to be shareholders in Broiler Co. as a private, family-owned company felt that they had lost their special status since anyone could become a Broiler Co. shareholder. These employees pointed to the company's AGM, for example, and argued that it had lost its intimate appeal because far more shareholders were in attendance, meetings were held at hotels or conference rooms and not at company offices, meals were no longer provided, and a more formal tone had been adopted by the senior executives. At the same time, however, several of these employees appreciated the efforts of critical outside shareholders who used the meeting to raise issues that many of the employees also felt strongly about but were reluctant to bring up because they feared recrimination or disliked criticising "their" company in a public forum.

4.4. RADIO CO.

4.4.1. History and Industry

Radio Co. was nationalised by the PNP government in 1977 and became a limited liability company when it was partially divested by the PNP in 1980 to both the company's employees and to mass-representative organizations such as co-operative societies, credit unions, and churches. Radio Co. became listed on the Jamaica Stock Exchange in 1991 when the PNP government sold its remaining shares in the company. Originally started by a British company in 1950, Radio Co. was the first commercial broadcasting station in Jamaica and one of several radio stations operating in the Caribbean owned by the UK firm. Radio Co. launched a second radio station in 1984 and also operated a subsidiary that provided background music and paging services to commercial enterprises. In addition, Radio Co. held a minority ownership stake in several firms including a radio station in Trinidad, a data conversion company, and an amusement park. One of Radio Co.'s stations was the most popular radio station in Jamaica with 30% of overall station share, and Radio Co. commanded nearly 40% of radio listenership when its second station is included. Although its nearest competitor only has a 19% market share, Radio Co.'s market share declined from 45% to 37% between 1991 and 1994 in response to the rise in the number of radio stations in Jamaica following the de-regulation of the broadcasting industry in the late 1980s. Since 1994, Radio Co.'s market share has fallen even further to 25%. Radio Co. thus operated in a highly competitive environment and had to devise various strategies to maintain its market share or at least to prevent further slippage.

4.4.2. Employee Ownership

When the government divested Radio Co. in 1980, it sought to widen the ownership base of the company and thus it divided the company's shares into three classes and offered them to various groups (with the percentage of the company's shares in brackets). First, "A" class shares (50.1%) were distributed among nineteen mass representative organizations including teacher unions, churches, consumer and building societies, private sector organizations, trade unions, and co-operative enterprises. Second, "B" class shares (25.1%) were retained by the government. Third, "C" class shares (21.8%) were distributed to Radio Co. employees. Employees in Radio Co. thus became the only employees in Jamaica that received shares as part of the PNP's worker participation initiative. In its 1991 public offer, Radio Co. reserved a block of shares for employees, but the issuance of new shares and the subsequent sale of shares by several employees on the stock exchange resulted in the shareholding dropping from 22% to 19% of the company's shares between 1991 and 1994. In addition, an institutional investor (a leading bank) acquired 8% of Radio Co. shares and thus became the largest single shareholder in the company, although several teachers organizations, co-operatives, and senior managers of Radio Co. also had significant holdings. The company's articles of association restricted individual ownership in the Radio Co. to 10% of the company in compliance with its broadcast license, although the company's employee trust could legally exceed the 10% restriction.

Prior to Radio Co.'s public listing in 1991, the employees received full and beneficial ownership to their shares individually based on salary and length of service. Although the shares were labeled "C" class, they received the same dividend and voting rights as the other classes of shares. Among the case study companies, Radio Co. offered the most generous acquisition terms to employees including automatic salary deductions over ten years as well as tax-free dividend distributions. At the same time, however, Radio Co. was the only case study company that required all eligible employees to participate in the share scheme as a condition of employment. Many employees initially found this requirement disturbing, but several employees appreciated the shares in the long-term when they eventually realised substantial profits from capital gains and dividends. The decision to make share sale mandatory was made by the government and senior managers because they feared that employees knew little about shares and would not want to participate in the scheme voluntarily. Although no trust existed to hold employee shares, the government-owned Jamaica Development Bank (JDB) performed all transactions related to employee shares that an employee trust would have performed. As such, the Radio Co. scheme functioned like an ESOP and employees had to re-sell their shares (at net asset value as certified by the auditors) to the JDB on resignation or termination, and the shares were held by the JDB for future employees. Retiring Radio Co. employees could either hold their shares, re-sell them to the JDB or sell them to other employees, similar to provisions under the 1994 ESOP legislation. Although Radio Co. formally abolished the different classes of shares for employees and other special interest groups when the company went public in 1991, the company established a voluntary employee trust to replace the functions of the JDB. The employee trust required that employees retain their shares for three years but it was easier and more convenient than the stock market since workers did not incur the brokerage fees or transfer taxes applicable on the open market.

Because the employee share scheme was initially introduced by the PNP government in 1980, supported by the management, and was widely distributed, the PNP-affiliated union in Radio Co. expressed general support for the idea. At the same time, however, the union expressed serious reservations about the mandatory aspect of the share scheme and felt that workers with lower incomes should not be forced to participate in the scheme. In addition, the chief delegate explained that the company informally restricted the re-sale of shares by not adequately informing workers how to sell their shares and by establishing bureaucratic obstacles that made it difficult for workers to do so. The union supported the 1991 ESOP trust because it facilitated employee participation in share ownership by assuming the transfer and stamp duty tax that the employees incurred when they traded their shares on the stock exchange. The union officers also felt, however, that the three-year retention period imposed by the employee trust posed overly burdensome on many employees who needed ready cash.

4.4.3. Financial Performance

Until 1998, Radio Co. sustained net profits since it began operating in 1950 because the company's radio stations had historically operated in a monopolistic or oligopolistic environment. Between 1974 and 1979, after-tax profits fluctuated at relatively low levels as a result of the worsening economic environment. After divestment of shares to employees and mass representative organizations in 1980, however, the company's after-tax profits outstripped the growth of the pre-1980 period. The favourable economic climate and Radio Co.'s dominant market position during the 1980s and early 1990s explain much of the company's impressive performance and the role of employee ownership is unclear. In the early 1990s, the company's profits fell slightly in response to the deregulation of the industry that witnessed a sharp increase in the number of radio stations between 1989 and 1994 and forced the company to reduce its rates. As a result, net profits fell by 8% between 1993 and 1994 to J$13.2 million, although several other variables also contributed to the profit decline such as investment losses and property tax increases. In 1997, Radio Co. acquired the country's largest television station. The acquisition has had an adverse impact on the company's financial performance and thus for 1998 and 1999, the company has posted its first losses ever of approximately J$20 million each year.

4.4.4. Organizational Structure

Radio Co.'s organizational structure was dominated by three senior executives at the top with managers of departments separated along functional lines reporting to these executives. The managing director also chaired the board of directors, held the dominant position in the organization, and was even listed above the board of directors on the company's organizational chart, unlike all other case studies and almost all companies in Jamaica. Both the general manager (who also served as the company secretary) and the finance and administrative manager rounded out the senior executive team. The six departmental managers who reported to the executive team included the programme managers of both radio stations, the personnel director, the news editor, the chief engineer, and the marketing manager. With the exception of the marketing manager and personnel director, all of the senior executives and other department managers had worked at Radio Co. for over twenty years, including the managing director (30 years) and general manager (26 years), and had acquired substantial shareholdings in the company. Radio Co. operated out of a modern building in Kingston known as "Broadcast House" that housed the employee offices as well as the radio studios, although the company also owned a small office in the island's second-largest city (Montego Bay) staffed by three employees. The offices of the senior executives were separated from the rest of building, while the department manager offices were located adjacent to their departments.

4.4.5. Organizational Culture

As the branch of an overseas-based multinational company, Radio Co.'s management was dominated by its British owners during its early history. Although it attempted to involve locals in the management of the company, Radio Co. maintained a traditional hierarchical structure where senior managers engaged in little or no contact with workers. When the government purchased Radio Co. in 1977, however, it became one of the state-owned enterprises in which the worker participation model was implemented. The senior managers resisted the participation model as imposed by the government because, as the managing director explained in an interview, the workers "abused" the opportunities since they were "interpreted by workers as syndicalism or worker take-over of management and not participation in the decision making process." Although many of the formal worker participation mechanisms still remained, the management maintained a vocal position – the most vocal of the six case study companies – about its managerial prerogative and its right to make all the final decisions after consulting with workers in certain circumstances. This attitude also pervaded the middle management ranks, although a few workers revealed that their managers had embraced more democratic and participatory styles that involved them in many decisions.

4.4.6. Industrial Relations

In addition to 110 full-time staff members, the company also employed approximately 90 free-lance contributors and news correspondents located across the island. Many of the full-time staff members revealed that the non-managerial employees maintained a collegial relationship and operated in a friendly, family-like environment. They explained that working in an exciting and fast-paced industry and being associated with the most popular radio station in the island made them more content and co-operative. The congenial environment was enhanced because the management offered numerous financial benefits to workers including subsidised lunch in the company canteen, a profit-sharing bonus programme, vacation and sick leave with pay, and a sports club adjacent to Broadcast House. In addition, employee salaries historically were competitive since Radio Co.'s sole competitor for many years was a government-owned radio station, although several of the new radio stations had successfully attempted to lure away strategic personnel from Radio Co. by offering higher salaries. As such, the turnover rate in Radio Co. increased from exceedingly low levels in the 1970s and 1980s to higher levels in the 1990s (over 10% annually).

Although Radio Co. employees belonged to unions since the 1960s, the management attempted to prevent the expansion of the union among the workforce by classifying several employee categories such as account clerks as "confidential" and thus legally precluded them from union membership. As such, only about 40% of the full-time workforce belonged to a union, consisting primarily of newsroom staff, studio technicians, radio announcers, ancillary workers, and non-secretarial clerical staff. Because it represented a minority of employees, the union played a minimal role in the operations of the company and participated actively only in two-year intervals for negotiations. In addition, the union officer described the union-management relationship as co-operative and non-confrontational, characterised by comparatively high levels of openness, sincerity, and respect on the part of the Radio Co. management. As a result of its paternalist practices in offering generous benefits to workers and the co-operative relationship with the union, Radio Co. did not experience many industrial disputes, and experienced only one strike in the 1980s related to a wage dispute. Similarly, the company experienced only two strikes and few industrial disputes prior to the implementation of employee ownership in 1980.

4.4.7. Employee Participation

When employees first received share ownership in 1980, Radio Co. amended its articles of association to allow the employees to select two representatives to sit on the board of directors in addition to the managing director. The government and the mass representative organizations selected the nine remaining directors since these institutions retained the largest shareholding in Radio Co. The employees elected their representative in a meeting held immediately prior to the AGM. Importantly, the vote occurred based on the number of shares held and not on one-worker, one-vote basis, which weighted the voting towards those with more shares – who mostly came from managerial ranks. As a result, the same two employee representatives (both middle managers) had been re-elected yearly since 1980 and remained on the board even though one of them had retired. After the public listing in 1991, the company allowed the employees to elect one representative and thus the employee-owners and the other Radio Co. shareholders re-elected the long-term representative who had not retired. Several employees appreciated the presence of an employee representative on the board of directors, but his long-term presence and his status as a middle manager led many workers to express a preference for an employee representative who was not a manager. The current employee representative on the board of directors, who took pride in his close friendship with the managing director, felt that he had participated in all decisions and had received full information at the board level. He did not think it was necessary to report to workers or solicit their opinions formally, however, since he claimed that he did so on an informal basis and believed that worker interests were best expressed and addressed at the executive and not at the board level.

The Radio Co. employee trust created in 1991 did not facilitate involvement by employees in strategic or administrative decisions because the trust deed appointed the three Radio Co. managers as trustees and the general manager oversaw the administration of the trust. The Broiler Co. company lawyer advised the Radio Co. management on the creation of the trust, but disassociated himself from the Radio Co. trust which he described as "a vehicle designed to enrich the [Radio Co.] managers". On the other hand, Radio Co. had the most extensive formalised employee participation programme of the six case studies. The programme was implemented as part of the worker participation model of the 1970s and included monthly general staff and departmental meetings as well as monthly meetings of an advisory committee comprised of elected departmental representatives, heads of departments, the managing director, and the general manager. Because of these mechanisms, the company did not possess supplementary communication or consultation mechanisms such as an employee newsletter. Most respondents expressed disappointment with the participatory institutions because they felt that the management did not facilitate substantive discussions or allow meaningful participation by workers in these bodies. Managers, on the other hand, felt that workers either used the committees to discuss trivial issues (e.g., offering chicken on a daily basis in the cafeteria) or let the discussions "degenerate into grousing shops" where workers presented "unrealistic" wish lists of desired changes in the company. The managing director described the Radio Co. managerial philosophy of worker participation as one where managers retained full rights to make all decisions with restricted consultation of workers:

> The current management remains committed to the concept of participation, <u>without management in any way arbitrating its authority or right to make the final decision</u>, but recognising that in making those decisions, the concerns and/or opinions of the employees should be formally taken into consideration. Of course, <u>there are some decisions which have to be taken without prior consultation because of the need for safety, confidentiality, and strategic maneuvering of communication</u> (emphasis added)

4.5. BANK CO.

4.5.1. History and Industry

The PNP government acquired Bank Co. in 1977 and it became listed on the Jamaican Stock Exchange in 1986 when the JLP government privatised the company. Bank Co.'s predecessor was the UK-based Colonial Bank of London that established a Jamaican branch in 1837 and grew rapidly until it was acquired by another English bank (Barclays) in 1925. In 1992, a large insurance company (Life Co.) and a building society (Society Co.) together acquired a controlling stake in Bank Co. and thus replaced the Bank Co. employees as the largest single shareholder in the company after the Government. In 1993, Bank Co. merged with another large bank owned by Life Co. (Merge Co.), which solidified Bank Co.'s position as the largest commercial bank and one of the most prominent companies in Jamaica. Bank Co. diversified its operations considerably and offered various financial services including merchant banking, insurance, investment management, and stockbrokering. Furthermore, Bank Co. operated subsidiaries or associated companies with investments in tourism, information technology, agriculture, transportation, and real estate. Although Bank Co. controlled approximately 40% of the retail banking market, it faced increased competition as the government de-regulated the financial sector and thus the number of commercial and merchant banks more than doubled in between 1989 and 1999. In 1997, the government acquired a majority stake in Bank Co. when Life Co. experienced financial difficulty. The Government invested over J$20 billion to prevent the financial collapse of Bank Co., which had been unprofitable since 1997. In 1998, Bank Co. experienced a loss of nearly J$100 million, but recorded a gain of over J$20 million because of the Government injection. As of July 1999, the government still maintained its majority stake, but had announced its plans to divest its stake in Bank Co. within two to three years.

4.5.2. Employee Ownership

Bank Co.'s three largest shareholders in 1994 were Life Co. (45%). Society Co. (15%), and the Bank Co. employee trust (8%). The employee trust was formed when the government privatised 51% of Bank Co.'s shares in 1986 and reserved 13% of the company's share for its employees. The formation of the employee trust reflected both the lobbying efforts of Bank Co. management and the government's ideological commitment to "democratise" the ownership of major Jamaican enterprises. Bank Co.'s managing director reveals that since 1977 when the government acquired Bank Co., the management had made several unsuccessful requests to the government to establish a share scheme, which they felt would reward employees and strengthen employee involvement in the company. In addition, the Prime Minister responsible for the privatisation (Seaga) explained in his 1986 budget speech that "[s]ales of shares are broadly spread so that [privatised] enterprises will be owned by a wide cross-section of the public and not controlled by any small group with the financial power to do so" (Seaga 1986). Furthermore, the government felt that employee ownership would help to expand the local capital market by introducing new players to the stock market and therefore "kick starting" the equity market into a new phase of sustained growth (Adam et al 1992:128). In addition to the employee scheme, the government restricted ownership of privatised Bank Co. shares to Jamaican citizens, placed a maximum limit (7.5%) on ownership of Bank Co. shares, and weighted the share allocation scheme to favour smaller bids in the event of share oversubscription.

Employee ownership also played a more conspicuous strategic role in the Bank Co. privatisation as a means of deflecting political and union opposition to the sale. By restricting Bank Co. ownership and ensuring that the Bank Co. employees would become the largest individual shareholder in the company as a group, the government blunted the criticisms of Opposition Leader Manley who opposed the divestment of Bank Co. unless the "resulting shareholding is widespread" (quoted in Adam et al. 1992:127). The government also held a series of briefings and meetings with unions and addressed their skepticism by emphasising that shares would be widely distributed and that preference would be given to Bank Co. employees. The overseas technical advisers to the privatisation had played a critical advisory role in the Thatcher government's privatisations in the UK and thus were instrumental in using the share scheme as a means to generate union support. Adam et al (1992:129) explains:

> The architects of the [Bank Co.] transaction, taking their lead from the British experience with privatisation, discovered that the most effective means for mobilising the support of organised labour [was] to demonstrate through a stock ownership plan that employees [had] much to gain from the transaction.

The government attempted to stimulate interest in the employee share offer by offering employees preferential shares and by launching an impressive media and company campaign to inform employees about share ownership. The Bank Co. management thus distributed booklets about shares in question-and-answer form that were accompanied by one-page forms that employees could fill in and return in order to participate in the scheme. In addition, the government offered shares on preferential term to all full-time employees (regardless of seniority or years of service) including 20 free shares, 350 shares at a 50% discount, 850 shares at a 10% discount, and 850 priority shares in the case of oversubscription. The government also loaned the employee trust J$10 million to assist employees in purchasing shares that could be repaid in cash or by an "easy payment plan" using salary deductions over a two-year period. As a result of the publicity and generous terms, approximately 98% of the Bank Co. employees participated in the share scheme and over 30,000 individuals and institutions purchased Bank Co. shares in the offer, which was oversubscribed by 170%.

Because the government recognised the financial incentives that the employees possessed to sell their preferential shares at market prices, it restricted the sale of employee shares for two years. After the two-year period, however, the employees received beneficial ownership of the shares, while legal ownership remained with the trust. When the government sold its majority position to Life Co. and Society Co. in 1992, the Bank Co. management reserved 6 million shares for the employee trust that were offered to employees (regardless of seniority or length of service) at a low interest rate (12%) and repayable over a ten-year period. The government acquisition of its significant stake in Bank Co. in 1997 did not alter these terms.

The ESOP trust deed named the merchant bank subsidiary of Bank Co. (Trust Co.) to act as the company's sole trustee in perpetuity but granted the board of directors the authority to replace the trustee. The trust did not take part in any managerial functions and only operated the Bank Co. internal share market that facilitated easy transfer of Bank Co. share. Effective control over the ESOP trust belonged to the Bank Co. board of directors under the trust deed and the management team established a six-person committee comprised exclusively of managers to oversee the running of the internal market. Most employees appreciated the internal market because it made share trading both easier and less expensive as shares were priced below stock market prices and because no stamp or transfer duties were paid on trades. The practice of offering reduced price shares to Bank Co. staff angered several outside Bank Co. shareholders, however, who felt that Bank Co. provided excessive preferential treatment to its staff. Several Bank Co. staff and outside shareholders also felt that certain Bank Co. managers used the internal market to accumulate large blocks of shares. Numerous employees pointed to one divisional general manager in particular who had acquired over 3 million Bank Co. shares and had individually become one of the company's top ten largest shareholders.

4.5.3. Financial Performance

Since the government nationalised Bank Co. in 1977, until the financial crisis of 1997, the company never posted a loss and consistently recorded a growth in profits that outstripped inflation. The company's profit growth increased after its privatisation in 1986, although the company's profit performance did not match that of another commercial bank that was its largest rival (Rival Co.). Bank Co.'s investments in various sectors with long-term returns (such as agriculture and tourism) largely explained the worse financial crisis of Bank Co. Bank Co.'s performance was stark compared to Rival Co., which had not diversified its operations and had thus benefited tremendously from the high rates offered on government securities intended to reduce inflation. Indeed, several Bank Co. employee-owners complained about Bank Co.'s poorly-performing investments and related expenditures (such as a US$15 million refurbishment of a local hotel that Bank Co. owned and subsequently had to sell) and felt that they could have gained more from Bank Co. shares if the company had followed an investment strategy similar to that of Rival Co. and had avoided investments outside of its core business. During my fieldwork in Bank Co. during early 1995, the company experienced a downtown in its performance as its profits for the first quarter of FY1995 had fallen by nearly 50% that led to a resultant 31% drop in the company's share price. A few days after the fall in the share price, the Securities Commission launched an investigation into possible insider aiding at Bank Co. and the lead article in the island's most widely-read financial weekly newspaper queried whether there was "Possible insider aiding in [Bank Co.'s] shares?" Employees reacted negatively to the investigation and subsequent publicity as they felt that insider trading occurred on a regular basis that put them at a disadvantage. In my discussions with employees on my subsequent visits to Bank Co. in 1998 and 1999 after the financial crisis, the disappointment and gloom among employees was widespread. Employees complained most about the low share price, the uncertainty about the future, and the massive lay-offs that were taking place to return the company to profitability. Bank Co. had retained a consulting firm, McKinsey & Co., to perform a cost-cutting exercise, which has further exacerbated the tensions within the organization.

4.5.4. Organizational Structure

Bank Co. was undoubtedly the most hierarchical and bureaucratic of the six case study companies with nine layers of management and three ranked categories of clerical employees ('A'-signers, 'B'-signers, and non-signers). The company operated 33 branches across the island (prior to the merger with Merge Co.) and its head office was located in an imposing and impressive five-story building in Kingston known as the Atrium. The offices of the senior executives were located on the fifth floor of the Atrium in luxurious accommodations protected by security guards who literally and figuratively reinforced the distance between the senior executives and the other employees. The senior executive team consisted of eight individuals including the managing director, two deputy managing directors, the chief inspector, and three divisional general managers responsible for credit, administration, and finance and planning. Various managers and officers of different levels reported to the executive team including the heads of the subsidiaries, branches, and departments. Although they ranged in size from fifteen to four hundred employees, all the Bank Co. branches had nearly identical structures with a branch manager (who was usually treated by the staff as a demi-god) assisted by an operations manager and an assistant operations manager ('A'-signers), several supervisors ('B'-signers), and the cashiers and clerks (non-signers). With only three non-management levels, few promotion opportunities existed for clerical employees – the vast majority of whom were women – and thus Bank Co. had historically suffered from high turnover levels at the clerical level, but, in contrast, extremely low turnover levels at the management level up to the acquisition. Since the financial crisis, Bank Co. has laid off over 150 employees, which had an adverse impact on employee mood.

4.5.5. Organizational Culture

Life Co. and Society Co.'s acquisition of Bank Co. had a substantial impact on the firm and overshadowed almost all other variables in the organization climate. Before Life Co. and Society Co. acquired a controlling interest in Bank Co., the board of directors played a passive oversight role in the operations of the firm. The Bank Co. management essentially "owned" the company under the firm leadership of the previous managing director who was well-known and liked throughout the company and who dominated the affairs of the company. The Bank Co. management team controlled the firm because the government's shares were non-voting and because the staff association successfully encouraged many employee-owners to voluntarily turn over the voting proxies of their shares in the trust to the managing director. When Life Co. and Society Co. became the largest shareholders in the company, however, the managing director resigned, the acquiring companies added several new members to Bank Co.'s board, and the board began to take a more active role in the management and affairs of the company. The new board initially sought to appoint an outsider as Bank Co. managing director, but the Bank Co. staff association strongly resisted this action and thus the board eventually appointed an insider. Many respondents perceived a leadership "vacuum" following the resignation of the previous managing director although his successor was relatively popular among employees since he had previously founded and served several terms as the chairman of the Bank Co. staff association. In addition, one of the deputy managing directors had also served as a chairman of the staff association prior to joining senior management.

Bank Co. promoted its managers from within and thus all of its senior managers had served at Bank Co. for many years. For example, Bank Co.'s seven senior executives had all worked with Bank Co. (and its predecessor Barclays) for at least 26 years and the longest-serving executive had served for over 40 years. The company also used an active rotation policy under which managers were moved frequently throughout various divisions and branches of the company. The combination of the frequent moves and the internal promotion system fostered a pervasive familial atmosphere in the company in which all the senior managers shared similar collective histories and experiences. The family atmosphere was also enhanced because the company owned and operated a training school that conducted courses for all Bank Co. employees and also granted generous study leave awards for managers to pursue external courses and degrees such as the MBA. Like in Broiler Co., however, many of the middle managers who had acquired degrees felt frustrated with the resistance from the "old guard" of senior managers – none of whom possessed an advanced degrees. The older, senior managers in turn perceived the "new breed" of managers as unwilling to "pay their dues" and lacking sufficient commitment to the company. In addition, several new commercial and merchant banks have emerged in the past ten years in the increasingly competitive banking sector and have lured away many of the middle managers trained by Bank Co. This loss of talent reinforced the perception held by the old guard that the new breed of manager lacked commitment to the company.

4.5.6. Industrial Relations

Bank Co.'s bank, subsidiaries, and associated companies employed over 4300 persons including the employees in Merge Co. Only the 2500 employees in Bank Co.'s bank participated in the employee share scheme, however, and only these employees formed the subject population for this case study. Jamaican managers assumed control of Bank Co. when the government purchased it from Barclays in 1977. Since then, the Bank Co. management consistently pursued paternalist practices in order to foster and enhance positive relations in the company by offering its employees competitive salaries and numerous benefits including day care facilities, loan schemes, subsidised lunch, free transportation, as well as generous health and pension benefits. In addition, the Bank Co. personnel department – which changed its name during my fieldwork to the "human resources department" – was the largest personnel department of the six case study companies with 36 employees. Bank Co.'s paternalist efforts in providing for its employees had produced positive results as the Bank Co. staff never engaged in any collective industrial action between 1977 and 1992, although clerical and ancillary staff in several branches occasionally engaged in industrial action related to branch-specific issues. When the new owners bought out the government's shares in 1992, however, the employees went on the first collective strike during salary negotiations. The official reason for the strike was a breakdown in negotiations between the staff association and the management. The chairman of the staff association admitted, however, that the strike also served to "send a message to the new owners" that the Bank Co. employees would not tolerate "unacceptable" practices and changes under the new ownership.

4.5.7. Employee Participation

Bank Co.'s clerical staff was represented by a powerful and active staff association that its chairman described as "the most unique union in Jamaica" because it included managers within its ranks. All Bank Co. managers fell into ranked categories in descending order from #1 to #9 and the senior executives (#1 to #4) were excluded from membership in the staff association, although the remaining managers (#5 to #9) belonged to the staff association. All eligible employees had to join the staff association as a condition of employment and, although the staff association leadership was elected in a secret ballot vote among all members, the senior executive was dominated by managers. For example, the staff association chairman was the manager of one of Bank Co.'s largest branches. In addition to negotiating for wage increases and representing staff members in disciplinary disputes, the staff association also offered financial benefits and organised social events for its members. The staff association shared a close relationship with the Bank Co. senior management, and Bank Co. both provided its office and financed several of its expenses including transportation to its annual conference. Non-managerial employees expressed mixed views about the staff association with some workers feeling that the managerial leadership effectively represented them, other employees believing that greater non-managerial representation was needed to protect non-signers, and a minority arguing that an outside union would more objectively and vigorously advance the interests of non-signers. Bank Co.'s ancillary staff was represented by a union, which also acted as an adviser to the Bank Co. staff association. Many employees admitted that members of the ancillary staff in several branches and divisions were treated poorly by the managers and clerical employees. This treatment explains in part why the ancillary staff in a few branches had participated in five strikes in between 1986 and 1994, although these figures represent a slight decline from the eight branch-specific strikes between 1977 and 1986.

The staff association chairman represented the Bank Co. employees on the board of directors ever since an employee representative board position was created in 1986. Interviews with directors revealed that board proceedings had not changed substantively since the employee representative joined the board, largely because he was a Bank Co. branch manager and not a clerical employee. Like in most of the other case study companies, the directors argued that the employee representative has served a valuable role in presenting employee perspectives at the board level. Prior to 1992, the staff association and the senior Bank Co. management shared such a close relationship that the staff association advised its shareholding members to sign over the proxies of their trust shares to the managing director. In the aftermath of the strike, however, the staff association changed this practice and advised employees to turn over their shares to the staff association chairman, although the new owners possess a controlling stake.

In addition to the employee representative on the board, Bank Co. implemented various employee participation programmes and had even appointed a general manager of Total Quality Management (TQM) to oversee these efforts, although these programmes were introduced in the 1990s and were not connected with the employee ownership initiative. The TQM programmes almost exclusively addressed customer service issues, however, and many members of staff complained about the lack of input in decision-making that resulted from the bank's rigidly hierarchical structure and history. An example of the lack of employee input and its negative results occurred when a large Bank Co. branch decided to expand its office but did not seek employee input in the building plans. After the new building was completed, several employees complained bitterly about the resulting discomfort and technical problems that hindered their work effort. The bank thus had to spend several hundred thousand more dollars to remedy these problems. Staff members also complained about the management's poor communication and consultation with them. Bank Co. published a quarterly news magazine that updated employees and also sent out daily issue-specific "branch letters" that were sent daily to branch and divisional managers who decided whether to share the contents with their staff. Several staff members with non-communicative managers lamented the lack of information and consultation and cited many instances when they had received information about significant changes in Bank Co. through the media and not from the company.

4.6. CEMENT CO.

4.6.1. History and Industry

The PNP government nationalised Cement Co. in 1980 and it became re-listed on the Jamaica Stock Exchange in 1987 when the JLP government privatised the company. Founded in 1947 as a joint venture of a prominent Jamaican family and a UK-based cement equipment supplier, Cement Co. started production in 1952 and expanded its capacity substantially over the next twenty years from 200,000 to 600,000 tonnes of cement. Under private ownership, the company became listed on the New York (1962), Toronto (1964), and Jamaica (1968) Stock Exchanges. Cement Co. was delisted from all stock exchanges in 1980 when the government acquired the company, but became re-listed in 1987 subsequent to its privatisation and also became re-listed on the New York Stock Exchange in 1994. In addition to cement production, Cement Co. also owned a subsidiary that operated a mineral spa recreational facility and a subsidiary that produced gypsum. As the only manufacturer of cement in the island, Cement Co. operated a domestic monopoly and faced only moderate competition from imported cement because of high entry barriers such as expensive transportation costs and import tariffs. The company could not over-exploit its monopoly status, however, because of unfavourable reactions from customers and possible punitive action by the Fair Trading Commission. In 1997, the Government acquired a substantial stake in Cement Co. when it acquired a failed bank (Invest Co.) that was a significant shareholder of Cement Co. In 1999, the Government sold its stake for J$600 million to another cement company in Trinidad which already had a 10% stake in Cement Co. As a result, the Trinidad firm became the largest shareholder of Cement Co. in July 1999.

4.6.2. Employee Ownership

Because the 1987 Cement Co. privatisation was undersubscribed, the government was forced to retain 27% of the offered shares. A Scandinavian cement company (Foreign Co.), that provided Cement Co. with technical consulting, purchased the maximum ownership in Cement Co. allowed by the government (10%). In 1992-93, a Jamaican bank (Invest Co.) also purchased a significant stake in Cement Co. that led many investors and Cement Co. employees to speculate that Invest Co. intended to acquire Cement Co. In 1994, Cement Co.'s shareholders included the government (27% in non-voting shares), Foreign Co. (10%), Invest Co. (10%), Cement Co. employees (3%), and approximately 24,000 institutional and individual investors (50%). As noted, in 1997, the Jamaican government acquired a controlling stake in Cement Co. when it acquired ownership of Invest Co. In 1999, the government lifted the restriction of 10% ownership and thus the government sold its stake to the Trinidad cement company.

As part of the Cement Co. privatisation, the government reserved 4% of Cement Co. for the full-time employees of the company, fewer shares for employees than in the Bank Co. privatization and on less favourable terms. Each full-time Cement Co. employee (regardless of length of service or salary) was offered shares on preferential terms including 100 free shares, 6000 shares offered at a 50% discount, and 6000 guaranteed shares at the same price charged to the general public. The government also established an employee trust to hold unallocated shares, administer the scheme, and oversee an internal share market. Employees could purchase shares in cash or through a flexible "easy payment plan" which allowed them to pay for shares interest-free over two years through automatic salary deductions.

To encourage employees to purchase shares, Cement Co. launched an extensive publicity campaign that involved distribution of a question-and-answer pamphlet and a general information booklet on the share scheme as well as the simple application form. In addition, the two main unions in Cement Co. agreed to assist the management in publicising the offer and a representative from each union agreed to serve as trustees on the employee trust. As a result of the publicity efforts, approximately 99% of employees purchased shares, although they purchased fewer shares than the management expected. The government imposed a retention period that precluded employees from selling both the discounted shares (two years) and the free shares (five years), except sales to other employees through the internal market. The trust subsequently offered the unallocated shares to employees at a discount payable on terms similar to the first offer. Employees received beneficial ownership of the shares upon purchase and legal ownership after the expiration of the retention period. Retired employees were allowed to extend their participation in both the share scheme and the internal market, although employees who were dismissed or resigned could no longer participate in either the scheme or the market.

The inclusion of the employee trust in the Cement Co. privatisation signaled that the government's commitment to employee ownership had solidified since the Bank Co. privatisation into two principles of widespread capital ownership at the macro-social level and improved performance at the micro-organizational level. In his 1987 budget speech, for example, the Prime Minister (Seaga) made special reference to Cement Co.'s employee share scheme and explained that it was "central to the ideological position of this government that workers should have a share in ownership to boost personal motivation and to spread ownership of assets in the economy" (emphasis added) (quoted in Adam et al 1992:136). The government believed that employee ownership would yield desired organizational outcomes as reinforced by the deputy Prime Minister (and also president of the island's largest union) when he explained that "[employee share] ownership in [Cement Co.] will mean additional incentives for production, efficiency, and profitability" (quoted in Adam et al 1992:137).

4.6.3. Financial Performance

After its nationalisation in 1980, Cement Co.'s performance was mixed as a result of slow economic growth and price controls. In the three years after the nationalisation, for example, the company was profitable in only one year and made cumulative losses of over J$15 million. In 1983, the government instituted various reforms including the signing of a technical agreement with Foreign Co. and a US$57.2 million loan from multilateral institution. As a result, the company entered a period of profitability in 1984 that continued until the privatisation in 1987. After the privatisation (and the implementation of the share scheme), the company's revenues and profits grew consistently except in 1989 when start-up problems associated with the company's upgrading and expansion programme resulted in a significant reduction in production and a loss of J$12.6 million. Between 1989 and 1994, the company's profits increased rapidly and the company posted a record J$190 million profit in 1994. In order to reduce its costs even further and to bring its cost in line with more efficient Mexican and American cement producers, the company embarked on an extensive mechanisation and staff reduction programme during my fieldwork intended to increase productivity that made many employees concerned and worried about their future. In 1997, Cement Co. experienced financial difficulty because it incurred high-cost debt to finance its upgrading programme. The high interest rates (in excess of 35%) led to a loss of over J$150 million in 1998. The company still had over US$100 million of high-cost debt and it is expected that the new Trinidad Company that acquired Cement Co. will refinance the debt at lower interest rates and issue a new equity offering.

4.6.4. Organizational Structure

Cement Co. restructured its organizational hierarchy during my fieldwork. Under the new structure, the managing director became the CEO and the board appointed a new executive vice-president and general manager to oversee the four vice-presidents (technical, finance, marketing, and personnel). Under the previous structure, the board of directors appointed the managing director who led a five-person management team that included a technical director, company secretary, financial controller, marketing director, and director of personnel and industrial relations (the only case study in which the personnel manager held a senior executive position). Both Cement Co.'s managerial offices and the cement plant were located on the same site on the Kingston Harbour, which had not redressed the sharp distinctions and tensions that existed between the production workers and the office workers in the company. While the office workers spent most of their time in relatively comfortable air-conditioned offices, the production workers in the plant suffered from poor conditions related to the high levels of heat and dust that resulted from the cement production process. Cement Co. was also the most structurally divided case study with six distinct categories of employees: senior managers, middle managers and supervisors (who had their own union), office workers, production workers, specialist workers (e.g. engineers and lab technicians), and ancillary workers.

4.6.5. Organizational Culture

The managing director played a dominant role in the company, although four Scandinavians from Cement Co.'s technical partner (Foreign Co.) also served in various technical posts. Many managers and workers expressed negative views about the Scandinavian managers (and particular the technical director) as not treating workers in an acceptable manner. Like all the other case study companies, the Cement Co. senior managers had all worked at the company for many years (thirteen years for the managing director). At the same time, however, Cement Co. had the most academically qualified senior management team of all six case study companies. The managing director was a professional accountant and the other senior managers all possessed tertiary-level academic qualifications in their respective fields (including the industrial relations director who possessed an MBA). Most of the middle managers and supervisors lacked similar training, however, and several employees revealed that many of the lower level managers treated workers poorly. The unique role of middle managers and supervisors in the company was highlighted by the fact that Cement Co. was the only case study where supervisors belonged to their own union. Since 1992, the senior management introduced communication seminars and TQM programmes in order to improve co-operation between workers and supervisors, and also attempted to "phase out" those supervisors who were unresponsive to the programmes. Importantly, neither the managers nor the participants viewed these programmes as related to employee share ownership in any way. Cement Co. senior managers also recruited new middle managers from among graduates of the island's leading university or from other academic institutions. Although most respondents felt that the new recruits treated workers well, several long-time middle managers and production workers felt that while the new recruits may have possessed "book knowledge," they did not have the experience and skills necessary to oversee the technical production process. In the 1999 acquisition, the Trinidad company appointed a new General Manager and the Cement Co. CEO become a consultant to the company and was made redundant in August 1999.

4.6.6. Industrial Relations

Paradoxically, Cement Co. had both the most generous employee compensation package and the worst industrial relations record of all the six case study companies. In addition to receiving what many perceived to be the highest salaries in the island, all Cement Co. employees received numerous benefits including housing and car allowances, pension and health schemes, subsidised transportation and lunch, and a generous production bonus (the only real cash "profit-sharing" programme of the six case study companies). Approximately 60% of Cement Co.'s 450 employees belonged to two unions. The "supervisory" union represented middle managers and supervisors and was a relatively peaceful union that was never engaged in a work stoppage or industrial action. The "non-supervisory" union represented production workers for the most part, since confidential secretaries, accounting clerks, and engineers could not be unionised. Between 1987 and 1994, Cement Co. experienced six strikes and several other forms of industrial action. This strike record represented a reduction from the pre-privatisation period, however, when strike action averaged nearly two annually between 1980 and 1987. Even the nonsupervisory union official admitted that the Cement Co. management "spoiled" the workers and gave into their demands too easily that had facilitated worker militancy. The managing director even removed the previous personnel officer because the workers did not like her attitude and demanded that she be removed – without informing the union. Between 1994 and 1999, Cement Co. remained calm (with only one major strike) because the company's downsizing programme reduced the militancy of the workforce.

The officer of the non-supervisory union revealed that Cement Co.'s industrial conflicts arose largely from the militancy of the production workers themselves who rarely informed the union officer before striking and who even struck over the objections of the union. The workers have changed unions four times since 1980 which forced the representing union to participate in or at least condone worker militancy. The unions felt that the workers would remove the union if it adopted a co-operative approach (and the unions feared losing bargaining rights in Cement Co.

– one of the most lucrative dues paying companies in the island). On the management side, the seven-person personnel office performed routine tasks primarily and the senior managers led the collective bargaining negotiations with workers. The most recent spate of industrial action occurred in 1993 and 1994 when the cement packers ignored the advice of the union and went on a wildcat strike to protest the heat of the plant and demanded a special discomfort allowance. The managing director agreed to the special allowance but asked the union delegates in the other departments to sign a letter agreeing not to bring similar claims from their respective departments. When the unionised employees in those departments found out about the letter, they called wildcat strikes to demand a special allowance claiming that the heat also affected them. The company acquiesced and paid every department the special discomfort allowance (including workers in the air-conditioned storage area, which was not subject to discomfort).

Cement Co. employees maintained a militant posture because most of them filled specialised positions and because of the company's status as the only cement producer in the island. As such, it would have been difficult and costly for the company to fire current workers and then re-train new employees. In addition, the cement process is highly integrated and workers had significant leverage because even a small number of militant workers in just one department could have caused serious financial damage to the company. The nature of the workforce itself fostered militancy as many employees came from the surrounding area that was known for its high population of former criminal and political thugs. In addition, several employees were ex-convicts who joined Cement Co. on a special furlough programme that had allowed them to work in the company's quarries. Moreover, managers and employees revealed that several political activists, many of whom had a proclivity for violence and militancy, joined Cement Co. when it was under government ownership. As a result, the company's managers revealed that they faced a serious problem with both violent behavior and drug use among employees. As noted, most of the unionised production workers felt that the union officials and delegates were too close to management. Indeed, the management revealed that it gave union delegates exclusive options to purchase used cars being disposed by the company at reduced rates (that should be auctioned to all employees) so long as the other delegates signed a document indicating that they would not object to the sale. All the delegates naturally signed the document knowing that each one would benefit eventually in what effectively was a management bribe.

4.6.7. Employee Participation

The company made extensive efforts in recent years to facilitate increased employee involvement at the job and divisional levels and to improve both consultation and communication with employees that produced mixed results. In 1993, the company instituted a total quality management (TQM) initiative led by an external consultant, an initiative which employees (and several managers) almost unanimously felt was a "waste of time." Employees complained that the TQM initiative produced no sustained results because the workers felt that supervisors simply reverted to traditionally authoritarian practices and the supervisors felt that the workers did not utilise the opportunities to become involved. The company's communication programme yielded more positive results, however, as the one-page weekly Cement Co. newsletter was widely read and appreciated by employees as providing relevant information in a timely and concise manner. In addition, Cement Co. possessed the most active employee recognition programme of the six case study company and regularly included the "employee of the year" winners in its annual report and listed the graduates of training courses in its weekly paper. At the same time, however, the company had made no attempts to involve employees at the strategic decision-making level. Cement Co. was the only case study with no formal employee representative on the board. The managing director explained that he was opposed to employee board representation as a futile and unwise endeavour and because he felt that employees should not have access to confidential information, company strategies in union negotiations, and the performance review of senior managers.

Cement Co. was also the only case study in which union representatives served on the employee trust in addition to a government and management representative. Employees directed the trustees to vote their shares according to the employees' wishes, however, and thus the trustees did not play a meaningful role in strategic decision-making. In general, the trustees revealed that they served a largely administrative function in overseeing the internal share market, while day-to-day decisions fell to the company secretary. Moreover, the trust deed did not guarantee union representation on the trust and instead left the appointment of the trustees to the discretion of Cement Co.'s board of directors. Since the formation of the trust, however, the board had not removed the union representatives, and the managing director indicated that the presence of the union officials on the trust was instrumental in encouraging employees to support and continue their participation in the share scheme. The two union trustees (representing both the supervisory and nonsupervisory unions) argued that they did not have any access to strategic or executive decision-making. They explained, however, that they played a significant and necessary role in ensuring that employees received all the shares to which they were entitled and that employees received adequate information about the easy payment plan.

4.7. PRINT CO.

4.7.1. History and Industry

Print Co. was a government department that was purchased by its employees in 1992 when it became a privately held limited liability company. Originally founded as the government printer in 1879, Print Co. was known as the Government Printing Office (GPO) when it was state-owned and had sole responsibility for printing and binding government publications such as national laws, ministry papers, parliamentary gazettes, and official stationary. As a result, Print Co. maintained a competitive advantage in government work because it had a long-term relationship with government departments, it possessed the specialised equipment for government work, and many of its employees had acquired an expertise in government publications. Although it had a competitive advantage in government jobs, Print Co. faced intense competition from other printing companies in the secondary formal sector with superior printing technology that had attempted to acquire more work from the government. Print Co. had managed to diversify its work so that 40% came from the private sector, although the company's equipment was outdated or could be used only for government work which made it difficult for the company to compete for private sector jobs.

4.7.2. Employee Ownership

As part of its liberalisation and de-regulation programme, the National Investment Bank of Jamaica (NIBJ) hired a local management consulting firm in 1992 to advise the government on whether and how the GPO should be divested. The consultant's report suggested that the government would save over J$7 million if it privatised the GPO as it suffered from problem such as high absenteeism rates (30-40%), excessive material wharfage, and low productivity associated with the use of obsolete equipment and improperly trained staff (Patterson Interview). Shortly after the NIBJ received the report, the GPO suffered an embarrassing incident when it failed to meet the deadline for printing the budgetary estimates needed by the Minister of Finance to deliver his budget speech in April 1992. As a result, the Minister of Finance made a parliamentary statement in which he apologised for the delay, criticised the delinquency of the GPO, and announced his decision to use a private printer to complete the estimates. Although the GPO management denied responsibility for the delay and blamed the finance ministry for sending the estimates with insufficient time to print them the NIBJ responded to the finance minister's displeasure and immediately acted on the Patterson Report to privatise the GPO.

With the support of the cabinet, the NIBJ and the ministry of public service (under which the GPO fell) decided to privatise the GPO as quickly and as quietly as possible. Speed was essential because the NIBJ and ministry of public service felt that if the GPO employees discovered the government's intention to close it, they would engage in destructive or even violent action. As such, the NIBJ did not even inform its own board of directors about the planned closure and neither the ministry nor the NIBJ consulted the GPO management, unions, or workers (Bunting Interview). On the day before the official closing of the GPO (Sunday, 7 June 1992), the NIBJ and the ministry called a meeting with the management staff and union officials to inform them that the government had closed the GPO with immediate effect. They also informed the staff and union officials that the workers had been made redundant and would only be allowed to enter the building the following morning to obtain their personal effects and vacate the premises, and the police would be on site to prevent any disturbances. In the meeting, the GPO managers and union officials complained vociferously about the lack of consultation, insufficient notice provided, and the disrespectful treatment of the GPO employees. Most significantly, the union officials suggested that the employees should be allowed the option of owning the office – at least on a trial basis (Morrison Interview).

On the morning of the GPO closure, the NIBJ president called the government's consultant on employee ownership (who was hearing about the GPO closure for the first time) and invited him to attend a meeting later that day in which the GPO employees were provided with their redundancy payments. In the tense and occasionally boisterous meeting, many of the nearly 300 employees vocally expressed their anger and confusion about the sudden closure of the GPO, the realisation that they no longer were employed, and the discourteous actions of the government. In an effort to calm and reassure the employees, several senior officials spoke at the meeting including the Minister of the Public Service, the NIBJ president, and the government consultant on employee ownership. Most of the employees expressed skepticism and doubt when the speakers announced that the government had accepted the recommendation of GPO union officials that the workers be given the first option of owning the company under an employee share ownership plan. Importantly, the government's meeting agenda (not disclosed to employees) mentioned that "The ESOP is the main carrot to prevent the employees from attempting to damage the assets of the Government Printing Office" (Isaacs 1994:29).

When they were informed about the government's decision to sell the GPO to its employees, several members of the NIBJ board expressed their opposition to the transaction and requested that the NIBJ distance itself from the employee buy-out. One board member (a wealthy and prominent private sector leader) felt that the experiment in employee ownership would fail. He believed it would fail because he compared the exercise with the sugar co-operatives in the 1970s and because he felt the GPO employees would be unable to manage effectively the organization and would not distribute profits in dividends rather than invest wisely. Another board member who had participated in the formation of the sugar co-operatives also opposed the employee buy-out on the grounds that the government was "giving the GPO workers a basket to carry water" because of the appalling conditions of the GPO and its desperate financial crisis. The NIBJ also faced pressure from the PNP government to ensure that the first experiment in worker ownership since the sugar co-operatives not fail as that would have had a devastating impact on the government's widely-touted ESOP initiative. As such, the NIBJ made several efforts to ensure that the Print Co. employee buy-out succeeded. First, it hired and paid for an experienced management consultant and a prominent local law firm to assist Print Co. in implementing the ESOP. Second, it sold all the GPO equipment to Print Co. at a substantial discount. Third, it leased the 12,000 sq. ft. GPO building (prime real estate located next to Parliament) to the employee-owners for next to nothing (J$50 annually). Fourth, it assisted the company in raising loans of over J$10 million to purchase new equipment and repair outdated machines. Fifth, it signed a contract guaranteeing Print Co. the first right of refusal on several major government jobs that would have ensured a minimum revenue stream.

In an effort to regain the trust of the employees and to rebuild the confidence of the demoralised workers, the government consultant on employee ownership (Bogues), union officials, and NIBJ representatives (the co-ordinating team) decided to make the ESOP implementation process as democratic as possible. This was accomplished by providing full disclosure to employees and requiring that all major decisions be made by consensus or majority vote of the employees themselves. With this approach in mind, the co-ordinating team held another meeting a few days after the first in which approximately 180 employees agreed to contribute a significant portion of their redundancy payments to provide the start-up capital for the new company and to finance the implementation costs. To ensure that the employee buy-out succeeded, the employees also recruited a successful businessman in the printing business who was also a former Minister of Labour and adviser to the Prime Minister on industrial relations to serve as the company's chairman. The chairman successfully used his private sector contacts to raise over J$12 million in low-interest or interest-free credit to repair machinery, purchase stock, and provide working capital for the company. The employees also appointed a technical committee headed by a senior GPO manager (later Print Co.'s administration manager) and an operations committee headed by the GPO acting general manager (later Print Co.'s general manager). The technical committee was to work with the management consultant appointed by the NIBJ to draft a business plan for Print Co. The management consultant worked closely with the two committees and consulted with employees in each department in formulating and drafting the business plan.

Print Co. registered as a private limited liability company in July 1992 and started operations in September 1992, three months after the GPO closure. The company placed most of its shares to an ESOP trust (60%), allocated 12% of its shares to the four unions that represented former GPO employees (3% each), and reserved the remaining 28% of shares to be allocated to a joint venture partner at a later date. Most of the shares in the ESOP trust (91%) were offered exclusively to all former GPO employees at J$1 per share, with the remaining trust shares reserved for employees unable to take up the offer and future Print Co. employees. Because the GPO was awaiting the final implementation of the 1994 ESOP legislation (received in 1997), the company did not issue new shares to employees between 1992 and 1997. In 1997, Print Co. became one of the first companies in Jamaica to be certified as an ESOP under the 1994 Act, thus eligible to receive the tax benefit. Approximately 100 former GPO employees participated in the ESOP purchasing nearly J$700,000 worth of shares, although only 80 of these shareholders were re-employed. The technical and production committees made the final decisions on re-employment based on the employees' personnel record and Print Co.'s needs, and not on the employees share holding. Indeed, one former employee who purchased nearly J$20,000 worth of shares was not re-employed. When they made their initial down payments, the Print Co. employee-owners received full beneficial and legal ownership of their shares and could repay the outstanding balance over time from automatic interest-free payroll deductions. Under the trust deed, shareholders could re-sell their shares to Print Co. at any time subject to availability of funds and could either retain their shares or re-sell it to the trust upon departure from the firm. The trust was also required to offer re-purchased shares to other employees and to act as brokers if any participants accepted the offer to purchase.

4.7.3. Financial Performance

Print Co. experienced significant output and financial growth after the employee buy-out in 1992 by purchasing new machinery, repairing old equipment, and completing the tremendous back-log of jobs that dated as far back as 1985. After experiencing an annual loss of about J$7 million in its last five years as the GPO, Print Co. posted a significant net profit of J$5.9 million in its first year (1993). After the back-log had been completed in late 1993 and early 1994, however, the company found itself unable to generate as many new jobs as it had intended or hoped it would and thus faced some financial difficulties as a result of the subsequent fall in revenue. The inability to procure new clients and jobs was made worse by the absence of an individual with sole responsibility for marketing or sales – a negative holdover from the civil service where such a position was unnecessary. Indeed, the Print Co. employee-owners had rejected the suggestion of a management consultant to appoint a sales supervisor by arguing that they could solicit clients themselves and save money. As a result, the company lost almost J$1 million in 1994. Print Co. attempted to increase revenue so as to avoid laying off some employees throughout 1994 and early 1995, but the financial situation persisted and thus the company reluctantly laid off thirty six employees (some of whom were shareholders) in March 1995, one month after my fieldwork had been completed in the company. On a re-visit to the company several months later, it was evident that the redundancies had led to serious demoralisation among many members of staff, although many agreed that it was a necessary and ultimately wise decision. On subsequent visits in 1998 and 1999, the company had regained its financial balance and has posted profits of over J$7 million. The tension in the company was still present, but to a far lesser extent. The improvement in the financial position of the company seemed to have had a positive impact on the morale of the workforce.

4.7.4. Organizational Structure

Although Print Co.'s structure resembled that of the other case studies in several regards, it was probably the least complicated of the six case studies. The company operated out of a large two-story building leased from the government and located in downtown Kingston adjacent to the House of Parliament. The building was divided into three separate areas: the "offices" (where senior managerial and office staff worked), the "warehouse" (where documents were housed prior to delivery), and the "work area" (several large rooms on both floors where the machines were located and where most employees worked). Overall responsibility for the company's operations and performance fell to the general manager, who oversaw a three-person team consisting of a production manager, technical manager, and finance and administration manager. The production manager received support from two assistant production managers who were all responsible for the offsetting, typesetting, proof-reading, pressing, and binding departments as well as two product-specific departments responsible for printing the parliamentary gazette and laws. The technical manager oversaw the mechanical department, warehouse and stores, security team and ancillary staff, while the finance and administration manager was responsible for both personnel and accounting. With one exception, all the senior managers had worked for the GPO for over twenty years.

Although the workforce seemed to cooperate well, the stratified organizational structure resulted in tensions with workers in several departments (particularly specialist departments like typesetting) feeling that they "pulled the weight" in the organization. In general, a tension existed between the production workers and office workers, whom the production workers felt received many benefits yet contributed little to company profitability. The fixed distinctions made between departments and the resulting tensions also led to difficulties in output because several departments blamed each other for delays and shoddy workmanship that both exculpated them and provided them with a scapegoat when projects were poorly performed or were not completed on time. Recognising the difficulties with the organizational structure, the general manager made a proposal during my fieldwork to create a planning committee responsible for all stages of new jobs including the solicitation of the client, the securing of the job, and the eventual delivery to the client of the completed job. The committee would include representatives from each department and would work closely with the functional departments. The workers responded favourably to the idea when the general manager presented it (in a meeting during my fieldwork), although few workers understood exactly how the committee would work and found it difficult to visualise any other structure than the one they knew. In my subsequent visits in 1989 and 1999, the planning committee had been implemented but was not as successful as the general manager had hoped.

4.7.5. Organizational Culture

For many years prior to Jamaica's independence in 1962, the GPO functioned like most other government departments in the colonial civil service, with expatriate managers appointed by the governor who ruled effectively as dictators and who enjoyed many perquisites and rewards that their "subordinates" lacked (Mills and Robertson 1974). The first Jamaican was appointed general manager in 1947, but the basic hierarchical structure remained effectively the same even though the government restructured and reorganised the entire civil service in the 1970s to increase participation in management by employees who had "come up through the ranks." As a result, the stark differences between managers and the majority of workers (in term of nationality, race, education, and class) changed substantially, although the structural distinctions remained the same for the most part. For example, the general manager and other senior managers all worked in relatively large, comfortable air-conditioned offices, while the workers function in confined areas that away from the managers that lacked air conditioning.

The change in the 1970s to make the GPO managers more reflective of the workforce combined with the retention of the company's hierarchical structure had a dual impact. First, many employees appreciated the senior management team because they were all printers themselves who have worked their way up in the company. The general manager, for example, joined the GPO in 1959 and was thus one of the longest-serving employees in the company. In addition, he had worked in several departments and had even served as a shop steward. Indeed, Print Co. was the only case study where the workforce elected the general manager pursuant to the share ownership scheme and the general manager received nearly unanimous support from the workforce in the election. Almost three years after the election, almost all worker respondents made positive remarks about the general manager for his dedication to the company and to the workforce. At the same time, however, several employee respondents questioned his ability to manage the company in such a competitive and technologically-advanced environment and his choice of appointees to fill the other managerial positions.

4.7.6. Industrial Relations

As one of the most technical and specialist units in the civil service, the GPO attracted high calibre employees throughout the 1950s and 1960s and thus employment at the GPO carried both significant social prestige and financial perquisites. Indeed, GPO printers were considered the most skilled and qualified in the island for many years. The financial crisis and political upheaval of the 1970s led to major changes within the government bureaucracy, however. Senior managers argued that the GPO eventually became a "dumping ground" for unemployed political supporters of the governing party, a tradition that they claimed continued throughout the 1980s and into the early 1990s. These political employees allegedly received pay cheques and other benefits but rarely participated in meaningful employment. Several employees revealed that as a result of the increase in the number of "political" employees – many of whom supposedly had criminal records – the GPO became known by many as the Government Prison Office. As a result, a chasm developed between the unproductive political employees on one hand, and the committed and specialist genuine GPO employees on the other. In addition, the political employees often engaged in contentious and disruptive activities that earned all the GPO employees a notorious reputation as a feisty and fiery bunch of rabble-rousers. One Prime Minister described the employees in the GPO as one of "the most contentious, quarrelsome, often undisciplined and difficult work force in [the] country . . . noted for [their] pervasive social irritability" (Manley Interview). Even so, many of the "genuine" employees took pride in their work, performed diligently, and quietly continued to produce government publications. Despite their efforts, however, output from the GPO was often delayed or filled with errors because of the minimal co-operation and effort of the political employees or the delays in receiving the jobs from other government departments.

The militant and disruptive activities of the political employees in the GPO created a tense, conflict-prone, and often violent relationship between managers and workers. In the five-year period between 1973 and 1978, five general managers resigned or were removed from office after confrontation with workers (Isaac 1994). The unveiling of a plaque during the GPO's centenary celebrations in 1979 had to be cancelled because of a management-worker dispute which led to incidents of car tyre slashing and beatings of several employees. Several respondents alleged that the government became increasingly involved in the staffing of the GPO during the 1980s and that several qualified employees suffered from political victimisation and had to leave, at the same time that the number of political employees with little or no printing experience increased. In addition to the poor management-relation difficulties, the GPO also suffered from high levels of indiscipline, absenteeism, theft, and "roasting", where GPO employees used the GPO to complete private jobs for their personal gain. The militancy of the workforce served to effectively emasculate the personnel department and thus led to a tradition in Print Co. where workers interacted with managers over substantive issues while the company's two personnel officers dealt with routine clerical and record-keeping duties.

In its first year of operations, the Print Co. employees basked in their newly acquired ownership status and financial success that buoyed their spirits and contributed to the high levels of output. Several workers described the atmosphere in the firm as like that of a family with high levels of co-operation and work contributions. Although the company only retained 80 employee-owners of the original 277 employees, it responded to the increase in the work volume and the need to erase the back-log by increasing the staff complement to 138, several of whom did not have shares. In Print Co.'s first annual report, the general manager wrote that the "relationship between Management and Staff remains good and is largely responsible for the gigantic efforts by the Staff . . . in order to cope with demands. Co-operation remains at a very high level especially when the plant is under pressure. Enthusiasm and willingness are the happy qualities [sic] displayed throughout the year under review" (emphasis added) (Print Co. 1993). Prior to Print Co.'s financial difficulties in 1995, other variables also contributed to the co-operative atmosphere, including an across-the-board salary increase of 25% and two weeks bonus in December 1992, a further increase of 30% in June 1993, and even another increase of 45% in January 1994. In addition, the company paid out dividends of J$2 per share in 1993 and thus provided employees with a 100% return on their investment in one year. The financial difficulties experienced in 1994 reduced the dividend distribution to J$1 as the shareholders voted at the annual general meeting to re-invest a larger portion of net operating profits to repair machinery and purchase new equipment. Dividends resumed after 1994 and the company consistently paid dividends after 1994.

Despite the favourable conditions, the employees also faced certain difficulties. First, their salaries remained lower than prevailing wages in the private sector even though they had received several substantive salary increases. In addition, the employees did not possess a pension plan or benefits found in the other case studies, although they received occasional bonuses and loans and received subsidised lunch. Second, the company decided it would not grant any vacation or temporary leave to employees in its first three months of operation except in exceptional circumstances. Third, the company insisted that it would not pay overtime in order to reduce costs (although this was not adhered to in certain situations when overtime was unavoidable). The ability of the employees to perform under these stringent conditions, the significant transformation in the company's industrial relations climate, and the impressive financial performance and economic turnaround in just one year all seemed to vindicate supporters of Print Co. and employee ownership and to silence critics. The government made full use of the company's success and touted it publicly as an excellent example of positive social engineering. In one speech, for example, former Prime Minister Manley praised the Print Co. employees for their efforts in turning the company around and in deciding to reinvest the bulk of the profits in the company rather than to distribute the surplus through dividends:

> [It] was amazing to see hundreds of people who had constituted a corner of frustration and misery in Jamaican society become positive, creative contributors to something in which they believed. The key outcome for these people is that they were happy and proud and had become dynamic, patriotic citizens in their corner of Jamaica. And it had been done because they were no longer just workers. They were now both workers and proud owners (emphasis added) (Manley Interview).

4.7.7. Employee Participation

Print Co. is a good example of the tension involved in combining democratic practices with a hierarchical structure and an authoritarian tradition. Although Print Co. was an employee-owned company, the senior managers owned approximately 30% of the shares in the ESOP trust and thus effectively determined the outcome of voting decisions made at the AGM. In addition, the trust deed provided for five trustees who were two senior Print Co. managers (the general manager and the administration manager), the government consultant on employee ownership, the lawyer who drafted the trust deed, and the Print Co. chairman. The trust served a purely administrative function, however, and the trustees were appointed by the board of directors which consisted of seven members including three prominent businessmen, a leading corporate lawyer, the president of the Jamaica Civil Service Association, and the two Print Co. managers on the trust. Although two Print Co. managers and the president of the former GPO employees' union sat on the board, no non-managerial employees served on the Print Co. board. Several workers expressed the view that a representative was needed to protect their interests at the board level. Even though the general manager was a former union delegate who was generally popular among the workforce and maintained a good rapport with most of the workers, he had taken several courses in general management and supervisory production and embraced traditional views about management. For example, he dismissed the suggestion that worker representatives serve on Print Co.'s board as "not practical" because of the "confidential nature" of discussions that occurred at the board level. In addition, he pointed out that worker representatives met with the board chairman monthly and that the workers were effectively represented on the board since they elected the general manager.

Although no Print Co. employees were unionised, several participatory mechanisms existed. Several unions had represented the approximately 270 GPO employees during the 1980s and early 1990s. All the employees belonged to the Jamaica Civil Service Association and three other unions had joint bargaining rights for several categories of employees that contributed to the high levels of worker militancy in the GPO. Shortly after the sale in September 1992, the Print Co. employees decided not to unionise and instead elected a workers committee comprised of representatives from each of the main departments (administration, typesetting, reading room, composing, pressroom and two from the bindery). The purpose of the workers committee was to oversee the welfare of the workers and to liaison with the board of directors. Initially, the workers committee met monthly with the chairman of the board and the managers but eventually these meetings became less frequent as the composition of the worker committee changed. The worker committee representatives were to serve one-year terms and the first representatives were mostly former union delegates – including two supervisors – who were well known in the GPO for their vocal and often militant positions. Unsurprisingly, the worker committee representatives came into conflict with the management over several issues.

Initially, Print Co.'s democratic impulses and the honeymoon period of ownership led to mutually agreeable resolutions to the management-worker conflicts that arose. For example, several specialist printers became disgruntled and desired an additional wage increase in early 1993 because their functions required specialist training and because most other private sector printers paid specialist printers more than other workers. The management provided the specialist printers with copies of the company's financial status and, when they realised the negative impact that their wage demand would have had on the company's profits, they reduced their demand and willingly accepted a far less percentage increase. In addition, the payment of several generous salary increases in 1993 and 1994 combined with the collective efforts of reducing the company's back-log pushed issues of conflict into the background.

Eventually, however, the tensions came to a head as the effects of the honeymoon began to subside and the workload began to decrease. In 1993, the worker committee submitted five demands in their negotiations and the management agreed to all the demands related to work and compensation issues (such as overtime). The management resisted one claim, however, that dealt with a specialist printer employee who had been dismissed by the management after he had been seen by the general manager carrying equipment that the manager felt he had stolen from the company. In its claim the worker committee requested a review of the employee's dismissal, but the management resisted this, feeling that they had probably not followed the correct dismissal procedure and that it would have been difficult to actually prove that the employee had stolen the equipment. In addition, the management was angry that an employee-owner had engaged in such behaviour and felt that a reversal of its decision would undermine its authority and restrict its ability to maintain discipline among the workforce. In response to the management's delay and reluctance to review the dismissal, the members of the worker committee resigned their positions, and the specialist printers sought to protect their former colleague by approaching their former union for advice. The union recognised the conflict within the company and approached the Industrial Disputes Tribunal to request that a poll be taken for bargaining rights among the Print Co. specialist printer employees.

The poll was eventually held on the company premises in June 1994 and the union needed 35 of the 76 specialist printers to vote for unionisation under the law. The managers denied that they engaged in any union-busting tactics in the run-up to the poll or to persuade employees to vote against the union. They admitted, however, that they made a special effort to inform the workers that if they voted for a union it would mean that the management was not performing its functions properly and was not taking care of the workers. In the poll, 55 specialist printers voted and a majority supported unionisation by one vote (28 to 27), although the vote failed because it did not achieve the required 38 votes. Recognising the conflicts associated with a militant worker committee, the management sought to play a greater role in influencing the outcome of the new elections for worker committee representatives. As such, the worker committee in place during my fieldwork expressed nearly unanimous support for the management. This view contrasted sharply with the negative views of many employees in several parts of the company who felt that the worker committee had become a rubber stamp organization and had ceased to represent worker interests in any meaningful capacity. Several supervisors in particular recognised the minimal efforts of the worker committee, felt that they possessed special needs, and thus decided to form a "supervisors committee" after the poll to represent their interests independently from those of the non-supervisory employees.

The tense atmosphere arising from the union poll and the creation of the supervisor committee grew in 1994 when the Print Co. board decided to offer generous low-interest loans of over J$1.5 million to the four senior managers in order to purchase new automobiles. A director explained that the board wanted to reward the managers for their efforts in improving the company's financial position and to assist them in procuring new business because they felt that soliciting clients required a certain degree of "presentability." Traditionally, loans for smaller amounts were made available to all employees who used their shares as collateral. Several worker-owners expressed shock and outrage at the "waste" of the company's finances to enrich the senior managers (several of whom already had automobiles) when the company sorely needed capital for new equipment and repairs. In addition, a few employees became even more embittered and angry when their solicitations for "more reasonable requests" such as purchasing land or a house were all turned down. The board explained that it would only lend to employees who could repay (which was mostly supervisors and managers) and would only lend for purchases with a clear business-related purpose. Automobile loans were denied for all employees other than the managers since only managers could officially use cars for a "business purpose." The lack of an employee newsletter or formal communication fuelled wild speculation among many workers about ways in which managers used company funds to enrich themselves.

Despite the rise in management-worker conflicts, however, the worker-owners did not engage in any work stoppages or strikes since Print Co. became employee-owned, a dramatic contrast to the militant mood that pervaded the GPO and resulted in many regular incidents of strikes and other types of industrial action. Print Co. had not returned to the strife-ridden prior history, but as its economic difficulties worsened and as the undemocratic practices of the past resurfaced, the honeymoon of cooperation and commitment that characterised Print Co.'s first two years of operation clearly come to an end.

4.8. COMPUTER CO.

4.8.1. History and Industry

Like Print Co., Computer Co. was a former government department that was privatised and divested to workers in 1993 when it became a privately-held limited liability company. Computer Co.'s predecessor under the government was the National Computer Centre (NCC), an organization that was formed in 1983 to take over the responsibilities of several state-owned organizations which provided data processing services to various government ministries, departments, and agencies. After the employees bought Computer Co. in September 1993, they hired a prominent local management consultant to serve as the company's chief executive officer (CEO), who then decided to merge his own management consulting firm with Computer Co. When it was state-owned, Computer Co. prepared, computed, and stored data related to the government payroll, examination scripts, electoral lists, and registrar-general indices. Unlike

Print Co., however, Computer Co. did not possess specialised computer equipment to perform government work and thus Computer Co. lost some of its government work to other private sector information technology (IT) firms. In addition, Computer Co. leased an obsolete 4600 computer from IBM that used centralised technology whereas most other IT firms possess end-user computing technology that appeals to most clients (including the government). Because it lacked a competitive advantage in computing technology, Computer Co. attempted to diversify its operations beyond IT services. These diversification efforts included management consulting and the establishment of an Information Technology Institute to provide training and education for individual as well as corporate clients in the use of both hardware and software. In 1998, Computer Co. ceased operations after suffering severe financial difficulties.

4.8.2. Employee Ownership

As part of its privatisation agenda, the government decided to close and divest the NCC because if felt it could save money by contracting out its basic data processing needs. Computer Co. represented a unique privatisation, however, because the government had also decided to close the NCC as part of its plan to re-organise and upgrade its computer facilities and planned to use more modern technology that the NCC did not possess. With the positive publicity surrounding the successful employee buy-out of Print Co., the NCC employees felt confident that they could also become successful employee-owners and thus they played an active role in encouraging the government to divest the NCC operations to them. As such, the employees responded to the government's announcement that it planned to close the NCC by forming an ESOP committee and working with the NIBJ to ensure that the employees purchased the company. Like with Print Co., the NIBJ provided financial assistance to pay for a management consultant to help draft a business plan (the same consultant who advised Print Co.) and a law firm to help draft the ESOP trust deed. Advised by the government consultant on employee ownership (who had also co-ordinated the Print Co. buy-out), 28 of the 30 NCC employees pledged J$715,000 of their expected redundancy payments to provide the share capital of the new company and to established the ESOP trust. Like all the case study companies, the NCC management team owned a disproportionate amount of the ESOP shares, although the "new" Computer Co. management team (including the CEO) had not yet acquired shares because the company was awaiting the final passage of the ESOP legislation.

Unlike the situation in Print Co., however, the Computer Co. employee-owners benefited from the cumulative experiences and knowledge of the various legal and financial advisers on employee ownership. In addition, the Computer Co. workforce was a highly educated, dedicated, and tightly-knit workforce that participated actively in the formation of the business plan and made an active effort to ensure that the company remained under the control of employees. In addition to granting the ESOP trust extensive powers over the company, the ESOP trust became the single largest shareholder in the company (70%) with 30% of the company's shares reserved for a joint venture partner at a later date. Employees received beneficial ownership of the shares on down payment and were held in trust under the individual's name. The trustees voted the employee shares as directed by employees.

4.8.3. Financial Performance

After losing several thousand dollars annually under the government, Computer Co. employees were optimistic that they could turn the performance of the company around with financial assistance from the government. The company faced several obstacles, however, that contributed to the dismal financial performance of the company since it began private operations until its closure in 1998. First, Computer Co. did not reduce its labour costs because almost all NCC employees (28 of 30) were retained for Computer Co.'s operations, which contrasted sharply with Print Co, whose staff size fell from 277 to 80 when it became employee-owned. In addition, the merger of the CEO's consulting firm with Computer Co. actually <u>increased</u> the company's size from 28 to 45 employees. Second, Computer Co. effectively possessed no assets as it leased its mainframe computer and office buildings and thus has had a difficult time raising working capital loans since it had no substantive collateral. In addition, Computer Co. inherited the computer and office leases from NCC at market rates and thus incurred a substantial overhead cost that increased its financial obligations in the face of its inability to raise leveraged capital. Third, one of the two offices that NCC leased was located in the most expensive business district in Jamaica and Computer Co. assumed payment on the lease. Although Computer Co. reduced the rent by using only one instead of three floors, it could not move from the building because the retained floor (the basement) contained a specially designed air-conditioned room that housed the company's main frame computer. It thus continued to pay exorbitant rent for a small, privately-owned company. Fourth, the government did not fulfill its contractual agreement to allow Computer Co. a first right of refusal on the government's data processing. As a result, the company did not made any profit since it began operating, was surviving on a bank overdraft, and lost J$1.2 million in FY1994. In 1998, Computer Co. ceased operations as a result of the financial burden and the failure of the government to provide financial assistance. Computer Co. is thus the only case study company that has failed.

4.8.4. Organizational Structure

Although it was the smallest case study company, Computer Co. possessed one of the most complicated organizational structures. When they purchased the company, the employee-owners felt that they should maintain full control over it and thus they allocated broad powers to the ESOP Trust (the most active ESOP trust of all the case studies) and made it responsible for appointing the board of directors and selecting the CEO subject to ratification by the employees. The employees chose the government adviser on employee ownership, the lawyer who drafted the ESOP trust deed, and a Computer Co. manager who had played an active role in the employee buy-out to serve as the ESOP trustees and to sit on the board of directors. The CEO reported to the board, but had broad powers over the strategic and operational direction of the company as indicated by his decision to diversify the company's operations. As a result of the CEO's dominant personality, uncertainty surrounded his relationship with the ESOP trustees. For example the CEO held a staff meeting to inform the employees of the company's worsening financial situation and the trustees requested that he provide them with similar information. In response, the CEO told the trustees that he would not provide the information unless they called a shareholders' meeting at which time the management team would make a formal financial presentation to the owners.

In addition to the CEO, the senior management team included the finance and administrative manager, personnel manager, and the managers of the company's three main divisions: the management consulting firm, the information technology institute, and the computing operations. The diversification of the company and the resulting divisionalisation made the departmental supervisors in the computing division (e.g., data control, data entry, network administration, and technical service) feel relegated to inferior positions because they held relatively senior positions under the NCC when it only performed computing services. The CEO exacerbated the situation when he moved the company's main offices from the business district to a nearby office with less rent. The new headquarters thus housed the offices of the CEO, the new consultants, and the other senior managers except the computer division manager, who worked in the computing division at the other office located in the basement of the old building. As a result, the supervisors in the computing department – of whom most were specialists who were founding employee-owners of the company – became separated from the senior management of Computer Co. both physically and organizationally.

4.8.5. Organizational Culture

Computer Co. was the only case study company whose chief executive officer did not work his way up through the ranks and who only recently joined the company. The NCC employees appointed the CEO from outside because they felt that Computer Co. needed a well-respected and highly competent manager to guide the company in making the transition from a small civil service department to a leading private information technology firm. After his appointment, the CEO sought to "disabuse the civil service mentality and imbue a private sector ethic" within Computer Co. by hiring several new managers (e.g., the personnel and finance managers) because these posts did not exist in the NCC. As a result the influx of new managers created a dual culture and a tension in the organization between the recently-hired managers from the private sector with specialist functions and the NCC managers who had served many years as civil servants and who possessed an expertise in information technology. Shares had not yet been distributed to the new managers during my fieldwork (including shares to the CEO), which heightened the awareness of the new managers of their status as "hired hands" working alongside the owners who hired them. In an interview, the CEO explained that a clear distinction should be drawn between employees and shareholders and that employee-owners should act in their capacity as employees in performing their duties because to act as shareholders would have had a "negative influence". The closure of the company in 1998 was therefore not a surprise given the fact that the CEO clearly was not supportive of employees as owners of the company.

4.8.6. Industrial Relations

The size of the NCC had been reduced substantially in the early 1990s from nearly 200 to 30 employees under the government's administrative reform programme designed to make the public sector more efficient. Throughout the 1970s and 1980s, the NCC employees were well-trained and highly competent and had served as pioneers in Jamaica's growing information technology industry. Indeed, several former NCC employees had assumed leading positions in the information technology departments of many large private sector firms. At the same time, however, the government had failed to keep pace with rapid technological advancements and thus several employees in the NCC lacked knowledge about the latest equipment, although most of them could have been trained to acquire up-to-date technical knowledge and associated skills since they possessed the basic groundwork. As such, the employees possessed a powerful leverage because they were indispensable to Computer Co. operations (since few people had been trained to use the company's obsolete technology). At the same time, the employees could have left at any time to join other private sector firms that offered more competitive salaries and were willing to re-train them. This leverage emboldened many workers and made them extremely vocal in expressing their positions and in resisting excessive managerial domination. During my fieldwork, several employee-owners revealed that only their commitment to the success of Computer Co. and their share ownership in the company kept them at the firm given its poor financial situation. Despite this support, at least eight of these employee-owners asked to give up their shareholding during my fieldwork because they could no longer cope with the situation.

Under the government, many of the Computer Co. employees considered themselves to be an elite segment of the civil service since they engaged in highly specialised and technical processes. This elite image was reinforced by the location of the NCC offices in the extremely expensive and exclusive New Kingston District (where the mainframe computer was located) – the only civil service department with offices in New Kingston. Given their "special" status within the civil service, the employees had developed a close knit and collegial atmosphere that was further reinforced after the size of NCC's workforce was reduced to only 30 in the early 1990s under the government's administrative reform programme. As a result of the comparatively cordial and close relationship among employees, the NCC workforce rarely participated in industrial action and had not participated in strike action since the general strike of 1985. Both the collegial atmosphere and reluctance towards industrial unrest continued under Computer Co., although so did the outspoken nature of the workforce.

Both the merger with the CEO's management consulting firm and Computer Co.'s financial crisis had a negative impact on the industrial relations climate in the firm. Although the employee-owners approved of the merger with the consulting firm since it provided an additional source of income, the actual implementation of the merger caused certain difficulties. Because the hiring of the management consultants fell to the CEO, for example, these consultants entered Computer Co. as employees hired by the CEO and not by the ESOP Trust, which created a distinction between the consulting division on one hand and the computing and educational divisions on the other. In addition, many of the former NCC employees viewed production in tangible terms such as computer print outs or processed materials and found it difficult to believe that the management consultants made any meaningful contributions since they produced no tangible finished product and yet received substantial salaries. The financial crisis also had two negative effects. First, the management team (and particularly the CEO) spent much of its time in negotiations with government to adhere to its contractual obligations, with creditors to raise capital, or with potential clients to solicit new business since no marketing manager or sales supervisor had been employed. As a result, the management had little time to spend on employee issues. Second, the company had to effectively eliminate expenditure on human resources including a two-year salary freeze (in the face of over 20% annual inflation) as well as the absence of financial benefits such as a pension or health scheme. The consulting merger and the negative financial situation led to increased doubt, worry, and extreme concern which provided the basis for the closure of the firm in 1998.

4.8.7. Employee Participation

In preparation for the employee buy-out, the NCC employees informally selected an ESOP committee to assist in the formation of the business plan and to oversee the ESOP. The ESOP committee remained in Computer Co. and functioned essentially as a staff association that communicated with employee-owners on various issues related to share ownership. Because it was comprised solely of the "original" employees in the computing division (all of whom were supervisors or managers), the ESOP committee did not represent the approximately 15 members of staff that did not own shares. Two members of the ESOP committee (including its chairman) were the two staff representatives on the Computer Co. board of directors and another ESOP committee member served as one of Computer Co.'s three ESOP trustees. The Computer Co. employees thus ensured that they maintain control over the company through the ESOP trust and the employee representatives on the board, but they often came into conflict with the CEO.

Prior to divestment, the NCC employees all belonged to the Jamaica Civil Service Association that represented them in salary negotiations with the government. Like in Print Co., the Computer Co. employee-owners decided not to become unionised but to form a staff association instead. As a result of the financial crisis, however, both the management and workers focused their energies on production issues and thus the plan to start a staff association had not been implemented throughout my fieldwork – more than two years after Computer Co. had formally established operations. Several employees complained about the lack of a staff association and felt that it should have been started as soon as possible, but most also felt that it would have been a futile endeavour given the company's poor financial situation. In addition, the ESOP committee served as a de facto staff association. The CEO was highly ambivalent about the value of both a staff association and worker representatives on the board of directors. He explained that he could neither see the benefits nor the disadvantages of either institutional practice and thus had not made the implementation of a staff association a high priority.

In addition to the lack of formal representation, the Computer Co. employees were the most vocal among the six case studies about their lack of participation in company decisions and about the attitude of the management. In particular, employees argued that the management had not provided adequate information and consulted with workers on various departmental and company-level decisions. The vociferousness of the Computer Co. employees is explained by two main factors. First, tension arose from the heightened desires of the employee-owners to influence their investment. Second, the management team made deliberate efforts – most of whom had not yet acquired shares in the company – to ensure that their managerial prerogative and authority were not undermined by overly zealous worker-owners. Indeed, the CEO argued that questioning of management decisions by worker-owners should have taken place in the "proper forum" at the shareholders meeting and not the workplace:

> It is not in the best interest of . . . the company to get the role of employees and shareholders mixed up [because it can] lead employees into an unwitting arrogance and arrogating of certain powers which they do not have as employees but as shareholders. It can [also] lead to . . . demotivation of the management team. Certain [managers] are loathe to use normal supervisory discipline because of the aggressiveness of some employees in advancing their claim to be shareholders. [Several managers also] feel that there is a tendency for employee-shareholders to intimidate them [when they attempt to ensure that employee-owners] perform their duties, avoid absences, and arrive at work on time.

4.9. CHAPTER SUMMARY

This chapter has presented a descriptive overview of the six case study companies by examining their history and industry, organizational cultures, formal structures, and financial performance. The overviews adopt a perspective which argues that organization structure and culture are both complex phenomena that can best be understood by eliciting the opinions and views of the relevant organizational actors. In particular, the case studies have focused on the nature and role of employee ownership, industrial relations, and employee participation in each organization and identifying the motives for establishing, the method of implementation, and the subsequent operation of the share schemes.

Although different in many ways, the six case companies all shared certain similarities. First, all firms had strong histories and structures that in many ways shaped the industrial relations climate and organizational structure. These histories related primarily to the form of ownership: government or private. Government involvement was responsible for the implementation of employee share ownership in all of the companies, either directly or indirectly. The presence of a "third party" (other than management and workers) – the government – in implementing share ownership in each company makes it difficult to know what the impact of share ownership would have been had government not been involved. Second, companies maintained rigidly hierarchical and bureaucratic structures with clearly defined positions and channels of authority. The companies all possessed what Walton (1985:78) refers to as "a hierarchy of specialised roles buttressed by a top-down allocation of authority and by status symbols attached to positions of hierarchy." Rigid distinctions (visible to all observers) were made in each organization in compensation and benefits between managerial and non-managerial employees and among categories of workers such as skilled and semi-skilled workers (e.g., assembly line operators, electricians, loaders, and machinists); clerical workers (e.g., receptionists, typists, amount clerks, and file clerks); and unskilled workers (e.g., cooks, cleaners, gardeners, and drivers). The rigid hierarchy and division among senior managers, middle managers, and employees in many ways has shaped how almost all activities were perceived in the companies. Senior managers typically had very paternalistic views of employees and treated them accordingly. Although several of the companies had implemented formal participatory mechanisms (e.g., employee directors), informal processes and attitudes minimized the substantive impact of these activities in generating substantial employee involvement in any of the companies and encouraging meaningful employee participation.

Third, the chief executive officer (CEO) or managing director in each company wielded significant and almost dictatorial powers, although the board of directors usually played a critical oversight and strategic planning role. All the CEOs and senior managers (with one significant exception) had worked their way up through the managerial ranks in the organizations and were usually among the company's longest serving employees. Fourth, the senior managers and board of directors in the firms were dominated by males and all the chief executive officers were male, although females held senior management positions in two case studies and held many middle management positions in all six case study companies. Fifth, few companies had extensive training programmes or recruited extensively from tertiary academic institutions. As a result, as two researchers have observed in a different context, "the overall picture was . . . one of isolated pockets of professional competence, mostly concentrated in senior positions, while the great majority of employees were low-skilled, relatively uneducated and narrowly experienced" (Brown and Starkey 1995:816).

Sixth, the companies had all recently experienced significant changes resulting from internal or external variables that had profound effects on each organization and that often overshadowed the impact of employee ownership. One variable common to all of the companies was the impact of the introduction of the ESOP legislation. When the ESOP Act was first tabled in Parliament in 1992, all of the companies ceased offering shares to new employees in order to prepare for the final passage of the Act (although the companies allowed employees to buy and sell existing shares). The passage of the bill was delayed for various reasons (the regulations were finally completed in the summer of 1995), which led to an increase in the number of young, recent employees in each company who did not own shares. As we shall see, this lack of share ownership is important. In addition, the financial performance of each company was affected by significant organizational factors that overshadowed the contribution (or lack thereof) of employee share ownership. These factors include mergers and acquisitions (e.g., the acquisition of Bank Co. by Life Co.) and legal changes (e.g., demonopolization of the media at Radio Co.).

The next chapter examines in detail each company's motivations for adopting employee share schemes, the motivations of both employees who participated in the scheme and those who did not, characteristics shared by the case studies, and characteristics of both employees who decided to buy shares and those who declined to do so.

CHAPTER 5: EMPLOYEE OWNERSHIP, MOTIVATION, AND CHARACTERISTICS OF THE COMPANIES AND THEIR EMPLOYEES

5.1. INTRODUCTION

This chapter synthesises the empirical findings of the research in the six case study companies in Jamaica with the theoretical and empirical literature from other settings. In particular, it uses the case study overviews described in the previous chapter as well as the results from the fieldwork interviews with employees, managers, and union officials to examine various variables. In particular, it focuses in greater detail on the motivations of the companies for the implementation of employee ownership, the characteristics of the employee-owned companies, the motivations of the shareholders and non-shareholders in each firm for deciding whether to buy shares, as well as the characteristics of those shareholders and non-shareholders.

The following chapters draw on literature from a variety of academic perspectives (e.g., economics, finance, politics, psychology), but concentrates primarily on organization theory. In addition, the chapters compare and contrast the study's empirical findings in the Jamaican case study companies with the theoretical and empirical literature on employee ownership from several other nations. Of necessity, however, the study focuses mainly on those studies where most academic research on employee share ownership has been conducted – primarily the US and UK. Importantly, the chapters concentrate mostly on academic studies of employee share schemes and ESOPs in particular (which are the subject of this study), but also makes use of the literature on different types of employee ownership. As Klein (1987:321) explains in her study on ESOPs and employee attitudes in the US:

> [It] seems reasonable to turn to the non-ESOP employee ownership for preliminary guidelines and hypotheses. Whether the company is a co-operative, direct purchase employee buy-out, or ESOP, the simple fact – the idea – of employee ownership may be important to employees.

Section 5.2 analyses the motives of the key actors (the government, managers, and unions) involved in introducing employee share schemes, as well as the characteristics of the firms that adopt them. Section 5.3 examines the motivations and characteristics of employees who did and did not purchase shares in the firms. Section 5.4 summarises.

5.2. THE MOTIVATIONS AND CHARACTERISTICS OF EMPLOYEE-OWNED FIRMS

This section examines the motives and context in which share ownership was implemented into the case study organizations as well as the structural characteristics of the firms themselves, an examination which other researchers have also conducted (Pendleton et al 1997; Ben-Ner and Jones 1995; Klein and Hall 1988). As we have seen, the companies in this study introduced employee share ownership for a range of rather disparate and multi-functional reasons. Because all of the case studies introduced share schemes in response to the direct or indirect overtures of the government, it is difficult to assess the motives of the managers regarding the introduction of the schemes:

> Management views on the value and purpose of employee ownership are sometimes hard to discern in these circumstances since acceptance of the virtues of employee ownership is a pragmatic response to political realities (Pendleton et al 1995:55)

Despite these difficulties, however, an analysis of the company documentation sent out to employees as well as interviews with managers, government officials, union officers, and employees in each company yielded valuable information on why employee ownership was implemented in each company (Table 1). In all the companies, the senior managers supported the employee share schemes primarily as a cost-effective mechanism to provide a potentially rewarding financial benefit to employees and as a good way of making employees feel more a part of the company while stimulating interest and motivation to work harder. Senior managers played a critical supportive or instigatory role in the share ownership of four companies (Broiler Co., Radio Co., Bank Co., and Cement Co.). The managers in these four companies also had other motives in addition to rewarding employees and making them more interested and motivated: to improve their involvement in decision-making and to improve company productivity and profitability. In addition, the Broiler Co. management had special religious motivations (to share with others) and strategic objectives (to reduce the risk of nationalisation and to raise capital).

The government had both ideological and strategic motives for supporting share schemes in five of the companies (Radio Co., Bank Co., Cement Co., Print Co., and Computer Co.). In Radio Co., shares served as one part of the government's broader effort to involve workers in the decision-making process. On the other hand, share ownership in Bank Co. and Cement Co. served the preventative role of reducing the concentration of ownership in the economy. At the same time, employee ownership in three of these companies (Radio Co., Bank Co., and Cement Co.) fulfilled the government's strategic objectives of generating employee and union support for the divestment of the company in each case. In contrast, the Print Co. and Computer Co. schemes were not just part of a broader worker participation effort or a preventative designed to reduce concentrated ownership of the economy. Rather, these companies represented a proactive method of facilitating employee ownership on a national level (the end in itself and not as a means to some other end). In addition, Print Co. and Computer Co. were the only cases in which the unions and employees instigated the share schemes and took an active role in the introduction and implementation.

The motivations for implementing share ownership in Print Co. and Computer Co. were similar to the implementation motives in other companies (primarily in the UK) where employees have purchased government departments in management or employee buy-outs. Unions, the government, or a small group of employees have usually initiated these activities (Pendleton et al 1994b; Bradley and Nejad 1989). The context of share ownership implementation in Bank Co., Cement Co., and Radio Co. was broadly similar to those found in other companies (again, primarily in the UK) where the government has included share schemes as part of privatisation. The government had both philosophical reasons to spread ownership in the economy and strategic reasons to generate employee and union support for privatisation (Nichols and O'Connell Davidson 1992). The Broiler Co. share scheme was relatively unique, but also shares some similarities with several other firms in the US and UK that implemented share schemes to reward employees and increase their company loyalty, commitment, and involvement (Smith 1993).

In general, therefore, the case study companies in Jamaica most closely resemble employee-owned firms in the UK. Several surveys have found that the most important objectives in establishing employee share schemes (in addition to privatization) were to create an identity of interest between the company and employees, to attract and retain staff, to raise the reward package, to provide employees with a share in the growing wealth of the company, and to involve employees more in the company by making them feel part of the company (Pendleton 1994a; Fogarty and White 1988).

The motives in the Jamaican companies differed slightly from those of some companies in the UK and many companies in the US, where studies reveal that employee share ownership schemes were introduced not only to provide employee benefits, but for tax benefits (Blasi and Kruse 1991). According to a study of ESOP firms conducted by the US government, the most commonly cited reasons for adopting ESOPs in the US was to provide benefits for employees (91%), take advantage of tax incentives (74%); and improve productivity (70%) (GAO 1986). About half of ESOP plans were used by private companies to buy out a major owner, but only 8% are used to replace pension plans, and less than 5% each are used to divest a subsidiary, save a troubled firm, prevent a hostile takeover, or use leveraging to acquire new capital (Rosen 1991). Similarly, only a minority of firms in the UK adopted share schemes for the strategic reasons of preventing takeovers or raising financing (Smith 1993).

5.2.1. Employee Perceptions of Motivation

Like most of the literature on the subject (e.g., Keef 1998; Pendleton et al 1994b; Klein and Hall 1988), this study finds that the key actors involved in introducing share schemes and their motives for doing so are particularly important to employees in their assessment of share ownership. Several of the respondents in the six companies referred to the motives of those who introduced the share schemes. Many employees explained that employee ownership was implemented by the government either directly or indirectly. Some employees felt that Broiler Co. implemented the share scheme as "a response to political pressures," implying that the share scheme did not reflect any altruism on the part of the firm. This is interesting, although not unsurprising, as one would expect some skepticism among employees in the sole company in which the management sold shares to employees without explicit government involvement.

Importantly, all of these respondents who referred to the strategic and tactical motives of the company in establishing share schemes still supported share ownership, highlighted other benefits of owning shares, and did not see these motives as having a particularly negative effect on the shares schemes themselves. These employees who mentioned the tactical and self-serving motives for adopting ESOPs criticised the company and the management more frequently and more harshly than did other employees. Although the feelings about employee ownership were not altered significantly, these employees were generally more cynical and dissatisfied with the company than others, and thus more likely to reject claims of altruism on the part of management. This particular finding – that motives for implementing ESOPs, such as the tax incentives under the Jamaican ESOP Act (1994) – are critical to some employees and can generate cynicism among employees is an important finding of the study.

As noted, the fact that the government was instrumental in implementing share schemes in five of the companies may explain why employees did not focus much on managerial motives for selling shares to employees. As such, it is possible that under the ESOP legislation when companies receive generous tax incentives for adopting share schemes, more employees might focus on the motives of the key actors in introducing share schemes – particularly the financial motivation.

5.2.2. Characteristics of Employee-Owned Companies

The findings in this study are consistent with other research which finds that, in general, most employee share schemes have been introduced in successful and profitable firms that can cope better with the administrative complexities of share schemes and where stock is readily accessible and easily valued (Smith 1993; Baddon et al 1989; Poole and Jenkins 1989). The most significant exceptions are those cases where employee ownership has been used as a means to save unprofitable firms in employee buy-outs, such as in Print Co. and Computer Co. (Wright et al 1989).

Studies in the UK also find that employee share schemes often predominate in large publicly-quoted companies that introduce them as part of a formal industrial relations policy (Poole and Jenkins 1990). For example, nearly half of the Financial Times-Stock Exchange 100 companies have established employee share schemes, and firms in the US with significant employee ownership account for almost one third of the market value and one fifth of the employment of all public companies (Gates 1998; Blasi and Kruse 1991). Similarly, in Jamaica, four of the case study firms (Broiler Co., Radio Co., Bank Co., and Cement Co.) were among the largest companies in Jamaica and were publicly-traded. These results indicate the similarities between Jamaican employee-owned firms and those in the UK, where the majority of firms with employee share schemes are publicly-traded companies (Smith 1993). They also highlight the differences between Jamaican and US employee-owned firms, because in the US, the vast majority (approximately 85%) of ESOP firms are privately-held (Gates 1998).

In the same way, the Jamaican case study firms differed from most employee-owned companies in the US and were comparable to those in the UK in terms of employee size. Most ESOP firms in the US are located in medium-sized companies (between 75-100 employees), while most share schemes in the UK are found in large companies with over 500 employees (Smith 1993; Rosen 1991). The four publicly-traded case studies were among the largest firms in Jamaica in terms of employee size, while the two private case study companies were both medium-sized. These findings are also consistent with the sole study on ESOPs in developing countries, which argues that share schemes are rarely found in small companies because many of these companies avoid taxation through deliberate or unintentional manipulation of their financial records and therefore do not have reliable accounting books upon which to value stock and distribute earnings to employee-owners (Goldmark et al 1984).

Employee share ownership in the Jamaican case studies did not have a particular sectoral or industrial bias, and the six companies were equally divided between service and manufacturing organizations. Indeed, the small number of companies represented a wide array of sectors including financial services, computing services, media services, agro-industry, printing, and manufacturing. These findings are broadly consistent with research on ESOP firms in the US, which have been found in many different industries. At the same time, however, some researchers find that employee share ownership in the UK and US is concentrated slightly in manufacturing, where financial incentives are usually greater, and in financial services, where awareness of tax advantages and financial matters tends to be higher (Smith 1993; Young 1992).

In general, however, attempting to draw definitive conclusions about the nature of companies in Jamaica with employee share schemes is fraught with difficulties because the government played a critical role in share ownership in most of the companies. As such, the presence of share ownership may simply reflect the arbitrary selection of these companies for politically-driven objectives. At the same time, however, the general conclusions drawn above may be valuable because companies have sustained (and even expanded) the share schemes even under private ownership. In contrast, the two other companies that introduced share schemes prior to the ESOP legislation (discussed in chapter 2) discontinued the share schemes. The discontinuation occurred because the managers saw little or no benefits in selling shares to employees (since the managers felt the employees only sold their shares) and because managers restricted sales of shares to managers only and not to other employees.

5.3. THE MOTIVATIONS AND CHARACTERISTICS OF EMPLOYEE-OWNERS

Two theories attempt to explain which employees are most likely to participate in share schemes. The "underdog" thesis suggests that the highest support for share ownership comes from the bottom of the occupational hierarchy since these workers are usually thought to be the most dissatisfied and alienated, and thus most interested in participating in the ownership structure. Employee ownership can also provide a more important basis for information, influence, and status in the organization for these employees than it can for managers and other higher-status employees with more responsibility and access to financial information (French and Rosenstein 1984).

In contrast, the "job enlargement" theory argues that higher-status workers possess both the interest and skills necessary to understand and appreciate employee ownership and thus prefer shares more than lower-status workers (Wichman 1994). Employee ownership may mean more to higher status workers as shares may represent a more direct compensation mechanism than it does for lower-status workers who may perceive a weak or non-existent link between their efforts and subsequent performance.

A critical difference must be made between the desire to participate and the ability to participate, however. Although lower-status workers may express a strong interest in owning shares, their ability to understand share schemes and to afford shares may be less than that of higher-status workers, and thus fewer lower-status employees may acquire shares in the schemes than higher-status workers.

5.3.1. Findings from this Study

The results of my empirical work in Jamaica tend to support both the job enlargement and the underdog theses. On one hand, the vast majority of senior managers as well as middle managers and supervisors purchased shares, which is higher than the participation rates for all non-managerial employees (see Table 4). The participation rates for non-managerial employees ranged from a high of nearly 80% in Print Co. to a low of 54% in Cement Co. These findings are similar to many empirical studies that support the job enlargement thesis and find that high-status occupational groups are most engaged with employee ownership (Wichman 1994; Baddon et al 1989).

Table 4: Percentage of respondents with shares (by occupational category)

Senior Managers	81%
Middle Managers and Supervisors	82%
Employees	61%

On the other hand, the participation rates in the case studies varied by occupational category. If one makes the controversial assumption that occupational categories can be "ranked" hierarchically in terms of education and experience, then we can see that the "lowest" occupational category in the case studies – unskilled employees – had the highest participation rates. Among employees in the six cases, participation rates were highest among unskilled employees, than both skilled employees, and clerical employees (see Table 5). Indeed, unskilled employees expressed the most vocal support for the psychological and financial benefits of owning shares among all the responding occupational categories.

Table 5: Percent of employees with shares (by occupational category)

Unskilled	72%
Skilled	66%
Clerical	51%

Other research shows that older employees are more likely than younger ones to prefer shares because shares provide savings and security (Fogarty and White 1988). In certain situations such as employee buy-outs, however, some studies find that younger workers support ESOPs more than older workers, who are closer to retirement and thus unwilling to take too many risks (Hochner and Granrose 1985). The case studies strongly supported the notion that older workers participated more actively and supported shares more strongly than did younger employees (see Table 6). Participation levels were highest among employees above 30, but were lower for employees under 30.

Table 6: Percentage of respondents with shares (by age)

20 and lower	19%
21-30	49%
31-40	70%
41-50	80%
50 and over	78%

Studies also find that part-time and new employees usually do not own shares because they lack information about share schemes or are ineligible to purchase shares (Nichols and O'Connell Davidson 1992). The research in Jamaica did not involve part-time employees as a part of its formal subject population (although several part-time employees were interviewed). This exclusion occurred because all the companies excluded part-time employees from eligibility to participate in the share schemes, and thus share ownership among that category was non-existent (except in Broiler Co., where formerly full-time employees with shares had become part-time or contract workers). The findings do indicate, however, that participation rates were highest among long-serving employees than those who had only recently joined the company (see Table 7). As noted, the winding up of the share schemes in all the companies pending the final passage of the ESOP legislation (between 1992 and 1997) also contributed to the low levels of participation among recent employees.

Table 7: Percentage of respondents with shares (by years of experience)

Over 15 years	87%
6-15 years	77%
1-5 years	48%
Less than 1 year	22%

Some studies show that unionised workers are less likely to become shareholders (Wichman 1994), while other researchers find that union members are no more or less likely to join employee share schemes (Dewe et al 1988). Participation rates in the case study organizations were not much different among unionised, staff association, and non-unionised employees, although unionised employees participated slightly more than both non-unionised employees and staff association members (see Table 8). The slightly higher participation rates for unionised employees is explained because unions supported the share schemes in all the unionised companies, and even took an active role in the implementation of the scheme in Cement Co. (where the union received two trust seats).

Table 8: Percentage of respondents with shares (by unionised status)

Unionised	66%
Staff Association	60%
Non-Unionized	59%

Few studies have examined the difference between male and female employee shareholders, but the case studies revealed that responding female shareholders generally participated slightly more than did male shareholders (see Table 9). The interviews did not generate any gender-based comments, however, and it can be assumed that gender did not play an integral role in affecting employees to participate. In general, therefore, these findings from the case studies are generally consistent with most studies which find that share ownership participation is highest among managerial, older, and long-serving employees (Baddon et al 1989), but differs somewhat in that unionised employee participation rates were slightly higher than those of non-unionised employees.

Table 9: Percentage of respondents with shares (by gender)

Female	65%
Male	58%

5.3.2. Motivations of Participants

Several studies conclude that instrumental orientations of employees are the most important factors in explaining why and to what extent employees participate in employee share ownership schemes (Ramsey et al 1990). Under this instrumentalist view, workers are more likely to favour joining a scheme if they see the scheme as offering a low-risk financial benefit or enhancing their job security. The instrumentalist theory thus argues that workers view themselves as investors who by coincidence own shares where they work, and who thus limit their expectations to a satisfactory rate of return on their investment rather than greater control over organizational decisions (French 1987, Kruse 1984, Hammer and Stem 1980, Rhodes and Steers 1981). As such, workers are unlikely to participate in a share scheme if they have difficulties in understanding the scheme or keeping up with payments, think the company is a poor investment, believe that they will not be able to affect the return from owning shares, perceive a long wait before receiving any return on shares, or feel they will be tied down to the company as shareholders (Dunn et al 1988; French 1987).

Table 10: Percentage of shareholders who indicated that a "good investment" was one reason for buying shares (by occupational category)

Senior Managers	83%
Middle Managers and Supervisors	88%
Employees	86%

In examining the data, the findings from the case studies broadly support the view that employees participated in share schemes primarily for financial reasons and because they viewed shares as a good investment. Indeed, the vast majority of senior managers, middle managers and supervisors, and employees cited "it was a good investment" as a reason they purchased shares in the company (see Table 10). Importantly, "a good investment" was the most important reason for only a minority of respondents (see Table 11). In the six case studies, "a good investment" was most important for many employees in the two 1980s privatisations, Bank Co. and Cement Co. In the four remaining firms where share schemes were introduced for more explicit employee-oriented reasons, "a good investment" was most important for fewer employees (see Table 12).

Table 11: Percentage of shareholders who indicated that a "good investment" was the most important reason for buying shares (by occupational category)

Senior Managers	24%
Middle Managers	43%
Employees	38%

Table 12: Percentage of shareholders who indicated that a "good investment" was the most important reason for buying shares (by company)

Bank Co.	59%
Cement Co.	48%
Print Co.	28%
Broiler Co.	26%
Radio Co.	14%
Computer Co.	11%

Although "a good investment" dominated as the most important reason for acquiring shares among all respondents, the respondents' "belief in the idea of employees owning shares" was a close second (see Table 13). Importantly, however, a belief in employee ownership was the most important reason for only a few respondents (see Table 14). These findings indicate that although a large number of employees felt that a belief in share ownership was one factor in their decision to purchase shares, few employees viewed a belief in the idea of owning shares as the most important reason.

Table 13: Percentage of shareholders who indicated that a "belief in the idea of employees owning shares" was one reason for buying shares (by occupational category)

Senior Manager	81%
Middle Managers	77%
Employees	77%

Table 14: Percentage of shareholders who indicated that a "belief in the idea of employees owning shares" was the most important reason for buying shares (by occupational category)

Senior Managers	17%
Middle Managers	21%
Employees	17%

The vast majority of employees in Computer Co. and Print Co. – the two employee buy-out firms – cited a belief in the idea of employee ownership as a reason for buying shares more than did employees in the other four companies (see Table 15). It is important to note that a belief in the idea of employees owning shares was a close second to "a good investment" among employees in all six of these companies.

Table 15: Percentage of shareholders who indicated that a "belief in the idea of employees owning shares" was an important reason for buying shares (by company)

Computer Co.	89%
Print Co.	85%
Broiler Co.	79%
Radio Co.	76%
Bank Co.	74%
Cement Co.	71%

Although most respondents cited financial motivations in explaining their decision to acquire shares, long-term (investment) reasons were more important to employees than short-term (dividends and re-selling shares) reasons. Only a minority of respondents cited a desire for "extra income from dividends" and "extra income from selling my shares" as a reason for acquiring shares (see Table 16).

***Table 16**: Percentage of shareholders who indicated other reasons for acquiring shares (by occupational category)*

	Senior Managers	Middle Managers	Employees
Extra income from Dividends	14%	21%	48%
Extra income from Selling Shares	21%	21%	32%

The practice and intention of employee-shareholders on what they have done with their shares also reinforces the point that most employees hold on to their shares for the long-term – contrary to the views of many outside observers and even respondents in the companies. In two of the six case study companies, Radio Co. and Print Co., none of the managers or employees had sold all of their shares, and in Bank Co. and Broiler Co., less than 5% of the total respondents had sold all their shares. In contrast, nearly 30% of respondents in Cement Co. and at least 10% of the employees in Computer Co. had sold all their shares (see Table 17). As noted, the Computer Co. employees left primarily because of the company's dismal financial situation and, as one departee explains, "to jump ship before it sunk." Based on interviews, the reason for the high incidences of share sale in Cement Co. was the rapid rise of the company's stock price during the stock market boom in 1992 when the Cement Co. stock price jumped to a high of J$24 per share from just J$2 per share price in a share offering made to employees just three months earlier. As a result, many employee-shareholders took full advantage to make a return of 1200% on their investment within just a few months.

Table 17: Percentage of shareholders who sold shares (by company)

Cement Co.	30%
Computer Co.	10%
Bank Co.	3%
Broiler Co.	2%
Print Co.	0%
Radio Co.	0%

Importantly, the so-called "former shareholders" – those who had sold shares – were mostly skilled employees (57%), middle managers and supervisors (29%), and clerical employees (10%) – but no unskilled workers or senior managers had sold all their shares. Surprisingly, however, more of the former shareholders displayed high levels of support for "a belief in the idea of employees owning shares" as a reason for acquiring shares before selling them, than "a good investment", "extra income from selling shares", or "extra income from dividends" (see Table 18). These findings indicate that the former shareholders were no less committed to the idea of share ownership than the other shareholders – they were just more interested in the capital gains from share ownership.

Table 18: Percentage of former shareholders who indicated differing reasons for buying shares

A Belief in the Idea of Owning Shares	86%
Good Investment	71%
Extra Income	57%
Extra Income from Dividends	48%

The profligacy of the former shareholders explains in large part why the erroneous view prevails among many observers that "most" employees simply sell all their shares. Many of the former shareholders – some of whom had made profits in excess of J$200,000 on investments of less than J$20,000 – had made substantial investments in houses or automobiles that impressed their colleagues. In a country where only a small percentage of employees can afford to purchase a home, a small number of employees doing so as a result of selling their shares can create the misperception that all or most of them are doing so. The minimum investment that a former shareholder had made was J$1000 – which resulted in a profit of J$11,000, and the largest investment was J$50,000 – which resulted in a net profit of J$550,000. Of course, not all the former shareholders sold at the J$24 high, but most sold at over J$20. Since the stock market correction in 1993, however, the stock price plummeted to J$4 and remained relatively constant around that price since that time.

Among both employees and managers who had not sold their shares, the picture was very different. In Cement Co., the vast majority of the remaining employee-shareholders kept at least half of them. Among those in the other companies who had kept their shares, the vast majority kept all or most of their shares (see Table 19). Naturally, the percentages were lower for the publicly-traded companies where employees could sell their shares at any time (Broiler Co., Cement Co., Bank Co. and Radio Co.). In general, therefore, only a small minority of respondents across the six companies sold all their shares. Moreover, the vast majority of both employees (83%) and managers (92%) among the remaining shareholders in the cases sold either none or only a few of their shares.

Table 19: Percentage of respondents who sold shares (by company)

Company	Have Kept Most/Have not Sold
Print Co.	100%
Computer Co.	100%
Broiler Co.	93%
Radio Co.	81%
Cement Co.	73%
Bank Co.	70%

These findings on what employees did with their shares do not support other studies which find that many employees quickly sell their shares for capital gain (e.g., Baddon et al 1989). Rather, the findings support other authors who have found that only few employees dispose of their shares, indicating that most employees intend to hold on to their shares indefinitely or until retirement (e.g., Fogarty and White 1988).

5.3.3. Categorising Employee Motives

Although a desire for a good long-term investment and a belief in employee ownership were the two primary reasons cited for acquiring shares, the respondents also elaborated on both these and other reasons in the interviews. Based on the interview responses, the responses can be divided based on whether respondents viewed shares financially, psychologically, entrepreneurially, passively, or as a means to save jobs.

5.3.3.1. Financial Shareholders

Financial shareholders saw shares as providing monetary benefits from dividends or, more likely, from selling most of their shares eventually for the capital gains. Some financial shareholders focused on the short-term benefits ("I wanted to increase my personal wealth"; "I believe in short-term investment. If I spend my money, it is to make more money;") or other purposes ("I use my shares as collateral"; "[shares] help us"). Other financial shareholders took a longer-term view ("I wanted the long-term financial benefits"; "I believed that [this company] was viable for a long-term investment"; "I wanted security for later life"). Some viewed shares as a good source in retirement ("It is my pension"; "Shares are my old-age pension"; "It is a nest-egg for my retirement"; "It's a retirement benefit"), as a form of savings ("I was concerned about putting my savings in my work to diversify and spread my risk"; I wanted to put something aside"; "I wanted the profits for my savings"), or as a benefit they could pass on to their children ("The

the profits for my savings"), or as a benefit they could pass on to their children ("The shares will benefit my family"; "[The shares are] for my children"; "I don't look at my shares as just money, but as an investment for the future generation").

Several financial shareholders viewed shares in exclusively financial terms ("My decision to purchase shares had nothing to do with the ESOP – if I didn't think it was a good share, I would not be in the ESOP. My decision was a straightforward investment decision"; "My buying shares was not to be a part of the company, but to get some more money"; "It wasn't a bad idea for financial purposes. That is the only reason I have shares; it bears no other significance"). Several of these shareholders had become serious investors on the stock market frequently reading annual reports and investing hundreds of thousands of dollars through their personal brokers. Some of these financial shareholders justified their position by citing their financial needs or claiming that Jamaica's weak economy or its history of slavery and domination necessitated a financial focus ("Shares are bought to be sold in Jamaica – there are no sentimental reasons to buy shares"; "It's a cultural thing [arising from] a work ethic dating back to slavery. We are in this thing for the money – it doesn't matter how its done as long as we get the money in the end").

Several financial shareholders started out passively, but became financial shareholders ("At first, I bought shares only because I was pressured. Now I believe in employee ownership. I was not interested at the time, but the financial benefits are excellent. I have sold shares to pay off my car loan and put money on fixed deposit"; "I thought it was bad when I was forced to buy shares, but later I was pleased I did it. I was a widow with two students [when I bought shares], it caused a lot of mental and financial stress. But it was beneficial in the long run. It has made a big difference in my life").

Financial shareholders were found in all six companies but were most widespread in Cement Co. and Bank Co. where a substantial minority of shareholders had sold all or some of their shares (30% and 5%, respectively). Importantly, Cement Co. and Bank Co. were both publicly-traded and the share prices of both companies offered extremely attractive returns for selling shares. Again, however, both these companies had bureaucratic structures that facilitated minimal or indirect non-managerial employee participation at the strategic decision-making level, and this fact also explains in part why employees were more likely to sell their shares in these companies. In the private firms, the lack of a public market for selling shares – or the presence of difficulties involved in selling shares back to the company – necessarily made long-term investment, savings, and retirement considerations primary advantages of owing shares in the company.

5.3.3.2. Psychological Shareholders

Psychological shareholders focused on the advantages they perceived share ownership offering them in terms of enhanced associations with and attachments to the firm ("I wanted to be a part-owner"; "I wanted to be a shareholder"; "I wanted a stake in the company"; "It is my company, I should have a share in it"; "[I wanted] to have a personal stake in the development in the company"; "I wanted to be part of the company"; "I wanted to hold a piece of the company"; "I wanted to be a part of it and let it grow"). Psychological shareholders believed that shares provided an opportunity to re-affirm their faith in and commitment to their company ("I believe in this company"; "I am a part of this company"; "I have confidence in this company"; "It's a part of me and I wanted to be a part of it").

Psychological shareholders were frequently zealous and vocal in their positions and perceived the desiring of shares for their financial benefit with disapproval. For example, a clerical employee in Bank Co. responded to my question on the financial benefits of owning shares by exclaiming: "I don't even care – I didn't buy shares for the financial reward ... All I want to know is how many shares I have." Another employee in Radio Co. shared similar feelings: "The price of the shares doesn't matter, I can't have too many shares – I am committed . . . It is my way of saying I believe in this organization and this organization is safe." Similarly, in Cement Co. one skilled worker differentiated himself from some co-workers: "I wanted to be a shareholder and have some say. Most men bought a massive amount and sold all their shares . . . I am just holding my shares. In the long run, I will see the benefit."

Most psychological shareholders were in the majority in all six companies (after financial shareholders), but fewer psychological shareholders existed in Cement Co. Interviews with Cement Co. employees yielded two reasons for the lower number of psychological shareholders. First, the extensive opportunities to make significant returns on investment by buying Cement Co. shares had a "crowding out" effect on psychological shareholders. When large financial gains were being made and employees saw their colleagues purchasing cars and houses from their shares, they become more aware of and interested in the financial benefits that shares can provide. Second, Cement Co. was the only case study company without employee representation of some sort on the board of directors and without any formal employee participation mechanisms outside of the union and collective bargaining. It was therefore difficult for employees to genuinely claim that they had become a "part" of the company in a significant way.

5.3.3.3. Entrepreneurial Shareholders

For entrepreneurial shareholders, share ownership was the first step on the path towards eventual ownership of the company ("I am going to own the company one day"; "It may seem far-fetched, but over the years, maybe I can call the shots"), or as a chance to take full control over their destiny by becoming entrepreneurs who both establish and run successful business ventures ("I wanted to be involved in the challenge of starting and building a company"; "I wanted to start a company and make it a success"; "It is an opportunity for all of us as owners to share in growth, development, and profits"; "It is a chance to work for our own profits"; "I looked at it as my company – I wanted to see it succeed and be part of it").

Entrepreneurial shareholders were concentrated in the two employee buy-out firms, Print Co. and Computer Co., where employees possessed a legitimate claim to be "starting and running" their own company. The vast majority of employees in these companies were "entrepreneurial" shareholders – even more prevalent than financial shareholders. This finding supports other studies which have found that employees with entrepreneurial ideals and a collective orientation are more likely to participate in employee buy-outs (Hochner and Granrose 1985). Importantly, therefore, share ownership has served as an effective vehicle for several ambitious employees to channel and express their ambitions.

5.3.3.4. Passive Shareholders

Passive shareholders did not see any particular benefits of share ownership, largely because they did not know enough about it or had other more pressing issues on their minds. Passive respondents generally lacked of knowledge about shares, but possessed a genuine interest in finding out more ("I was curious and wanted to see what all they hype was all about"), or acquired shares simply because they were available ("They were offered for sale"; "They just did it [sold us shares]"); "they were offered at an advantageous price"; "I wanted to get shares cheaply"), or purchasing shares seemed like the natural and obvious thing to do ("I work and have an interest in the company"; "I work with the company"; "I work, so I have shares"). Passive respondents often did not feel strongly about shares, but sometimes purchased them based on the suggestions or advice of others ("My husband told me to buy them"; "I was encouraged to buy"; "Everybody was buying shares").

Passive shareholders were not widespread, but were present in four of the case studies (Bank Co., Broiler Co., Cement Co., and Radio Co.). This was so because owning shares in these four companies were not employee buyouts, in which employees where the majority shareholders of the company, as in Print Co. and Computer Co. There were no passive responses in the these latter two companies largely because the decision to purchase shares in these companies involved a substantial financial and psychological investment, as well as a significant act of faith in their colleagues. In addition, purchasing shares was relatively easy and inexpensive in the four former companies, and thus almost any decision – no matter how minor – served to justify the purchase of shares.

5.3.3.5. ***Job-Security Seeking Shareholders***

Job-security seeking shareholders felt that share ownership served as a means of ensuring the continuity of the company and thus the continuance of their jobs into the foreseeable future ("To provide job security"); as a way to save their own job as well as their colleagues ("We all wanted to save jobs"); or as a strategic method of reducing the chance of being fired on the assumption that the company would rather fire a non-shareholder than a shareholder ("To protect my job"). Job security seekers often also viewed shares as an "insurance policy" against being fired since the shares would provide an alternative source of income in such a situation ("Shares provide something to fall back on if we are forced to leave the company").

Job security seekers were present in all six companies but predominated in Print Co. and Computer Co. where saving their own jobs and those of their colleagues were primary motivations for many of the employee participants. Enhancing their job security was an important factor for many Print Co. and Computer Co employees who lacked the skills and experience necessary to find employment in the private sector.

In sum, then, most employees in all six case studies purchased shares for financial reasons (for the financial gain in both the long term and short term) and psychological reasons (meaning that as shareholders, they feel more a part of the company). A minority of employees were passive shareholders and had no strong reasons to buy shares, while a similarly small minority viewed shares as a means of fulfilling their entrepreneurial ambitions or as an effective means of saving their jobs in both the short and long term. The most important variables in determining the reasons why employees participated in share ownership were (a) whether the company was majority employee-owned; (b) whether the company was publicly-traded and thus offered employees an easy opportunity to sell shares; and (c) whether the company offered substantial involvement in decision-making for employees.

5.3.4. Non-Shareholder Motivations

This study also examined the views of non-shareholders in the case studies to determine their reasons for not participating in the share schemes. As noted, only a minority of respondents did not own shares in most occupational categories (see tables 4 and 5 above). The lowest shareholder participation rate was for clerical shareholders, the occupational category with the highest turnover rate. In addition, most clerical employees were usually younger employees, and older employees participated in and supported share ownership more than did younger employees, as we have seen. Indeed, the majority (56%) of clerical employees were under 30, while only a much smaller percentage of skilled workers (23%) and unskilled workers (14%) were under 30.

Most of the respondents without shares mentioned practical reasons for not owning shares, usually related to the winding up of the schemes in five of the six companies ("shares have not been offered"; "I am waiting until they offer shares"), or their inability to afford the cost involved in purchasing shares. Importantly, many of these respondents mentioned both a lack of knowledge about shares themselves ("I can't understand what shares are, the whole thing is confusing") and about the method of acquiring shares ("I don't know about the share process, it hasn't been explained to me at all'; "I don't fully understand the process"; "I haven't been informed, I need b information"; "I didn't know I could get a loan"; "I have to seek and search out information [in order to] buy shares in this company").

When asked if they wanted to own shares at some point in the future, the majority of respondents answered in the affirmative. Very few shareholding middle managers and supervisors (21%) and employees (15%) – and no senior managers – said that they did not want to acquire shares in their company. These respondents who were not interested in buying shares in their employers provided three reasons for their lack of interest. First, some non-shareholders disliked the concept of shares, particularly their lack of knowledge about shares and the perceived uncertainty associated with share ownership ("I don't know about shares, I just want to work and go home"; "I don't believe in shares, it is too risky"; "I don't gamble and shares are a big gamble"; "The shares fluctuate too much, I like stability"; "I don't have shares because of risk aversion").

Second, non-shareholders explained that share ownership did not fit into their personal investment strategies, particularly because of the perception that they would have to make a long-term financial commitment as a shareholder ("I am not interested in long-term investments"; "Shares are not my top priority – I want to keep my money on fixed deposit"; "I don't want them to tie me down"; "I have to wait too long to see benefits from shares, I get better returns in the bank", "The dividends are too small"). One unskilled worker even theorised that shares provided few benefits to low-income employees ("The shares are not for the poor man, the dividends are too small").

Third, some non-shareholders disliked the financial status of their employer and the poor returns they felt would result from purchasing shares ("The company is not profitable, I will buy shares when it is profitable"; "Owing shares in this company is a waste of time"; "I don't have shares because of a rational decision that this company is a poor investment"), or disliked the poor returns generally being offered on the stock market ("Shares are not that attractive on the stock market right now, I will wait").

Non-shareholder explanations for not owning shares also varied across the companies. In Print Co., for example – one of the two employee buyouts – all of the non-shareholders expressed an interest in owning shares in the company and almost all argued that they were waiting eagerly for the opportunity to own shares. In contrast, few non-shareholders in Computer Co. wanted shares in the company primarily because of its precarious financial position (indeed, several uninterested shareholders felt that owning shares would be a "waste of time"). In Broiler Co., most non-shareholders expressed an interest in owning shares but complained about their inability to afford shares and the lack of a share offer, or simply did not know about the existence of a share scheme. Some uninterested shareholders in Broiler Co. also argued that the company's shares yielded historically poor results and that the terms for employee shares were not very attractive.

Many Radio Co. non-shareholders wanted to own shares, but had not been able to do so because the company had temporarily halted share offers, while the uninterested non-shareholders resisted buying shares primarily because they perceived the company's shares as performing poorly. Most non-shareholders in Bank Co. and Cement Co. cited their lack of knowledge about how to acquire shares and about shares themselves, as well as their inability to afford share prices as their main reasons for not owning shares. Non-shareholders in both firms uninterested in owning shares provided both personal reasons (e.g., the incompatibility of shares with their personal investment strategy) and organizational reasons (e.g., the poor share performance of both companies).

In sum, two primary variables explain the lack of interest in purchasing shares. First, most non-shareholders did not purchase shares for financial reasons: they could not afford shares, they thought the shares were too expensive, shares did not fit into their personal investment strategy, they thought the company was doing poorly, or they considered shares in the company a bad investment generally. Second, non-shareholders also did not purchase shares for administrative reasons: shares had not been offered to them, they did not know how to purchase shares, shares were not available to the employees at the current time, or information about share ownership was either missing or lacking. Importantly, no one opposed share ownership on ideological or political grounds: most non-shareholders would have liked to have had shares.

5.3.5. Future Motivations

Most employees in the six companies (81%) claimed that they would be interested in purchasing (more) shares in the company if they could. In general, more employee shareholders (84%) than non-shareholders (76%) expressed an interest in purchasing shares in their company. A large percentage of employees (75%) expressed an interest in purchasing shares in another company if they could. The small minority of employees who were not interested in purchasing shares in their own or another company can be divided into three categories similar to those used for non-shareholder employees uninterested in owning shares. As such, employees with no interest in owning shares held these views for risk-averse reasons (an opposition to the high perceived risk associated with shares), personal reasons (the incompatibility between shares and personal financial objectives), and financial reasons (the perceived poor financial performance of the company itself or of the company's shares on the stock market).

In addition, however, shareholders mentioned two other personal and organizational reasons for not wanting to purchase shares in their company. First, some shareholders claimed that they had enough shares and that purchasing additional shares would create an imbalance in their investment portfolio by reducing its diversification ("I am satisfied with the number of shares I own, I don't need any more right now"; "If I buy any more shares and the share value drops too much, I will be burned'). Second, some employees in Bank Co., Radio Co., Cement Co., and Broiler Co. – the non-majority employee-owned companies – argued that shares had been a disappointment because they expected to have a greater say and to play a more active role in their respective companies, but that these expectations had not materialised. As such, these employees had become turned off of shares to a certain degree. (The impact of shares on employee participation is addressed more fully in the next chapter.)

5.4. CHAPTER SUMMARY

This chapter provided an overview of the motivations and characteristics of the case study companies. An important finding is that the motivation for employee ownership affected the perceptions of employees. The government was directly or indirectly involved in the implementation of employee ownership in all of the companies and thus ideological motivations – particularly the desire to spread ownership in Jamaican society – played a critical role in those companies. Importantly, also, the government also had strategic objectives (e.g., the desire to reduce political and union opposition to divestment) and organizational objectives (e.g., to improve employee productivity and efficiency, to involve employees more in managerial decision-making, and to provide employees with additional financial benefits). In Broiler Co. – the sole company with no direct government involvement in its ESOP – paternalist and religious motivations predominated. At the same time, strategic motivations (e.g., the desire to avoid nationalisation of the company by the government, an inexpensive method of raising capital, and a way to blunt criticisms by discontented contract farmers) as well as organizational objectives (to improve efficiency, employee involvement, and financial gain to employees) also factored into the decision by Broiler Co. to sell shares.

In all the companies, the management was very supportive of the share ownership schemes, primarily for personal financial as well as organizational reasons. In three of the companies – Computer Co., Print Co., and Cement Co. – the unions played an active role in the creation of the ESOPs because they viewed the ESOP as an effective mechanism for greater employee involvement in decision-making. In the other three companies – Bank Co., Broiler Co., and Radio Co. – the unions did not play an active role in the share schemes, although all of these unions overcame some initial skepticism and came to support the share schemes, primarily because of the financial benefits that they felt accrued to their members. (The impact of employee ownership on unions and the industrial relations climate is discussed in greater detail in chapter 7).

The six case study companies differed in several important regards and it is difficult to conclude from them that there were any strikingly similar characteristics that they all shared. Indeed, the only feature common to all the companies was the fact that employee share ownership was introduced either by or in response to government action.

Four of the companies were publicly-traded, the remaining two were private. The companies ranged in size from a low of 30 employees to a high of 4,000 employees. In general, most of the companies had been financially successful, although that had certainly not always been the case. The companies were also located in widely different industries such as finance, manufacturing, technology, and communications.

Share ownership participation levels were highest among managers than non-managers in the six case studies. At the same time, however, unskilled employees had the highest participation rates among non-managerial employee categories, followed by skilled and then clerical employees. In general, younger workers participated less than did older workers, female shareholders participated just a little more than their male counterparts, and slightly more unionised employees participated than non-unionised employees. These findings were broadly consistent with most findings from other national contexts, with the exception of the unionised participation levels.

Most employees in the case studies acquired shares for the long-term investment reasons, although a belief in the idea of employees owning shares was a close second choice for employees. Purchasing shares for the income from dividends and selling their shares were distant third and fourth cited reasons, respectively. In general, this section outlined four overlapping categories of employees, based on their motivation for acquiring shares: passive, financial, psychological, and job security seeking shareholders.

Passive employees did not feel strongly about shares and acquired shares out of curiosity or because family members or friends encouraged them to do so. Financial shareholders valued both the short-term and long-term financial benefits that shares provided, while psychological shareholders focused more on the increased association and affiliation with the companies that they received from owning shares. Entrepreneurial shareholders saw shares as the first step to eventual organizational control, while some workers in the two employee buy-outs viewed shares as offering the opportunity to own and run their own business. Job security-seeking shareholders desired the degree of protection they believed shares offered them by protecting their jobs.

Although the different employee categories varied from company to company, some general patterns emerged. Passive employees were a relatively small minority in almost all companies, but especially so in the two employee buy-outs where the decision to acquire shares involved a wide range of significant sacrifices and risks. In addition, most passive employees eventually reacted to shares by becoming financial or psychological shareholders, although a few passive employees remained indifferent to share ownership. Job security-seekers were a minority in all firms, but were most prevalent in the employee buy-outs where preserving their jobs was a major motivating factor for many of these employees. Psychological shareholders were also present in all firms (to a lesser extent Cement Co., where the large financial gains from owning shares has overshadowed or muted other effects of share ownership). The most prevalent group, financial shareholders, were present in all companies and were located primarily in the publicly-traded companies, where the potential for making significant returns on a short-term basis was much higher than in private companies. Most employees thus bought shares for financial reasons, although many also had psychological reasons for doing so.

Non-shareholders had not purchased shares for either financial reasons (e.g., poor share performance, lack of fit with personal investment strategy, or inability to afford shares) or administrative reasons (e.g., lack of information about shares, unavailability of shares, or lack of knowledge about how to purchase shares). With very few exceptions, most employees were desirous of owning shares at some point, especially so in the more successful employee buy-out, Print Co. Although a small minority of shareholders had sold most or all of their shares (primarily in Cement Co., where enormous financial gains were available when the stock price rose sharply), most employees retained most or all of their shares and intended on doing so for a while. Importantly, a small number of former shareholders did not want to acquire shares for both financial reasons (e.g., no longer part of their investment strategy) and organizational reasons (a perceived lack of employee involvement in decision-making).

CHAPTER 6: EMPLOYEE OWNERSHIP, FINANCIAL PERFORMANCE, EMPLOYEE ATTITUDES, AND EMPLOYEE BEHAVIOUR

6.1. INTRODUCTION

This chapter uses the results from the fieldwork to examine the effects of employee ownership on financial performance, employee attitudes, and employee behaviour. It compares and contrasts the findings from the research with theoretical and empirical studies on employee ownership from different national and organizational contexts.

Section 6.2 provides an overview on the empirical and theoretical research on employee ownership and financial performance. Section 6.3 compares and contrasts the study's findings with the literature on the impact of employee ownership on attitudes. Section 6.4 compares and contrasts the findings from the case studies with the literature on the impact of employee ownership on employee behaviour. Section 6.5 summarises.

6.2. EMPLOYEE OWNERSHIP AND FINANCIAL PERFORMANCE

Most (but not all) employee ownership advocates either argue or presume that employee ownership will result in improved financial performance. In general, these changes may occur through either "hard" (economic efficiency) or "soft" (social efficiency) channels. Hard employee ownership responds to the instrumental needs of workers in order to improve productivity and profitability, while soft employee ownership concentrates on work as an institution and on satisfying the human aspiration for self-fulfillment, involvement, and social interaction (Wilson 1992). Hard employee ownership may bring about certain changes in the attitudes and behaviour of employees by creating financial incentives to encourage greater effort and performance, resulting in a reduction in monitoring costs and an increase in employee output, efficiency, and productivity. Soft employee ownership also relates to changes in employee attitudes and behaviour, but focuses more on positive changes in the organizational environment that result in a reduction of psychic, verification, and transaction costs as employee-owners become more willing to accept necessary rationalisation and changes in working practices (Pryce and Nicholson 1988:349). Russell (1984:267) explains:

> The effects of employee share ownership on the material interests of employees merge into some symbolic and

> ideological consequences of employee share ownership that may be of far greater importance to the firm, for what employee ownership essentially does is to encourage employees to perceive a harmony of interest instead of a conflict of interest between themselves and the firm that employs them.

6.2.1. Theoretical Criticisms

Several theorists argue that employee ownership may have no impact or even negative consequences on corporate performance for several reasons. First, employee ownership may have a negative impact on organizational efficiency and productivity because incorporating the objectives and interests of employee-owners into the decision-making process may reduce the ability of managers to focus primarily on profit-maximisation (Bradley and Nejad 1989). In addition, organizational decision-making may become more diffuse and thus more cumbersome as employee-owners become more involved in organizational processes. Furthermore, employees may not have the technical skills or expertise to make effective contributions to those processes.

Second, employee ownership may have a minimal or distorting incentive effect on employees. Employee ownership may not create a sufficiently strong motivational link between individual efforts and individual rewards because employee effort usually adds only a marginal increment to the profitability of the firm. In addition, employee ownership affects corporate performance less directly than factors outside the control of the worker such as corporate strategy and market position (Pendleton et al 1998). In addition, distant reward mechanisms such as share schemes may have little or no impact on employee attitudes and behaviour as workers may be more concerned with their immediate rewards (e.g., wages) and working conditions (Clegg 1963). Employee ownership may even create a disincentive to productive work because dividends on shares are distributed regardless of individual performance, a classic free rider problem (Jensen and Meckling 1979). Employee shareholding may also reduce productivity growth because employees become entrenched (protected from takeover threat) and thus have reduced incentives to perform efficiently. Employee-owners may also seek to maximise short-term returns at the expense of long-term company investment.

Third, employee share ownership may result in high negative or psychological costs when managers attempt to discipline employee-owners. Indeed, firms with share schemes may be less responsive than other firms in removing unproductive and incompetent employees during a crisis or in a competitive environment. In addition, monitoring costs may actually increase as share ownership may make employee-owners feel that they possess greater job security; they may thus shirk their responsibilities.

Fourth, several problems may occur when employees take over the role traditionally played by outside investors. In a majority employee-owned firm, worker-owners may be less vigilant and capable of fulfilling the "watchdog" function over managers that outside shareholders traditionally perform. Workers may thus accept poor managerial performance because they lack the financial expertise to evaluate managers or because criticising managers may have negative implications for the employee-owner in terms of management or peer disapproval. Because employee-owners may not have the dispassionate distance from their investments associated with traditional investors, employee ownership may create an excessive concentration of risk among employees that leads to poor decision-making. Employees also usually have limited capital resources and lack the access to capital that most traditional investors possess, which may create problems of undercapitalisation when the employee-owned firm seeks additional equity from its employee-owners (see generally Russell 1985)

6.2.2. Empirical Evidence

Several researchers have documented the superior and sustained economic performance of many co-operatives and majority employee-owned firms in different countries that have outperformed traditional firms in similar industries. Examples include the John Lewis Partnership (Bradley and Estrin 1992, Flanders et al 1968) and the National Freight Consortium (Bradley and Nejad 1989) in the UK; worker plywood co-operatives (Berman 1982, Greenberg 1980, Bernstein 1979, Bellas 1972) and worker-owned sanitation companies (Russell 1995, Perry 1978) in the US; the Mondragan co-operatives in Spain (Moye 1993, Whyte and Whyte 1989); and several other co-operatives or wholly worker-owned enterprises around the world (e.g., Oliver 1984; Posner 1983; Jones 1980). Indeed, the evidence of superior performance in employee-owned companies is impressive. For example, several authors have tracked indexes of publicly-traded companies with employee ownership and have found that these companies have consistently outperformed all major stock indexes (Gates 1998).

In addition, empirical studies show that the implementation of employee share ownership schemes in several firms has led to greatly improved corporate performance (Jones and Kato 1993a; Rosen and Quarrey 1987). Other studies demonstrate that employee-owned firms have outperformed matched pairs of traditional firms using various criteria such as net profits, sales growth, operating margins, share price, book value, and returns on investment and equity (Rosen and Quarrey 1987; Richardson and Nejad 1986; Quarrey et al 1986; Bell and Hanson 1984; Conte and Tannebaum 1978). Several studies also show that worker-owned firms have grown more quickly than their industrial averages (Marsh and McAllister 1981). In addition, several studies find that employee ownership has had a positive and often significant effect on productivity in majority worker-owned firms (Bradley 1986; Berman 1982; Greenberg 1980; Bernstein 1979; Bellas 1972) and other employee-owned firms (Jones and Kato 1993a; Weitzman and Kruse 1990; Conte and Svejnar 1990; Rooney 1988; Marsh and McAllister 1981).

On the other hand, anecdotal evidence suggests that several majority-owned firms and co-operative ventures (such as the Benn cooperatives in the UK during the 1970s) have performed poorly or even failed (Eccles 1981). Several empirical studies also find no statistically significant relationship between employee ownership and profitability (e.g., Russell et al 1990; Conte and Svejnar 1990; Conte 1982). Other studies find little or no relationship between employee ownership and improved financial performance in employee-owned firms unless share ownership was accompanied by worker participation in decision-making, mainly on job-related issues (GAO 1987, 1986; Rosen and Quarrey 1987; Quarrey et al 1986). Several studies find no consistent or statistically significant improvements in productivity associated with employee share ownership and, in some cases, even a decline in productivity (e.g., Kruse 1992; Russell et al 1990; GAO 1987).

6.2.3. Summary

The studies report inconclusive and mixed results on the relationship between employee ownership and corporate performance. Several factors may explain the wide divergence of results apart from the diversity of methodological approaches. First, share ownership may simply be an inadequate financial incentive that must be supplemented by adequate salary and wage compensation or worker participation in decision-making to achieve its desired ends (Conte and Svejnar 1990; Rosen and Quarrey 1987). In fact, many researchers find that there are a number of processes that intervene and moderate formal ownership and subsequent changes in the organizational climate (Pierce et al 1991). Second, most of the empirical studies come from the US and to a limited extent from the UK (Wilkinson et al 1994), and several of these studies suffer from considerable self-selection in the responding firms. It is also difficult to isolate the causality of whether employee ownership leads to improved performance or whether profitable firms adopt

ESOPs. Third, few companies seek improved economic performance as an explicit objective of employee share schemes. Other variables often play a more important role in affecting company performance than share ownership. Focusing on performance may be somewhat misguided and futile:

> Determining the true magnitude of the ESOP-performance relationship is inherently problematic . . . Economic and organization theory is somewhat ambiguous as to the economic effects of employee ownership due primarily to the enormous heterogeneity of the specific institutional features of actual schemes, the diversity of corporate objectives and perceived roles for such schemes and the divergent corporate/participatory cultures within which schemes are introduced . . . [Productivity gains could] originate from many different sources than just employee ownership itself, namely; increased effort and cooperation, acceptance of technological change, better communication and improved information flows, more attention to quality, lower labour turnover (increased skill levels and flexibility) and of particular importance the history and dynamics of industrial relations in the enterprise (Wilson 1992:243,255).

Indeed, this has clearly been the case in the six case study companies. As seen in chapter 4, the financial performance of each case study company has been affected by many variables other than share ownership, which have often played a more critical role. For example, Broiler Co. and Cement Co. both had near-monopolies in their respective industries, which contributed significantly to their historical profitability. Radio Co.'s profits fell in recent years primarily because it lost its near-monopoly status in the market (in less than five years, Radio Co. moved from having only one other competitor – a government-run station – to ten competitors). The recent crisis in the financial sector largely explains Bank Co.'s recent financial problems, while the government's failure to fulfil its commitments to both Cement Co. and Print Co. contributed to financial problems in these two companies. Indeed, the fact that both firms were making money at all was in part a result of the fact that the government provided a guaranteed market for them. In addition, various other external (e.g., currency devaluation) and internal factors (e.g., managerial and organizational changes) played a significant role in the financial performance of all the six case studies.

As such, this thesis focuses less on the specific financial performance of each case study pre- and post-implementation of the employee share schemes. Rather, it focuses on ownership and how employees, union officials, and managers perceived employee share ownership and particularly whether employees believed that share ownership had any impact at all on their behaviour and attitudes. As noted above, these potential changes in employee attitudes and behaviour are the mechanism through which share ownership would have any impact on the financial performance of a company – either through the hard (financial incentive) channel or the soft (improved work environment) channel. This organizational inquiry thus seems more fruitful and informative than a relatively simplistic analysis of financial outcomes, especially because the sources and variables that may explain those outcomes are often uncertain and difficult to disaggregate.

6.3. EMPLOYEE OWNERSHIP AND EMPLOYEE ATTITUDES

Although several researchers have attempted to examine the impact of share ownership on employee attitudes (e.g., Buckho 1993, 1992a; Walley and Wilson 1992), few of them have attempted to adequately define exactly what they mean by the phrase "employee attitudes". In general, attitudes relate to the degree of positive or negative feelings a person has toward a particular attitude object (Dunham et al 1994). Within the organizational context, two primary "attitude objects" exist: the company itself and the work performed by the individual in the company.

Following from this distinction, two sets of employee attitudes can be identified: organizational attitudes (which relate to the company) and operational attitudes (which relate to the job). In the literature, theorists often refer to positive organizational attitudes as "organizational commitment" (Caldwell et al 1990) which is defined as "the relative strength of an individual's identification with and involvement in a particular organization" (Mowday et al 1982:27). Similarly, most academics refer to positive operational attitudes as "job satisfaction", which is defined as "the degree to which an individual feels positively or negatively about the various facets of the job tasks, the work setting, and relationships with co-workers" (Bailey et al 1989:43).

Although organizational commitment and job satisfaction are closely related phenomena, researchers have found that they are not always correlated and that employees may possess high levels of job satisfaction and low organizational commitment simultaneously, and vice versa (e.g., Hunt and Morgan 1994). As such, this study assumes that operational and organizational attitudes are related but not necessarily connected phenomena, and thus examines each one individually.

In addition to the distinction between organizational and operational attitudes, many issues related to organizational commitment are unclear. After surveying the organizational commitment literature, one researcher concluded that "although advances in theory and research are apparent, important issues remain unresolved" (Somers 1995:49). Many researchers argue that no singular definition of "commitment" is sufficient and that the concept involves multiple components (Meyer and Allen 1990). Even so, however, almost all theorists accept the notion that commitment involves a willingness to remain with the organization at the very least (Somers 1995).

Theorists have generally identified three kinds of commitment: affective (or moral), continuance (or calculative), and normative (or alienative) (Meyer and Allen 1990; Iles et al 1990). Affective or moral commitment refers to an emotional attachment to an organization involving an acceptance of organizational values (Mowday et al 1982; Long 1981). Continuance or calculative commitment arises out of a cost-benefit analysis in which the advantages of remaining with the firm outweigh the advantages. Normative or alienative commitment results from a perceived obligation to remain with and support the organization, often because few existing alternatives are perceived to exist, and undesirable sacrifice and disruption are expected to arise as a result of leaving the organization (Iles et al 1990).

In addition, many researchers argue that several factors have a potential impact on employee commitment and job satisfaction such as employees' perception of their work design, payment systems, training and development opportunities, and their participation in decision-making (Morris et al 1993). As such, any study that attempts to examine issues of organization commitment and job satisfaction must keep in mind that a wide range of variables both within and external to the organization may have an equal or more significant impact on employee attitudes than the phenomenon under study. Furthermore, this study recognises that a critical moderating influence is the perceptions of employees with regard to these external and internal variables, and thus it places special emphasis on the perceptions of employees.

Given the wide variety of approaches to employee attitudes in the literature, this study takes an expansive view of operational and organizational attitudes. As such, it defines organizational commitment as involving four conceptual components related to the degree of: (a) identification with organizational goals; (b) integration of organizational values, (c) interest in organizational performance, and (d) loyalty to the organization's leadership (Mowday et al 1979; Long 1978a). Similarly, this study takes a more expansive approach to positive operational attitudes. As a result, job satisfaction also involves four conceptual components related to the degree of (a) contentment with the job functions and requirements; (b) motivation to exert more effort in the job; (c) interest in the various aspects of the job, and (d) pride felt in performing the job (French and Rosenstein 1984; Hammer et al 1981, Long 1979a).

Several researchers have conducted both theoretical and empirical investigations to determine the processes by which more positive attitudes may obtain from employee share ownership (e.g., Buckho, 1993; 1992b). Klein (1987), for example, presents three models to provide possible explanations for how employee-owners respond to employee ownership. Under the intrinsic model, workers respond to ownership per se and thus the benefits of ownership are derived directly from the fact of ownership, rather than from other factors in the organizational context or in the ownership plan itself. According to this model, shares constitute physical and legal evidence of an enhanced association with the organization, and thus the act of acquiring shares itself creates a psychological attachment to the company (Long 1978a). Share acquisition may also create a powerful symbolic change in status from one of "employee" to "owner" that may increase the connection between the interests of employees and those of the company and other shareholders. Employee-owners may perceive common interests with other managers and outside shareholders based on their mutual ownership stake. This common ownership perception may result in or heighten the organizational identification of employees. In addition, employees may acquire a "moral commitment" to their work and to organizational goals as equal ownership participants (Poole and Jenkins 1991).

In contrast, both the instrumental and extrinsic models presume that employees don't value ownership for what it is, but rather for what it does for them. Under the instrumental model, employee commitment and job satisfaction may increase because share ownership provides employees with the opportunity to participate in or affect the firm's activities through several channels. Employees may respond to different types of participation under the instrumental model in various ways. At the basic level, employees may become entitled to receive additional financial information about the company such as an annual report that non-owners would not presumably receive (French and Rosenstein 1984). As such, employees may improve their level of financial understanding, become more interested in the company, and appreciate what they may interpret as greater communication from and interaction with the company.

Employee ownership may also provide employees with a greater voice in company affairs through the ability to attend and vote at annual general meetings and play a role in selecting members of the board of directors. These enhanced participation and control rights may fulfil worker desires for increased involvement and result in increased commitment to the organization. In addition, employee ownership may lead to the creation of participatory mechanisms rarely found in conventional firms (such as shadow boards). These participatory mechanisms may offer workers the opportunity to increase their involvement in the workplace, fulfill their social and ego needs, and thus increase their commitment to both their jobs and to the company (Buchko 1992a, Long 1978b).

The extrinsic model suggests that ownership affects employees by providing financial benefits through dividends or capital gains. As such, the extrinsic model views share ownership as an investment or financial reward that enables employees to capture more of the returns from their work (French and Rosenstein 1984, Hammer et al 1982). Under this model, share ownership may foster the perception among employees that they possess a greater financial stake in the success of the company and thus stimulate them to seek greater information about their work, the firm, and other external variables which might affect the value of their shareholdings (French 1987).

Consistent with principal and agent economic theory, financial incentives may align the utility interests of employee-agents more closely with those of employer-principals (Klein 1987). An investment in shares may tie employees to the organization, increase their commitment to the success and growth of the organization, and lead to shared goals and a common interest among all shareholders of maximising the value of their holding (Hammer and Stern 1980; Long 1978a).

All three models assume that employee ownership will create a common interest among employees with regard to the organization (Lawler et al 1989). The models also claim to provide the mechanisms through which employee ownership may either create or strengthen the bonds between the employee and the company by highlighting or reminding employees of the company's generosity and commitment to them (Klein and Hall 1988). The intrinsic and instrumental models further assume that share ownership will create a more trusting relationship between workers and management and result in feelings among employees toward their employers described as a collective consciousness (Hammer and Stem 1980), psychological partnership (Hammer and Stern 1980), and worker commitment and integration (Rhodes and Steers 1981; Long 1978a).

In addition, the models are also hypothesised to create specific changes in the ways employees view their company, such as an interest in better information (that may undercut the potentially harmful grapevine), greater interest in business performance, a better understanding of the reason for management actions, and potentially greater support for (or at least less resistance to) management policy (Ramsay 1991).

6.3.1. Theoretical Criticisms

Several theorists argue, in contrast, that employees may develop neutral or even negative attitudes in response to employee ownership for several reasons. When first introduced to employee ownership, many employees may express doubts about owning shares because they have little interest in long-term rewards, they perceive the firm as having poor long-term prospects, or they don't feel knowledgeable and confident about share ownership. After acquiring shares, employees may develop feelings of divisiveness associated with unequal share allocations and may resent that fact that disproportionate amounts of stock accrue to managers (Baddon et al 1989).

Employees may also become disheartened by poor or unstable financial performance and may not appreciate or desire the risk involved in share ownership. In some cases, even apparent success may result in undesired results. For example, many employees may simply sell their shares if share prices rise substantially. Employees may also become cynical or resentful in response to what they perceive as a managerial gimmick or manipulative tool (Wilkinson et al 1994). Moreover, many researchers argue that employees may have high expectations of their share ownership that may not be realised in practice and may thus create strong negative feelings of dissatisfaction, demotivation, frustration, cynicism, disappointment, and disillusionment, among others (French 1987; Kruse 1984; Long 1982, 1981; Hammer and Stern 1981).

6.3.2. Empirical Results

Several studies reveal that workers in co-operatives and majority worker-owned firms experience higher levels of organizational commitment and job satisfaction than workers in similarly-matched conventional firms (Oliver 1984; Hammer et al 1981;

Rhodes and Steers 1981; Greenberg 1980; Russell et al 1979; Bernstein 1976). Other studies find that employee shareholders report higher levels of satisfaction and commitment than non-shareholders in employee-owned firms (French and Rosenstein 1984; Hammer et al 1981; Russell et al 1979; Long 1978a, 1978b). Researchers also find a positive relationship between owning shares and increased employee understanding, awareness, and interest in the financial performance and success of the company (Pendleton 1994b; Poole and Jenkins 1990).

Other studies find that employee-owners become more loyal and committed to the firm, identify more closely with company goals, desire more strongly to remain at the company, express greater satisfaction in their work, feel more like partners in the company, and believe that share ownership generates feelings of pride in owning shares (Pendleton et al 1998; Buckho 1993, 1992a; Wilson 1992; Dunn and Richardson 1989; Bell and Hanson 1984; Fogarty and White; Long 1978a, 1978b, 1977). Researchers have also found that many employee-owners come to believe that share ownership creates a better company atmosphere, and that employee-owned companies find it easier to secure employee and union agreement to organizational and work practice changes (Pendleton 1994b; Bell and Hanson 1984).

Empirical studies also reveal support for the intrinsic, instrumental, and extrinsic models (Buckho 1993, 1992; Klein 1987; French and Rosenstein 1984, Long 1978a, 1978b). For the most part, however, the studies lend strongest support to the instrumental and extrinsic views and conclude that there must be an intervening variable of financial gain or participative management (or both) for employee ownership to be associated with employee satisfaction and commitment (Buckho 1993, 1992a). In particular, these studies have found that the perceived employee influence derived from ownership has more of an impact on employee attitudes than the financial (or intrinsic) value of employee ownership.

In contrast, other studies which have compared the attitudes of employee-shareholders with non-shareholders in the same firm and the attitudes of workers in employee-owned firms with those of workers in similar conventional firms reveal that employee ownership results in few or no positive changes in employee commitment or satisfaction (Wilkinson et al 1994; Dunn and Richardson 1989; Baddon et al 1989; Kruse 1984; French and Rosenstein 1984; Hammer et al 1982; Hammer and Stern 1980).

Specifically, these studies find that many employees who own shares experience little organizational commitment or understanding of management decisions, feel no more better about the company, fail to develop found any real sense of ownership or involvement, express little awareness or interest in company financial issues, feel no less likely to leave the firm, and do not believe that share ownership reduces 'us' vs. 'them' attitudes between and workers, or lead to greater team spirit among workers (Keef 1998; Wilkinson et al 1994; Nichols and O'Connell Davidson 1992; Dunn and Richardson 1989; Poole and Jenkins 1990; Fogarty and White 1988; Bell and Hanson 1984). Indeed, a few studies even find that employee ownership leads to more negative responses such as a deterioration of positive job attitudes over time and declines in employee motivation, organizational satisfaction, attitudes towards change, and trust of the organization (Long 1982, 1981).

6.3.3. Summary

Whereas some studies find consistent and sustained positive effects of share ownership on employee attitudes, other researchers find that the link remains vague, hopeful, and indirect (Ramsay 1991). Empirical investigations have supported the intrinsic, extrinsic, and instrumental explanatory models, although the latter two models receive the greatest empirical support. The research on the impact of employee ownership produces conflicting and diverse results because of the differing kinds of employee ownership, the different national and cultural contexts, several other variables in the organizational context, and the complexity in defining and understanding employee attitudes. In addition, many employees have expressed potentially divergent and contrasting attitudes towards their job, the share scheme, their managers, the union, the company, and other critical variables in the organizational context.

The only generally consistent finding that emerges from the literature on employee attitudes is that the vast majority of employees appreciate shares either as "just another bonus" or for its potentially more meaningful implications, except when share ownership is introduced into a hostile industrial relations climate or when the company performs poorly (Poole and Jenkins 1990). Importantly, employee attitudes such as commitment and satisfaction are multi-faceted concepts that may involve genuine, instrumental, and involuntary dimensions (Iles et al 1990). As such, great care must be exercised in interpreting the findings of the attitude studies on employee ownership.

6.3.4. Findings from this Study

The starting point for an inquiry into the impact of employee ownership on employee attitudes is to examine employee perceptions of the design and administration of the employee ownership plan (Buckho 1993; Klein 1987; Rosen et al 1986). If employees do not appreciate or know about the ESOP itself, it is unlikely that employee ownership will have any impact on their attitudes. At the same time, though, employees may like and appreciate shares but simply dislike the manner in which shares are made available to employees. Empirical investigations find that the vast majority of employees generally support and appreciate employee share schemes as an opportunity to share in company profits (Wilkinson et al 1994; Smith 1993; Fogerty and White 1988; Bell and Hanson 1984). Some employees view shares as a pleasant bonus from management, an employee entitlement, or a management gratuity (Baddon et al 1989), while other employees view shares as a welcome form of saving or tax-exempt compensation (Fogarty and White 1988). At the same time, however, some employees believe that other methods of improving employee benefits (such as cash-based profit sharing) are superior to share ownership (Ramsey et al 1990). In addition, several employees express concerns related to the practical implementation of the employee ownership schemes themselves, such as the lack of information about the share scheme and inadequate financial information (Wilson 1992). This chapter builds on the results in chapter 5 in looking at how employees perceive both share and share ownership schemes.

The findings from this study are similar to existing studies which find that most shareholders support share schemes. The vast majority of respondents with shares believed that it was a good or excellent idea for the company to offer shares to the employees (see Table 20). A slightly smaller number of employees than managers or middle managers shared this view (see Table 20). Similarly, almost all respondents with shares were generally or strongly in support of <u>other</u> companies encouraging workers to own shares, with the vast majority of each category responding that they were strongly in support (see Table 21). These findings are similar to many other studies that have found that most employees support and appreciate share ownership (Wilkinson et al 1994; Smith 1993; Fogerty and White 1988; Bell and Hanson 1984).

Table 20: Percentage of respondents who indicated that the company selling shares to employees was a good or excellent idea (by occupational category)

Senior Managers	100%
Middle Managers and Supervisors	96%
Employees	94%

Table 21: Percentage of respondents who indicated that they would encourage other companies to offer shares to employees (by occupational category)

Managers	100%
Middle Managers and Supervisors	97%
Employees	97%

Only one shareholder among the six hundred respondents thought that it was not a good idea for the company to sell shares to employees. The sole negative respondent, an employee in Radio Co., opposed the method in which share ownership was introduced into Radio Co. (compulsory participation), but generally supported the concept of share ownership. Interestingly, as noted, a minority of respondents claimed they would never buy shares in any company because they were opposed to shares as a form of gambling or because they felt that shares were too risky. All of these respondents, however, agreed that it was a good or excellent idea for the company to at least offer interested employees the opportunity to buy shares, even though they themselves did not want the shares.

Significant, also, was the extent of support for the idea of share ownership. Although a majority of respondents believed it was either a good or an excellent idea to buy shares, far fewer respondents agreed that it was an <u>excellent</u> idea to buy shares. In particular, only a small minority of middle managers and supervisors agreed that it was an excellent idea for the company to sell shares (see Table 22). In contrast, a majority of both the senior managers and the employees agreed that it was an excellent idea for the company to sell shares (see Table 22). Even here, however, the percentage for employees was still less than that for the senior managers (see Table 22).

Table 22: Percentage of respondents who indicated that the company selling shares to employees was an <u>excellent</u> idea (by occupational category)

Senior Managers	69%
Middle Managers and Supervisors	17%
Employees	56%

Particularly impressive is the fact that all of the shareholders in Computer Co. believed that selling shares to employees was a good or excellent idea. In many ways, the Computer Co. employees were worse off as shareholders in a private company than they were as civil servants under state control. Indeed, the majority of respondents in Computer Co. agreed with the statement they were worse off as a result of owning shares. Prior to the closing of the company, these employees lost many of their government benefits, had to work longer hours, and had taken a substantial pay freeze – all in return for the opportunity to become owners. In addition, the new management and CEO had a difficult transition into the Computer Co. culture. As a result of these problems, several employees had left the firm. Among the remaining shareholders, however, the majority remained optimistic about the future and determined to see "their" company succeed ("I see hope in the company"; "We have to make it work"; "We have to stick with it and grind through"; "I often think of leaving, but I come and do my best and pull my weight to succeed"). These employees remained optimistic largely because they had few other options, but also because of the potential benefits they felt their ownership could provide in the long run ("It is a good investment if it is run the proper way"; "The company has the potential to be something great"; "It is a dream entrepreneurial situation").

The overwhelming support for the share schemes among employee shareholders contrasts with the slightly less enthusiastic support among non-shareholders. A smaller majority (76%) of employees without shares thought the share scheme was a good or excellent idea. At the same time, however, an overwhelming majority of both senior and middle managers without shares were in support of the share schemes (over 90% in each case). Importantly, based on the interviews, the reason for the lower response rate for employees without shares was because several of them did not feel that they had enough information to provide a definitive response to my question on whether they thought the decision to offer shares to employees was a good or bad.

In addition to supporting the presence of share schemes, many employees indicated that they would also purchase (more) shares if they could (81%). Again, more shareholders (94%) held this view than non-shareholders (75%). In addition, these figures are somewhat skewed because only a small minority (under 20%) of respondents in Computer Co. indicated that they would purchase shares in the firm if they could. These respondents indicated that shares in Computer Co. it would be a foolish investment since the firm was losing money and had a precarious future. When we take out Computer Co. employees from these figures, the number of employees who would buy shares ranged from a low of 68% of the employees in Cement Co. to a high of 98% in Bank Co. As noted in chapter 5, the majority of those who did not wish to purchase shares felt this way for financial or administrative reasons. Indeed, almost all of the respondents in Cement Co. who indicated they did not wish to purchase (more) shares felt this way because they thought that Cement Co.'s share price at the time was far too low.

6.3.4.1. The Extent of Employee Support for Share Ownership

As we have seen, most employees believed that employee share schemes were a good or excellent idea, supported the implementation of these schemes in other companies, and indicated that they would purchase (more) shares if they could. These findings do not indicate, however, how employees viewed shares as compared to other forms of financial participation such as cash-based profit sharing. As such, each respondent was asked whether they thought the profits of their company should be distributed mostly in cash, mostly in shares, or in an equal amount between shares and cash. Approximately half of all shareholder respondents supported an equal distribution of cash and shares with far fewer supporting mostly shares (see Table 23). Senior managers supported shares the most, then middle managers and employees. Among non-shareholders, again similarly about half of the respondents supported an equal distribution, with smaller percentages supporting mostly shares (see Table 24).

Table 23: Percentage of shareholders and their preferences on how the profits of their company should be distributed between cash and shares (by occupational category)

	Equal Distribution	Mostly Shares	Mostly Cash
Senior Managers	50%	24%	26%
Middle Managers	45%	11%	44%
Employees	51%	8%	41%

Table 24: Percentage of non-shareholders and their preferences on how the profits of their company should be distributed between cash and shares (by occupational category)

	Equal Distribution	Mostly Shares	Mostly Cash
Senior Managers	64%	12%	24%
Middle Managers	50%	0%	50%
Employees	43%	8%	49%

All respondents who preferred a "mostly cash" distribution of profits stated pragmatic reasons for this preference. First, the vast majority of employees preferred cash simply because they felt their salaries were inadequate and that extra money was necessary simply to bring them up to a decent standard of living ("People need to survive comfortably"). Second, many employees argued that they should receive cash so that those who wanted shares had the option of whether to acquire shares, reflecting the widespread opposition among employees to rules that compel them to acquire shares. Third, a minority of employees expressed fear of owning shares on the stock market, which they perceived as too risky ("I am timid and scared of the stock exchange").

The minority of employees who supported a "mostly shares" distribution did so for financial reasons. First, some claimed that shares provided better returns on investment than savings on money put in the bank or on fixed deposit. Second, employees pointed out that cash distributions such as wages and bonuses were taxable, whereas profits from selling shares attracted no taxation. Third, some employees argued that shares acted as a hedge against inflation, were a form of compulsory savings, and thus provided excellent long-term financial benefits that they felt cash did not provide.

As noted in tables 23 and 24, a larger minority of senior and middle managers than employees supported the distribution of more shares. These managers generally argued that when employees received extra cash such as back pay from collective bargaining, they "'blew" their windfall gains on frivolous items, whereas the managers felt that shares were not conducive to such "waste." A senior manager in Cement Co. argued, for example, that handing out excess cash to employees created a "dependency syndrome" whereas shares created a more desirable "responsibility syndrome".

6.3.4.2. Explanations for Employee Support of Share Ownership

The employees in the six case studies provided a wide range of reasons to explain why they thought it was a good or excellent idea for the company to offer them shares. It should be noted that after respondents answered the question on whether they thought it was a good idea for the company to sell shares to employee, I then asked them why they supported employee share ownership as an open-ended question. This open-ended question preceded later questions relating to the specific benefits and disadvantages of employee share ownership. The responses to this open-ended question about why the respondents felt employee share ownership was a good or bad idea are examined in detail and provide the basis for most of this section.

Since nearly all the respondents thought that the share scheme was either a good or an excellent idea, almost all of them cited positive benefits that they felt arose from the schemes. As mentioned above, the small minority of respondents who felt that the share schemes were not such a good idea generally focused on the method in which the scheme was introduced or their personal opposition to owning shares rather than the concept of the share scheme. Other negative comments related to owning shares arose in response to other questions, however, and these comments as well as the criticisms of those who responded negatively to this question are addressed separately below.

In their responses to the open-ended question on the impact of the share schemes, the respondents provided answers that can be divided into the personal, organizational, and external impact of share schemes. The personal impact refers to benefits or advantages that employees perceived as accruing to them as a result of owning shares. Those benefits both enhanced the financial status of the employee (financial benefits) and improved the employees' relationship with the company (psychological benefits). The organizational impact related to the reactions of employees to share ownership, depending on whether employee reactions were primarily to their jobs (work-oriented reactions) or whether they had a more direct impact on the company itself (company-oriented reactions). The external impact of share ownership did not affect employees or the company directly, but instead served other aims perceived as desirable by employees, including both practical benefits and ideological benefits.

The majority of respondents cited the financial benefits of employees owning shares ("Make extra money"; "Better financial position"; "Big reward"; "Improve standard of living"; "Benefit financially"; "Opportunity for income growth"; "Good investment"; "Long-term benefits"; "Economic betterment"; "Share in profits").

Psychological benefits were the second most-mentioned. The psychological benefits of owning shares can be divided into two related and overlapping categories. First, some employees explained that they felt an enhanced association with the company when they owned shares ("The periphery becomes part of the subject"; "Our money [is] at stake too"; "Part of a team, not just a member of staff"; "Feel a part of the company's success"; "Part of the company"; "Part of the place you work"; "Part of the system"; "Part-owner"). Second, employees referred to positive feelings that they associated with what they perceived as their improved personal status in the firm as shareholders ("A sense of belonging"; "More comfortable"; "Added feeling of belonging"; "Feeling of ownership"; "More secure"; "Feel good"; "More confident"; "Morale boost"; "Increased security"; "Sense of pride"; "Empowered"; "Greater sense of purpose").

At the organizational level, many respondents focused on work-oriented reactions to share ownership, although fewer concentrated on work-oriented reactions than on financial and psychological benefits. First, some work-oriented reactions related to an increase in employee work effort and output as a result of share ownership ("Extra input"; "Extra effort"; "Put in a little more"; "Better contributions"; "More conscious effort"; "Go the extra mile"; "Perform better"; "Help production"; "Encourages greater production"; "Give more output"; "Better service"; "More helpful and knowledgeable"). Second, some work-oriented reactions related to improved employee work attitudes ("Better work attitudes"; "Improve work ethic"; "More respect for my job"; "Improve responsibility"; "Interested in work environment"; "Motivated"; "Total co-operation"; "More enthusiasm"; "Boost worker's spirit to perform").

In addition, several kinds of company-oriented reactions were mentioned: (a) <u>greater interest in the firm</u> ("Improves understanding of the company"; "More aware"; "More interested in the company"); (b) <u>more protective of company property</u> ("Take care of equipment"; "Look after what you own"; "More responsible approach to expenditure"; "More caring with assets"; "Look out for the company"; "Protect the property"; "Don't want to harm it in any way"; "Discourage theft"; "If I destroy it, I destroy part of me"); (c) <u>improved employee participation in the organization</u> ("Involved with operations"; "Participate in the running of the company"; "More involvement"; "Have a say"; "A little more voice"; "Gets people involved"); (d) <u>deepened integration of company values and connection with the company</u> ("I think my actions will affect the company"; "More loyalty"; "More commitment"; "More incentive to keep it going"; "More positive approach to the company"; "More motivated to ensure the continuity and profitability of the company"); and (e) <u>improved relationship between managers and employees</u> ("Less management-worker combativeness"; "Better management relationship with workers"). The fifth category was mentioned by very few respondents, however.

The external impact related to the perceived fulfillment of ideological or philosophical objectives deemed important by employees ("Workers own part of the means of production"; "Break down backra-master system"; "Encourage broad-based ownership"; "The majority of people in Jamaica have very little hope of owning anything for themselves"; "Too many companies in this country are run by a few"; "It's a way of changing the Jamaican attitude and getting workers to understand that if they own something, they should take care of it"). In addition, some employees viewed share ownership as fulfilling certain practical objectives that they viewed as valuable ("Better Jamaican own the shares than foreigners"; "Insiders owning the shares is preferable to outsiders"; "We can keep out outsiders by giving shares to employees"). Only a small minority of employees in the companies, however, mentioned these external reasons.

6.3.4.3. Responses to the Prompt Questions

In addition to using the open-ended responses, this study also used the responses to the prompt-questions for two primary reasons. Despite their limitations, the prompt questions allowed me to examine responses in a variety of topics and to compare these responses with one another. Second, the prompt questions – used with subsequent follow-up questions – allowed me to address how respondents felt about employee ownership in greater detail as they could expand upon and explain their responses.

The administered survey included six prompt questions on the attitudes of respondents to both their jobs and their company (see Appendix 5). Two of those questions were general, one asking if the attitudes of employees with shares was different from those without shares, and the other asking the extent to which owning shares in the company had changed employee attitudes to their jobs. The four remaining questions focused on organizational attitudes and asked what effect share ownership had on employee attitude in several areas: (a) interest in the company's success; (b) awareness of financial issues that faced the company; (c) satisfaction with the company; and (d) a reduction in the "us" vs. "them" feelings between workers and management.

It is important to note that these questions asked what respondents thought about the effect on share ownership on other respondents, and not necessarily about themselves. The reason for using this approach is three-fold. First, many respondents might have been reluctant to admit that they were not affected by shares. It is much easier to claim that "employees in general do not respond to shares" than it is to claim that "I do not respond to shares". Second, the effect of share ownership on a company is most meaningful if shares have widespread impact – and if employees perceive it as having a widespread impact. As such, the attitude questions were designed to determine respondent perceptions about the act of shares on other respondents generally. Third, I asked follow-up questions after most prompt questions to determine the views of employees themselves. Indeed, most respondents seemed to "factor in" their own views into their response, which thus provided a "proxy" for their personal views.

The first attitude question sought to determine "to what extent . . . owning shares in the company changed employee attitudes to their jobs." The vast majority of shareholder respondents responded that shares had had at least some change in employee attitudes to their jobs (see Table 25). Of these shareholders, however, only a minority of each category believed that shares had made a "big" or "significant" in employee attitudes (see Table 26). Only a small minority of each category – one in ten respondents – believed that shares had a "significant" change in employee attitudes (see Table 27).

Table 25: Percentage of respondents who agreed that owning shares had made at least some change in employee attitudes to their jobs (by occupational category)

Senior Managers	88%
Middle Managers and Supervisors	71%
Employees	68%

Table 26: Percentage of respondents who agreed that owning shares had made a big or significant change in employee attitudes to their jobs (by occupational category)

Senior Managers	46%
Middle Managers and Supervisors	31%
Employees	33%

Table 27: Percentage of respondents who agreed that owning shares had made a significant change in employee attitudes to their jobs (by occupational category)

Senior Manager	12%
Middle Managers and Supervisors	11%
Employees	12%

A majority of employee-shareholders in all the case study companies felt that shares had led to some change in employee attitudes (see Table 28). The lowest percentage was in Bank Co. and the highest percentage was in Cement Co. Based on the interviews, the following themes emerged. In Cement Co., most respondents cited financial reasons in explaining why shares had an impact on changing attitudes. In Broiler Co., Radio Co., and Print Co., both psychological and financial reasons predominated. In Computer Co., psychological reasons predominated, but among only a slight majority of respondents. In Bank Co., both financial and psychological reasons predominated, but among only among a very slight majority of respondents.

Table 28: Percentage of respondents who agreed that owning shares had made at least some change in employee attitudes to their jobs (by company)

Cement Co.	82%
Print Co.	78%
Broiler Co.	74%
Radio Co.	67%
Computer Co.	55%
Bank Co.	51%

In response to the question on whether respondents felt that the attitudes of employee with shares differed from those without shares, a minority of all respondents agreed, although a slight majority of senior managers agreed (see Table 29). The number of employees with shares who agreed that an attitude difference existed varied among the six companies. Fewer than one-third of the shareholders in four companies agreed that attitude differences existed: Cement Co., Radio Co., Computer Co. and Bank Co. (see Table 30). Against this, more employees in Print Co. and a majority in Broiler Co. felt that an attitude difference existed (see Table 30). In contrast, more non-shareholders in the companies felt that a difference existed between them and their shareholding colleagues (see Table 30). Interestingly, as discussed below, more non-shareholders than shareholders perceived a difference in attitude in all companies except Broiler Co.

Table 29: Percentage of respondents who agreed that attitudes were different between shareholders and non-shareholders (by occupational category)

Senior Managers	55%
Middle Managers and Supervisors	33%
Employees	33%
Skilled	35%
Unskilled	33%
Clerical	20%

Table 30: Percentage of respondents who agreed that attitudes were different between shareholders and non-shareholders (by company)

	Shareholders	Non-Shareholders
Broiler Co.	55%	29%
Print Co.	40%	50%
Cement Co.	29%	46%
Radio Co.	29%	50%
Computer Co.	22%	33%
Bank Co.	16%	25%

Shareholders provided varying explanations for their responses to the two general attitude questions. Those employee-shareholders who felt that shares had a big or significant impact on employee attitudes and who also felt that the attitudes of shareholders differed from non-shareholders fell along a spectrum depending on the passion of their views. First, a small minority of employee-shareholders felt that shares resulted in a wholesale restructuring of employee attitudes ("Their whole attitude is different. They are extremely conscious of the fact that they are shareholders"; When you own shares, you definitely feel better, you work different from the rest and you have more respect for your job").

Second, other shareholders posited that owning shares had heightened their desire to know more about both the performance and operations of the company ("Shareholders are more interested in the company's growth"). Some of these shareholders felt that their ownership status enhanced their legitimacy and confidence in making comments about areas of the company with which they had little or no connection, but were interested because of the potential impact on their share value. For example, one Bank Co. clerical employee commented that she often spoke to supervisors and even managers in other departments, always prefacing her comments with the following statement: "I am speaking not just as a member of staff, but as a shareholder."

Third, some shareholders argued that owning shares had made employees feel more positive about their company ("We are more positive with shares and have greater appreciation for the company; Shareholders are more appreciative"). Some shareholders also argued that owning shares had encouraged them to take greater care of "their" companies property and assets ("There is a proprietary feeling and we don't want to see waste; Shareholders have the company's best interest at heart; You protect your property; Shareholders are more critical of proposed expenditure").

Importantly, a minority of middle managers had negative views, pointing to what they perceived as an unfavorable attitude change among employees who owned shares. These middle manager respondents argued that shareholders "took it easy" in their jobs more often than non-shareholders on the assumption that share ownership reduced the chance of them being fired or punished. These critics also charged that some employees with shares believed that they owned the entire company and deserved special privileges as a result, an attitude the middle managers felt was unproductive and non-cooperative.

As noted, several employees felt that shares offered them a greater opportunity to "run" their own company (entrepreneurial shareholders) and to protect their jobs (job security-seeking shareholders), and many of them took a keen interest in the operations of the firm. Given the historical and cultural context, it is understandable how some supervisors and managers would perceive these employees as "out of their place" for claiming to own and run "their" company and for becoming more critical of managerial and supervisory actions. Importantly, these negative shareholders were present in all six companies, but most were found in the two employee buy-outs. The reactions of managers and supervisors to share ownership is addressed more fully below.

As noted, a majority of shareholders felt that the attitudes of employees without shares were no different from those with shares. These respondents can be divided into two categories. First, the majority of these shareholders were "egalitarians" who argued that everyone in the company was similarly dedicated, worked about the same and that shares made little difference to employee attitudes to their job ("Everybody works just the same, I don't really think shares matter; At work, I don't think about shares; it has nothing to do with my attitude; It's like a separate entity; the job and the shares are two different things. It's like the job is not related to the shares – I don't think [employees] think their input will contribute towards the shares. They contribute the same as everybody else – no more and no less"). In general, the egalitarians were receptive to share ownership and were appreciative of the psychological benefits that derived from owning shares. At the same time, egalitarians did not believe that these benefits extended beyond the psychological realm, and were thus not responsive to share ownership at work ("Share ownership is like something personal. It's not like we are partners in this thing that extends beyond work. I am a part of it, you are a part of it. But you don't see it as something that extends beyond that to a wider lever").

Fewer respondents fell into the second category of shareholders who felt that no attitudinal difference whatsoever existed between shareholders and non-shareholders. These employees, called "cynics," rejected the view that shares had anything whatsoever to do with employees or that employees even thought about their shares ("The only thing that can change the employees' attitudes – and even that doesn't work too well – is salary;" "Some people don't even remember they own shares"). A number of cynics – including a large minority of managers – admitted that shares affected their attitudes personally, but did not believe that shares were sufficiently strong to overcome historically and culturally imposed work patterns which they felt had conditioned the attitudes of most of their colleagues ("It is very hard to change Jamaican workers' attitudes; they have serious attitude problems"). Many cynics were located in Computer Co. and had become fed up with shares, which some blamed for their financial woes (I just don't care. I have a don't care attitude. All I care about is if I get my pay and feel secure in my job. I don't care about having shares; having shares can come third").

Almost all non-shareholder employees who felt that their attitudes were no different from those of shareholders provided no explanations for their views, simply stating that they didn't see any differences in attitudes or any basis for seeing any differences. On the other hand, the non-shareholders who saw a difference argued that both positive and negative differences existed. On the positive end, some non-shareholder employees viewed shareholders as having greater access to information about the company through their ability to attend annual general meetings and their receipt of annual reports. In addition, some non-shareholders perceived shareholders as having more interest in the value of shares and expressing more concern when the share price fell. Some non-shareholders felt that these changes were most prevalent in older shareholders ("The older set with shares are a little more conscious of what they do") and shareholders with more shares ("It depends on how many shares you own, the big-time shareholders care a lot more"). A few non-shareholders who were awaiting the chance to purchase shares were envious of their colleagues who were shareholders, whom they considered to be "part of the system."

On the negative end, some non-shareholders felt that shareholders were arrogant about their ownership status ("Some shareholders are more boastful"; "Some shareholders say, 'I have more shares, I have more say; It's a status thing"). These sentiments were most prevalent in the two employee buy-outs where the distinction between shareholders and non-shareholders was most striking. Some non-shareholders in these companies complained about the high-handed posture that many shareholders took and argued that they felt like second-class citizens who were left out of major decisions and did not reap the same benefits as shareholders ("They act superior . . . [and] what they say is that they have all the opportunities in the firm. They do as they like, we go by the rules of the company, they don't"; "Those without shares, we don't feel welcome here, we are called 'splebs' – we are not really a part of the company").

A small minority of shareholders confirmed that these opinions of non-shareholders were justified. Many of these shareholders saw themselves as "owners" of their own company and thus looked down upon "ordinary" workers. Several of these shareholders even argued that the non-shareholders should not have been allowed to join their "elite" circle because this would have reduced the amount of total dividends payable to existing shareholders. In addition, some of these shareholders felt that the non-shareholders had not sacrificed and faced the uncertainty of the "original" shareholders when their departments where closed by the government ("No shares should be sold to new staff members who were not employed at the time of closure. One little cake should not be divided into so many parts or pieces given to people who did not put in any sweat").

6.3.4.4. Organizational Attitudes

The two attitude questions addressed above dealt with the opinions of respondents in general and concentrated primarily on the attitudes of employees toward their work. In addition to these two questions, four specific questions were asked about the perceived effects of share ownership on particular employee attitudes with a special emphasis on organizational attitudes: (a) profit consciousness and interest in company success; (b) awareness of financial issues that face the company; (c) satisfaction with the company; and (d) a reduction in "us" vs. "them" feelings between workers and management.

6.3.4.4.1. Profit Conscious and Company Interest

In response to the question on the extent to which respondents agreed or disagreed that "employees are more profit conscious and interested in the company's success" as a result of owning shares, the vast majority of shareholders agreed by citing "I agree" or "I strongly agree" (see Table 31). Although smaller in percentage terms, the majority of non-shareholders also agreed with this statement (see Table 31).

Table 31: Percentage of respondents who agreed that employees were more profit conscious and interested in the company's success as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	93%	70%
Middle Managers and Supervisors	85%	79%
Employees	90%	82%

The vast majority of those employees who agreed that share ownership made employees more profit conscious and interested in the company explained that it followed logically ("If you have shares, of course you are more interested"). Many of these employees pointed out that this interest in the company often translated into a more concerned attitude towards the management of the company ("Workers have become a little more focused on the operations of management, they will criticize more").

A substantial minority of these employee-shareholders felt that the benefits of share ownership arose solely out of self-serving, utilitarian, and financial motives that had little to do with the company ("Employees are more conscious about the personal profit from shares"; "Shares are an investment for employees only, not from the company's point of view"; "It all comes back to selfishness, people say what's in it for me, not how the whole company can benefit"). Many of these shareholders argued that employees were interested solely in the company's bottom line performance and dividend payments, and less concerned with issues of expenditure and costs ("Employees don't care about the fine points, just the annual profits and dividends"; "They do not act out consciousness or interest [and] they are not more prudent in spending").

As a result, some of these employees argued that the profit consciousness and interest arising from owning shares was not sustainable during economic decline ("If you own shares, you want the company to succeed so the value of your shares increases. But when the price starts dropping, you don't [care about] the company again").

A small minority of employees who disagreed with the statement argued that they didn't see any change in employee interest or consciousness. Many of the employee-shareholders who disagreed posited that their colleagues were never interested in anything but their cash wages ("[Employees] have an interest in profits, but in how earning profits can impact on high wages, not how it can improve their shareholdings").

6.3.4.4.2 Financially Aware

In response to the question on the extent to which respondents agreed or disagreed that employees had become more aware of the financial issues that faced the company as a result of owning shares, the vast majority of respondents agreed (see Table 32). Most employee-shareholders who agreed with the statement explained that they had become more knowledgeable and curious about the company as a result of share ownership ("We are now more aware of what goes into the business; Employees tend to ask more questions"). Most of these employees stated that it made good sense and was logical to know more about their company and about their investment ("It's in your best interest to be more aware"). Several of these employee-shareholders argued that their access to information had stimulated further interest in the company ("We want to know more, we have become more interested"). In addition, a vocal minority of these employees argued that they did not receive adequate financial information about the company and complained that they were not informed of "the real thing that is going on."

Table 32: Percentage of respondents who agreed that employees were more financially aware as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Management	93%	80%
Middle Managers	81%	79%
Employees	77%	80%

Although a majority of employees felt that they had become more aware about financial issues in the company as shareholders, several of them pointed out the limitations to this awareness. Some argued, for example, that employee shareholders were more aware for utilitarian and self-serving motives that had resulted in an awareness of and interest in the company's share price, but not in the company itself or in the ways in which employees could affect the share price ("Employees are aware only insofar as it affects their pockets; when it comes to company obligations they are not aware; all they do is listen to the radio or [read] the newspaper to see if the stock goes up or down; they don't look into the underlying reason"). These critics charged that employees received information about the firm, but used it only as a basis for personal gain ("The staff get the balance sheet, but don't read it. They don't look at it in that sense . . . They just look at the shares to say, 'they can make some money for me'").

The minority of employee-shareholders who disagreed that they had become more aware as a result of owning shares provided two general reasons to explain their positions. First, these respondents argued that the company had not helped to make them aware by providing more detailed financial information about operating costs, investments, and other expenses that the firm had incurred ("The company doesn't necessarily open up the books when you are a shareholder, you have no greater access to information"). Second, these employees argued that employees with shares had not become more "aware" in the true sense of the word. These critics admitted that employees received an annual report and other financial information at the AGM as shareholders but argued that this information did not translate into awareness, because the employees were either unwilling or unable to fully understand or appreciate the information ("They may be told more, but appreciating the information is another thing").

6.3.4.4.3 Employee Satisfaction

In response to the question on the extent to which respondents agreed or disagreed that employees are more satisfied with the company as a result of owning shares, small majorities of senior managers and employees agreed, but fewer than half of middle managers and supervisors agreed (see Table 33).

Table 33: Percentage of respondents who agreed that employees were more satisfied with the company as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Management	59%	50%
Middle Managers	48%	29%
Employees	64%	51%

Most employee-shareholders who agreed that they were more satisfied with the company as a result of owning shares cited the psychological benefits of share ownership discussed earlier ("You are part of the system; They are involved in the company"). A smaller minority of employee-shareholders cited the financial benefits of share ownership. Most of the employee-shareholders who disagreed that they were more satisfied as a result of owning shares argued that shares had little to do with satisfaction and that other variables in the organizational context played a more important role in affecting satisfaction ("Shares do not override your working conditions;" When it comes down to bread and butter issues, shares don't matter much"; "Shares don't affect management attitudes or working conditions; they try to, but it doesn't work"; "[Shares] wouldn't move the area of satisfaction; if you are not satisfied, you are not satisfied, whether you are a shareholder or not"). Many of the shareholders in Bank Co. and Radio Co. explained that the way they perceived management to be treating them was the most critical variable in affecting their satisfaction ("It all comes down to treatment. If you have shares and you are not satisfied with the treatment, [owning shares] doesn't mean anything to you").

A minority of shareholders – all of whom were located in the two employee buy-outs – even charged that share ownership had resulted in an increase in employee dissatisfaction because employees saw more problems with the company that could affect their shares and were often upset when they did not see the management taking corrective action. These employee-shareholders charged that "you are probably more disgruntled with shares and with what the management is doing with your company."

6.3.4.4.4. 'Us' vs. 'Them' Feelings

In response to the question on the extent to which respondents agreed or disagreed that the 'us' vs. 'them' feelings between workers and management were reduced as a result of owning shares, a majority of senior managers with shares agreed (see Table 34). In contrast, only a minority of the other category of respondents agreed (see Table 34).

Table 34: Percentage of respondents who agreed that 'us' vs. 'them' feelings were reduced as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Management	62%	40%
Middle Managers	42%	25%
Employees	36%	30%

The minority of employees who agreed that 'us' vs. 'them' feelings between managers and workers were reduced in the company provided various explanations.

Most cited an increase in the "commonality of interest" between management and workers that was both psychological ("It is no longer 'us' vs. 'them', it is now only 'we'") and financial ("If they lose, you lose; if they gain, you gain"). Other employees argued that share ownership tipped the balance of the management-worker relationship in their favour ("Before [employee share ownership], the management never had to come and tell you how much money he made; now he has to come and account to you once a year", "Management is working for you, not you for them"). In the two employee buy-outs, several employees argued that the distinction between management and workers had become obsolete as they had all become "owners" ("You are your own boss").

As noted, a majority of senior managers with shares believed that 'us' vs. 'them' feelings were reduced as a result of employees owning shares. Most of these managers believed that employees recognised that as owners they were theoretically equal to managers ("Some workers realise that it is not just management that is an owner, workers are both workers and owners; they can see management at any time"). The stark disparity between the responses among managers and among employees indicates, however, that the managerial views were more aspirational than realistic.

The majority of employees in all companies (except Print Co.) disagreed with the statement that shares had led to a reduction in the 'us' vs. 'them', feelings in the company between management and workers. Indeed, many respondents laughed, snorted, or seemed genuinely perplexed when asked the question. Some respondents believed that the division between managers and workers was a structural and permanent part of the workforce deeply entrenched in the Jamaican culture ("Management will always be management"; "There is no way to break that down"; "Management and workers are always antagonistic"). These respondents assumed that managers would always use their stronger position, status, influence, and power to remain separate from and above employees. In addition, many of these respondents felt that the acute differences in status and salary between the two groups would always result in a management-employee division ("No matter how much we get, the management is always going to get more").

Most employees simply felt that share ownership had no impact on the management-worker relationship ("Owning shares as an employee is a good thing. However, the relationship between management and staff has absolutely no bearing whether you own shares in the company or not"). In general, these employees felt that other variables had greater impact, such as the approach and attitudes that managers had toward workers ("Shares don't have anything to do with it – it's the individuals, their personality, management style and worker attitudes"). Other employees stressed the theme that people bought shares for financial reasons and that this did not make them feel like or become true "owners" of the company ("Most shareholders think about shares when it comes to dividends or the stock market – only a few think of it as being an owner. Most want shares to go high to get more money"). Some shareholders even suggested that great employee involvement in decision-making might have helped to ease the tension between management and workers ("Workers have to feel a part of the decision-making process, we are still nothing to them [managers]").

6.3.4.5. The Personal Impact of Share Ownership

Both the general and specific questions and their responses provided an overview of the extent to which employees and managers perceived share ownership to have an impact on employee attitudes and behaviour. It is important to determine, however, the impact of shares on respondents personally and particularly the degree to which each respondent perceived share ownership to have changed their status in the company.

One method to assess the degree to which employees felt that shares had changed their personal status was to examine the degree to which they described themselves as part-owners of the firm and the reasons that they provided to justify their answers. In response to the simple question, "Do you <u>feel</u> that you are a part-owner of this company?" (emphasis added), most shareholders responded in the affirmative, explaining that they felt they were part-owners of the company (see Table 35). It is interesting to note the large difference between the percentage of employee-shareholders who felt like part-owners (61%) and senior manager shareholders (88%) who shared similar sentiments.

These results contrast sharply with the minority of non-shareholders who responded that they felt they were part-owners of the company (see Table 35). It should be noted, however, that these figures were somewhat skewed because all of the non-shareholders in Computer Co. and Print Co. (the two employee buy-out companies) felt that they were part-owners. The fact that all of these non-shareholders did not feel like part-owners can be explained because share ownership in the two employee buy-outs seemed to have greater significance financially and psychologically for employees since shareholders as a group in these companies posed a majority or controlling interest in the company. Even so, however, it is interesting that a sizeable minority of non-shareholders in the other companies felt that they were part-owners (over one in five non-shareholding employees) despite the fact that they did not own shares.

Table 35: Percentage of respondents who felt like part owners of the company (by occupational category)

	Shareholders	Non-Shareholders
Senior Management	88%	48%
Middle Managers	76%	43%
Employees	61%	23%

Many of the non-shareholders who felt like part-owners in the other companies explained their position based on a broad definition of "ownership" as pertaining to an interest in and an involvement with the company. Since many of these non-shareholders considered themselves to have an interest in the company and to be involved in some way in the company (usually through a union), it made sense for many of them to consider themselves as part-owners of the company. In addition, several non-shareholders who believed that they were part-owners do so on the premise that wherever they worked and whatever they did in their job, they felt like they "owned" their working establishment. In contrasted, most non-shareholders who said that they felt like part-owners pointed to their lack of shares and contrast their status with those of shareholders ("I don't own shares, I am just an employee; I am just here to do a job").

Shareholders who did not feel like part-owners can be divided into three categories: instrumental, technical, or psychological. First, instrumental shareholders pointed to their lack of involvement or influence over decision-making in the company to explain why they didn't feel like part-owners ("I am not involved in decision-making"; "To consider myself a part-owner, I would need to have some control over what is happening [and] I don't have that"; "My ideas don't count, so I can't be a part-owner"; "I have no input, only suggestions to management, but not as a shareholder"; "I don't really see where workers see themselves as part-owners – they don't even have a voice"; "Because my voice doesn't have any effect"). Some of these shareholders embraced the belief common among many Jamaicans that ownership necessarily involves a substantial investment that should yield equally significant rewards ("Being a part-owner, something valuable should come back to you; but the only return we get is from our labour [since] the dividends are too small [and] too negligible for me to classify myself as a part-owner").

Second, technical shareholders conceived of ownership largely as an individualistic phenomenon in which the sole owner makes all the crucial decisions without others ("It is different from owning your own company and being an individual owner where you make the policy decision. You are more a shareholder rather than an owner. An owner takes the risks – takes everything – shareholders are a group rather than an individual"). These shareholders argued that they did not have enough shares to be considered as "true" part-owners ("My shares are too small"; "I only have a minimal amount"; "I don't own enough"; "My shares are a drop in the bucket"; "My little shares? I couldn't even own a desk"). Some of these shareholders linked what they perceived as their limited influence in the company with their minimal share holdings ("I don't own enough shares to make a meaningful decision or input").

In addition, those shareholders in the case studies where other individuals or organizations owned more shares than the employees as a group (all except the two employee buy-outs) argued that they didn't feel like part-owners of the company because "all" of the firm did not belong to them and instead belonged to other parties (e.g., the Levy family in Broiler Co.). Many of these shareholders were located in Bank Co., where Life Co. has replaced the employees (as a group) as the largest shareholders in the company ("The staff was calling the shots until the takeover"; "I used to feel like a part-owner"; "Since [Life Co.] took over, I feel insecure"; "Those guys fire the shots, they own over 50%"; "Now [the shares that I own in Bank Co.] are only an investment because of the change in ownership arrangements. Our voice is unimportant").

Third, psychological shareholders argued that they did not feel like owners because they had not been made to feel that way by the company ("I don't get that feeling [of being a part-owner] – I still have a feeling of just being an employee"; "The attitude of management doesn't inspire that feeling; they are stand-offish and have an elite attitude"; "If I were a part-owner, they would treat us better"). Importantly, these statements imply that if the company made efforts to make them feel like owners, then they would have responded accordingly ("When they start showing workers more interest, I will start feeling like a part-owner, not now"). A minority of these shareholders resented the company and its management, whom they felt were exploiting the label of being "part-owner" to manipulate employees ("Not the way they treat us; they say it is our company when it suits them – it's their company"; "They use it conveniently when they want to"; "Shares is just another way to motivate us to work").

The shareholders who said that they felt like part-owners can also be divided using these categories. First, instrumental shareholders viewed share ownership as enhancing their influence and status in the organization ("[I feel like a part-owner] because I own shares and have a say – our vote is counted"). A few of these employees felt like part-owners because they believed they played a greater role in the firm's decision-making ["[I am a part-owner] because I am involved in the decision-making process"). Other of these shareholders felt like part-owners because of the collective opportunities that they felt shares offered ("I can affect the major decisions not so much because I own a few shares, but because the staff as a group gives our proxy to the management. It's a stronger voice and we have some influence").

Second, technical shareholders took a narrow, focused approach and argued that, as holders of shares in the company, they were part-owners by definition. As such, many of these employees were not particularly enthusiastic about the degree to which they felt like part-owners ("To a small extent"; "In a basic way"; "Not overwhelmingly"). Many of these shareholders who saw themselves as part-owners did so only in a small way because they recognised that they did not possess the level of control over decision-making they would have liked ("[I feel like a part-owner] in a very, very insignificant way – there is nothing as an owner that I could say or do that could in any way influence anything to do with the company – I don't have any say in anything").

Third, psychological shareholders felt strongly and positively about their status because of their affective relationship to the company ("I don't feel like I am a part-owner, I know I am"; "I feel like a part-owner because this company is part of me"; "I feel 100% proud of the company"). Many of these employees argued that they felt like part-owners because that was what they had frequently been referred to as by their managers and their colleagues ("Of course, I am a part-owner if I am referred to as a shareholder. I don't take words lightly, I am very serious"; "I feel like a part-owner because they tell me I am a shareholder and a part-owner"). Importantly, nearly all of these comments about being called shareholders come from Broiler Co. and Print Co., where the management had attempted to foster improved company loyalty and job satisfaction by referring to employees as owners frequently.

6.4. EMPLOYEE OWNERSHIP AND EMPLOYEE BEHAVIOUR

In addition to affecting employee attitudes, several theorists posit that share ownership can also affect the way employees behave in the company. Theorists provide several ways in which positive employee behaviours may result from owning shares. First, some researchers argue that positive employee behaviour flows indirectly from employee attitudes such as integration into the organization and internalisation of the organization's ideals and values (Long 1978a). Employee identification, commitment, and interest may influence employees in many ways, such as remaining with the company (lower turnover), greater effort in their jobs, and being more careful (reduced accident and waste rates) as carelessness and waste often represent a means of withdrawing participation from the work situation (Rhodes and Steers 1981). The theory rests on the assumption common in the human relations literature and among many behavioural scientists (e.g., Argyris 1964; McGregor 1960) that aligning the goals and needs of employees with those of the organization will lead employees to exert greater effort on behalf of the organization.

Second, other theorists argue that a direct link exists between share ownership and behaviour. These instrumentalist theorists assume that when employees become shareholders they will have a further financial incentive to increase the worth of their share investment because the value of their shares will rise if they can improve their productivity through diligent work – all things being equal (French and Rosenstein 1984). As such, employee-shareholders may be more inclined to direct their individual and collective behaviour toward the corporate goal of increased profits rather than to the traditional goal of higher wages and improved working conditions for work.

Like with employee attitudes, few theorists have explained exactly what they mean by the term "employee behaviour". Indeed, most researchers have simply linked attitudes with behaviour by making a distinction between attitudinal and behavioural commitment (e.g., Buckho 1992b). Importantly, this research did not involve an observational study in which respondents were monitored to determine how they acted and interacted with each other. Rather, this study used employee responses to determine their intention to act in the future or their perceptions of their actions in the past. Like almost all other studies on employee ownership, this study focused more on intentions and perceptions of behaviour rather than the actual behaviour itself (Buckho 1993). As such, "positive" employee behaviour as used in this study refers to intentions to act in the future or perceptions of past actions that are or were beneficial to the organization in some way (Buckho 1993; Caldwell et al 1990).

Although the definition of employee behaviour used in this study relates to actions that are beneficial to the organization where employees work, the actions may occur at both the organizational and operational levels. In addition, these behaviours may also relate to employees themselves or to how employees interact with each other and with managers. As such, four broad categories of employee behaviour can be identified.

At the organizational level, individual behaviour includes fewer disputes and grievances (contentment), less turnover and absenteeism (commitment), fewer accidents and less waste (carefulness), and less pilferage and theft (concern). Interactive behaviour at the organizational level includes greater social interaction, enhanced communication, greater sharing of information, and more active participation in company activities. Interactive organizational behaviour overlaps with employee participation in decision-making and is thus addressed separately in that section below.

At the operational level, interactive behaviour includes more teamwork among employees, collaboration among departments, co-operation between managers and workers, increased concern about shirking, perquisite-taking, and absences of other employees, greater overt disapproval of these actions, and improved effectiveness in monitoring output and enforcing group efforts through peer pressure.

Individual behaviour at the operational level includes greater effort and a more conscientious approach toward work and property. Several theorists also highlight less dramatic individual behavioural results at the operational level not rigorously developed in the existing literature. These include a decreased likelihood to sabotage, harm, or speak negatively about the company; greater care with work equipment and trade secrets; enhanced creativity and effort in suggesting value-increasing and cost-saving ideas; improved customer service and product-quality driven behaviour; and an increased likelihood to discover new profit opportunities, see how products from one area of the company could satisfy customer demand elsewhere, and subsequent actions to address these perceived opportunities (Bailey et al 1992).

Figure 8: Categorisation of Employee Behaviour

	Individual-based	*Collective-based*
	Committed Behaviour	*Interactive Behaviour*
Organizational Level	e.g. fewer disputes and grievances (contentment), less turnover and absenteeism (commitment), fewer accidents and less waste (carefulness), less pilferage and theft (concern)	e.g. more social interaction, enhanced communication, and information sharing among workers and between workers and managers; increased worker participation in firm processes
	Productive Behaviour	*Co-operative Behaviour*
Operational Level	e.g. more contributive in work effort and output conscientiousness towards work and property, creativity in ideas and suggestions, customer-service and product-quality driven	e.g. more teamwork among employees, collaboration among departments, co-operation between managers and workers and peer pressure among workers to improve performance

6.4.1. Theoretical Criticisms

Several theorists cite difficulties in establishing a link between employee ownership and changes in employee behaviour. First, all employee-owners benefit from dividends and capital gains regardless of their individual efforts and thus the incentives of share ownership may be weak and a free rider problem may arise (Jensen and Meckling 1979). Second, employees may perceive a poor or non-existent relationship between their behaviour and subsequent organizational efficiency and effectiveness and may not change their behaviour in any meaningful regard as a result (Smith et al 1990). Third, distant reward mechanisms such as share ownership schemes may have little or no impact on behaviour as employees may be more concerned about their immediate rewards such as wages and working conditions (Clegg 1963). Fourth, employees may not feel that they are really "owners" of the company and may feel no need to alter their behaviour as a result (French 1987).

Moreover, employee ownership may even create negative employee behavioural responses. First, to the extent that owning shares represents a change in status from "employee" to "owner", some employee-shareholders may believe that they are entitled to certain rewards and prerogative such as taking time off, coming to work late, or immunity from dismissal (Bradley et al 1990). Second, share ownership may also create divisiveness and dissension among shareholders as some employees may resent higher earners who are in a better position to acquire shares (Baddon et al 1989). Conflicts may also arise between shareholders and non-shareholders as shareholders may view non-shareholders as less deserving of ownership status, and non-shareholders may react negatively to peer pressure from those shareholders whom they consider to be overbearing, self-righteous and demanding as employee-owners. Indeed, employee ownership may result in a "genuine labour aristocracy" in employee-owned companies that may undermine the desired co-operative behavioural goals (Rhodes and Steers 1981). Third, share ownership may prove so rewarding financially to employees that some may feel free to leave the organization and pursue other career interests with the knowledge that they possess a financial "safety net" to protect their future (Buchko 1992a).

6.4.2. Empirical Evidence

Although several tentative models have suggested a relationship between ownership, attitudes, and work-related behaviour, there has been little empirical research that has examined these specific employee work-related behaviours (Buchko 1992a; 1992b). At the individual operational level, researchers find that share ownership makes employees work more effectively, efficiently, and productively, improves their approach to customer relations and product quality, and increases their cost consciousness (Poole and Jenkins 1990; Fogarty and White 1988; Pryce and Nicholson 1988; Bell and Hanson 1984; Goldmark et al 1984). Other studies suggest that share ownership increases cooperation among employees and their interest in company performance (Wilson 1992).

Researchers have also found that, after adopting employee share schemes, companies experience lower sickness and absenteeism rates, a reduction in injuries and accidents, and fewer grievances among employees (Smith 1994; Walley and Wilson 1992; Long 1978a). More common in the literature, however, is the finding that turnover rates are much lower in employee–owned firms after adopting share ownership or compared to conventional firms (Buchko 1993, 1992a; Vaughan-Whitehead 1992; Fitzroy and Kraft 1987; Estrin and Wilson 1986; Rhodes and Steers 1991; Long 1978a).

On the contrary, several studies find that employee ownership has little or no influence on employee behaviour. Some researchers have found a weak connection between employee share ownership and subsequent improvements in employee work effort, conscientiousness carefulness towards company equipment and materials, or work quality (Smith 1993; Nichols and O'Connell Davidson 1992; Walley and Wilson 1992; Dunn et al 1991; Poole and Jenkins 1990; Goldmark et al 1984). Similarly, other studies find that employee-owned firms experience no marked direct improvement in reducing labour turnover, absenteeism, employee grievances, or tardiness (Poole and Jenkins 1990;

Hammer et al 1981; Marsh and McAllister 1981). In fact, at least one study finds an increase in absenteeism and tardiness in worker co-operatives (Rhodes and Steers 1981).

6.4.3. Summary

The studies on employee attitude and behaviour demonstrate a clear pattern that employee ownership has at worse a minimal impact on employee behaviour (except in cooperatives) and can generate many positive and significant employee responses. In general, however, the effects of ownership on employee work effort appear to be modest, but seem more significant for behaviour such as those reflecting commitment to the company and cooperation among workers themselves. In drawing conclusions from the existing empirical literature, however, several limitations must be kept in mind. Most importantly, most theorists agree that external factors (such as characteristics of the industry and unemployment rates) and internal factors (such as the industrial relations environment) often have a more significant effect on employee behaviour than does share ownership (Buckho 1992a; Poole and Jenkins 1990; Rosen et al 1986).

6.4.4. Results from the Fieldwork

Five prompt questions were designed to examine the behavioural intentions and perceptions of employees. These questions sought to determine the extent to which respondents perceived share ownership to have affected employee behaviour with regard to: (a) working harder; (b) encouraging each other to work harder; (c) becoming less likely to change jobs; (d) becoming more likely to come to work on time and put in a full day's work; and (e) creating more of a "community" spirit among employees.

6.4.4.1. Working Harder

In response to the question on the extent to which respondents agreed or disagreed that employees "worked harder" as a result of owning shares, the majority of all respondents agreed, although only a minority of middle managers and supervisor without shares agreed (see Table 36).

Table 36: Percentage of respondents who agreed that employees worked harder as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Manager	67%	60%
Middle Manager & Supervisors	56%	43%
Employees	68%	53%

Many of the employee-shareholders who agreed that employees worked harder as a result of shares argued that they had an effective incentive to do so ("It's one of the best means of motivating staff members to work harder because they are working in their own interests, not in somebody else's interests. It produces a teamwork attitude"; "The work effort of shareholders improve"). Some other employee-shareholders viewed shares as having some impact on worker effort – but not too much ("Shareholders have a little boost to go the extra mile. Not ten miles, just the one mile"). Many employee-shareholders in Computer Co. and Print Co. made a more direct causal linkage between their effort and subsequent financial rewards ("I am now in a way running my own business together with other workers, so I realise I need to be much more productive and that kind of thing to make it work"). This is so because (a) only a few hundred employees in these companies shared profits in dividends (compared to several hundred in the other firms), and (b) these firms were in single industries (not conglomerates) where all employees made a tangible contribution to the eventual profits that the firm made.

Those employee-shareholders who felt that their colleagues did not work harder as a result of share ownership provided several explanations. First, a minority of these respondents argued that shares had no impact whatsoever on work effort ("When it comes to work, they forget about shares . . . I don't think they make a conscious decision to work hard because of shares"). Second, many of these respondents agreed that employees had become more aware and interested, and had changed their attitudes, but that these changes were not sufficiently strong to translate into proactive behaviour ("Employees are aware, but it is not a priority"; "Instead of slacking off for two hours, they slack off for one; they think about it, but it's not at the forefront of their minds").

Many of these employee-shareholders also argued that their colleagues saw shares for purely financial reasons that had nothing to do with their work behaviour ("People see acquiring shares as purely a monetary thing. They check the prices, but they don't make the translation to what they do in their jobs"; "One would think with employees owning shares, they would work harder. But honestly and truly, they don't think of it. They don't see where they link themselves to the profitability of the company. Everybody is in their own shell. They don't stop and say, 'If I do well, the company does well'. People think of it as an investment and the reward they can get from it"). These views were most prevalent in Cement Co. where many shareholders had made money from selling shares (("Your work is your service and your shares are an investment; they are two different things"; "Most employees who bought shares, they couldn't give a rat's ass [about] what happens to the company. It doesn't affect their attitude at work, they just want the shares to make money"; "Workers see [shares] from the point of view of dividends, not profits per se. They don't see work as translating into profits. Their interest in their shares is to see them go up so then they can sell them!").

6.4.4.2. Peer Pressure

In response to the question on the extent to which respondents agreed or disagreed that employees "encouraged each other to work harder" as a result of owning shares, the majority of respondents agreed, although again a minority of middle managers and supervisors did not agree (see Table 37).

Table 37: Percentage of respondents who agreed that employees encouraged each other to work harder as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	69%	50%
Middle Managers and Supervisors	48%	39%
Employees	66%	57%

Most employees who agreed that shareholders encouraged each other to work harder as a result of shares argued that this peer pressure was a noticeable feature of their organization. Several employees mentioned that they often reminded their colleagues who were slacking off to get back to work or redouble their efforts, adding, "remember, you are a shareholder in this company". Others argued that they took a more self–interested view, admonishing workers who did not perform at their fullest that "it is my money you are dealing with". In addition to the peer pressure, several employees in the two majority employee–owned companies argued that supervisors used shares as a means to encourage workers more ("The supervisors encourage and worker's respond").

At the same time, however, some employees took this encouragement to an extreme in Cement Co. and Computer Co. Many employees didn't merely encourage their colleagues to work more diligently and productively, some of them also become hostile and resentful towards those who they did not feel were "pulling their weight", which led to an increase in tension and conflict in the workplace. In this regard, the benefit of increased peer pressure directly conflicted with another potential benefit of employee ownership, an increase in community and team spirit.

Most of those employees who felt that owning shares did not make employees encourage each other to work harder argued that shares were "peripheral" to employee interactions at the workplace. A vocal minority of these employees categorically rejected the notion that employee-shareholders encouraged others to work harder. First, a small number of employees even argued that if an employee told another to work harder because he was a shareholder, he stood the risk of getting beaten up or harmed for his "arrogance". Second, other employees also argued that shareholders did not encourage each other to work harder because "nobody knows who owns shares". Third, some Computer Co. employees explained that few people encouraged each other to work harder because the firm was small and everyone knew each other. As such, some employees were afraid of hurting the feelings of friends by telling them to work harder.

6.4.4.3. Employee Turnover

In response to the question on the extent to which they agreed or disagreed that employees were "less likely to change jobs" as a result of owning shares, a majority of managers agreed, although only a minority of middle managers and employees agreed (see Table 38).

Table 38: Percentage of respondents who agreed that employees were less likely to change jobs as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	50%	60%
Middle Managers	46%	32%
Employees	37%	35%

Many of the respondents who saw shares as encouraging them to remain with the firm did not feel so strongly ("It's an extra reason to stick around") or did not perceive the encouragement as entirely positive ("It puts your feet a little deeper in the cement"; "It is coerced commitment"). Others viewed the commitment solely in financial terms ("It's like an investment; those who own shares will rather wait a while before they abandon ship") or believed that share ownership could serve as one factor in the decision-making process about whether to leave the company ("You think about it to the extent that you continue to hold shares; you think the company is viable and a good place. I think you would factor it into your deliberations about changing your job").

On the other hand, some respondents felt strongly that shares served a powerful incentive function in encouraging them to remain with the company as a manifestation of the "special relationship" they shared with the company, which they also felt no other firm would offer ("I really praise this company. I am staying here no matter what"; "You feel more attached to the company in some way, you are not just an employee"). One employee in Bank Co. agreed that most of her colleagues disagreed with her on this point but argued that "the commitment of a few can be greater than the non-commitment of many." In Computer Co. and Print Co., some employees remained with the company for utilitarian reasons ("Employees stay because they want to see how their money is going"), while others stayed for affective commitment reasons ("It is not just the idea of income, it's the chance of being part of the company").

Almost all of the employees who disagreed with the statement pointed to external variables which they believed played a more important role in affecting their decisions whether to leave the organization. In Bank Co., for example, approximately 300 employees – mostly junior clerical staff – resigned every year, reflecting the high turnover among that occupational category in the financial sector. Most employees focused, however, on the economy and argued that the lure of a better and bigger salary package trumped any other considerations – including shares – in deciding whether to leave the job ("People care about monetary gains from a better salary [in another job], not shares"; "It's the economic times, people are not loyal any more. Even if you are unhappy after you go, you don't think about that. You have to go [if] it's more money"; "In an inflationary economy like ours, it's more important to make ends meet").

Many older employees with longer service cited the "age gap" to explain the lack of commitment to the firm, arguing that most younger employees were less committed to their companies in general than were older employees. Interestingly, a small minority of employees who did not think owning shares affected employee turnover or commitment to the company argued that shares actually encouraged employees to leave the firm since they felt that "workers can still own shares and get a job that pays better."

6.4.4.4. Employee Tardiness and Absenteeism

In response to the question on the extent to which they agreed or disagreed that employees were "more likely to come to work on time and put in a full day's work" as a result of owning shares, most respondents disagreed, with the exception of the senior managers and the employees with shares (see Table 39).

Table 39: Percentage of respondents who agreed that employees were more likely to come to work on time and put in a full day's work as a result of owning shares (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	50%	60%
Middle Managers	42%	39%
Employees	63%	43%

The minority of respondents who felt that owning shares affected their efforts to come to work on time and put in a full day's work focused on the financial incentives ("We put in our best because we will benefit in the end"). Support for the statement was highest in the two majority employee-owned companies because the employees saw a more direct connection between their efforts and the eventual financial impact on the company ("If we are here early, we can do more and eventually we will get more dividends"). At the same time, several of the employees in these companies argued that the effect of share ownership on their attendance and performance record was on the decline as they did not feel that they had become as involved in the company as they would have liked. Several of the employees who supported this statement in the other case studies were generally more restrained in their support. Many of these employees argued that shares served less to encourage employees to come to work on time and put in a full day's work, and more to remind them of these responsibilities ("Shares are not a great motivator, they are a reinforcer more than anything").

Some respondents who disagreed with the statement pointed out that shares did not affect their daily existence and that decisions such as whether to arrive at work on time or put in a full day's work were intensely personal decisions influenced by other variables ("It has nothing to do with shares, only with your personality. If you are still underpaid, individuals will pursue their own self–interest after a while"). Other employees argued that shares were unable to overcome what they perceived as powerful cultural forces ("It is in the Jamaican culture and psyche to be late"; "It is a Jamaicanism that people will always be late"). Most employees who disagreed with the statement argued, however, that Jamaica's poor transportation system explains the tardiness of most employees and that shares couldn't do anything to provide more buses on the road.

6.4.4.5. Community Spirit

In response to the question on the extent to which respondents agreed or disagreed that "there is more of a 'community' spirit among workers" as a result of owning shares, a majority of all respondents agreed, although a minority of middle managers and supervisor without shares disagreed (see Table 40).

***Table 40**: Percentage of respondents who agreed that there was more of a community spirit among workers as a result of owning shares (by occupational category)*

	Shareholders	Non-Shareholders
Senior Managers	62%	50%
Middle Managers	53%	43%
Employees	65%	53%

The respondents who viewed shares as increasing community spirit saw two main ways in which this occurred. First, shares provided a means for facilitating a greater sense of belonging within the company and providing a source of common interest in the company, which enhanced co-operation among the workforce ("There is more of a communal feeling because not only are we workers, we are part of the business together; we have more than one thing in common"; "People have a point of mutual interest, even if it is for investment purposes"; "There are less tangible reasons for shares apart from the contribution to income; they can generate feelings of community when people have a common point of interest"; "It creates a team spirit"). Second, employees saw greater interaction and discussion among employees about the share price itself ("We talk about shares daily"; "There is a lot of discussion [with] people speaking and asking about shares and about what it can do for them. It brings a lot of togetherness and leads to friendship"). Importantly, some shareholders argued that shares strengthened existing bonds among employees, but rarely served to forge new friendships among the workforce ("If you and [another] man are not on good terms, shares won't make it better, but if you are friends, shares will bring you closer").

Some employees who disagreed that shares fostered greater community spirit felt that few or no workers "went around and talked about" their shares. Most of these employees argued that other variables were more important in enhancing community spirit ("Other things are more important such as fun days, social events, and long service awards"). In addition, many employees argued that changes to the community spirit resulted primarily from how the management treated the employees. In Computer Co., for example, many employee-shareholders felt that the community spirit that existed when the company first became employee-owned had declined or disappeared, primarily because they felt that the new management in the company (which came from outside) had not fostered an environment conducive to a vibrant community spirit in the firm.

A small minority of employee-shareholders argued that share ownership had harmful effects on community spirit by increasing competitive pressures among employees related to acquisition of shares ("Shares are more like a competition – who can buy the most. But only certain people can afford shares"). These views were held exclusively in Bank Co. where an active internal share trading market existed.

6.4.5. Employee Variables

As we have seen, various employees of differing backgrounds and with varying personal characteristics shared different views about share ownership. This sub-section examines the various backgrounds and characteristics to determine what employee variables played a role in affecting the impact of share ownership.

6.4.5.1. Shareholders vs. Non-Shareholders

More respondents with shares than those without shares agreed that share ownership had improved the employee attitudes and behaviour mentioned in the prompt questions except for one (see Table 41). The sole exception was that more shareholders (80%) than non-shareholders (77%) agreed that share ownership had led to greater financial awareness of the issues that faced the company. The largest differences between shareholders and non-shareholders all related to cooperative and productive behaviour. Far more shareholders than non-shareholders agreed that share ownership had made employees work harder, encouraged each other to work harder, more likely to come to work on time and put in a full day's work, and resulted in more of a community spirit among employees (see Table 41). More shareholders than non-shareholders agreed with the remaining prompt questions. Slightly more shareholders agreed that share ownership had made employees more profit conscious, more satisfied with the company, and, to a far lesser extent, reduced the 'us' vs. 'them' feelings in the company.

Table 41: Shareholder vs. non-shareholder responses

	Shareholders	Non-Shareholders	Difference
More profit conscious	90%	82%	8%
Greater financial awareness	77%	80%	-3%
Encourage each other to work harder	66%	57%	9%
Make employees work harder	68%	53%	15%
More community spirit	68%	53%	12%
More likely to come to work on time	63%	43%	10%
More satisfied with the company	59%	51%	8%
Reduced 'us' vs. 'them' feelings	36%	30%	6%

6.4.5.2. Former Shareholders

As noted, one of the main concerns of many managers and a prominent theme in the literature is that employees simply sell their shares. The implicit assumption is that those employees who sell their shares do not derive any of the desired share ownership benefits and that few or none of the benefits will accrue as a result. As we have seen, however, only a small minority of employees in the case studies sold most of their shares, Importantly, one study has tested whether employees who have sold their shares experience any of the psychological changes that those who keep their shares are supposed to experience (Keef 1994). Keef (1994) found that those employees who had purchased and then sold their shares in the company possessed levels of satisfaction and commitment similar to those of employees who had retained their shares, and significantly higher than those who had never owned shares at all

The findings of this research corroborated the findings from the Keef Study. Although a vocal minority of former shareholders saw shares solely in short-term financial terms, the vast majority of former shareholders were simply individuals who either had to sell their shares and did so reluctantly, or who saw an excellent opportunity for financial gain and who felt that they could purchase more shares in a later offering.

The former shareholders interviewed in this study (most of whom were in Cement Co.) expressed feelings more consistent with remaining shareholders than with non-shareholders. Indeed, the vast majority of the former employee-shareholders agreed that shares had made employees more profit conscious and interested in the company (90%), aware of the financial issues that faced the company (95%), and satisfied with the company (62%). In addition, more former shareholders (43%) than employee-shareholders (36%) agreed that shares had reduced the 'us' vs. 'them' between managers and workers in the firm. Moreover, about half of the former employee-shareholders (48%) said they felt like part-owners of their company, compared to 61% of employee-shareholders and only 23% of employees without shares.

Interviews with the former shareholders also strengthened these empirical findings. When asked if she felt like a part-owner in the company, for example, one former shareholder in Radio Co. explained that she was a "whole-owner" even though she no longer had shares. Explaining that she planned to buy shares as soon as they became available again, she said that she regretted selling her earlier shares. She revealed that she had sold the shares to pay off her mortgage and explained: "The shares helped me greatly. When I saw what the shares did for me, I was so glad and I worked much harder." Other former shareholders explained that the financial gains that some had made from selling shares has boosted their dedication to and appreciation of the company ("Some persons have been able to sell their shares and obtain things their salary wouldn't normally allow them to obtain"; "The company's ESOP programme has allowed a lot of young employees to acquire homes and other assets [and thus improve] their social status. This is very encouraging and can only enhance worker productivity.").

6.4.5.3. Occupational Categories

Opinions about the effects of share ownership varied widely among the different occupational categories. In general, most senior managers and employees with shares agreed that share ownership had affected employee attitudes and behaviour, although fewer middle manager and supervisors agreed. Among employee-shareholders, most skilled shareholders agreed that shares had improved behaviour and attitudes, followed by unskilled shareholders and then clerical shareholders.

Most senior manager and employee shareholders agreed that share ownership had improved most attitudes and behaviours. Even so, however, far more senior managers than employee shareholders agreed that shares had made employees more aware about financial issues (93% vs. 77%), more satisfied with the company (64% vs. 59%), less likely to change jobs (50% vs. 37%), and reduced the 'us' vs. 'them' feelings (62% vs. 36%). More employee shareholders than senior manager shareholders agreed that shares had improved employee behaviour in only one area: making employees more likely to come to work on time and put in a full day's work (63% vs. 50%).

On all the employee attitude and behaviour questions, fewer middle manager and supervisor shareholders than senior managers shareholders agreed that share ownership had improved these areas. Similarly, on most employee attitude and behaviour questions, more employee shareholders than middle managers and supervisor shareholders agreed. Middle manager and supervisor shareholders agreed more so than did employee shareholders that share ownership made employees more aware of the financial issues that faced the company (81% vs. 77%), less likely to change jobs (46% vs. 37%), and reduced the 'us' vs. 'them' feelings (42% vs. 36%).

Among employees, more skilled shareholders than unskilled shareholders agreed that share ownership had improved all the employee attitudes and behaviour mentioned in the prompt questions. Similarly, more skilled shareholders than clerical shareholders agreed that shares had improved employee attitudes and behaviours except for two. As such, slightly more clerical employee shareholders than skilled employee shareholders agreed that share ownership had made employees more aware of financial issues that face the company (84% vs. 75%) and less likely to change their jobs (43% vs. 34%).

6.4.5.4. Older vs. Younger Employees

More employee-shareholders over 40 ("older" employee shareholders) than those 40 or under ("younger" employee-shareholders) agreed that share ownership had improved all the employee attitudes and behaviours mentioned in the prompt questions. The largest differences between the older and younger employee-shareholders were related to share ownership making employees more satisfied (74% vs. 50%), work harder (86% vs. 61%), and encouraging each other to work harder (79% to 61%).

Most older and the younger employee-shareholders agreed that shares had made employees more aware of the financial issues that faced the company (both 77%) and more profit conscious and interested in the company (94% and 89%). Similarly, only a minority of both older and younger employee-shareholders agreed that employees were less likely to change their jobs as a result of owning shares (42% and 37%) and that the 'us' vs. 'them' feelings have been reduced as a result of shares (38% and 34%).

6.4.5.5. Longer Service vs. Shorter Service Employees

The difference between employee-shareholders with longer service in the company (more than 15 years) and those with shorter service (15 or less years) paralleled the difference between older and younger employees. As such, most longer service than shorter service employees agreed that shares had made employees more aware of the financial issues that faced the company and more profit conscious and interested in the company (96% and 88%). At the same time, only a minority of both longer service and shorter service employee-shareholders agreed that employees were less likely to change their jobs as a result of owning shares (both 37%) and that the 'us' vs. 'them' feelings had been reduced as a result of shares (41% and 35%).

The largest differences between the longer service and shorter service employee-shareholders were related to employee share ownership making employees more satisfied (80% vs. 50%), work harder (83% vs. 62%), come to work on time and put in a full day's work (77% vs. 57%), enhancing the community spirit among employees (76% vs. 60%), and encouraging each other to work harder (80% vs. 60%).

6.5. CHAPTER SUMMARY

This chapter examined the effects of employee ownership on financial performance, employee attitudes, and employee behaviour. Although many studies have examined the financial effects of employee ownership, several researchers have noted that focusing primarily on financial outcomes is a misguided effort because so many different variables may be at work in the organizational context. Rather, concentrating on the responses and views of relevant organizational participants to employee ownership may be a more valuable inquiry because any financial benefits of employee ownership must filter through the actions or attitudes of employees themselves – through hard (economic efficiency) or soft (social efficiency) channels. As such, this chapter focused on employee responses – attitudinal and behavioural – to share ownership.

The findings from the study indicated that employees at all levels in all the companies (including Computer Co., where employee shares had little value) overwhelmingly supported share schemes and thought it was a good or excellent idea for the company to offer shares to employees. Nearly all employees were also in support of other companies offering shares to employees. At the same time, however, only a minority of employees supported distribution of company in mostly shares – the majority of employees supported an equal distribution of shares and cash, or mostly cash. Supporters of mostly shares cited financial reasons (e.g., shares offered a better return on investment compared to keeping money on fixed deposit; shares were not taxed while bonuses were taxed; and shares were a better hedge against inflation) to explain why they preferred mostly shares. Those who supported mostly cash simply felt that employees should have had the choice whether to purchase shares or not. Supporters of an equal distribution felt that shares and cash offered better a more diversified package.

Employees provided personal, organizational, and external reasons in their responses to the open-ended question of why they thought it was a good or excellent idea for the company to sell shares to employees. Personal reasons were mostly financial (both the long-term and short-term monetary benefits that resulted from share ownership), although some personal reasons were also psychological (an enhanced association with the company and a perception of an improved personal status in the firm as shareholders). Organizational reasons were less prevalent and included various responses such as an increased interest in the company, being more protective of the company, and developing better work attitudes. External reasons were both ideological (e.g., making workers own part of the means of production) and philosophical (e.g., facilitating greater Jamaican or insider ownership of shares rather than having foreigners or outsiders owning the firm's shares). The small minority of respondents who felt that the share schemes are not such a good idea focused on the method in which the share scheme was introduced (i.e., mandatory purchase in Radio Co.) or their own personal opposition to owning shares.

The majority of respondents (nearly two-thirds) believed that share ownership had some effect on employee attitudes to their jobs, although only a minority (about one-third) believed that the effect was big or significant. These feelings were strongest among long-service, older, and skilled employees. In addition, when asked whether they felt they were part-owners in the company, nearly three times as many shareholders (61%) than non-shareholders (23%) agreed with the statement. At the same time, only a minority of respondents believed that the attitudes of shareholders differed in any meaningful way from the attitudes of non-shareholders. The feelings of difference were most significant in those firms that made an effort to make share ownership a "special status" – Print Co. and Broiler Co. – and much lower in the four other companies.

Several kinds of attitudinal responses were revealed. First, a minority of shareholders felt that shares had resulted in a wholesale restructuring of employee attitudes. Slightly more prevalent were shareholders who believed that shares provided the incentive to take greater care of the companies' property and assets. The third most prevalent were those shareholders who felt more positive about the company but were not specific in these positive feelings. Finally, some shareholders had a greater desire to know more about the operations and performance of the company. Some middle managers and supervisors had developed negative feelings, however, toward what they perceived as unfavourable attitude changes among employee shareholders who they believed took it easy on the job more because of the security of share ownership and who also acted like they were the sole owners of the firm.

The majority of employees who felt that shareholder attitudes did not differ from non-shareholder attitudes provided two explanations. First, the majority of these employees were egalitarians who posited that all employees in the company were similarly dedicated and that no distinctions should be made among them or their work attitudes simply because of share ownership. Second, a minority of employee-shareholders were cynics who rejected the view that shares had anything to do with employee attitudes at all or that employees even thought about their shares in any way other than as a mechanism to enhance their financial welfare.

Most non-shareholders provided no explanations for why they perceived no differences between their attitudes and those of their shareholding colleagues. A minority of these non-shareholders provided both positive and negative differences. On the positive side, some non-shareholders viewed shareholders – particularly older shareholders and those who owned many shares – as having greater access to and interest in information about the company and the share price. On the negative side, some non-shareholders viewed shareholders as arrogant. The negative feelings were confined almost exclusively to the two employee buy-outs and Broiler Co., where share ownership status was reinforced in many explicit ways that generated very strong feelings.

Organizationally, the majority of respondents agreed that certain financially-oriented attitudes had been affected. A majority of employees agreed that share ownership had made them more profit-consciousness, interested in the company, and more aware of the company's performance, although slightly less than a majority agreed that share ownership had made them more satisfied with the company. Only a minority (about one-third) of employees believed that share ownership had reduced the 'us vs. them' feelings in the company, finding that shares had little or no impact on management-worker relations.

In general, most respondents felt that shares had less of an impact on their behaviour than on their attitudes. The majority of employee-shareholders (approximately two-thirds) agree that shares had both increased the sense of community among employees and had made employees more likely to encourage each other to work harder, to come to work, and to arrive on time. Only a minority of respondents believed that owning shares actually made them work harder (slightly less than half) or more likely to stay with the company (about one-third). As such, most respondents believed share ownership had more of an impact on "indirect" behaviour (e.g., community spirit, encouraging others to work hard, getting out of bed to get to work in the morning) than on more "direct" behaviour, such as working harder or deciding to leave the company.

CHAPTER 7: EMPLOYEE INVOLVEMENT AND PARTICIPATION

7.1. INTRODUCTION

This chapter uses the results from the fieldwork to examine the effects of employee ownership on employee involvement and participation. It compares and contrasts the findings from the research with theoretical and empirical studies on employee ownership from different national and organizational contexts.

Section 7.2 provides an overview on the empirical and theoretical research on employee ownership and employee participation. Section 7.3 examines the relationships between employee ownership and industrial relations. Section 7.4 summarises.

7.2. EMPLOYEE INVOLVEMENT AND PARTICIPATION

7.2.1. Empirical Evidence

Few researchers have investigated the relationship between share ownership and employee desires for participation. In spite of this, several studies reveal that employee-owners want managers to consult them more, listen to their suggestions, and provide them with more job-related and company information (Walley and Wilson 1992; Pryce and Nicholson 1998). Other studies find that employees want more say in the work they do and in power equalisation over distributive issues such as wages and pensions (Walley and Wilson 1992; Rosen 1991; Pryce and Nicholson 1988; Hammer and Stern 1980). In general, researchers find that employee-owners desire for more participation always exceed their perceived level of actual participation (Rosen et al 1986).

Some studies find an increase in employee desires for participation at all levels of the company (Walley and Wilson 1992; Poole and Jenkins 1990). On the other hand, some studies find little desire among employees for more say in the running of the company or in sharing control over issues that affect the future welfare of the entire organization (Pryce and Nicholson 1988; Hammer and Stem 1980). Indeed at least two studies find a <u>decrease</u> in the desire of worker-owners to participate in organizational decision-making mechanisms (Long 1981; Hammer and Stem 1980).

Several studies find more participative decision-making in worker co-operatives and wholly-owned firms than in conventionally-owned firms (Rhodes and Steers 1981; Russell 1984). Other studies find that employee ownership leads to greater worker participation in decision-making at all levels (Pendleton et al 1994a; Long 1979, 1978a).

In contrast, most research in this area finds little or no noticeable increase in employee participation or diminution of management authority as a result of employee ownership (Wilkinson et al 1994; Pendleton 1994b; Walley and Wilson 1992; Nichols and O'Connell Davidson 1992; Poole and Jenkins 1990; Baddon et al 1989; Fogarty and White 1988; Rooney 1988; Hammer and Stern 1980). In fact, some studies reveal that the extent of employee participation has even decreased in employee-owned firms (Long 1982, 1981). In general, there is little evidence that employee-owned firms are more participative than traditional firms (Klein 1987).

Several studies find that companies with share schemes are more likely than traditional firms to have formal information and consultation mechanisms such as staff newspapers, production teams, and briefing systems (Smith 1993). Other studies find that employees ideas are solicited or offered more frequently, information is more apt to be shared or requested, and discussions between managers and workers are more likely to occur in employee-owned companies (Walley and Wilson 1992; Poole and Jenkins 1990; Rosen et al 1987). In contrast, several studies find that few employees perceive an increase in information, consultation, or communication as a result of share ownership (Wilkinson et al 1994; D'Art 1992). Other studies reveal that only a minority of employee-owned firms possess formal employee involvement or consultation programmes (Smith 1992; GAO 1987). One researcher even finds that disclosure of information to employees as a whole tends to be lower in employee-owned firm than in conventional firms (Pendleton et al 1994a).

A few studies find that a majority of workers in employee-owned companies wield influence and control at the strategic level through representation on the board of directors or possession of direct voting right (Pendleton et al 1994a). One study even found that worker directors in employee-owned firms are more active and more influential over strategic issues than other researchers have found for worker directors in traditional firms (e.g., Batstone et al 1983), although the owner-directors report less say in labour-management issues (Pendleton 1994b).

For the most part, however, the majority of studies in this area reveal that substantial strategic control by employees is found in only a minority of employee-owned firms because most workers rarely have a representative on the board of directors, receive voting rights, or use the voting rights they possess to influence AGM decisions (Langeland 1993; Poole and Jenkins 1991; Russell et al 1990; Rosen 1990; GAO 1987; Rosen et al 1986). Several studies also find that most of the participation mechanisms associated with employee ownership (such as employee trusts) serve administrative or practical purposes and do not play an active role in corporate governance, although they often serve to increase worker access to information and to provide a collective forum for employee voting preferences (Pendleton 1994b).

7.2.2. Findings from the Study

Employees in the study clearly felt that they should play a more active role in the affairs of their company, and that they played only a limited role. Among employee-shareholders, only a minority believed that they had some or a lot of influence over the company, whereas the vast majority thought that they should have a lot or some influence (see Table 42). Similarly, a minority of middle managers with shares agreed that employees should have some or a lot of influence over the company, while most thought that employees should have a lot or some influence. A majority of senior managers thought that employees should have some or a lot of influence over the company.

Table 42: Percentage of shareholders who believed that employees had or should have at least some influence over the company (by occupational category)

	Have Influence	Should Have Influence
Senior Managers	45%	82%
Middle Managers and Supervisors	33%	85%
Employees	27%	82%

Several shareholders argued that they had a right to become more involved in decision-making at all levels of the company ("Workers should have a say in the company as owners"; "Once you make people shareholders, they should have a say"). Employees in those firms where employees did not own a controlling interest (all except Computer Co. and Print Co.) usually spoke in general terms about the areas of influence in which they wanted more involvement. When asked for details, most employees in these companies used vague and broad terms such as "more influence" and "a bigger say". In contrast, most employees in Print Co. and Computer Co., the majority employee-owned companies, were more specific about their perceived rights as shareholders ("Workers have a right to vote, to know what's going on, to know everybody's salary. Management shouldn't make a decision without consulting workers").

In general, Computer Co. and Print Co. employees complained less about their ability to influence decisions at the departmental level and more on their ability to affect strategic decision-making in the company, which they felt was more important ("It is getting a message to the board that is the problem, not to the supervisor"). Many of these employees argued that the managers – who owned a large number of shares – were reluctant to facilitate substantial employee involvement in the company ("The people at the top have most of the shares and they make decisions without consulting us").

Indeed, negative shareholder perceptions of involvement was highest in the two majority employee-owned companies, where the employee-shareholders had become far more vocal, and even militant, in their criticisms of management, often expressing a desire to "get rid of" the managers whom they felt "didn't want to give the company a chance to develop." Interestingly, employee-shareholders in Computer Co. lamented the decision to seek outside managers to run the company, arguing that internal managers would have performed better, while Print Co. employees argued that they needed outside managers who were more "competent", "aggressive", "dynamic", and "creative" and thus who could run the company more effectively. These employees had become outspoken and had taken a more active interest in their company because failure meant not only the loss of their job, but a blow to their investment, which was substantial for many workers.

Interestingly, several employees in Computer Co. marveled because some of their colleagues who were usually "reserved and quiet people have become quite aggressive with high expectations and high demands on management." ("The company is not running good. The machines need servicing; stock is not being purchased on time. The place is not run efficiently. We need to change the management . . . They don't even know how to run the company. The management needs training itself and to attend seminars"). In general, employees in Computer Co. and Print Co. displayed the greatest knowledge about and interest in the overall operations of their company. Many Print Co. employees, for example, highlighted several areas in the company where they felt changes needed to be made so as to improve the performance of the company, including investment for upgrading outdated equipment, a better marketing department focused solely on that objective, and improved training programmes to make the employees more skilled and to make the company more competitive with other modern printers.

A minority of employees (both shareholders and non-shareholders) in all companies argued that employees with shares should have little (13%) or no (3%) influence over the company. These employees were clearly small in number and generally felt confident in and supportive of the management, and were distrustful of allowing their colleagues to become involved in decision-making areas traditionally reserved for managers ("Sometimes I don't think workers have good, sound judgement. Some decisions made by workers may hurt the company in the long run. That is why we have a chairman and a board of directors").

Although most employee-shareholders felt that employees with shares should have some or a lot of influence in the company, the majority of them in all six case study companies also felt that employee share ownership had resulted in few or any positive changes or improvements in employee participation in decision making in their company ("As a shareholder, you have no power except you own the shares and collect dividends"; "We really don't have a say; if you have shares, you just have shares"; "Meetings we only held in times of crisis. Decisions are made through you, around you, and over you"; "There is no connection between shares and influence"; "Owning shares doesn't give you any power"; "Owning shares is one thing; participation is another").

Only a minority of employees believed that they had a lot or some influence in decisions affecting their own department (see Table 43). Interestingly, more non-shareholders than shareholders believed they had a lot or some influence in their departments, which reflected the greater levels of disappointment among employee shareholders with their involvement levels (or lack thereof). More middle managers and supervisors with shares believed employees had a lot or some influence in their departments, while the vast majority of senior managers maintained that employees had a lot or some influence in their departments (see Table 43).

Table 43: Percentage of respondents who agreed that employees had some or a lot of influence in their department (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	80%	78%
Middle Managers	64%	62%
Employees	45%	57%

Although a majority of employee-shareholders believed that they lacked involvement in their departments, most of them were satisfied with "the opportunities for [them] to communicate [their] feelings, suggestions, and grievances to the management". Approximately two-thirds of employee-shareholders were very satisfied or satisfied with the existing communication opportunities (see Table 44). Unsurprisingly, more middle managers and supervisors and senior managers believed that employees were very satisfied or satisfied with the opportunities. Another indicator of communication is staff or departmental meetings and thus all respondents were asked "how often (they) participated in staff or departmental meetings." The majority of employees indicated that they participated frequently or occasionally (see Table 45). Naturally, participation levels were much higher for middle managers and senior managers. These figures indicate the stark contrast between employees and managers across the case studies (see Table 45).

Table 44: Percentage of respondents who were satisfied with the opportunities to communicate their feelings, suggestions, and grievances to management (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	95%	93%
Middle Managers	79%	70%
Employees	67%	63%

Table 45: Percentage of respondents who participated frequently or occasionally in staff or departmental meetings (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	100%	100%
Middle Managers	90%	88%
Employees	69%	65%

Although a large number of respondents (and a smaller number of employees) felt satisfied with the channels of communication and participated frequently or occasionally in meetings, far fewer believed that these channels are utlilised effectively. For example, only a few employee-shareholders believed that they were consulted very often or often "[when] changes are made which affect [their] job" (see Table 46). Again, however, more middle managers and senior managers believed that employees were often or very often consulted about job changes. These figures reveal the vast discrepancies between the levels of employee involvement, communication, and consultation that employees and managers with shares in the case studies believed that most employees possessed.

Table 46: Percentage of respondents who felt employees were consulted often or very often about job changes (by occupational category)

	Shareholders	Non-Shareholders
Senior Managers	85%	83%
Middle Managers	51%	49%
Employees	38%	41%

Almost all employee-owners who felt they lacked sufficient influence over the company believed that the management, the board of directors, or the majority shareholders in the company, wielded the most influence over the company. To explain why they lacked influence over the company, most employee–shareholders blamed the structure of their companies and the perceived exclusionary attitudes of managers toward employees ("Because of the hierarchy of this company . . . Decisions are made at the board level or a little below board level and then delegated down"). Some shareholders also argued that owning shares made employees feel like they were involved more in the company, but failed to deliver in reality ("You get a 'false feeling' of being able to make an input – but it's not apparent").

Other employee-shareholders blamed structural variables or the apathy of their colleagues for the perceived lack of employee involvement. First, these employees argued that employees were too fragmented to come together as a block to use their shares to petition for greater influence. Second, these employees argued that their colleagues had not demonstrated sufficient interest in playing a more active role in the company and were content with the financial benefits of share ownership ("They don't exercise any interest; they don't show it. They just watch the price go up and down and sell the shares."). A minority of employee-shareholders who believed that they should have had greater say in the company had become quite bitter and hostile toward the management ("The wicked people at the top control all the influence and the money; they try to keep us poor people in captivity").

Several employees associated share ownership with greater participation in decision-making and argued that the benefits of owning shares were undermined when employees had little or no access to decision making ("The concept, while good, tends to lose some of its effect because of the very limited view that is generally given by the managers to staff of their organization and their ability to effect or contribute to change"). Many employees felt that share ownership had tremendous potential for facilitating greater employee participation in decision-making, but thought that employees had not exploited these opportunities for several reasons. First, the shareholders did not realise the power that they possessed ("They are not fully aware of the clout they have"). Second, employees lacked sufficient shares to make a critical difference ("Influence in the company is dependent on how many shares you own, and the employees don't own very many"). Some argued that a formal organization was needed to galvanise the workforce ("Employees need a shareholders' association where [we] can have a greater voice in decisions in the company and when things are not going right, not [just] through the staff association alone"). Some of the unionised employees felt that their union could and should play that role ("If the union could get all the workers to vote under one umbrella, to vote as a group at the AGM, they would be stronger, I guess. But the union has to reach there"). Third, most of these shareholders simply pointed out that the workers were fragmented and lacked unity, and felt that the workers should have come together more and use their power more effectively ("Workers don't know what our powers are, we need the shareholders to unite"; "[Employees] could have collusion with one accord and decide to vote (the board of directors) out, but it will never happen though because shares are scattered, sown in the wind, and employees have different agendas").

In order to determine the extent of employee-shareholder interest in their shareholding as it related to the company's performance, respondents were asked whether they had ever (a) read the company's annual report, (b) checked the price of the company's shares, (c) attended an annual general meeting (AGM) of the company, or (d) voted at a meeting or sent in a proxy ballot. The majority of employee-shareholders had checked the price of their shares at least once and had read the annual report, although only a minority had attended the AGM or had voted their shares (see Table 47). The vast majority of middle manager shareholders had checked the price of shares read the annual report, voted their shares and attended the AGM. Similarly, and to a greater extent, the majority of senior manager shareholders had read the annual report, checked the share price, attended the AGM, and had voted their shares. These results contrasted sharply with the much smaller number of non-shareholders at all levels who had checked the share price, read the annual report, attended the AGM, or voted their shares (the non-shareholders who voted their shares were former shareholders) (see Table 48).

Table 47: Percentage of shareholders who had read the company's annual report, checked the company's share price, attended the company's AGM, and voted at the company's AGM or by proxy (by occupational category)

	Read the Annual Report	Checked the Price of shares	Attended An AGM	Voted at AGM or by Proxy
Senior Managers	88%	86%	79%	64%
Middle Managers	90%	88%	66%	57%
Employees	72%	69%	47%	31%

Table 48: Percentage of non-shareholders who had read the company's annual report, checked the company's share price, attended the company's AGM, and voted at the company's AGM or by proxy (by occupational category)

	Read the Annual Report	Checked the Price of shares	Attended An AGM	Voted at AGM or by proxy
Senior Managers	85%	63%	65%	0%
Middle Managers	52%	36%	12%	6%
Employees	46%	32%	6%	3%*

*Former shareholders

Most of the employee-shareholders who had checked their shares or read the annual report explained that they were checking up on their investment and wanted to make sure that the company was doing well. Nearly all those who had not voted their shares explained that they either did not know how to vote the proxy because it was complicated or felt that voting was useless and had little impact on the final outcome. Among the employee-shareholders in the four publicly-traded companies who had attended the AGM, several explained that they did not feel welcome at AGMs as the meetings were usually targeted at outside shareholders ("They don't invite us little sparts, only the big guys"). It was interesting to observe that several employees did not know or felt that they could have attended the AGM and at least five employees complained to me that they still had not received invitations to the AGM after serving in the company for so many years. This observation may reflect more the attitudes or education level of these respondents than on the company, however, as a check with the company secretary in the relevant companies (Cement Co. and Bank Co.) revealed that each shareholder received a very clear letter with the annual report announcing the time and date of the meeting. At the same time, it is not difficult to understand that these employees – who were used to receiving personalised letters from their employer on other issues – were unsure whether a form letter delivered to thousands of shareholders announcing the time and date of the AGM was actually an invitation for them to attend the meeting as well or just a general notice which they, too, happened to receive but were not able to act upon.

Most of the employee-shareholders agreed that the AGM did not facilitate greater employee involvement in the company. Most of these employees charged that "few decisions are made at the AGM," argued that the company updates provided by managers about the company were "watered-down", and described the meetings as "routine", "a PR tool", and "not useful". The minority of employees who attended them saw two primary benefits of the AGMs. First, some shareholders thought that the AGMs presented the opportunity to make comments and ask questions about areas of the company that they were interested in, but did not feel comfortable asking about as employees ("We have the opportunity to go to the AGM, at least you can put your word out and make suggestions."). Second, shyer and more reluctant employee-owners who attended the AGM saw the meetings as an opportunity to receive more information about the company. Employees added that most of the valuable information came not only from the statements of the directors and the managers but, more frequently, from their comments made in response to probing questions made by active outside shareholders. Several of these employee-shareholders mentioned that they often had questions similar to those of the outside shareholders, but were afraid to ask because they feel stupid and out of place, or because they feared management recriminations.

7.3. EMPLOYEE OWNERSHIP AND INDUSTRIAL RELATIONS

Theorists have identified apparent contradictions between trade unionism and forms of industrial democracy such as employee ownership (Pendleton et al 1994b; Kruse 1984, Eccles 1981, Clegg 1963, 1979). Indeed, unions have opposed employee ownership and other forms of worker participation for three reasons: (a) a belief that union strength will decline or weaken as workers become more aligned with the interests of management; (b) a belief that an independent trade union in permanent opposition to management is the best method of protecting worker interests; and (c) a belief in the undesirability or inability of unions to perform traditionally managerial roles.

Employee ownership may undermine the strength and bargaining position of unions in three main ways. First, worker-owners may move from an attitude of "oppositional collectivism" to "individualistic entrepreneurialism" that can undermine the cohesiveness of union membership (Pendleton 1994b:28). By increasing their identification with the company, employee-owners may perceive little need for collective representation of their interests by unions and may thus reduce the level of union solidarity by creating a schism between ordinary workers and worker-owners. Second, employee ownership may reduce the incentive for workers to harm the profitability of the firm through industrial action and thus may weaken the bargaining position of the union (Bradley and Gelb 1987). The threat of an organised strike may thus lose its deterrent power under employee ownership as workers come to view strikes as undermining their future earning power through shares. Third, new mechanisms of corporate governance associated with employee ownership such as shareholder representation, employee trustees, and worker participation may rival more traditional union-based forms of representation and may even supplant them by weakening workers' perceived need for the union as an intermediary between managers and workers (Pendleton et al 1994b).

Active union involvement in employee ownership may also have several negative effects on the union. At one extreme, employee ownership and unionisation seem fundamentally incompatible as unionised employees in a wholly worker-owned firm would in effect bargain with themselves and hire the managers to whom they are subordinate. In other employee–owned firms, excessive union involvement in managerial decision-making may leave workers vulnerable in an unfavourable economic climate, or at least create the perception of vulnerability among workers who feel that the union provides inadequate representation (Poole 1986; Stern and Hammer 1986; Eccles 1981). In general, union involvement in ownership may confuse the union role and lead to oscillation between ownership interests such as maintaining profitability and potentially contradictory worker concerns such as maintaining employment (Pendleton et al 1994b). Growth in union membership may also be hindered as it becomes difficult to convince unorganised employee-owners of their need for union representation (Kruse 1984).

On the other hand, employee ownership may have little or no negative impact on unions. Employee-owners may not feel like "genuine" owners for various reasons and thus may retain an instrumental orientation to work and possess attitudes towards the importance of the wage and effort bargain similar to those of ordinary employees (Poole and Jenkins 1991). In addition, several authors point out that shared ownership cannot and does not eliminate the potential for disputes (Bado and Logue 1991:3):

> Although the number of grievances may decline and bargaining may become less adversarial, employee ownership does not remake human nature. Unions still need to fulfill their traditional role as the watchdogs for

> members' rights as workers. The traditional fines of conflict, although moderated, continue to exist.

Employee ownership may in fact lead to an increased role for unions in three ways. First, employee shareholders may feel disappointed or frustrated that they lack democratic control to which they feel entitled in their improved status as owners and may thus seek additional participation through the union. Second, unions may still be needed where power relationships continue to be remain unequal as characterised by unequal equity holdings among differing employees. Third, the potential for organizational disputes may in fact rise as more worker-owners feel entitled to question routine decisions about the allocation of resources, work assignments, and overall management. Unions may best address these three concerns and act as a check on managerial decision making because they possess organizational expertise, bargaining power, and represent the common interests of most or all workers (Kruse 1984). In fact, employee ownership may even lead to growth in union membership as non-unionised employee-shareholders find themselves at a disadvantage in that they have no voice in management decisions that affect their share of the profits.

7.3.1. Union Strategy

Employee ownership may require that unions broaden the scope of their activities to include new areas of long-term interests to employee-owners (such as investment policies and product development) and to protect their members' new rights as owners. As employee shareholders demand an increased role in running the firm, unions may have to move from simply "representing employees" to protecting the rights of employee-shareholders by providing an alternative to managerial expertise in the efficient running of the company (Poole and Jenkins 1991). This would require the development of a "competence strategy" in how to manage a firm or evaluate and judge management plans and forecasts professionally (Langeland 1993). The competence strategy would in turn require the sharpening of analytical skills and abilities by the union leadership and might even require greater use of external technical expertise.

In response to the potentially "new and larger role for unions" in employee-owned firms, several researchers conclude that the strategy of unions in employee-owned firms requires at least some modification to the traditional adversarial stance (Gates 1993). The appropriate strategy that researchers believe unions should adopt in employee-owned firms is difficult to outline or successfully manoeuvre because unions face a dilemma:

> If new institutions of participation and decision making are created [under employee ownership], union representation may be undermined. Alternatively if unions take over the representation of owners as well as employees they will experience a conflict of roles, especially when economic circumstances necessitate retrenchment. Either way the function and standing of the union may be threatened, with the result that membership and density may fall (Pendleton 1994b:8).

Theorists have proposed two general models for addressing this dilemma. First, some theorists suggest an indirect strategy in which unions play a limited role in employee ownership institutions by participating in the selection of worker directors and trustees, observing board and trust meetings, and obtaining access to management information (Gates 1993). By participating indirectly and emphasing their non-involvement in managerial decisionmaking, unions can maintain some degree of distance from management so as to avoid becoming "tainted" by decisions taken by management and directors that might be seen as harmful by workers as workers (Pendleton 1994b). Other theorists advocate an influence strategy in which unions present themselves as innovators and leaders in the employee ownership idea, use ownership as a basis for board seats and active employee involvement programmes, and organise union members to achieve greater power and participation through their ownership stakes (Blasi and Kruse 1991). These theorists actively embrace ownership as a superior method not only of employee representation, but also of improving the financial rewards to workers because they claim that the real rates of return on common stock have far exceeded the growth in average annual wages (Blasi and Kruse 1991).

The strategy adopted by unions in employee-owned firms may have an impact on the internal structure and organization of unions as well as on membership recruitment techniques. For example, a proactive union strategy may require a more centralised union structure and possibly a move away from plant-level bargaining arrangements (Poole and Jenkins 1991). Employee ownership may also provide an opportunity for unions to move away from single-product marketing in their membership recruiting. Ownership-oriented unions could become more appealing to older workers who seek larger pensions through share ownership as well as to younger, less risk-averse workers who may be willing to work for less current cash in return for an opportunity to share in the company's future growth through share ownership. In the face of dwindling union membership, "foresighted, ownership-opportunity unions" could attract younger workers (reluctant to join a union because they believe it will restrict their career options) by establishing back-to-school training programmes designed to leave career options open while also training employees sympathetic to union concerns (Gates 1993).

7.3.2. Empirical Evidence

Union reactions to employee ownership have ranged from active support and advocacy to indifference and skepticism to suspicion and hostility. Some unions have adopted a neutral response or lent muted support to employee ownership, welcoming its potential to improve the financial benefits of workers and to expand union or worker influence in the decision-making process (Wilkinson et al 1994; Ramsay 1991). Although few unions have actively opposed the adoption of employee share ownership schemes, similarly few numbers of unions have actively supported them. Rather, most unions have taken a reserved and cautious stance, analysing employee share ownership schemes on a case-by-case basis (Ramsey et al 1990). In many cases, union energies have focused on defending jobs, membership, and collective bargaining that has left little room for addressing share ownership, which is often seen as a minor and insignificant element of company policy that is best ignored unless it threatens union activities or membership interests in some way. As such, relatively few unions have developed a formal analysis of or policy response to employee share ownership (Baddon et al 1989).

Negative union reaction to employee ownership has also varied. Many unions simply prefer the company to improve the worker's pay package rather than giving or selling them a potentially risky long-term investment. Some union leaders also feel that share schemes do not go far enough and view them as paternalism at best (O'Toole 1970). Other unions have remained skeptical of stock ownership, viewing it as just another glorified benefit plan with high risks to employees (Rosen 1991). In some cases, unions have feared that the unilateral imposition of employee share ownership schemes by managers outside of traditional collective bargaining channels represented the initial stage in a gradual diminution of union influence in pay determination, a legitimate area of collective participation (Baddon et al 1989). Some unions have also expressed suspicion about management's motivation and the possible use of employee ownership as a managerial tool to co-opt and control workers and undermine union support. Unions in small firms have remained particularly wary of employee ownership as direct democracy usually provides little or no role for formal trade unions (Cornford 1990). Hostile union leaders have charged that employee ownership schemes represent an anti-union tool that also spreads risk in the case of business failure and that often give employees shares that am not of the same value as those publicly-traded or offered to managers (D'Art 1992).

Indeed, several union organization such as the Trades Union Congress (TUC) in the UK have in the past formally declared reservations about various types of profit-sharing such as share schemes for various reasons (Baddon et al 1989). First, share ownership fails to reduce wealth inequality. Second, they do not provide real managerial control for workers or unions. Third, they increase the risk to employees who tie up their savings in their workplace. Fourth, they are usually imposed unilaterally without union participation. Some unions have also expressed opposition based on the association of employee ownership with privitisation and the move by conservative administrations in the US and UK to create a "popular capitalism" characterised by a wide distribution of share ownership and weakened trade unions (Pendleton 1994b).

Union opposition to financial participation dates back to the writings of several labour advocates (such as Karl Marx) who strenuously attacked the idea as a pernicious trick played by employers on their labourers. This negative view has prevailed in the labour movement well into the twentieth-century and still remains in various forms today (Ramsay 1991). Weak union support does not lack justification, however, as anti-unionism was an explicit intention of many paternalist share schemes in both the US and the UK (see Ramsay 1977). For example, partnership arrangements replaced many union functions in the John Lewis Partnership (Flanders et al 1968) and a Community Council took over pay determination responsibility from the union in the Scott Bader Commonwealth when it became employee-owned in the 1950's (Oliver 1984). Indeed, several early attempts at share ownership in the UK were introduced as a disincentive to strike by including penalties on share distribution in the event of industrial action, although this is no longer a common feature (Ramsay 1991). In the US, the "founding father" of ESOPs, Louis Kelso, envisioned ESOPs as an effective weapon to lessen the power of organised labour in America (Kelso and Adler 1958). During the 1980s, ESOPs were adopted as an anti-union strategy such as an ESOP offer by the owners of Eastern Airlines in order to undermine collective representation (Blasi and Kruse 1991).

Several studies suggest that union involvement in the design of employee ownership schemes has been minimal (Wilkinson et al 1994, Baddon et al 1989). Increasingly, however, unions have become more involved in the establishment and terms of share schemes, particularly on issues of eligibility and distribution criteria in order to prevent abuse and inequity. These unions have sought to protect members by ensuring that they can exercise some control or influence on the form and operation of the plans. As such, they have often demanded union representatives on the trust, bargained for equitable formula in stock allocation, sought full and unrestricted voting rights, and requested full access to company financial data (D'Art 1992). Indeed, several union officials have expressed the view that they would like to see share schemes negotiable in terms of both their establishment and subsequent operation (Poole and Jenkins 1990). In general, most companies have responded favourably to these requests to keep unions informed so as to avoid a damaging negative reaction and opposition from unions (Ramsay 1991).

In response to the wide take-up of employee shares in privatisation and the recognition that employee ownership provides at least minimal benefits to employees, many unions have begun to take a more proactive approach to employee ownership. In the UK, the TUC reversed its earlier stance on employee ownership and passed a motion which recognised employee share schemes as a form of "social ownership" but stressed that shares schemes should be developed that give workers 'genuine control' over policies in their firms (Pendleton 1994b). Indeed, many unions have moved from a position of "bored hostility" to a position of attempting to turn employee ownership to the collective interests of unions and employees (Baddon et al 1989).

In some instances, unions have taken a more active role in initiating employee share schemes. The British trade union financial institution, the Unity Trust, and various unions (such as the General Municipal Boilermaker's Union) have been involved in several employee share ownership schemes including the first British ESOP installed in RoadChef in 1988 and several employee buy-outs in the bus passenger industry (Pendleton et al 1994a). In the US, unions have played a role in establishing ESOPs in employee buy-outs of company subsidiaries and entire firms (union buy-outs) as well as trading stock for wages (Gates 1993). Importantly, however, these represent only a small percentage of all employee share ownership schemes in the US (Blasi and Kruse 1991). Most of the employee ownership efforts by unions have been to save jobs and salaries in companies in mature or highly competitive industries that faced closure (e.g., airlines), or in certain profitable companies where the owners decided to sell for various reasons.

Although most unions have embraced employee ownership as a reactive strategy in a negative environment, several unions such as the United Steelworkers of America (USW) have taken a proactive approach and have actually purchased non-union enterprises and then unionised the workforce (Gates 1993). Over the past ten years, the USW has actively pursued an "investment bargaining" strategy designed to acquire an ownership stake in organizations where union members work, so as to provide them with both greater involvement in their futures and an additional method of profiting from their labour (Gates 1993). USW leaders support employee ownership on the rationale that the American courts or Congress have removed or emasculated every effective technique developed by unions for increasing their organizational power, and that "a capitalist political economy cannot abolish the vehicles of capital power quite so easily as it can weaken the vehicles used exclusively by labour" (Bado and Logue 1991:87).

7.3.3. Union Membership

Several studies have found that unionised membership is usually limited or non-existent in wholly worker-owned firms and cooperatives. In the US, unionised employees in ESOP firms are generally excluded from the employee share schemes (Blasi and Kruse 1991). In many other employee-owned firms, however, the impact of share ownership on union membership has been minimal (Pendleton 1994b). Similarly, other studies reveal that employee ownership has had a limited impact on employee attitudes towards unions. For example, several studies in both the US and UK report that most unionised employee-owners remained loyal to the union, felt that the union was necessary to protect worker rights in the workplace, or disagreed that employee ownership weakened the union (Pendleton 1994b; Dunn et al 1991; Kruse 1984; Long 1979). Other studies reveal that employee shareholders and non-shareholders shared similarly supportive attitudes toward unions and industrial relations in employee-owned firms (Nichols and O'Connell Davidson 1992; Dunn et al 1991; Baddon et al 1989). These feelings are stronger when employees experience poor financial returns or little involvement in decision-making from shares (Wilkinson et al 1994; Pendleton 1994b).

In contrast, other studies reveal a modest impact of employee ownership on certain other worker attitudes. For example, studies find that employee shareholders generally feel more strongly than non-shareholders that (a) unions and management should be less adversarial and should work together more; (b) channels other than union representation may provide greater decision-making influence for the workforce; and (c) unions should not take an active part in the running of share schemes. The studies find that these feelings are not strong, however, and have only a modest effect on the industrial relations climate (Poole and Jenkins 1990; Fogarty and White 1988). Although these studies suggest a modest effect, these attitudes may have a substantially negative impact on weak unions or unions with low membership in companies, particularly in a hostile economic and political environment. In addition, even though studies reveal that the majority of employee-owners remain loyal to unions, a minority of workers more committed to the firm may significantly affect worker solidarity and may thus reduce union leverage in collective bargaining.

For the most part, however, studies find that employee share ownership has had a minimal impact on employee attitudes towards the industrial relations climate and has had little or no impact on worker or union militancy in many cases. Indeed, several incidences exist where employee-owners have rejected wage offers despite union recommendations to accept and where employee-owners have taken strike action against themselves (Feuer 1984). For example, disgruntled unionised employee-owners in one company in the US went on strike just five years after the company established an ESOP that was 100% owned by employees (D'Art 1992). Several studies reveal that employee ownership has little or no impact on worker willingness to strike (Ramsey et al 1990), although other studies find a small minority of workers who resist strike action for financial reasons related to their share ownership (Long 1989a).

7.3.4. Union Impact

Several studies find that employee ownership in unionised firms have resulted in neither increased co-operation nor destabilised labour relations (Wilkinson et al 1994). In most cases, managers and unions have endeavored to maintain a clear separation between employee ownership and traditional channels of union representation such as collective bargaining (Pendleton et al 1994b; Bado and Logue 1991). Many managers view employee ownership as an element of their managerial prerogative that falls outside the bounds of collective bargaining (Ramsay 1991). Several unions also support the separation between employee ownership and collective bargaining so as not to confuse their role by representing both employees and owners. In addition, some unions view the financial benefits and amount of worker participation in decision-making associated with employee ownership as insufficient to merit active union involvement (Pendleton 1994b). Other unions feel uncomfortable negotiating shares because they fear creative managerial accounting and prefer to focus on consolidating fixed pay rather than encouraging managers to develop variable supplements (Baddon et al 1989).

Employee ownership has had a negative impact on unions in a limited number of cases. In a few instances (particularly in small employee-owned firms that adopted direct-democracy co-operative structures) new forms of employee ownership participation have developed at the expense of collective bargaining and have even resulted in union de-recognition in some cases (Pendleton et al 1994b). Employee ownership has also had an adverse effect on union solidarity in a minority of cases. In the US, for example, the rise of employee ownership and the potential conflicts with collective bargaining have contributed to intra-union conflict between union leaders who see their roles as adversarial and those who see their roles as participative (Strauss 1989). Several incidents such as the Yorkshire Rider ESOP in the UK demonstrate how employee ownership has generated tensions between national union officials who enforce union policies against share ownership in privatisation, and local union representatives who remain concerned with securing the best possible deal for their members in a buy-out situation.

On the other hand, some unions have used employee ownership to strengthen their bargaining position vis-à-vis management or to increase their participation in managerial decision-making. In some instances, unions have used employee ownership to expand their influence and enhance their access to information in the workplace by participating in new employee ownership institutions such as employee shareholder meetings or in the selection of non-executive directors and employee representatives on trusts (Pendleton 1994b). In other cases, unions have acquired new avenues for control such as "shadow boards" (composed of directors and senior trade union representatives) and union-trustee liaison committees (to facilitate union involvement in employee ownership administration), although these have not been widespread (Pendleton 1994a; Bado and Logue 1991). Other unions (such as those in British Airways in the UK) have gone even further and have organised proxy votes of employee shares in an attempt to exercise some influence at shareholder general meetings (Baddon et al 1989). In a few extreme cases (usually small companies), unions have served as the main vehicle for the expression of shareholder interests and essentially acted as 'surrogate' shareholder representatives (Pendleton 1994b).

7.3.5. Summary

Employee ownership has served as "a double edged sword" for unions because it has led to an enlargement of employee and union influence in some instances, but has also resulted in the co-optation of workers and the weakening or expulsion of the union in others (Langeland 1993:229). The outcome has depended to a large extent on the unions' own ability to work out a feasible strategy for employee influence that has either separated the role of the union from the role of the investor or embraced employee ownership and utilised it as a means for strengthening union influence in decision-making. With a few exceptions, unions have retained their importance or become even more important in employee-owned firms because of the dynamic "micro-political processes" that operate within the organizational environment (Pendleton 1994b:29). Most unionised worker-owners continue to rely on union leadership to ensure that they are granted adequate terms and conditions of employment and to hold managers accountable in adhering to established employee ownership guidelines. In addition, there has been little expansion of direct union participation as a result of employee ownership and most new participatory structures have been primarily indirect and representative in nature (Pendleton 1994b; D'Art 1992). For the most part, unions have not compromised their worker representative role with an ownership role because conventional patterns of management remain intact and because the unions have maintained a separation between collective bargaining and employee ownership (Pendleton 1994b). As such, researchers conclude that the continued survival of unions in employee-owned firms remains a strong and safe conclusion (Kruse 1984).

7.4. FINDINGS FROM THE STUDY

As we have seen, four of the six companies were unionised, while the two majority employee-owned companies both had employee representative associations: the worker's committee in Print Co. and the ESOP Trust in Computer Co. Although unions participated in the employee ownership scheme in each company, the level of participation varied across the companies. At one extreme – Print Co. and Computer Co. – unions played an active role in persuading the government to sell the former government departments to the employees and acted as advisers in the creation of the ESOPs. Once the ESOPs became a reality, however, the unions essentially pulled out of the companies, although they maintained some contacts with the companies. Indeed, in the case of Print Co., the union even made an effort to unionise the skilled employees who became upset with actions by management. At the other extreme, the union in Radio Co. played a passive role in the creation of the ESOP. Although the union received shares in the company since it was one of the "mass representative organizations" selected by the government to receive share, it played no role in the creation of the ESOP and has basically ignored its operations.

The unions in Cement Co. and Radio Co. thus were the least active. Although union representatives sat on the Cement Co. ESOP trust, they played no active role in company decision-making since the trust was essentially an administrative body that operated the market for shares in the company. The presence of the union representatives on the trust served to ensure that employees were treated fairly in the administration of the ESOP, but share ownership had no interaction whatsoever with the union's other activities such as collective bargaining. Similarly, the union in Radio Co. played no role in the administration of the company's ESOP and share issues remained strictly separate from collective bargaining or any other issue in which the union was involved.

The unions in Broiler Co. and Bank Co. were more involved in their respective ESOPs. As a result of the ESOP, the Broiler Co. union received a representative on the company's board of directors, which union officials argued had been extremely beneficial in having access to important information. Although the company's management had used the executive committee rather than the board of directors to discuss issues it did not want discussed in the presence of the union representative, the presence of the unionised representative – who was elected to that position by the union membership at large – had a powerful symbolic impact on the union members and also had some practical benefits in terms of more open communication with management. Similarly, the head of Bank Co.'s Staff Association sat on the Bank Co. board, although he was himself a fairly senior manager in the company (since the staff association represented all managers and employees except the most senior executives in the company). While the staff association had traditionally urged its members to turn over their proxy votes to the chairman of the company, ever since the buyout by Life Co., the staff association had stopped this practice and had urged its members to turn over their proxies to the head of the staff association. The association planned to use its members shares more strategically in the future, although this effort yielded few results since Life Co. owned a majority of the outstanding shares in the company and thus could not be outvoted on any issue.

Although the ESOP trust in Computer Co. had tremendous power (it selected the new CEO based on a consensus vote of the employee-shareholders), it was engaged in a difficult power struggle with the new CEO who had more traditional views of management and wanted to keep the ESOP separate from the running of the company, which he viewed as his sole prerogative. Similarly, the worker's committee in Print Co. originally functioned as a militant union-like organization, since almost all the previous members were former union delegates. After those members resigned in the wake of a serious conflict with the management over the dismissal of an employee, the worker's committee was replaced with management loyalists, which had the effect of upsetting many employees. As a result, the union held a poll to represent employees, which it won, but failed to get the required two-thirds majority and thus failed to win bargaining rights.

With the possible exception of the majority employee-owned companies, all the participatory mechanisms associated with share ownership either had no impact on the unions or served to supplement union power, rather than undermine it. In Radio Co., the advisory committee addressed relatively minor issues related to the company and the union was not involved at all in its operations (which it largely considered irrelevant to collective bargaining). The shareholder representative on the board was a manager, not an employee, and thus board representation had neither helped nor hurt the union. In Bank

Co., the board seat helped the staff association, although its impact on employees was uncertain because the representative himself was a manager. As noted, the ESOP trust in Cement Co. served an administrative function and neither hurt nor helped the union in its collective bargaining efforts. The unionised representative on Broiler's board helped the union, but it did little or nothing to prevent the deunionisation that occurred. In the absence of a formal union in both Print Co., the worker's committee lost its influence in representing employee interests and it was unclear what its role would have been in the future. Similarly, Computer Co. did not have a formal union and the ESOP trust did not represent the non-shareholding employees and was engaged in a struggle with the CEO, and thus was detracted from its efforts to serve its members well.

Answers from respondents also indicated that share ownership had little impact on unions or the industrial relations environment, and that almost all the impact was largely positive. The vast majority of employees (both unionised and non-unionised) believed that the union in their company was doing very well, fairly good, or average, and only a minority believed the union was doing badly (see Table 49). Unionised shareholders were more pleased with their unions than non-unionised shareholders, with more unionised shareholders thinking their union was doing very well, fairly good, or average, and only a few thinking their union was doing badly. Similarly, most non-unionised employees thought the union in the company had a lot or some influence in the company, while only a few believed that the union had a little or no influence (see Table 50). Again, more unionised than non-unionised shareholders believed the union had a lot or some influence, with few thinking the union has little or no influence.

Table 49: Percentage of employees who viewed the union or staff association in the company as performing very well, fairly good, average, or badly (by unionised status)

	Unionised	Non-Unionised
Very well	23%	16%
Fairly good	45%	35%
Average	25%	25%
Badly	7%	13%

Table 50: Percentage of employees who viewed the union or staff association in the company as having a lot, some, little, or no influence (by unionised status)

	Unionised	Non-Unionised
A lot	40%	31%
Some	40%	33%
Little	12%	16%
None	4%	7%

The vast majority of non-unionised employees (85%) also believed that the union was very necessary or necessary in the company, with only a few employees (13%) indicating that the union was unnecessary. Importantly, all the employee-shareholders who believed a union was unnecessary were non-unionised employees located in only two companies. First, Broiler Co., where a small number of employee-shareholders agreed with the higher pay for "contractors" rather than "employees" which resulted from the de-unionisation. Second, Computer Co., where respondents explained that they thought the company was too small to support a union. Interestingly, all the unionised shareholders agreed that the union was very necessary or necessary in the company. Among non-unionised employees, therefore, a small number believed that unions were unnecessary, but employee ownership cannot be proven to be the causal variable.

Most respondents thus believed that unions were necessary and had some or a lot of influence in the company. In addition, most non-unionised employees believed that the level of cooperation between the union or staff association and the management was excellent or good, while a smaller percentage believed that cooperation with the union was not bad or poor (see Table 51). Importantly, almost all the non-unionised employees who believed that cooperation with the union or staff association was poor were located in Print Co., where a union had recently lost a poll to represent skilled employees dissatisfied with their treatment by management. Unionised shareholders were more positive as most thought that cooperation with the union was excellent or good and a minority described cooperation as not bad or poor (see Table 51). Most middle managers agreed that cooperation with the union was excellent, good, or not bad and only a few middle managers thought it was poor (see Table 51). In contrast, far more senior manager shareholders thought that cooperation with the union was excellent, good, or not bad and only a very few thought it was bad. These findings indicate the significant discrepancy between management and employee perceptions (see Table 51).

Table 51: Percentage of respondents who viewed the level of cooperation between the union or staff association and management as excellent, good, not bad, or poor (by unionised status and occupational category)

	Non-Unionised Employees	Unionised Employees	Middle Managers	Senior Managers
Excellent	14%	16%	12%	40%
Good	41%	43%	63%	46%
Not Bad	30%	34%	19%	6%
Poor	16%	5%	6%	2%

In terms of how respondents perceived the impact of share ownership on unionisation, it is clear that only a small minority of employees believed that share ownership hurt the union in any way. The majority of shareholders believed that employee ownership had no impact on the union, while a minority believed that the union was strengthened because of employee ownership (see Table 52). Only a small minority believed that the union was weakened as a result of employee ownership and, again, all of these respondents were located in Broiler Co., which had deunionised its workforce in recent years. Even though share ownership preceded the deunionisation effort by nearly 20 years, some of these respondents perceived the deunionisation effort as related to employee share ownership. This response is significant because it indicates that other managerial actions in the workplace – such as deunionisation and share ownership – may be 'bundled' by employees from a perception point of view. Among the unionised shareholders who responded to the question, most of them believed that share ownership had no impact on the union or strengthened the union (see Table 52).

Among senior managers, only a minority believed that share ownership had no impact on the union (see Table 52). The remaining responding senior managers were split with most believing the union was strengthened as a result of employee ownership, and a minority believing the union was weakened (see Table 52). Importantly, all the managers who thought the union was weakened were located in Broiler Co. and Radio Co., the two companies in which unions were, indeed, the weakest. These managers simply argued that employees with shares were less inclined to participate in union activities, particularly those that were destructive to the company, and thus to their shareholdings. Most middle managers believed that shares had no impact on the union, although a sizeable minority believed the union was strengthened as a result of employees owning shares, and a very small number believed that the union was weakened (see Table 52).

Table 52: Percentage of respondents who viewed employee share ownership as having no impact on the union or staff association or making them weaker or stronger (by unionised status and occupational category)

	Non-Unionised Employees	Unionised Employees	Middle Managers	Senior Managers
No Impact	72%	76%	60%	41%
Union Stronger	22%	23%	34%	43%
Union Weaker	6%	0%	7%	16%

The minority of employees who believed that the union was strengthened as a result of share ownership provided three basic explanations. First, most of these respondents pointed to the tangible manifestation of that strength. In particular, respondents cited the union representative on the board of directors (in Broiler Co., Bank Co., and Radio Co.) and the ability of unionised employees to vote their shares to affect managerial decision-making, although this was mentioned in almost all cases more as an aspiration than a reality. Second, some respondents pointed out that shareholding served to bring employees closer together and this cohesiveness rebounded to the benefit of the union, which was strengthened by increased unity among its members. Third, a few respondents pointed out that the legitimacy and status of the union was enhanced because its members were not just employees, but shareholders, and deserved to be treated by managers with even greater respect than would "ordinary" employees in other businesses.

The majority of employee-shareholders who believed that employee-shareholding had no impact explained simply that shares had very little to do with basic collective bargaining issues such as wage increases, and also had no impact on management treatment of employees. Most of these respondents made no connection whatsoever between shareholding and the union, with many respondents looking quite perplexed and confused by this question. Several respondents even asked me how it was even possible for share ownership to have a connection with the union, genuinely unable to conceive of any possible connection between the two institutions and processes.

The attitudes of most employee-shareholders toward the union or staff association had also not changed as a result of share ownership. A majority of respondents indicated that there had been no change in their attitudes since they acquired shares in the company. A few respondents explained that they were now more supportive of the union, and a similarly small number explained that they were now less supportive of the union (see Table 53). Among unionised shareholders, the overwhelming majority had not changed their attitudes toward the union, while the remaining respondents had become more supportive of the union. Similarly, most middle manager shareholders had not changed their attitudes, while a few had become more supportive, as had some become less supportive (see Table 53). Most senior managers, too, had not changed their attitudes, while a few were now more supportive and less supportive (see Table 53).

Table 53: Percentage of respondents who were more or less supportive to unions (or had no change in their attitudes to unions) as a result of owning shares (by unionised status and occupational category)

	Non-Unionised Employees	Unionised Employees	Middle Managers	Senior Managers
No Change	79%	93%	82%	87%
More Supportive	11%	7%	9%	2%
Less Supportive	10%	0%	8%	11%

Most of the respondents who explained that their attitudes had not changed pointed out again that share ownership had little connection with the union in their minds. Among the small number who had become more supportive, most respondents explained that they felt the union had acquired an additional – and in many ways more noble – obligation, which was to protect the interests not just of employees, but employees who were also shareholders. Respondents who had become less supportive of the union provided two general reasons to explain their views. First, they explained that the union was too destructive and engaged in actions inimical to their interests as shareholders. Second, they viewed unions in majority employee-owned companies as unnecessary and aspired to a situation where employee-shareholders played an active role in the company, attending annual general meetings and using their shares to make decisions. Respondents who held this latter view were located exclusively in Print Co. and Computer Co., the two employee buyout companies where employees as a group held a majority of shares.

Finally, respondents were asked whether "employees who own shares [should] take any action that would damage the profitability of the company (like a strike or a go-slow)." The majority of employee-shareholders believed that employees "should take action if necessary", while a minority of respondents thought that employees "should not take any action" (see Table 54). Among unionised shareholders, however, the vast majority believed that employees should take action if necessary, while a smaller number believed that employees should not take action. The minority of respondents who believed employees should not take any action fell into two camps with roughly equal numbers of members and were located primarily in Print Co. and Computer Co., the two majority employee-owned company. The first camp included employees who were simply opposed to strikes and similar incidents of industrial unrest because they found it either distasteful or wasteful. For members of this camp, shareholding was not really relevant: they simply believed employees should not strike or do any other activity that would destroy harmonious relations in the company. The second camp included those who felt that, as shareholders, they suffered from industrial unrest and that other means (e.g., negotiating) with less harm to their investment should be used instead to achieve similar results. Employees in Print Co. were the most vocal in holding this view.

Table 54: Percentage of respondents who believed employees who owned shares should take any action which would damage the profitability of the company (by unionised status)

	Non-Unionised Employees	Unionised Employees
Should take action if necessary	71%	87%
Should not take action	23%	13%

7.5. CHAPTER SUMMARY

Several general conclusions emerged from this discussion of share ownership and employee participation in decision-making. First, most employees desired far greater influence in the company than they perceived they possessed. Most employees attended staff and departmental meetings, felt generally satisfied with the available" channels of communication, and felt that they had a lot or some influence in their departments. At the same time, however, most employee-shareholders agreed that the available communication channels were not effectively utilised and that employees were seldom, very seldom, or never consulted about important changes which affected their jobs.

Most employee-shareholders believed that there should be greater employee involvement in decision-making, but were somewhat unclear as to the details of how this could be achieved. The exceptions were the employee-shareholders in the two majority employee-owned companies who had very specific suggestions about how and what the company should be doing in order to improve its performance. Consistent with the extrinsic model, several employee-shareholders argued that the potential effects of employee ownership were undermined by the lack of employee involvement. Although most employees blamed managers for the lack of employee involvement, they also blamed themselves for fragmentation and failure to unite to take advantage of shares.

More shareholders than non-shareholders participated in share-related participation mechanisms such as checking the share price. A majority of employee-shareholders had checked their shares or read the annual report at least once, although only a minority had attended the AGM or voted their shares (either directly or by proxy). These employee-shareholders checked their shares and read their annual report primarily to monitor their investment. They did not attend the AGM or vote primarily because they felt the AGM was less useful and informative than they would have liked and because they felt their votes would have made little difference to the eventual outcome.

With reference to the industrial relations climate in each firm, it is important to note that, unlike in many other countries, unions in Jamaica have played some role in the creation of ESOPs in all of the six companies, but to various degrees. Like in many of these countries, however, unions have generally not continued to play an active role in the ESOPs and have all kept ESOP issues almost entirely separate from collective bargaining issues. Employee ownership has facilitated various formal employee participation mechanisms such as employee representatives on the board of directors and union representation on the ESOP trust. At the same time, however, these mechanisms have either been neutral in their impact by not threatening the union or have strengthened the union by facilitating increased access to management. At the very least, these mechanisms have increased the perceived strength of the union among its members.

In general, employee-shareholders – and particularly unionised shareholders – did not view shareholding as having any impact on unions. A small minority believed that the union had been strengthened because of increased unity among employee-shareholders, increased union access to management, and increased legitimacy because they believed employees had an additional, stronger claim to better treatment as employee-shareholders. A few respondents believed that the union was weakened as a result of share ownership because, they explained, employees were more concerned about the status of their shares than other traditional union issues. Importantly, these employees were located in companies with the weakest unions, Broiler Co. and Radio Co.

Since becoming shareholders, most employees had not changed their attitudes toward the union. A few employees had become more supportive of the union, which they appreciated more for representing them as employee-shareholders, and an even smaller number had become less supportive, largely because they perceived the union as damaging to their shareholding. Most employee-owners thought that shareholders should strike or engage in other damaging behaviour if necessary, although a sizeable minority thought employees should take no such action. These employees were either opposed to industrial unrest as a general principle or were in the majority employee-companies, where industrial unrest had a more directly negative impact on their shareholding.

CHAPTER 8: CONCLUSIONS, LIMITATIONS OF THE STUDY, AND SUGGESTIONS FOR FURTHER RESEARCH

8.1. INTRODUCTION

This chapter outlines the main conclusions that emerged from the analysis in this study, discusses limitations of the study, and provides suggestions for further research. It focuses on the two questions in the Preface. First, using the findings from the research into the six case study firms, what impact did share ownership in Jamaican firms have on employee attitudes and perceptions. Second, what impact did it have on industrial relations and employee participation in decisionmaking. This chapter also integrates the findings of the study from chapters 5 - 7 into a comprehensive model of employee ownership. Using this model as a framework, the study then draws implications for academics, policymakers, managers, employees and other organizational participants in respect of employee share ownership, particularly within the Jamaican context.

Section 8.2 of this chapter summarises existing academic scholarship on employee ownership and the Jamaican historical and cultural context that provides the background for the investigation of the six case study companies. Section 8.3 places each company into context to understand how specific organizational variables affected each firm. Section 8.4 discusses the main findings across the six case studies. Section 8.5 outlines the model of employee ownership. Section 8.6 discusses the main implications of the study. Section 8.7 provides an update and overview of the ESOP Act in Jamaica. Section 8.8 outlines limitations of the study and suggests areas for future research. Section 8.9 summarises.

8.2. THE ACADEMIC, HISTORICAL, AND CULTURAL CONTEXT

This study examined the attitudinal, behavioural, and interactional impact of employee share ownership on both managerial and non-managerial employees, using six employee-owned companies in Jamaica as case studies. The study sought to address three deficiencies in the academic literature on employee ownership. First, the lack of research on employee ownership in Jamaica and other nations outside of the US and UK, particularly countries in the developing world without a long history and tradition of co-operatives or worker ownership. Second, the lack of research on the impact of share ownership on the organizational actors, since most research has been on the extent, growth, economic results, or ideological consequences of employee ownership. Third, the conflicting results that existing studies have produced, with some researchers finding positive and productive results from employee ownership, others more finding negative and harmful results, and even others finding mixed and unclear results.

To place the study within a broader academic context, it first distinguished between different kinds of employee-owned organizations: socially-owned firms, producer co-operatives, and employee-owned firms, but focused its analysis on employee-owned firms (ESOPs), which are increasingly the most common form of employee ownership in many nations today. The study then distinguished various overlapping sub-categories of ESOPs based on share ownership eligibility (restricted or open), method of holding shares (individual or trust-based), and purpose of shares (savings or retirement-linked). The six case studies were all open, trust-based saving schemes that integrated elements of individual ownership in the holding and voting of employee shares, but did not receive tax incentives.

Academics have conducted theoretical and empirical research on ESOPs in various disciplines, the most common of which is HRM. Other theoretical perspectives within the organizational literature, such as structural, political, and symbolic theory are also applicable to the employee-ownership context. Importantly, ESOPs have a dualistic nature because they have emerged out of both the worker participation school (which is heavily worker-oriented, political, and revolutionary), and the HRM School (which is more managerially-oriented, organizational, and incremental). ESOPs can thus theoretically advance a worker participation agenda by facilitating a substantial transfer of both ownership and organizational control from employers to employees through the trust mechanism. At the same time, ESOPs can also be used theoretically by managers as an additional means to facilitate greater control over employees by integrating them more into the culture and values of the firm without any meaningful transfer of authority.

To examine the potentially conflicting and dualistic nature of ESOPs, the study decided to adopt a case study approach. This approach involved the selection of the six locally-owned organization in Jamaica that implemented employee share schemes prior to the passage of the ESOP Act and in which more than half of the employees participated. The research involved two broad phases. The first phase involved an analysis of the major macro-level factors applicable to all the companies as well as an analysis of the specific micro-level factors external to the companies (structural factors) or operating within the companies (organizational factors). The study focused in particular on the organizational structure, culture, history and development of the companies, as well as the particular conditions in which employee ownership was implemented. The second phase involved a more detailed examination of the effects of employee ownership based primarily on personal interviews conducted in an administered survey format with managers, employees, union officials, and relevant external parties. In addition to the use of the questionnaire–based interviews with organizational actors, other research methods included company document examination as well as participant observation in the case studies.

To place the case studies within a cultural and historical context, the study examined the primary variables that have shaped workplace relations in Jamaica. As was clearly demonstrated from the interviews, these variables are important because they have affected the manner in which employee ownership was introduced into the case study companies as well as the subsequent impact on the perceptions and behaviour of the organizational participants. The poor economic situation in Jamaica – high inflation, declining real incomes, and adverse economic policies – has resulted in a worsening standard of living for many Jamaican workers. The widening difference between employer profits and employee wages, combined with the traditionally conservative, bureaucratic, plantation organizational culture that prevails in many Jamaican organizations, has resulted in widespread demoralisation, demotivation, dissatisfaction, and distrust in the Jamaican workplace. The lifting of wage guidelines in 1991 and the increasing number of work stoppages and industrial conflicts since then, have also contributed to a generally antagonistic atmosphere in the workplace.

Most Jamaicans have had only minimal experiences with ownership of the means of production. These experiences have occurred primarily through land ownership, own-account labour, and small enterprises. These experiences have contributed to a widespread perception among many Jamaicans of ownership as granting the owner full and exclusive control over the productive process, a belief that is inconsistent with the practice of modern-day share ownership in the formal corporate sector, where ownership is diffused, shared, and limited. In addition, corporate ownership in Jamaica – particularly of the small number of companies on the stock exchange – has historically been concentrated in the hands of a minority elite who wield significant influence and power.

The concentrated ownership tradition has been compounded by the well-known failures of the most significant experiments in worker participation and ownership that occurred during the 1970s. These schemes faded largely because of the negative economic environment, employer hostility, union opposition, artificially-imposed structures, unrealistic worker expectations, and the lack of education among employees. In addition, the worker participation and sugar co-operatives were introduced into an intense ideological environment by an overtly-socialist regime with a history of nationalising major enterprise. Although the share schemes in this study all arose out of direct or indirect government action, the difference is that the government was less ideologically stringent in all six cases than it was in the sugar cooperatives.

With this historical and cultural context, the study then used company publications, government documents, magazine and newspaper articles, speeches and reports, and semistructured interviews with various organizational actors. These data were used to understand each company's history and industry, employee ownership structure and implementation, financial performance, organizational structure and culture, industrial relations, and extent of employee participation. The study then used these case studies and the results of the administered survey fieldwork interviews to examine in greater detail the motivations and characteristics of both the participating companies, shareholders, and non-shareholders. The study then examined the impact of employee ownership on the financial performance, employee attitudes, and employee behaviours in each firm. Finally, the study examined the impact of share ownership on employee participation in decision-making and the industrial relations climate in each firm

8.3. CASE STUDY OVERVIEWS

8.3.1. Broiler Co.

The Levy family introduced employee ownership in Broiler Co. primarily for religious and paternalist reasons to share the company's financial benefits with employees. In addition, share ownership served the strategic purposes of providing the company with needed capital, dissuading the socialist government from nationalising the company, and satisfying increased demands for ownership. Although most employees participated in the 1977 share scheme, fewer employees participated in the 1988 scheme because of the less generous offer terms of the latter. The winding up of the scheme since 1992 pending the full implementation of the ESOP legislation also led to an increase in the number of Broiler Co. employees without shares. Broiler Co.'s financial performance improved after the implementation of the share scheme except for a brief period in the late 1980s, but the external economic environment and the company's extensive and impressive cost-cutting drive in recent years also played a critical factor in this growth.

Broiler Co.'s management style was clearly paternalist as the managers sought to weaken and possibly eliminate the union (unitarism) and yet the company "sought" to project a welfare-orientated, caring image" (Purcell and Ahlstrand 1994:191). Broiler Co.'s de-unionisation effort created feelings of uncertainty and mistrust among unionised employees and the competitiveness agenda led to the reduction or removal of employee benefits. As a result, many employees believed that they had become less important to the company. Despite their initial doubts and skepticism, the unions in Broiler Co. supported the employee share scheme because it facilitated access to strategic-level information and provided employees with financial rewards. At the same time, however, union officials also felt that the share scheme was relatively tangential to its efforts, which focused on wage negotiations and avoiding redundancies. In general, other factors had a greater impact on Broiler Co., such as the family and religious orientation of the company, the 1992 public offering, the tensions between the "old" and "new" generations of employees, and the rivalries among the firm's diverse subsidiaries.

The paternalistic management style also influenced the employee share scheme. Although the Levy family gave up a substantial portion of their ownership in Broiler Co., they did so knowing that they would retain effective control over the company through their positions in management, their remaining ownership stake, and the substantial shareholdings of their close managerial allies. In addition, the employee trust did not facilitate meaningful employee participation at the strategic level because it was controlled by the company's board of directors and administered by Broiler Co.'s lawyer. Broiler Co. employees did not acquire a substantial collective voice as a result of share ownership because of the dispersion of employees across the eleven de-centralised subsidiaries, the divisions among agricultural, office, and factory workers, and the lack of formal representation among salaried employees. The lack of low or intermediate level participatory programmes combined with the de-unionisation and competitiveness agenda also restricted employee participation at the division and job levels. On the other hand, unionised and staff representatives on the Broiler Co. board used their position at the strategic level to achieve specific benefits for workers, although the other non-employee directors sometimes used tactical mechanisms to limit the access of the employee representatives to sensitive and confidential company information.

Because it was the first company in Jamaica to introduce widespread employee share ownership and faced many obstacles such as a lack of knowledge among employees about shares, the company made a special effort to educate and inform its employees about the advantages of shares. These efforts initially had a powerful effect of making many employees feel special about being shareholders. These feelings were reinforced by the management of the company, who made special efforts to facilitate employee attendance at the annual general meeting, publishing an easy-to-read and employee-friendly annual report, and constantly making reference to the employees as owners in the company newsletter and in various staff meetings. Since going public, however, these efforts curtailed as the management had to focus more on external shareholders who are more concerned about the company's share price and who may not have been too pleased with the special emphasis on employees. In addition, the management team became concerned about dilution of ownership of shares (and preserving control by the Levy family), which made it more difficult for employees to purchase shares than in the initial offering. Both moves made many employee-shareholders less pleased with their ownership status than before.

8.3.2. Radio Co.

Employee ownership was introduced in Radio Co. by the PNP government as part of its ideological agenda to spread corporate ownership in the economy and to involve workers in decision-making. Prior to the public listing of the company in 1991, all full-time Radio Co. employees participated in the share scheme since it was mandatory. Many employees resented the compulsory nature of the scheme, although most of them appreciated the long-term financial benefits. Radio Co. had not offered shares to new employees since 1992 pending the full implementation of the ESOP legislation and thus a small minority of employees did not own shares. Radio Co's. financial performance improved after the implementation of the share scheme in 1980 related primarily to the advantageous economic climate and the company's dominant market position, although the company's financial performance slowed in the 1990s as a result of increased radio competition, a sharp rise in its property expenses, and the acquisition of the government's television and radio station. As such, the role that employee ownership played in Radio Co.'s financial performance is unclear at best and irrelevant at worst.

Like Broiler Co., the management style in Radio Co. was paternalist in that the management had offered employees several generous incentives but had restricted the role of the union, which reflects a unitarist perspective. Despite the dominant unitarist perspective, the management embraced a relatively co-operative approach to the union, as reflected in interviews and in the historically low number of industrial disputes in the company. The company's status as the leading radio station in the island, its small size, and the management's paternalism served to unite the workforce and share ownership contributed to the general cohesive atmosphere. The union in Radio Co. initially disapproved of the mandatory share scheme as unfair to lower-paid employees, but supported the 1991 share scheme for facilitating employee participation. At the same time, the union expressed concern about the burdensome three-year restriction on trading shares, although it was not involved in the implementation or design of either share scheme and kept the issues of share ownership separate from collective bargaining.

Like in Broiler Co., Radio Co.'s paternalism also extended to the employee share scheme. Radio Co. possessed the most extensive formal worker participation programme of the six case studies with regular staff-wide meetings and an advisory committee to supplement union representation. Even so, however, many workers felt that the managers did not allow workers to contribute and several managers felt that workers used the meeting and committees to complain endlessly or to address "trivial" issues. The employee trust resulted in minimal worker participation in strategic decision-making because managers served as the sole trustees and the general manager made all administrative decisions. In addition, the collective "voice" of the Radio Co. employees was relatively silent because of their minimal share ownership relative to their owners and the dispersion of shares among employee-owners. The benefits of board level representation were somewhat mitigated because the largest employee-owners (most of whom were managers) dominated voting for the employees representative since the vote was based on amount of shares owned by employees. As a result, the two employee representatives on the board were managers, and the still active manager believed that employee issues should be addressed at the executive and not the board level.

8.3.3. Bank Co.

Employee ownership was introduced in Bank Co. by the JLP government for ideological reasons to spread corporate ownership in the economy and for strategic reasons to avoid opposition from the PNP and unions. Almost all Bank Co. employees participated in the share scheme because of the generous share offer including free and priority shares. Because of the active internal market, several employees sold their shares after 1986 and Bank Co. managers utilised the market to acquire substantial holdings in the company. Bank Co.'s financial performance improved substantially after the implementation of the share scheme, although Bank Co.'s financial growth was limited because its diverse long-term investments restricted profits. In addition, the company's privatisation, acquisition by Life Co. and subsequent acquisition by the government, as well as the external economic environment, played a critical role in explaining he company's performance, overshadowing the role shares may have played.

Bank Co. was a good example of a "modern paternalist" management style – an organization "with a welfare-oriented, paternalist approach to the management of employees, but who nevertheless recognise and value the relationship with trade unions or works councils [or staff association in this case]" (Purcell and Ahlstrand 1994:197). Since the acquisition of the company by Life Co. and later by the government, many employees used to being the largest controlling shareholders in their company became disappointed and concerned about the plans and intentions of the new owners. When the new owners acquired a controlling interest, the staff association even went on strike, essentially to send a message. Initially, the staff association welcomed the introduction of the share scheme, and, although they were not represented on the trust, they actively encouraged employee-owners to sign over their proxy votes to the managing director. With the new owners, however, the staff association decided to give the shares to the staff association chairman although this effort produced minimal results because the new owners possessed a controlling majority of Bank Co.'s shares.

Bank Co.'s modern paternalist style also extended to the employee trust and other institutions of participation. In addition, Bank Co.'s hierarchical and bureaucratic structure made it difficult to facilitate any low or intermediate level involvement by employees. Although the company implemented an extensive TQM programme headed by a TQM manager, these efforts focused almost exclusively on customer service issues. Furthermore, the employee trust did not facilitate employee participation at the strategic decision-making level because a Bank Co. subsidiary acted as the trustee and the company had established a committee to oversee the trust's administrative responsibilities comprised exclusively of Bank Co. managers. Employees benefited because the chairman of the staff association served on the Bank Co. board and used his position to procure many employee benefits and was instrumental in persuading the new owners not to appoint an outside managing director. At the same time, the chairman was himself a manager and the entire staff association leadership was comprised of Bank Co. middle managers. As a result, non-managerial staff benefited only indirectly at the strategic level. The unionised ancillary workers did not have a representative on the company's board, did not participate in the TQM programmes, and did not receive any participation from shares. As a result, these workers have participated in more strikes.

8.3.4. Cement Co.

Employee ownership was introduced in Cement Co. by the JLP government for ideological and organizational reasons to widen ownership of the economy and to improve employee effort and productivity. Almost all employees participated in the share scheme because of the preferential terms, the extensive publicity, and the involvement of the union in supporting the scheme, although employees purchased fewer shares than the company expected. Cement Co.'s financial performance improved considerably since the implementation of the share except for 1989 when company's profits fell as a result of high expansion costs. The company's privatisation and its subsequent ability to raise capital for expansion and upgrading explain most of Cement

Co.'s profit growth in the early 1990s. The Company's financial crisis in the late 1990s resulted from excessive amounts of high cost debt.

Life Bank Co., Cement Co. was also a "modern paternalist" firm. The management projected a caring welfare image to its employees and generally attempted to cooperate with the union – although the company experienced the "danger ... that employee representatives get too drawn into management through a process of incorporation and lose touch with their members" (Purcell and Ahlstrand 1994:198). As a result of Cement Co.'s downsizing and mechanisation efforts, however, many employees have become uncertain and fearful about their futures. In addition, Cement Co. production workers had a militant history as a result of the nature of the cement process, Cement Co.'s monopoly status, and the high concentration of violent criminals and political thugs among the workforce. The two unions in Cement Co. actively supported the employee share scheme and their representatives even served as trustees on the employee trust. At the same time, however, the unions did not make share ownership a part of negotiations and viewed their role as trustees administratively to protect worker interests in the distributions and trading of shares.

Cement Co. employees owned an extremely small percentage of the company's shares (the smallest percentage of the six case studies) and the employees were extremely fragmented into various categories (e.g., production workers, office workers, and supervisors) which restricted their ability to present a unified employee voice. Although the unionised representatives served on the trust, they assumed an administrative role and did not play a role in executive or strategic decisions. The Cement Co. management actively opposed employee representation on the company's board and thus the employees did not possess any formal strategic-level representation. The militancy of the production workers and the strength of the union led to substantive employee influence at the job level in the firm, but this participation was unrelated to share ownership.

8.3.5. Print Co.

Employee ownership was introduced in Print Co. by the PNP government in response to the overtures of the employees' former unions who felt that the employees should own the company rather than being made redundant permanently or selling the company to private investors. Selling the company to the workers also fulfilled the government's ideological objective of spreading ownership. Approximately two thirds of the former GPO employees participated in the share scheme, although less than one-third were eventually employed. After losing money for years under the government, Print

Co.'s financial performance improved tremendously in the first two of years to employee ownership, as the company's efficiency and productivity grew. The company's inability to sustain revenue growth and solicit clients, however, led to a later fall in profits.

Like Broiler Co. and Radio Co., Print Co.'s management style was paternalist. The company adopted a unitarist perspective as evidenced by its desire to change the membership of the worker's committee and eliminate union representation, yet the company had – within its financial constraints – provided workers with several generous and paternalistic benefits such as three wage increases outside of a negotiated context. The transition from the GPO to Print Co. created a sense of harmony and co-operation among workers that pervaded the company for the first two years of operations and contributed to the company's successes. Other variables such as the company's poor financial performance and the retention of a bureaucratic structure contributed to the worsening of the industrial relations climate. The management's refusal to grant the workers committee's request for a review of a dismissed worker's case led to an initial breakdown of the harmonious environment. The decision by the board of directors to offer concessionary car loans to senior managers – while refusing similar loans to other employees – exacerbated the already tense atmosphere and environment.

Majority share ownership did not necessarily result in increased employee involvement in decision-making. The Print Co. general manager was elected by the workforce, but the Print Co. managers retained a majority of the shares in the ESOP trust and thus effectively controlled the company. In addition, managers and outside parties controlled and oversaw the ESOP trust and thus non-managerial employees lacked involvement in the trust. In addition, two Print Co. managers sat on the board, although non-managerial employees did not. The hierarchical structure under the GPO remained intact and thus the employee-owners did not increase their involvement at the low or intermediate levels. The formation of the workers committee initially sought to increase employee involvement at the intermediate levels. After the workers committee came into conflict with management, however, the first set of committee representatives resigned and a new committee was elected that expressed support for the management, but that many employees felt did not adequately represent their interests. The close vote for unionisation (a majority, but not the required two-thirds) reflected this disharmony.

8.3.6. Computer Co.

Employee ownership was introduced in Computer Co. by the government on the initiative of the employees who wanted to own the company and felt that they could run it successfully. The employee buy-out also furthered the government's ideological agenda by widening ownership of the means of production. Nearly all the NCC employees purchased shares in Computer Co., although the employees who joined Computer Co. (including the CEO) subsequent to the share scheme had not yet received shares. After losing money under the government, Computer Co.'s financial performance continued to decline under private ownership. The decline occurred largely because of external factors unrelated to the share scheme such as high overhead leasing and labour costs, a lack of assets necessary as collateral to raise working capital loans, and the failure of the government to fulfill its obligations. Eventually, the financial pressures grew and the company went bankrupt and was eventually closed in 1997.

Unlike the situation in all the other case studies, the Computer Co. management had adopted a traditional management style where the "dominant characteristic is one of command-and-control by management" (Purcell and Ahlstrand 1994:194). The absence of a staff association after two years and the CEO's lack of support for such an organization both reinforced the firm's unitarist managerial perspective, while the company's efforts to minimise labour costs by underpaying employees and minimising benefits both demonstrated the cost minimisation approach of the company. Importantly, the company had little choice in pursuing an alternative approach given the severe financial constraints that it faced. Under the government, Computer Co. employees did not worry about the financial performance of their employer since the government always provided financing to cover deficits. As owners, however, the Computer Co. employees risked a large percentage of their redundancy payments (which constituted most of the savings of several employees) by investing in the company. As a result, the company's poor financial performance made many employee-owners extremely concerned. In addition, the merging of the company with the CEO's management consulting firm, the unexpected diversification of the company, and the increase in the number of the employees (including several expensive consultants) exacerbated the serious concern and fears of the employee-owners as to the future of the company.

The combination of the traditional managerial style interacted in a paradoxical way with the high amount of employee ownership. On one hand, the employee-owners created the most active and powerful ESOP trust of all the case studies with three members of ESOP committee serving as trustees, including one non-managerial employee. The ESOP trust appointed the board of directors and the chief executive officer prior to ratification by the all employee-owners. The ESOP trustees also worked closely with the ESOP committee to ensure that they retained access to information and full control over all affairs of the company. In an effort to acquire some control over "his" employees, however, the hired CEO took several steps to strengthen his influence and say in the company. These steps led to an adverse reaction among the employees, and included the appointment of new managers in personnel and finance, merging the company with his (successful) firm to diversity the firm, and hiring several consultants.

8.4. MAJOR FINDINGS ACROSS THE CASE STUDIES

The six case studies implemented share schemes for various ideological, organizational, and strategic reasons. Two important findings stand out in this regard. First, the government played an active role in five of the case studies by privatising the companies. In the sixth, Broiler Co., the share scheme arose at least in part in response to the potential threat of nationalisation. Second, like other studies that have found a link between the motivations of the management for implementing the share scheme and its subsequent impact, this study finds that motivations had a correlation with subsequent effects on employees and on the organizational environment. Although instigated by the government in most cases, the share schemes eventually developed a life of their own and evolved along various lines depending on other important organizational variables.

The companies themselves shared few structural features in common that would allow generalisations about which companies choose to implement share schemes, since they had different sizes, were located in various industries, and had different histories and structures. This fact supports the findings from other studies that employee ownership can be implemented in almost any kind of company and that there are few structural variables that would necessarily make employee ownership particularly difficult. Among those who purchased shares, this study found that managerial and long-term employees were more inclined to purchase shares, and unskilled employees were more inclined to purchase shares than skilled and clerical employees. Clerical employees were the least likely to buy shares. Slightly more unionised workers than non-unionised purchased shares, contrary to most other studies. No gender-based differences could be determined.

In general, employees purchased shares for the long-term financial benefits that accrued from share ownership, although many employees also shared a belief in the idea of employees owning shares. Importantly, only few employees purchased shares for dividend income or for quick resale. A small minority of employees in the employee buyouts bought shares because they wanted to save their jobs and believed shares would further this objective. In the publicly-traded companies, financial and psychological motivations dominated, although there was a sizable minority of employees who bought shares simply out of curiosity or because others suggested they do so. For many employees in the majority employee-owned companies, the psychological motives of becoming the exclusive owners of the company often outweighed the financial motivations, although the latter were still important to most employees because of the economic situation in the country. In addition, in these firms, some employees bought shares because they believed this would provide job security. Non-shareholders did not purchase shares for financial reasons such as poor share performance, lack of fit with personal investment strategy, and inability to afford shares. Other reasons for not buying shares were administrative such as a lack of knowledge about shares and non-availability of shares. These administrative reasons indicate that many employees knew little about shares and that companies must make an active effort to educate employees about shares and how to purchase shares if they wish for more employees to become owners.

This study focused more on the organizational impact of employee ownership rather than the financial performance because so many other variables in the organizational context played a more important role in affecting financial outcomes and because any financial changes must occur through an organizational filter. In general, employees overwhelmingly supported share ownership both in their own companies and in other companies, citing primarily the financial benefits that accrued from owning shares. Employees also cited various organizational and personal reasons for owning shares, such as an enhanced association with the company and a perception of an improved personal status in the firm as shareholders. Indeed, three times as many shareholders than non-shareholders felt that they were part-owners of the company. At the same time, these psychological feelings did not extend very far. Most of these psychological feelings were found in Print Co. and Broiler Co., where share ownership acquired more meaning because the implementers of the schemes had initially stressed the importance of owning shares and in making employees feel like true owners.

For the most part, employee share ownership did not have a significant impact on employee attitudes. Some employees in the six companies felt a very strong, personal, psychological attachment to their company as a result of being shareholders. Most of these shareholders were located in Print Co., Broiler Co. and, to a lesser extent, Bank Co. (when employees were the largest owners prior to the take over by Life Co.). A significant number of employees believed they should take greater care of their companies' property and assets, particularly in the buyouts. The most common effect of share ownership on employee attitudes was to make employees more interested in the firm's share price and financial performance and to make them more appreciative about their shareholdings. Only a small minority were more satisfied with the company as a result of owning shares or believed that shares had any impact on management-worker relations or in reducing 'us vs. them' feelings between management and employees.

Similarly, share ownership had a limited impact on employee behaviour. Most employees agreed that share ownership facilitated 'indirect' behaviour such as encouraging more community spirit, encouraging each other to work harder. Importantly, most of the community spirit centred around the company's financial performance as employee-shareholders rejoiced together when the share price rose and commiserated when it fell. Most of these latter feelings were confined primarily to the majority employee-owned companies, where the employees as the sole owners felt a greater need to participate in the company and to ensure its financial viability. Very few employees felt that share ownership had much of an impact on 'direct' behaviour, such as making employees work much harder or providing an incentive for employees to stay with the company. Most employees were quite practical, especially in the harsh economic environment, and believed that if a much better financial opportunity arose at another firm, then shares were not an obstacle to accepting the offer.

Although share ownership generated mildly positive responses in terms of employee attitudes and behaviours, it also generated negative feeling in three main areas. First, some middle managers and supervisors became somewhat resentful of lower-level employee shareholders who they felt had become too arrogant in their share ownership and who they perceived as developing bad attitudes and poor work habits associated with increased feelings of status and authority. Second, a two-tiered system had arisen between some shareholders and non-shareholders in the employee buyouts, with some non-shareholders developing negative feelings toward shareholders who they viewed as too arrogant in their status as shareholders. Third, share ownership generated relatively high expectations and generally positive feelings among employees across all companies, who had become very disappointed – perhaps even more so because they were shareholders – with negative occurrences in the firm. The most notable negative occurrences in the case studies included the deunionisation effort and public offering in Broiler Co., Life Co.'s acquisition of majority control in Bank Co., the management-initiated consulting firm merger in Computer Co., and the replacement of the workers committee members with management sympathisers in Print Co.

Most employees made an effort to participate more in company decision-making by attending departmental and staff meetings, utilising communications channels, and playing a role in their departments. At the same time, the vast majority still felt that the available communication channels were unacceptable and that they were seldom, very seldom, or never consulted about important changes that affected their jobs. Most employee-shareholders believed that there should be greater employee investment in decision-making, but were somewhat unclear as to how this could be achieved. The exceptions were the two majority employee-owned companies, where employees had specific suggestions to improve the company's performance but faced difficulties because the management was not receptive to their suggestions. Although most employees blamed managers for the lack of employee involvement, they also blamed themselves for their fragmentation and lack of unity. Most employee-shareholders had also read the annual report and checked the share price at least once, although far fewer shareholders had attended the annual general meeting or voted (even by proxy). Employee shareholders had not attended or voted at the AGM largely because they found the meeting uninformative and felt their votes made little difference. This was more true in publicly-traded companies which had many shareholders, than in the employee buyouts.

Employee ownership facilitated various formal employee participation mechanisms such as employee representatives on the board of directors and union representation on the trust. These mechanisms were either neutral in their impact by not threatening the union or strengthened the union by facilitating increased access to management and strengthening the perceived strength of the union among its members. All of the unions kept collective bargaining separate from employee ownership, viewing shares almost exclusively as a positive, additional financial benefit. Most employee-shareholders did not view shares as having any impact on unions. At the same time, however, employees in companies with strong unions (Cement Co. and Bank Co.) thought shares had made the union stronger by providing an additional avenue for access to management. A few employees in companies with weak unions (Broiler Co. and Radio Co.) thought shares had made the union weaker by providing an additional method to bring employees closer to management and away from the union. Importantly, however, these latter employees were an extremely small minority. Since becoming shareholders, most employees had not changed their attitudes toward the union, viewing unions and shares as distinct entities. Very few employees thought that they should not take industrial action or strike as a result of share ownership. In sum, then, employee ownership had little to no impact on industrial relations or unions in the case study companies. This was so largely because unions kept share ownership separate from collective bargaining and because the participation mechanisms that arose from share ownership (e.g., ESOP trust representation) did not provide any meaningful involvement opportunities for employees or union officials.

Importantly, informal processes served to undermine many of the benefits that could traditionally accrue from formal participatory mechanisms associated with employee share ownership. In Print Co., formal employee involvement was moderately high with an elected general manager who sat on both the board of directors and the employee trust, as well as the presence of an elected workers committee that could meet with the board on many issues. At the same time, however, employees had no formal non-managerial representative on either the board or the trust. In addition, the management had taken steps to ensure that management-oriented workers sat on the workers committee after the initial slate of representatives – most of whom were former union delegates – resigned over the management's refusal to review the case of a dismissed employee. Similarly in Radio Co., formal employee involvement was relatively high with regular staff-wide meetings, an advisory committee, unionisation of slightly more than half the employees, and two elected employee representatives on the board of directors. Informal involvement was much lower, however, as employees and managers agreed that the advisory committee played a relatively insignificant role in company affairs and the employee representatives were managers themselves (who were elected based on number of shares, which skewed the results to wealthy managerial shareholders). In addition, the union played an active role almost exclusively in collective bargaining and not in other areas of the company or in the share ownership scheme.

In Bank Co., formal employee involvement was also relatively high as the vast majority of staff belonged to a powerful and active association and the staff association chairman sat on the company's board of directors. In addition, the staff association used its influence to affect workers voting of their shares, and the company had implemented other formal participation and programmes and employee communication mechanisms such as the TQM initiative and a regular newsletter. Informal involvement was much lower, however, as managerial employees dominated the leadership of the staff association (including the chairman who was the manager of a large branch of the bank) and the staff association did not possess any representation on the employee trust. Moreover, both managers and employees agreed that the TQM initiative focused primarily on customer service issues and did not facilitate substantive worker involvement. Similarly, in Broiler Co., unionised and non-unionised representatives sat on both the company's board of directors and several subsidiary boards, employee representatives had seats on the employee trust, and an historically strong union represented several skilled and unskilled employees. Employee involvement was still limited, however, because the unionised employees were fragmented throughout the company and thus had little interaction with their board representative and the non-unionised board representative did not have a staff association or other formal mechanism to solicit information from or distribute information to non-unionised employees. In addition, managers selected the ESOP trustees and the trust did not play an active role in corporate governance; and the company's unitarist approach had resulted in de-unionisation and a substantial weakening of the unions in several subsidiaries.

Similar stories obtained in both Computer Co. and Cement Co. In Computer Co., formal employee involvement was actually high as the employees had representatives on both the board of directors and the employees had representatives on both the board of directors and the employee trust, and were represented by an ESOP committee. Importantly, however, the management team had succeeded in usurping much of the authority that the ESOP trust and the board of directors possessed. In addition, the employees lacked an employee representative organization (they only had a shareholder organization). In contrast, Cement Co. employees had no employee representative on the company board of directors. Even though union representatives sat on the employee trust, the trust had no role in strategic decision-making – or in any other decision-making process outside of technical issues related to the share sale and eligibility. The union was also one of the most powerful among the six firms, but largely as a result of worker militancy and proclivity to strike. As a result, the union was strong but did not offer employees much say in strategic decision-making through shares or otherwise.

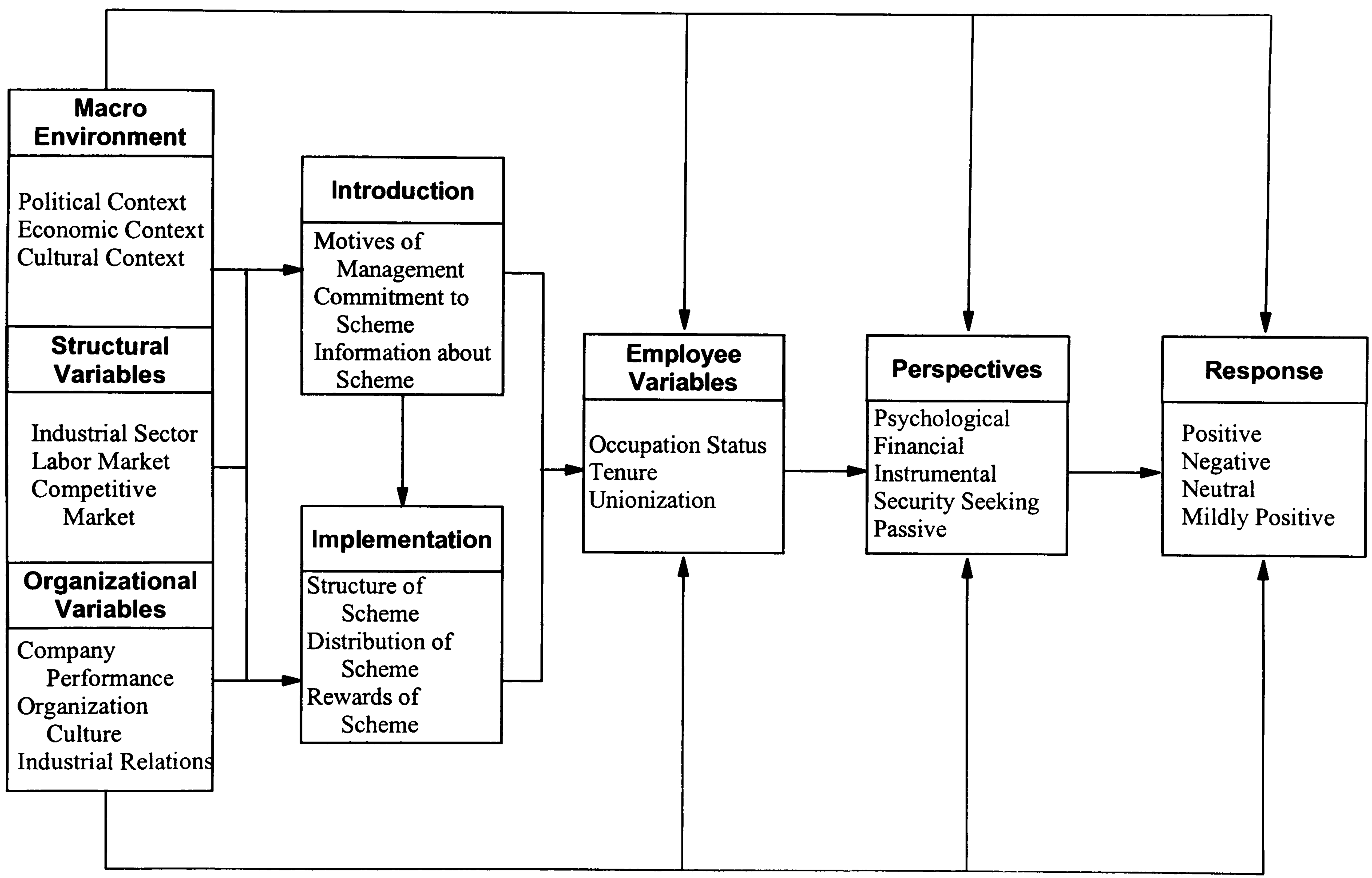
8.5. MODEL OF EMPLOYEE OWNERSHIP

This section seeks to outline a model of employee ownership based on the findings that emerged from the study. It first identifies the key variables that were either mentioned by respondents or that were obvious from respondent answers. It then places these variables into categories and attempts to draw connections among the variables. The model should serve as a heuristic device for both academics and practitioners in understanding more clearly the complex phenomenon of employee ownership and what factors both within and without the organizational context affect it the most.

The model has three critical elements (see Figure 9). First, one of the most important findings of this study is that employee ownership cannot be divorced from the larger social and economic context. Respondents frequently made reference to other variables as more important than or relevant to employee ownership. There are three primary variables that respondents mentioned directly or indirectly. These three variables – macro-environment, structural, and organizational variables – are collectively referred to herein as "environmental variables." The first variable is the macro-environment, which includes the political, economic, and cultural context. The overpoliticisation of the worker cooperatives by the socialist PNP in the 1970s, for example, was one of the reasons for the failures of that experiment. In addition, the decision to sell Print Co. to employees was a political decision by a formerly socialist government. In order to ensure that it did not fail, the government spent a great deal of money to ensure the continued viability of the business. The lack of political commitment to Computer Co. was also a major factor in explaining why that company eventually failed. The economic context is perhaps even most important, as most employees made reference to the difficult economic climate. The difficult economy largely explained, for example, why only a minority of respondents believed that share ownership made employees less likely to leave their jobs. In a tough economic climate, most employees sought the highest paying job and only a few employees (usually older workers with significant tenure) were so committed to their jobs that they felt they were less inclined to leave as a result of shares. The cultural context was also critical, particularly the historical concept of ownership and the historically poor management-labour relationship, both of which had their roots in plantation slavery. Few respondents believed, for example, that employee ownership reduced the 'us' vs. 'them' feelings in the company, with most citing the overwhelmingly strong directly or indirectly the history of poor management-labour relations in Jamaica.

The second variable includes structural factors such as the industrial sector, labour market, and competitive market of the business. The type of business helped to explain the extent of the impact of share ownership in some companies. Broiler Co., for example, was a diversified conglomerate with eleven subsidiaries. It was unlikely, therefore, that one or even a group of employees in one subsidiary would have any substantial impact on the bottom line of the organization. In contrast, in Print Co., which was in only one industrial sector (printing) and was a smaller company, one employee (any of a number of skilled employees) could have determined whether the company was profitable or not. The labour market is also a critical structural variable because the high unemployment rate in Jamaica means that employees are more concerned about getting and keeping their jobs than about almost anything else. As a result, the 'job security-seeking shareholder' discussed earlier featured more prominently in this study than in most other studies from more developed nations. The competitive market of the business is the final structural variable and is important because it was the most important factor in determining the financial success of almost all of the case study companies. All of the case study companies at some point existed in monopolistic or oligopolistic markets. All of them also faced the transition from protected to more competitive markets, a process that overshadowed almost all other variables in the organizational context and consumed the time and attention of most organizational actors (including union officials).

Figure 9: Employee Ownership Model



The third variable includes organizational factors such as the performance of the company, the organization culture, and the industrial relations climate in the company. The two most important of these variables were whether the company was publicly-traded or privately-held and how the company performed. The shift to public status in Broiler Co., for example, upset several employees who felt that the close, special family atmosphere had been undermined with the presence of new shareholders external to the firm. In addition, the high satisfaction rate among Cement Co. employees (the highest of the six companies) is explained in large part because many employees had made windfall profits on their shares. The share price increased in Cement Co. because the company's shares were traded on the Jamaican Stock Exchange and investors had bid the share price up when the company's performance improved. The organization culture was also a critical variable in affecting employee perceptions. The religious culture in Broiler Co., for example, was important to the initial success of the Broiler Co. scheme, the first in Jamaica. In explaining why they sold shares, the Broiler Co. management pointed to the principles of Christ of sharing wealth, an argument accepted by most employees who had seen the very strong Christian principles of the company in practice since its founding decades earlier. The industrial relations climate is a third critical organizational variable. The poor industrial relations climate in Print Co., for example, blunted some of the support for employee ownership among certain respondents who felt that as owners they should have been treated much better. Similarly, the lack of a union or other representative organization for employees in Computer Co. contributed to the frustration and lack of outlets for employees to vent their concerns and anger to the new CEO.

The second element of the model is the notion that the method in which employee ownership is implemented is critical. Two phases of implementation are relevant: the introduction of employee ownership and the implementation of employee ownership. Importantly, the environmental variables described above also affect both the introduction and the implementation of the scheme. The macro-environmental, organizational, and structural variables all have an impact on how managers introduce and implement ownership plans. The first phase (the introduction of employee ownership) refers to the motives of management, employees, or unions in introducing employee ownership; management commitment to the scheme; and the extent and quality of information disseminated to employees. The motives are important because they determine to a great degree how employees perceive the ESOP. The fact that the government played a critical role in implementing the scheme in all six case studies minimized charges of management manipulation because management was simply following orders. Management commitment is critical, however, as the lack of management commitment to employee ownership in Computer Co. is one of the variables that explained the high levels of dissatisfaction prior to its closure. The extent and quality of information disseminated also had a large impact on the high participation rates in both Cement Co. and Bank Co., and played a critical role in managing expectations. Many employees did not understand that shares were risky investments and when the stock price fell, many employees became upset. Better information about the riskiness of shares to all employees would have helped to mitigate somewhat the downside effects.

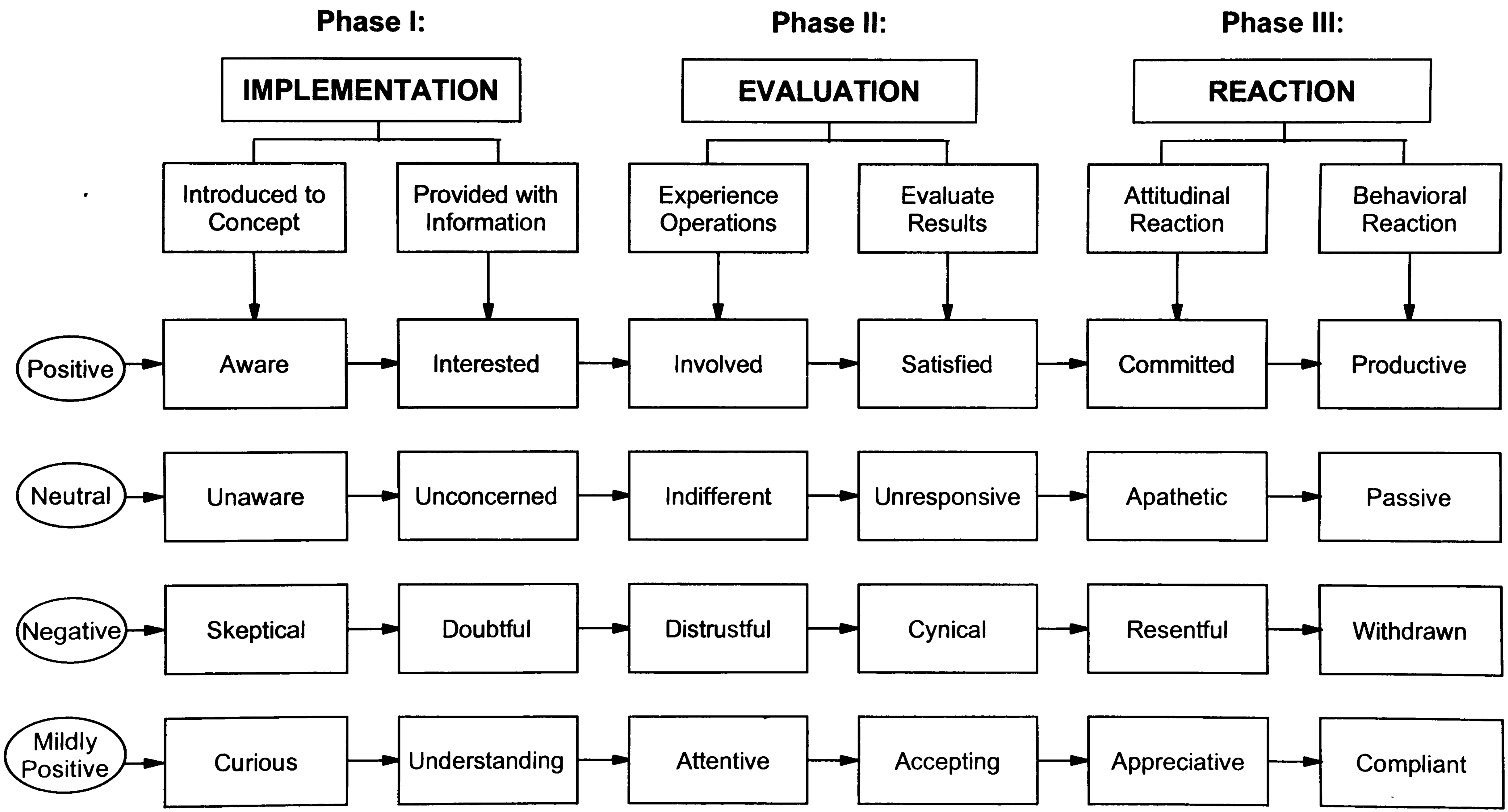
The second phase is the implementation of employee ownership, which refers to the structure of the scheme, the distribution of the scheme, and the rewards that the scheme offers. The most important of these variables is whether employees acquire a majority of shares or not. As noted, psychological feelings were strongest in the majority employee-owned companies, Computer Co., Print Co., and Bank Co. (prior to the purchase by Life Co.). The financial structure of the scheme is also critical, however, because many employees viewed shares as a financial reward and thus evaluated shares from a financial perspective. The structure of the scheme is therefore important. The fact that the employee ownership plan was compulsory at first in Radio Co., for example, generated tension and mild opposition from several employees and the union. The distribution of the scheme is also important. Many employees in Print Co. and Bank Co. commented disfavourably on the extent to which they viewed the employee ownership schemes as skewed towards managers. The rewards of the scheme are also critical in determining participation levels and employee reactions. The generous features offered to employees ensured high participation levels in Bank Co. and Cement Co. Several respondents also mentioned the generous terms of the scheme as a reason for liking share ownership. Like a year-end bonus or other financial compensation mechanism, a generous share ownership plan can generate positive effects financially.

The third element of the model is the response to employee ownership by employees. The response is dependent on what kind of employee is responding (i.e., the occupational status, the tenure, and the unionized status of the employee). As noted, senior managers across the board supported shares more than did employees and believed that shares had far more positive effects than did employees. Middle managers were more negative than both senior managers and employees about share ownership because of the difficulties of directly managing employees who felt that their significance had increased because they had become owners. Positive views were also more prevalent and stronger among older employees and those with longer tenure in the company. In general, the differences between unionised and non-unionised employees were not very significant. Importantly, however, there were some key differences. For example, whereas no unionised employee had become less supportive of unions as a result of share ownership, at least 10% of non-unionised respondents had become less supportive.

Employees responded through five "perspectives". First, employees had psychological responses that were based on increased feelings for and attachment to the company. Second, financial responses were based on the increased short-term and long-term financial gains that employees felt arose from share ownership. Third, instrumental responses were based on the increased feelings of participation and involvement in decision-making that employees felt arose from share ownership. Fourth, job security-seeking employees focused on the employment security that share ownership provided. Fifth, passive employees had no particularly strong feelings about shares.

Figure 10 expands on the model and specifically on the "employee reaction" element of the employee ownership model. I categorise employee reaction as a process that can be divided into three conceptual phases, each of which involves important variables. First, at the <u>implementation</u> phase, employees are introduced to the concept of employee ownership and are provided with information. Second, at the <u>evaluation</u> phase, employees experience the operations of employee ownership and begin to evaluate the results. Third, at the <u>reaction</u> phase employees respond to employee ownership both attitudinally and behaviourally.

Figure 10: Employee Response to Employee Ownership



The three main responses are labeled "positive", "negative" or "neutral". These labels generate a certain kind of response at each phase of the employee reaction process. At the implementation phase, the "positive" response was awareness about and interest in employee ownership, the "negative" response was skepticism and doubt about employee ownership, and the neutral response was a lack of knowledge or concern about employee ownership. At the evaluation phase, the "positive" response was involvement in and satisfaction with the operation of the scheme, the "negative" response was distrust and cynicism about the scheme, and the "neutral" response was indifference and unresponsiveness to the scheme. At the reaction phase, the "positive" response was greater commitment and productivity, the "negative" reaction was resentment and withdrawal, and the "neutral" response was apathy and passivity.

Most older, senior employees and managers fitted into the "positive" category. Very few employees fitted into the "negative" category, although several middle managers, supervisors, and a few disenchanted employees fell into this group. A larger number of employees fell into the "neutral" category. These categories are not unsurprising and can be identified (although with different labels) in the existing literature. An interesting feature that emerged from the research was a response from the vast majority of employees that did not quite fit into any of the three categories. This "actual" category was not wholly "positive" or "neutral", but had elements of both and can best be described as "mildly positive". At the implementation phase, the "mildly positive" response was curiosity and general – not detailed – understanding about employee ownership. At the evaluation phase, the "mildly positive" response was attentiveness to and acceptance of the employee ownership scheme. At the reaction phase, the "mildly positive" response was appreciation for employee ownership and general behavioral compliance. These respondents appreciated share schemes, thought positively about them, were generally satisfied with the scheme, but felt that the schemes had little to no impact on most employee attitudes or on the industrial relations climate.

8.6. IMPLICATIONS OF THE FINDINGS

In addition to creating an analytic framework for better understanding employee ownership (particularly in emerging economies such as Jamaica) this dissertation was aimed at providing practical guidance to managers, union officials, public sector administrators and employees interested in implementing or improving ESOPs. This section uses the case study data to outline areas where practitioners may wish to focus.

The process of establishing and implementing ESOPs can be divided into three basic phases. First, the introduction phase (when the decision is taken to implement an ESOP, what kind of ESOP is implemented, and the way in which the decision is formally communicated to employees). Second, the implementation phase (how, when, and under what conditions employees actually acquire shares and participate in any accompanying decision-making institutions). Third, the experience phase (how the ESOP operates over time, how the stock performs, how decision-making institutions operate, and so on).

The first phase is perhaps the most critical because it determines the structure and form of the ESOP and because it creates the expectations regarding the ESOP. Companies implement ESOPs for many reasons, but managers should be careful not to have too high expectations of ESOPs. ESOPs serve many roles, but the two most important are a means of compensation and a motivational mechanism. In Jamaica, because of the difficult economic climate, most employees justifiably focused on the compensation aspect of employee ownership. Managers should keep in mind that the compensation aspect is central to most employees, particularly lower-wage employees. In addition, because of the historical understanding of ownership among many Jamaicans – as having exclusive control and dominance – the concept of shared ownership inherent in shares is an area fraught for misunderstanding and mismanaged expectations.

In addition to keeping the three phases in mind, several elements about the ESOP need to be stressed. First, the company should be very honest and clear in why the ESOP is being implemented because of the historically poor management-labour relations and the suspicions that employees have about "new" management actions. This openness is particularly critical if the company is receiving tax incentives for implementing the ESOP. Employees may become very cynical if they are told the shares are to help them and encourage them to work harder, but later find out that the company is also receiving tax incentives and was implemented to assist in the company's financial gain. In Broiler Co., for example, numerous individuals were highly skeptical about the management's motives for implementing ESOPs because they perceived a disconnection. The disconnection was between what was told to them (shares were implemented out of Christian principles) and what they "heard through the grapevine" about the real reasons for implementing employee ownership (to avoid nationalization by the government). In this case, a clear statement in the management's belief that companies should be owned by individuals (including employees) and not government would have largely avoided the negativity surrounding the failure to be explicit about its motivations. Similarly, if a firm does receive tax benefits under the proposed ESOP law, it should communicate the other benefits and advantages of employee ownership. It should also make clear, however, that the company's performance is also enhanced because of the tax benefits available, benefits which now are shared among all shareholders, including employees.

Second, the company should stress the potential advantages of shares, but should be very explicit about the limitations and risks of owning shares. Managing expectations is critical to avoid the cynicism and disappointment that results when individuals experience the ESOP and find it less than they had expected or desired. Managers can avoid these difficulties by emphasizing that share ownership does not confer any meaningful control rights to employees. Some employees, particularly in the employee buyouts, believed that they would be "running their own show" and were profoundly disappointed when the management structure and their role in decision-making was not much greater than before the buyout. In addition, the financial risks of owning shares should be very clear to employees. Many employees in Cement Co., for example, simply did not believe that the shares could lose value and became very upset when they did. In the selling campaign to ensure a high participation level, the company probably went too far in selling the advantages of share ownership without adequately disclosing the risks (including a complete loss of all invested capital if the company goes bankrupt).

Third, the company should make clear exactly how the ESOP operates: how, when, where, and on what terms employees can acquire shares. One of the most interesting findings from the study was that these practical details often prevented individuals who would have like to have acquired shares from doing so. In addition, employees became upset because they felt they did not have enough information about how the ESOP worked. The lack of information in some situations translated into employees believing that the company was deliberately trying to avoid employees from getting shares. Again, these negative sentiments surrounding shares are unnecessary, are avoidable, and can undermine the positive effects that employee ownership could have if implemented carefully and associated with appropriate management policies.

Fourth, the company should involve unions and key employees in the design of the ESOP. Involvement is critical because employees will typically feel more comfortable knowing that their peers or representatives have "vetted" the structure and thus feel that the structure is relatively fair in representing their interests. This involvement is particularly critical in the one area where fairness can cause substantial negative animosity among employees: how shares are distributed. In both employee buyouts, the senior managers held the vast majority of the shares available to employees, and some lower-level employees were resentful, feeling that the managers had simply used the ESOP as a vehicle to further their own selfish objectives. By including union officials or other employee representatives in the design of the process, this criticism can be mitigated. The criticism can also be mitigated by minimizing discretion in changing rules and involving unions and key employees in any decision to change, modify, or implement the rules. Basing the allocation of shares on a clear formula based on salary or length of service reduces the criticisms that arise when shares are allocated based on an esoteric formula or on the subjective decisions of a few individuals.

Fifth, it is critical for the company to actually have a communication strategy that involves both extensive dissemination of written materials as well as meetings and other oral sessions where employees are allowed and encouraged to ask questions and provide feedback. Many respondents in interviews – in every case study company – had very little knowledge about what shares were, how they operated, and how the ESOP plan in the company worked. This lack of knowledge resulted in poor responsiveness among certain employees and certain misguided and potentially destructive views. For example, some employees felt that shares were absolutely safe investments and could only go up, not down. When the prices fell in several companies, this fact caused severe distress and difficulties among several employees, who "blamed" the management, not only for the fall in share price, but also for not informing them that the share price could fall at all.

Sixth, managers should be open to employees about changes in company policy and to the shares themselves. Although most of these suggestions have focused on the introduction and implementation phases of ESOPs, the experience phase is perhaps the most ignored but the most critical. Employees respond differently to changes in the company or to their shares (e.g., bonus issues, share price increase, etc.). Managers should be very clear up front – and when the change is happening, as well as afterwards – why the change is taking place, what management thinks about and is doing about it, and what management thinks the end result will be. Substantial care must be taken, however, not to overpromise or underpromise. For example, if the price is falling, it becomes even more important for management to discuss what stock exchange, macroeconomic, or company variables are affecting the stock price. Managers increasingly are spending time explaining to investment analysts – through conference calls, advertisements, meetings, etc. – what is happening to the stock price of their companies. This effort with analysts should include employees as much as possible or, in private employee-owned companies that have no stock analysts, should be targeted at employees specifically.

In general, then, this study has identified several factors that may inhibit or facilitate the success of an employee ownership plan:

(1) Factors that may facilitate employee ownership:

(a) participation by management, unions, and employees in implementation
(b) top-level management commitment to employee ownership philosophy
(c) facilitating ease of access to acquiring shares
(d) employee support of employee ownership
(e) frequent management feedback of economic results
(f) sharing of management-level and other information
(g) a participatory culture reflected in management attitudes and behaviour
(h) communication of rewards and responsibility of employee ownership
(i) collaborative management-labour relations
(j) strong company performance and increase in share price
(k) positive external economic environment

(2) Factors that may inhibit employee ownership:

(a) employee or union opposition to employee ownership
(b) lack of managerial support, commitment, or philosophy
(c) limiting ease of access to acquiring shares
(d) limited employee control over the extent of ownership reward
(e) unrealistic management or employee expectations
(f) middle management opposition or adjustment difficulties
(g) poor management-labour relation
(h) a non-participatory culture reflected in management attitudes and behaviour
(i) lack of communication and information sharing
(j) poor company performance and decline in share price
(k) negative external economic environment

8.7. OVERVIEW OF ESOPS IN JAMAICA

As noted, the Jamaican Parliament passed the ESOP Act in 1994. The Act provided companies with various tax incentives to implement ESOPs so long as those ESOPs met certain technical requirements. Several of these requirements stand out. First, no employee can receive more than 10 times the number of shares on any other employee participating in the plan for a given year. Second, at least 50% of all eligible employees must participate in the ESOP in each year. Third, the top paid 30% of employees cannot own more than 70% of the total assets of the plan. The Act did not require that employers give shares to employees for free, but granted additional deductions on loans that the company makes to employees to assist them in acquiring shares under the ESOP. These features and technical requirements were established to encourage the adoption of ESOPs with broad membership, to ensure fairness in the implementation of the ESOP, and to prevent companies from creating "sham" ESOP structures solely to take advantage of the generous tax incentives.

The programme started out quite well with the Inter-American Development Bank (IDB) providing the government with a generous grant to finance educational workshops and training seminars. These organizational efforts were designed to raise awareness about ESOPs and to encourage companies to take advantage of the tax incentives and implement ESOPs in a responsible manner. Importantly, none of the ESOPs examined in this study fulfilled all the technical requirements of the ESOP law and thus all of the companies had to follow the procedure for companies without ESOPs. In addition to financing public relations and educational seminars, the IDB also provided funds to companies and unions to help write proposals for the implementation of ESOPs. These funds existed for a short period (three years), however, and very few companies availed themselves of this funding before it was withdrawn at the end of the specified period.

In July and August 1999, I interviewed the senior officers responsible for the ESOP programme to determine the success of the programme to date. The programme was run out of two government departments: an ESOP Unit in the Income Tax Department in the Ministry of Finance and an ESOP Investigative Unit in the Ministry of Labour. The ESOP Unit in the Tax Department was responsible for reviewing and then approving (or declining) all companies that apply for ESOP tax relief. Importantly, companies were free to implement ESOPs without state sanction – these companies simply receive no tax concessions. The ESOP Investigative Unit in the Ministry of Labour was responsible for administering the ESOPs once they were operational and in handling any disputes or difficulties that arose, especially among ESOP participants.

According to the interviews, between 1994 and mid-1999, the Income Tax Department had received only fourteen applications from companies for ESOP approval. Of these fourteen, half (seven) had been approved. The seven that had not yet been approved were inadequate and required further information so that the ESOP Unit in the Income Tax Department could be sure that the ESOPs were in full compliance with the Act. Five of the seven companies that had been approved were some of the largest companies in Jamaica. Three of these were multinationals: Cable and Wireless (Jamaica), Canadian Imperial Bank of Canada (CIBC) Jamaica, and Bank of Nova Scotia

(Jamaica). The other two large companies were relatively new financial services entities that both prided themselves on their cutting edge human relations. Dehring, Bunting and Golding (founded in 1991) and Jamaica Money Market Brokers (founded in 1992). The final two companies were both smaller entities. One was a case study examined in this dissertation, Print Co., and the other was a small agricultural spice company called Green Island Estate. These seven companies had approximately 5,000 employees.

The ESOP Investigative Unit in the Ministry of Labour has been, in the words of the legal officer who has responsibility for the ESOPs, "fairly dormant". Since the approval of the seven ESOPs, the Ministry has received only one complaint. Interestingly, that complaint came from an employee in Print Co. who complained that he was not adequately involved in the decision-making process at the company. The worker complained that he should have been at the board meeting because he was a trustee of the ESOP. The Ministry explained that the process for appointing members to the board was a vote of the shareholders and that the worker needed to seek support from among the shareholders and have a shareholder introduce a resolution recommending that he be appointed to the board. I re-visited Print Co. and, at the time of writing, the employee had not sought to have such a resolution passed and was still not a member of the board.

The interviews with the ESOP officials were instructive because these officials were the individuals responsible for administering the ESOPs. These officials are those with whom both employers and employees – prospective and current members of ESOPs – would interact if they worked with the Income Tax Department or ESOP Investigative Unit in the Ministry of Labour. The most prevalent message among officials in the ESOP Investigative Unit was that there was insufficient dialogue between management and workers regarding the workings of the ESOP. One official argued that "companies need to sit down and explain to workers what it means to involve them in the process." This dialogue was particularly important because "employees don't recognize that being a part-owner means owning just 5% or 10% of the company; the employees are under the misperception that they are entitled to a greater involvement in decision-making."

In the Income Tax Department, several important views were held among the officials. First, and perhaps most importantly, the officials felt that the ESOP Act was too "complex" and "unwieldy." They believed that it was difficult for companies to both understand and afford to comply with the complex legal requirements. The high legal cost arose because ensuring strict compliance with the act required the use of a lawyer to write the ESOP agreement to ensure compliance with the act. Second, the officials believed that there was a major reluctance on the part of business owners to establish ESOPs. This reluctance arose, they believed, because the owners didn't want to open their books to workers and because the owners had a long history of exercising tight control and ownership without sharing with anyone outside of family members. Thus, "owners of companies are not really interested. They don't want workers to be part of their concern." Third, the officials believed that the ESOP should be designed to encourage long-term savings and participation by employees. Several officials lamented the fact that the ESOP only required employees to hold shares for a limited time before they could sell the shares. One official drew a parallel to the American ESOP:

> Our ESOP is a bit different from the American ESOP. Theirs is a pension fund, ours is not. It is a long-term thing, but not really a pension fund. Employees can withdraw their money after a certain period. [The employees] should really let [their shares] stay [in the ESOP], but it is theirs and they know what they want to do with it. A company needs all the capital it can get. The more you put back in the company, the more valuable it is.

8.8. STUDY LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Although this study has attempted to make a significant contribution to the understanding of the impact of employee ownership in the Jamaican context, it has several limitations. First, the study involved an examination of six employee-owned companies and did not involve a control group of any kind which would provide comparison to identify in what ways these companies differed from other companies in Jamaica. Although the nature of the results should be sufficient to determine how employees responded to share ownership, it might have been interesting to see the extent to which these employee views differed from those of employees in other Jamaican companies. Such a comparison would have been difficult, if not impossible, to make since companies are so different in a myriad of complex ways. Future researchers may want to consider finding ways to identify control groups (of similarly-sized companies in the same industry, for example) to strengthen the findings.

Second, the various changes that have occurred in recent years and even while the research was progressing indicate that a longitudinal study over a period of several years (as opposed to several months) may yield valuable results. Since these employee schemes were implemented in the past (up to twenty years ago in one case), the results were based primarily on recollections of participants. Given the small number of employee-owned companies in Jamaica, this was an unfortunate reality that could not be avoided. At the same time, however, future researchers may want to consider identifying companies that are about to implement share schemes (under the ESOP Act) and to conduct a longitudinal study to examine how employees respond to the share scheme over time. In addition, the ESOP legislation provides another variable because companies have a financial motivation for implementing the scheme, which may have a significant impact on the way the scheme is implemented and the way in which employees respond.

Third, this research suffered from various difficulties discussed in chapter 2 that may have influenced or biased the results. First, the increased awareness and dialogue about employee share ownership as a result of the passage of the ESOP legislation, which was prominently featured in the popular press. Second, the serious upheaval in the industrial relations climate in Jamaica during late 1994, throughout 1995, and which continued well into 1996 that included a company-wide strike in one of the case study companies, Bank Co. Third, the erratic movement of the stock market affected the share prices of the four publicly-traded companies on different days, which usually resulted in different responses from employees depending on how well the stock was doing. Fourth, the various efficiently and competitiveness drives in almost all the companies were at the forefront of the minds of most employees and managers who were very concerned and worried about the future of their employment. These difficulties can only be remedied in future research by doing a cross-national study or by conducting a longitudinal study.

This study provided a general overview of the impact on employee-owned firms in Jamaica by using six cases. Future research may want to focus on several of the interesting topics or issued raised in the study. Several areas exist for greater specialisation. First, researchers may wish to focus on just one company – particularly a company with a well-running ESOP – and conduct an even more intensive investigation of the impact of employee ownership. Second, researchers may wish to examine how unions interact with employee ownership, particularly when the company is deunionising. Third, researchers may wish to investigate middle manager and supervisor resentment toward "uppity" lower-level employees with shares as well as the tension between shareholders and non-shareholders in employee buyout companies. Third, researchers may wish to examine how informal processes serve to undermine formal participatory mechanisms, such as employee directors. Other topics are also possible areas for more focused investigation. This study should serve as a valuable first step in such efforts.

8.9. CHAPTER SUMMARY

This study sought to examine the effects of share ownership on employee attitudes, behaviour, participation, and industrial relations in Jamaican companies. Theoretically, ESOPs are dualistic in that they can serve as a tool of managerial control and yet can also facilitate a substantive transfer of control to employees. The findings from the case studies of six employee-owned firms in Jamaica indicate that employee ownership does not serve either goal fully. The ESOPs studied did not facilitate a significant transfer of control to employees largely because of entrenched managerial attitudes and practices and the desire by unions to keep shares separate from collective bargaining, viewing shares solely as an extra financial benefit. At the same time, employees were more involved in decision-making – through employee directors, access to financial information, and the like – than were employees in most other Jamaican companies. Although employees appreciated shares – primarily for their financial benefits – employee attitudes and behaviours were not altered in any significant way as a result of share ownership. Employees became more interested in the financial performance of their shares and the company itself as a result of owning shares, but these feelings did not translate into significant positive feelings towards the company or management-worker relations. Indeed, shares sometimes served a negative role – particularly in majority employee-owned firms – of heightening the expectations among shareholders for greater involvement in decision-making, which strengthened levels of cynicism among those employees who had a cultural and historical understanding of "ownership" as meaning far more involvement than shares actually offer. Properly structured, however, ESOPs have at worst a neutral impact in the workplace, and can serve to strengthen the bonds of those employees already committed to the company.

SELECT LIST OF NON-PARTICIPANT INTERVIEWS

ANTHONY BOGUES
Former Consultant to the Government of Jamaica on ESOPs and ESOP Trainer

BARBARA BRAGG
Director of the ESOP Secretariat, Ministry of Finance

PETER BUNTING
Former President of the National Investment Bank of Jamaica (ESOP Implementor)

MARK GOLDING
Former Legal Adviser to the Government of Jamaica on the ESOP Legislation

LLOYD GOODLEIGH
General Secretary of the National Worker's Union (NWU)

BETTY ANN JONES
Former Financial Consultant to the Government of Jamaica on ESOPs

LUE ANN MAHARAJ
Former Director of the ESOP Unit, National Investment Bank of Jamaica

MICHAEL MANLEY
Former Prime Minister of Jamaica
Former Island Supervisor of the National Workers Union (NWU)

VINCENT MORRISION
Island Supervisor, Bustamante Industrial Trade Union (BITU)

DR. TREVOR MUNROE
President, University and Allied Workers Union (UAWU)

DENNIS PATTERSON
Financial Consultant to the Government of Jamaica on ESOP Implementation

DANNY ROBERTS
Vice-President, National Workers Union (NWU)

MARVA PRINGLE-XIMMINES
Director of ESOPs, Ministry of Labor

RUDYARD SPENCER
President, Bustamante Industrial Trade Union (BITU)

DEBRA WILMOT
Legal Officer, ESOP Unit, Ministry of Labour

BIBLIOGRAPHY

Abell, P. and Mahoney, N. (1988) Small-scale Industrial Producer Co-operatives in Developing Countries, Oxford: Oxford University Press.

Abromeit, H. (1988) "British privatization policy," Parliamentary Affairs, 41, 68-85.

Adam, A., Cavendish, W., and Mistry, P. (1992) Adjusting to Privatization: Case Studies from Developing Countries, London: James Currey.

Aitken, M. and Wood, R. (1989) "Employee stock ownership plans: issues and evidence," The Journal of Industrial Relations, 31, 147-68.

Aldridge, C. (1992) "Jamaica Broilers share issue: a product of a new journey," Financial Gleaner, May 26, 21.

Alexander, G. (1999) "Share and share alike," Director, 52, 25-26.

Allen, C., Cunningham, C. and McArdle, L. (1991) Employee Participation and Involvement into the 1990's, New York: Jim Conway Foundation.

Anderson, P. (1987) "Informal sector or secondary labour market? Towards a synthesis," Social and Economic Studies, 36, 149-176.

Anderson, P. and Gordon, D. (1989) "Labour and mobility patterns – the impact of the crisis," in G. Beckford and N. Girvan (eds.), Development in Suspense, Kingston: Association of Caribbean Economists.

Angle, H. and Perry, J. (1981) "An empirical assessment of organizational commitment and organizational effectiveness," Administrative Science Quarterly, 10, 1-13.

Angle, H. and Perry, J. (1986) "Dual commitment and labour-management relationship climates," Academy of Management Journal, 29, 31-50.

Anonymous (1998) "Are ESOPs too much of a good thing," Corporate Finance, 165, 4.

Argyris, C. (1957) Personality and Organization, New York: Harper and Row.

Aufhauser, R. (1973) "Slavery and scientific management," Journal of Economic History, 32, 811-24.

Ayub, M. (1981) "Made in Jamaica: the development of the manufacturing sector," World Bank, A World Bank Staff Occasional Paper, 31, World Bank.

Bacharach, S. (1989) "Organizational theories: some criteria for evaluation," Academy of Management Review, 14, 496-515.

Baddon, L., Hunter, L., Hyman, J., Leopold, J. and Ramsay, H. (1989) Peoples' Capitalism: A Critical Analysis of Profit Sharing and Employee Share Ownership, London: Routledge.

Bado, J. and Logue, J. (1991) "Hard hats and hard decision," Journal of Employee Ownership Law and Finance, 3, 3-44.

Bailey, J., Schermerhorn, J., Hunt, J. and Osborn, R. (1992) "Managing organizational behaviour," Basic Attributes of Organizations, 4, 283-307.

Bakan A. (1990) Geology and Class Conflict in Jamaica: the Politics of Rebellion, Montreal: McGill-Queen's University Press.

Baldridge, J. (1971) Power and Conflict in the University, New York: Wiley.

Barker, R. and Camarata, M. (1998) "The role of communication in creating and maintaining a learning organization: preconditions, indicators, and disciplines," Journal of Business Communication, 35, 443-67.

Batstone, E., Ferner, A. and Terry, M. (1983) Unions on the Board, Oxford: Blackwell.

Bayat A. (1991) Work, Politics, and Power: An International Perspective on Worker's Control and Self-Management, London: Zed Books.

Beaumont, P. and Harris, R. (1995) "The pattern of diffusion of employee share-ownership schemes in Britain: some key findings," The International Journal of Human Resource Management, 6, 392-407.

Beckford, G. (1972) Persistent Poverty: Underdevelopment in Plantation Economies of the Third World, London: Zed Books.

Beckford, G. and Witter, M. (1982) Small Garden ... Bitter Weed, The Political Economy of Struggle and Change in Jamaica, Kingston: Maroon Publishing House.

Bell, W. and Hanson, C. (1984) Profit Sharing and Profitability: How Profit Sharing Promotes Business Success, London: Kogan Page.

Bellas, C. (1972) Industrial Democracy and the Worker-owned Firm: A Study of Twenty-One Plywood Companies in the Pacific Northwest, New York: Praeger.

Berman, K. (1982) "The worker-owned plywood cooperatives," in F. Lindenfeld and J. Rothschild-Witt (eds.), Workplace Democracy and Social Change, Boston: Porter Sargent.

Ben-Ner, A. and Estrin, S. (1991) "What happens when unions run firms? Unions as employee representatives and as employers," Journal of Comparative Economics 15, 65-87.

Ben-Ner, A. and Jones, D. (1995) "Employee participation, ownership, and productivity: a theoretical framework," Industrial Relations, 34, 532-54.

Bennett, R. (1983) Management Research Guide for Institutions and Professionals, Geneva: Free Press.

Bernstein, P. (1979) Workplace Democratization: Its Internal Dynamics, New Brunswick: Transaction Books.

Best, M. and Forrant, R. (1994) "Production in Jamaica: transforming industrial enterprise," in P. Lewis (ed.), Jamaica: Preparing for the 21st Century, Kingston: Ian Randle.

Bhaggan, M. (1989) "Management and the labour movement," Caribbean Labour Series, Caribbean Institute of Social Foundation, 15, 26-39.

Biddle, W. (1993) Business Elites, the State and Development: Jamaica in Comparative Perspective, Unpublished Ph.D. Dissertation, Brown University.

Black, C. (1983) A History of Jamaica, Trinidad: Longman Caribbean.

Blasi, J. (1988) Employee Ownership: Revolution or Ripoff? Cambridge: Ballinger Press.

Blasi, J. and Kruse, D. (1991) The New Owners: the Mass Emergence of Employee Ownership in Public Companies and What it Means to American Business, New York: Harper Business.

Blau, P. and Scott, W. (1962) Formal Organizations: A Comparative Approach, San Francisco: Chandler.

Bolman, L. and Deal, T. (1987) Modern Approaches to Understanding and Managing Organizations, San Francisco: Jossey Bass.

Boxill, I. "The limits of rational organizational theory: ideas for managing Caribbean organizations," in N. Cowell and I. Boxill (eds.), Human Resource Management: A Caribbean Perspective, Kingston: University of the West Indies Canoe Press.

Bradley, K. (1986) "Employee-Ownership and economic decline in Western industrial democracies," Journal of Management Studies, 23, 51-71.

Bradley, K. and Gelb, A. (1987) "Co-operative labour relations: Mondragon's response to recession," British Journal of Industrial Relations, 25, 25 – 96.

Bradley, K. and Nejad, A. (1989) Managing Owners: the National Freight Company Buy-out in Perspective, Cambridge: Cambridge University Press.

Bradley, K., and Estrin, S. (1992) "Profit sharing in the retail trade sector: the relative performance of the John Lewis Partnership," Journal of Industrial Economics, 40, 277-90.

Brett, J., Cron, W. and Slocum, Jr., J. (1995) "Economic dependency on work: a moderator of the relationship between organizational commitment and performance," Academy of Management Journal, 38, 261-71.

Brown, A., and Starkey, K. (1994) "The effect of organizational culture on communication and information," Journal of Management Studies, 31, 807-28.

Brown, N. (1995) "Compensation management under inflationary conditions," in N. Cowell and I. Boxill (eds.), Human Resource Management: A Caribbean Perspective, Kingston: University of the West Indies Canoe Press.

Buchanan, J. (1998) "ESOPs: want employees to think and act like owners? Then give them stock and make them owners," Office Systems, 15, 16-8.

Buchko, A. (1992a) "Effects of employee ownership on employee attitudes: a test of three theoretical perspectives," Work and Occupations, 19, 59-78.

Buchko, A. (1992b) "Employee ownership, attitudes, and turnover: an empirical assessment," Human Relations, 45, 711-33.

Buchko, A. (1993) "The effects of employee ownership on employee attitudes: and integrated causal model and path analysis," Journal of Management Studies, 30, 633-57.

Burgess, R. (1982) "Multiple strategies in field research," in R. Burgess (ed.), Field Research. A Sourcebook and Field Manual, London: MacMillan.

Burzuwa, S. (1998) "Corporate management in an employee-owned company: there's more than one way to be participatory," Employee Benefit Plan Review, 53, 56-60.

Caldwell, D., Chatman, J. and O'Reilly, R. (1990) "Building organizational commitment: a multi-firm study," Journal of Occupational Psychology, 63, 245-61.

Carter, K. (1989) The Structure of Worker Dissatisfaction in Jamaica, Unpublished Manuscript, University of the West Indies.

Carter, K. (1997) The Worker in a Developing Economy: A Case Study of Jamaica, London: MacMillan.

Caudron, S. (1998) "The only way to stay ahead," Industry Week, 247, 98-102.

Chaplinsky, S., Niehaus, G. and Van de Gucht, L. (1998) "Employee buyouts: causes, structure, and consequences," Journal of Financial Economics, 48, 283-332.

Charles, K. (1994) "TQM and Caribbean Culture," in N. Cowell and I. Boxill, Human Resource Management: A Caribbean Perspective, Kingston: University of the West Indies Canoe Press.

Clegg, H. (1963) A New Approach to Industrial Democracy, Oxford: Blackwell.

Clegg, H. (1979) The Changing System of Industrial Relations in Great Britain, Oxford: Blackwell.

Cohen, M. and March J. (1974) Leadership and Ambiguity: The American College President, New York: McGraw-Hill.

Cole, G. (1975) "Collectivism, syndicalism, and guilds," in J. Vanek (ed.), Self-Management: Economic Liberation of Man, London: Penguin.

Comeau, Y. and Lévesque, B. (1993) "Workers' financial participation in the property of enterprises in Québec," Economic and Industrial Democracy, 4, 233-50.

Conte, M. (1982) "Participation and performance in U.S. labour-managed firms," in D. Jones and J. Svejnar, Participatory and Self-Managed Firms: Evaluating Economic Performance, Lexington: Lexington Books.

Conte, M. (1994) "Economic research and public policy toward employee ownership in the United States," Journal of Economic Issues, 28, 427-37.

Conte, M. and Svejnar. J. (1988) "Productivity effects of worker participation in management, profit-sharing, worker ownership of assets and unionization in U.S. firms," International Journal of Industrial Organization, 6, 139-51.

Conte, M. and Svejnar, J. (1990) "The performance effects of employee share ownership plans," in A. Blinder (ed.), Paying for Productivity: a Look at the Evidence, Washington, DC: Brookings Institution.

Conte, M. and Tannenbaum, A. (1978) "Employee owned companies: is the difference measurable?" Monthly Labour Review, 101, 23-8.

Cook, J. and Wall, T. (1980) "New work attitude measures of trust, organizational commitment and personal need fulfillment," Journal of Occupational Psychology, 53, 39-52.

Cooper, J. and Hartley, J. (1991) "Reconsidering the case for organizational commitment," Human Resource Management Journal, 1, 18-31.

Copeman, G. (1975) Employee Share Ownership and Industrial Stability, London: Institute of Personnel Management.

Copeman, G. and Collins, S. (1991) Employee Share Ownership: Winning Strategies for Business Performance and Growth, London: Kogan Page.

Copeman, G., Moore, P., and Arrowsmith, C. (1984) Shared Ownership: How to Use Capital Incentives to Sustain Business Growth, London: Gower.

Cornford, J. (1990) A Stake in the Company: Shareholding, Ownership and ESOPs, London: Institute for Public Policy Research.

Cotton, J. (1993) Employee Involvement: Methods for Improving Performance and Work Attitudes, London: Sage.

Cowell, N. (1998) A Summary of Test Cases in Jamaican Labour Law, Kingston: Joint Trade Unions Research Development Centre.

Craig, B. and Pencavel, J. (1993) "The behavior of worker cooperatives: the Plywood cooperatives of the Pacific Northwest," American Economic Review, 82, 1083-105.

Cumper, G. (1961) "Labour and development in the West Indies: Part I," Social and Economic Studies, 10: 3, 278-305.

Cumper, G. (1962) "Labour and development in the West Indies: Part II," Social and Economic Studies, 11, 1-33.

D'Art, D. (1992) Economic Democracy and Financial Participation, London: Routledge.

Dabrowski, M. (1991) "'Citizen ownership' versus 'employee ownership': the Polish privatization debate," The Journal of Employee Ownership Law and Finance, 3, 85-96.

Das, N. (1964) Experiments in Industrial Democracy, New York: Asia Publishing House.

Dastmalchian, A. (1986). "Environmental characteristics and organizational climate: an exploratory study," Journal of Management Studies, 23, 609-33.

Davis, G. and Weintraub, N. (1990) "Labour-Management relations: ESOPs in the trucking industry," in M. Roomkin, (ed.), Profit Sharing and Gain Sharing, Metuchen: Rutgers University Press.

Davison, R. (1973) Industrial Relations in Jamaica, Kingston: Industrial Relations Research Association.

Dawes, M. (1993) "Unions in a sour mood over NIBJ Share Offer," Daily Gleaner, February 24, B3.

Deal, T. and Kennedy, A. (1982) Corporate Cultures: The Rites and Rituals of Corporate Life, Reading: Addison-Wesley.

Denison, D. (1996) "What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars," Academy of Management Review, 21, 319-54.

Dewe, P., Dunn, S. and Richardson, R (1988) "Employee share option schemes: why workers are attracted to them," British Journal of Industrial Relations, 26, 1-20

Doeringer, J. (1988) "Market structure, jobs and productivity: observations from Jamaica," World Development, 16, 465-82.

Doernberg, R. and Macey, J. (1986) "ESOPs and economic distortion," Harvard Journal on Legislation, 4, 103-57.

Doucouliagos, C. (1995) "Worker participation and productivity in labour-managed and participatory capitalist firms: a meta-analysis," Industrial and Labour Relations Review, 4, 58-74.

Douglas, S. (1993) "The IMF and the Jamaican labour sector 1977-1990: a study of the impact of wage guidelines," Occasional Paper, Kingston: Joint Trade Unions Research Development Centre.

Dow, G. (1993) "Why capital hires labour: a conflict theory of organizational form," American Economic Review, 83, 118-134.

Downes, A. (1993) "Catching the Horse: trade unions and a sustainable labour market response to structural adjustment programmes in the Caribbean," Caribbean Labour Journal, 3, 19-27.

Dunham, B., Grube, J. and Castaneda, M. (1994) "Organizational commitment: the utility of an integrative definition," Journal of Applied Psychology, 79, 370-80.

Dunn, S. and Richardson, R. (1991) "The impact of employee share ownership on worker attitudes: a longitudinal case study," Human Resource Management Journal, 1, 1-17.

Eaton, A. (1994) "The survival of employee participation programs in unionized settings," Industrial and Labour Relations Review, 47, 371-89.

Eaton, G. (1965) "Trade union development in Jamaica," Caribbean Quarterly, 8, 126 – 43.

Eaton, G. (1975) Alexander Bustamante and Modern Jamaica, Kingston: Kingston Publishers.

Eaton, G. (1990) The Concept and Model of Political Unionism, Curaçao: Caribbean Institute of Social Formation.

Eccles, T. (1981) Under New Management, London: Pan.

Edwards, P. (1983) "The pattern of collective industrial action," in G. Bain (ed.), Industrial Relations in Britain, Oxford: Blackwell.

Eisner, G. (1961) Jamaica 1830-1930 - A Study in Economic Crown, Manchester: Manchester University Press.

EIU (1990-98) Jamaica: Country Profile, Economist Intelligence Unit, London: The Economist Publications Limited.

Ellerman, D. (1988) The Democratic Worker-Owned Firm: Redefining 'the Socialist Firm', Somerville: Industrial Cooperative Association.

Elliot, J. (1983) Conflict or Co-operation: The Growth of Industrial Democracy, London: Kogan Page.

Emory, J. (1976) Business Research Methods, Harewood: Richard Train.

Espinosa, J. and Zinbalist, A. (1978) Economic Democracy: Workers' Participation in Chilean Industry, 1970-1973, New York: Academic Press.

Estrin, S. and Wilson, N. (1986) The Micro-economic Effects of Profit-Sharing: The British Experience, London: London School of Economics Centre for Labour Economics.

Estrin, S., Jones, D. and Svejnar. J. (1987) "The productivity effects of worker participation: producer cooperatives in western economies," Journal of Comparative Economics, 2, 40-61.

Farnham, D. and Pimlott, J. (1992) Understanding Industrial Relations (4th ed.), London: Cassel.

Fenton-O'Creevy, M., Winfrow, P., Lydia, H., and Morris, T. (1997) "Company prospects and employee commitment: an analysis of the dimensionality of the BOCS and the influence of external events on those dimensions," British Journal of Industrial Relations, 35, 593-608.

Feuer, C. (1984) Jamaica and the Sugar Worker Cooperatives: The Politics of Reform, Boulder: Westview Press.

Feuer, C. (1989) The Struggle for Workers Rights at Hampden Sugar Estate, Kingston: Social Action Centre.

Fielder, J. (1978) Field Research: A Manual for Logistics and Management of Scientific Studies in Natural Settings, San Francisco: Jossey-Bass.

Firth, M., Keef, S. and Mear, R. (1987) "Some preliminary evidence on employee share ownership schemes in New Zealand listed companies," New Zealand and Industrial Relations, 12, 23-30.

Fitzroy, F. and Kraft, K. (1986) "Profitability and Profit sharing," Journal of Industrial Economics, 35, 113-30.

Fitzroy, F. and Kraft, K. (1987) "Cooperation, productivity, and profit sharing," Quarterly Journal of Economics, 102, 23-35.

Fitzroy, F. and Kraft, K. (1995) "On the choice of incentives in firms," Journal of Economic Behavior and Organization, 26, 145-60.

Flanders, A., Pomeranz, R., and Woodward, J. (1968) Experiment in Industrial Democracy: A Study of the John Lewis Partnership, London: Faber.

Florkowski, G. and Shastri, K. (1992) "Stock price response to profit sharing in unionized settings," Journal of Labour Research, 13, 407-20.

Fogarty, M. and White, M. (1988) Share Schemes – As Workers See Them, London: Policy Studies Institute.

Fox, A. (1974) Beyond Contract: Work, Power and Trust Relations, London: Faber and Faber.

Freeman, R., and Medoff, J. (1984) What Do Unions Do? New York: Basic Books.

French, J. (1987) "Employee perspectives on stock ownership: financial investment or mechanism of control?" Academy of Management Review, 12, 427-35.

French, J. and Rosenstein, J. (1984) "Employee ownership, work attitudes, and power relationships," Academy of Management Journal, 27, 861-69.

Frolich, N., Godard, J., Oppenheimer, J. and Starke, F. (1998) "Employee versus conventionally-owned and controlled firms: an experimental analysis," Managerial and Decision Economics, 19, 311-26.

GAO (1987) Employee Stock Ownership Plans: Little Evidence of Effects on Corporate Performance, GAO/PEMD-88-1, Washington, DC: General Accounting Office.

GAO (1988) Employee Involvement: Issues for Agencies to Consider in Designing and Implementing Plans, GGD-88-82, Washington, D.C.: US General Accounting Office.

Gareth, M. (1986) "Images of organization," Organizations as Cultures, 111-40.

Garson, G. (1977) "Paradoxes of worker participation," in G. Garson, (ed.), Worker Self-Management in Industry: The West European Experience, New York: Praeger.

Gates, J. (1993) "The union challenge of employee share ownership," Caribbean Labour Journal, 3, 23-46.

Gates, J. (1998) The Ownership Solution: Toward a Shared Capitalism for the 21st Century, New York: Addison Wesley.

Gayle C. (1993) The Role of the Trade Union in the Society (1952 – 1992), Unpublished Lecture, Kingston: Joint Trade Union Research Development Centre.

Gayle, C. (1994) Background Development of Industrial Relations, 1938-1993, Unpublished Lecture, Kingston: Joint Trade Union Research Development Centre.

Geertz, C. (1973) The Interpretation of Cultures, New York: Basic Books.

Gibson, D., Ouchi, W. and Sung, B. (1987) Organizational Culture, Sub-system Variation and Environmental Context, Mimeographed reprint, Anderson School of Management, University of California at Los Angeles.

Gill, J. and Johnson, P. (1991) Research Methods for Managers. London: Paul Chapman.

Girvan, N. (1993) Working Together for Development, Kingston: Institute of Jamaica Publications.

Glick, W. (1985) "Conceptualizing and measuring organizational and psychological climate: pitfalls in multilevel research," Academy of Management Review, 10, 601-16.

GOJ (1993) Employee Share Ownership Policy Initiative, Kingston: Government of Jamaica.

GOJ (1994) The Employee Share Ownership Plan Act, Kingston: Government of Jamaica.

Goldmark, S. and Lee, B. (1984) Capitalizing Workers: The Impact of Employee Stock Ownership Plans in Selected Developing Countries, Washington, DC: United States Agency for International Development Special Study.

Gomez-Mejia, L., Balkin, D. and Milkovich, G. (1990) "Rethinking rewards for technical employees," Organizational Dynamics, 62-74.

Gordon, D. (1978) "Working class radicalism in Jamaica: an exploration of the privileged worker thesis," Social and Economic Studies, 27, 313-341.

Gordon, D. (1984) "Jamaica" in R. Blanpain (ed.), International Encyclopaedia for Labour Law and Industrial Relations, The Netherlands: Klumer Law and Taxation Publishers.

Gordon, G. and DiTomaso, N. (1992) "Predicting corporate performance from organizational culture," Journal of Management Studies, 29, 783-98.

Gospel, H. (1992), Markets, Firms and the Management of Labour in Modern Britain, Cambridge: Cambridge University Press.

Gospel, H. and Palmer, G. (1993) British Industrial Relations (2nd ed.), London: Routledge.

Gray, O. (1991) Radicalism and Social Change in Jamaica, Knoxville: University of Tennessee.

Greenberg, E. (1980) "Participation in industrial decision making and work satisfaction," Social Science Quarterly, 15, 551-69.

Gregg, P. and Machine, S. (1988) "Unions and the incidence of performance linked pay schemes in Britain," International Journal of Industrial Organization, 6, 91-107.

Gregory, K. (1983) "Native-view paradigms: multiple cultures and culture conflicts in organizations," Administrative Science Quarterly, 28, 359-76.

Gross, B. (1998) "The new math of ownership," Harvard Business Review, 76, 68 – 74.

Gross, M, and Heuman, G. (1988) Labour in the Caribbean, London: Macmillan Publishers.

Grout, P. (1988) "Employee share ownership and privatisation: some theoretical issues," Economic Journal, 8, 97-104.

Guest, D. and Dewe, P. (1991) "Company or trade union: Which wins workers allegiance?" British Journal of Industrial Relations, 29, 74-96.

GUI, R. (1973) "A note on organizational climate," Organizational Behavior and Human Performance, 9, 120-5.

Gnu, C. (1984) Workers' Self-Management in the United States, Ithaca: Cornell University Press.

Jingle, P. (1995) "Collectivism and the management of industrial relations in Greenfield sites," Human Resource Management Journal, 5, 24-40.

Jingle, P., Flood, P., Morally, M. and Turner, T. (1994) Continuity and Change in Irish Employee Relations, Dublin: Oak Tree Press.

Guerdon, M. (1991) "The politics of property in the Federal Republic of Germany," International Labour Review, 130, 716-33.

Hammer, T. and Stern, R. (1980) "Employee ownership: implications for the organizational distribution of power," Academy of Management Journal, 23, 78-100.

Hammer, T., Laud, J. and Stern, R. (1981) "Absenteeism when workers have a voice: the case of employee ownership," Journal of Applied Psychology, 66, 561-73.

Hammer, T., Stern, R. and Gordon, M (1982). "Worker ownership and attitudes towards participation," in F. Lindenfield and J. Whitt (eds.), Work place Democracy and Social Change, Boston: Porter Sargent.

Hansmann, H. (1990) "When does worker ownership work? ESOPS, law firms, codetermination, and economic democracy," Yale Law Journal, 3, 1752-1816.

Harries, W. (1985) "Employee participation," in P. Lawrence and K. Elliot (eds.), Introducing Management, London: Penguin Books.

Harrod, J. (1972) Trade Union Foreign Policy: A Study of British and American Trade Union Activities in Jamaica, London: Macmillan Press.

Hart, O. and Moore, J. (1990) "Property Rights and the Nature of the Firm," Journal of Political Economy, 98, 1119-58.

Hart, R. (1980) Slaves who Abolished Slavery, Kingston: Institute of Social and Economic Research.

Hart, R. (1982) "Trade unionism in the English-speaking Caribbean: the formative years and the Caribbean Labour Congress," in S. Craig (ed.), Contemporary Caribbean: A Sociological Reader, vol. 2, Trinidad and Tobago: MacMillan.

Hart, R. (1988) "Origin and development of the working class in the English-speaking Caribbean area: 1897-1905," in M. Gross and G. Heuman (eds.) Labour in the Caribbean, London: Macmillan Publishers, London.

Hart, R. and Hubler, O. (1990) "Wage, labour mobility, and working time effects of profit-sharing," Empirica, 17, 115-30.

Hart, R. and Hubler, O. (1991) "Are profit shares and wages substitutes or complementary forms of compensation?" Kyklos, 44, 221-31.

Harvey-Jones, J. (1994) All Together Now, London: Heinemann.

Hatch, M. (1993) "The dynamics of organizational culture," Academy of Management Review, 18, 657-93.

Hays, S. (1999) "'Ownership cultures' create unity," Workforce, 78, 60 – 64.

Heller, R. (1984) Shares for Employees, London: Thetford Press.

Hellriegel, D. and Slogum, J. (1974) "Organizational climate: measures, research and contingencies," Academy of Management Journal, 17, 355-80.

Henriques, F. (1953), Family and Colour in Jamaica, London: MacGibbon and Kee.

Hertzburg, F. (1966) Work and the Nature of Man, Cleveland, New World.

Heuman, G. (1981) Between Black and White: Race, Politics, and the Free Coloreds in Jamaica, 1792-1865, Oxford: Clio Press.

Higman, A. (1976) Slave Population and Economy in Jamaica 1807-1834, Cambridge: Cambridge University Press.

Hochner, A., and Granrose, C. (1985) "Sources of motivation to choose employee ownership as an alternative to job loss," Academy of Management Journal, 28, 860-75.

Hofstede, G. (1980) Culture's Consequences: International Differences in Work-related Values, Beverly Hills: Sage.

Hofstede, G. (1983) "The cultural relationships of organizational practices and theories," Journal of Business Studies, 14, 75-90.

Hofstede, G. (1988) "Identifying organizational subcultures: an empirical approach," Journal of Management Studies, 35, 22-38.

Hofstede, G. (1991) Cultures and Organizations: Software of the Mind, London: McGraw-Hill.

Hofstede, G. (1993) "Cultural constraints in management theories," Academy of Management Executive, 7, 81-94.

Hofstede, G., Bond, M. and Luk, C. (1993) "Individual perceptions of organizational cultures," Organization Studies, 14, 483-503.

Hofstede, G., Neuijen, B., Ohayv, D. and Sanders, G. (1990) "Measuring organizational cultures: a qualitative and quantitative study across twenty cases," Administrative Science Quarterly, 35, 286-316.

Hogle, S. (1992) "The employee as investor: the case for universal application of the federal securities laws of employee stock ownership plans," William and Mary Law Review, 2, 189-240.

Hollo, E. (1992) "The quiet revolution: employee stock ownership plans and their influence on corporate governance, labour unions, and future American policy," Rutgers Law Journal, 1, 1-11.

Hunt, S. and Morgan, R. (1994) "Organizational commitment: one of many commitments or key mediating construct?" Academy of Management Journal, 37, 1568-87.

Hyde, A. (1991) "The Kenneth M. Piper lecture: in defense of employee ownership," IIT Chicago-Kent Law Review, 2, 3-62.

ICPEDC (1981) Workers' Self-Management and Participation in Decision Making as a Factor of Social Change and Economic Progress in Developing Countries, Ljubljana: International Center for Public Enterprises in Developing Countries (ICPEDC).

Iles, P., Mabey, C. and Robertson, I. (1990) "HRM practices and employee commitment: possibilities, pitfalls and paradoxes," British Journal of Management, 14, 147-157.

IMF (1992 - 98) Annual Report, Washington, DC: International Monetary Fund.

Isaacs, H. (1994) The Jamaica Printing Services (1992) Ltd. A Case Study in Employee Share Ownership, Unpublished Paper, University of West Indies.

Jackofsky, E. and Slogum, J. (1988) "A longitudinal study of climates," Journal of Organizational Behavior, 9, 319-34.

Jackson, M. (1992) An Introduction to Industrial Relations, London: Routledge.

Jain, S. (1993) "Do you have a vision of wider share ownership," Money Index, June 8th.

Jamaica Stock Exchange (1992-98) Annual Yearbook, Kingston: Jamaica Stock Exchange.

Jeffcut, P. (1994a) "From interpretation to representation in organizational analysis: postmodernism, ethnography and organizational symbolism," Organization Studies, 15, 241-74.

Jeffcutt, P. (1994b) "The interpretation of organization: a contemporary analysis and critique," Journal of Management Studies, 31, 22-38.

Jefferson, O. (1972) The Post-War Economic Development of Jamaica, Kingston: Institute of Social and Economic Research.

Jenkins, G. and Lawler, E. (1981) "Impact of employee participation on pay plan development," Organizational Behavior and Human Performance, 28, 111-28.

Jennings, W. McCartney, and Undy, R. (1990) Employee Relations Audits, London: Routledge.

Jensen, M. and Meckling, W. (1979) "Rights and production functions: an application to labour-managed firms and codetermination," Journal of Business, 4, 469-506.

Johnson, J. (1975) Doing Field Research, London: MacMillan.

Jones, A. (1999) "Exercising stock options presents a complex decision," Manage, 50, 6-7.

Jones, D. (1980) "Producer cooperatives in industrialized western economics," British Journal of Industrial Relations, 18, 141-54.

Jones, D. and Kato, T. (1993a) "Employee stock ownership plans and productivity in Japanese manufacturing firms," British Journal of Industrial Relations, 31, 331-46.

Jones, D. and Kato, T. (1993b) "On the scope, nature and effects of Japanese ESOPs," Industrial and Labour Relations Review, 46, 352-67.

Jones, D. and Kato, T. (1995) "The productivity effects of Japanese employee stock ownership plans: evidence from Japanese panel data," American Economic Review, 85, 391-414.

Jones, D. and Pliskin, J. (1991) "Unionization and the incidence of performance-based compensation: evidence from Canada," Working Paper, Department of Economics, Hamilton College.

Jones, D. and Pliskin, P. (1989) "British evidence on the employment effects of profit sharing," Industrial Relations, 28, 276-98

Jones, D. and Svejnar, J. (1985) "Participation, profit-sharing, worker ownership and efficiency in Italian producer cooperatives," Economica, 52, 449-465.

Jones, G. (1983) "Transaction costs, property rights, and organizational culture: an exchange perspective," Administrative Science Quarterly, 28, 454-67.

Jones, G. (1987) "Productivity effects of worker directors and financial participation by employees in the firm: the case of British retail cooperatives." Industrial and Labour Relations Review, 41, 79-82.

Joyce, W. and Slogum, J. (1982) "Climate discrepancy: refining the concepts of psychological and organizational climate," Human Relations, 35, 951-72.

JTURDC (1992) Workers Ownership and Worker Participation – Employee Share Ownership Plans (ESOPs) – Workshop for Trade Unions, Kingston: JTURDC.

JTURDC (1993a) Employee Share Ownership Plans (ESOPs) Education Project, Kingston: JTURDC.

JTURDC (1993b) The Development and Promotion of Productivity Bargains and Productivity Incentive Enhancement – Schemes for Trade Unions, Kingston: JTURDC.

Karsai, J. and Wright, M. (1994) "Accountability, governance and finance in Hungarian buy-outs," Europe-Asia Studies, 46, 997-1016.

Kaufman, M. (1985) Jamaica Under Manley: Socialism and Democracy, London: Zed Books.

Keef, S. (1994) "Employee share ownership and job attitudes: the effects of share sale," Asia Pacific Journal of Management, 11, 91-102.

Keef, S. (1995) "Opinions on the benefits of employee share ownership: a comparison between managers of two New Zealand companies," Human Resource Management Journal, 4, 81-88.

Keef, S. (1998) "The causal association between employee share ownership and attitudes: A study based on the Long framework," British Journal of Industrial Relations, 36, 73 – 82.

Keenoy, T. and Anthony, P. (1992) "HRM: metaphor, meaning and morality," in P. Blyton and P. Turnbull (eds.), Reassessing Human Resource Management, London: Sage.

Kelly, J. and Kelly, C. (1991) "'Them and us': social psychology and the new industrial relations," British Journal of Industrial Relations, 29, 24-48.

Kelso, L. and Kelso, P. (1967) Two-Factor Theory: The Economics of Reality, New York: Random House.

Kelso, L. and Kelso, P. (1986) Democracy and Economic Power – Extending the ESOP Revolution, Cambridge: Ballinger Press.

Kelso, L. and Mortimer, A. (1958) The Capitalist Manifesto, New York: Random House.

Kessler, I. (1994) "New developments in reward systems," in Storey, J. (ed.) Human Resource Management: A Critical Perspective, London: Routledge.

Kessler, I. And Purcell, J. (1993) The Templeton Performance Related Pay Project: Summary of Key Findings, Oxford: Templeton College.

Kessler, I. and Purcell, J. (1996) "Strategic choice and new forms of employment relations in the public service sector: developing an analytical framework," International Journal of Human Resource Management, 7, 206-29.

Kessler, S. and Bayliss, F. (1992) Contemporary British Industrial Relations, Basingstoke: MacMillan.

Kiggundu, M. (1990) Managing Organizations in Developing Countries: An Operational and Strategic Approach, Connecticut: Kumarian Press.

Kirkaldy, S. (1966) Guide to Industrial Relations in Jamaica, Kingston: Ministry of Labour and National Insurance.

Kirkaldy, S. (1979) An Introduction to Industrial Relations and Labour Law in Jamaica, Kingston: Trade Union Education Institute.

Kirton, C. (1992) Jamaica: Debt and Poverty Oxford: Oxfam.

Klein, K. (1987) "Employee stock ownership and employee attitudes: a test of three models," Journal of Applied Psychology, 72, 319-32.\

Klein, K. and Hall, R. (1988) "Correlates of employee satisfaction with stock ownership: who likes an ESOP most?" Journal of Applied Psychology, 73, 630-38.

Knowles, T. (1959) Trade Union Development and Industrial Relations in the British West Indies, Berkeley: University of California Press.

Kochan, T., Katz, H. and McKersie, R. (1986) The Transformation of American Industrial Relations. New York: Basic Books.

Kolaja, J. (1965) Workers' Councils: The Yugoslave Experience, London: Tavistock.

Kotter, J. (1995) "Leading change: why transformation efforts fail," Harvard Business Review, 8, 59-67.

Kotter, J. and Heskett, J. (1992) Corporate Culture and Performance, New York: Free Press.

Krippendorff, K. (1980) Content Analysis: An Introduction to its Methodology, Beverly Hills: Sage.

Kruse, D. (1984) Employee Ownership and Employee Attitudes: Two Case Studies, Norwood: Norwood Editions.

Kruse, D. (1992) "Profit sharing and productivity: micro-economic evidence from the U.S.," Economic Journal, 10, 394-410.

Kruse, D. (1993) Profit Sharing: Does It Make A Difference? Kalamazoo: Upjohn Institute.

Kruse, D. (1995) "Why do firms adopt profit-sharing and employee ownership plans," British Journal of Industrial Relations, 34, 515-38.

Kuhn, T. (1970) The Structure of Scientific Revolutions, Chicago: University of Chicago Press.

Kumar, K. (1995) From Post-Industrial to Post-Modern Society: New Theories of the Contemporary World, Oxford: Blackwell.

Lado, A. and Wilson, M. (1994) "Human resource systems and sustained competitive advantage: a competency-based perspective," Academy of Management Review, 19, 699-727.

Lammers, C and Hickson, D. (eds.) (1989) Organizations Alike and Unlike: International and Inter-Institutional Studies in the Sociology of Organizations, London: Routledge and Kegan Paul.

Langeland, O. (1993) "Employees on the capital market," Economic and Industrial Democracy, 14, 217-31.

Lawler, E., Ledford, G. and Mohrman, S. (1989) Employee Involvement in America, Dallas: American Productivity and Quality Center.

Lawrence, P. and Lorsch, J. (1967) Organization and Environment, Boston: Harvard Business School.

Lee, T. and Mitchell, T. (1994) "An alternative approach: the unfolding model of voluntary employee turnover," Academy of Management Review, 19, 51-89.

LeFranc, E. (1978) "The co-operative movement in Jamaica: exercise in social control," Social and Economic Studies, 27, 21-43.

LeFranc, E. (1988) "Higglering in Kingston: entrepreneurs or traditional small-scale operators," Caribbean Review, 16, 18ff.

Leonhardt, D. (1998) "At Northwest, an ESOP in name only," Business Week, Sept. 14, 63.

Levin, H. (1982) "Issues in assessing the comparative productivity of worker managed and participatory firms in capitalist societies," in D. Jones and J. Svejnar (eds.), Participatory and Self-Managed Firms: Evaluating Economic Performance, Lexington: Lexington Books.

Levin, W. (1985) "The false promise of worker capitalism: Congress and the leveraged employee stock ownership plan," Yale Law Journal, 3, 149-72.

Levine, D. and Tyson, L. (1990) "Participation, productivity and the firm's environment," in A. Blinder (ed.) Paying for Productivity, Washington: Brookings Institution.

Lewin, K. (1951) Field Theory on Social Science, New York: Harper Collins.

Lincoln, J. (1951) Incentive Management, Cleveland: Lincoln Electric Company.

Lincoln, Y. and Guba, E (1985) Naturalistic Inquiry, Newbury Park: Sage.

Lindo, L. (1994) "Management in a multicultural framework," in N. Cowell and I. Boxill (eds.), Human Resource Management: A Caribbean Perspective, Kingston: University of the West Indies Canoe Press.

Lindop, E. (1989) "The turbulent birth of British profit-sharing," Personnel Management, 21, 44-7.

Lindvist, L. and Westenholz, A. (1991) "Employee-owned companies in the Nordic countries," in R. Russell and V. Ruse (eds.), International Handbook of Participation in Organizations (vol. 2), Oxford University Press.

Litton, G. and Stringer, R. (1968) Motivation and Organizational Climate, Boston: Harvard Business School.

Livingston, C. (1991) "Capital strategies for labour," The Journal of Employee Ownership Law and Finance, 3, 97-120.

Long, F. (1986) Employment effects of Multinational Enterprises in Export Processing Zones in the Caribbean, International Labour Organization, Working paper #42.

Long, R. (1977) "The effects of employee ownership on job organizational performance: an exploratory study," Unpublished Ph.D. Dissertation, Cornell University.

Long, R. (1978a) "The effects of employee ownership on organizational identification, employee job attitudes and organizational performance: a tentative framework and empirical findings," Human Relations, 31, 29-48.

Long, R. (1978b) "The relative effects of share ownership versus control on job attitudes in an employee-owned company" Human Relations, 31, 753-63.

Long, R. (1978c) "Employee ownership and attitudes towards the union: an empirical study," Relations Industrials, 33, 237-53.

Long, R. (1979) "Desires for and patterns of worker participation in decision making after conversion to employee ownership," Academy of Management Journal, 22, 611-17.

Long, R. (1980) "Job attitudes and organizational performance under employee ownership," Academy of Management Journal, 23, 726-37.

Long, R. (1981) "The effects of formal employee participation in ownership and decision-making on perceived and desired patterns of organizational influence: a longitudinal study," Human Relations, 34, 847-76.

Long, R. (1982) "Worker ownership and job attitudes: a field study," Industrial Relations, 21, 196-215.

Long, R. and Rosenstein, J. (1984) "Employee ownership, work attitudes, and power relationships," Academy of Management Journal, 27, 861-9.

Lund, M. (1991) "An overview of employee ownership abroad," The Journal of Employee Ownership Law and Finance, 3, 7-30.

Lund, M. (1992) Privatization And Employee Ownership: The International Experience, Oakland: National Center for Employee Ownership.

Mabey, C. and Mallory G. (1994) "Structure and culture change in two UK organizations: a comparison of assumptions, approaches and outcomes," Human Resource Management Journal, 5, 12-24.

Manley (1995) ESOP: Shared Incentive For The Success Of Enterprises, Unpublished Paper, Government of Jamaica

Manley, M. (1975a) A Voice at the Workplace: Reflections on Colonialism and the Jamaican Worker, London: Andre Deutsch.

Manley, M. (1975b) Prime Minister's Budget Speech (1975), Kingston: Jamaica Information Service.

Manley, N. (1971) Manley and the New Jamaica: Selected Speeches and Writings (1958-1968), in Rex Nettleford (ed.), London: Longman.

Mano, R. and Deppe, E. (1994) "The ESOP fable: employees beware! An ESOP can provide both good retirement benefits and employer tax advantages, but an ESOP's assets are safe only if the employer stays in business," Compensation and Benefits Review, 3, 44-48.

Manson, V. (1994) International Employee Stock Ownership Plans (ESOPs) for Multinational Corporations, Oakland: National Center for Employee Ownership.

Marsh, T. and McAllister, D. (1981) "ESOPs tables: a survey of companies with employee stock ownership plans," Journal of Corporation Law, 6, 551-624.

Marshall, A. and Rossman, G. (1989) Designing Qualitative Research, Newbury Park: Sage.

Martin, J. and Siehl, C. (1983) "Organizational culture and counterculture: an uneasy symbiosis," Organizational Dynamics, 12, 52-64.

Maslow, A. (1970) Motivation and Personality, 2nd ed., New York: Harper and Row.

McDonald, R. (1993) The Economy and Material Culture of Slaves. Goods and Chattels on the Sugar Plantations of Jamaica and Louisiana, Baton Rouge: Louisiana State University Press.

McGregor, D. (1960) The Human Side of Enterprise, New York: McGraw-Hill.

McIntosh, P. (1994) "Unions, private sector hails ESOP," Jamaica Herald, January 23, B3.

McIntyre, M. (1990) Human Resources Development: Its Relevance to Jamaica and the Caribbean, Kingston: Institute of Jamaica.

McWhirter, D. (1993) Sharing Ownership: The Manager's Guide to ESOP's and other Productivity Incentives, New York: John Wiley.

Meyer, J. and Allen, N. (1988) "Links between work experience and organizational commitment during the first years of employment: a longitudinal analysis," Journal of Occupational Psychology, 61, 195-209.

Meyer, J. and Allen, N. (1990) "The measurement and antecedents of affective, continuance and normative commitment to the organization," Journal of Occupational Psychology, 63, 1-18.

Miles, M. and Huberman, A. (1994) Qualitative Data Analysis, A Sourcebook of New Methods, Newbury Park: Sage.

Miller, K. and Monge, P. (1986) "Participation, satisfaction and productivity: a meta-analytical review," Academy of Management Journal, 29, 732-33.

Mills, G. and Robertson, P. (1974) "The attitudes and behaviour of the senior civil service in Jamaica," Social and Economic Studies, 23, 311-43.

Mitchell, D., Lewin, D. and Lawler, E. (1990) "Alternative pay systems, firm performance and productivity," in A. Blinder (ed.), Paying for Productivity, Washington, DC: Brookings Institution.

Moene, K (1989) "Strong Unions or Worker Control?" in J. Elster and K. Oue Moene (eds.), Alternatives to Capitalism, Cambridge: Cambridge University Press.

Moran E. and Volkwein, J. (1992) "The cultural approach to the formation of organizational climate," Human Relations, 45, 19-47.

Morgan, G. (1986) Images of Organization, Beverly Hills: Sage.

Morris, T., Lydka, H. and Fenton-O'Creevy, M. (1993) "Can commitment be managed? A longitudinal analysis of employee commitment and human resource policies," Human Resource Management Journal, 3, 21-42.

Moss, G. (1991) "Employee ownership in the USA: A four-frame perspective," Economic and Industrial Democracy, 12, 187-202.

Mottaz, C. (1988) "Determinants of organizational commitment," Human Relations, 41, 467-82.

Mowday, R. and Sutton, R. (1993) "Oreganizational behavior: linking individuals and groups to organizational contexts," Annual Review of Psychology, 44, 195-229.

Mowday, R., Porter, L. and Steers, R. (1982) Employee-Organization Linkages: The Psychology of Commitment, Absenteeism and Turnover, New York: Academic Press.

Mowday, R., Steers, R. and Porter, L. (1979) "The measurement of organizational commitment," Journal of Vocational Behaviour, 14, 224-47.

Moye, A. (1993) "Mondragon: adapting co-operative structures to meet the demand of a changing environment," Economic and Industrial Democracy, 14, 251-76.

Munroe, T. (1990) Jamaican Politics: Marxist Perspective in Transition, Jamaica: Heinemann.

Munroe, T. (1992) The Cold War and the Jamaican Left 1950-55, Kingston: Kingston Publishers.

Munroe, T. (1993) "Communication and the challenge of quality management," Caribbean Labour Journal, 3, 19-22.

Mygind, N. and Rock, C. (1993) "Financial participation and the democratisation of work," Economic and Industrial Democracy, 14: 163-83.

NCEO (1990-98) Employee Ownership Report, Oakland: National Center for Employee Ownership.

Nettleford, R. (1976) Report on Worker Participation in Jamaica, Report by the Advisory Committee on Worker Participation to the Government of Jamaica, Kingston: Government of Jamaica.

Nettleford, R. (1987) The Jamaican Labour Movement in Independence, Unpublished Lecture, Joint Trade Union Research and Development Centre.

Nettleford, R. (ed.), (1990) Trade Union and Industrial Relations Terms, Kingston: Trade Union Education Institute.

Nichols, T. and O'Connell Davidson, J. (1992) "Employee shareholders in two privatised utilities," Industrial Relations Journal, 23, 107-119.

Nurse, L. (1986) "Organized labour in the Commonwealth Caribbean," in J. Wedderburn (ed.), A Caribbean Reader on Development, Kingston: MacMillan.

O'Reilly, C. (1991) "Organizational behavior: where we've been, where we're going," Annual Review of Psychology, 42, 427-58.

O'Toole, J. (1979) "The uneven record of employee ownership," Harvard Business Review, 3, 185-97.

Okjpaluba, C. (1975) Essays on Law and Trade Unionism in the Caribbean, Port of Spain: Key Caribbean Publications.

Oliver, N. (1984) "An examination of organizational commitment in six workers' cooperatives in Scotland," Human Relations, 37, 29-46.

Oliver, N. (1990) "Rewards, investments, alternatives and organizational commitment: empirical evidence and theoretical development," Journal of Occupational Psychology, 63, 19-31.

Oliver, N. (1990) "Work rewards, work values, and organizational commitment in an employee-owned firm: evidence from the UK," Human Relations, 43, 513-26.

Oppenheim, J. (1992) Questionnaire Design and Attitude Measurement, London: Sage.

Outhwaite, W. and Bottomer, T. (eds.) (1994) The Blackwell Dictionary of Twentieth Century Social Thought, Oxford: Blackwell.

Palloix, C. (1976) "The labour process: from Fordism to neo-Fordism', in Conference of Socialist Economists, The Labour Process and Class Strategies, London: CSE.

Panton, D. (1993a) Jamaica's Michael Manley: The Great Transformation (1972-92), Kingston: Kingston Publishers.

Panton, D. (1993b) "Dual labour markets and unemployment in Jamaica: a modern synthesis," Social and Economic Studies, 42, 124-39.

Panton, D. (1994) "The portrait of the boardroom has changed," Financial Gleaner, Oct. 7, 4A.

Panton, K. (1970) The Development and Impact of Collective Bargaining in the Bauxite and Aluminum Industry in Jamaica, 1952-1968, Unpublished Ph.D. Dissertation, Washington State University.

Panton, K. (1990) "A manager's perspective: productivity through people: the Jamaican perspective", Caribbean Finance and Management, 6, 1-25.

Pateman, C. (1970) Participation and Democratic Theory, Cambridge: Cambridge University Press.

Payne, A. (1988) Politics in Jamaica, London: Hurst and Company.

Peccei, R. and Guest, D. (1993) The Dimensionality and Stability of Organizational Commitment, London School of Economics Centre for Economic Performance, Discussion Paper 149.

Pendleton, A. (1992) "ESOPs and employee relations," in Wilson, N. (ed.) ESOPs: Their Role in Corporate Finance and Performance, London: Macmillan.

Pendleton, A., Robinson, A. and Wilson, N. (1994a) "Does employee ownership weaken trade unions? Recent evidence from the UK bus industry," University of Bradford, Unpublished Paper.

Pendleton, A., McDonald, J., Robinson, A. and Wilson, N. (1994b) "The impact of employee share ownership plans on employee participation and industrial democracy," Human Resource Management Journal, 5, 44-60.

Pendleton, A. (1997a) "Shareholders as stakeholders," in A. Gamble, D. Kelly and G. Kelly (eds.), Stakeholder Capitalism, Bassingstoke: Macmillan.

Pendleton, A. (1997b) "The evolution of industrial relations in UK nationalized industries", British Journal of Industrial Relations, 35, 145-172.

Pendleton, A., Wilson, N. and Wright, M. (1998) "The perceptions and effects of share ownership: empirical evidence from employee buy-outs," British Journal of Industrial Relations, 36, 99-123.

Peters, T. and Waterman, R. (1982) In Search of Excellence: Lessons from America's Best-Run Companies, New York: Harper and Row.

Pett, D. and Moss, L. (1989) A Practical Guide to Employees' Share Schemes, London: Longman.

Pettigrew, A. (1979) "On studying organizational cultures," Administrative Science Quarterly, 24, 570-81.

Pfeffer, J. (1978) Organizational Design. Arlington Heights: Arlington Heights Press.

Phelps, O. (1960) "Rise of the labour movement in Jamaica," Social and Economic Studies, 9, 417-68.

Phillip, G. (1987) A-Z of Industrial Relations Practices at the Workplace, Kingston: Kingston Publishers.

Phillips, M. (1994) "Industry mindsets: exploring the cultures of two macro-organizational settings," Organization Science, 5, 384-402.

Pierce, J. Rubenfeld, S. and Morgan, S. (1991) "Employee ownership: a conceptual model of process and effects," Academy of Management Review, 16, 121-44.

PIOJ (1985 – 98) Economic and Social Survey: Jamaica, Kingston: Planning Institute of Jamaica

Plender, J. (1998) "Giving people a stake in the future," Long Range Planning, 31:2, 211-17.

Poole, M. (1985) "Communication and organizational climates: review, critique, and a new perspective," in R. McPhee, and P. Tompkins (eds.), Organizational Communication: Traditional Themes and New Directions, Beverly Hills: Sage.

Poole, M. (1986) Towards a New Industrial Democracy: Workers' Participation in Industry, London: Routledge and Kegan Paul.

Poole, M. (1989) The Origins of Economic Democracy: Profit-Sharing and Employee-Shareholding Schemes, London: Routledge.

Poole, M. and Jenkins, G. (1990) The Impact of Economic Democracy: Profit-sharing and Employee-shareholding Schemes, London: Routledge.

Poole, M. and Jenkins, G. (1991) "The impact of profit-sharing and employee shareholding schemes," Journal of General Management, 16, 114-38.

Poole, M. and Jenkins, G. (1993) "Employee attitudes to profit-sharing and employee shareholding schemes," in W. Lafferty, and E. Rosenstein (eds.), International Handbook of Participation in Organizations, (vol. 3), Oxford: Oxford University Press.

Poole, M.. and McPhee, R. (1983) "Structural analysis of organizational climate," in L. Putnam, and M. Paconowsky, (eds.), Communication and Organization, Beverly Hills: Sage.

Portillo, M. (1995) "The competitive edge," Department of Employment Gazette, 2-6.

Post, K. (1978) Arise Ye Starvelings: the Jamaican Labour Rebellion of 1938 and Its Aftermath, The Hague: Martinus Nijhoff.

Post, K. (1981) Strike the Iron: A Nation at War: Jamaica 1939-1945, Newark: Humanities Press.

Prasnikar, J. (1991) Workers' Participation and Self-management in Developing Countries, Oxford: Westview Press.

Print Co. (1993) Annual Report, Kingston: Jamaica Printing Services.

Pryce, V. and Nicholson, C. (1988) "The problems and performance of employee ownership firms," Employment Gazette, 3, 346-50.

PSOJ (1993) Business Behaviour Survey of Jamaican Firms, Kingston: Private Sector Organization of Jamaica.

Purcell, J. (1995) "The challenge of human resource management for industrial relations research and practice," The International Journal of Human Resource Management, 2, 511-27.

Purcell, J. and Ahlstrand, B. (1994) Human Resource Management in the Multi-Divisional Company, Oxford: Oxford University Press.

Putterman, L. (1982) "Some behavioral perspectives on the dominance of hierarchical over democratic forms of enterprise," Journal of Economic Behavior and Organization, 3, 139-60.

Putterman, L. (1984) "On some recent explanations of why capital hires labour," Economic Inquiry, 4, 171-87.

Putterman, L., and Skillman, G. (1988) "The incentive effects of monitoring under alternate compensation schemes," International Journal of Industrial Organization, 6, 109-20.

Putterman, L. (1982) "Some behavioral perspectives on the dominance of hierarchical over democratic forms of enterprise," Journal of Economic Behavior and Organization, 3, 139-60.

Putterman, L. (1984) "On some recent explanations of why capital hires labour," Economic Inquiry, 4, 171-87.

Putterman, L., and Skillman, G. (1988) "The incentive effects of monitoring under alternate compensation schemes," International Journal of Industrial Organization, 6, 109-20.

Quarrey, M., Blasi J., & Rosen C. (1986) Taking Stock: Employee Ownership at Work, Cambridge: Ballinger.

Rai, K. (1981) "Worker participation in public enterprise in Guyana", Social and Economic Studies, 30, 209-44.

Ramsey, H. (1977) "Cycles of control: worker participation in sociological and historical perspective," Sociology, 11, 480-506.

Ramsay, H. (1991) "Reinventing the wheel? A review of the development and performance of employee involvement," Human Resource Management Journal, 2, 1-22.

Ramsey, H., Hyman, J., Baddon, L., Hunter, L., and Leopold, J. (1990) "Options for workers: owner or employee?" in M. Poole, and G. Jenkins, (eds.), New Forms of Ownership: Management and Employment, London: Routledge.

Ranston, J. (1989) From We Were Boys: The Story of the Magnificent Cousins Manley and Bustamante, Kingston: Bustamante Institute of Public and International Affairs.

Rattray, C. (1985) The Worker and the Law, Kingston Joint Trade Unions Research Development Centre.

Rattray, C. (1986) Recent Amendments to the Labour Relations and Industrial Disputes Act and its Implication for the Trade Union Movement, Kingston: Joint Trade Unions Research Development Centre.

Redding, S. (1994) "Comparative Management Theory: Jungle, Zoo, or Fossil Bed," Organization Studies, 5, 323-60.

Reichers, A. and Schneider, B. (1990) "Climate and culture: an evolution of concepts," in Schneider, B. (ed.), Organizational Climate and Culture, San Francisco: Jossey-Bass.

Reid, D. (1991) "ESOPs and other employee share schemes in the UK, France, and the Netherlands," The Journal of Employee Ownership Law and Finance, 3, 51-74.

Rhodes, S. and Steers, R. (1981) "Conventional vs. worker-owned organizations," Human Relations, 34, 1013-35.

Richardson, R. and Nejad, A. (1986) "Employee Share Ownership schemes in the UK – an evaluation," British Journal of Industrial Relations, 24, 233-50.

Riordan, A. and Vandenbers, R. (1994) "A central question in cross-cultural research: do employees of different cultures interpret work-related measures in an equivalent manner?" Journal of Management, 20, 643-71.

Robbins, S. (1993) Organizational Behavior, Englewood Cliffs: Prentice Hall.

Roberts, D. (1993) "Trade unions: mythology and relevance in Jamaica," Caribbean Labour Journal, 3, 19-22.

Rooney, P. (1988) "Worker participation in employee-owned firms," Journal of Economic Issues, 22, 451-58.

Rosen, C. (1991) "Employee ownership: performance, prospects, and promise," in C. Rosen and K. Young (eds.), Understanding Employee Ownership, New York: International Labour Relations Press.

Rosen, C. and Quarrey, M. (1987) "How well is employee ownership working?" Harvard Business Review, 65, 126-28, 132.

Rosen, C., Durso, G., and Rothblatt, P. (1990) International Developments in Employee Ownership, Oakland: National Center for Employee Ownership.

Rosen, C., Klein, K., and Young, K. (1985) Employee Ownership in America: The Equity Solution, Lexington: Lexington Books.

Rosner, M. (1983) "Participatory political and organizational democracy and the experience of the Israeli Kibbutz," in C. Crouch and F. Adler (eds.), Organizational Democracy and Political Process, New York: Wiley.

Rothwell, S. (1987) "Human resources management," Journal of General Management, 12, 90-98.

Rousseau, D. (1988) "The construction of climate in organizational research," in C. Cooper, and I. Robertson, (eds.), International Review of Industrial and Organizational Psychology (vol. 3), New York: Wiley.

Rowlinson, M. (1995) "Strategy, structure and culture: Cadbury, divisionalization and merger in the 1960s," Journal of Management Studies, 32, 121-40.

Russell, R. (1984) "Using ownership to control: making workers owners in the contemporary United States," Politics and Society, 13, 253-94.

Russell, R. (1985) Sharing Ownership in the Workplace, Albany: State University of New York Press.

Rousseau, D. (1988) "The construction of climate in organizational research," in C. Cooper, and I. Robertson, (eds.), International Review of Industrial and Organizational Psychology, vol. 3, New York: Wiley.

Rowlinson, M. (1995) "Strategy, structure and culture: Cadbury, divisionalization and merger in the 1960s," Journal of Management Studies, 32, 121-40.

Russell, R. (1984) "Using ownership to control: making workers owners in the contemporary United States," Politics and Society, 13, 253-94.

Russell, R. (1985) Sharing Ownership in the Workplace, Albany: State University of New York Press.

Russell, R., Gasso, P., and Hanford, T. (1990) "Employee stock ownership plans: consequences for participation and performance," in M. Roomkin, (ed.), Profit Sharing and Gain Sharing, Metuchen: IMLR Press.

Sabel, C. (1993) "Studied trust: building new forms of co-operation in a volatile economy," Human Relations, 46, 1133-70.

Sackmann, S. (1992) "Culture and subcultures: an analysis of organizational knowledge," Administrative Science Quarterly, 37, 140-61.

Saffold, G. (1988) "Culture traits, strength, and organizational performance: moving beyond 'strong' culture," Academy of Management Review, 13, 546-58.

Sagie, A., and Koslowsky, M. (1994) "Organizational attitudes and behaviors as a function of participation in strategic and tactical change decisions: an application of path-goal theory," Journal of Organization Behavior, 15, 37-47.

Salamon, M. (1992) Industrial Relations: Theory and Practice (2nd ed.), London: Prentice Hall.

Salancik, G. (1977) "Commitment and the control or organizational behaviour and belief," in B. Taw and G. Salancik (eds.), New Directions in Organizational Behaviour, Chicago: St. Clair Press.

Sathe, V. (1983) "Implications of corporate culture: a manager's guide to action," Organizational Dynamics, 12, 5-23.

Savery, L. and Soutar, G. (1997) "Employee commitment to organizations and unions: some preliminary Australian evidence," in D. Mortimer, P. Leece and R. Morris (eds.), Readings in Contemporary Employment Relations, Sydney: University of Western Sydney.

Schein, E. (1990) "Organizational culture," American Psychologist, 45, 109-19.

Schneider B. (1985) "Organizational behavior," Annual Review of Psychology, 36, 573-611.

Schneider, B. (1975) "Organizational climates, an essay," Personnel Psychology, 28, 447-79.

Schuster, M. (1987) Union Management Cooperation: Structure, Process, Impact, Kalamazoo: Upjohn Institute.

Scott, A. (1994) Willing Slaves? British Workers under Human Resource Management, Cambridge: Cambridge University Press.

Seaga, E. (1986) Prime Minister's Budget Speech, Kingston: Jamaica Information Service.

Seprod (1993) Annual Report, Kingston: Seprod Group of Companies.

Sewell, G., and Wilkinson, B. (1992) Empowerment or Emasculation? in P. Blyton and P. Turnbull, Reassessing Human Resource Management, London, Sage.

Sieber, S. (1982) "The integration of fieldwork and survey methods" in R. Burgess (ed.), Field Research: A Sourcebook and Field Manual, London: MacMillan.

Simms, G. (1993) "ESOP – Motivating Workers," Jamaica Herald, July 25, B3.

Sinclair, A. (1993) "Approaches to organizational culture and ethics," Journal of Business Ethics, 12, 63-73.

Skoldebrand, B. (1990) "Employee and owner convertibles," Economic and Industrial Democracy, 10, 543-53.

Smith, G. (1993) "Employee share schemes in Britain," Employment Gazette, 101, 149-153.

Smith, S. (1988) "On the incidence of profit and equity sharing," Journal of Economic Behavior and Organization, 9, 45-58.

Smith, W. (1992) "The ESOP revolution: will it increase employee involvement?" Advanced Management Journal, 4, 14-19.

Snow, R. and Thomas, J. (1994) "Field research methods in strategic management: contribution to theory builds and testing," Journal of Management Studies, 31, 457-80.

Somers, M. (1995) "Organizational commitment, turnover and absenteeism: an examination of direct and interaction effects," Journal of Organizational Behavior, 16, 49-58.

Southall, R. (ed.) (1988) Trade Unions and the Industrialization of the Third World, London: Zed Books.

Stephens, E (1987) Worker Participation, Dependency and the Politics of Reform in Latin America and the Caribbean: Jamaica, Chile and Peru Compared, Philadelphia: Temple University Press.

Stephens, E. and Stephens, J. (1986) Democratic Socialism in Jamaica: the Political Movement and Social Transformation in Dependent Capitalism, London: MacMillan Press.

Stone, C. (1972) "The trade union movement in Jamaica: its growth and some resultant problems," in C. Stone and A. Brown (eds.), Essays on Power and Change in Jamaica, Kingston: Jamaica Publishing House.

Stone, C. (1973) A Preliminary Analysis of Factors affecting Industrial Conflict in the Caribbean (1962-71), Unpublished Paper, University of the West Indies.

Stone, C. (1973) Class, Race, and Political Behavior in Urban Jamaica, Kingston: Institute for Social and Economic Research.

Stone, C. (1975), Class, Community and Leadership on a Jamaican Sugar Plantation, Unpublished Paper, University of the West Indies.

Stone, C. (1978) "An appraisal of the co-operative process in the Jamaican sugar industry," Social and Economic Studies, 27, 1-20.

Stone, C. (1982) Work Attitudes Survey: A Report to the Jamaican Government, Jamaica: Sarle Publishers.

Stone, C. (1986a) Class, State and Democracy in Jamaica, New York: Praeger Publishers.

Stone, C. (1986b) The Contemporary Union Movement in Jamaica, Kingston: Friedrich Ebert Stifting.

Stone, C. (1987) The Jamaica Workers Views of the Industrial and Political Environment, Kingston: Government of Jamaica.

Stone, C. (1988) "Race and economic power in Jamaica: toward creating a black bourgeoisie," Caribbean Review, 16, 10ff.

Stone, C. (1989) Politics Versus Economics. The 1989 Elections in Jamaica, Kingston: Heinemann.

Stone, C. (1991) "Modernizing business," Daily Gleaner, Oct. 9th, 3A.

Stone, C. (1992a) 1970's Sugar Co-ops, Unpublished Paper presented at NIBJ and USAID Conference on the History and Future of Worker Ownership in Jamaica," July 9.

Stone, C. (1992b) Putting Enterprise to Work: A. Study of Privatization in Jamaica, Kingston: National Investment Bank of Jamaica.

Strauss, A. and Corbin, J. (1990) Basics of Qualitative Research, California: Sage Publications.

Stryjan, Y. (1990) "On ownership and membership," Economic and Industrial Democracy, 11, 217-47.

Subman, S. and Bradburn, N. (1982) Asking Questions: A Practical Guide to Questionnaire Design, San Francisco: Jossey-Bass Inc.

Swinney, D. (1991) "Employee ownership and the labour movement," The Journal of Employee Ownership Law and Finance, 3, 147-160.

Tagiuri, R. (1969) "The Concept of organizational climate," in R. Tagiuri, and G. Litwin, (eds.), Organizational Climate: Explorations of a Concept, Boston: Harvard Business School.

Tannenbaum, A. (1974) Hierarchical Organizations, San Francisco: Jossey-Bass.

Taylor, F. (1967) Principles of Scientific Management, New York: Norton.

Tetrick, A. and Farkas, L. (1989) "A three wave longitudinal analysis of the causal ordering of satisfaction and commitment on turnover decisions," Journal of Applied Psychology, 74, 855-68.

Thompson, J. (1993) "Promotion of employee ownership through public policy: the British example," Journal of Economic Issues, 27, 825-45.

Tidrick, G. (1975) "Wage spillover and unemployment in a wage-gap economy: the Jamaican case," Economic Development and Cultural Change, 23, 306-24.

Toscano, D. (1983) "Toward a typology of employee ownership," Human Relations, 36, 581-602.

Troxel, J. (1993) Participation Works: Business Cases from Around the World, Virginia: Miles River Press.

TUC (1953) Interim Report on Public Ownership, London: Trade Union Congress.

TUC (1976) Industrial Democracy, London: Trade Union Congress.

Tucker, J., Nock, S., and Toscano, D. (1989) "Employee ownership and perceptions of work," Work and Occupations, 16, 26-42.

TUEI (1976) Papers and Findings - Seminar on Worker Participation, Kingston: Trade Union Education Institute.

TUEI (1987) National Survey of Workers, Kingston: Trade Union Education Institute.

Turnbull, P. and Weston, S. (1993) "Co-operation or control? Capital restructuring and labour relations on the docks," British Journal of Industrial Relations, 31, 115-33.

Turner, M. (1988) "Chattel slaves into wage slaves: A Jamaican case study," in M. Cross and G. Heuman (eds.), Labour in the Caribbean, London: MacMillan.

Turner, T. and Morley, M. (1995) Industrial Relations and the New Order, Dublin: Oak Tree Press.

United States Department of Labour (1988-98) Foreign Labour Trends: Jamaica. Washington, D.C.: Government Printing Office.

USAID (1994) Jamaica Labour Force Assessment: Assessment of Jamaica's Workforce Needs and Training Capacities in Four Leading Export Sectors, Washington, DC: United States Agency for International Development.

Uvalic, M. (1993) "Workers' financial participation in the European Community," Economic and Industrial Democracy, 3, 185-94.

Vanek, J. 1977 "Some fundamental considerations on financing and the form of ownership under labour management," in J. Vanek, The Labour-Managed Economy: Essays, Ithaca: Cornell University Press.

Vaughan-Whitehead, D. (1992) "Workers' financial participation: an East-West comparative perspective," Economic and Industrial Democracy, 14, 195-215.

Vinylsteke, C. (1988) Employment Issues and Employee Participation, Washington, DC: World Bank.

Wall, T., and Lischeron, J. (1977) Worker Participation: A Critique of the Literature and Some Fresh Evidence, London: McGraw-Hill.

Walley, K. and Wilson, N. (1992) "Employee share ownership plans in the UK: a preliminary survey," in N. Wilson (ed.) ESOPs: Their Role in Corporate Finance and Performance, London: MacMillan.

Walton, R. (1985) "From control to commitment in the workplace," Harvard Business Review, 4, 77-84.

Ward, J. (1991) "The profitability of sugar plantations in the British West Indies, 1650-1834" in H. Beckles and V. Shepherd (eds.), Caribbean Slave Society and Economy: A Student Reader, Kingston: Ian Randle Publishers.

Watson, T. (1994) The Continued Relevance of Cooperative Societies to Jamaica, Unpublished Paper, University of the West Indies.

Wayne, S. and Green, S. "The effects of leader-member exchange on employee citizenship and impression management behavior," Human Relations, 46, 1431-40.

Weber, M. (1947) The Theory of Social and Economic Organization (T. Parsons trans.), New York: Free Press.

Weiss, J. (1989) Industrial Policy in Jamaica in the 1980s, Bradford: University of Bradford.

Weitzman, M. (1984) The Share Economy: Conquering Stagflation, Cambridge, Harvard University Press.

Weitzman, M., and Kruse, D. (1990) "Profit sharing and productivity," in A. Blinder (ed.), Paying for Productivity, Washington, DC: Brookings.

West Indian Commission (1992) Time for Action, Bridgetown: West Indian Commission.

Whelan, C. (1982) Worker Priorities, Trust in Management and Prospects for Workers' Participation, Paper no. 111, Dublin: Economic and Social Research Institute.

Whyte, W., and Whyte, K. (1988) Making Mondragon, Ithaca: International Labour Relations Press

Wichman, A. (1994) "Occupational differences in involvement with ownership in an airline employee ownership program," Human Relations, 47, 829-45.

Wilkinson, A., Marchington, M., Ackers, P., and Goodman, J. (1994) "ESOP's fables: a tale of a machine tool company," International Journal of Human Resource Management, 5, 126-142.

Wilkinson, A., Marchington, M., and Goodman, J. (1992) "Total Quality Management and employee involvement," Human Resource Management Journal, 1-20.

Wilkus, M. (1991) "Employee buyouts," Journal of Employee Ownership Law and Finance, 3, 121-46.

Willem, V., Volgering, M., Hessels, M. (1998) "Exploring the conceptual expansion within the field of organizational behaviour: organizational climate and organizational culture," Journal of Management Studies, 35, 22-38.

Williamson, O. (1985) The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting, New York: The Free Press.

Willmott, H. (1993) "Strength is ignorance; slavery is freedom: managing culture in modern organizations," Journal of Management Studies, 30, 515-52.

Wilmot, S. (1993) "Emancipation in action: workers and wage conflict in Jamaica, 1838-1840," in M. Beckles and U. Shepherd (eds.), Caribbean Freedom Economy and Society from Emancipation to the Present: A Student Reader, Kingston: Ian Randle.

Wilson, N. (1992) ESOPs: Their Role in Corporate Finance and Performance, London: Macmillan.

Worrell, K. (1987) The Economy of Modern Jamaica, Jamaica: The Bustamante Institute of Public and International Affairs.

Wright, M., Thompson, S. and Robbie, K (1989) "Privatisation via management and employee buy-outs," Annals of Public and Cooperative Economics, 60, 399-430.

Yin, R. (1984) Case Study Research: Design and Methods, vol. 5, Beverly Hills: Sage.

Young, K. (ed.) (1992) Privatization and Employee Ownership: The International Experience, Oakland: National Center for Employee Ownership.

APPENDIX 1:

INTERVIEW QUESTIONNAIRE FOR SENIOR MANAGERS/PERSONNEL MANAGERS

Senior Management /Personnel Officer
ESOP Information Checklist

1. ESOP Background and Facts

a)	When was the ESOP started?
b)	Who is the person responsible for overseeing the ESOP?
c)	Do employee shares have the same rights as other shares?
d)	What information was sent to workers about ESOP?
e)	Approximately what percentage of shares do employees own?

2. Specific ESOP Information

a)	Are shares held in a trust for workers? (If so, see below)
b)	If not in a trust, how did employees acquire their shares?
c)	Did employees receive a discount on their shares?
d)	Did the company lend or grant employees money to purchase shares?
e)	How did employees finance their share purchase (deductions from pay, etc.)?
f)	When are employees allowed to sell shares?
g)	Are there any restrictions or requirements for employees selling shares?
h)	How are dividends received?
i)	How are dividends taxed?

3. ESOP Trust

a)	What are the eligibility requirements for participating in the ESOP?
b)	Are new employees eligible to participate?
c)	How are new employees informed of the ESOP?
d)	How do shares accrue to employees in the trust?
e)	Do employees receive shares at a discount?
f)	Has the company lent or granted any money to the trust?
g)	Do employees vote individually or does the trust vote all shares *en bloc*?
h)	How are the trustees selected?
i)	How can trustees be removed (vote, board of directors, etc.)?
j)	How long does the trustee hold the shares?
k)	How are dividends received?
l)	How are dividends taxed?
m)	How can employees leave the trust?

4. Other Issues

a)	Have there been any difficulties in administering the ESOP?
b)	Have any major changes been made to the ESOP? *If yes*, what are they?
c)	Do you feel workers are fully aware of how the ESOP operates?
d)	On average, how many inquiries about the ESOP do you have a month?
e)	Any other interesting facts or opinions about the ESOP?

APPENDIX 2:

INTERVIEW QUESTIONNAIRE FOR UNION OFFICIALS

Trade Union Representatives
(National representative and Shop Stewards)
Semi-Structured Interview Schedule

1. Scheme and Union Policy

a)	Does your union have a policy on share-ownership schemes?
b)	*If no*, do you think there is a need for such a policy?
c)	*If yes*, do you support that policy?
d)	Has the ESOP caused any problems for you or your members?
e)	What are the advantages or disadvantages of the ESOP for your members?
f)	Does your union approve of the ESOP?
g)	Are there any changes you would like seen made to the ESOP?
h)	Does your union play a formal (or informal) role in the running of the ESOP?
i)	

2. Legislation

a)	Are you aware of the recent legislation on ESOPs?
b)	*If yes*, do you think this legislation is easy to understand?
c)	What changes would you like to see in the legislation?
d)	Do you support the legislation?
e)	Are there any major weaknesses or strengths in the legislation?

3. Objectives of Management

a)	What were management's objectives in introducing the ESOP? Could you prioritise these?
b)	Do you think these objectives have been met? Why or why not?
c)	*If no*, can you recommend any other means of achieving these objectives?

4. Industrial Relations Issues

a)	Are union-management relations in the company satisfactory?
b)	Do you think the ESOP should be on the negotiating agenda?
c)	Would you like to see ESOP form part of fixed income or wages or salary?
d)	Have the members attitudes to the union changes since the ESOP started?
e)	How did you hear about the ESOP?
f)	Was your union consulted about the ESOP?
g)	How did your members hear about the ESOP?
h)	Was the information provided satisfactory? *If no*, how could it have been improved?
i)	Did your members have any difficulty in understanding the scheme?
j)	Has the ESOP improved the efficiency of your members?
k)	Has the ESOP changed the attitudes of your members towards their work?
l)	Has the ESOP changed management-union relations in any way?

5. National Union Representative only

a)	Has your experience with this company's ESOP led to a change in your unions policy toward ESOPs?

APPENDIX 3:

INTERVIEW QUESTIONNAIRE FOR SELECTED RESPONDENTS

Employee Questionnaire

1. I am a student at Oxford University in England and I am researching the impact of employee share ownership plans (ESOPs). This research is not being done for the company, it is purely for my own purposes. I have chosen people purely at random from different parts of the company. It is purely by chance that you have been asked to fill in a questionnaire while some of your colleagues have not been asked to do so.

2. I can assure you that the replies you give will be entirely confidential and will be seen by no one but myself. Your name will not appear anywhere on this questionnaire form and there will be no way of tracing any of the information you give me back to you personally.

3. Most of the questions ask you to respond to a statement by circling a number of the response which you select. The following is an example of a question:

(1) How would you rate the weather in Jamaica

1. EXCELLENT WEATHER
2. GOOD WEATHER
3. NOT BAD WEATHER
4. POOR WEATHER
5. CAN'T ANSWER OR NOT SURE

If you think the weather in Jamaica is good, you would CIRCLE the number 2. If you dislike the weather in Jamaica (e.g., too hot), you would circle number 4. If you have never thought about the weather in Jamaica or if you just came in from abroad, then you would circle number 5, and so on. Please only circle the number of ONE answer unless the question indicates that you can circle more than one number and answer.

4. If you are unclear about any of the questions, please feel free to ask me to clarify.

I realise that you have many demands on your time and are very busy, so I greatly appreciate your help. Thank you very much.

A. Company Information

Please answer the following questionsby circling the number of the correct answer.

(1) Overall, how would you rate this company as a place to work as compared to other companies you know or have heard about?

1. ONE OF THE BEST
2. ABOVE AVERAGE
3. AVERAGE
4. BELOW AVERAGE
5. CAN'T ANSWER OR NOT SURE

(2) Overall, how are workers treated in this company compared to workers in other companies you know or have heard about?

1. EXCELLENT TREATMENT
2. GOOD TREATMENT
3. AVERAGE TREATMENT
4. POOR TREATMENT
5. CAN'T ANSWER OR NOT SURE

How would you rate this company in the following areas of worker treatment compared to other companies you know or have heard about?

(3) Treating workers with respect?

1. EXCELLENT
2. GOOD
3. NOT BAD
4. POOR
5. CAN'T ANSWER OR NOT SURE

(4) Appreciating workers' contributions?

1. EXCELLENT
2. GOOD
3. NOT BAD
4. POOR
5. CAN'T ANSWER OR NOT SURE

(5) Co-operating with the Union/Staff Association?

1. EXCELLENT
2. GOOD
3. NOT BAD
4. POOR
5. CAN'T ANSWER OR NOT SURE

(6) Paying workers what they deserve?

1. EXCELLENT
2. GOOD
3. NOT BAD
4. POOR
5. CAN'T ANSWER OR NOT SURE

(6.1) Which ONE of the following would you say best describes the relationship between management and workers in this company? (Please put a tick beside the appropriate answer)

THE MANAGEMENT AND WORKERS CO-OPERATE AND WORK TOGETHER WELL ( )

THE MANAGEMENT ONLY LOOKS OUT FOR THE COMPANY'S INTERESTS AND THE WORKERS HAVE TO LOOK OUT FOR THEIR OWN INTERESTS ( )

THE MANAGEMENT AND WORKERS ARE AT WAR MOST OF THE TIME ( )

(7) How often do you participate in staff or departmental meetings? 1. FREQUENTLY 2. OCCASIONALLY 3. RARELY 4. NEVER 5. CAN'T ANSWER OR NOT SURE	**(10) How well do you feel about the opportunities for you to communicate your feelings, suggestions, and grievances to the management?** 1. VERY SATISFIED 2. SATISFIED 3. NOT SATISFIED 4. VERY DISSATISFIED 5. CAN'T ANSWER OR NOT SURE
(8) Do you believe that having a representative on the company's board of directors benefits workers? 1. STRONG BENEFIT 2. SOME BENEFIT 3. LITTLE BENEFIT 4. NO BENEFIT AT ALL 5. CAN'T ANSWER OR NOT SURE	**(11) When changes are made which affect your job, how often are you consulted about the changes?** 1. VERY OFTEN 2. OFTEN 3. SELDOM 4. VERY SELDOM 5. NEVER 6. CAN'T ANSWER OR NOT SURE
(9) Which of the following is the <u>most</u> important to you about your job? (please circle only ONE number) 1. CONVENIENT WORKING HOURS 2. DECENT WORKING CONDITIONS 3. POSSIBILITY OF PROMOTION 4. INTERESTING WORK 5. JOB SECURITY 6. GOOD PAY 7. FRIENDLY PEOPLE 8. BEING RESPECTED & APPRECIATED 9. FAIR TREATMENT 10. OTHER ______________	**(12) If you had the power to change just one thing about your job, what one thing would you change?** (Please circle only one number) 1. IMPROVE PERSONNEL AND INDUSTRIAL RELATIONS DEPARTMENT 2. MORE PAY 3. MORE RECOGNITION AND APPRECIATION 4. GREATER ACCEPTANCE AS AN EQUAL HUMAN BEING 5. BETTER PHYSICAL ACCOMODATIONS 6. OTHER ______________

(13) Do you currently own shares in this company?

1. YES. **If you answer yes, then please go to question #14 below.**
2. NO. **If you answer no, then please go to question #24 on the next page.**

(14) Did you buy your shares or were they given to you?

1. I PURCHASED ALL OF THEM
2. I PURCHASED SOME AND SOME WERE GIVEN TO ME
3. ALL OF THEM WERE GIVEN TO ME

(15) How long have you held shares in the company?

1. LESS THAN ONE YEAR
2. BETWEEN ONE AND TWO YEARS
3. BETWEEN THREE AND FIVE YEARS
4. MORE THAN FIVE YEARS

(16) What were the most important reasons that made you purchase or accept shares in this company? (You may circle more than one number).

1. I BELIEVE IN THE IDEA OF EMPLOYEES OWNING SHARES
2. I WANTED THE EXTRA INCOME FROM DIVIDENDS
3. I WANTED THE EXTRA INCOME FROM SELLING MY SHARES
4. IT WAS A GOOD INVESTMENT
5. I WAS PRESSURED TO BUY SHARES
6. THEY WERE JUST GIVEN TO ME
7. OTHER REASON ______________________________

Please put an "X" beside the number of the single most important reason above.

(17) What have you done with your shares in the company?

1. I HAVE KEPT ALL OF THEM
2. I HAVE KEPT MOST OF THEM
3. I HAVE KEPT ABOUT HALF OF THEM
4. I HAVE KEPT LESS THEN HALF OF THEM
5. I HAVE KEPT NONE OF THEM
6. OTHER ______________________________

(18) Approximately how much money have you made in total from dividends and selling shares since you bought or received shares in the company? (Circle the number of the closest estimate)

1. VERY LITTLE TO NOTHING
2. ABOUT 1/4 OF MY SALARY
3. ABOUT 1/2 OF MY SALARY
4. ABOUT THE SAME AMOUNT AS MY SALARY
5. MORE THAN MY SALARY
6. MUCH MORE THAN MY SALARY

(19) Taking everything into consideration, was it a good idea to sell or give shares to employees?

1. EXCELLENT IDEA
2. GOOD IDEA
3. NOT A BAD IDEA
4. NOT A VERY GOOD IDEA
5. CAN'T ANSWER OR NOT SURE

(20) Please indicate whether you have ever done the following things (please circle YES or NO):

1. READ THE COMPANY'S ANNUAL REPORT?	YES	NO
2. CHECKED THE PRICE OF THE COMPANY'S SHARES?	YES	NO
3. ATTENDED AN ANNUAL GENERAL MEETING OF THE COMPANY?	YES	NO
4. VOTED AT A MEETING OR SENT IN A PROXY BALLOT?	YES	NO

(21) To what extent do you think that other Jamaican companies should encourage workers to own shares?

1. I AM STRONGLY IN SUPPORT
2. I AM GENERALLY IN SUPPORT
3. I AM GENERALLY AGAINST
4. I AM STRONGLY AGAINST
5. CAN'T ANSWER OR NOT SURE

(22) Do you feel that you are a part-owner of this company?

1. YES
2. NO
3. DON'T KNOW

(23) Do you own shares in any other company?

1. YES
2. NO

If you do not own shares in this company, could you please answer the following questions and then go on. If you do own shares, please go to the next page.

(24) Why don't you own shares? (You may circle more than one number)

1. I AM NOT ELIGIBLE TO BUY ANY SHARES
2. I CANNOT AFFORD TO BUY SHARES
3. I AM NOT INTERESTED IN OWNING SHARES
4. I BOUGHT OR RECEIVED SOME SHARES, BUT I HAVE SOLD THEM ALL
5. OTHER ______________________________

(25) How do you feel now? (You may circle more than one number)

1. I WANT TO OWN SHARES, BUT I DON'T HAVE THE MONEY
2. I WANT TO OWN SHARES, BUT I AM NOT ELIGIBLE
3. I AM NOT INTERESTED IN OWNING SHARES
4. I AM PLEASED WITH MY DECISION NOT TO BUY SHARES
5. OTHER ______________________________

(26) How risky is buying shares in this company? 1. THERE IS NO RISK 2. THERE IS LITTLE RISK 3. THERE IS SOME RISK 4. THERE IS A LOT OF RISK 5. CAN'TANSWER OR NOT SURE	**(31) Do you think if employees worked harder, it would result in larger dividends and an increase in the share price?** 1. YES 2. NO 3. MAYBE 4. CAN'T ANSWER OR NOT SURE
(27) Should the company use profits mostly to pay better wages or to help employees buy shares? 1. MOSTLY PAY BETTER WAGES 2. MOSTLY HELP EMPLOYEES BUY SHARES 3. EQUAL AMOUNT TO PAY AND SHARES 4. CAN'T ANSWER OR NOT SURE	**(32) Should employees who own shares take any action which would damage the profitability of the company (like a strike or go-slow)?** 1. SHOULD NOT TAKE ANY ACTION 2. SHOULD TAKE ACTION IF NECESSARY 3. CAN'T ANSWER OR NOT SURE
(28) How much influence over the company do employees who own shares have? 1. A LOT OF INFLUENCE 2. SOME INFLUENCE 3. A LITTLE INFLUENCE 4. NO INFLUENCE 5. CAN'T ANSWER OR NOT SURE	**(33) To what extent does owning shares in the company change employee attitudes to their jobs?** 1. SIGNIFICANT CHANGE IN ATTITUDE 2. BIG CHANGE IN ATTITUDE 3. LITTLE CHANGE IN ATTITUDE 4. NO CHANGE IN ATTITUDE 5. CAN'T ANSWER OR NOT SURE
(29) How much influence over the company SHOULD employees who own shares have? 1. A LOT OF INFLUENCE 2. SOME INFLUENCE 3. A LITTLE INFLUENCE 4. NO INFLUENCE 5. CAN'T ANSWER OR NOT SURE	**(34) How much influence do workers have in decisions affecting their own department?** 1. A LOT OF INFLUENCE 2. SOME INFLUENCE 3. A LITTLE INFLUENCE 4. NO INFLUENCE 5. CAN'T ANSWER OR NOT SURE
(30) Do you feel that the attitudes of employees with shares is different from those without shares 1. ATTITUDES ARE DIFFERENT 2. ATTITUDES ARE THE SAME 3. CAN'T ANSWER OR NOT SURE	**(35) How much influence SHOULD workers have over the overall policies of the company?** 1. A LOT OF INFLUENCE 2. SOME INFLUENCE 3. A LITTLE INFLUENCE 4. NO INFLUENCE 5. CAN'T ANSWER OR NOT SURE

What effect has share ownership had on employees' attitude to work?

(36) Employees are more profit conscious and interested in the companies success

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(37) Employees work harder

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(38) Workers are more satisfied with the company

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(39) The "us" vs "them" feelings between workers and management is reduced

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(40) Workers encourage each other to work harder

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(41) Workers are more likely to come to work on time and put in a full day's work

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(42) Workers are less likely to change jobs

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(43) Workers are worse off

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(44) There is more of a "community" spirit among workers

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(45) Workers have become more aware of the financial issues that face the company

1. I STRONGLY AGREE
2. I AGREE
3. I DISAGREE
4. I STRONGLY DISAGREE
5. CAN'T ANSWER OR NOT SURE

(46) How well do you think the union or staff association does its job in this company? 1. VERY WELL 2. FAIRLY GOOD 3. AVERAGE 4. BADLY 5. CANT ANSWER / NOT RELEVANT	**(50) Should unions focus on higher pay and working conditions or on getting workers' a bigger say in management?** 1. FOCUS ON PAY AND CONDITIONS 2. FOCUS ON SAY IN MANAGEMENT 3. EQUAL CONCERN FOR BOTH 4. OTHER ______________________ 5. CANT ANSWER / NOT RELEVANT
(47) How necessary is the union or staff association in the company at this time? 1. VERY NECESSARY 2. NECESSARY FOR A FEW THINGS 3. UNNECESSARY 4. CAN'T ANSWER / NOT RELEVANT	**(51) How does the fact that employees own shares affect the union or staff association (S.A.)?** 1. UNION/S.A. IS STRENGTHENED 2. UNION/S.A. IS WEAKENED 3. SHARE OWNERSHIP HAS NO IMPACT 4. CAN'T ANSWER / NOT RELEVANT
(48) How much influence does the union or staff association have in the company? 1. A LOT OF INFLUENCE 2. SOME INFLUENCE 3. A LITTLE INFLUENCE 4. NO INFLUENCE 5. CAN'T ANSWER / NOT RELEVANT	**(52) If all the workers owned shares, would there be a need for a union?** 1. YES 2. NO 3. MAYBE 4. CAN'T ANSWER / NOT RELEVANT
(49) Is the union or staff association useful in ensuring that managers treat workers fairly? 1. VERY USEFUL 2. SOMEWHAT USEFUL 3. NOT USEFUL 5. CAN'T ANSWER / NOT RELEVANT	**(53) How has your attitude toward the union or staff sssociation changed since you acquired shares in the company?** 1. I AM LESS SUPPORTIVE 2. I AM MORE SUPPORTIVE 3. NO CHANGE 4. CAN'T ANSWER / NOT RELEVANT

G Personal Information

The following information is for statistical purposes only and will not be used in any way to identify individuals.

(54) What are you?

1. MALE
2. FEMALE

(55) What is your age?

1. UNDER 20
2. 21 TO 30
3. 31 TO 40
4. 40 TO 50
5. ABOVE 50

(56) What type of job do you have?

1. SENIOR MANAGEMENT
2. MIDDLE MANAGEMENTOR SUPERVISOR
3. CLERICAL OR SECRETARIAL
4. SKILLED OR SEMI-SKILLED MANUAL
5. UNSKILLED MANUAL
6. OTHER ____________________

(57) Do you work full-time or part time?

1. FULL-TIME
2. PART-TIME

(58) How long have you worked for this company?

1. LESS THAN A YEAR
2. BETWEEN 1 - 5 YEARS
4. BETWEEN 6 - 15 YEARS
5. MORE THAN 15 YEARS

(59) Are you a member of a staff association or union?

1. STAFF ASSOCIATION
2. UNION
3. NEITHER

Have you ever been a delegate, union, or association officer? 1. YES 2. NO

If there is anything that you wish to add about the company or about share ownership please feel free to do so in the space below:

APPENDIX 4:

MODEL OF EMPLOYEE OWNERSHIP

(Not included [illegible] listed
in table of contents)