

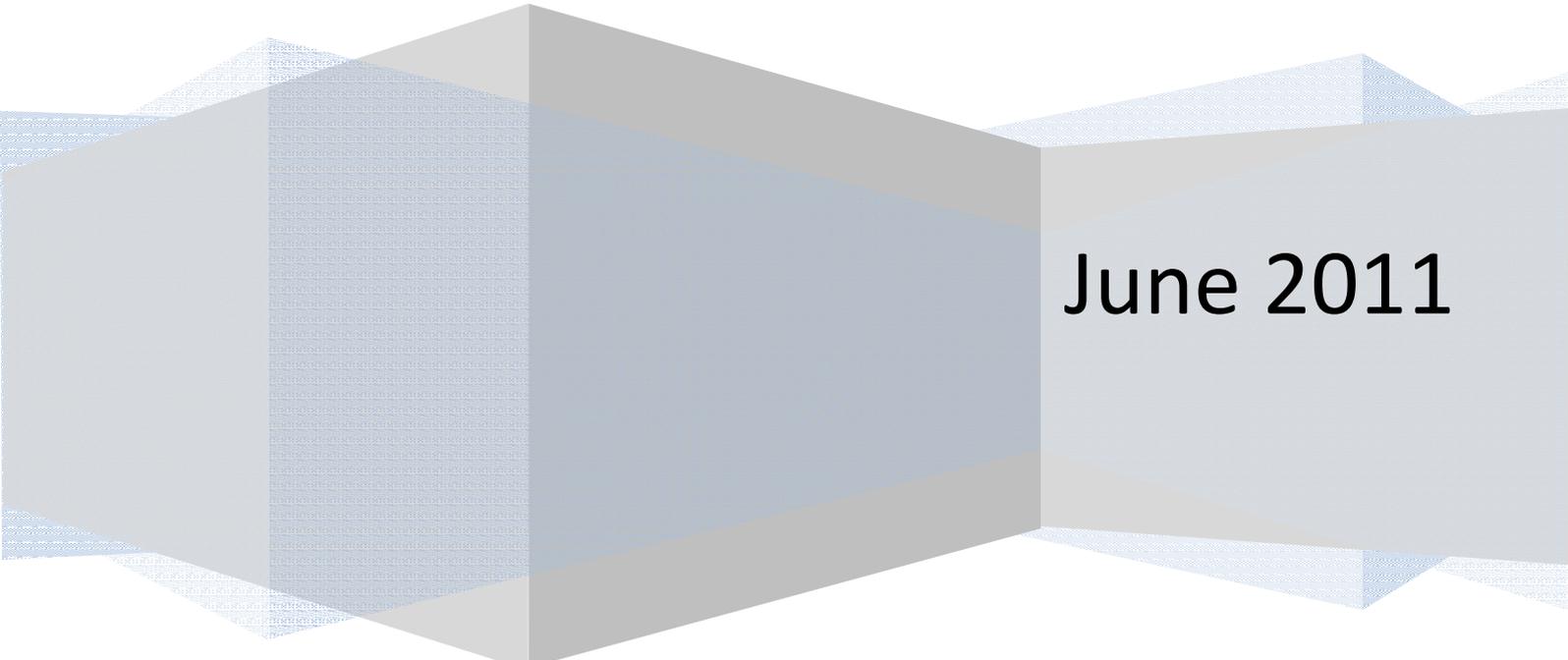


Employee Share Ownership Project
The University of Melbourne

Why do employees participate in employee share ownership plans?

Research Report

Michelle Brown, Rowan Minson, Ann O'Connell and Ian Ramsay



June 2011

The authors

Michelle Brown is an Associate Professor (Human Resource Management) in the Faculty of Business and Economics at the University of Melbourne.

Rowan Minson is a Research Assistant for the Employee Share Ownership Project at the Melbourne Law School.

Ann O'Connell is an Associate Professor and the Associate Dean (Undergraduate) at the Melbourne Law School.

Ian Ramsay is the Harold Ford Professor of Commercial Law and Director of the Centre for Corporate Law and Securities Regulation at the Melbourne Law School.

The Employee Share Ownership Project

The Employee Share Ownership Project is a joint initiative of the Centre for Corporate Law and Securities Regulation, the Centre for Employment and Labour Relations Law and The Tax Group at the Melbourne Law School. It is funded by an Australian Research Council Discovery Project Grant.

The project subjects the existing regulatory regime for employee share ownership plans in Australia – in tax, corporate and labour law – to technical and empirical scrutiny. It analyses how current legal regulation structures and constrains the use of ESOPs in Australian enterprises. It examines the current incidence and forms of ESOPs in Australia, the diversity of objectives that such schemes serve, the extent to which current corporate, tax and labour law inhibit ESOPs, and the case for reform of the regulatory framework.

Acknowledgements

The authors thank Ingrid Landau and Dr Malcolm Anderson for their invaluable assistance in preparing this research report.

Published in Melbourne by the Centre for Corporate Law and Securities Regulation, the Centre for Employment and Labour Relations Law and The Tax Group, The University of Melbourne.

Employee Share Ownership Project
Melbourne Law School
The University of Melbourne
Victoria
Australia 3010

Phone: + 61 3 8344 1089

Fax: + 61 3 8344 5285

Email: law-esop@unimelb.edu.au

Website: <http://cclsr.law.unimelb.edu.au/go/centreactivities/research/employeeshare-ownershipplans-current-practice-and-regulatory-reform>

ISBN 9780734044273

© M Brown, R Minson, A O'Connell and I Ramsay

This publication is copyright. Except as permitted under the *Copyright Act 1968* (Cth), no part of this publication may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without the specific written permission of the publisher.

TABLE OF CONTENTS

| | |
|---|----|
| 1. INTRODUCTION | 1 |
| 2. METHODOLOGY..... | 2 |
| 2.1. Literature review | 2 |
| 2.2. Qualitative interviews | 2 |
| 2.3. Conceptual framework..... | 3 |
| 2.4. Quantitative survey..... | 3 |
| 3. SAMPLE CHARACTERISTICS | 5 |
| 3.1. Extent of employee share ownership | 5 |
| 3.2. Demographic characteristics | 6 |
| 3.3. Employment characteristics | 6 |
| 4. BASIC RESULTS..... | 8 |
| 4.1. General attitudes towards ESOPs | 8 |
| 4.2. Employee share ownership patterns | 10 |
| 4.3. Workplace characteristics and employee attitudes to job, colleagues and employer | 14 |
| 5. HYPOTHESES..... | 21 |
| 5.1. Financial and control orientations to employee share ownership..... | 21 |
| 5.2. General financial orientation..... | 25 |
| 5.3. Attitudes to risk..... | 27 |
| 5.4. Attitudes to employee share ownership in general..... | 28 |
| 5.5. Attitudes to employer, job and colleagues | 30 |
| 5.6. Helping behaviours | 32 |
| 5.7. Demographics..... | 34 |
| 6. CONCLUSIONS | 38 |
| BIBLIOGRAPHY | 39 |
| ANNEXURE A – EMPLOYEE SHAREHOLDER SURVEY INSTRUMENT..... | 43 |
| ANNEXURE B – EMPLOYEE NON-SHAREHOLDER SURVEY INSTRUMENT | 53 |

1. INTRODUCTION

Despite considerable public policy interest in the area,¹ non-executive employee share ownership in Australia has, until recently, been largely unchartered. Indeed, in 2000, the House of Representatives Standing Committee on Employment, Education and Workplace Relations' inquiry into employee share ownership ('ESO') found that, putting executive remuneration schemes to one side,² 'very little of a substantive nature is known about employee share plans in Australia at all.'³

Largely in response to this finding, the Employee Share Ownership Project was established as a joint initiative of the Centre for Corporate Law and Securities Regulation, the Centre for Employment and Labour Relations Law and the Tax Group at the Melbourne Law School to evaluate the regulatory regime for employee share ownership plans ('ESOPs') in Australia.⁴

As part of this Project, significant empirical research has been undertaken into the current incidence and forms of broad-based ESOPs in Australia,⁵ and the motivations and objectives of *employers* in implementing them.⁶ However, to date, the reasons why non-executive Australian *employees* elect or decline to participate in ESOPs remain relatively unclear.⁷ Where shares or options are provided to employees as a 'gift', the answer may be considered comparatively straightforward but, in cases of contributory plans, do employees only participate when they perceive the company to be a good financial investment or do non-financial considerations such as the desire to take part in company decision-making also play a role? Are employees' decisions influenced by their degree of commitment to their employer or are attitudes towards employee share ownership in general more important? What, moreover, is the significance of demographic factors such as age, gender and income?

The answers to these questions have significant implications for corporate governance, human resource practice and public policy.⁸ A greater understanding of why employees participate in ESOPs will, for example, shed light on how employee participation in ESOPs may be increased. This will assist both companies who have an ESOP or who wish to implement one, as well as government, which in the past

¹ For a brief overview of such interest: see Jarrod Lenne, Richard Mitchell and Ian Ramsay, 'Employee Share Ownership Schemes in Australia: A Survey of Key Issues and Themes' (Research Report, Employee Share Ownership Project, Melbourne Law School, 2005) 7, 10–13; Ingrid Landau, Ann O'Connell and Ian Ramsay, 'Employee Share Schemes: Regulation and Policy' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2010) 3–4.

² House of Representatives Standing Committee on Employment, Education and Workplace Relations, Commonwealth Parliament, *Shared Endeavours: Inquiry into Employee Share Ownership in Australian Enterprises* (2000) 10–12.

³ *Ibid* 41–2. See also xxvi, 15–16, 26, 29, 285, 290–91.

⁴ Further information on the Project is available from the Centre for Corporate Law and Securities Regulation's website at <<http://www.cclsr.unimelb.edu.au>>.

⁵ Ingrid Landau, Richard Mitchell, Ann O'Connell, Ian Ramsay and Shelley Marshall, 'Broad-Based Employee Share Ownership in Australian Listed Companies: Survey Report' (Research Report, Employee Share Ownership Project, Melbourne Law School, 2009).

⁶ Andrew Barnes, Tanya Josev, Jarrod Lenne, Shelley Marshall, Richard Mitchell, Ian Ramsay and Cameron Rider, 'Employee Share Ownership Schemes: Two Case Studies' (2006).

⁷ Ingrid Landau, Richard Mitchell, Ann O'Connell and Ian Ramsay, 'Employee Share Ownership: A Review of the Literature' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2007) 15. The same point is often made in literature emanating from the United Kingdom: see, eg, Andrew Pendleton, 'Employee Participation in Employee Share Ownership: An Evaluation of the Factors Associated with Participation and Contributions in Save As You Earn Plans' (2010) 21 *British Journal of Management* 555, 555, 557; Eric Kaarsemaker, Andrew Pendleton and Erick Poutsma, 'Employee Share Ownership Plans: A Review' (Working Paper No 44, The York Management School, University of York, 2009) 15.

⁸ For a more detailed discussion than that provided here: see Michelle Brown, Ingrid Landau, Richard Mitchell, Ann O'Connell and Ian Ramsay, 'Why Do Employees Participate in Employee Share Plans? — A Conceptual Framework' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2008) 2–4.

has set specific participation targets⁹ and today continues to promote employee share ownership.¹⁰ A better appreciation of the issue will also permit assessment of the extent to which employee share ownership is capable of fulfilling the objectives most commonly cited by those who favour it. Furthermore, such an appreciation will help determine the desirability and shape of regulatory reform.

To this end, this research report presents findings from a survey of employees at two major Australia companies with operating ESOPs. Part 2 of the paper explains the background and methodology behind the survey. Parts 3 and 4 set out, respectively, the key characteristics of our sample and our basic results, while Part 5 directly tests the above questions. Ultimately, as discussed in Part 6, the report's key findings are that those who view employee share ownership as an effective means of profit-making and those who enjoy innovating in the workplace are most likely to participate in an ESOP.

2. METHODOLOGY

This study has comprised four stages. The last of these is the chief focus of this research report, with the other three stages already having been written up.¹¹

2.1. Literature review

First, a literature review was undertaken to identify the variables which previous studies have suggested affect employee participation in ESOPs. It was found that the variables so identified could be grouped into four broad, overlapping categories:

- motivational determinants, including perception of the financial benefit of participation in an ESOP and a desire to take part in, and have control over, company decision-making;
- attitudinal determinants, including commitment to and satisfaction with the employer, feelings of obligation towards the employer, views on employee share ownership in general, and attitude towards risk;
- demographic determinants, including income, age, education level, job tenure and union membership; and
- workplace-level determinants, including the influence of colleagues and supervisors.¹²

2.2. Qualitative interviews

Next, twelve semi-structured interviews were conducted with human resource managers and trade union representatives at nine large, publicly-listed companies with operating ESOPs.¹³ The aim of the interviews was to determine, first, which of the variables identified in the literature review would be most appropriate to test in the fourth stage of the project and, second, whether there are any explanations for employee participation in ESOPs that were not recognised in the existing literature. The interviews were approximately one hour in duration and involved around 25 questions being put to interviewees on topics such as:

⁹ For example, in February 2004, the then Minister for Employment and Workplace Relations Kevin Andrews announced a target of doubling ESOP participation in workplaces from 5.5% of employees to 11% by 2009: Lenne, Mitchell and Ramsay, above n 1, 7.

¹⁰ Landau, O'Connell and Ramsay, above n 1, 4.

¹¹ See Brown et al, above n 8.

¹² Ibid 4–10.

¹³ Ibid 10–11.

- the respective company's motives for establishing an ESOP;
- the structural features of the ESOP and participation rates;
- how the ESOP was communicated to employees;
- perceived employee motives for participation or non-participation in the ESOP;
- whether there were any discernible patterns in the take up of shares and possible demographic and workplace-level explanations for these; and
- whether, and to what extent, the available tax concessions seemed to act as an incentive for employees to participate in the ESOP.

2.3. Conceptual framework

Based on the literature review and the interviews, we next developed a conceptual framework within which we identified and ordered variables which appear to influence employees' decisions as to whether to participate in an ESOP.¹⁴ The primary variable in our model was financial motivation, as this was overwhelmingly identified in the above interviews as the predominant reason for participation. The other variables were categorised as either company-specific — that is, those that the company can directly influence — or those that are individual-specific. The variables in the former category included plan design (including issues such as whether the plan is 'opt in' or 'opt out' and what, if any, financial incentives are offered to participants), plan communication and company performance. The variables in the latter category were demographics (income, age, and occupational group), financial orientation, risk aversion, financial literacy, work group norms, prior experience with ESOPs, general views on ESOPs and turnover intentions.

2.4. Quantitative survey

Finally, as discussed further in this research report, we sought the views of employees themselves through a quantitative survey conducted at two major Australian companies with operating ESOPs. The survey asked a broad range of questions designed to test a number of hypotheses, discussed in Part 5, which we developed from the conceptual framework.

Study population, sample selection and generalisability of results

The Employee Survey was distributed to 2,000 employees of two subsidiaries of one of Australia's largest publicly listed companies and employers — 500 randomly-selected employees who were shareholders at each company and 500 randomly-selected employees who were not shareholders at each company — representing 4.2% of their combined workforce of 48,069.

The employees were entitled to participate in the parent company's Exempt Salary Sacrifice Share Plan ('ESSSP') and Deferred Salary Sacrifice Share Plan ('DSSSP'). These plans were offered in August 2008 to all permanent — that is, full-time and part-time, but not casual or fixed term — employees, with no minimum 'in service period' requirement. Under the tax-exempt scheme, eligible employees could sacrifice either \$1,000 or \$4,500 of salary in exchange for ordinary shares in the parent company, with the allocation price calculated in accordance with the weekly Volume Weighted Average Price. Under the tax-deferred scheme, eligible employees could sacrifice a minimum of \$1,500 of salary.

¹⁴ Ibid 11–23.

The two subsidiaries were chosen as subjects of this study through convenience sampling,¹⁵ although a relevant factor in our selection was that the parent company's plans required a financial contribution from employees. It was obviously not expected that their employees would be representative of all employees who are offered the option of participating in a broad-based ESOP. Indeed, the reasons why non-executive employees of large publicly listed companies elect or decline to participate in ESOPs may vary considerably to those of employees at, for example, small- or medium-sized firms, unlisted companies or sunrise enterprises.¹⁶ Moreover, the employees surveyed were offered the opportunity of participating in only two particular employee share plans and plan design would seem to have a significant effect on the participation decision.¹⁷ Nevertheless, existing research indicates, first, that the incidence of broad-based ESOPs is far higher in larger companies than smaller companies¹⁸ and, furthermore, in publicly listed entities than in unlisted entities;¹⁹ second, that ESOPs are particularly common in the retail sector;²⁰ and third, that the types of plan offered by the two subsidiaries were fairly characteristic of the plans offered by publicly listed companies in general.²¹ Thus, our results may be more generalisable than our sampling method would suggest.²²

Administration, data collection and response rate

The Employee Survey was posted to recipients' home addresses in May 2009 with covering letters from the parent company and the research team. A second copy of the survey was sent approximately two weeks later, followed by a 'reminder' letter a week after that. In total, 553 employees completed and returned the survey, giving a final response rate of 28.6% once the 64 undeliverable surveys are accounted for. This level of response is low by some standards,²³ but would appear relatively common in surveys of this type in this field.²⁴

¹⁵ For a brief overview of this method of sampling: see Maggie Walter, 'Surveys and Sampling' in Maggie Walter (ed), *Social Research Methods: An Australian Perspective* (2006) 187, 198; Earl Babbie, *The Basics of Social Research* (2nd ed, 2002) 178.

¹⁶ For an overview of employee share ownership in such entities in Australia: see Ann O'Connell, 'Employee Share Ownership in Unlisted Entities: Objectives, Current Practices and Regulatory Reform' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2008).

¹⁷ Brown et al, above n 8, 14–16.

¹⁸ Ingrid Landau, Richard Mitchell, Ann O'Connell and Ian Ramsay, 'An Overview of Existing Data on Employee Share Ownership in Australia' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2007) 5. Cf Landau et al, 'Listed Company Report', above n 5, 62–64.

¹⁹ O'Connell, above n 16, 9–10. See also Landau et al, 'Listed Company Report', above n 5, 5–6; Landau et al, 'Existing Data', *ibid*, 5–6.

²⁰ Lenne, Mitchell and Ramsay, above n 1, 17, citing data from the 1995 Australian Workplace Industrial Relations Survey. But see: Landau et al, 'Listed Company Report', above n 5, 18–19; Landau et al, 'Existing Data', above n 18, 4, citing research undertaken on behalf of the Department of Workplace Relations' Employee Share Ownership Development Unit in 2004.

²¹ For example, Landau et al, 'Listed Company Report', above n 5, found that significant proportions of broad-based ESOPs offered by companies listed on the Australia Stock Exchange involve, as here, the restriction of eligibility to permanent full- and part-time employees (62.9%) (at 44), the offer of shares (46.7%) (at 38–39), the provision of securities at market value (68%) (at 40), no contribution from the employer to the value of the securities (47.7%) (at 40–41), no restrictions (such as limited voting rights) on entitlements (80.8%) (at 47–48), no restrictions on the disposal of employee securities (51.7%), no minimum holding period (51.7%) (at 49–50), no maximum holding period (71.2%) (at 50), no minimum period of employment requirement (42%) (at 45) and no link with performance hurdles (57.4%) (at 46). Furthermore, the authors found that 26.6% of plans which require an employee contribution involve a salary-sacrificing arrangement: at 42.

²² Walter, above n 15, 198.

²³ See, eg, Babbie, above n 15, 289; Yehuda Baruch, 'Response Rate in Academic Studies — A Comparative Analysis' (1999) 52 *Human Relations* 421. For a discussion of the differential in opinion between the professional survey community and statisticians in relation to the relative importance of response rates and sample numbers: see Malcolm Anderson, Jeff Richardson, John McKie, Angelo Iezzi and Munir Khan, 'The Relevance of Personal Characteristics in Health Care Rationing: What the Australian Public Thinks and Why' (2011) 70 *American Journal of Economics and Sociology* 132, 147.

²⁴ See, eg, Pendleton, above n 7, 559, and Andrew Pendleton, 'Sellers or Keepers? Stock Retentions in Stock Option Plans' (2005) 44 *Human Resource Management* 319, 324, who achieved a response rate of 24% in each survey.

Survey instrument

The Employee Survey was an anonymous, self-administered, structured questionnaire, with a combination of closed questions and five-point likert-scales. Two different survey instruments were used, one for employee shareholders (see Annexure A) and another for employee non-shareholders (see Annexure B). Both surveys contained the same 21 questions (with a total of 121 items), however, the former involved an additional nine questions (with a total of 30 additional items).

Data analysis

Statistical analysis of the results was undertaken using IBM SPSS Statistics 18. This analysis is presented throughout the remainder of the research report and generally takes one of three forms.²⁵ First, univariate analysis, including frequency distributions and measures of central tendency, is used throughout Parts 3 and 4 for the simple purpose of describing the pattern of responses to individual questions. Second, bivariate analysis is used extensively in Part 5 to test the respective relationships between ESOP participation (the dependent variable) and a host of independent variables, such as financial orientation, risk aversion and age. Finally, multivariate analysis is employed on a small number of occasions in order to (i) add depth to the discussion of our basic results in Part 4; (ii) confirm and enrich some of the bivariate analysis undertaken in Part 5; and, most importantly, (iii) test the *relative* strength of certain independent variables' respective effects on ESOP participation.

3. SAMPLE CHARACTERISTICS

Part 4 of the survey asked respondents a number of background questions about themselves. In this section of the research report, we present the key characteristics of our sample group. An appreciation of these characteristics is crucial in determining, first, the extent to which our findings in Parts 4 and 5 can be generalised to the study population (all employees of the subsidiary companies) and, second, as discussed further in Part 5, whether and to what degree demographic and employment characteristics affect ESOP participation.

In relation to the first of these points, aggregated employee data provided by the parent company, cited in the text below, suggests that, when compared to the study population, those who responded to our survey tended to be older, female, full-time employees who had worked for their employer for a longer period of time. This outcome, which indicates a degree of non-response bias in our results, is perhaps best explained by a combination of self-selection — whereby those most affected by, or interested in, the subject of a survey are more likely to respond to it — and, to a more limited extent, general population-level trends in survey response behaviour.²⁶

3.1. Extent of employee share ownership

Our sample contained 354 persons who were participants in their respective employer's ESOP ('shareholders') (64%) and 199 non-participants ('non-shareholders') (36%).

²⁵ For a basic introduction to quantitative data analysis: see Earl Babbie, *The Basics of Social Research* (4th ed, 2008) 442–69.

²⁶ See, eg, Hanna Tolonen, Satu Helakorpi, Kirsi Talala, Ville Helasoja, Tuija Martelin and Ritva Prättälä, '25-Year Trends and Socio-Demographic Differences in Response Rates: Finnish Adult Health Behaviour Survey' (2006) 21 *European Journal of Epidemiology* 409, 409, 411 (suggesting that young men are less likely to respond to surveys); Linda Sax, Shannon Gilmartin and Alyssa Bryant, 'Assessing Response Rates and Nonresponse Bias in Web and Paper Surveys' (2003) 44 *Research in Higher Education* 409, 417, 421, 424 (finding that women respond to surveys, regardless of how they are administered, at much higher rates than men).

3.2. Demographic characteristics

Gender

Our sample was dominated by women (82.3%), with only 16.7% of respondents being male. However, the study population was also noticeably skewed towards women (72.4%), albeit to a lesser degree.

Age

Respondents ranged in age from 18 to 70 years (Figure 1). Most respondents were middle-aged, with 68.1% being 40 years or over and the average and median ages being 44.7 and 46.0 respectively. This average was significantly higher than that of the study population (28.5 years).

Education level

High school was the highest education qualification attained by the vast majority of respondents (70.3%) (Figure 2). Only 26.7% of respondents had attained a qualification above high school level, with less than one in ten (9.5%) holding undergraduate or postgraduate degrees.

Income

Almost three-quarters of respondents reported gross annual income below \$40,000, with the average being \$34,406 (Figure 3). Only 12.1% of respondents earned over \$60,000 per annum, and only 3.0% over \$100,000 per annum.

Home ownership

Three-quarters of respondents owned or were in the process of purchasing their home.

Trade union membership

Just over half (50.8%) of respondents were members of a trade union.

Dependent children

Just under half (49.1%) of respondents had dependent children.

Earning status within the family

41.8% of respondents considered themselves the primary income earner in their family.

3.3. Employment characteristics

Length of service

Almost 50% of respondents had worked for their employer for 11 or more years, with the average length of service being 13.1 years, compared to 5.0 years for the study population (Figure 4).

Occupational group

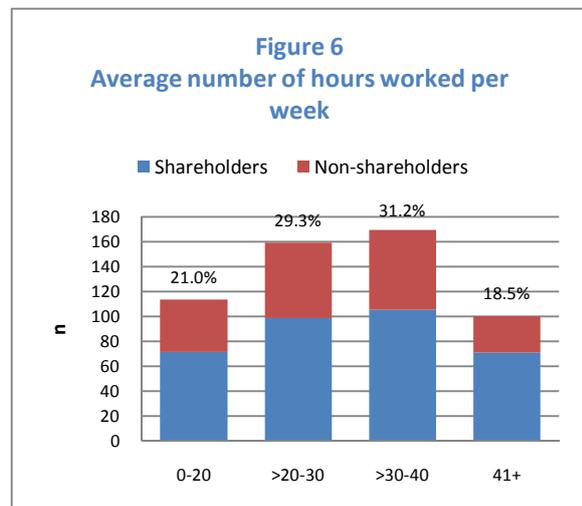
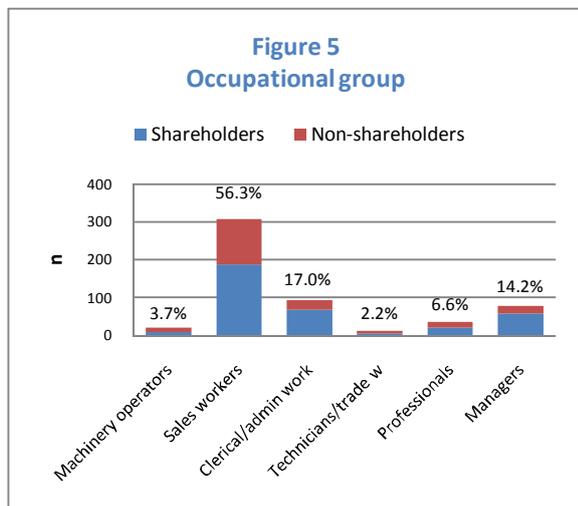
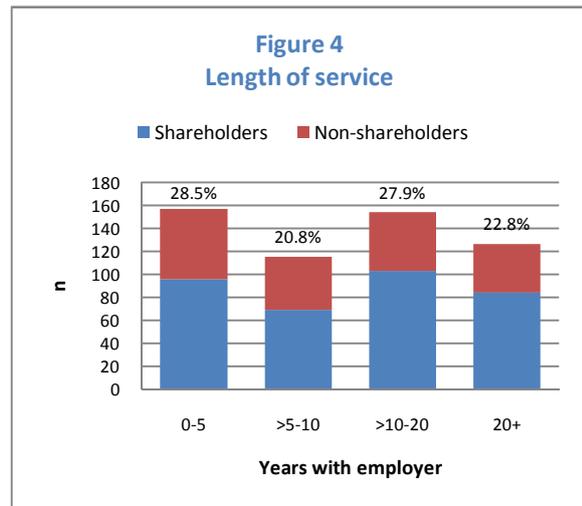
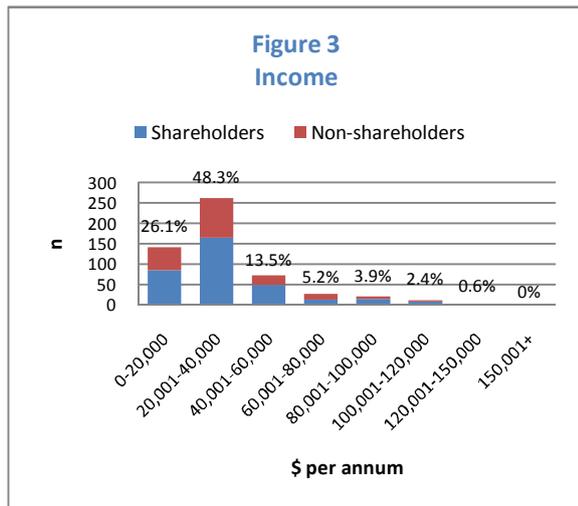
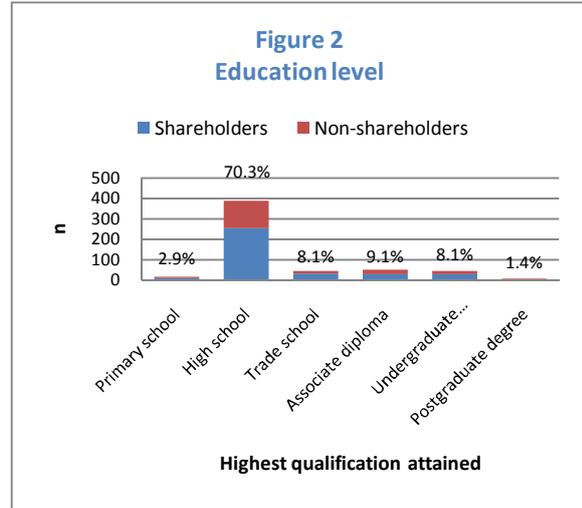
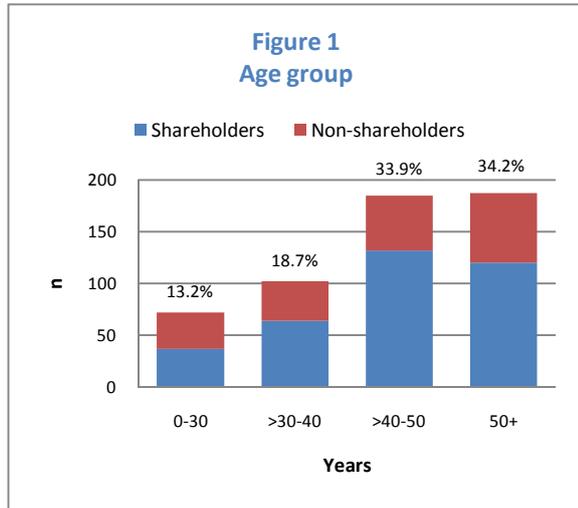
56.3% of respondents classified themselves as sales workers, 17.0% as clerical or administrative workers, 3.7% as machinery operators and 2.2% as technicians or trades workers (Figure 5). The remaining fifth were managers (14.2%) or professionals (6.6%).

Employment status and hours

42.5% of respondents worked full-time — considerably more than the figure of 15.8% for the study population — while 57.5% were on part-time contracts (Figure 6). Overall, the average number of hours worked per week was 32.0, with just under half (49.7%) of all respondents working 31 hours or more per week.

Performance pay

8.3% of respondents received some income contingent upon individual performance, with such income constituting, on average, 9.3% of total annual income for these people.



4. BASIC RESULTS

4.1. General attitudes towards ESOPs

Part 1 of the survey asked respondents a number of questions directed at measuring their attitudes towards employee share ownership in general. In this section of the research report, we set out the combined results for both shareholders and non-shareholders before investigating the differences in the responses of these two groups in Part 5 below.

Characterisation of ESOPs

Overall, respondents most commonly characterised employee share ownership as ‘a way to share in company profits’ (78.9%), followed by ‘a savings scheme’ (73.7%) and ‘an element of a reward package’ (61.7%) (Figure 7). Fewer than one third of respondents saw employee share ownership as ‘a way to get involved in decisions affecting [their] company overall’ (31.8%) or ‘a way to get involved in decisions affecting my job’ (19.3%).²⁷

Opinions on positive aspects of ESOPs

In response to questions developed by Dewe, Dunn and Richardson to measure level of agreement with commonly cited advantages of employee share ownership,²⁸ respondents most frequently took the view that employee share ownership ‘is a good way to build up a nest egg’ (78.3%), followed by ‘makes workers feel “part of the company”’ (65.8%) and ‘makes the company more successful’ (49.5%) (Figure 8). Just under half of all respondents felt that ‘these days, it’s right for workers to own part of their company’ (49.5%), while approximately three in ten felt that employee share ownership reduces feelings of ‘them and us’ (30.4%) and makes workers more careful in their work (32.6%). Only 18.6% of respondents considered that employee share ownership increased job security. Running the questions together as a scale ($\alpha=0.8194$), respondents generally agreed with the positive statements about ESOPs ($M=3.19$). Of all demographic variables, age was the only one which had a significant relationship with this scale, with older respondents tending to be more positive about employee share ownership (Sig $T=0.0036$).²⁹

Opinions on negative aspects of ESOPs

In relation to commonly perceived disadvantages of employee share ownership,³⁰ respondents most frequently agreed with the statement ‘if your company does badly, [ESOPs] put your savings at risk’ (48.2%), followed by ‘hard work cannot affect share price’ (41.3%), ‘it takes too long before gaining from [participation]’ (29.4%) and ‘it’s too hard to find the money to participate’ (24.0%) (Figure 9). Only a minority felt that ESOPs ‘are very difficult to understand’ (19.3%), ‘give a better deal to the company than the workers’ (16.8%), ‘tie you down to one employer’ (9.7%) and ‘weaken trade unions in the company’ (5.6%). Overall, treating the questions as a scale ($\alpha=0.7889$), respondents generally did not

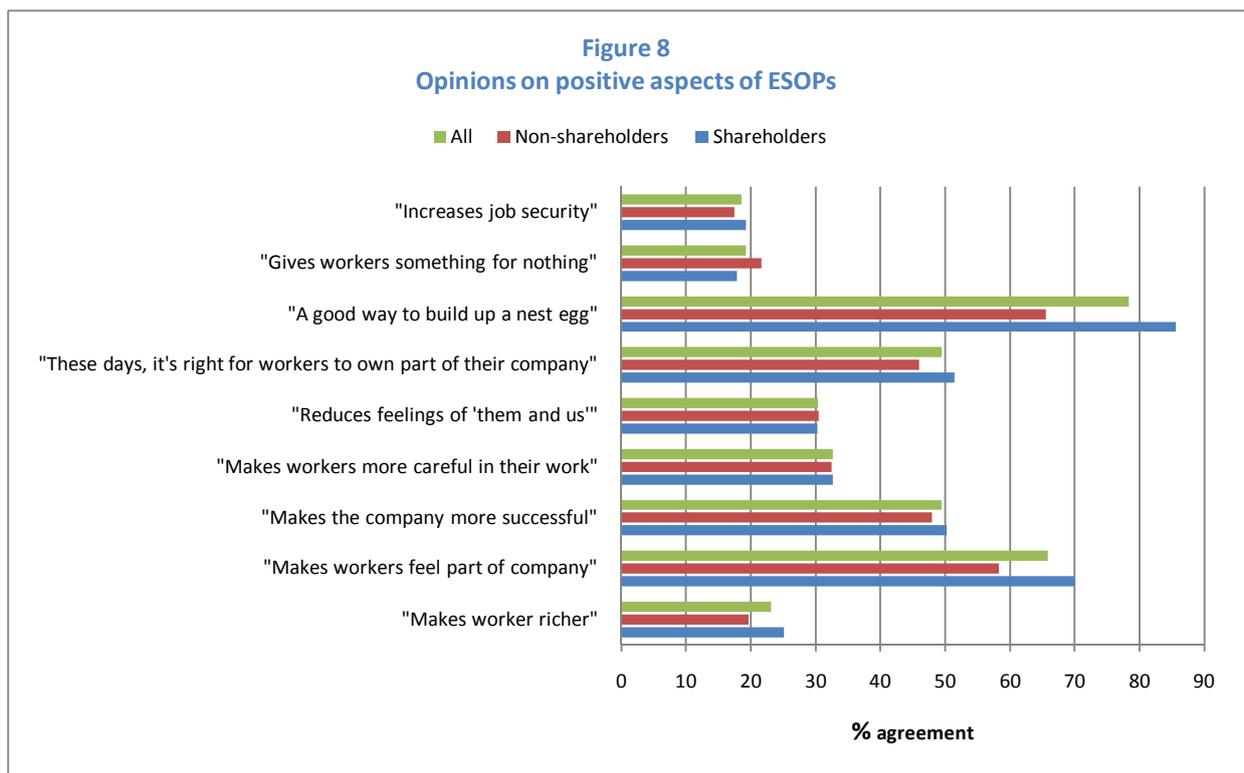
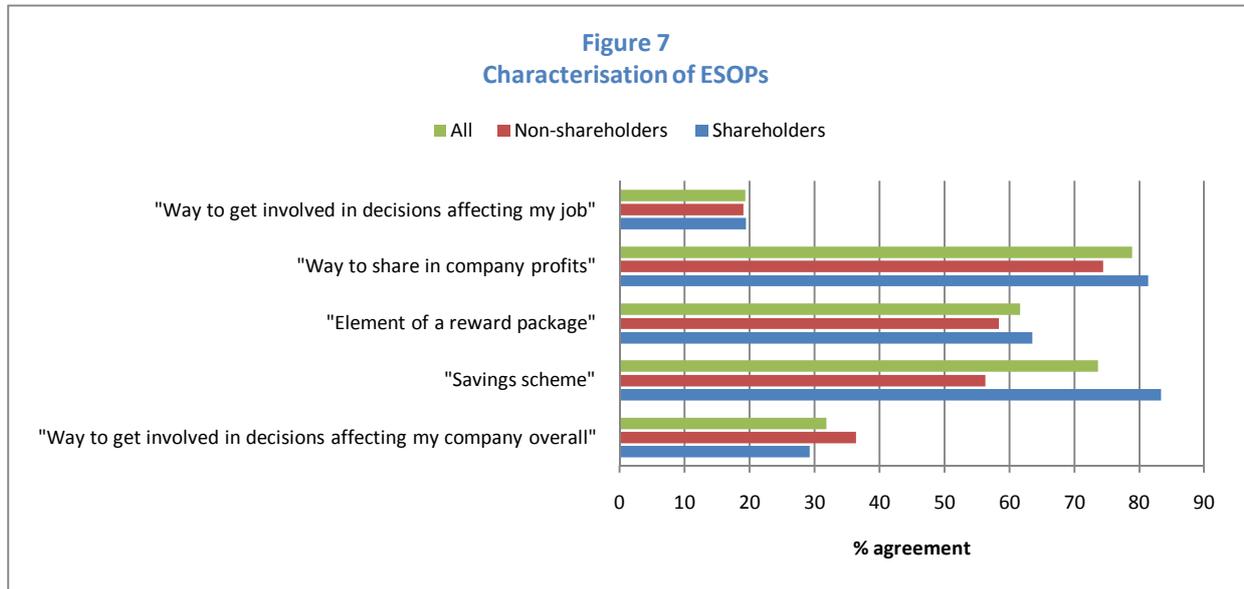
²⁷ This set of questions was adopted from the International Survey on Employee Share Ownership and Work Values, currently conducted by the Research Centre in Management at the University of Montpellier II.

²⁸ Philip Dewe, Stephen Dunn and Ray Richardson, ‘Employee Share Option Schemes: Why Workers Are Attracted to Them’ (1988) 26 *British Journal of Industrial Relations* 1, 10–11.

²⁹ Here, we ran an ordinary least squares regression with the ‘opinions on advantages of ESO’ scale (see further Table 10 in Part 5.4 below) as the dependent variable and part-time status, age, education level, gender, length of service, trade union membership, income and occupational group as independent variables. Note that a ‘Sig T’ value of less than or equal to 0.05 is considered statistically significant.

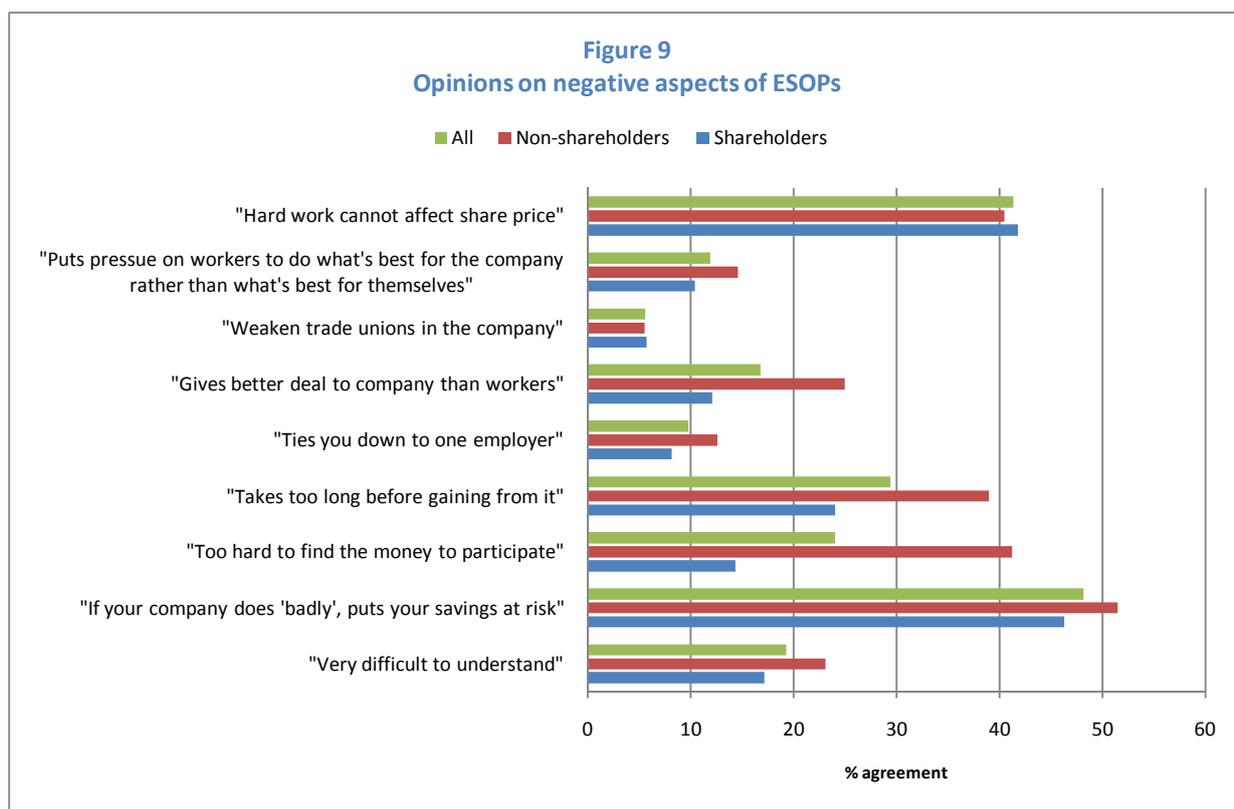
³⁰ *Ibid* 11–12.

agree with the propositions on the negative aspects of ESOPs ($M=2.80$).³¹ This was particularly the case for those with a high income (Sig T=0.0193) and those in a managerial or professional position (Sig T=0.0072).³²



³¹ In line with the structure of most of the questions in the survey instruments (see Annexures A and B), responses were largely coded as follows: 'strongly disagree' (1); 'disagree' (2); 'neutral' (3); 'agree' (4); and 'strongly agree' (5). Therefore, a mean score greater than 3 indicates a generally positive response, while a mean score less than 3 (as here) indicates a generally negative response.

³² In a similar fashion to n 29 above, here we ran an ordinary least squares regression with the 'disadvantages of ESO' scale (see further Table 11 in Part 5.4 below) as the dependent variable and part-time status, age, education level, gender, length of service, trade union membership, income and occupational group as independent variables.



4.2. Employee share ownership patterns

As noted at 3.1 above, 64% of respondents were shareholders in their employer, while 36% were not. In the section, we look more closely at the share ownership patterns of the former group.³³

Other shareholdings

For almost 60% of shareholders, shares in their employer were the only shares they held (Figure 10). Those who owned shares in companies other than their employer tended to be older (Sig T=0.0001) and to work part-time (Sig T=0.0115).³⁴

Number of shares held

The average number of shares held by employees in their employer companies was approximately 247, with just over three-quarters of respondents owning less than 500 shares (Figure 11). The number of shares held tended to increase with age (Sig T=0.0104), income (Sig T=0.0183) and length of service (Sig T=0.0001), however, ownership of non-employer shareholdings had the most significant effect on this variable.³⁵

³³ Except where otherwise noted, the questions discussed in this section of the research report were adopted from the International Survey on Employee Share Ownership and Work Values, above n 27.

³⁴ This was the result of an ordinary least squares regression with ownership of other shares acting as the dependent variable and gender, age, education level, income, trade union membership, length of service, occupational group and part-time status as the independent variables.

³⁵ Here we ran two ordinary least squares regressions with the number of shares held as the dependent variable in both. In the first regression, the independent variables were gender, age, education level, income, trade union membership, length of service, occupational group and part-time status. In the second regression, we added ownership of non-employer shares as a further independent variable and it proved to be the only significant variable (Sig T=0.0000), suggesting that the number of shares held and ownership of other shares are highly correlated. This was confirmed by a logistic regression

Perceived size of shareholding

Almost 95% of respondents considered the number of shares they held to be ‘a very small number’ or ‘not very many’ (Figure 12).

Perceived performance of shares

Approximately four in ten (40.4%) respondents felt that their shares had dropped in value, 14.5% considered that their shares had remained stable, while three in ten (30.4%) considered their shares to have increased in value (Figure 13). The remaining 14.8% of respondents did not keep track of the value of their shares.

Duration of shareholding

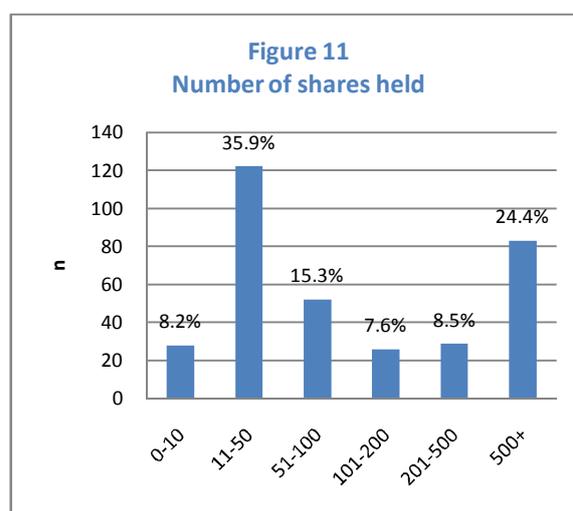
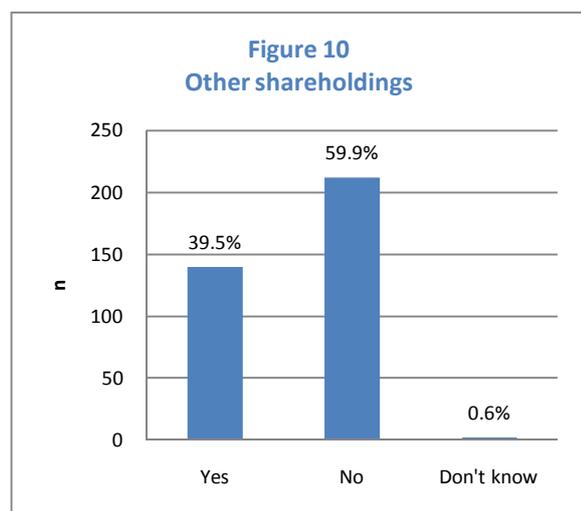
The great majority of respondents had either held their shares for less than 2 years (75.6%) or more than 10 years (14.8%), with few (9.5%) in between (Figure 14).

Intended retention of shareholding

Nearly all respondents (92.6%) intended to keep their shares for ‘a substantial period of time’ or ‘indefinitely’, while less than 1% of respondents intended to sell their shares after satisfying the minimum holding period. Furthermore, only 2.6% of shareholders agreed with the statement ‘I usually sell my company’s shares as soon as I can’ (Figure 15).³⁶

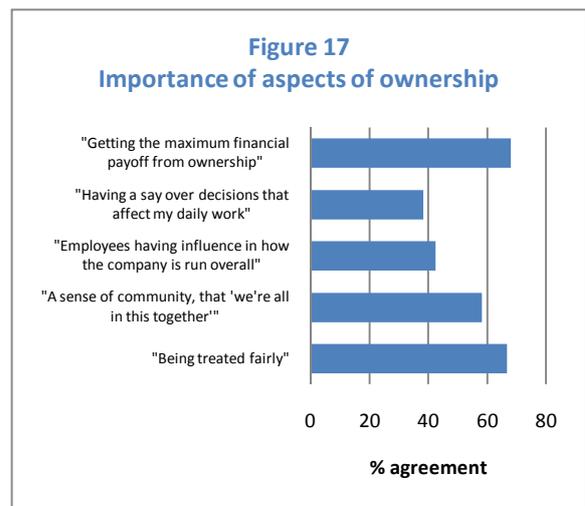
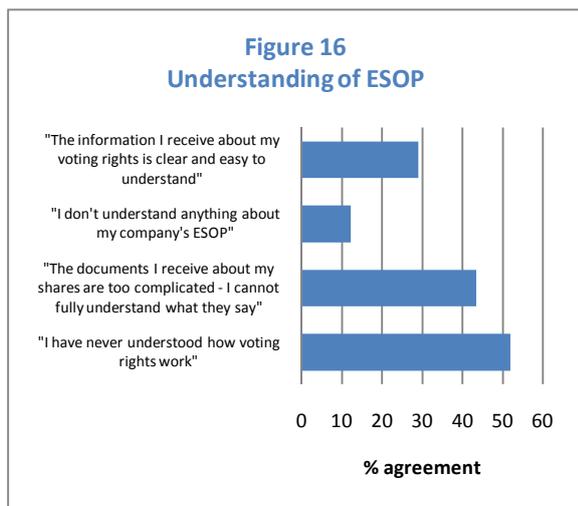
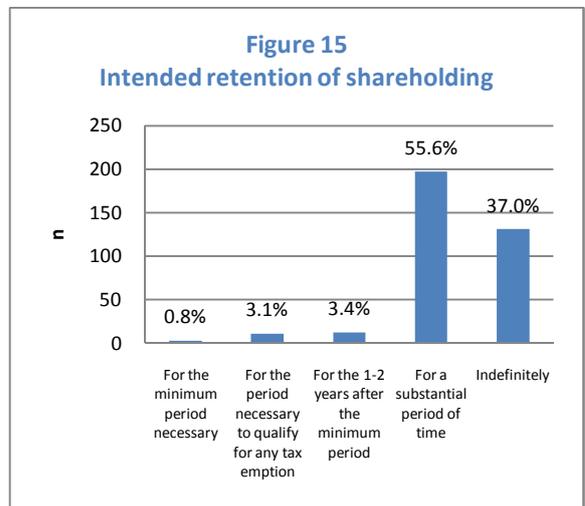
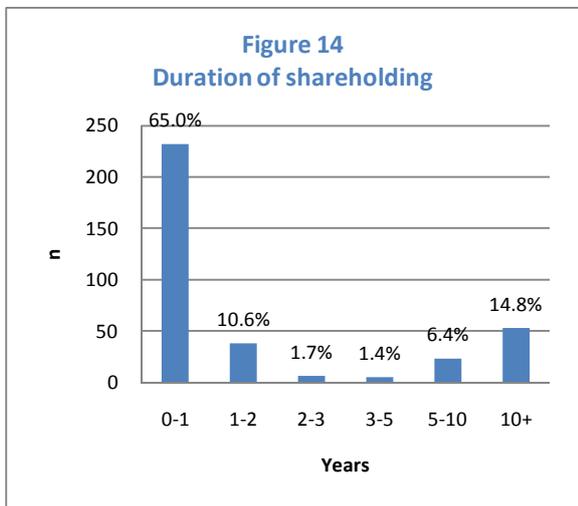
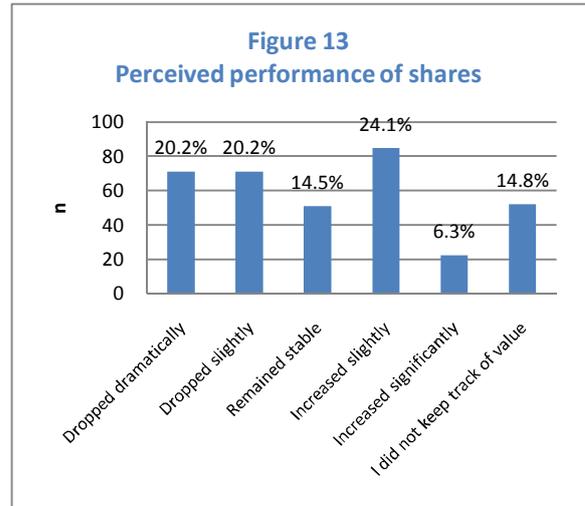
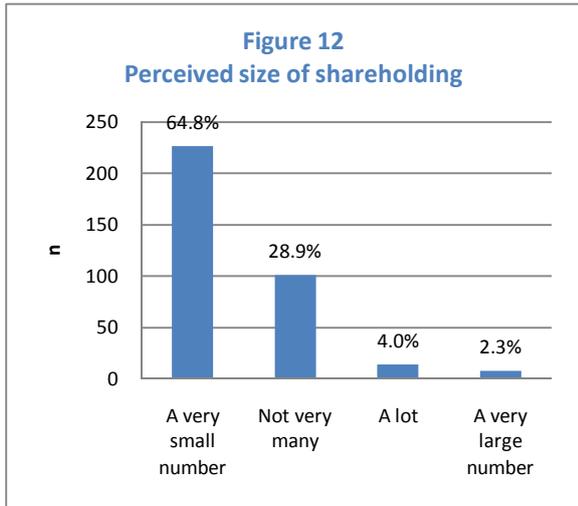
Understanding of ESOP

While only 12.2% of respondents felt that they did not understand ‘anything’ about their company’s ESOP, the level of understanding among shareholders was not particularly high (Figure 16). More than half (51.8%) did not understand how voting rights work, 43.4% reported not fully understanding the documents they received about their shares and fewer than three in ten (29.0%) felt that the information they received about their voting rights was ‘clear and easy to understand’.



which showed a significant positive relationship (Sig T=0.0000) between ownership of other shares (the dependent variable) and the number of shares held (the independent variable).

³⁶ This set of questions was adopted from Michael Poole and Glenville Jenkins, *The Impact of Economic Democracy: Profit-Sharing and Employee-Shareholding Schemes* (1990) 127.



Importance of different aspects of ownership

Overall, shareholders ranked 'getting the maximum financial payoff' as the most important aspect of employee share ownership (68.0%), followed by fair treatment (66.8%), a sense of community ('that we're all in this together') (58.2%), employee influence over the overall management of the company (42.3%) and individual influence over decisions affecting daily work (38.2%) (Figure 17).³⁷

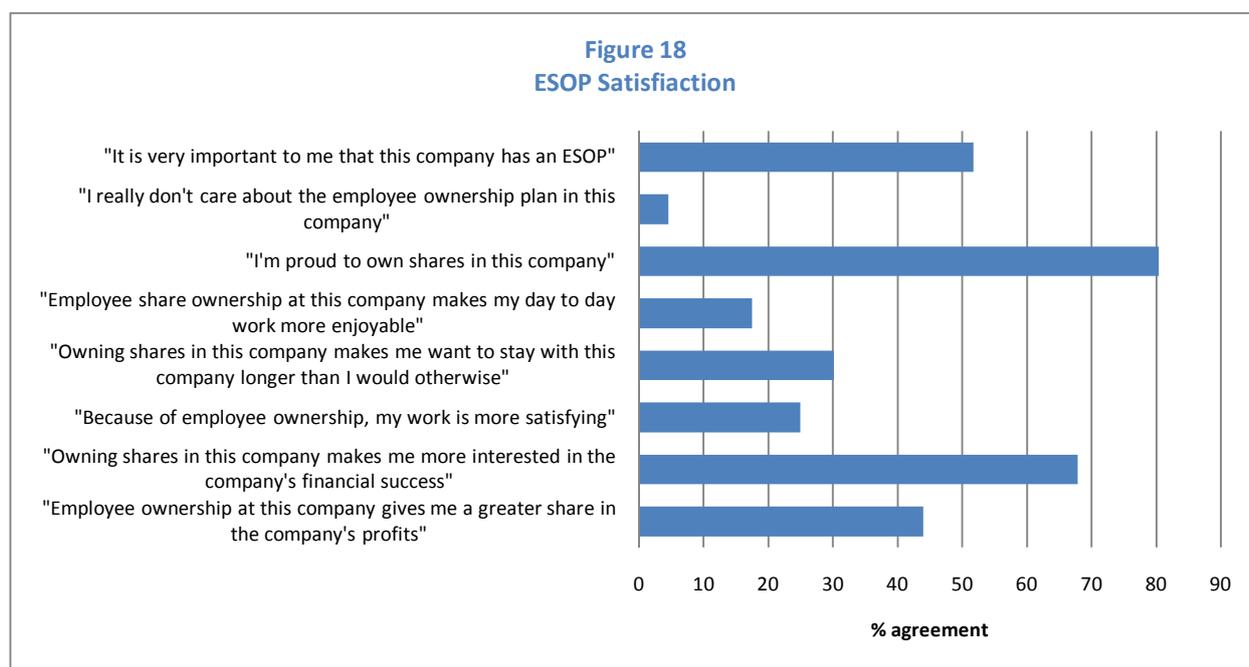
ESOP satisfaction

Using a scale developed by Rosen, Klein and Young to test for satisfaction with ESOP participation ($\alpha=0.8648$), we found that, overall, shareholders were more satisfied than not with their ESOP ($M=3.36$) (Figure 18).³⁸ Significantly, more than eight in ten (80.4%) respondents indicated that they were 'proud' to own shares in their company and more than half (51.7%) that it was 'very important' to them that their company had an ESOP. Only 4.5% of shareholders 'didn't care' about their company's ESOP.

Ongoing and intended future participation

More than three quarters of shareholders (78.0%) reported that they 'usually' participate in employee share offerings when made, more than half (52.4%) that they invest in shares of their company 'whenever possible' and some 44.5% that they prefer to reinvest, rather than keep, dividend income (Figure 19). Moreover, a large majority (70.0%) indicated that they would 'definitely participate' in their company's next ESOP.

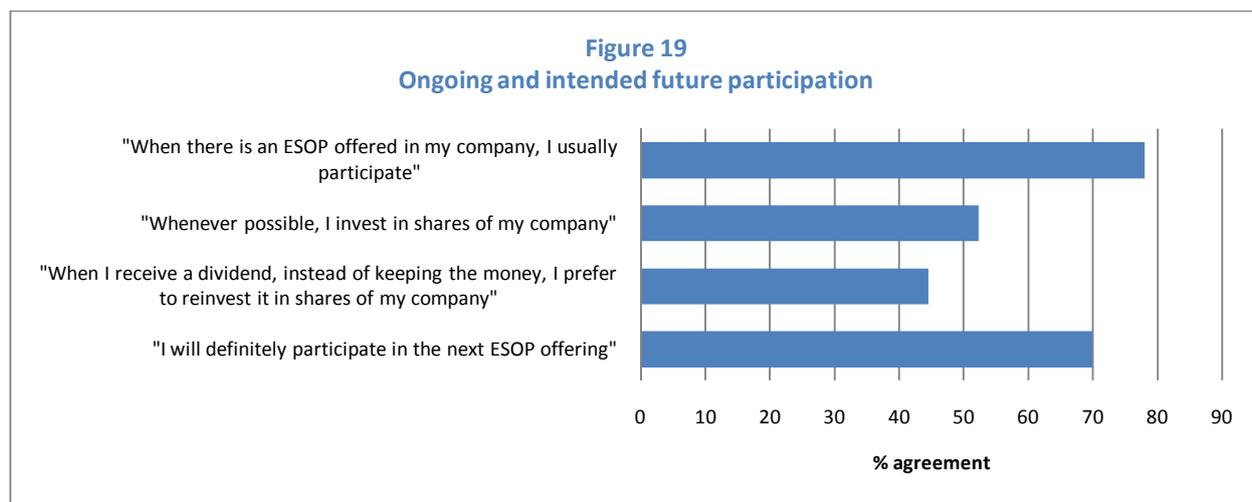
Treating the four items as a scale measuring ongoing and intended future participation ($\alpha=0.7509$), such participation was strongly related to having a positive view of employee share ownership (Sig T=0.0000) and no intention to turnover (Sig T=0.0126).³⁹



³⁷ These questions were adopted from the National Centre for Employee Ownership, List of Survey Items for ESOP Companies (2007).

³⁸ Corey Rosen, Katherine Klein and Karen Young, *Employee Ownership in America: The Equity Solution* (1986). Note that item 7 ('I really don't care about the employee ownership plan in this company') was reverse-coded.

³⁹ Here we ran two ordinary least squares regressions with the 'ongoing and intended future participation' scale as the dependent variable and the 'opinions on advantages of ESO' scale (see further Table 10 in Part 5.4 below) and the 'turnover intention' scale as independent variables respectively. The results remained the same when various demographic variables were added as additional independent variables.



4.3. Workplace characteristics and employee attitudes to job, colleagues and employer

Part 2 of the survey asked respondents about their degree of interaction with colleagues, their attitudes to their job and their level of commitment to their employer, while Part 3 was designed to gauge respondents' behaviour at work and the ways in which they interact with their colleagues. In this section of the research report, we briefly note the combined results for both shareholders and non-shareholders to these questions, again deferring our comparison of the two groups' respective responses to Part 5 below.⁴⁰

Friendship

More than half of all respondents felt that they were able to talk with others at their workplace (58.1%) and had the opportunity to talk informally with co-workers while at work (51.5%) (Figure 20). Just under half reported that their colleagues were also their friends (47.7%) and that they were able to develop close friendships at work (48.3%). Overall, taking all four questions together ($\alpha=0.8283$), respondents were considerably more positive than not about friendship at work ($\bar{x}=3.48$).

Workload

A significant majority of respondents considered that their job required them to work 'very hard' (72.8%) or 'very fast' (76.8%) (Figure 21). A lesser proportion felt that their job left them with 'little time to get everything done' (45%). Treating the three items as a scale ($\alpha=0.7489$), respondents generally regarded their workload as more onerous than not ($\bar{x}=3.71$).

Growth opportunities

Approximately one in five respondents felt that there was no future for them in their position (20.5%), while a quarter considered that there was no room for growth in their current job (26.8%) (Figure 22). Nevertheless, only small numbers of respondents branded their job 'meaningless' (6.3%) or 'not challenging' (16.2%) and, overall ($\alpha=0.8139$), respondents tended to view their opportunities for growth at work in a positive light ($\bar{x}=2.39$).

⁴⁰ Accordingly, the text in this section refers to and discusses what appears as the green bars in Figures 20–31. The blue and red bars, representing shareholder and non-shareholder responses respectively, are provided here as supplementary information for the reader's interest and will be analysed in further detail in Part 5 below.

Job interdependence

Respondents consistently reported that their job was closely related to that of others ($\alpha=0.7868$; $\bar{x}=3.76$) (Figure 23). Indeed, roughly seven in ten felt that their job required them to work closely with others (72.4%), to coordinate their efforts with others (70.2%) or to consult others fairly frequently (68.1%) and, similarly, that their own performance either had a significant impact on others (78.6%) or was dependent upon receiving accurate information from others (65.5%).

Co-worker satisfaction

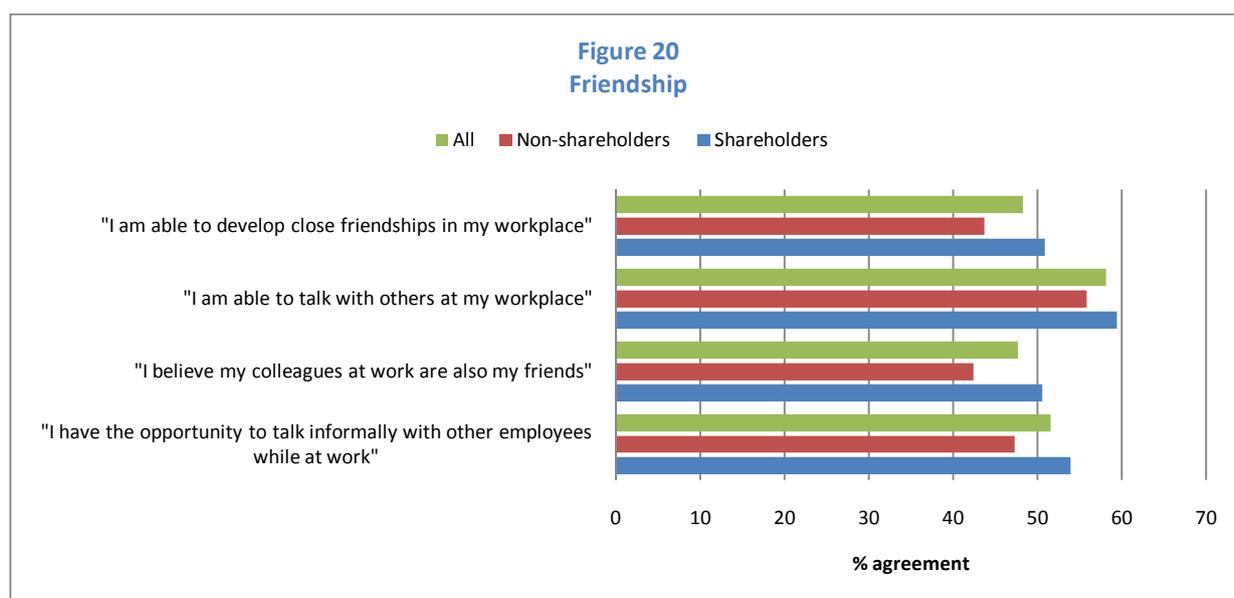
The vast majority of respondents liked the people they worked with (85.4%) and enjoyed being with their co-workers (82.9%) (Figure 24). At the same time, almost one in five felt that there was too much bickering and fighting at work (18.9%) and one in four that they had to make up for the incompetence of others (25.9%). However, treating the items as a scale ($\alpha=0.7145$), respondents more were satisfied than not with their colleagues ($\bar{x}=3.68$).

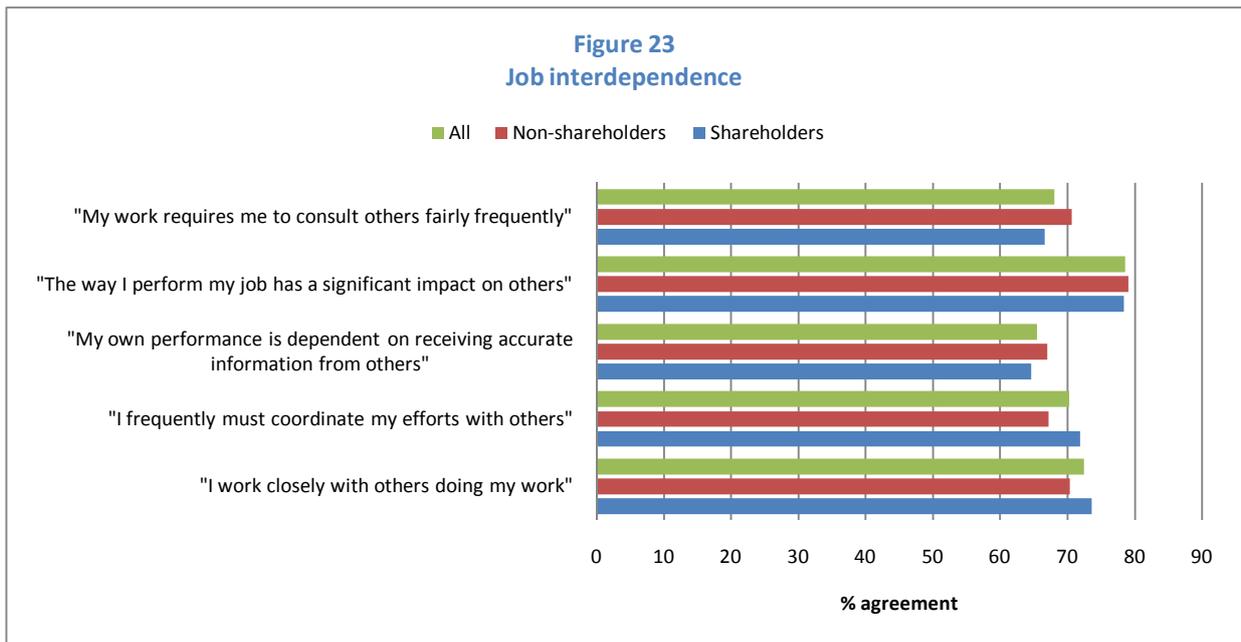
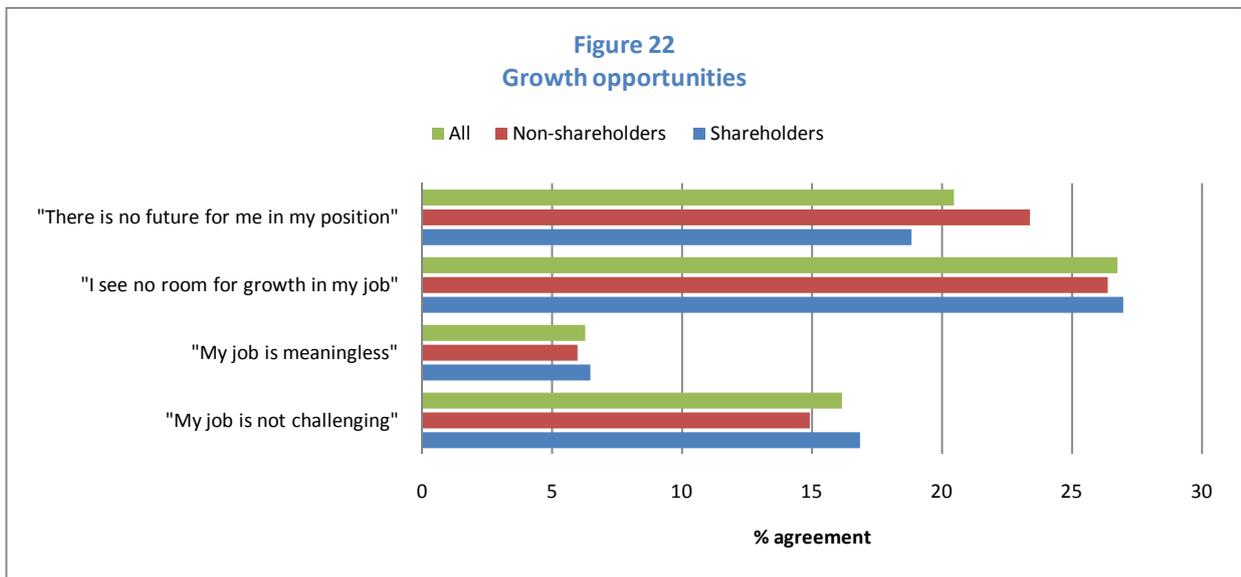
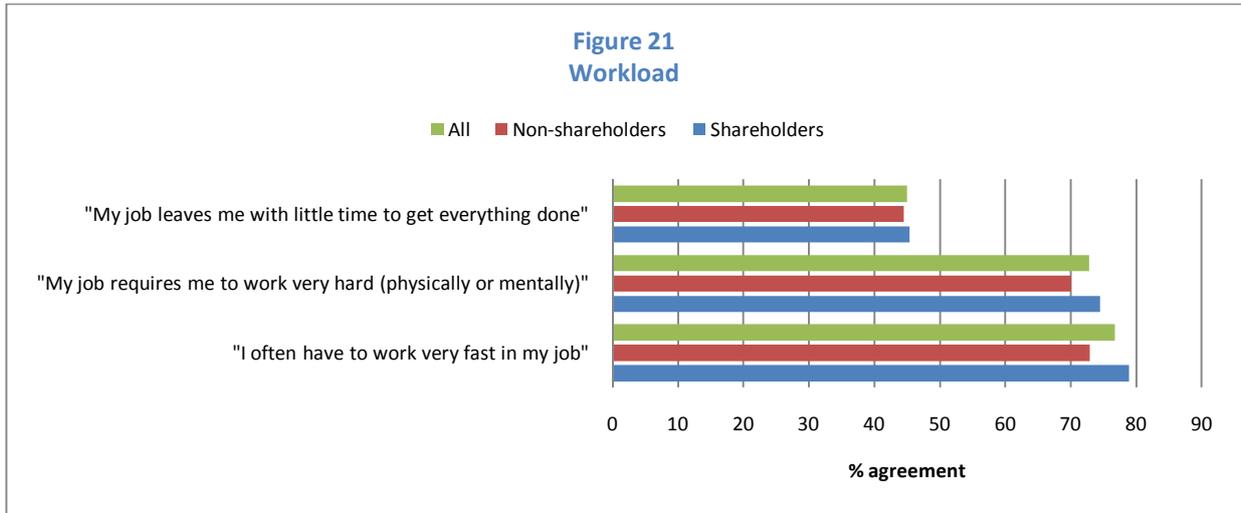
Communication satisfaction

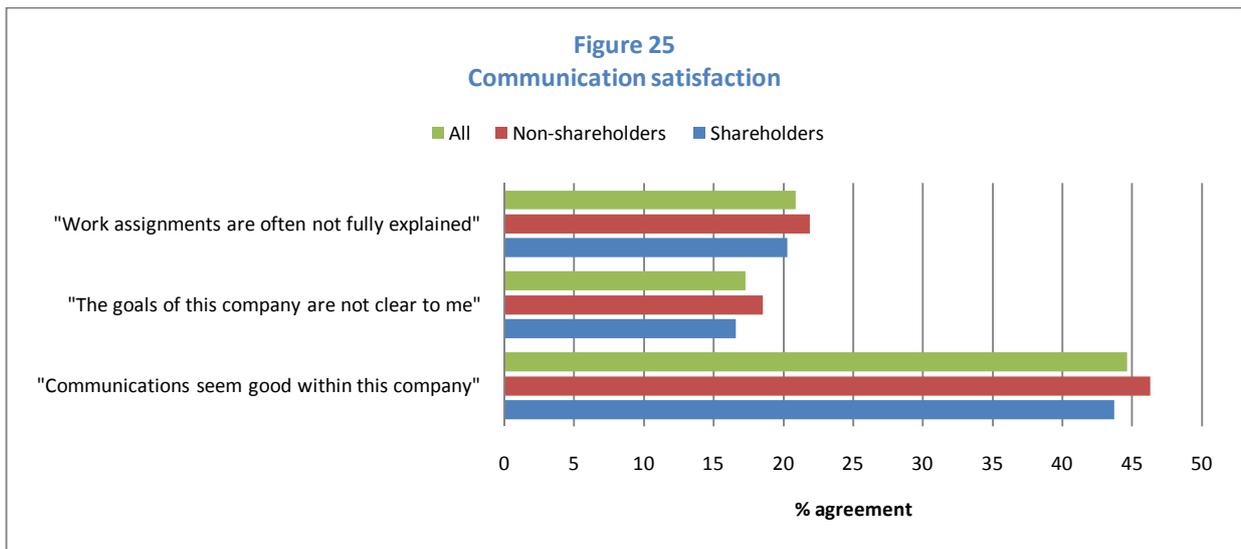
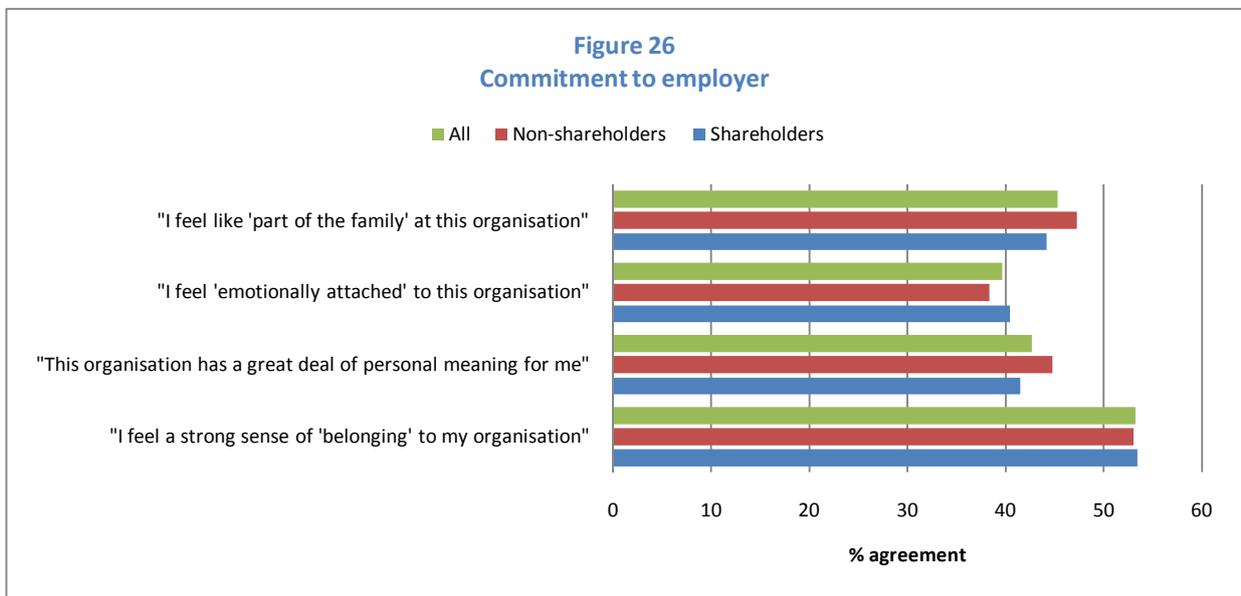
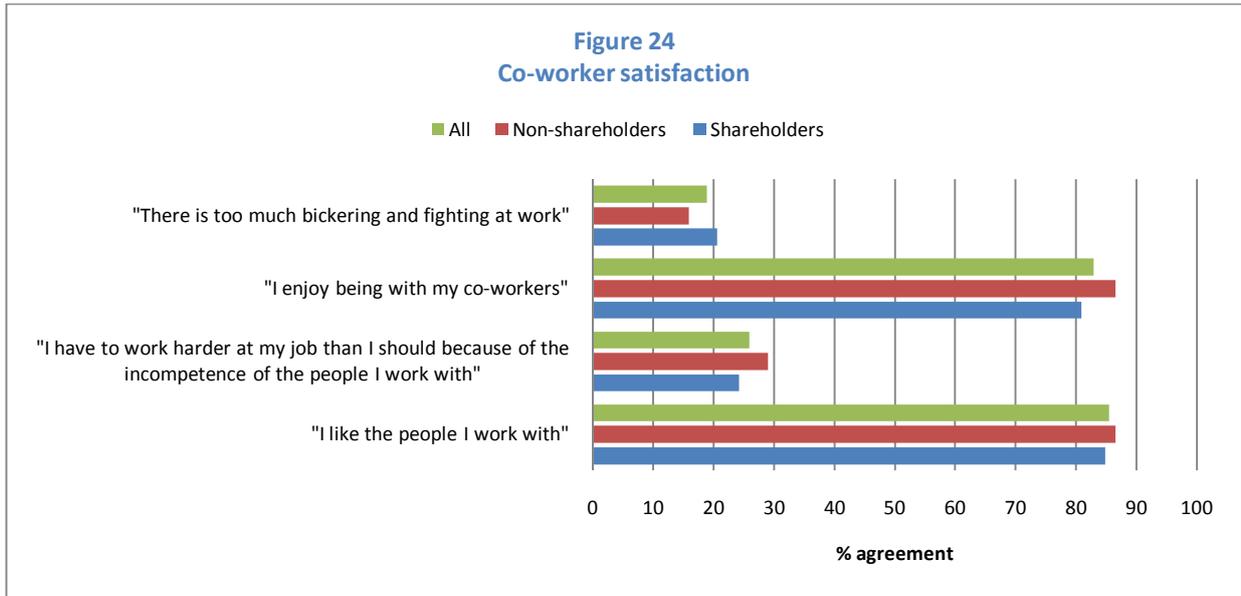
Some 20.9% of respondents reported that work assignments were often not fully explained and 17.3% that the goals of their company were not clear to them (Figure 25). Nevertheless, close to half of all respondents (44.7%) considered communications within their company to be 'good' and, overall ($\alpha=0.6310$), respondents were generally satisfied with communication at work ($\bar{x}=3.34$).

Commitment to employer

Approximately four in ten respondents felt 'part of the family' at their organisation (45.3%), 'emotionally attached' to their employer (39.6%), or that their organisation held a great deal of personal meaning for them (42.7%) (Figure 26). Furthermore, more than half of all respondents felt a strong sense of 'belonging' to their employer (53.2%). Running these indicators together ($\alpha=0.8906$), it becomes clear that respondents generally felt more committed than not to their employer ($\bar{x}=3.30$).







Turnover intention

In light of this sense of commitment, it is perhaps unsurprising that respondents' intentions in relation to turnover were generally low ($\alpha=0.9433$; $M=1.86$) (Figure 27). Indeed, fewer than one in ten respondents was considering quitting their job (5.8%) or looking for a new job (4.5%) at the time of completing their survey, or looking for a new job in the following year (8.1%) or 'in the near future' (12.3%).

Voice behaviours

Approximately two-fifths of respondents liked to propose ideas for new projects or changes in procedures to their group (42.2%), make recommendations concerning issues that affect their group (39.6%), communicate their opinions (even if they are unpopular) about work issues to their group (42.1%) and encourage others to get involved in issues that affect the group (43.0%) (Figure 28). Closer to one half of all respondents liked to keep well informed about issues into which they could usefully have some input (53.1%) or to get involved with issues that affect their group's quality of life (49.5%).

Initiative

Some 39.8% of respondents reported that they frequently express suggestions to co-workers on how their group could improve and 54.4% reported that, in relation to issues that may have serious consequences, they would express their opinions honestly, even if others may disagree (Figure 29). Moreover, roughly four in ten respondents indicated that they motivate others to express their ideas and opinions (45.6%), encourage hesitant or quiet co-workers to voice their opinions when they otherwise might not speak up (45.0%) or encourage others to try new and more effective ways of doing their job (45.8%). Overall ($\alpha=0.9156$), respondents demonstrated a significant level of initiative at work ($M=3.27$).

Organisational citizenship behaviour

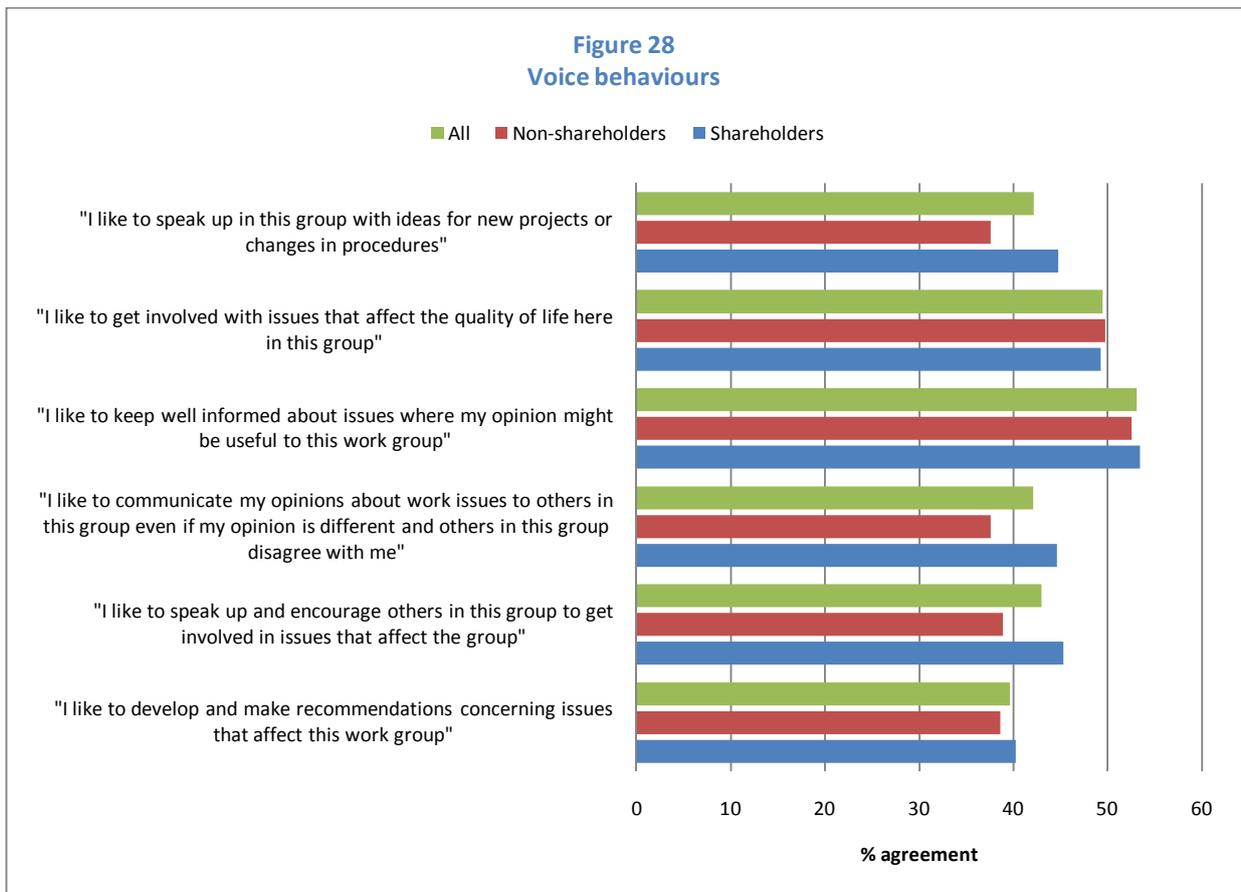
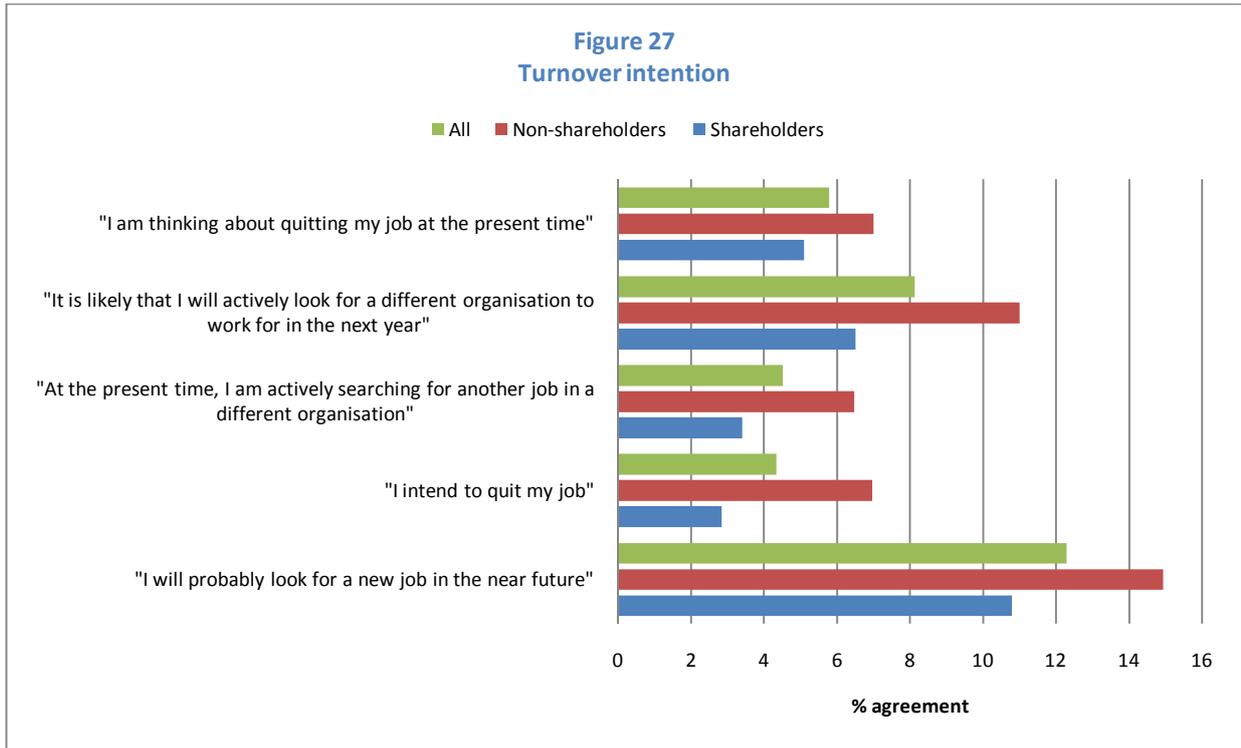
Based on a scale ($\alpha=0.8296$) developed by Williams and Anderson to measure organisational citizenship behaviours that have a specific individual as the target ('OCBIs'),⁴¹ we found that respondents generally considered themselves to be good organisational citizens ($M=3.77$) (Figure 30). More particularly, some eight in ten respondents reported that they pass information along to co-workers (85.4%), go out of their way to help new employees (78.5%) and take the time to listen to co-workers' problems and worries (77.9%). Similarly, approximately six in ten indicated that they voluntarily assist their supervisor with his/her work (66.5%), help others who have heavy workloads (65.0%) or have been absent (54.5%) and take a personal interest in other employees (59.6%).

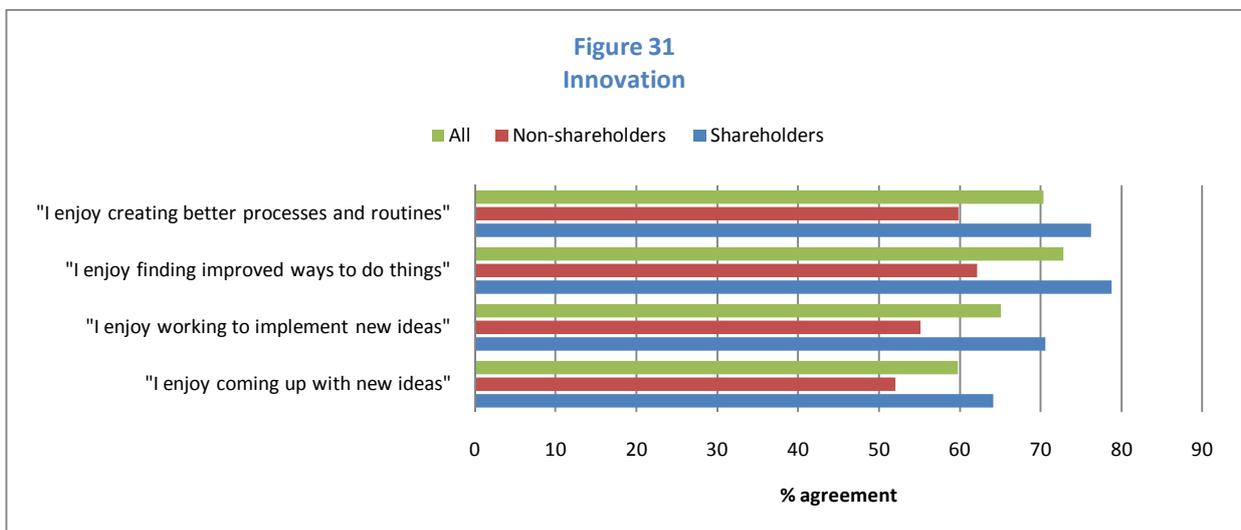
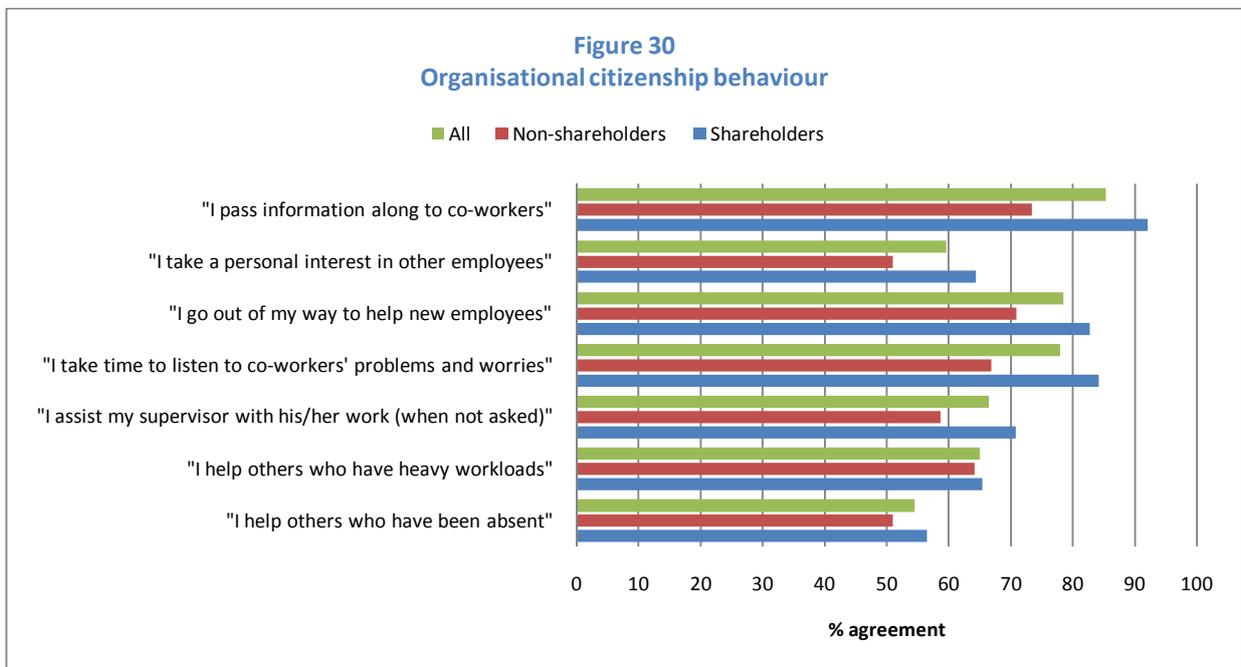
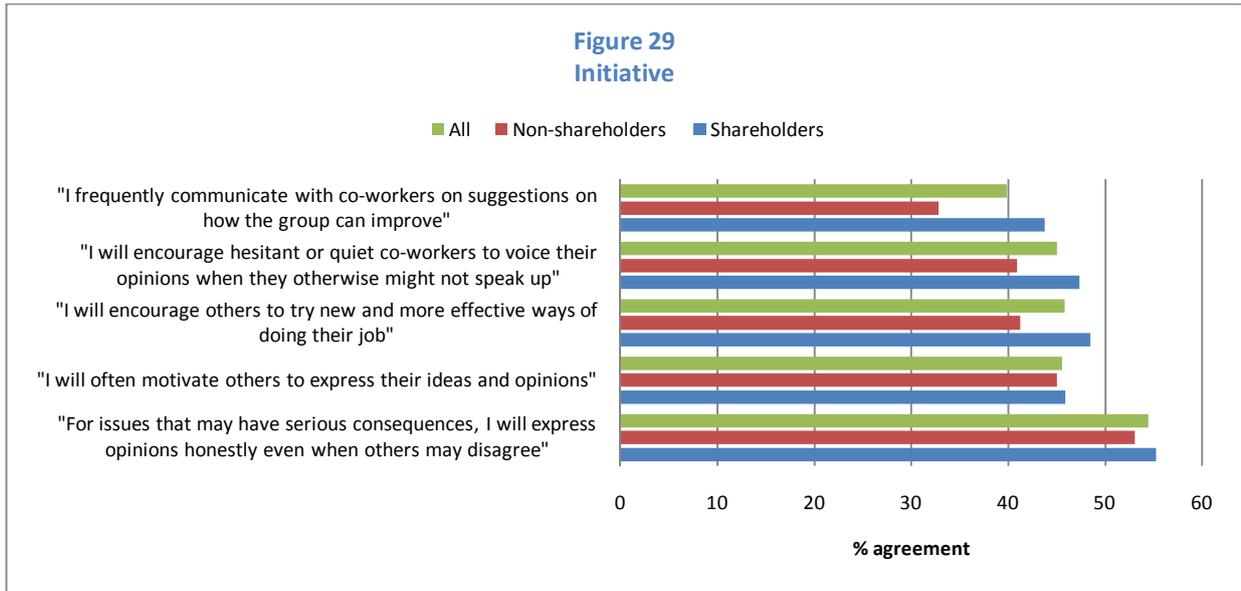
Innovation

Taken as a whole, respondents scored highly on Welbourne, Johnson and Erez's questions gauging the extent to which employees play an 'innovator' role at work ($\alpha=0.9288$; $M=3.78$),⁴² with six in ten respondents reporting that they enjoy coming up with new ideas (59.8%) and some seven in ten that they enjoy working to implement new ideas (65.1%), finding improved ways to do things (72.8%) and creating better processes and routines (70.3%) (Figure 31).

⁴¹ Larry Williams and Stella Anderson, 'Job Satisfaction and Organizational Commitment as Predictors of Organizational Citizenship and In-Role Behaviours' (1991) 17 *Journal of Management* 601, 606.

⁴² Theresa Welbourne, Diane Johnson and Amir Erez, 'The Role-Based Performance Scale: Validity Analysis of a Theory-Based Measure' (1998) 41 *Academy of Management Journal* 540, 554.





5. HYPOTHESES

In this section of the report, we analyse the basic results set out in Part 4 — largely by comparing the responses of shareholders and non-shareholders to particular questions or sets of questions — in order to test a number of hypotheses developed from the conceptual framework.

5.1. Financial and control orientations to employee share ownership

There has been a long-running debate amongst scholars, both at the normative and empirical levels, as to whether employee shareholders bring a financial or a control orientation to ownership.⁴³ On the one hand, in line with the theory that employee share ownership promotes industrial democracy,⁴⁴ some authors argue that employee-owners primarily view their shareholding as a means by which to increase control over company decision-making. On the other hand, others argue that employees primarily seek financial gain from participation in an ESOP.

In the latter vein, Kruse, writing against the prevailing view in 1981, discussed the possibility that employee shareholders may, like most ordinary non-employee shareholders, define ownership purely in terms of rights to the profits generated by the investment capital.⁴⁵ Several years later, French and Rosenstein, investigating the effects of share ownership on employees with varying degrees of control within employee-owned firms, noted that three-quarters of the 566 employees surveyed viewed their shareholding as an investment, rather than a chance to become an owner.⁴⁶ Considering the issue in more detail in 1987, French argued that most literature on employee share ownership tended to proceed from the assumption that, when they become shareholders, employees expect greater control over decision-making, overlooking the possibility that they in fact expect profits.⁴⁷ In doing so, he cited a number of studies that cast doubt on such an assumption⁴⁸ and also a number of studies that explicitly supported the latter view, including research by Hammer and Stern who concluded from their study of a furniture factory purchased by the employees to prevent its closure that, contrary to their predictions, employee share ownership did not imply any desire for changes in the distribution of control and that '[r]ather than having any "collective consciousness" of ownership, many employee-owners saw themselves as traditional financial investors.'⁴⁹

Approaching the issue from a different angle, Klein developed three theoretical models to explain the conditions necessary for employee ownership to have a positive influence on employee attitudes: first, the 'intrinsic satisfaction model', according to which the simple fact of ownership increases employee

⁴³ Brown et al, above n 8, 5–7.

⁴⁴ See, eg, Paul Derrick and J F Phipps (eds), *Coownership, Cooperation and Control: An Industrial Perspective* (1969); Jaroslav Vanek (ed), *Self-Management: Economic Liberation of Man* (1975); and, more recently, Gorm Winther and Richard Marens, 'Participative Democracy May Go a Long Way: Comparative Growth Performance and Employee Ownership Firms in New York and Washington State' (1997) 18 *Economic and Industrial Democracy* 393, 394.

⁴⁵ Douglas Kruse, *The Effects of Worker Ownership Upon Participation Desire: An ESOP Case Study* (Bachelor's Thesis, Harvard University, 1981), as cited in J Lawrence French, 'Employee Perspectives on Stock Ownership: Financial Investment or Mechanism of Control?' (1987) 12 *Academy of Management Review* 427, 429.

⁴⁶ French, *ibid.*

⁴⁷ *Ibid* 428–29.

⁴⁸ For example, French, *ibid* 428, referenced Richard Long, 'Desire For and Patterns of Worker Participation in Decision Making After Conversion to Employee Ownership' (1979) 22 *Academy of Management Journal* 611, whose truck firm studies found no significant difference between the desire to participate in decision-making on the part of worker-owners and workers without shares.

⁴⁹ Tove Hammer and Richard Stern, 'Employee Ownership: Implications for the Organizational Distribution of Power' (1980) 23 *Academy of Management Journal* 78, 96.

satisfaction with the company; second, the 'instrumental satisfaction model', according to which employee ownership increases satisfaction by increasing employee influence in company decision-making; and third, the 'extrinsic satisfaction model', which holds that employee ownership increases organisational commitment only where such ownership is financially rewarding.⁵⁰ Klein noted the 'surprising' lack of attention given in the literature to this last hypothesis⁵¹ and, testing her models against a survey of 2,804 ESOP participants at 37 companies with operating ESOPs, found support for both the extrinsic and instrumental models.⁵²

A related but distinct issue, which is of more relevance to the present research report, concerns not whether employee owners are more interested in financial returns or increased control from their shares,⁵³ but whether employee orientations towards ownership affect the decision to participate in an ESOP in the first place. Research into this latter question is scarce, however, two early studies merit noting. First, in 1981, Greenberg found as part of his interview and survey research at 14 worker-owned and -managed enterprises in the United States that, 'almost without exception', people joined the cooperatives for financial rather than 'political' reasons, such as the desire to participate in the processes of industrial self-government.⁵⁴ Second, from their analysis of participation rates in Save-As-You-Earn ('SAYE') share option schemes in two UK companies, Baddon et al found that over 90% of participants surveyed rated the potential financial rewards as 'very' or 'quite' important in their motives for participation in the SAYE plan; and over 80% rated the fact that there was no risk involved and that it was an 'easy way of saving' as 'very' or 'quite' important.⁵⁵ The authors concluded that the financial aspects of share ownership appear to dominate the motives for participation in SAYE plans.⁵⁶

More recently, Pendleton has drawn upon a data source of 2,638 employees in three UK companies with well-established SAYE schemes to analyse the demographic and attitudinal factors which influence the decision of employees to participate in ESOPs.⁵⁷ Pendleton sought to assess the orientation of employees towards the share plan through constructing two variables: one single item five-point scale

⁵⁰ Katherine Klein, 'Employee Stock Ownership and Employee Attitudes: A Test of Three Model' (1987) 72 *Journal of Applied Psychology* 319, 320–21.

⁵¹ Ibid 320.

⁵² Ibid 327. See also Katherine Klein and Rosalie Hall, 'Correlates of Employee Satisfaction with Stock Ownership: Who Likes an ESOP Most?' (1988) 73 *Journal of Applied Psychology* 630, 637, where the authors, now focusing at the individual rather than the company level of analysis, again found support for both the extrinsic and instrumental models; Daniel Hallock, Ronald Salazar and Sandy Venneman, 'Demographic and Attitudinal Correlates of Employee Satisfaction with an ESOP' (2004) 15 *British Journal of Management* 321, 330, who found from their survey of employees at a medium-sized, privately-held trucking firm with an ESOP that 'an employee's perceived influence on decision-making was a significant correlate of ESOP satisfaction but not as significant as was stock performance.' Cf Andrew Pendleton, Nicholas Wilson and Mike Wright, 'The Perception and Effects of Share Ownership: Empirical Evidence from Employee Buy-Outs' (1998) 36 *British Journal of Industrial Relations* 99, 116, whose results from a survey of employees at four employee-owned UK bus companies lend support for the intrinsic and instrumental satisfaction models, not the extrinsic model.

⁵³ In relation to this question, our results support French's view that employee shareholders are more interested in receiving financial returns than increased control over decision-making from ownership. As shown in Figure 17 above, when asked how important they considered five different aspects of employee share ownership, shareholders ranked 'getting the maximum financial payoff' most highly (\bar{x} =3.79) and the two control-related aspects — influence over decisions that affect daily work and influence over company-level decision-making — least highly (\bar{x} =3.24 and \bar{x} =3.36, respectively). However, it should be noted that responses to all five items were highly correlated (α =0.7761), suggesting that shareholders were not interested in *either* profits *or* control, but a combination of both.

⁵⁴ Edward Greenberg, 'Industrial Self-Management and Political Attitudes' (1981) 75 *American Political Science Review* 29, 33–34.

⁵⁵ Lesley Baddon, Laurie Hunter, Jeff Hyman, J Leopold and H Ramsay, *People's Capitalism? A Critical Analysis of Profit-Sharing and Employee Share Ownership* (1989).

⁵⁶ Ibid 255.

⁵⁷ Pendleton, above n 7.

asked employees ‘how far share schemes give employees more of a say in how the company is run’ and a similar scale asked respondents to indicate the extent to which they saw the share plan as delivering financial benefits to workers.⁵⁸ He found that a control orientation had a ‘tiny’ effect on the decision to participate, but that financial orientation was ‘positive and significant’.⁵⁹ He also found that employee attitudes towards the plan itself were much more significant in influencing the decision-making process than attitudes towards the company, concluding that participation is ‘driven primarily by instrumental concerns centred on financial returns.’⁶⁰

Ultimately, as we concluded in developing our conceptual framework, the preponderance of existing studies from overseas support the view that employees approach participation in an ESOP with a financial orientation.⁶¹ In our interviews, we found evidence for both financial and non-financial motivations for participation — in particular, as part of the latter category, the nebulous ideas of ‘having a stake in the company’ — suggesting that, in practice, the two are not dichotomous, but interwoven and inseparable.⁶² Nevertheless, financial motivations were overwhelmingly identified as the predominant reason for employees choosing to participate in an ESOP and we developed our first set of hypotheses accordingly.⁶³

Hypothesis 1.1: Employees who adopt a financial orientation towards employee share ownership — that is, those who see share ownership in their employer as an effective means of profit-making— are more likely to participate in an ESOP than those who do not.

Hypothesis 1.2: Employees who adopt a control orientation towards employee share ownership — that is, those who view share ownership as a way of increasing their involvement in decision-making at work — are less likely to participate in an ESOP than those who do not.

Hypothesis 1.3: Employees who adopt a financial orientation towards employee share ownership are more likely to participate in an ESOP than those who adopt a control orientation.

In testing these hypotheses, share ownership was obviously the dependent variable, while financial orientation and control orientation acted as the independent variable(s) as appropriate. In this sense, our approach was similar to Pendleton’s;⁶⁴ however, instead of using single-item scales to measure the independent variables, we used multi-item scales in order to increase reliability. For financial orientation, we asked respondents to indicate the extent to which they agreed that employee share ownership is ‘a savings scheme’, ‘an element of rewards package’ and ‘a way to share in my company’s profits’, respectively. For control orientation, we asked respondents to indicate their level of agreement with the statements ‘employee share ownership is a way to get involved in decisions affecting my company overall’ and ‘employee share ownership is a way to get involved in the decisions affecting my job’.

Interestingly, at first glance, the overall pattern of responses for shareholders and non-shareholders to these questions was not radically different. Indeed, shareholders and non-shareholders alike tended to consider employee share ownership in financial, rather than control, terms. As Figure 7 demonstrates,

⁵⁸ Ibid 561.

⁵⁹ Ibid 565.

⁶⁰ Ibid 567.

⁶¹ Brown et al, above n 8, 13.

⁶² This was borne out in our results: see n 53 above.

⁶³ Ibid.

⁶⁴ Pendleton, above n 7, 561.

for both shareholders and non-shareholders, the most common characterisations of employee share ownership were financial, while the views that employee share ownership is a way of increasing involvement in decisions affecting the company overall and decisions affecting individuals' jobs were similarly rare amongst both groups.

However, further analysis of the responses provides strong support for our first hypothesis. As set out in Table 1, shareholders were significantly more likely than non-shareholders to consider employee share ownership 'a savings scheme' ($p=0.0000$) and 'a way to share in [their] company's profits' ($p=0.0132$). More decisively, when the items measuring financial orientation were treated as a scale ($\alpha=0.6703$), shareholders rated significantly higher than non-shareholders ($p=0.0000$), meaning that, in our sample, financial orientation acts as a good predictor of participation in the relevant ESOP.

Supplementary support for Hypothesis 1.1 is provided by some of the other items in our survey. For example, in relation to the commonly cited 'positives' of employee share ownership discussed at 5.4 below, shareholders were significantly more likely than non-shareholders to consider employee share ownership 'a good way to build up a nest egg' ($p=0.0000$). Furthermore, there were significant differences in the way shareholders and non-shareholders responded to the supposed financial 'negatives' of employee share ownership — namely that 'you have to wait too long before you can make money' from participation or that 'it's too difficult to find the money to participate'. Consistently with our hypothesis, shareholders were considerably less likely to agree with either statement.

Table 1: Financial Orientation

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|-------------|--------------------|-------------|-----------------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'A savings scheme' | 4.01 | 0.75 | 3.50 | 0.85 | 0.0000** |
| 'An element of a reward package' | 3.60 | 0.87 | 3.48 | 0.87 | 0.1215 |
| 'A way to share in my company's profits' | 3.94 | 0.74 | 3.77 | 0.79 | 0.0132* |
| Financial orientation scale ($\alpha=0.6703$) | 3.85 | 0.59 | 3.59 | 0.67 | 0.0000** |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $\wedge 1 \leq x \leq 5$

However, the data did not support our second hypothesis. As Table 2 shows, there were no significant differences between shareholder and non-shareholder responses to the individual control orientation questions or the control orientation scale ($\alpha=0.7492$), meaning that those with a control orientation were no more or less likely than others to participate in the ESOP. Although unexpected, this result is perfectly consistent with Hypothesis 1.1.

Table 2: Control Orientation

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|-------------|--------------------|-------------|---------------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'A way to get involved in decisions affecting my company overall' | 2.99 | 0.94 | 3.03 | 1.02 | 0.6501 |
| 'A way to get involved in decisions affecting my job' | 2.73 | 0.98 | 2.72 | 0.99 | 0.9090 |
| Control orientation scale ($\alpha=0.7492$) | 2.86 | 0.59 | 2.87 | 0.89 | 0.8872 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $\wedge 1 \leq x \leq 5$

We also undertook logistic regression in respect of Hypothesis 1.3 and this largely confirmed the above two findings. As shown in Table 3, financial orientation had a relatively strong ($B=0.791$), positive and statistically significant ($\text{Sig}=0.0000$) effect on participation, while control orientation had a milder ($B=-0.2334$), negative effect on participation.

Table 3: Relative effects of financial and control orientations on participation

| Variable | B | S.E. | Wald | df | Sig | R | Exp(B) |
|------------------------------|---------|--------|---------|----|----------|---------|--------|
| Financial orientation | 0.7961 | 0.1595 | 24.2980 | 1 | 0.0000** | 0.1780 | 2.2170 |
| Control orientation | -0.2334 | 0.1446 | 4.1526 | 1 | 0.0416* | -0.0545 | 0.7918 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$

5.2. General financial orientation

Following on from Hypothesis 1.1, according to which employees who take a financial orientation towards an ESOP offer are more likely to participate in it, we hypothesised that employees with a greater financial orientation to life in general would also be more likely to participate in an ESOP — an issue which, to our knowledge, has not previously been tested in the literature.

Hypothesis 2: Employees with a stronger general financial orientation are more likely to participate in an ESOP.

In our survey, we used three different measures to test for general financial orientation. First, we used a measure developed by Loix et al which probes respondents' interest in financial information and personal financial planning in order to demonstrate 'the extent to which an individual reports being actively involved in the management of his/her finances.'⁶⁵ Second, we asked a series of questions relating to the sources of financial information respondents read in order to measure their interest in financial information and their financial literacy. Finally, we asked respondents about their interest in the provision of financial information by their employer.

Table 4: Involvement in managing personal finances

| Item | Shareholders | | Non-shareholders | | T stat p |
|--|------------------------|------------------|------------------------|------------------|---------------|
| | \bar{x} [^] | s [?] | \bar{x} [^] | s [?] | |
| 'I regularly look for interesting investment opportunities for my money' | 2.93 | 1.05 | 2.83 | 1.05 | 0.2820 |
| 'I like to plan things' | 3.83 | 0.74 | 3.85 | 0.71 | 0.7536 |
| 'I try to keep track of general economic trends' | 3.49 | 0.83 | 3.46 | 0.91 | 0.7003 |
| 'I am not attracted to the financial part of life' | 2.63 | 0.89 | 2.69 | 0.97 | 0.4709 |
| 'I accurately plan my expenses' | 3.46 | 0.94 | 3.52 | 0.95 | 0.4745 |
| 'I never read the financial pages of the newspaper'~ | 3.07 | 1.16 | 3.28 | 1.25 | 0.0516 |
| 'I am interested in the value of the Australian dollar relative to other currencies' | 3.73 | 0.84 | 3.63 | 0.94 | 0.2115 |
| 'I keep track of my personal expenses in a systematic way' | 3.60 | 0.93 | 3.73 | 0.84 | 0.0937 |
| Personal finances scale ($\alpha=0.7652$) | 3.41 | 0.57 | 3.38 | 0.59 | 0.5593 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ ~reverse-coded ^ $1 \leq x \leq 5$

⁶⁵ Ellen Loix, Roland Pepermans, Cindy Mentens, Maarten Goedee and Marc Jegers, 'Orientation toward Finances: Development of a Measurement Scale' (2005) 6 *Journal of Behavioral Finance* 192, 199 ($\alpha=0.806$).

Our results, presented in Tables 4–6, provide very limited support for this hypothesis. Scanning item by item, there were no significant differences between shareholder and non-shareholder responses, save that shareholders liked receiving information relating to company affairs more than non-shareholders. However, this difference, while mildly significant using a t-test ($p=0.0366$), was insignificant using Pearson's chi-square test ($p=0.1188$) and, in any case, may be a result, not a determinant, of participation in the ESOP. Similarly, when the items are grouped in scales in the manner discussed above, shareholders are seen to have a greater interest in financial literature than non-shareholders, but the mean difference was minimal.

Ultimately, what the results discussed so far demonstrate is that, when it comes to financial orientation, it is an employee's financial orientation *towards employee share ownership itself*, not financial orientation *in general*, that affects whether they participate in an ESOP.

Table 5: Interest in Financial Literature

| Item | Shareholders | | Non-shareholders | | T stat p |
|--|--------------------|-------------|--------------------|-------------|----------------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'Financial pages of newspapers' | 1.66 | 0.61 | 1.57 | 0.60 | 0.0926 |
| 'The Australian Financial Review' | 1.13 | 0.40 | 1.14 | 0.37 | 0.7686 |
| 'Financial or investment magazines/journals' | 1.23 | 0.50 | 1.18 | 0.42 | 0.2145 |
| 'Company news bulletins' | 1.97 | 0.62 | 1.91 | 0.66 | 0.2960 |
| 'Company newspaper' | 1.82 | 0.66 | 1.74 | 0.66 | 0.1780 |
| 'Financial information in Annual Reports and Accounts' | 1.54 | 0.60 | 1.47 | 0.59 | 0.1863 |
| 'Non-financial information in Annual Reports and Accounts' | 1.40 | 0.54 | 1.37 | 0.56 | 0.5439 |
| Financial literature scale ($\alpha=0.7584$) | 1.56 | 0.40 | 1.49 | 0.39 | 0.0445* |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $^{\wedge} 1 \leq x \leq 3$

Table 6: Interest in Company Financial Information

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|-------------|--------------------|-------------|---------------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'The company should provide employees with more financial information about its performance' | 3.63 | 0.80 | 3.71 | 0.80 | 0.2577 |
| 'It is important to me that I understand the financial/accounting information which relates to the performance of my company' | 3.60 | 0.76 | 3.57 | 0.82 | 0.6707 |
| 'Companies should provide more financial training/education to enable employees to better understand the financial/accounting information they publish' | 3.55 | 0.90 | 3.48 | 0.83 | 0.3550 |
| 'I am generally interested in financial issues' | 3.42 | 0.81 | 3.33 | 0.83 | 0.2160 |
| 'I like to receive information relating to company affairs' | 3.68 | 0.75 | 3.53 | 0.84 | 0.0366* |
| Company financial information scale ($\alpha=0.7342$) | 3.57 | 0.55 | 3.53 | 0.60 | 0.4368 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $^{\wedge} 1 \leq x \leq 5$

5.3. Attitudes to risk

Continuing with the financial orientation theme, we next focused on the effect of financial risk aversion on the participation decision. Financial risk was not identified in our interviews as a common reason why employees do not participate in plans. As we noted in the conceptual framework, this is probably due to the structure of many plans in Australian companies: where shares are provided to employees at no cost, there is no risk that employees will lose income; and even where, as here, employees were required to contribute their own money, the tax concessions operate so that the value of the shares would have had to decrease significantly before shareholders experienced any loss.⁶⁶

However, the literature suggests that risk preferences have a significant impact on participation in ESOPs, with risk averse individuals less likely to participate. For example, Degeorge et al found from their study of some 200,000 employees' responses to France Telecom's 1997 stock offering that employees who were better able and willing to bear risk were more likely to participate.⁶⁷ Moreover, Pendleton found evidence in his study of a significant positive association between participation and openness to risk and also a significant inverse association between risk aversion and contribution levels.⁶⁸

Hypothesis 3: Risk averse employees are less likely to participate in an ESOP.

We used Wärneryd's six-point scale to measure investment risk attitude⁶⁹ and found support for this hypothesis. Starting our analysis at the individual question level, Table 7 demonstrates that shareholders were more prepared than non-shareholders to take risks in order to make a profit, while non-shareholders were more likely to consider shares too risky and to be concerned with the safety of their investments.

Table 7: Investment Risk Attitude

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------|------|------------------|------|----------|
| | Mean | SD | Mean | SD | |
| 'I think it is more important to have safe investments and guaranteed returns than to take a risk to have a chance to get the highest possible returns' | 3.82 | 0.81 | 3.86 | 0.80 | 0.561 |
| 'I would never consider investment in shares because I find shares too risky' | 2.25 | 0.79 | 2.76 | 1.03 | 0.0000** |
| 'If an investment will be profitable, I am prepared to borrow money to make this investment' | 2.55 | 1.08 | 2.45 | 1.01 | 0.2760 |
| 'I want to be certain that my investments are safe' | 3.94 | 0.71 | 4.16 | 0.65 | 0.0002** |
| 'I get more and more convinced that I should take greater financial risks to improve my financial position' | 2.48 | 0.96 | 2.37 | 0.90 | 0.1793 |
| 'I am prepared to take the risk to lose money when there is also a chance to gain money' | 2.63 | 1.02 | 2.38 | 1.00 | 0.0053** |

⁶⁶ Brown et al, above n 8, 19–20.

⁶⁷ François Degeorge, Dirk Jenter, Alberto Moel and Peter Tufano, 'Selling Company Shares to Reluctant Employees: France Telecom's Experience' (2004) 71 *Journal of Financial Economics* 169, 185, 199.

⁶⁸ Pendleton, above n 7, 563, 565.

⁶⁹ Karl-Erik Wärneryd, 'Risky Attitudes and Risky Behavior' (1996) 17 *Journal of Economic Psychology* 749, 769.

Running all six questions together and reverse coding as appropriate, we found the scale to be unreliable ($\alpha=0.2096$). However, exploratory factor analysis identified that there were in fact two underlying factors — one which could be described as ‘risk taking’ (items 2,⁷⁰ 3, 5 and 6 in Table 7) and the other as ‘risk aversion’ (items 1 and 4) — and these formed reliable scales. As Table 8 shows, both scales were statistically significant using bivariate analysis, with risk taking respondents being more likely to participate in an ESOP and, consistently with our hypothesis, risk averse respondents being less likely to participate. Interestingly, multivariate analysis indicated that risk taking had a strong effect on ESOP participation than risk aversion (Table 9).

Table 8: Risk Taking and Risk Aversion Scales

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------|----------|------------------|----------|----------|
| | α | α | α | α | |
| Risk taking scale ($\alpha=0.6421$) | 2.85 | 0.68 | 2.60 | 0.70 | 0.0001** |
| Risk aversion scale ($\alpha=0.5959$) | 3.88 | 0.65 | 4.01 | 0.61 | 0.0218* |

Table 9: Relative effects of risk taking and risk aversion on participation

| Variable | B | S.E. | Wald | df | Sig | R | Exp(B) |
|----------------------|---------|--------|---------|----|----------|--------|--------|
| Risk taking | 0.4786 | 0.1384 | 11.9564 | 1 | 0.0005** | 0.1171 | 1.6139 |
| Risk aversion | -0.1883 | 0.1512 | 1.5519 | 1 | 0.2129 | 0.0000 | 0.8284 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$

5.4. Attitudes to employee share ownership in general

The employee share ownership literature has noted that employees may have differing perceptions of legitimacy and expectations regarding employee share ownership.⁷¹ While these differing perceptions have generally been used to understand the *effects* of ESO, intuitively, they would also appear to be important in explaining the initial decision to participate in an ESOP. Little research has been undertaken into this question. However, our interviews suggested that workers with a negative attitude towards employee share ownership were less likely to participate in an ESOP.⁷² Furthermore, in the only relevant research we could identify, Dewe, Dunn and Richardson found from their 1986 longitudinal study of employees at a British firm which introduced a SAYE-linked option scheme that (i) people who believed that ESO generally made workers feel part of the company, or were a good way to build up a nest egg, were more likely to join;⁷³ (ii) those who were of the opinion that ESO posed certain financial or practical difficulties were less likely to join;⁷⁴ and (iii) workers’ opinions about the advantages and disadvantages of ESO in general were much more powerful determinants of participation than demographic variables or attitudes to the firm, workplace or job.⁷⁵

Hypothesis 4.1: Employees who hold a positive view of ESO in general are more likely to participate in an ESOP.

Hypothesis 4.2: Employees who hold a negative view of ESO in general are less likely to participate in an ESOP.

⁷⁰ This item was reverse-coded.

⁷¹ See, eg, Jon Pierce, Stephen Rubinfeld and Susan Moran, ‘Employee Ownership: A Conceptual Model of Process and Effects’ (1991) 16 *Academy of Management Review* 121, 127–29.

⁷² Brown, above n 8, 22–23.

⁷³ Dewe, Dunn and Richardson, above n 28, 14.

⁷⁴ *Ibid.*

⁷⁵ *Ibid* 14–15, 17–18.

As noted at Part 4.1 above, in our survey, we included Dewe, Dunn and Richardson's two sets of questions on the most commonly cited advantages and disadvantages of employee share ownership in their entirety. In terms of the disadvantages, non-shareholders scored above average in response to six of the nine statements put to them. In terms of the advantages, our results were consistent with Dewe, Dunn and Richardson's finding that those who consider that ESO makes workers feel part of the company or that ESO is a good way to build up a nest egg are significantly more likely to be shareholders (Table 10).

However, interestingly, when the questions are treated as scales, only responses to the set relating to *disadvantages* proved statistically significant, with non-shareholders being significantly more negative about ESO. In other words, the data supported Hypothesis 4.2, but not Hypothesis 4.1, suggesting that it is the extent to which employees associate with the *negative*, not the positive, aspects of ESO that affects the decision to participate. These findings were confirmed by multiple regression analysis (Table 12).

Table 10: Advantages of ESO

| Item | Shareholders | | Non-shareholders | | T stat p |
|--|--------------------|-------------|--------------------|-------------|---------------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'ESO makes workers richer' | 2.93 | 0.91 | 2.87 | 0.83 | 0.4313 |
| 'ESO makes workers feel part of the company' | 3.74 | 0.80 | 3.53 | 0.85 | 0.0046** |
| 'ESO makes the company more successful' | 3.48 | 0.83 | 3.42 | 0.82 | 0.4107 |
| 'ESO makes workers more careful in their work' | 3.06 | 0.95 | 3.02 | 1.00 | 0.6454 |
| 'ESO reduces feelings of "them and us"' | 2.97 | 0.98 | 2.98 | 0.93 | 0.9052 |
| 'These days, it's right for workers to own part of their company' | 3.46 | 0.84 | 3.40 | 0.79 | 0.4019 |
| 'ESO is a good way to build up a nest egg' | 4.06 | 0.68 | 3.69 | 0.74 | 0.0000** |
| 'ESO gives workers something for nothing' | 2.56 | 0.92 | 2.71 | 0.99 | 0.0804 |
| 'ESO increases job security' | 2.63 | 0.96 | 2.64 | 0.96 | 0.9063 |
| Opinions on advantages of ESO scale ($\bar{x}^{\wedge}=0.8194$) | 3.22 | 0.56 | 3.14 | 0.59 | 0.1190 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $^{\wedge} 1 \leq x \leq 5$

Table 11: Disadvantages of ESO

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|-------|--------------------|-------|----------|
| | \bar{x}^{\wedge} | s^2 | \bar{x}^{\wedge} | s^2 | |
| 'ESO is very difficult to understand' | 2.71 | 0.87 | 2.87 | 0.93 | 0.0480* |
| 'If your company does badly, ESO puts your savings at risk' | 3.26 | 0.95 | 3.39 | 0.91 | 0.1131 |
| 'It's too difficult to find the money to participate in ESO' | 2.60 | 0.85 | 3.27 | 1.00 | 0.0000** |
| 'You have to wait too long before you can make money out of ESO' | 2.84 | 0.93 | 3.31 | 0.85 | 0.0000** |
| 'ESO ties you down to one employer' | 2.25 | 0.79 | 2.43 | 0.87 | 0.0163* |
| 'ESO gives the company a better deal than the workers' | 2.71 | 0.79 | 2.92 | 0.91 | 0.0066** |
| 'ESO weakens the trade unions in the company' | 2.45 | 0.75 | 2.49 | 0.72 | 0.5369 |
| 'ESO puts pressure on workers to do what's best for the company rather than what's best for themselves' | 2.43 | 0.84 | 2.61 | 0.86 | 0.0176* |

| | | | | | |
|---|-------------|-------------|-------------|-------------|-----------------|
| 'No matter how hard you work, you can't affect the share price' | 3.20 | 1.03 | 3.23 | 1.03 | 0.7421 |
| Opinions on disadvantages of ESO scale ($\chi^2=0.7889$) | 2.72 | 0.54 | 2.95 | 0.50 | 0.0000** |
| ** $p \leq 0.01$ * $0.05 \geq p > 0.01$ ^ $1 \leq x \leq 5$ | | | | | |

Table 12: Relative effects of positive and negative views of ESO on participation

| Variable | B | S.E. | Wald | df | Sig | R | Exp(B) |
|---|---------|--------|---------|----|----------|---------|--------|
| Positive view of ESO | 0.2198 | 0.1600 | 1.8860 | 1 | 0.1696 | 0.0000 | 1.2458 |
| Negative view of ESO | -0.7988 | 0.1728 | 21.3719 | 1 | 0.0000** | -0.1633 | 0.4499 |
| ** $p \leq 0.01$ * $0.05 \geq p > 0.01$ | | | | | | | |

5.5. Attitudes to employer, job and colleagues

A large portion of the literature on employee share ownership is devoted to testing the hypothesis that ESO increases employees' identification with, and therefore commitment to, their employer and satisfaction with their respective jobs.⁷⁶

Again, however, the focus of this study is not on the *effects* of ESO, but on whether these and other workplace attitudes affect the decision to participate in an ESOP in the first place. The few extant studies that have investigated this question have largely answered in the negative. For example, Dewe, Dunn and Richardson concluded from their research that, contrary to their predictions, '[w]orkers who feel a strong sense of commitment to the firm are no more likely to want to take part in the scheme than those who do not. Those who feel a strong sense of belonging to the workgroup are similarly disposed, as are those who feel dissatisfaction with their jobs'.⁷⁷ At the same time, however, they found that an intention to remain with the firm was 'highly significant'⁷⁸ and, compared with demographic and other attitudinal factors, '[b]y far the strongest predictor of joining'.⁷⁹ More recently, Pendleton found that 'continuance commitment' — a measure of the extent to which employees are committed to remaining with their employer — had only a 'very small' positive effect on participation.⁸⁰ Surprisingly, he also found that 'value commitment' — a measure of employees' degree of identification with their employer — was *negatively* associated with ESOP participation.⁸¹ He noted that interpreting this counter-intuitive result was difficult, but speculated that the high level of participation in SAYE plans in the companies studied and favourable stock price movements might have 'sucked in' employees with lower levels of commitment who might not otherwise have participated.⁸²

⁷⁶ For brief overviews of this literature: see Kaarsemaker, Pendleton and Poutsma, above n 7, 17–20; Landau et al, above n 7, 11–12; Baddon et al, above n 55, 17–19. For a more detailed discussion of the issue: see Pendleton, Wilson and Wright, above n 52. See also Joseph Blasi, Richard Freeman, Christopher Mackin and Douglas Kruse, 'Creating a Bigger Pie? The Effects of Employee Ownership, Profit Sharing, and Stock Options on Workplace Performance' in Douglas Kruse, Richard Barry Freeman and Joseph Blasi (eds), *Shared Capitalism at Work: Employee Ownership, Profit and Gain Sharing* (2010) 139, 143–49.

⁷⁷ Dewe, Dunn and Richardson, above n 28, 19.

⁷⁸ Ibid 13.

⁷⁹ Ibid 17.

⁸⁰ Pendleton, above n 7, 564.

⁸¹ Ibid 564.

⁸² Ibid 564–65.

In addition to views towards the individual job and the firm as a whole, we hypothesised that employees' attitudes towards their colleagues would also play a role in the participation decision. In one sense, this is because choosing to become an employee-owner involves linking one's financial success with the efforts of one's co-workers. However, it is also because, as our interviews revealed, colleagues appear to play an important role in influencing employees' decisions to participate in an ESOP.⁸³

Hypothesis 5.1: Employees who identify with their employer are more likely to participate in an ESOP.

Hypothesis 5.2: Employees who intend to remain with their employer are more likely to participate in an ESOP.

Hypothesis 5.3: Employees who are satisfied with their job are more likely to participate in an ESOP.

Hypothesis 5.4: Employees who get along with, and feel connected to, their colleagues are more likely to participate in an ESOP.

To test Hypotheses 5.1–5.3, we used four items of Allen and Meyer's 'affective commitment' scale (Hypothesis 5.1);⁸⁴ a five-item scale developed by Bozeman and Perrewé to measure turnover intention (Hypothesis 5.2);⁸⁵ and a number of items from Spector's Job Satisfaction Survey,⁸⁶ along with questions developed by Remondet and Hansson to measure employees' perception of growth opportunities (Hypothesis 5.3).⁸⁷

Contrary to intuition, we, like Dewe, Dunn and Richardson, found no statistically significant relationship between participation in an ESOP and either affective commitment or job satisfaction (Table 13).⁸⁸ However, unlike Dewe, Dunn and Richardson, we also found no significant relationship between participation and turnover intention. This accords with the findings from our interviews,⁸⁹ but is perhaps also explained by the fact that, in our study, employees were permitted to keep their equities after they left their employer.

With respect to Hypothesis 5.4, we measured employees' attitudes towards their co-workers using Sims, Szilagyi and Keller's friendship scale,⁹⁰ questions from the Job Satisfaction Survey relating to co-worker satisfaction⁹¹ and items from Pearce's job interdependence scale.⁹² Ultimately, as shown in Table 13,

⁸³ Brown et al, above n 8, 20–22.

⁸⁴ Natalie Allen and John Meyer, 'The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization' (1990) 63 *Journal of Occupational Psychology* 1, 6. See also John Meyer and Natalie Allen, 'A Three-Component Conceptualization of Organizational Commitment' (1991) 1 *Human Resource Management Review* 61.

⁸⁵ Dennis Bozeman and Pamela Perrewé, 'The Effect of Item Content Overlap on Organizational Commitment Questionnaire — Turnover Cognitions Relationships' (2001) 86 *Journal of Applied Psychology* 161, 173. This scale was in turn based on Richard Mowday, Christine Koberg and Angeline McArthur, 'The Psychology of the Withdrawal Process: A Cross Validation Test of Mobley's Intermediate Linkages Model of Turnover in the Two Samples' (1984) 27 *Academy of Management Journal* 79, 83 and William Mobley, Stanley Horner and A T Hollingsworth, 'An Evaluation of the Precursors of Hospital Employee Turnover' (1978) 63 *Journal of Applied Psychology* 408, 410.

⁸⁶ Paul Spector, 'Measurement of Human Service Staff Satisfaction: Development of the Job Satisfaction Survey' (1985) 13 *Journal of Community Psychology* 693. See also Paul Spector, *Job Satisfaction: Application, Assessment, Causes and Consequences* (1997) 8–11, 75–76.

⁸⁷ Jacqueline Remondet and Robert Hansson, 'Job-Related Threats to Control Among Older Employees' (1991) 47(4) *Journal of Social Issues* 129, 134.

⁸⁸ As an aside, we did, however, find a positive relationship between affective commitment and ESOP satisfaction (Sig T=0.0000), when the former (together with the friendship, communication satisfaction and job interdependence scales) was regressed against the latter. This is consistent with Klein and Hall's results, above n 52, 635.

⁸⁹ Brown et al, above n 8, 23.

⁹⁰ Henry Sims, Andrew Szilagyi and Robert Keller, 'The Measurement of Job Characteristics' (1976) 19 *Academy of Management Journal* 196.

⁹¹ Spector, above n 86.

only the friendship scale proved to be statistically significant, with those who reported that they were able to communicate and develop friendships with others at work being more likely to participate in an ESOP.

Table 13: Work attitude scales

| Item | Shareholders | | Non-shareholders | | T stat p |
|--|--------------|------|------------------|------|----------|
| | \bar{x} | s | \bar{x} | s | |
| Affective commitment scale ($\alpha=0.8906$) | 3.29 | 0.78 | 3.32 | 0.81 | 0.6711 |
| Turnover intention scale ($\alpha=0.9433$) | 1.84 | 0.82 | 1.89 | 0.94 | 0.5291 |
| Growth opportunities scale ($\alpha=0.8139$) | 2.38 | 0.83 | 2.39 | 0.86 | 0.8939 |
| Communication satisfaction scale ($\alpha=0.6310$) | 3.35 | 0.73 | 3.31 | 0.76 | 0.5453 |
| Friendship scale ($\alpha=0.8283$) | 3.54 | 0.88 | 3.37 | 0.90 | 0.0321* |
| Co-worker satisfaction scale ($\alpha=0.7145$) | 3.66 | 0.66 | 3.71 | 0.62 | 0.3722 |
| Job interdependence scale ($\alpha=0.7868$) | 3.77 | 0.69 | 3.75 | 0.67 | 0.7380 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $^{\wedge} 1 \leq x \leq 5$

5.6. Helping behaviours

Following on from Hypothesis 5, which is concerned with employee *attitudes*, another key focus in the literature to date is on the extent to which ESO leads to improved employee *behaviours* at work, the central idea being that, once employees' wealth is linked to company performance, they are more willing to work in the company's best interests by, for example, helping other employees at work.⁹³ However, to our knowledge, no study has yet investigated the inverse question — that is, to what extent persons exhibiting certain 'helping' behaviours are more likely to opt into an ESOP.

Hypothesis 6: Employees who exhibit strong 'helping' behaviours are more likely to participate in an ESOP.

In our survey, we used a number of measures to test for different 'helping' behaviours. First, we adopted Van Dyne and Le Pine's questions on extra-role 'voice' behaviours to measure the extent to which employees go beyond their required tasks to make 'innovative suggestions for change and [recommend] modifications to standard procedures even when others disagree.'⁹⁴ Second, we used the scale developed by Williams and Anderson to measure so-called 'OCBI-behaviours' — organisational citizenship behaviour ('OCB') being 'individual behaviours that are discretionary, not directly or explicitly recognised by the formal reward system, and in the aggregate promote the efficient and effective functioning of the organization' and 'OCBI-behaviours' being those OCB behaviours that 'immediately benefit specific individuals and indirectly through this means contribute to the organization'.⁹⁵ Third, we used questions measuring 'individual initiative' from Moorman and Blakely's four-dimensional OCB

⁹² Jone Pearce and Hal Gregersen, 'Task Interdependence and Extrarole Behaviour: A Test of Mediating Effects of Felt Responsibility' (1991) 76 *Journal of Applied Psychology* 838, 841.

⁹³ For overviews of this literature: see Kaarsemaker, Pendleton and Poutsma, above n 7, 17–20; Pendleton, Wilson and Wright, above n 52, esp 101.

⁹⁴ Linn Van Dyne and Jeffrey Le Pine, 'Helping and Voice Extra-Role Behaviors: Evidence of Construct and Predictive Validity' (1998) 41 *Academy of Management Journal* 108, 109.

⁹⁵ Williams and Anderson, above n 41, 601–2.

scale.⁹⁶ And finally, we utilised questions developed by Welbourne, Johnson and Erez to gauge the extent to which employees play the role of ‘innovator’ at work.⁹⁷

As shown in Tables 14–17, we found evidence of strong positive relationships between ESOP participation and both OCBI behaviours and innovation, but no evidence of any significant link between participation and either voice behaviours or initiative. Controlling for demographic variables, this result was confirmed by multiple regression analysis (Table 18).⁹⁸ Ultimately, looking at the individual questions posed in the survey, this suggests that those who help others at work and those who enjoy innovating to improve efficiency, but not necessarily those who speak up and explicitly encourage others to speak up at work, are more likely to participate in an ESOP than those who do not.

Table 14: Voice behaviours

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|----------------------|--------------------|----------------------|---------------|
| | \bar{x}^{\wedge} | $\bar{x}^{\text{?}}$ | \bar{x}^{\wedge} | $\bar{x}^{\text{?}}$ | |
| ‘I like to develop and make recommendations concerning issues that affect this work group’ | 3.22 | 1.07 | 3.20 | 1.00 | 0.8265 |
| ‘I like to speak up and encourage others in this group to get involved in issues that affect this group’ | 3.25 | 1.13 | 3.11 | 1.04 | 0.1425 |
| ‘I like to communicate my opinions about work issues to others in this group even if my opinion is different and others in this group disagree with me’ | 3.25 | 1.10 | 3.14 | 1.01 | 0.2366 |
| ‘I like to keep well informed about issues where my opinion might be useful to this work group’ | 3.46 | 0.95 | 3.44 | 0.93 | 0.8103 |
| ‘I like to get involved with issues that affect the quality of life here in this group’ | 3.41 | 0.97 | 3.33 | 1.04 | 0.3763 |
| ‘I like to speak up in this group with ideas for new projects or changes in procedures’ | 3.26 | 1.12 | 3.08 | 1.07 | 0.0636 |
| Voice behaviours scale ($\bar{x}^{\text{?}}=0.9330$) | 3.31 | 0.92 | 3.21 | 0.86 | 0.2009 |

Table 15: Individual initiative

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|----------------------|--------------------|----------------------|---------------|
| | \bar{x}^{\wedge} | $\bar{x}^{\text{?}}$ | \bar{x}^{\wedge} | $\bar{x}^{\text{?}}$ | |
| ‘For issues that may have serious consequences, I will express opinions honestly even when others may disagree’ | 3.56 | 0.99 | 3.47 | 1.03 | 0.3190 |
| ‘I will often motivate others to express their ideas and opinions’ | 3.29 | 1.05 | 3.21 | 1.09 | 0.4012 |
| ‘I will encourage others to try new and more effective ways of doing their job’ | 3.32 | 1.09 | 3.20 | 1.07 | 0.2096 |
| ‘I will encourage hesitant or quiet co-workers to voice their opinions when they otherwise might not speak up’ | 3.25 | 1.17 | 3.13 | 1.11 | 0.2331 |
| ‘I frequently communicate with co-workers on suggestions on how the group can improve’ | 3.17 | 1.13 | 2.92 | 1.10 | 0.0117* |
| Individual initiative scale ($\bar{x}^{\text{?}}=0.9156$) | 3.32 | 0.95 | 3.18 | 0.92 | 0.0900 |
| ** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $\wedge 1 \leq x \leq 5$ | | | | | |

⁹⁶ Robert Moorman and Gerald Blakely, ‘Individualism-Collectivism as an Individual Difference Predictor of Organizational Citizenship Behavior’ (1995) 16 *Journal of Organizational Behavior* 127, 132.

⁹⁷ Welbourne, Johnson and Erez, above n 42.

⁹⁸ In addition to the variables listed in Table 18, gender, age, length of service, education level, income, trade union membership, occupational group and part-time status were used as independent variables. None had a significant effect on participation (the dependent variable).

Table 16: Organisational citizenship behaviour (Individual)

| Item | Shareholders | | Non-shareholders | | T stat p |
|---|--------------------|-------------|--------------------|-------------|-----------------|
| | \bar{x}^{\wedge} | \bar{s} | \bar{x}^{\wedge} | \bar{s} | |
| 'I help others who have been absent' | 3.55 | 0.98 | 3.43 | 0.98 | 0.1684 |
| 'I help others who have heavy workloads' | 3.70 | 0.92 | 3.66 | 0.90 | 0.6198 |
| 'I assist my supervisor with his/her work (when not asked)' | 3.76 | 0.84 | 3.45 | 1.13 | 0.0009** |
| 'I take time to listen to co-workers' problems and worries' | 4.04 | 0.70 | 3.72 | 0.87 | 0.0000** |
| 'I go out of my way to help new employees' | 4.01 | 0.60 | 3.83 | 0.83 | 0.0075** |
| 'I take a personal interest in other employees' | 3.73 | 0.75 | 3.40 | 0.99 | 0.0001** |
| 'I pass information along to co-workers' | 4.11 | 0.55 | 3.84 | 0.75 | 0.0000** |
| OCBI scale ($\bar{\alpha}$=0.8296) | 3.84 | 0.54 | 3.62 | 0.65 | 0.0001** |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $\wedge 1 \leq x \leq 5$

Table 17: Innovation

| Item | Shareholders | | Non-shareholders | | T stat p |
|--|--------------------|-------------|--------------------|-------------|-----------------|
| | \bar{x}^{\wedge} | \bar{s} | \bar{x}^{\wedge} | \bar{s} | |
| 'I enjoy coming up with new ideas' | 3.79 | 0.73 | 3.48 | 0.99 | 0.0001** |
| 'I enjoy working to implement new ideas' | 3.85 | 0.71 | 3.52 | 0.98 | 0.0000** |
| 'I enjoy finding improved ways to do things' | 3.98 | 0.66 | 3.65 | 0.95 | 0.0000** |
| 'I enjoy creating better processes and routines' | 3.97 | 0.70 | 3.62 | 0.99 | 0.0000** |
| Innovation scale ($\bar{\alpha}$=0.9288) | 3.90 | 0.63 | 3.56 | 0.89 | 0.0000** |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$ $\wedge 1 \leq x \leq 5$

Table 18: Relative effects of voice behaviours, initiative, OCB and innovation on participation

| Variable | B | S.E. | Wald | df | Sig | R | Exp(B) |
|-------------------------|---------|--------|---------|----|----------|---------|--------|
| Voice behaviours | -0.1475 | 0.1994 | 0.5474 | 1 | 0.4594 | 0.0000 | 0.8628 |
| Initiative | -0.3762 | 0.2118 | 3.1544 | 1 | 0.0757 | -0.0413 | 0.6864 |
| OCB | 0.6609 | 0.2362 | 7.8272 | 1 | 0.0051** | 0.0928 | 1.9364 |
| Innovation | 0.6402 | 0.1822 | 12.3479 | 1 | 0.0004** | 0.1237 | 1.8968 |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$

5.7. Demographics

As discussed in our conceptual framework, studies have consistently found that demographic variables, particularly income and age, are strong determinants of ESOP participation.⁹⁹ With respect to income, the 401(k) literature in the US has generally reported that participation rises steadily with salary,¹⁰⁰ while in the UK, Pendleton found that income is the single most powerful determinant of employee participation in SAYE plans.¹⁰¹ Similarly, Degeorge et al found from their France Telecom study that 'there is nearly a monotonically increasing relation between salary levels and the propensity to

⁹⁹ Brown et al, above n 8, 8–9.

¹⁰⁰ See, eg, William Bassett, Michael Fleming and Anthony Rodrigues, 'How Workers Use 401(k) Plans: The Participation, Contribution, and Withdrawal Decisions' (1998) 51 *National Tax Journal* 263, 270, 276; Gur Huberman, Sheena Iyengar and Wei Jiang, 'Defined Contribution Pension Plans: Determinants of Participation and Contribution Rates' (2007) 31 *Journal of Financial Services Research* 1, 3, 13; Alicia Munnell, Annika Sundén and Catherine Taylor, 'What Determines 401(k) Participation and Contributions?' (Working Paper, Centre for Retirement Research, Boston College, December 2000) 14.

¹⁰¹ Pendleton, above n 7, 563.

participate, even after controlling for age, tenure, civil servant status, and job category.¹⁰² As Pendleton summarises, there are four typical explanations in the behavioural finance literature for the strong effect of income on ESOP participation: first, those on higher incomes face lower liquidity constraints; second, high income earners enjoy greater financial benefits from participation as a result of marginal tax rates; third, lower income earners are able to rely more on social security for retirement benefits; and, fourth, lower income earners are likely to be less educated and thus face greater challenges in deciding whether, and how, to participate.¹⁰³

In relation to age, the literature suggests that participation tends to increase in line with age until close to retirement, after which time it declines.¹⁰⁴ As Pendleton notes, '[e]xplanations for this distribution focus on life-cycle effects. As adult individuals mature their time horizons tend to lengthen, leading them to pay greater attention to saving "for a rainy day". However, as retirement gets closer, time horizons tend to shorten, with the result that employees cut back saving in favour of current consumption.'¹⁰⁵

Other demographic variables — including gender, job tenure, job position and education — have also been found to have a significant effect on participation, although the results are mixed. For example, Bassett, Fleming and Rodrigues found from their analysis of the 1993 Current Population Survey that, in addition to income and age, job tenure, education and home ownership were all positively correlated with share plan participation, while being married was significantly negatively correlated.¹⁰⁶ More particularly, they found that workers with high school diplomas had ten percent higher participation rates than those without (with a college degree boosting participation an additional four percent), home owners were nine percent more likely to participate than non-homeowners, and married employees were seven percent less likely to participate than single employees.¹⁰⁷ This is to be contrasted with Munnell, Sunden and Taylor's conclusion from their analysis of the 1998 Survey of Consumer Finances that education had no effect on participation. In relation to occupational group, Welz and Fernández-Macias, analysing the 2005 European Working Conditions Survey, found that employees in managerial positions were four times more likely to participate in ESOPs than manual workers.¹⁰⁸ More recently, Morris, Bakan and Wood concluded from their survey of 1,000 employees in a large British retail organization that the significance of demographic variables varies between different categories of employee.¹⁰⁹ Among managers, participation in the company's ESOP was positively associated with age, job status and working full-time, while education, gender and marital status had no statistical effect. By contrast, for non-managerial employees, variables that had a positive association with participation rates were gender (with females being more likely to participate), age, full-time employment, tenure and union membership.¹¹⁰ Again, this is to be compared with Pendleton's finding that part-time status

¹⁰² DeGeorge et al, above n 67, 185.

¹⁰³ Pendleton, above n 7, 557.

¹⁰⁴ See, eg, Pendleton, above n 7, 557, 563; Huberman, Iyengar and Jiang, above n 100, 13; Munnell, Sundén and Taylor, above n 100, 7–8; DeGeorge et al, above n 67, 188.

¹⁰⁵ Pendleton, above n 7, 557.

¹⁰⁶ Bassett, Fleming and Rodrigues, above n 100, 276.

¹⁰⁷ Ibid 277.

¹⁰⁸ Christian Welz and Enrique Fernández-Macias, 'Financial Participation of Employees in the European Union: Much Ado about Nothing?' (2008) 14 *European Journal of Industrial Relations* 479, 492.

¹⁰⁹ David Morris, Ismail Bakan and Geoff Wood, 'Employee Financial Participation: Evidence from a Major UK Retailer' (2006) 28 *Employee Relations* 326, 333.

¹¹⁰ Ibid.

did not have a significant bearing on participation.¹¹¹ Finally, with respect to gender, results have been mixed, with some studies (such as Morris, Bakan and Wood's)¹¹² finding that women are more likely to participate in an ESOP than men,¹¹³ some indicating the opposite,¹¹⁴ and others finding that gender is insignificant.

Our interviews largely confirmed a number of the findings in the literature.¹¹⁵ Income and age were identified as the most important variables in determining participation. However, none of the interviewees identified gender as a potential determinant, while the data collected on the importance of occupational group was ambiguous.

Hypothesis 7.1: Employees with higher incomes are more likely to participate in an ESOP.

Hypothesis 7.2: Older employees are more likely to participate in an ESOP.

Hypothesis 7.3: Employees with higher levels of education are more likely to participate in an ESOP.

Hypothesis 7.4: Female employees are more likely to participate in an ESOP than male employees.

Hypothesis 7.5: Employees in managerial positions are more likely to participate in an ESOP.

Hypothesis 7.6: Employees who have worked for their employer for longer are more likely to participate in an ESOP.

Hypothesis 7.7: Full-time employees are more likely to participate in an ESOP than part-time employees.

Hypothesis 7.8: Employees who are trade union members are more likely to participate in an ESOP.

The results of our cross-tabular analysis, presented in Tables 19–26, demonstrate that only two of these hypotheses were supported: age (Hypothesis 7.2) and employment status (Hypothesis 7.7) were the only demographic variables in our study which had significant effects on the participation decision, with older and full-time employees more likely to be shareholders.

In many ways, it is unsurprising that Hypotheses 7.3–7.6 and 7.8 were not supported, given the mixed findings on these points in the literature. However, in light of the consistency of others' results, it is noteworthy that there was no significant correlation between participation and income.

Table 19: Annual income

| Interval | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|---------------------|-------------------|-----------------------|--------------------|----------|
| \$0–\$20,000 | 25.1 | 27.9 | -2.8 | 0.4759 |
| \$20,001–\$40,000 | 48.1 | 48.7 | -0.6 | 0.8932 |
| \$40,001–\$60,000 | 14.6 | 11.7 | 2.9 | 0.3431 |
| \$60,001–\$80,000 | 4.1 | 7.1 | -3.0 | 0.1305 |
| \$80,001–\$100,000 | 4.4 | 3.0 | 1.4 | 0.4179 |
| \$100,001–\$120,000 | 2.9 | 1.5 | 1.4 | 0.3051 |
| \$120,001–\$150,000 | 0.9 | 0.0 | N/A | N/A |
| \$150,001+ | 0.0 | 0.0 | N/A | N/A |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$

¹¹¹ Pendleton, above n 7, 563.

¹¹² Ibid.

¹¹³ See also Huberman, Iyengar and Jiang, above n 100, 13, who found a 6.5% gender difference in participation rates after controlling for other variables; Pendleton, above n 7, 564; DeGeorge et al, above n 67, 189.

¹¹⁴ See, eg, Welz and Fernández-Macias, above n 108, 488; Gary Englehardt and Brigitte Madrian, 'Employee Stock Purchase Plans' (Working Paper No 10421, National Bureau of Economic Research, August 2003) 18, 20.

¹¹⁵ Brown et al, above n 8, 17–19.

Table 20: Age

| Interval | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|--------------|-------------------|-----------------------|--------------------|----------|
| 0–30 years | 10.5 | 18.1 | -7.6 | 0.0121* |
| >30–40 years | 18.1 | 19.7 | -1.6 | 0.6464 |
| >40–50 years | 37.4 | 27.5 | 9.9 | 0.0195* |
| 50+ years | 34.0 | 34.7 | -0.7 | 0.8691 |

Table 21: Education level

| Interval | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|----------------------|-------------------|-----------------------|--------------------|----------|
| Primary school | 2.8 | 3.0 | -0.2 | 0.8925 |
| High school | 71.5 | 68.3 | 3.2 | 0.4291 |
| Trade school | 8.5 | 7.5 | 1.0 | 0.6798 |
| Associate diploma | 8.2 | 10.6 | -2.4 | 0.3454 |
| Undergraduate degree | 7.9 | 8.5 | -0.6 | 0.8041 |
| Postgraduate degree | 1.1 | 2.0 | -0.9 | 0.3912 |

Table 22: Gender

| Category | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|----------|-------------------|-----------------------|--------------------|----------|
| Male | 16.2 | 17.6 | -1.4 | 0.6723 |
| Female | 83.8 | 82.4 | -1.4 | 0.6723 |

Table 23: Occupational group

| Category | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|--------------------------------|-------------------|-----------------------|--------------------|----------|
| Machinery operator | 2.6 | 5.5 | -2.9 | 0.0819 |
| Sales worker | 54.2 | 60.0 | -5.8 | 0.1878 |
| Clerical/administrative worker | 19.6 | 12.5 | 7.1 | 0.0333* |
| Technician/tradesperson | 1.4 | 3.5 | -2.1 | 0.1043 |
| Professional | 5.8 | 8.0 | -2.2 | 0.3184 |
| Manager | 16.4 | 10.5 | 5.9 | 0.0572 |

Table 24: Length of service

| Interval | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|----------|-------------------|-----------------------|--------------------|----------|
| 0–5 | 27.3 | 30.5 | -3.2 | 0.4232 |
| >5–10 | 19.6 | 23.0 | -3.4 | 0.3444 |
| >10–20 | 29.3 | 25.5 | 3.8 | 0.3388 |
| 20+ | 23.9 | 21.0 | 2.9 | 0.4354 |

Table 25: Employment Status

| Category | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|-----------|-------------------|-----------------------|--------------------|----------|
| Full-time | 80.1 | 71.7 | 8.40 | 0.0250* |
| Part-time | 19.9 | 28.3 | 8.40 | 0.0250* |

** $p \leq 0.01$ * $0.05 \geq p > 0.01$

Table 26: Trade union membership

| Category | Shareholders % | Non-shareholders % | Mean Difference | Chi-sq p |
|----------|-------------------|-----------------------|--------------------|----------|
| Yes | 51.7 | 49.2 | 2.5 | 0.5753 |
| No | 48.3 | 50.8 | 2.5 | 0.5753 |

** p ≤ 0.01 * 0.05 ≥ p > 0.01

6. CONCLUSIONS

The analysis undertaken in Part 5 above has shown that those who hold a financial orientation towards ESO, are attracted to financial risk, are able to make and sustain friendships at work, exhibit organisational citizenship behaviours, enjoy innovating in the workplace, are older and work full-time are more likely to participate in an ESOP, while those who are risk averse and hold a negative view of ESO in general are less likely to participate.

When all of these variables are regressed against ESOP participation at the same time, the results, set out in Table 27, indicate that only financial orientation, holding a negative view of ESO in general, innovation and risk taking remain significant. Moreover, such multivariate analysis demonstrates that holding a negative view of ESO in general has the greatest relative effect on the participation decision, followed by financial orientation, innovation and, in turn, risk taking.

Ultimately, then, to return to the categories set out in Part 2.1 above, the findings of this study suggest that motivational and attitudinal factors are more important than demographic or workplace-level factors in determining whether employees will participate in an ESOP. This is to be contrasted with Pendleton's recent finding that 'personal characteristics (age, salary etc) are more important than preferences and attitudes' in determining participation,¹¹⁶ but is largely consistent with Dewe, Dunn and Richardson's conclusion that share scheme opinion variables — including the expectation of financial gain — are better predictors of participation than either work attitude or demographic variables.¹¹⁷

Table 27: Relative effects on participation of variables found to be significant in Part 5

| Variable | B | S.E. | Wald | df | Sig | R | Exp(B) |
|--------------------------------|---------|--------|---------|----|----------|---------|--------|
| Financial orientation | 0.4967 | 0.1677 | 8.7765 | 1 | 0.0031** | 0.0996 | 1.6433 |
| Negative opinion of ESO | -0.6408 | 0.1951 | 10.7874 | 1 | 0.0010** | -0.1134 | 0.5269 |
| Risk taking | 0.3186 | 0.1534 | 4.3120 | 1 | 0.0378* | 0.0582 | 1.3752 |
| Risk aversion | -0.2894 | 0.1710 | 2.8634 | 1 | 0.0906 | -0.0355 | 0.7487 |
| Friendship | 0.0729 | 0.1192 | 0.3744 | 1 | 0.5406 | 0.0000 | 1.0756 |
| OCB | 0.3286 | 0.2127 | 2.3854 | 1 | 0.1225 | 0.0237 | 1.3890 |
| Innovation | 0.3609 | 0.1707 | 4.4708 | 1 | 0.0345* | 0.0601 | 1.4346 |
| Age | 0.0159 | 0.0092 | 3.0051 | 1 | 0.0830 | 0.0383 | 1.0161 |
| Part-time status | -0.0050 | 0.2043 | 0.0006 | 1 | 0.9806 | 0.0000 | 0.9951 |

** p ≤ 0.01 * 0.05 ≥ p > 0.01

¹¹⁶ Pendleton, above n 7, 567.

¹¹⁷ Dewe, Dunn and Richardson, above n 28, 18–20.

BIBLIOGRAPHY

- Allen, Natlie and John Meyer, 'The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization' (1990) 63 *Journal of Occupational Psychology* 1
- Anderson, Malcolm, Jeff Richardson, John McKie, Angelo Iezzi and Munir Khan, 'The Relevance of Personal Characteristics in Health Care Rationing: What the Australian Public Thinks and Why' (2011) 70 *American Journal of Economics and Sociology* 132
- Babbie, Earl, *The Basics of Social Research* (2nd ed, 2002)
 — *The Basics of Social Research* (4th ed, 2008)
- Baddon, Lesley, Laurie Hunter, Jeff Hyman, J Leopold and H Ramsay, *People's Capitalism? A Critical Analysis of Profit-Sharing and Employee Share Ownership* (1989)
- Barnes, Andrew, Tanya Josev, Jarrod Lenne, Shelley Marshall, Richard Mitchell, Ian Ramsay and Cameron Rider, 'Employee Share Ownership Schemes: Two Case Studies' (2006)
- Baruch, Yehuda, 'Response Rate in Academic Studies — A Comparative Analysis' (1999) 52 *Human Relations* 421
- Bassett, William, Michael Fleming and Anthony Rodrigues, 'How Workers Use 401(k) Plans: The Participation, Contribution, and Withdrawal Decisions' (1998) 51 *National Tax Journal* 263
- Blasi, Joseph, Richard Freeman, Christopher Mackin and Douglas Kruse, 'Creating a Bigger Pie? The Effects of Employee Ownership, Profit Sharing, and Stock Options on Workplace Performance' in Douglas Kruse, Richard Barry Freeman and Joseph Blasi (eds), *Shared Capitalism at Work: Employee Ownership, Profit and Gain Sharing* (2010) 139
- Bozeman, Dennis and Pamela Perrewé, 'The Effect of Item Content Overlap on Organizational Commitment Questionnaire — Turnover Cognitions Relationships' (2001) 86 *Journal of Applied Psychology* 161
- Brown, Michelle, Ingrid Landau, Richard Mitchell, Ann O'Connell and Ian Ramsay, 'Why Do Employees Participate in Employee Share Plans? — A Conceptual Framework' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2008)
- DeGeorge, François, Dirk Jenter, Alberto Moel and Peter Tufano, 'Selling Company Shares to Reluctant Employees: France Telecom's Experience' (2004) 71 *Journal of Financial Economics* 169
- Derrick, Paul and J F Phipps (eds), *Coownership, Cooperation and Control: An Industrial Perspective* (1969)
- Dewe, Philip, Stephen Dunn and Ray Richardson, 'Employee Share Option Schemes: Why Workers Are Attracted to Them' (1988) 26(1) *British Journal of Industrial Relations* 1
- Englehardt, Gary and Brigitte Madrian, 'Employee Stock Purchase Plans' (Working Paper No 10421, National Bureau of Economic Research, August 2003)

- French, J Lawrence, 'Employee Perspectives on Stock Ownership: Financial Investment or Mechanism of Control?' (1987) 12 *Academy of Management Review* 427
- Greenberg, Edward, 'Industrial Self-Management and Political Attitudes' (1981) 75 *American Political Science Review* 29
- Hallock, Daniel, Ronald Salazar and Sandy Venneman, 'Demographic and Attitudinal Correlates of Employee Satisfaction with an ESOP' (2004) 15 *British Journal of Management* 321
- Hammer, Tove and Richard Stern, 'Employee Ownership: Implications for the Organizational Distribution of Power' (1980) 23 *Academy of Management Journal* 78
- House of Representatives Standing Committee on Employment, Education and Workplace Relations, Commonwealth Parliament, *Shared Endeavours: Inquiry into Employee Share Ownership in Australian Enterprises* (2000)
- Huberman, Gur, Sheena Iyengar and Wei Jiang, 'Defined Contribution Pension Plans: Determinants of Participation and Contribution Rates' (2007) 31 *Journal of Financial Services Research* 1
- Kaarsemaker, Eric, Andrew Pendleton and Erick Poutsma, 'Employee Share Ownership Plans: A Review' (Working Paper No 44, The York Management School, University of York, 2009)
- Klein, Katherine, 'Employee Stock Ownership and Employee Attitudes: A Test of Three Model' (1987) 72 *Journal of Applied Psychology* 319
- Klein, Katherine and Rosalie Hall, 'Correlates of Employee Satisfaction with Stock Ownership: Who Likes an ESOP Most?' (1988) 73 *Journal of Applied Psychology* 630
- Kruse, Douglas, *The Effects of Worker Ownership Upon Participation Desire: An ESOP Case Study* (Bachelor's Thesis, Harvard University, 1981)
- Landau, Ingrid, Ann O'Connell and Ian Ramsay, 'Employee Share Schemes: Regulation and Policy' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2010)
- Landau, Ingrid, Richard Mitchell, Ann O'Connell and Ian Ramsay, 'Employee Share Ownership: A Review of the Literature' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2007)
- 'An Overview of Existing Data on Employee Share Ownership in Australia' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2007)
- Landau, Ingrid, Richard Mitchell, Ann O'Connell, Ian Ramsay and Shelley Marshall, 'Broad-Based Employee Share Ownership in Australian Listed Companies: Survey Report' (Research Report, Employee Share Ownership Project, Melbourne Law School, 2009)
- Lenne, Jarrod, Richard Mitchell and Ian Ramsay, 'Employee Share Ownership Schemes in Australia: A Survey of Key Issues and Themes' (Research Report, Employee Share Ownership Project, Melbourne Law School, 2005)

- Loix, Ellen, Roland Pepermans, Cindy Mentens, Maarten Goedee and Marc Jegers, 'Orientation toward Finances: Development of a Measurement Scale' (2005) 6 *Journal of Behavioral Finance* 192
- Long, Richard, 'Desire For and Patterns of Worker Participation in Decision Making After Conversion to Employee Ownership' (1979) 22 *Academy of Management Journal* 611
- Meyer, John and Natalie Allen, 'A Three-Component Conceptualization of Organizational Commitment' (1991) 1 *Human Resource Management Review* 61
- Mobley, William, Stanley Horner and A T Hollingsworth, 'An Evaluation of the Precursors of Hospital Employee Turnover' (1978) 63 *Journal of Applied Psychology* 408
- Moorman, Robert and Gerald Blakely, 'Individualism-Collectivism as an Individual Difference Predictor of Organizational Citizenship Behavior' (1995) 16 *Journal of Organizational Behavior* 127
- Mowday, Richard, Christine Koberg and Angeline McArthur, 'The Psychology of the Withdrawal Process: A Cross Validation Test of Mobley's Intermediate Linkages Model of Turnover in the Two Samples' (1984) 27 *Academy of Management Journal* 79
- Morris, David, Ismail Bakan and Geoff Wood, 'Employee Financial Participation: Evidence from a Major UK Retailer' (2006) 28 *Employee Relations* 326
- Munnell, Alicia, Annika Sundén and Catherine Taylor, 'What Determines 401(k) Participation and Contributions?' (Working Paper, Centre for Retirement Research, Boston College, December 2000)
- O'Connell, Ann, 'Employee Share Ownership in Unlisted Entities: Objectives, Current Practices and Regulatory Reform' (Working Paper, Employee Share Ownership Project, Melbourne Law School, 2008)
- Pearce, Jone and Hal Gregersen, 'Task Interdependence and Extrarole Behaviour: A Test of Mediating Effects of Felt Responsibility' (1991) 76 *Journal of Applied Psychology* 838
- Pendleton, Andrew, 'Sellers or Keepers? Stock Retentions in Stock Option Plans' (2005) 44 *Human Resource Management* 319
- 'Employee Participation in Employee Share Ownership: An Evaluation of the Factors Associated with Participation and Contributions in Save As You Earn Plans' (2010) 21 *British Journal of Management* 555
- Pendleton, Andrew, Nicholas Wilson and Mike Wright, 'The Perception and Effects of Share Ownership: Empirical Evidence from Employee Buy-Outs' (1998) 36 *British Journal of Industrial Relations* 99
- Pierce, Jon, Stephen Rubinfeld and Susan Moran, 'Employee Ownership: A Conceptual Model of Process and Effects' (1991) 16 *Academy of Management Review* 121
- Poole, Michael, and Glenville Jenkins, *The Impact of Economic Democracy: Profit-Sharing and Employee-Shareholding Schemes* (1990)

- Remondet, Jacqueline and Robert Hansson, 'Job-Related Threats to Control Among Older Employees' (1991) 47(4) *Journal of Social Issues* 129
- Rosen, Corey, Katherine Klein and Karen Young, *Employee Ownership in America: The Equity Solution* (1986)
- Sax, Linda, Shannon Gilmartin and Alyssa Bryant, 'Assessing Response Rates and Nonresponse Bias in Web and Paper Surveys' (2003) 44 *Research in Higher Education* 409
- Sims, Henry, Andrew Szilagyi and Robert Keller, 'The Measurement of Job Characteristics' (1976) 19 *Academy of Management Journal* 196
- Spector, Paul, 'Measurement of Human Service Staff Satisfaction: Development of the Job Satisfaction Survey' (1985) 13 *Journal of Community Psychology* 693
— *Job Satisfaction: Application, Assessment, Causes and Consequences* (1997)
- Tolonen, Hanna, Satu Helakorpi, Kirsi Talala, Ville Helasoja, Tuija Martelin and Ritva Prättälä, '25-Year Trends and Socio-Demographic Differences in Response Rates: Finnish Adult Health Behaviour Survey' (2006) 21 *European Journal of Epidemiology* 409
- Van Dyne, Linn and Jeffrey Le Pine, 'Helping and Voice Extra-Role Behaviors: Evidence of Construct and Predictive Validity' (1998) 41 *Academy of Management Journal* 108
- Vanek, Jaroslav (ed), *Self-Management: Economic Liberation of Man* (1975)
- Walter, Maggie, 'Surveys and Sampling' in Maggie Walter (ed), *Social Research Methods: An Australian Perspective* (2006) 187
- Wärneryd, Karl-Erik, 'Risky Attitudes and Risky Behavior' (1996) 17 *Journal of Economic Psychology* 749
- Welbourne, Theresa, Diane Johnson and Amir Erez, 'The Role-Based Performance Scale: Validity Analysis of a Theory-Based Measure' (1998) 41 *Academy of Management Journal* 540
- Welz, Christian and Enrique Fernández-Macias, 'Financial Participation of Employees in the European Union: Much Ado about Nothing?' (2008) 14 *European Journal of Industrial Relations* 479
- Williams, Larry and Stella Anderson, 'Job Satisfaction and Organizational Commitment as Predictors of Organizational Citizenship and In-Role Behaviours' (1991) 17 *Journal of Management* 601
- Winther, Gorm and Richard Marens, 'Participative Democracy May Go a Long Way: Comparative Growth Performance and Employee Ownership Firms in New York and Washington State' (1997) 18 *Economic and Industrial Democracy* 393

ANNEXURE A – EMPLOYEE SHAREHOLDER SURVEY INSTRUMENT



This study is being funded by a Discovery Grant from the
Australian Research Council

Employee Survey

Melbourne Law School

April 2009

Private and Confidential

This survey asks for your opinions about a range of issues: about your job, work and work colleagues. It also asks for your opinions on employee share schemes. Your organisation has a scheme in place and we are investigating the reasons why some employees acquire shares and others do not. **We value your input whether you own shares or not as part of this scheme.** Your responses will help your organisation evaluate the role and effectiveness of the employee share scheme.

YOUR RESPONSES WILL REMAIN CONFIDENTIAL. Please answer all questions openly and honestly – no one other than the researchers will ever see your individual responses. You are not required to put your name anywhere on this survey and all the responses you provide will be completely anonymous. Completed surveys will not be identified in any way. All results from this survey will be published as aggregate statistics only. If you have any questions, please contact one of the following researchers using this email address: law-esop@unimelb.edu.au

| | | | |
|------------|------------------|---------------|----------------|
| Ian Ramsay | Richard Mitchell | Ann O'Connell | Michelle Brown |
|------------|------------------|---------------|----------------|

PART 1: ATTITUDES TOWARDS EMPLOYEE SHARE OWNERSHIP

1. In your opinion, employee share ownership:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| Is a way to get involved in decisions affecting my company overall. | 1 | 2 | 3 | 4 | 5 |
| Is a savings scheme | 1 | 2 | 3 | 4 | 5 |
| Is an element of my reward package | 1 | 2 | 3 | 4 | 5 |
| Is a way to share in my company's profits | 1 | 2 | 3 | 4 | 5 |
| Is a way for my company to show that it values its employees | 1 | 2 | 3 | 4 | 5 |
| Is an important element of my company's corporate culture | 1 | 2 | 3 | 4 | 5 |
| Is a way to get involved in the decisions affecting my job | 1 | 2 | 3 | 4 | 5 |
| Makes workers richer | 1 | 2 | 3 | 4 | 5 |
| Makes workers feel part of the company | 1 | 2 | 3 | 4 | 5 |
| Makes the company more successful | 1 | 2 | 3 | 4 | 5 |
| Makes workers more careful in their work | 1 | 2 | 3 | 4 | 5 |
| Reduces feelings of 'them and us' | 1 | 2 | 3 | 4 | 5 |
| These days, it's right for workers to own part of their company | 1 | 2 | 3 | 4 | 5 |
| Is a good way to build up a nest egg | 1 | 2 | 3 | 4 | 5 |
| Gives workers something for nothing | 1 | 2 | 3 | 4 | 5 |
| Increases job security | 1 | 2 | 3 | 4 | 5 |
| Is very difficult to understand | 1 | 2 | 3 | 4 | 5 |
| If your company does badly, they put your savings at risk | 1 | 2 | 3 | 4 | 5 |
| It's too difficult to find the money to participate | 1 | 2 | 3 | 4 | 5 |
| You have to wait too long before you can make money out of them | 1 | 2 | 3 | 4 | 5 |
| Ties you down to one employer | 1 | 2 | 3 | 4 | 5 |
| Gives the company a better deal than the workers | 1 | 2 | 3 | 4 | 5 |
| Weakens the trade unions in the company | 1 | 2 | 3 | 4 | 5 |
| Puts pressure on workers to do what's best for the company rather than what's best for themselves | 1 | 2 | 3 | 4 | 5 |
| No matter how hard you work, you can't affect the share price | 1 | 2 | 3 | 4 | 5 |

2. People vary in the way they manage their finances and think about investments. Please indicate the extent to which you agree or disagree with the following statements:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|--|-------------------|----------|---------|-------|----------------|
| I regularly look for interesting investment opportunities for my money | 1 | 2 | 3 | 4 | 5 |
| I like to plan things | 1 | 2 | 3 | 4 | 5 |
| I try to keep track of general economic trends | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| I am not attracted by the financial part of life | 1 | 2 | 3 | 4 | 5 |
| I accurately plan my expenses | 1 | 2 | 3 | 4 | 5 |
| I never read the financial pages of the newspaper | 1 | 2 | 3 | 4 | 5 |
| I am interested in the value of the Australian dollar relative to other currencies | 1 | 2 | 3 | 4 | 5 |
| I keep track of my personal expenses in a systematic way | 1 | 2 | 3 | 4 | 5 |
| I think it is more important to have safe investments and guaranteed returns than to take a risk to have a chance to get the highest possible returns | 1 | 2 | 3 | 4 | 5 |
| I would never consider investment in shares because I find shares too risky | 1 | 2 | 3 | 4 | 5 |
| If an investment will be profitable, I am prepared to borrow money to make this investment | 1 | 2 | 3 | 4 | 5 |
| I want to be certain that my investments are safe | 1 | 2 | 3 | 4 | 5 |
| I get more and more convinced that I should take greater financial risks to improve my financial position | 1 | 2 | 3 | 4 | 5 |
| I am prepared to take the risk to lose money, when there is also a chance to gain money | 1 | 2 | 3 | 4 | 5 |

3. Which of the following sources of financial information do you read?

| | Do not read at all | Read briefly | Read thoroughly |
|--|--------------------|--------------|-----------------|
| Financial pages of newspapers | 1 | 2 | 3 |
| <i>The Australian Financial Review</i> | 1 | 2 | 3 |
| Financial or investment magazines/journals | 1 | 2 | 3 |
| Company news bulletins | 1 | 2 | 3 |
| Company newspaper | 1 | 2 | 3 |
| Financial information in Annual Reports and Accounts | 1 | 2 | 3 |
| Non-financial information in Annual Reports and Accounts | 1 | 2 | 3 |

4. The following questions ask about your preferences for information about your company. Please indicate the extent to which you agree or disagree with the following statements:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| The company should provide employees with more financial information about its performance | 1 | 2 | 3 | 4 | 5 |
| It is important to me that I understand the financial/accounting information which relates to the performance of my company | 1 | 2 | 3 | 4 | 5 |
| I am more interested in financial/accounting information relating to the site that I work at, rather than to the company as a whole | 1 | 2 | 3 | 4 | 5 |
| Companies should provide more financial training/education to enable employees to better understand the financial/accounting information they | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| publish | | | | | |
| I am generally interested in financial issues | 1 | 2 | 3 | 4 | 5 |
| I like to receive information relating to company affairs | 1 | 2 | 3 | 4 | 5 |

| | | |
|---|---|---|
| 5. Do you own any other shares beside those that you have in your company? | Yes | 1 |
| | No | 2 |
| | Don't know | 3 |
| 6. Please tick the box that represents approximately how many shares you hold (both in your own company and others): | Less than 10 | 1 |
| | 11-50 | 2 |
| | 51-100 | 3 |
| | 101-200 | 4 |
| | 201 – 500 | 5 |
| | Over 500 | 6 |
| 7. In your opinion, your shareholdings (both in your own company and others) represent: | A very small number of shares | 1 |
| | Not very many shares | 2 |
| | A lot of shares | 3 |
| | A very large number of shares | 4 |
| | | 5 |
| 8. Since you have had shares in your company, their value has: | Dropped dramatically | 1 |
| | Dropped slightly | 2 |
| | Remained stable | 3 |
| | Increased slightly | 4 |
| | Increased significantly | 5 |
| | I do not keep track of the value of the shares | 6 |
| 9. Approximately, how long have you had shares in your company? | Less than 1 year | 1 |
| | 1 – 2 years | 2 |
| | 2 – 3 years | 3 |
| | 3 – 5 years | 4 |
| | 5 – 10 years | 5 |
| | Over 10 years | 6 |
| 10. For how long do you intend to keep your shares in the company? | For the minimum period necessary | 1 |
| | For the period necessary to qualify for any tax exemption | 2 |
| | For the 1 – 2 years after the minimum period | 3 |
| | For a substantial period of time | 4 |
| | Indefinitely | 5 |
| 11. How did you find out about your company's employee share plan? | Memo | 1 |
| | Video/DVD | 2 |
| | Staff meetings | 3 |
| | From the union | 4 |
| | Intranet/company website | 5 |
| | Email | 6 |
| | Presentation/seminar | 7 |
| | Other. Please specify here | 8 |

12. Please indicate the extent to which you agree or disagree with the following statements:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| I have never understood how the voting rights of employee shareholders work | 1 | 2 | 3 | 4 | 5 |
| I will definitely participate in the next employee share plan offering | 1 | 2 | 3 | 4 | 5 |
| The documents I receive about my shares are too complicated- I cannot fully understand what they say | 1 | 2 | 3 | 4 | 5 |
| I usually sell my company's shares as soon as I can | 1 | 2 | 3 | 4 | 5 |
| Generally speaking, I don't read the documents the company sends me about my company shares | 1 | 2 | 3 | 4 | 5 |
| When I receive a dividend, instead of keeping the money, I prefer to reinvest it in shares of my company | 1 | 2 | 3 | 4 | 5 |
| Whenever possible, I invest in shares of my company | 1 | 2 | 3 | 4 | 5 |
| I don't understand anything about the company's employee share ownership plan | 1 | 2 | 3 | 4 | 5 |
| The information I receive about my voting rights as a shareholder is clear and easy to understand | 1 | 2 | 3 | 4 | 5 |
| When there is an employee share plan offered in my company, I usually participate in it | 1 | 2 | 3 | 4 | 5 |
| Because of employee ownership, my work is more satisfying | 1 | 2 | 3 | 4 | 5 |
| I really don't care about the employee ownership plan in this company | 1 | 2 | 3 | 4 | 5 |
| I'm proud to own shares in this company | 1 | 2 | 3 | 4 | 5 |
| Employee share ownership at this company makes my day to day work more enjoyable | 1 | 2 | 3 | 4 | 5 |
| Owning shares in this company makes me want to stay with this company longer than I would if I did not own shares | 1 | 2 | 3 | 4 | 5 |
| It is very important to me that this company has an employee share ownership scheme | 1 | 2 | 3 | 4 | 5 |
| Owning shares in this company makes me more interested in the company's financial success | 1 | 2 | 3 | 4 | 5 |
| Employee ownership at this company gives me a greater share in the company's profits | 1 | 2 | 3 | 4 | 5 |

13. How important are each of the following aspects of employee share ownership to you?

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|--|-------------------|----------|---------|-------|----------------|
| Getting the maximum financial payoff from ownership | 1 | 2 | 3 | 4 | 5 |
| Having a say over decisions that affect my daily work | 1 | 2 | 3 | 4 | 5 |
| Employees having influence in how the company is run overall | 1 | 2 | 3 | 4 | 5 |
| A sense of community, that 'we're all in this together' | 1 | 2 | 3 | 4 | 5 |
| Being treated fairly | 1 | 2 | 3 | 4 | 5 |

PART II: WORK CHARACTERISTICS

The items in this section ask you about your current job and the nature of your relationships with your workmates. Please read each item carefully and indicate your response by circling the appropriate number.

1. Please indicate the amount of time you are able to interact with your workmates.

| | Very little | A little | Some | Often | A great deal |
|--|-------------|----------|------|-------|--------------|
| I have the opportunity to talk informally with other employees while at work | 1 | 2 | 3 | 4 | 5 |
| I believe that my colleagues at work are also my friends | 1 | 2 | 3 | 4 | 5 |
| I am able to talk with others at my workplace | 1 | 2 | 3 | 4 | 5 |
| I am able to develop close friendships in my workplace | 1 | 2 | 3 | 4 | 5 |

2. Please indicate the extent to which you agree or disagree with each of the following statements about your job and your organisation.

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| I often have to work very fast in my job | 1 | 2 | 3 | 4 | 5 |
| My job requires me to work very hard (physically or mentally) | 1 | 2 | 3 | 4 | 5 |
| My job leaves me with little time to get everything done | 1 | 2 | 3 | 4 | 5 |
| My job is not challenging | 1 | 2 | 3 | 4 | 5 |
| My job is meaningless | 1 | 2 | 3 | 4 | 5 |
| I see no room for growth in my job | 1 | 2 | 3 | 4 | 5 |
| There is no future for me in my position | 1 | 2 | 3 | 4 | 5 |
| I work closely with others doing my work | 1 | 2 | 3 | 4 | 5 |
| I frequently must co-ordinate my efforts with others | 1 | 2 | 3 | 4 | 5 |
| My own performance is dependent on receiving accurate information from others | 1 | 2 | 3 | 4 | 5 |
| The way I perform my job has a significant impact on others | 1 | 2 | 3 | 4 | 5 |
| My work requires me to consult others fairly frequently | 1 | 2 | 3 | 4 | 5 |
| I like the people I work with | 1 | 2 | 3 | 4 | 5 |
| I have to work harder at my job than I should because of the incompetence of the people I work with | 1 | 2 | 3 | 4 | 5 |
| I enjoy being with my co-workers | 1 | 2 | 3 | 4 | 5 |
| There is too much bickering and fighting at work | 1 | 2 | 3 | 4 | 5 |
| Communications seem good within this company | 1 | 2 | 3 | 4 | 5 |
| The goals of this company are not clear to me | 1 | 2 | 3 | 4 | 5 |
| Work assignments are often not fully explained | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|--|---|---|---|---|---|
| I feel a strong sense of “belonging” to my organisation | 1 | 2 | 3 | 4 | 5 |
| This organisation has a great deal of personal meaning for me | 1 | 2 | 3 | 4 | 5 |
| I feel “emotionally attached” to this organisation | 1 | 2 | 3 | 4 | 5 |
| I feel like “part of the family” at this organisation | 1 | 2 | 3 | 4 | 5 |
| I will probably look for a new job in the near future | 1 | 2 | 3 | 4 | 5 |
| I intend to quit my job | 1 | 2 | 3 | 4 | 5 |
| At the present time, I am actively searching for another job in a different organisation | 1 | 2 | 3 | 4 | 5 |
| It is likely that I will actively look for a different organisation to work for in the next year | 1 | 2 | 3 | 4 | 5 |
| I am thinking about quitting my job at the present time | 1 | 2 | 3 | 4 | 5 |

PART III: ABOUT YOU

In this section we ask you a few questions about the way you interact with others at work. Please read each item carefully and indicate your response by circling the appropriate number.

1. Please indicate the extent to which you agree that the following statements describe you:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| I like to develop and make recommendations concerning issues that affect this work group | 1 | 2 | 3 | 4 | 5 |
| I like to speak up and encourage others in this group to get involved in issues that affect this group | 1 | 2 | 3 | 4 | 5 |
| I like to communicate my opinions about work issues to others in this group even if my opinion is different and others in this group disagree with me | 1 | 2 | 3 | 4 | 5 |
| I like to keep well informed about issues where my opinion might be useful to this work group | 1 | 2 | 3 | 4 | 5 |
| I like to get involved with issues that affect the quality of life here in this group | 1 | 2 | 3 | 4 | 5 |
| I like to speak up in this group with ideas for new projects or changes in procedures | 1 | 2 | 3 | 4 | 5 |
| For issues that may have serious consequences, I will express opinions honestly even when others may disagree | 1 | 2 | 3 | 4 | 5 |
| I will often motivate others to express their ideas and opinions | 1 | 2 | 3 | 4 | 5 |
| I will encourage others to try new and more effective ways of doing their job | 1 | 2 | 3 | 4 | 5 |
| I will encourage hesitant or quiet co-workers to voice their opinions when they otherwise might not speak up | 1 | 2 | 3 | 4 | 5 |
| I frequently communicate with co-workers on suggestions on how the group can improve | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| I help others who have been absent | 1 | 2 | 3 | 4 | 5 |
| I help others who have heavy workloads | 1 | 2 | 3 | 4 | 5 |
| I assist my supervisor with his/her work (when not asked) | 1 | 2 | 3 | 4 | 5 |
| I take time to listen to co-workers' problems and worries | 1 | 2 | 3 | 4 | 5 |
| I go out of my way to help new employees | 1 | 2 | 3 | 4 | 5 |
| I take a personal interest in other employees | 1 | 2 | 3 | 4 | 5 |
| I pass information along to co-workers | 1 | 2 | 3 | 4 | 5 |
| I enjoy coming up with new ideas | 1 | 2 | 3 | 4 | 5 |
| I enjoy working to implement new ideas | 1 | 2 | 3 | 4 | 5 |
| I enjoy finding improved ways to do things | 1 | 2 | 3 | 4 | 5 |
| I enjoy creating better processes and routines | 1 | 2 | 3 | 4 | 5 |

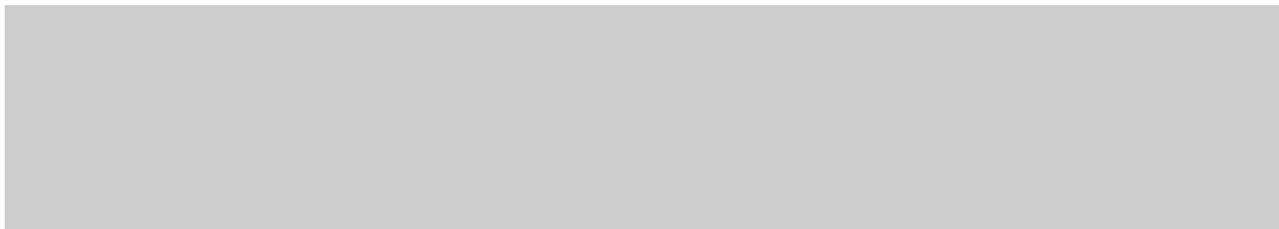
PART IV: DEMOGRAPHIC INFORMATION

In this final section we ask you a few questions about yourself. This information helps us to understand the types of individuals who are being asked to participate in this research. We will report the data you provide in aggregate form only. You will NOT be identified individually. Please read each item carefully and indicate your response by circling the appropriate number.

| | | |
|---|---|----------------------------|
| 1. What is the highest level of education you have completed? | Primary school High School Trade school Associate Diploma Undergraduate Degree Postgraduate Degree | 1 2 3 4 5 6 |
| 2. What is the predominate gender of your co-workers? | Mostly men Some men, some women but a majority of men About the same number of men and women Some men, some women but a majority of women Mostly women | 1 2 3 4 5 |
| 3. What is your gender? | Male Female | 1 0 |
| 4. How long have you worked for this company? | | _____ Years |
| 5. What is your age? | | _____ Years |
| 6. Please select the occupational group which is closest to describing the kind of job you currently do at this company: | Machinery Operators and Drivers (skilled process workers and those who operate vehicles and other large equipment. For example, fork lift operators, machine and stationary plant operators, road and rail drivers, storepersons) | 1 |

| | | |
|--|--|-------|
| | Sales Workers | 2 |
| (sell or provide services. For example, sales representatives, sales assistants, waiters, tellers, child care workers, enrolled nurses, insurance agents) | | |
| | Clerical and Administrative Workers | 3 |
| (gather, store or record information on print or electronic media. For example, office managers and program administrators, personal assistants and secretaries, receptionists, office support workers) | | |
| | Technicians and Trades Workers | 4 |
| (have skills equivalent to Cert III or Cert. IV. For example, engineering, ICT and science technicians, automotive trades workers, construction trades workers, food trades workers, skilled horticultural workers) | | |
| | Professionals | 5 |
| (have skills equivalent to a 3-4 year degree. For example ,arts and media professionals; business, HR and marketing professionals; design, engineering, science and transport professionals; education professionals; health professional; ICT professionals; legal, social and welfare professionals) | | |
| | Managers | 6 |
| (those who determine policy and are not usually paid for overtime worked. Have skills equivalent to a 3-4 year degree. For example, chief executives, general managers and legislators; farm managers; specialist managers; hospitality, retail and service managers) | | |
| 7. Please select the income group which is closest to describing your income (before tax) for the financial year 2007- 2008. | | |
| | \$0 - \$20,000 | 1 |
| | \$21,000 - \$40,000 | 2 |
| | \$41,000 - \$60,000 | 3 |
| | \$61,000 - \$80,000 | 4 |
| | \$81,000 - \$100,000 | 5 |
| | \$101,000 - \$120,000 | 6 |
| | \$121,000 - \$150,000 | 7 |
| | Over \$150,000 | 8 |
| 8. Is any proportion of your income contingent upon your individual performance? | | |
| | Yes | 1 |
| | No | 2 |
| If YES, what percentage of your 2007 = 2008 income was contingent upon your performance? | | % |
| 9. As an employee are you employed: | | |
| | Full time | 1 |
| | Part time | 2 |
| 10. Do you own, or are you in the process of purchasing, your home? | | |
| | Yes | 1 |
| | No | 2 |
| 11. Are you a member of a Trade Union? | | |
| | Yes | 1 |
| | No | 2 |
| 12. How many hours do you work in a typical week? | | hours |
| 13. Do you have any dependents? | | |
| | Yes | 1 |
| | No | 2 |
| 14. Are you the primary income earner? | | |
| | Yes | 1 |
| | No | 2 |

If there is anything that we did not cover that you think will help us please use the space below to share your ideas and suggestions.



THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY. PLEASE INSERT YOUR SURVEY INTO THE REPLY PAID ENVELOPE AND DROP IT IN A LETTERBOX.

ANNEXURE B – EMPLOYEE NON-SHAREHOLDER SURVEY INSTRUMENT



This study is being funded by a Discovery Grant from the
Australian Research Council

Employee Survey

Melbourne Law School

April 2009

Private and Confidential

This survey asks for your opinions about a range of issues: about your job, work and work colleagues It also asks for your opinions on employee share schemes. Your organisation has a scheme in place and we are investigating the reasons why some employees acquire shares and others do not. **We value your input whether you own shares or not as part of this scheme.** Your responses will help your organisation evaluate the role and effectiveness of the employee share scheme.

YOUR RESPONSES WILL REMAIN CONFIDENTIAL. Please answer all questions openly and honestly – no one other than the researchers will ever see your individual responses. You are not required to put your name anywhere on this survey and all the responses you provide will be completely anonymous. Completed surveys will not be identified in any way. All results from this survey will be published as aggregate statistics only. If you have any questions, please contact one of the following researchers using this email address: law-esop@unimelb.edu.au

| | | | |
|------------|------------------|---------------|----------------|
| Ian Ramsay | Richard Mitchell | Ann O'Connell | Michelle Brown |
|------------|------------------|---------------|----------------|

PART 1: ATTITUDES TOWARDS EMPLOYEE SHARE OWNERSHIP

1. In your opinion, employee share ownership:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| Is a way to get involved in decisions affecting my company overall. | 1 | 2 | 3 | 4 | 5 |
| Is a savings scheme | 1 | 2 | 3 | 4 | 5 |
| Is an element of my reward package | 1 | 2 | 3 | 4 | 5 |
| Is a way to share in my company's profits | 1 | 2 | 3 | 4 | 5 |
| Is a way for my company to show that it values its employees | 1 | 2 | 3 | 4 | 5 |
| Is an important element of my company's corporate culture | 1 | 2 | 3 | 4 | 5 |
| Is a way to get involved in the decisions affecting my job | 1 | 2 | 3 | 4 | 5 |
| Makes workers richer | 1 | 2 | 3 | 4 | 5 |
| Makes workers feel part of the company | 1 | 2 | 3 | 4 | 5 |
| Makes the company more successful | 1 | 2 | 3 | 4 | 5 |
| Makes workers more careful in their work | 1 | 2 | 3 | 4 | 5 |
| Reduces feelings of 'them and us' | 1 | 2 | 3 | 4 | 5 |
| These days, it's right for workers to own part of their company | 1 | 2 | 3 | 4 | 5 |
| Is a good way to build up a nest egg | 1 | 2 | 3 | 4 | 5 |
| Gives workers something for nothing | 1 | 2 | 3 | 4 | 5 |
| Increases job security | 1 | 2 | 3 | 4 | 5 |
| Is very difficult to understand | 1 | 2 | 3 | 4 | 5 |
| If your company does badly, they put your savings at risk | 1 | 2 | 3 | 4 | 5 |
| It's too difficult to find the money to participate | 1 | 2 | 3 | 4 | 5 |
| You have to wait too long before you can make money out of them | 1 | 2 | 3 | 4 | 5 |
| Ties you down to one employer | 1 | 2 | 3 | 4 | 5 |
| Gives the company a better deal than the workers | 1 | 2 | 3 | 4 | 5 |
| Weakens the trade unions in the company | 1 | 2 | 3 | 4 | 5 |
| Puts pressure on workers to do what's best for the company rather than what's best for themselves | 1 | 2 | 3 | 4 | 5 |
| No matter how hard you work, you can't affect the share price | 1 | 2 | 3 | 4 | 5 |

2. People vary in the way they manage their finances and think about investments. Please indicate the extent to which you agree or disagree with the following statements:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|--|-------------------|----------|---------|-------|----------------|
| I regularly look for interesting investment opportunities for my money | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| I like to plan things | 1 | 2 | 3 | 4 | 5 |
| I try to keep track of general economic trends | 1 | 2 | 3 | 4 | 5 |
| I am not attracted by the financial part of life | 1 | 2 | 3 | 4 | 5 |
| I accurately plan my expenses | 1 | 2 | 3 | 4 | 5 |
| I never read the financial pages of the newspaper | 1 | 2 | 3 | 4 | 5 |
| I am interested in the value of the Australian dollar relative to other currencies | 1 | 2 | 3 | 4 | 5 |
| I keep track of my personal expenses in a systematic way | 1 | 2 | 3 | 4 | 5 |
| I think it is more important to have safe investments and guaranteed returns than to take a risk to have a chance to get the highest possible returns | 1 | 2 | 3 | 4 | 5 |
| I would never consider investment in shares because I find shares too risky | 1 | 2 | 3 | 4 | 5 |
| If an investment will be profitable, I am prepared to borrow money to make this investment | 1 | 2 | 3 | 4 | 5 |
| I want to be certain that my investments are safe | 1 | 2 | 3 | 4 | 5 |
| I get more and more convinced that I should take greater financial risks to improve my financial position | 1 | 2 | 3 | 4 | 5 |
| I am prepared to take the risk to lose money, when there is also a chance to gain money | 1 | 2 | 3 | 4 | 5 |

3. Which of the following sources of financial information do you read?

| | Do not read at all | Read briefly | Read thoroughly |
|--|--------------------|--------------|-----------------|
| Financial pages of newspapers | 1 | 2 | 3 |
| <i>The Australian Financial Review</i> | 1 | 2 | 3 |
| Financial or investment magazines/journals | 1 | 2 | 3 |
| Company news bulletins | 1 | 2 | 3 |
| Company newspaper | 1 | 2 | 3 |
| Financial information in Annual Reports and Accounts | 1 | 2 | 3 |
| Non-financial information in Annual Reports and Accounts | 1 | 2 | 3 |

4. The following questions ask about your preferences for information about your company. Please indicate the extent to which you agree or disagree with the following statements:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| The company should provide employees with more financial information about its performance | 1 | 2 | 3 | 4 | 5 |
| It is important to me that I understand the financial/accounting information which relates to the performance of my company | 1 | 2 | 3 | 4 | 5 |
| I am more interested in financial/accounting information relating to the site that I work at, rather than to the company as a whole | 1 | 2 | 3 | 4 | 5 |
| Companies should provide more financial | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|--|---|---|---|---|---|
| training/education to enable employees to better understand the financial/ accounting information they publish | | | | | |
| I am generally interested in financial issues | 1 | 2 | 3 | 4 | 5 |
| I like to receive information relating to company affairs | 1 | 2 | 3 | 4 | 5 |

PART II: WORK CHARACTERISTICS

The items in this section ask you about your current job and the nature of your relationships with your workmates. Please read each item carefully and indicate your response by circling the appropriate number.

1. Please indicate the amount of time you are able to interact with your workmates.

| | Very little | A little | Some | Often | A great deal |
|--|-------------|----------|------|-------|--------------|
| I have the opportunity to talk informally with other employees while at work | 1 | 2 | 3 | 4 | 5 |
| I believe that my colleagues at work are also my friends | 1 | 2 | 3 | 4 | 5 |
| I am able to talk with others at my workplace | 1 | 2 | 3 | 4 | 5 |
| I am able to develop close friendships in my workplace | 1 | 2 | 3 | 4 | 5 |

2. Please indicate the extent to which you agree or disagree with each of the following statements about your job and your organisation.

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| I often have to work very fast in my job | 1 | 2 | 3 | 4 | 5 |
| My job requires me to work very hard (physically or mentally) | 1 | 2 | 3 | 4 | 5 |
| My job leaves me with little time to get everything done | 1 | 2 | 3 | 4 | 5 |
| My job is not challenging | 1 | 2 | 3 | 4 | 5 |
| My job is meaningless | 1 | 2 | 3 | 4 | 5 |
| I see no room for growth in my job | 1 | 2 | 3 | 4 | 5 |
| There is no future for me in my position | 1 | 2 | 3 | 4 | 5 |
| I work closely with others doing my work | 1 | 2 | 3 | 4 | 5 |
| I frequently must co-ordinate my efforts with others | 1 | 2 | 3 | 4 | 5 |
| My own performance is dependent on receiving accurate information from others | 1 | 2 | 3 | 4 | 5 |
| The way I perform my job has a significant impact on others | 1 | 2 | 3 | 4 | 5 |
| My work requires me to consult others fairly frequently | 1 | 2 | 3 | 4 | 5 |
| I like the people I work with | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| I have to work harder at my job than I should because of the incompetence of the people I work with | 1 | 2 | 3 | 4 | 5 |
| I enjoy being with my co-workers | 1 | 2 | 3 | 4 | 5 |
| There is too much bickering and fighting at work | 1 | 2 | 3 | 4 | 5 |
| Communications seem good within this company | 1 | 2 | 3 | 4 | 5 |
| The goals of this company are not clear to me | 1 | 2 | 3 | 4 | 5 |
| Work assignments are often not fully explained | 1 | 2 | 3 | 4 | 5 |
| I feel a strong sense of "belonging" to my organisation | 1 | 2 | 3 | 4 | 5 |
| This organisation has a great deal of personal meaning for me | 1 | 2 | 3 | 4 | 5 |
| I feel "emotionally attached" to this organisation | 1 | 2 | 3 | 4 | 5 |
| I feel like "part of the family" at this organisation | 1 | 2 | 3 | 4 | 5 |
| I will probably look for a new job in the near future | 1 | 2 | 3 | 4 | 5 |
| I intend to quit my job | 1 | 2 | 3 | 4 | 5 |
| At the present time, I am actively searching for another job in a different organisation | 1 | 2 | 3 | 4 | 5 |
| It is likely that I will actively look for a different organisation to work for in the next year | 1 | 2 | 3 | 4 | 5 |
| I am thinking about quitting my job at the present time | 1 | 2 | 3 | 4 | 5 |

PART III: ABOUT YOU

In this section we ask you a few questions about the way you interact with others at work. Please read each item carefully and indicate your response by circling the appropriate number.

1. Please indicate the extent to which you agree that the following statements describe you:

| | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|-------------------|----------|---------|-------|----------------|
| I like to develop and make recommendations concerning issues that affect this work group | 1 | 2 | 3 | 4 | 5 |
| I like to speak up and encourage others in this group to get involved in issues that affect this group | 1 | 2 | 3 | 4 | 5 |
| I like to communicate my opinions about work issues to others in this group even if my opinion is different and others in this group disagree with me | 1 | 2 | 3 | 4 | 5 |
| I like to keep well informed about issues where my opinion might be useful to this work group | 1 | 2 | 3 | 4 | 5 |
| I like to get involved with issues that affect the quality of life here in this group | 1 | 2 | 3 | 4 | 5 |
| I like to speak up in this group with ideas for new projects or changes in procedures | 1 | 2 | 3 | 4 | 5 |
| For issues that may have serious consequences, I will express opinions honestly even when others may disagree | 1 | 2 | 3 | 4 | 5 |
| I will often motivate others to express their ideas and | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|--|---|---|---|---|---|
| opinions | | | | | |
| I will encourage others to try new and more effective ways of doing their job | 1 | 2 | 3 | 4 | 5 |
| I will encourage hesitant or quiet co-workers to voice their opinions when they otherwise might not speak up | 1 | 2 | 3 | 4 | 5 |
| I frequently communicate with co-workers on suggestions on how the group can improve | 1 | 2 | 3 | 4 | 5 |
| I help others who have been absent | 1 | 2 | 3 | 4 | 5 |
| I help others who have heavy workloads | 1 | 2 | 3 | 4 | 5 |
| I assist my supervisor with his/her work (when not asked) | 1 | 2 | 3 | 4 | 5 |
| I take time to listen to co-workers' problems and worries | 1 | 2 | 3 | 4 | 5 |
| I go out of my way to help new employees | 1 | 2 | 3 | 4 | 5 |
| I take a personal interest in other employees | 1 | 2 | 3 | 4 | 5 |
| I pass information along to co-workers | 1 | 2 | 3 | 4 | 5 |
| I enjoy coming up with new ideas | 1 | 2 | 3 | 4 | 5 |
| I enjoy working to implement new ideas | 1 | 2 | 3 | 4 | 5 |
| I enjoy finding improved ways to do things | 1 | 2 | 3 | 4 | 5 |
| I enjoy creating better processes and routines | 1 | 2 | 3 | 4 | 5 |

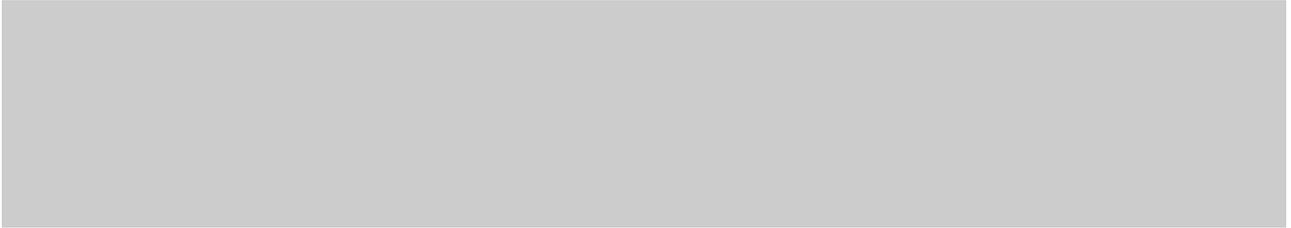
PART IV: DEMOGRAPHIC INFORMATION

In this final section we ask you a few questions about yourself. This information helps us to understand the types of individuals who are being asked to participate in this research. We will report the data you provide in aggregate form only. You will NOT be identified individually. Please read each item carefully and indicate your response by circling the appropriate number.

| | | |
|--|--|----------------------------|
| 1. What is the highest level of education you have completed? | Primary school High School Trade school Associate Diploma Undergraduate Degree Postgraduate Degree | 1 2 3 4 5 6 |
| 2. What is the predominate gender of your co-workers? | Mostly men Some men, some women but a majority of men About the same number of men and women Some men, some women but a majority of women Mostly women | 1 2 3 4 5 |
| 3. What is your gender? | Male Female | 1 0 |
| 4. How long have you worked for this company? | | _____ Years |
| 5. What is your age? | | _____ Years |

| | | |
|--|--|-------|
| 6. Please select the occupational group which is closest to describing the kind of job you currently do at this company: | | |
| | Machinery Operators and Drivers | 1 |
| (skilled process workers and those who operate vehicles and other large equipment. For example, fork lift operators, machine and stationary plant operators, road and rail drivers, storepersons) | | |
| | Sales Workers | 2 |
| (sell or provide services. For example, sales representatives, sales assistants, waiters, tellers, child care workers, enrolled nurses, insurance agents) | | |
| | Clerical and Administrative Workers | 3 |
| (gather, store or record information on print or electronic media. For example, office managers and program administrators, personal assistants and secretaries, receptionists, office support workers) | | |
| | Technicians and Trades Workers | 4 |
| (have skills equivalent to Cert III or Cert. IV. For example, engineering, ICT and science technicians, automotive trades workers, construction trades workers, food trades workers, skilled horticultural workers) | | |
| | Professionals | 5 |
| (have skills equivalent to a 3-4 year degree. For example, arts and media professionals; business, HR and marketing professionals; design, engineering, science and transport professionals; education professionals; health professional; ICT professionals; legal, social and welfare professionals) | | |
| | Managers | 6 |
| (those who determine policy and are not usually paid for overtime worked. Have skills equivalent to a 3-4 year degree. For example, chief executives, general managers and legislators; farm managers; specialist managers; hospitality, retail and service managers) | | |
| 7. Please select the income group which is closest to describing your income (before tax) for the financial year 2007- 2008. | | |
| | \$0 - \$20,000 | 1 |
| | \$21,000 - \$40,000 | 2 |
| | \$41,000 - \$60,000 | 3 |
| | \$61,000 - \$80,000 | 4 |
| | \$81,000 - \$100,000 | 5 |
| | \$101,000 - \$120,000 | 6 |
| | \$121,000 - \$150,000 | 7 |
| | Over \$150,000 | 8 |
| 8. Is any proportion of your income contingent upon your individual performance? | | |
| | Yes | 1 |
| | No | 2 |
| If YES, what percentage of your 2007 = 2008 income was contingent upon your performance? | | % |
| 9. As an employee are you employed: | | |
| | Full time | 1 |
| | Part time | 2 |
| 10. Do you own, or are you in the process of purchasing, your home? | | |
| | Yes | 1 |
| | No | 2 |
| 11. Are you a member of a Trade Union? | | |
| | Yes | 1 |
| | No | 2 |
| 12. How many hours do you work in a typical week? | | hours |
| 13. Do you have any dependents? | | |
| | Yes | 1 |
| | No | 2 |
| 14. Are you the primary income earner? | | |
| | Yes | 1 |
| | No | 2 |

If there is anything that we did not cover that you think will help us please use the space below to share your ideas and suggestions.



THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY. PLEASE INSERT YOUR SURVEY INTO THE REPLY PAID ENVELOPE AND DROP IT IN A LETTERBOX.