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Employee Ownership and Corporate Performance: Towards Unlocking The Black Box.

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The practice of encouraging employees to become stockholders of their employing company has become more and more popular in various countries and particularly in such world leading economies as the United States (NCEO, 2009), Europe (Poutsma, Albaraccin, Kalmi, Pendleton, Trébucq, & Voss, 2006), and China (Chiu, Hui, & Lai, 2007). Governments and companies can encourage the development of employee stock ownership respectively through tax incentives and by setting up schemes allowing the employees to purchase stock at a discounted price. These favorable conditions are costly for governments and companies, and the main reason for their adoption is the widespread belief that linking employee compensation to company performance gives the employees an incentive to work better and harder, thereby enhancing their productivity and finally improving corporate performance (Iqbal & Hamid, 2000; Jones & Kato, 1993). Nevertheless, economic theory typically yields conflicting predictions about the effects of employee ownership (Jones & Pliskin, 1988). In fact, some authors argue that employe ownership (EO) leads to free rider problems, reduces management power, and is costly in terms of implementation (Doucouliagos, 1995; Jones & Kato, 1993; Trébucq, 2004). A large number of empirical studies have been performed in the last 30 years or so, to investigate the net effect of EO on several indicators of corporate performance. In 2006, Kaarsemaker reviewed such empirical research and found that among the 70 reviewed studies, 48 gave evidence of a positive effect, while only 6 studies found negative effects (Kaarsemaker, 2006). The general conclusion of other literature reviews on this topic has been summarized by Kruse and Blasi: "*There is no automatic connection between employee ownership and firm productivity or profitability. While several studies indicate better or unchanged performance under employee ownership, almost no studies find worse performance*." (Kruse & Blasi, 1997: 143)

A second main conclusion is that there is a lack of theoretical developments on the mechanisms connecting EO to corporate performance. Even after thirty years of research, we still do not know much about the mechanisms through which EO and other financial participation arrangements function "inside the black box" (Kruse, Freeman, & Blasi, 2010). A good illustration is that many such empirical articles do not even have a section about theory(e.g. Davidson & Worrell, 1994; Frye, 2004), or elements of theory are often only mentioned in the introduction or in the conclusion of the papers (e.g. Park & Song, 1995).

In this chapter, I argue that the empirical research on the effects of EO on corporate performance lacks a precise theory and thus failed to make incremental progress over the 30-year study period. The aim of the present research is to bring new insights into the understanding of the mechanisms relating EO and corporate performance. To achieve this, I reviewed and integrated past research, and performed a qualitative study. Forty semi-structured interviews were carried out with different players involved in the practice of EO in the context of French multinationals. I address particularly the case of large public companies because EO is more prevalent in these firms (Kruse & Blasi, 1997; Kruse, Freeman, & Blasi, 2010). This study offers several theoretical contributions. First, it provides a more complex picture of the relationships between EO and corporate performance that goes beyond much of the existing work, which focused on employee attitudes and behaviors. Second, it suggests that EO does not affect such performance indicators as productivity, economic performance, and market performance through the same mechanisms. Third, it offers explanations for both causal directions of the EO/performance relationship.

This chapter is divided in four parts. I begin by reviewing the theory used in the empirical literature addressing the relationship between EO and corporate performance. Then, I describe the practice of EO in the context of large French corporations. The third section concerns the empirical part of the study. The methodology is described followed by the results. Finally, I consider the implications of the conclusions for research and for practitioners.

Employee Ownership and Corporate Performance

My goal in reviewing past literature was not to be exhaustive but to gain a representative idea of the existing theory on the EO/performance relationship that researchers have used as a basis for their empirical studies. To create a list of references, I examined three major electronic databases (ABI/INFORM Global, EBSCO, or JSTOR), and analyzed the references reported in the identified articles. I used such keywords as “Employee ownership” and “ESOP”, and selected articles dealing with the EO/corporate performance relationship. I also found other articles by using Google Scholar and SSRN. I finally retained around forty references containing peer reviewed articles, working papers, books and reports covering the 1986-2010 period.

Defining Employee Stock Ownership and Corporate Performance

Employee ownership refers to the fact that the employees of a company are also stockholders of the company they work for. Employee ownership is not a simple, unidimensional concept. There are a variety of ways by which employees may own stock in their company, and such practices may yield varying combinations of owner/manager/worker roles, rights, and responsibilities. Furthermore, workers can hold anything from a nominal stake to full collective ownership (Ben-Ner & Jones, 1995; Rousseau & Shperling, 2003; Toscano, 1983). Employee ownership forms vary according to different dimensions. A first dimension is the cost of acquisition of stock. Employees can acquire stock by receiving it as grants as in the popular Employee Stock Ownership Plan (ESOP) arrangement in the United States. In an ESOP, employees do not pay for the stock with their wages or savings. At the other extreme, employees can acquire stock by purchasing shares with only their own savings. This happens when an employee buys company stock for example, such in the popular 401(k) plan arrangement in the U.S. Some companies will match any employee purchase of investment assets in a 401(k) plan with more company stock or cash so this acquisition can take place at some discount. Another approach is an Employee Stock Purchase Plan (ESPP) where typically in the U.S. employees receive a 15% discount to the market price when they buy the stock. Some companies have encouraged employees to fund the purchase of company stock with cash profit sharing payments. Another important element then, is the origin of the funds to purchase stock: plans differ in their combination of employee contributions, employer matching contribution, profit sharing bonus, and funds borrowed by a trust fund. Also, the percentage of employees who participate in ownership may vary, and employees may own different percentages of stock within the company. Finally, stock ownership may confer different rights and responsibilities to employees. In this article, I will consider only the case of companies that implement a broad-based employee ownership plan (that is, plans in which the majority of employees within the company are eligible to participate), and I will not address the specific case of worker cooperatives and labor-managed firms.

The Effects of Employee Ownership through Employee Attitudes and Behaviors

In existing empirical studies of the EO/corporate performance relationship, productivity is by far the most researched indicator. Other outcomes studied include sales, profitability, share price, wealth distribution, employment, investment, and income. These can be basically divided between indicators of economic vs. market performance. Economic performance concerns the effectiveness of a company in the use of its assets and is generally evaluated in terms of productivity and profitability. Market performance is the effectiveness of companies in enriching their shareholders, and is generally assessed in terms of stock value and dividends.

The main argument found in the literature to explain how EO increases corporate performance relies upon changes in employee attitudes towards the company and work behaviors. In a very limited number of cases, authors also evoked tax advantages (Chang, 1990) or the fact that the implementation of an EO plan can be seen by the market as a signal that the firm is a likely takeover candidate, which is supposed to increase stock price (Park & Song, 1995).

In most cases, changes in employee attitudes and behaviors under employee ownership are explained by the capacity of stock ownership to be rewarding in terms of financial returns and rights of participation in decision making.

Concerning the effect of the financial value EO represents for the employees, two main theories have been used: agency theory and justice theories. Agency theory suggests that in the presence of costly monitoring, financial participation is a way by which owners can ensure that employees will behave in a way that maximizes their welfare and interests (Kruse, 1993; Welbourne & Gomez-Mejia, 1995). Employee ownership is expected to provide the employees with incentives to work more and better, and to cooperate with colleagues and management, since their income will increase if company performance improves (Pérotin & Robinson, 2003). Because EO links individual well-being to the firm's well-being, it is also expected to enhance employee commitment to the firm and identification with its goals (Ben-Ner & Jones, 1995). Employee ownership is also believed to enhance information sharing because of the alignment between individual and corporate interests which is also likely to improve the decisions made within the company (Cin & Smith, 2002; Robinson & Wilson, 2006).

The "justice" argument is based on the fact that most stock ownership arrangements are more an 'add-on' than a substitute for wages (Kruse, Freeman, & Blasi, 2010). Therefore, employees who are paid more than the 'going wage' may develop feelings of fairness and equity leading to better attitudes towards their compensation, their work and the company overall (Fitzroy & Kraft, 1992; Frohlich, Godard, Oppenheimer, & Starke, 1998).

It is further hypothesized that EO has a negative effect on employee turnover and absenteeism through enhanced motivation, job satisfaction, commitment and the feelings of being owners or *psychological ownership* (Cohen & Quarrey, 1986; Jones & Pliskin, 1988). In turn, lower turnover is believed to lower training costs and to enhance firm's specific human capital investments (Estrin & Jones, 1992; Jones, 1987; Smith, Cin, & Vodopivec, 1997). In fact, long-term workers develop more detailed knowledge of the firm's operations and likewise, long associations among workers foster good communication and high-trust relationships in work groups which should help eliminate organizational inefficiencies (Jones, 1987). According to Marsh and McAllister (1981), EO increases employee acceptance of company goals and an understanding of management objectives. Then, loyalty to traditionally antagonistic unions may decline and campaigns to form unions in non-union companies and strike in unionized companies may be abandoned.

As a profit sharing tool, EO is finally believed to attract better workers in the long-run (Fitzroy & Kraft, 1992). The logic is that more productive employees would be attracted to performance-dependant compensation systems. However, others suggest that the best employees are likely to be more attracted to compensation systems based on individual performance and lower-quality workers by group-based performance schemes (Blasi, Conte, & Kruse, 1996).

Employee ownership is also believed to affect corporate performance when it provides employees with some decision-making rights. Authors suggest that participation in decision-making has positive effects both on the individual and corporate-level. First, according to Jones (1987) participation is thought to lower turnover. In the specific context of worker coops, it has been suggested that workers in participatory firms might exhibit more cooperative behavior which would reduce the costs of monitoring workers' effort (Jones & Pliskin, 1988). Moreover, employees with representative participation rights are more likely to assign legitimacy to managerial authority, lessening the distrust and conflict which tends to arise in conventional authority relationships (Frohlich, Godard, Oppenheimer, & Starke, 1998), thereby improving industrial relations overall (Cin &

Smith, 2002). Participation in decision making may also improve performance by leading to better decisions. In fact, decisions in which workers take part will be implemented more swiftly than unilateral management decisions, and thus will produce superior organizational performance (Craig & Pencavel, 1995; Jones, 1987; Lee, 2003).

A Fallacy of Performance?

Virtually all the researchers in the field have accepted for thirty years the idea that the observed relationships between EO and several performance indicators were mainly due to enhanced employee work attitudes and behaviors. However, it is arguable that working harder because of EO has a substantial impact on company performance. In fact, whatever the effect of EO on employee work attitudes and behaviours, it would be only one of a large set of other determinants of employee work attitudes and behaviours. Moreover, hard work is just one among a wide set of determinants of individual performance. Finally, the employee individual performance at work is only one of a plethora of determinants of corporate performance, regardless of the performance indicator. Therefore, even if EO increases employee commitment and motivation, the net effect on corporate performance is likely to be very weak, at best.

Blasi (1988: 238) provides a rare example of serious attention to this issue, which he described as a "fallacy of productivity," or the "*belief that workers can make a financial difference in a company simply by working harder and smarter, thus speeding up the production*". He also explained that "*at the root of the poor research and the exaggerated stories about ESOPs performance, is a refusal to recognize the complex interaction of forces in productivity.*"

Beyond productivity, authors have also relied upon agency theory or other behavior/alignment arguments to explain the relationship between EO and market performance (e.g.Iqbal & Hamid, 2000;

Pugh, Jahera Jr, & Oswald, 2005). Most researchers on the EO performance link have used the same theory to explain everything: both the effects of financial participation and participation in decision-making on individual, economic, and market performance. Note that the “work attitudes and behavior” explanation is even less plausible for market-based performance indicators than for individual productivity. In fact, the relationship between the employee work attitudes and behaviors and his/her individual productivity is far closer and direct than the relationship between employee work attitudes and behaviors and the company’s market performance, which is determined by a large set of internal and external forces.

Even worse, it has been suggested that a number of EO plans’ characteristics are likely to reduce the incentive effects. Trébucq (2004) suggests that the percentage of capital held by employees in publicly traded companies is often not sufficient enough to provide any positive attitudinal and behavioral effect, and that ESOPs are often perceived as complex devices that remain too far removed from the daily concerns of employees to incite them to modify their behavior at work. In the same fashion, Blasi (1988) evokes that the annual contribution to the EO plan represents a small percentage of the employee compensation, and employees lack property rights and voting rights to affect crucial company decisions. Finally, Blasi considers that US ESOPs are not likely to improve productivity because their goals and structure do not necessarily “*lead to substantial, practical, ongoing labor/management cooperation about technology and the production process and the use of physical and human capital*” (Blasi, 1988: 233). Put differently, there are reasons to believe that even the main (weak) argument explaining the EO/performance relationship is unlikely to hold in most cases.

A last issue concerns the direction of causality between EO and performance (Doucouliagos, 1995). In fact, one may wonder whether performance affects the adoption and development of employee ownership instead of the opposite. Because the research methods used in most of the past studies can only establish an association and not a causal relationship between EO and performance, it is hard to clearly interpret the results of past studies.

The obvious outcome of such a picture is that the relationship of employee ownership with positive economic performance is far more complicated than proponents had anticipated. A tentative first step towards investigating the complexity of the EO/performance relationship has addressed some preconditions or moderating factors. According to Kruse & Blasi (1997 : 114), the EO/performance relationship depends "*on the circumstances in which EO is implemented, the history of employee relations in the company and other company policies that may support or work against positive effects of EO"*. More specifically, the authors suggest that to improve performance, EO arrangements must provide a combination of sufficiently meaningful incentives to motivate, sufficiently meaningful participation rights to make critical decisions, and a workplace environment that reduces free rider problems (Kruse et al., 2004).

A recently developed idea implies that the studies that found a positive relationship between employee ownership and performance failed to identify the real explanatory variable. It has been suggested that in order to increase their performance, companies need employees who work smarter, generate new ideas, and organize tasks in new ways. To make that possible, companies must create a specific structure through various kinds of workplace involvement. However, it is suggested that simple involvement without ownership leads people, over time to back off and participate less. It is the culture that counts, and ownership is the reward system that holds the structure together (Rosen, 2009 personal communication).

According to the US National Center for Employee Ownership, this so-called "ownership culture" concerns companies that (1) provide a financially meaningful ownership stake, enough to be an important part of employee financial security, (2) provide ownership education that teaches people how the company makes money and their role in making that happen, (3) share performance data about how the company is doing overall and how each work group contributes to that, (4) train people in business literacy so they understand the numbers the company shares, (5) share profits through bonuses, profit sharing or other tools, (6) build employee involvement not just by allowing employees to contribute ideas and information but making that part of their everyday work organization through teams, feedback opportunities, devolution of authority, and other structures (NCEO, 2010). A company's "ownership culture" has also been defined as " a business community composed of people sharing the values of ownership, and working together in an organized way for their mutual benefit as co-workers" (Brohawn, 1997).

Figure 1 summarizes the mechanisms found in the literature to explain how employee ownership relates to corporate performance. It first shows that EO is believed to operate through its financial value, the rights provided to the employees to participate in decision making, and tax and market mechanisms. Concerning the financial value and the participation in decision rights, they are both considered to affect individual and collective work attitudes and behaviors, and the indicators of corporate performance they are believed to affect are not specified. However, tax advantages are believed to increase economic performance and market-based mechanisms are believed to increase the corporate market performance. It is important to note that the links shown in Figure 1 represent an aggregation of the different mechanisms found in the literature. However, such mechanisms vary highly in terms of frequency of citation. For example, 75% of the studies reviewed evoke changes in employee attitudes and behaviors to explain why EO is believed to affect corporate performance, 8% of the studies mention "better decision-making", 8% the tax advantages, 4% the fact that EO is considered by the market as a signal that the company is a potential takeover candidate, 4% evoke a decrease of strikes and better industrial relations, and 8% of the studies do not provide any theory at all.

The review of the existing knowledge on how employee ownership relates to better corporate performance clearly suggests a need for further investigation. In fact, the incentive explanations which are mostly evoked by researchers seem to be too weak to explain the observed relationships between EO and corporate performance. Moreover, the existing literature fails to explain how EO can affect different indicators of corporate performance. To this end, this study takes an exploratory approach to qualitatively capture specific mechanism that large scale quantitative studies often cannot identify.

Insert Figure 1 about here

Employee Ownership in French Multinationals

French companies have implemented a large variety of forms of financial participation as a result of a tradition of support by the French policy-makers. Consequently, France, along with the United Kingdom, is the European country that has developed the most extensive legal and fiscal frameworks for financial participation in general and EO in particular.

Employee ownership is generally managed through a *Plan d'Epargne d'Entreprise* (PEE*)*, which is a deferred collective employee benefit plan invested in stock. Stock ownership is generally indirect, meaning that a trust savings fund (*Fonds Communs de Placement d'Entreprise-FCPE*) is the legal owner and the employees actually own some fund shares. The corresponding voting rights are exercised by a supervision council *(Conseil de Surveillance-CS)*. In the direct form of EO, employees directly own the shares and exercise the voting rights. The employees' account in the PEE may receive different types of regular and occasional contributions. Regular contributions concern profit-sharing and gain-sharing bonuses and regular employee contributions in cash. The occasional sources of EO are privatizations and stock offerings to employees. In privatization cases, by French law, at least 10% of the stock must first be offered to the company employees at a maximum discount of 20%. In cases of employee stock offerings, companies offer their employees the opportunity to purchase some stock at preferential conditions. The employees benefit from a purchase price that is usually discounted by about 20% and from an employer contribution in cash or stock.

Employee ownership plans in France are similar to other systems around the world in a number of ways, which makes them quite comparable:

- employee ownership is most often a collective and deferred benefit plan;

- the employees get the stocks with a discount over the market price and with a matching contribution from the company;

- one of the origins of the funds invested in stocks are profit- and gain sharing bonuses;

- the employees benefit from a preferential tax treatment.

Research Methodology

Research Strategy and Design

Data for this study was generated through face-to-face, semi-structured interviews with different people involved in the practice of employee ownership. Qualitative data collection and analysis were well-suited for the purpose of this study because the aim was to determine the processes by which employee ownership relates to corporate performance: theory building requires the rich knowledge that only qualitative methods can provide (Shah & Corley, 2006).

Interview Participants and Processes

The interviewed participants were thirty one specialists and practitioners in employee stock ownership and ten employee stockholders working in French multinationals (one in an Italian multinational). In determining the sample, I didn't look for representativeness. Rather, I adopted a snowball sampling methodology because professionals and specialists of employee ownership are not very numerous and quite difficult to approach. The primary objective was to have a sample representing a variety of professional functions and a diverse cross section of organizations in terms of industry. This diversity was a source of richness in the data and increased the likelihood that the observed patterns might be generalizable, and that most of the processes implied in the EO-performance relationship might be addressed by the interviewees.

Professional interviewees were approached during conferences or contacted directly by telephone. All but two interviews (conducted by telephone) were conducted in a face-to-face setting, most of the time in the interviewees' office. All interviews lasted around an hour and a half and were tape recorded and later transcribed before analysis. Data collection took place in two waves: the first between March and August 2005, and the second between September and December 2010. The final sample of interviewees was composed of individuals practicing six different functions, and Table 1 provides more details about the informants:

1. Sixteen individuals were employee stock ownership managers.
2. Three respondents were consultants in financial participation and employee stock ownership.
3. Two interviewees were experts at asset management institutions.
4. Four respondents were the executive directors of associations of employee stockholders.

5. Two individuals were executives of two of the main French trade unions.

6. Three of the respondents were executive directors of French and international institutions promoting employee ownership.

7. Finally, nine interviewees were employee shareholders working in French large companies and one interviewee worked in a large Italian company.

Insert Table 1 about here

The Interview Guide

After a brief introduction highlighting the aims of the research and initial questioning to elicit background information from each interviewee, the interviews were organized around two main themes through which I tried to gather information about how the respondents conceived the relationship between employee ownership and corporate performance. The first theme concerned the reasons why companies implement employee ownership plans. The second theme dealt more directly with the relationship between EO and performance. Responses were then followed up with more probing enquiries, to gain a deeper understanding of underlying perceptions and beliefs.

In order to reach individuals' real beliefs and avoid stereotypes and politically correct responses, I wanted the interviews to be as undirected as possible. Interviews were open-ended and did not follow a standard list of questions. As an example, instead of mentioning the possibility that EO could affect corporate performance, I asked the interviewees: “why do you think companies implement stock ownership plans?” Only when they mentioned performance did I ask for more details.

Data Analysis

Qualitative content analysis and thematic coding techniques were used to analyze the interviews. Themes were derived from reading the interview transcriptions on a *post hoc* basis. The initial analysis saw the creation of a large number of themes coded in categories and sub-categories. However, when these themes were seen as dealing with the same underlying concept or meaning, they were combined to form one theme/category. This recoding process was implemented after each interview was analyzed. The analysis of the next interview implied the addition of new themes and sub-themes thereby leading to combining themes when necessary. The logic and interconnections between themes were presented by structuring the suggested themes in an iterative process.

I considered that the frequency of appearance of each theme was not relevant in this research. In fact, the aim was not to determine whether a specific theme was more or less popular among interviewees but rather, to determine a set of mechanisms relating employee ownership and corporate performance. Put differently, I considered that the fact that a specific mechanism, say employee ownership is good for employee motivation, is frequently evoked does not mean that the mechanism is particularly relevant. On the contrary, I considered that a mechanism that was presented by a limited number of individuals could be very relevant because of the position and/or experience of these interviewees.

Limitations

The findings of this study must be interpreted in the light of a number of limitations. First, a sample size of 40 is relatively small even for a qualitative study. Moreover, this study focuses on the French context which is quite specific compared to the Anglo Saxon common systems, which raises some questions over the generalizability of the findings of this study. One may also wonder the extent to which practitioners and employee shareholders have enough hindsight to well perceive the mechanisms relating EO and corporate performance. However, since the aim of this study was to generate ideas in order to complete existing knowledge rather than testing the validity of specific mechanisms, the research design used in this study and the collected data can be considered as effective in reaching this goal.

This section presents the results of the qualitative study. The analysis suggests a non-recursive relationship between employee ownership and corporate performance i.e., there are several processes by which employee ownership may enhance company performance, but at the same time, different elements of performance may positively impact the likelihood of the implementation and the scope of employee ownership.

Figure 2 presents an overview of the findings of this study and suggests that there are three main ways in which EO can positively affect corporate performance: improvement of individuals' work attitudes and behaviors, tax benefits, and financial/market benefits. At the same time, the results suggest that there are three ways by which corporate performance can positively affect the development of employee ownership in companies: the distribution of profit- and gain sharing bonuses, the decisions to set up employee stock offerings, and employee ownership preferences.

In what follows, these mechanisms will be developed and illustrated with representative examples from the interview data.

The Effects of Employee Ownership on Corporate Performance: Peoples' Attitudes, Tax Advantages, and Financial Benefits

Employee Ownership and Workforce Attitudes and Behaviors

Many interviewees discussed the possibility that EO could have positive effects on employee attitudes and behaviors. However, beyond what has been suggested in past research, the evidence suggests that EO may also affect top management's attitudes and behaviors.

Commitment and transmission of corporate culture. Many respondents described the relationship between employee ownership and performance as related to affective organizational commitment by using such concepts as a feeling of belonging and attachment to the company (Meyer & Allen, 1997). In the large majority of cases, EO is considered as a way to develop this feeling of belonging to the same group for employees working in different subsidiaries of the same corporation. Two typical situations have been evoked by the interviewees. The first concerns the cases of mergers while the second concerns conglomerates with a large number of divisions of different sizes, situated all over the world and in often unrelated businesses. As two respondents noted:

> "Imagine a guy who lives in a favela, who has five children, and doesn't make a lot of money… through EO you tell him:' You see? You belong to this. You are an actor of this multinational European group which has implemented a stock ownership offering and which is proposing this, both to you a small employee in Brazil, and to the

executive managers in the headquarters in Paris…. So EO is a way by which we can talk to the whole group with a federating discourse." EO Manager.

"For us, EO is good way of integrating the employees when they join the company after a takeover. Think that Lafarge nearly doubled its size five years ago and redoubled its size again. After each main acquisition, we launched an employee stock offering. This was to say to the employees of the acquired companies: now you are part of Lafarge. In terms of integration, this is very effective." EO Manager.

For multinationals which have developed through mergers and acquisitions, it is vital to develop and transmit common corporate culture. The implementation of global stock ownership offerings is considered by many experts as unique moments for communicating on the same basis, in the same way and on the same topic to all the employees all over the world. In conglomerates, equity stock is often one of the only things that all the employees have in common. EO has been also considered by some respondents as a way of creating relationships between people working in different subsidiaries, countries or industries. For example, implementing a global stock offering plan is a project that involves many people from different departments in different countries. Two of the interviewees directly explained that EO helps the headquarters in developing an international network which then becomes a key element in successfully implementing other practices and policies:

Motivation. Interviewees also often associated employee ownership with increased motivation.

> “When you work for a company that works well, and you are a stockholder of this company, it’s normal that you would be more motivated. On the other side, if you own stock in a company that does not perform well, this can decrease your motivation.”Employee stockholder.

However, my impression is that in most cases, interviewees mentioned motivation just because they had been exposed to this connection before. In fact, it is popular in France to say that stock ownership motivates employees.

Some respondents were skeptical concerning the motivational properties of stock ownership because, in their view, the employees do not perceive a relationship between their own work and the financial parameters related to EO. As an example, an EO manager explained:

> “The goal of EO is not motivating. EO is more a matter of fairness. What motivates is gain-sharing because the employee can directly impact his/her bonus with his/her own effort at work.”

Turnover Intention. Many professionals suggested, both directly and implicitly, that EO had a positive effect on employee loyalty thereby lowering their intent to leave. Two reasons have been presented to explain this effect. The first reason is essentially financial by nature: EO lowers turnover intention by associating the employees to the financial development of the company. Employees would be less willing to leave the company in order to not lose the benefits of future stock ownership offerings, dividends, stock market value growth, and performance-related bonuses. In this first case, the effect of EO on turnover intention could be explained by Meyer and Allen’s continuance commitment, or the need to maintain employment in an organization because of the awareness of the costs associated with leaving the organization (Meyer & Allen, 1991). The second suggested reason is related to affective commitment:

> "Employee loyalty is to some extent the reward of the attachment of the employee to the company. The employee will feel more committed to his/her company because it is a bit his/her company to some extent." President of Association of Employee Stockholders

Absenteeism and organizational citizenship behavior. There was some disagreement among respondents concerning the effects of EO on absenteeism and organizational citizenship behavior. Some considered that EO affects such variables by developing a sense of ownership for the company and because they believe EO enhances organizational commitment. However, a majority of respondents were very skeptical and thought that such beliefs were "simplistic and childish":

> "I do not think, as some consultancies say, that because they have become stockholders, the employees will switch the lights off when they leave their office to lower the company costs. I find this simplistic and childish. I think that whether employees try to lower costs or not, it's more a matter of corporate culture." President of association of employee shareholders.

Developing a stockholder culture. Some of the respondents explained that EO has the potential for developing a stockholder culture among the employees by introducing them to the company's main business issues and by associating them with the company's creation of wealth. Respondents defined a "stockholder culture" as employees feeling that they are – and act like true stockholders. This basically means that they are interested in the company's strategy and economic performance. An EO manager explained that:

> "Concerning AXA, EO is seen as a way to associate the employees in an educational and collective way to discover and develop their stockholder culture. That is, knowledge of the stock markets, knowledge of the Axa equity share, discovering the determinants of our stock price fluctuations, etc…"

Overall, the respondents agreed that EO can improve employee organizational commitment and decrease turnover, but the beliefs concerning other work attitudes and behaviors were more variable between individuals. Also, some respondents also suggested preconditions and success factors relating to the EO/performance link.

The philosophical commitment of management to employee ownership. The meaning that companies give to EO has been considered by the respondents as fundamental in the capacity of such a practice to affect employee attitudes. Is EO aimed at empowering employees or just a tax and financial tool? Two indicators of such a philosophy have been suggested: the main reason for EO implementation and the department within the company that manages EO. Employee ownership can be implemented for several reasons following a continuum from tax and financial reasons to reasons more related to human resource strategies. Even if companies implement EO for a mix of different reasons, there is often a dominant philosophy. For instance, one of the EO managers explained that:

> “We are a group which makes an employee stock offering every year; few groups do so every year. We do so because from a cultural point of view, from a development strategy point of view, we believe in employee ownership.”

Another EO manager also pointed that:

> “You may not believe it but Lafarge is a bit philanthropic in its human resources policy, and we consider that it is fair for our employees to participate in our profits even if it is very expensive…”

Far from cultural and philosophical considerations, some interviewees suggested that EO has been implemented by some companies primarily because of legal reasons. In fact, the French law stipulates that when state-owned companies are privatized, at least ten percent of the stock must first be offered to the employees. Many interviewees explained that EO in France started with the different waves of privatization of large state-owned companies. Some interviewees finally admitted that some companies implemented EO “just to do as the others do” or “without a specific reason”.

The company department responsible for EO also reflects how EO is considered by the management. Two distinctions have been presented. The first is whether EO is managed by the HRM department or the department in charge of the individual stockholder relationships:

"We consider that employee stockholders must benefit from the same rights as other individual stockholders. I am convinced that in companies where EO is managed in the HRM department, employee stockholders do not receive the same information about the company's activity and strategy." EO Manager.

One of the EO consultants highlighted the importance of the distinction between the "Compensation and Benefits" department or to the "Social Policies" department:

"We often give the case of Lafarge as a best practice. They have decided not to tie up EO to the compensation division of the HR department but to the "social policies" division, and this is a strong and very meaningful message. This gives evidence that they do not consider EO merely as an element of the compensation package but more as an important element of the human resources and social policy as a whole."

Overall, the interviewees confirmed existing research on the relevance of how the management conceives employee ownership and on the fact that there is large variance among companies regarding their management's philosophical commitment to EO. However, the information I gathered from interviews goes beyond past knowledge by suggesting a new indicator of management's commitment to EO: the company's department in charge of employee ownership.

Some interviewees mentioned elements of the EO plan's design as success factors in terms of attitudinal effects. However, there was little agreement among respondents on these topics.

The sources of EO. I previously suggested that, in the French context, EO has different sources. According to some respondents, the employee stock offerings are more likely to generate positive attitudinal effects compared to other sources:

> "An employee stock offering is an important event with a lot of communication and strong HR support; so this is more likely to have a deeper psychological effect on employees than when they just have to choose to invest their profit sharing bonus in one of the available funds" Asset Management Manager.

The respondents' comments about the recurrence of the EO plan were remarkably divergent. According to some interviewees, "rolling plans" must be avoided because the employees end up considering them as a mere element of the compensation package. Also, the subscription rate of rolling plans is usually low. On the other hand, many experts explained that in order to develop an ownership culture, the EO stimuli must be sent quite often to the employees. Also, because EO mechanisms can be quite difficult to understand and because stock offerings are the moments when the company communicates the most with the employees, recurrent plans are more likely to develop a feeling of stockholder on employees.

The risk level. Employee ownership is generally considered as a risky investment for employees (Kuvaas, 2003; Sparrow, 2002). However, the level of risk actually depends on several factors, e.g. the percentage of discount over the stock price, the level of the company's contribution, or the risk of the company stock itself. Some companies offer systems in which the employee investments are completely secured from losses. The interviewees explained that companies have different philosophies concerning this issue. Some consider that EO must be risk free because it would be unfair for low level or poor employees in some countries to take financial risks with EO. Other companies consider risk to be an essential part of EO: the actual risk of losing money with EO is what will develop employees' interest in the company's activities and strategy, and promote a feeling that "the company's problems are also theirs."

Direct vs indirect ownership. The views also diverged remarkably on whether direct or indirect ownership is preferable in terms of attitudinal effects. The advocates of direct ownership consider that it is the only system able to affect employees psychologically. In fact, employees own stock directly, directly receive the information about the company's activity and strategy like the other stockholders, vote their stock and receive dividends, while in the indirect system, the stock is actually owned by a trust fund, the dividends are integrated in the fund automatically, and the voting rights are exercised by the president of the supervision council. On the other hand, some experts think that in the direct system, the employees cannot exert any power in the decision-making process. However, in the indirect ownership system, the overall stock owned by the employees are voted collectively and thereby represents real power in the decision-making process. Overall, it seems that direct ownership is preferable in terms of "psychological" impact, while indirect ownership is more effective in terms of corporate governance.

Some interviewees evoked the idea that EO could have an impact on management's work attitudes and behaviors. First, respondents noted that when EO is substantial in a company, top management tends to behave in a more ethical way and to take the employees' interests more into consideration. Employee ownership, when combined with employee stockholders having respresentation at the governance level, represents a power that prevents the management from taking decisions that are contrary to the company's general interest:

> “EO can represent a power which can be a safeguard for the management to protect a minimum of values and ethical standards. I think that the CEO of a company with relevant EO thinks often about it, as he/she thinks everyday about the stockholders, the public administration, and the environmental associations who will annoy him/her on this or that matter…” President of association of employee stockholders

The second way in which EO can influence management behavior is that it encourages the gathering of information from employees. Since employees typically have more complete knowledge of their work than management, they can provide management with better pools of information.

> “The day before the annual general meeting, we were received by the CEO as representatives of an association of employee stockholders. The next day of the general meeting, nearly all our questions as well as his responses were included in his speech. We have a different vision of the bottom line employee and we can bring him a message that can be useful for the good functioning of the company. Some CEOs don’t like that. But I think that it’s a way by which companies can be better run if it’s done in an intelligent way.” President of Association of Employee Stockholders

Finally, some respondents noted that EO limits short-term oriented decision-making by managers. In fact, employee stockholders tend to be more interested in the long-term continuity of the company than in short term profits. They would therefore weight up on corporate governance in favor of decisions more likely to keep long-term performance.

In this first subsection, I presented the interviewees' beliefs concerning how employee ownership can affect individuals' work attitudes and behaviors. Some of the ideas evoked by the respondents confirm past research, while others go beyond it. Virtually all respondents believe that EO can lead to enhanced organizational commitment, and specific mechanisms have been suggested, such as the case of multinational groups which are the result of mergers and acquisitions. There was also broad agreement that EO decreases turnover through enhanced commitment. However, there was substantial disagreement about the capacity of EO to lower absenteeism, and enhance employee motivation and citizenship behavior. Some success factors have also been suggested by the respondents: management's philosophical commitment to EO, consistent with past research (Gamble, Culpepper, & Blubaugh, 2002; Logue & Yates, 2001; Rosen, Klein, & Young, 1986), as well as some elements of the EO design, such as the sources of EO, the level of risk, and the difference between the direct and indirect systems of stock ownership. The latter elements are quite specific to the French context which explains why they have not been discussed extensively in past research. Finally, the results of this subsection have highlighted that EO can also affect the management's work attitudes and behaviors, which has not been significantly discussed in past research.

The Tax and Financial Benefits of Employee Ownership

As shown in figure 2, beyond changes on individuals' attitudes and behaviors, interviewees explained that EO can also affect corporate performance through tax benefits and different financial mechanisms.

Tax benefits of EO. In countries like the US, France or the UK, EO and its sources (i.e. profit sharing and other performance-related bonuses) qualify for preferential tax treatment both for the employees and the employers. Most interviewees discussed tax advantages as one of the reasons why companies implemented EO plans. As an example, the president of an association of employee shareholders explained:

> “Employee ownership is, from a fiscal point of view, the most efficient way of giving money to the employees.”

An attractive source of self-funding. Many of the interviewees explained that stock issues restricted to employees are a “simple, controllable and advantageous” source of funding for companies:

> “With five offerings in the last five years, we gathered some 630 million Euros from employees. The cost of raising 630 million Euros through public share issues is much larger because the bank fees are considerable.” EO Manager

Above the cost, raising money from employees seems to have many advantages over issuing new stock to the public. First, the failure of a new stock issue to the public would have a serious negative impact on the company’s image. In fact, it would be perceived as a signal of a lack of trust for the company. Second, when issuing new stock to the public, it is difficult to control the scope of the operation. In the case of a highly successful public issue, there can be a significant dilution of stock value.

EO to stabilized stock value. EO is considered by many professionals as a way of forming a stable and loyal stockholder base. In fact, employee stockholders are usually "captive" for a period of five years and tend to keep their stock even after the vesting period. It has also been suggested that *ceteris paribus*, EO enhances stock value by creating an additional demand for stock that would not exist if the company did not have a stock ownership plan.

EO as a positive signal to the stock market. Even if there was some disagreement with this idea, the dominant view was that EO is considered as a positive signal to the stock market:

> "Dexia is a group which was originally French. The Crédit Local de France and the Crédit Communal de Belgique first merged. Then, the Crédit Communal de Belgique acquired the Banque Internationale in Luxembourg. We then became a group in 1996, composed of three main entities from three different countries. The message given to the stock market was: "we form a homogeneous group". The market can ask itself what is homogeneous in that group… That is why we decided to create an employee ownership ownership plan. It's important to show to the market that Dexia is something homogeneous." Asset Management Manager

As previously suggested, EO is generally believed to be a way of aligning the employee's interest to the stockholders' interest:

> “When I was an EO manager, I used to receive surveys from Anglo-Saxon pension funds. They asked us the extent to which the employees had the same interests as the stockholders in our company. You know, those people are more interested in finance than in human resources… And when we explained that we had a global stock ownership plan for all our employees worldwide, they were completely astonished. Because the Anglo-Saxons are more familiar with stock options or restricted share plans offered to the top management only.” Asset Management Manager

Finally, EO is considered as being viewed positively by stock market investors for the following reasons:

> “Financial analysts see EO as an indicator of the employees trust in their company”, “a company without any EO is not attractive to either employees or investors” and “some financial analysts believe that companies with EO perform better…” EO Consultant.

In this first section, I presented several explanations of how EO can lead to better corporate performance as suggested by the interviewed professionals. Some of the presented mechanisms confirm what is generally found in the existing literature, while others are quite new, as the suggested effects on management’s attitudes and behaviors, the financial advantages of employee ownership, the attitudes of investors towards employee ownership and the specific case of multinational groups.

The possibility that performance affects the development of EO has rarely been evoked in past research. In the following section, I will present the mechanisms discussed by the interviewees that suggests a reversal of the EO/performance causality.

The Effects of Corporate Performance on Employee Ownership

The empirical evidence in this study has suggested three main processes by which corporate performance may positively affect EO. First, companies that perform well are more likely to develop EO. Second, in companies that perform well, profit- and gain- sharing bonuses are higher. Since most of such bonuses are invested in the company's stock (because of the tax advantages), we clearly see that more performance leads to more EO. Finally, the evidence suggests that the employees tend to invest more in their company's stock when the stock price performs well.

Corporate Performance, Development of Employee Ownership and Employee Investment Choices

Performance and development of EO. Much of the evidence I collected suggests that the companies that perform well are more likely to develop EO:

> "Nobody implements EO in a company with no projects for the future and that is losing money, because the aim is to send a message to the market of stock value increase, a message of hope… So I think that EO is implemented from the beginning in

companies that have a good potential for stock market growth." Asset Management Manager

"- Are you thinking about implementing a new employee stock offering? The Author.

- Not for the moment. To implement such an offering, our stock price would have had to follow the growth that we expected after the merger and this has not happened. So I think that this is not a good period for an employee stock offering. "Employee Ownership Manager

Corporate performance and employee investment behavior. There is a worldwide trend toward EO plans in which investment decisions are made by the plan participants themselves (Benartzi & Thaler, 2002). In France, the employees have the choice between investing bonuses or cash in their company stock or in some diversified or monetary funds. The interviewees evoked different cases when the company's performance can determine the employee investment choice. First, past stock value trends and future outlook seem to play a determining role in the participation rates and in the amounts invested during stock offerings. In fact, most respondents explained that the participation rates to employee stock offerings were higher when the stock price performed well in the past. The explanation is that the cases of dramatic drops in the stock price create a negative attitude towards investing in the company's stock, at suggested by some interviewed employees.

"For our first stock offering, the stock price was 14€ and we reached a participation rate of around 45%. At the moment of the second offering, the stock price was at 40€ and as it was growing fast, the employees subscribed massively and we got an amazing subscription rate." EO Manager.

Also, after a five-year period of unavailability, the employees can choose between selling their stock and keeping them. Again, the interviewed employees explained that they tend to keep stock when past performance has been good. Finally, employees can invest their profit sharing bonuses in their company's stock or in diversified funds. Again, it has been suggested that this choice largely depends on past performance of the company stock.

This evidence provides support for the "excessive extrapolation hypothesis" suggested by Benartzi (2001), who showed that employees believe that past returns are likely to persist even if they are largely unpredictable. Concerning the profit sharing bonuses, it is important to note that many blue-collar workers have limited financial resources to invest in stock. Therefore, they usually limit their investment in the company stock to the amount of the bonuses they receive so that they do not invest money from their personal funds. Companies often schedule the offerings just after the payment of such bonuses to help the employees to participate in the offering. As a consequence, the more the bonuses, the more employees invest in the company's stock. Again, the better the performance, the larger the bonuses, and consequently, the higher the subscription of stock.

Work Attitudes and Employee Ownership

In this section, I present evidence that suggests a reversal in the direction of causality between employee ownership and work attitudes. In fact, I suggest that EO is more likely to be implemented and developed in companies with good top managers and that committed and motivated employees are more likely to invest in their company stock.

Good Managers and EO. Some interviewees suggested that EO is more developed in companies where the top management “is of quality,” meaning that it has a long-term view, a participative philosophy, and gives importance to human resources:

> “I think that Lafarge has developed EO because it had a very humanistic, very participative, very philanthropic human resource policy.” EO Manager

> “In my view, if EO is relevant in a company it’s because the social policy behind it was already dynamic.” EO Manager

The president of an association of employee shareholders added:

> “Maybe, in companies with EO, the top management is better than in other companies. A top management that is not afraid of questioning itself with its employees that are also stockholders is a top management which has an ethical and behavioral framing which is different from the others. ”

Employee attitudes towards the company and EO. Discussions with professionals and employee stockholders all converged in suggesting that the employee attachment and the feeling of belonging to the company were strong determinants of the decision to invest in company stock.

> "We have seen many stock offerings that were not that interesting from a financial point of view, and which have been massively subscribed to by the employees. This gives proof of a particular link with the company, an attachment to the company…"
> EO Consultant

An employee stockholder also explained why he invested in stock of his company:

> "If I purchase stock in my company it's because I love my company. It's affective… If I take some stock it's because I want to participate in my company, it's not the monetary value that I am interested in… Let's say it's 75% affective and 25% financial."

On the other hand, another employee explained why he didn't want to participate in the stock offerings:

> "I refused to participate in the offering because I thought that the company owners didn't want to invest in the automobiles, and when you don't put passion into an activity you pay a high price for it. It's not because I feared losing my money, but because of the company. I think that both aspects are important. If I believe in this

business, I will be willing to invest money in it. In this case, the people who asked me for the money were not motivated themselves." Employee Stockholder of Fiat

An interesting case concerned the participation rates in the employee stock offerings among the different subsidiaries and/or sites of the same corporation. Again, the employees' feeling of "belonging to the company" seemed to matter. For example, an EO manager explained that the participation rate in his group was the highest at the headquarters' level, and declined in the subsidiaries where the "personalities" were the most independent from the groups' personality. A consultant finally explained that the participation rate in a stock offering is an indicator of the general attitude of the workforce towards the company:

"The participation rate to a stock offering is very indicative of the social climate… From the subscription data, I always advised my clients to try to make sense of the figures by thinking about possible conclusions to draw in terms of social dynamics and human resources policies in the different countries."

Discussion and Conclusion

The empirical literature on employee ownership over the past thirty years has generally found that EO is positively related to corporate performance. However, little theory has been developed to explain this relationship. The aim of this study was to reach a better understanding of the mechanisms relating EO and corporate performance. To accomplish this, I have integrated past research and conducted a qualitative study of a group of key actors in the world of EO in France.

Figure 2 shows that EO and corporate performance are likely to have a non-recursive relationship meaning that each affects the other, while past research essentially suggested that EO affects performance. The findings of this study support claims that that EO can affect performance through enhanced work attitudes and behaviors, tax benefits, and other financial and stock market benefits. In fact, EO is an efficient source of self funding for companies and, according to many professionals, it is something positively valued by investors and analysts. However, the findings also suggest that the causal direction is reversed, that is, corporate performance positively affects the development of EO through employee ownership preferences, profit- and gain sharing bonuses, and employee stock offerings.

Figure 3 is a more detailed presentation of the upper part of Figure 2. It integrates the knowledge found in past research, completed by the findings of the empirical study (bolded rectangles). The whole model provides a more complex picture of the mechanisms relating EO to three indicators of corporate performance. It shows that EO may affect different indicators of performance through different mechanisms, while past empirical research has often failed to make such a distinction. The upper half concerns what could be called the “management” mechanisms because they deal with people’s attitudes and behaviors. It shows that EO directly affects management work attitudes and behavior (e.g., less short-term oriented decisions and more ethical behavior), and affects employee attitudes and behaviors through its financial value and the rights to participate in decision making, when such rights are available to employees. EO can also affect such group outcomes as information sharing, industrial relations and the perceived legitimacy of managerial authority. These, in turn, affect distinctively productivity in particular or economic performance in general.

The lower half of Figure 3 describes the tax and financial mechanisms by which EO can affect corporate performance. Three of the so-called “financial” mechanisms are all believed to directly affect market performance, while “efficient self funding” affects economic performance. The first mechanism only applies when a new EO plan is set up: seeing it as a signal of a potential takeover, the market would react positively. More generally, EO would be viewed by investors as an indicator of corporate wealth because they believe that EO leads to better performance and that only well-performing companies can afford to develop EO. Finally, EO increases stock value by creating an artificial demand that would not otherwise exist and because employees generally do not have a speculative behavior which lowers stock price variance.

The last main group of findings of the qualitative study concerns the preconditions of the relationship between EO and employee attitudes and behaviors. This is another area where past research is quite limited. Management's philosophical commitment to employee ownership is a well-know and important variable in the EO human resources literature (Gamble, Culpepper, & Blubaugh, 2002; Klein, 1987; Pierce, Rubenfeld, & Morgan, 1991). The qualitative data analyzed in this chapter provide a more detailed and real-world view of this concept as manifested in large companies. Other preconditions concern the design of the EO plan itself. The results here do not lead to clear guidelines or best practices, but highlight the need for mangers to carefully consider the meaning they wish to give to EO in their company and the outcomes they wish to achieve. These options include the sources of the plan, the risk level and the direct/indirect forms.

The findings of this study have several implications for theory, managers and policy makers. The results clearly give future researchers better theoretical tools to set up empirical research. For example, researchers will be able to use different theoretical reasoning depending on the indicator of performance analyzed in their studies. When individual productivity is the outcome under study, incentive theories will likely be the most applicable, because they deal with people's attitudes and behaviors at work. However, when the main outcome is an indicator of market performance, other market-based arguments should be more relevant.

One of the limits of past research was that the main argument of the EO/performance relationship – the incentive explanation – had not been shown to hold in most cases. The whole reasoning then collapsed. The model presented in this article shows that EO can still affect the companies' economic and market performances in the absence of an incentive effect. Finally, past research concluded that the effect of EO on performance was not automatic and that a set of preconditions was necessary. The evidence presented in this article suggests that this is true only for the "managerial" part of the model, where the attitudinal and behavioral effects are difficult to obtain. However, the tax and financial mechanisms of EO seem to hold quite universally which means that EO still has always some potential for positively affecting economic and market performance.

The non-recursive nature of the EO-performance relationship, even if it holds particularly in the French context, suggests that the existing empirical evidence should be interpreted with caution. More research using longitudinal data is needed to ensure the direction of causality between EO and performance. However, this holds particularly for market performance because productivity affects the development of EO less than economic and market indicators of performance likely do.

As previously suggested, the findings of this study must be interpreted in the light of a number of limitations. The inherent limitations of qualitative research (e.g. limited sample size) techniques in general and of manual thematic content analysis with a single coder in particular are well known. Moreover, the models presented in Figure 2 and Figure 3 and the results in general are exploratory in nature: refinements and further elaboration need additional empirical enquiry and tests of specific elements of the presented models. I consider that the fact that our data are based on French multinationals harms only slightly the generalizability of the results. In fact, only the lower part of figure 2 does not apply to all countries and EO systems yet applying to cases outside of France. For example, profit-sharing bonuses can be invested in stock in the US, the employees are free to participate or not in the American "Stock purchase plan" and employees can arbitrate between EO funds and diversified funds in the 401k plans.

This chapter has opened the black box of the existing EO-performance literature that likely contains better insight into the mechanisms linking EO and corporate performance. The hope is that future research can shine more light onto these mechanisms the understanding of which is necessary for managers, employees and policy-makers.

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Table 1 : Profile of Interviewees

	Employee Ownership Managers	
	Industry	**Type of Company**
Interviewee 1	Banking	CAC 40 Stock Index
Interviewee 2	Télecommunications	CAC 40 Stock Index
Interviewee 3	Retail	CAC 40 Stock Index
Interviewee 4	Cement	CAC 40 Stock Index
Interviewee 5	Manufacturing	CAC 40 Stock Index
Interviewee 6	Oil & Gas	CAC 40 Stock Index
Interviewee 7	Energy	CAC 40 Stock Index
Interviewee 8	Chemical	CAC 40 Stock Index
Interviewee 9	Entertainment	CAC 40 Stock Index
Interviewee 10	Energy	CAC 40 Stock Index
Interviewee 11	Pharmaceuticals	CAC 40 Stock Index
Interviewee 12	Electronics	CAC 40 Stock Index
Interviewee 13	Consulting	Non quoted
Interviewee 14	Automotive	CAC 40 Stock Index
Interviewee 15	Banking	CAC 40 Stock Index
Interviewee 16	Oil & Gas	CAC 40 Stock Index
	Consultants	
	Type of Consultant	**Type of Cunsultancy**
Interviewee 17	Junior	NYSE
Interviewee 18	Senior	SBF 250 Stock Index

Interviewee 19	Senior	SBF 250 Stock Index
	Experts Asset Management Institutions	
		Type of Company
Interviewee 20		Subsidiary of CAC 40 company
Interviewee 21		Subsidiary of CAC 40 company
	Presidents Associations of Employee Stockholders	
	Industry	**Type of Company**
Interviewee 22	Banking	CAC 40 Stock Index
Interviewee 23	Telecom	CAC 40 Stock Index
Interviewee 24	Oil and Gas	SBF 120 Stock Index
Interviewee 25	Banking	Mibtel (Italian stock Index)
	Trade Union Executives	
	Secteur d'Activité	**Type of Company**
Interviewee 26	Telecom	CAC 40 Stock Index
Interviewee 27	Oil and Gas	SBF 120 Stock Index
	Executive Directors of International Institutions Promoting Employee Ownership	
	Country	
Interviewee 28	Belgium	
Interviewee 29	Belgium	
Interviewee 30	France	
	Employee Shareholders	
	Industry	**Type of Company**
Interviewee 31	Retail	Non quoted multinational
Interviewee 32	Banking	CAC 40
Interviewee 33	Banking	CAC 40
Interviewee 34	Telecom	CAC 40

Interviewee 35	Automotive	Mibtel (Italian stock Index)
Interviewee 36	Cement	CAC 40
Interviewee 37	Cement	CAC 40
Interviewee 38	Cement	CAC 40
Interviewee 39	Cement	CAC 40
Interviewee 40	Cement	CAC 40

Figure 1: Employee Ownership and Performance: A Synthesis of the Literature

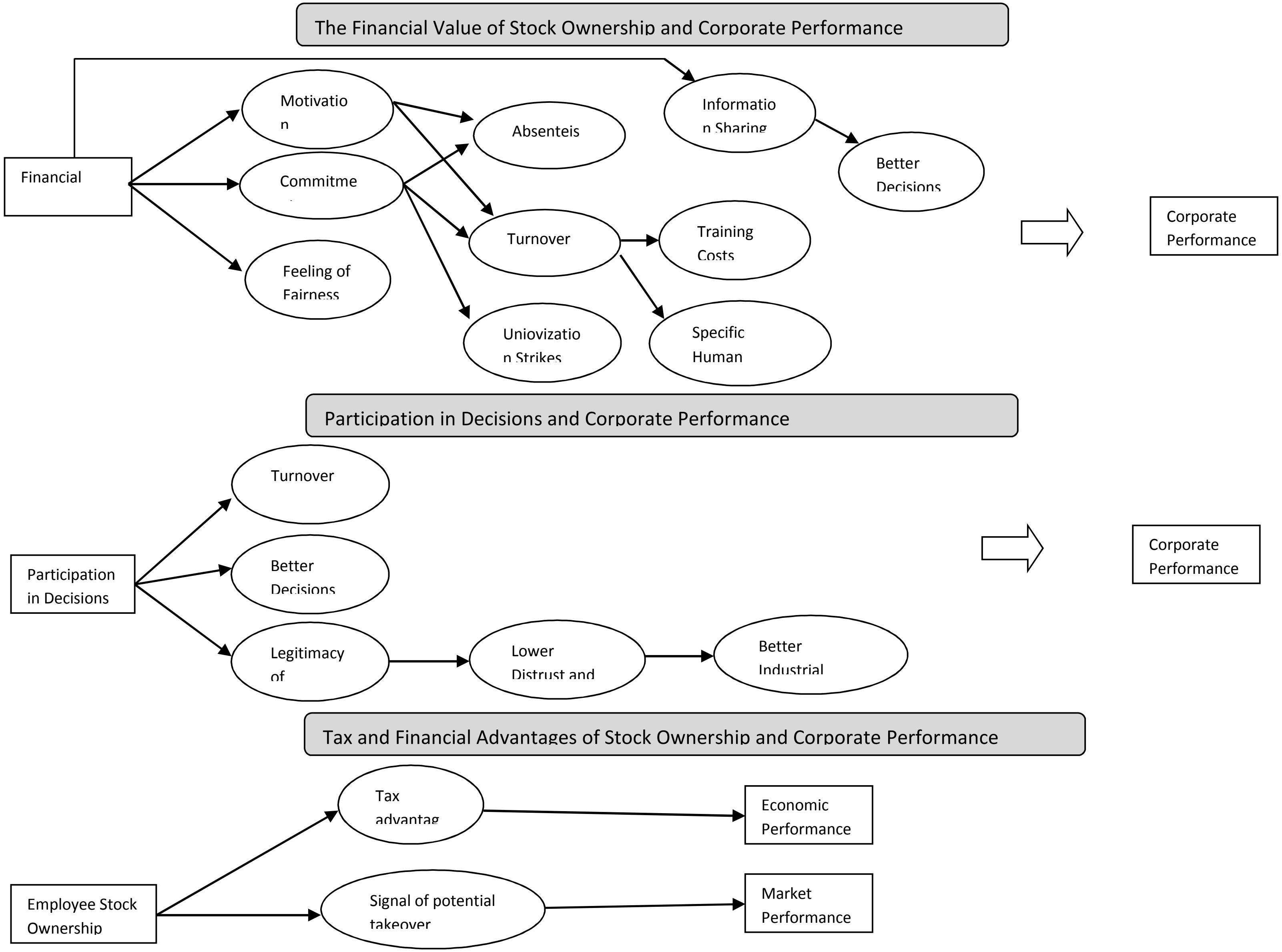

Figure 2 : The non-recursive relationship between employee ownership and corporate performance.

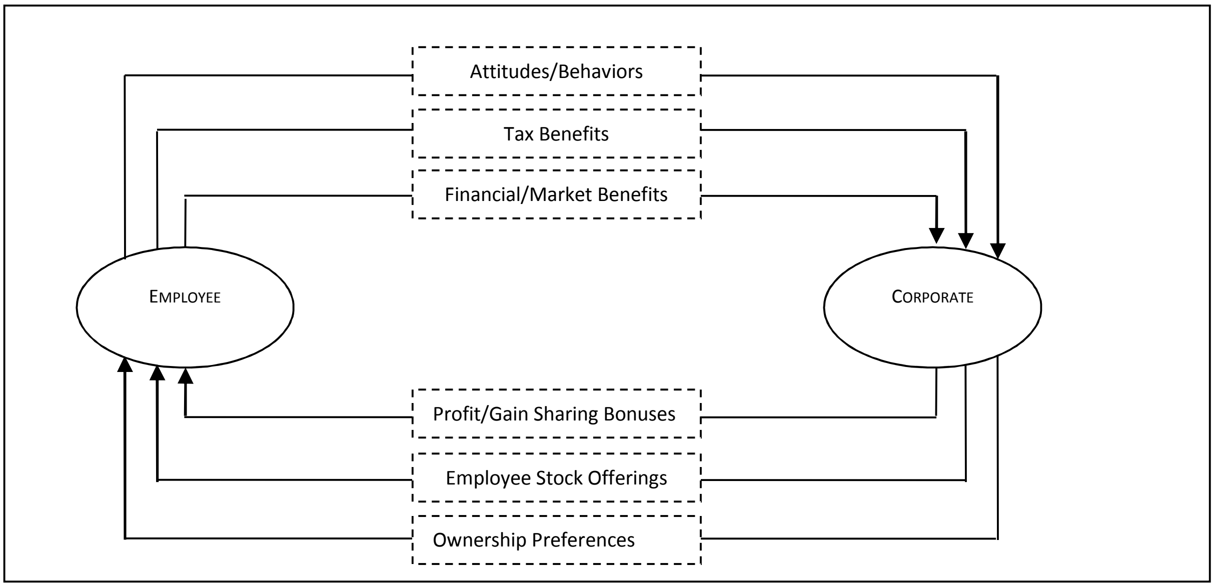

Figure 3 : A Theoretical framework of the effects of employee ownership on three indicators or corporate performance.