

12<sup>th</sup> Conference of the  
International Association for the Economics of Participation

“Mending the Global Economy: A Role for Economic Participation”

Saint Mary's University  
Halifax, July 8-10, 2004

**A THEORETICAL CROSS-CULTURAL STUDY OF THE  
ATTITUDINAL EFFECTS OF EMPLOYEE STOCK  
OWNERSHIP**

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# **A THEORETICAL CROSS-CULTURAL STUDY OF THE ATTITUDINAL EFFECTS OF EMPLOYEE STOCK OWNERSHIP**

## **Abstract.**

In order to better understand the process by which employee stock ownership may enhance organizational performance as many empirical studies suggest, we integrate first existing literature on the attitudinal effects of employee ownership. The large majority of the available literature comes from Anglo-Saxon scholars that have studied Anglo-Saxon employees of Anglo-Saxon companies: the process model presented is therefore labeled “Anglo-Saxon Model”. Considering that the cultural relativity of attitudinal effects of management practices is largely documented in cross-cultural management literature it seems important to wonder to what extent the principles of the literature about the attitudinal effects of employee ownership apply and keep their validity when applied to non Anglo-Saxon employees. In order to bring some response elements, we use the Hofstede’s cultural model as well as past empirical research to suggest hypothetic-deductive propositions of cross-cultural variations of the Anglo-Saxon model.

## **Introduction**

Employee share ownership is a phenomenon that has developed since the mid-1980s, in most industrialized countries and in some of the emerging market economies and that has aroused a considerable interest both in scholars and practitioners (Kuvaas 2003, p.193, Pendleton, Wilson & Wright 1998, pp.99). The general rubric of “Employee ownership” (EO), actually embraces some very different realities both formally and in the spirit (Sparrow 2002, pp.48-49). We could locate the primary reasons the company establishes an EO plan on a continuum with at one side purely tax and financial reasons and at the other side objectives more centered on employees, namely the quest for positive attitudinal and behavioral effects and indirectly positive effects on corporate performance (Arnould & Jaeger 1990, pp.12-14, Brillet 1999, p.67, Caramelli 2001, p.19, Louart 1992, p.100, Sparrow 2002, p.45). There also are a number of different formal arrangements falling under the concept of EO. This diversity can also be represented on continuums, according to the rights granted to employee shareholders in terms of shares owned, financial value and information and decision making rights.

There has been a conceptual debate about the effects of employee participation on corporate performance (Doucouliagos 1995, p.58). Supporters of participation argue that it strengthens workers’ commitment to the firm (Blasi 1988, p.6), reduces the need for costly monitoring, and increases work effort hence efficiency and productivity. The other camp argues that various forms of participation reduce managerial power, obstruct management decision making (Alchian & Demsetz 1972, p.786), waste valuable and scarce resources and lead to free rider problems (Blasi, Conte & Kruse 1996, p.61). Many empirical studies in different countries and at different times in the history show that firms generally perform acceptably under varying designs of worker ownership, no matter how performance is measured. There is no evidence that employee ownership hurts companies (Blasi 1988, p.231). Despite this trend, empirical evidence is somewhat mixed, suggesting the presence of moderating variables in the EO-performance relationship (Doucouliagos 1995, p.71, Gamble, Culpepper & Blubaugh 1999, pp.10-11). It seemed therefore important to understand the process by which employee ownership could improve corporate performance. As suggested by Rosen, Klein & Young,

(1986, pp.46 and 62, see also Ros 2001, p.79), the most obvious way by which employee ownership may affect performance is through effects on employee attitudes.

The literature on the attitudinal and behavioral effects of employee ownership is implicitly based on a threefold definition of the EO construct. In fact, according to the works of Alchian & Demsetz (1973), Ben-Ner & Jones (1995), Klein (1987), Long (1980) and Pierce, Rubinfeld & Morgan (1991), employee ownership can be conceptualized in terms of (1) share ownership, (2) financial value of this ownership and (3) rights to information and decision-making. Therefore, since the famous article of Klein in 1987, the empirical studies of the attitudinal and behavioral effects of EO have often analyzed the respective effects of each part of the construct. Klein (1987) reviewed existing research on employee-owned firms and identified three distinct perspectives called “satisfaction models”. The “Intrinsic Satisfaction model” suggests that employee ownership *per se* increases employee commitment to and satisfaction with the organization. The “Instrumental Satisfaction model” suggests that ownership increases employee influence in company decision-making activities and perceived control over their work, which in turn increases employees’ organizational commitment, job satisfaction and performance. Finally, in the “Extrinsic Satisfaction model”, employee ownership is viewed purely as a financial investment. Therefore, EO is hypothesized to increase employees’ commitment and satisfaction if they feel it as financially rewarding. The results of two decades of research suggest that employee ownership alone rarely appears to lead to major changes in employees’ attitudes. However, the positive attitudinal effects of employee ownership seem to be due to the capacity of schemes to enhance employee influence and to a less extent financial returns (Caramelli 2003, pp.499-505, Klein 1987, p.320, Pendleton 2001, pp.155-158). Reviewing the main works on the attitudinal effects of EO, we have realized that they are mainly studies carried out by Anglo-Saxon scholars based on Anglo-Saxon employees of Anglo-Saxon companies. Considering that the cultural relativity of attitudinal effects of management practices is largely documented in cross-cultural management literature, (Adler 1983b, p.226, Hofstede 1983, pp.75-76, Steers 1989, p.23...), it seems important to wonder **to what extent the principles of the literature about the attitudinal effects of employee ownership apply and keep their validity when applied to non Anglo-Saxon employees**. In fact, we are not aware of any study addressing the issue of the effects of employee ownership according to national culture. Employee share schemes are developing in several industrialized and emerging countries and the majority of large multinational corporations implement global stock plans: a cross-cultural knowledge of the attitudinal effects of employee ownership is therefore needed tremendously by practitioners. In order to try to bring some response elements to this issue, we will first review the literature on the social-psychological effects of EO in order to suggest a model illustrating the process through which EO operates leading to attitudinal effects on Anglo-Saxon employees (labelled “Anglo-Saxon Model”). In a second part, we will make some hypotheses of cross-cultural variations of the “Anglo-Saxon Model”.

## **1. Towards a Model of the Attitudinal Effects of Employee Ownership in Anglo-Saxon Cultures.**

The term “employee stock ownership” is more ambiguous than it may seem. In fact the term covers many different situations. The “pure” case would be the one where every employee owns stock and votes for the members of the board of directors. However, there are also cases where only white collar employees own stock, or where most employees own a small amount

of stock or where most employees own some stock but cannot vote it. There is no obviously correct universal definition of the concept. The National Center for Employee Ownership defines EO as “a plan in which most of the company’s employees own at least some stock in their company, even if they cannot vote it, and even if they cannot sell it till they leave the company or retire.” (Rosen, Klein & Young 1986, pp.13-14, Toscano 1983 p.583). As suggested by Pierce, Rubinfeld & Morgan (1991, p.124), “in order to understand the social-psychological and behavioral effects of an employee ownership system, it is necessary to first develop an understanding of the employee ownership construct.” Therefore, according to the works of Alchian & Demsetz (1973), Ben-Ner & Jones (1995), Klein (1987), Long (1980) and Pierce, Rubinfeld & Morgan (1991), we define the EO construct in terms of (1) share ownership, (2) financial value of this ownership and (3) rights to information and decision-making. This threefold conceptualization is particularly relevant since the three variables have been shown in the literature to be the three ways by which EO can have attitudinal effects on employees.

### **1.1. The Attitudinal Effects of Employee Ownership: a Review of Three Theoretical Perspectives.**

Klein (1987) reviewed existing research on employee-owned firms and identified three distinct models of EO effects, and these are now widely accepted as well-grounded approaches for distinguishing the ways EO may affect attitudes (Pendleton 2001, p.157).

#### **1.1.1. The “Intrinsic Satisfaction Model” or the Attitudinal Effects of Stock Ownership itself.**

The “Intrinsic Satisfaction Model” suggests that ownership itself is the critical variable for employee morale; the more ownership, the better. According to this model, then, the more company stock that the employee stock plan owns, the more satisfied employees should be with the plan and, to the extent that employees’ feelings about the plan generalize to positive feelings about the company as a whole, the higher the employees’ organizational commitment and the lower their turnover intentions (Klein 1987, p.321). The theoretical foundation of this model can be found in a psychological human bias called the “mere ownership effect”. As suggested by Beggan (1992) and by others before him (Beggan refers to the works of Hoorens, Nuttin, Herman & Pavakanun 1990 and Nuttin 1985 and 1987), a target object will be rated more favorably by an owner than by a non-owner (Beggan 1992, p.229). This “mere ownership effect” may explain why the mere stock ownership by employees enhances their organizational satisfaction and commitment.

To test the “Intrinsic Satisfaction Model”, researchers have typically adopted one of four strategies: (1) examination of the relation between employee attitudes and the number of shares owned by the employee, (2) comparison of the attitudes of employee owners and non-owners of the same company (3), comparison of employees’ attitudes of employee-owned and conventionally owned firms, and (4) comparison of employees’ attitudes over time, either at various points after share ownership commenced or before and after schemes have been introduced.

Klein and her colleagues (Klein 1987, Rosen, Klein & Young 1986) have tested the “Intrinsic Satisfaction Model” in 37 employee stock ownership plan firms by analyzing the relation between the percentage of company stock employee-owned and employees’ attitudes, namely ESOP satisfaction, organizational commitment and turnover intention. The results didn’t

support the model (Klein 1987, p.325, Rosen, Klein & Young p.110). The study of Long (1980), has compared the attitudinal effects of conversion to EO in three trucking firms with different proportions of stock held by employees, respectively one with high degree of EO, one with a moderate to low degree and one with a low degree of EO. The results tend to corroborate the Intrinsic Model since they showed a positive relation between the percentage of stock employee-owned and improvement in job attitudes, and more favorable attitudes for worker-owners compared to non-owners (pp. 733 and 735).

In his study of five bus companies and a catering and service company in U.K., Pendleton (2001, see also Pendleton, Wilson & Wrigth 1988), assessing the relationship between levels of share ownership and employee perceptions of the effects of EO, found no positive relation between collective or individual shareholding and employee perceptions of changes in the firm post-ownership conversion. (p.164). However, the results showed a positive relation between individual levels of share ownership and employee assessments of personal change in attitudes and behaviors (p.166), and a significantly positive effect of the size of individual shareholding (but no effect of the overall proportion of company equity held by the workforce) on feelings of ownership (pp.169-170). However, no significant relation was found between individual share holding and both organizational commitment and intention to quit (p.173).

The second research strategy to test the “Intrinsic Model” was to compare attitudes of employee-stockholders and non-stockholders in the same company.

Long’s (1978a) study of a trucking firm purchased by its employees six months before the study, tested the model by comparing employee-stockholders and non-stockholders attitudes and perceptions of the ownership change. The results showed a much higher level of integration, involvement and commitment for stockholders than non-stockholders (p.44). The results showed also that employee ownership itself caused increases in satisfaction (p.40). In a subsequent analysis (Long 1978b), he suggested a positive relation between employee ownership *per se* and employee involvement and commitment although no relation with satisfaction and motivation (p.761). Buchko (1992b) compared the attitudes of participants and non-participants in the ESOP plan of a 376 employee firm. He found that ownership *per se* correlated significantly only with satisfaction with the ESOP but not with the other attitudinal variables. He therefore found limited support for the Intrinsic Model (p.73).

The study of Ros (2001) represents an example of the third research strategy. The author used data from a 90% employee-owned ESOP manufacturing firm and six similar private firms, to investigate the effects of employee ownership on effort, shirking and horizontal monitoring. According to the results, no significant differences were found in the dependent variables: the model was therefore not corroborated (p.111).

Tucker, Nock and Toscano’s (1989) study is one of the few that have measured employee attitudes before and after the installation of an ESOP. Since not all the employees were shareholders, they could compare the attitudes evolutions both for ESOP participants and non-participants. The results tended not to support the Intrinsic Model since only minor differences were found in the attitudes of employee shareholders and non-shareholders (p.38). Finally, the study of Keef (1998) didn’t support the model. In fact, the author found no difference between shareholders and non shareholders in terms of changes in attitude (p.80).

The study of Kuvaas (2003), has two main specificities: first, it is one of the rare studies on the attitudinal effects of employee ownership by a non Anglo-Saxon scholar and based on data from a non Anglo-Saxon company (both Norwegians) and second, the Intrinsic Model was tested through employees’ preferences for shares over cash and the effect of this preference on affective organizational commitment. The results tended to support the model since ownership preferences were positively and significantly related to the dependent variable (p.201).

In summary, data from the studies testing the “Intrinsic Satisfaction Model” has offered limited support for the basic assumption of the model. This means that employee-ownership alone is not likely to lead to positive employee attitudes. However, the best results in the test of the “intrinsic model” seem have occurred when the independent variable used has been the individual level of shareholding.

#### 1.1.2. The “Instrumental Satisfaction Model” or the Attitudinal Effects of Influence in Decision-Making.

According to the “Instrumental Satisfaction Model”, employee ownership increases employee influence, which in turn increases employee commitment (Klein 1987, p.320). This model is therefore on the premise that ownership is viewed in terms of desire for, and expectations of, greater control (Trehwitt 2000, p.439). The theoretical foundation of this model can be found in the participation literature and particularly in the participation-commitment thesis (see Styskal 1980 and Tannenbaum 1962). This thesis takes its roots in the assumption shared by some of the most prominent theorists in organizational psychology (Argyris, Likert or McGregor) that participation in decision-making has a favorable impact on employee responses to the job (White & Ruh 1973, p.506).

The test of this model could therefore be done by two complementary ways: first testing whether employee ownership increases actual or at least perceived worker influence in decision making and second, testing to what extent the perception of increased worker influence correlates positively with employees’ attitudes.

The study of French and Rosenstein (1984) in a company converted to employee ownership brought some support to the model. In fact the authors found a positive relation between employees’ perceived influence and both organizational identification and job satisfaction (p.866).

Klein and her colleagues (Klein 1987, Rosen, Klein & Young 1986) tested the “Instrumental Satisfaction Model” in 37 employee stock ownership plan firms by analyzing the relation between four ESOP characteristics associated with worker participation and influence, namely stock voting rights, the reason why the company established the ESOP, management’s overall employee ownership philosophy and the extent of company communications to employees about the ESOP, and employees’ attitudes. The results supported the model, even if the variables “stock voting rights” and “reason for the plan” were not significantly related to employee outcomes (Klein 1987, p.329). The authors also tested the model analyzing the correlations between three measures of worker influence (management and employee perceived worker influence and formal participation groups) and three employee attitudes. The model was corroborated again even if only the first two measures of worker influence were found to be positively related to organizational commitment and job satisfaction and negatively related to turnover intention (Rosen, Klein & Young 1986, p.126).

In his study of a trucking firm purchased by its employees, Long (1978a), found that the conversion to employee ownership resulted in the adoption of more participative management (p.40). The author also showed a positive relation between employees perceived participation and four out of the five attitudinal dependent variables of the study (p.761).

A subsequent Long study (1980), corroborated the “Instrumental Model” since the results showed that the extent to which EO was accompanied by beneficial attitudinal consequences appeared to vary with the extent to which traditional patterns of employee influence in decision making changed subsequent to employee purchase (p.735).

Buchko (1992a) tested the model in an employee-owned media and communication firm. In fact, his measure of employees' perceived influence resulting from ownership was positively correlated with both ESOP satisfaction and organizational commitment (p.723). In a subsequent analysis of the same data, (e.g. Buchko 1992b), he found significant effects of perceived influence resulting from ownership on all five of the attitudinal measures (job and ESOP satisfaction, organizational commitment, job involvement and turnover intentions) (p.73, see also Buchko 1993).

The study of Pendleton (2001, see also Pendleton, Wilson & Wright 1988) supports largely the "Instrumental Model". In fact, he found positive correlations between employees' perceived effect of EO on participation and employees' feelings of ownership (p.170) and organizational commitment and a negative correlation with intention to quit (p.173). However, only a few employees perceived changes in worker influence emanating from employee ownership (p.179). Finally, other studies like Gamble, Culpepper & Blubaugh (1999) and Ros (2001) have brought some support to the "Intrinsic Model".

Most researchers have corroborated the "Instrumental Model", however some did not. Hammer and Stern (1984) analyzed the effects of employee shareholding in a small company purchased eight months before by its employees. The results showed that "worker owners in general, considered management as the true owners of the firm, did not see themselves as partners, and preferred an internal distribution of power that favored management over power equalization." (p.78)

French (1987) reviewed the literature on EO and concluded that an emphasis on "employee shareholding as a financial investment rather than as a mechanism of control within the organization appears consistent with much of the previous research." (p.433)

The study of Long (1981) is a good example of a multidimensional test of the "Intrinsic Model". Moreover, this study is of particular interest because it is one of the only longitudinal ones. Three different "instrumental" measures were used in his longitudinal analysis of an employee-owned small company (comparing before and after employee ownership). The first variable represented the changes in the total amount and distribution of influence or control over time, the second measured employee's perceived influence at various decision levels and the last measured the extent to which employees' felt their supervisor had a participative supervisory style. Overall, the findings showed that "introduction of EO, along with numerous formal participation mechanisms, had little impact on patterns of organizational influence over the long run". Although some increases in employee perceived participation in decision making seemed to take place shortly after employee purchase, patterns of influence returned to pre-employee purchase within about 18 months after purchase (Long 1981, p.871).

The Tucker, Nock and Toscano (1989) study is particularly interesting to the extent that it has analyzed longitudinally (e.g. before and after the ESOP) the effect of employee ownership on employees' perceived influence and other relevant attitudes like job satisfaction and organizational commitment. The results revealed no changes in perceived influence after implementation of the ESOP (p.37), hence bringing no support for the "Instrumental Model".

The same results were also reported by the study of Sockell in 1985. She collected data by surveys and interviews in three employee-owned companies. The results showed no evidence that employee ownership had affected employees' influence gaps (difference between employees' perceptions of the influence they possess over workplace decisions and they desire) (p.134). Finally, Trewhitt (2000) supported also this view since the results of her study of an employee-owned bus company did not show greater desire for, and perceptions of, involvement among stockholders compared to non-stockholders (p.449).



In summary the review of the empirical studies that have tested the “Instrumental Satisfaction Model” suggest the following conclusions.

First, EO does not always increase perceived and actual employee participation in decision making. The literature suggests two preconditions for employees’ perceived and actual participation to increase with EO. Employee share schemes can be implemented for several reasons: some companies want to benefit from advantageous tax structures (Maillard 1993, p.62, Morris & Adams 2001, p.182) or use EO primarily for financial reasons (Dondi 1993, Park & Song 1995), while others focus on reasons more linked to employees themselves i.e. the alignment between employees’ and owners’ interests (Desbrières 2002, p.256, Dondi 1993, Gamble, Culpepper & Blubaugh 1999), the development of compensation flexibility (Brillet 1999, p.65), the development of an information and communication platform for business goals and results (Arnould & Jaeger 1990, pp.12-14, Irwin 2001, p.71), the development of a global corporate culture in multinational corporations (Irwin 2001, p.70) and overall the improvement of employees’ attitudes and behaviors. It has been suggested that the extent to which employee ownership increases perceived and actual employee’s participation in decision making will depend on the reason why the company established its employee share scheme (Klein & Hall 1988, p.636, Pierce, Morgan & Rubenfeld 1991, p.131, Rosen, Klein & Young 1986, p.63) : the more employee-focused, the more perceived and actual employees’ participation. Building on this argument, it has been suggested that the extent to which EO can increase perceived and actual employee participation in decision making will depend on management’s philosophical commitment to the concept of employee ownership i.e. the extent to which management sees EO as a part of the company’s overall culture, human relations policy and/or commitment to employees (Rosen, Klein & Young 1986, p.64). Empirical evidence supports this argument (see Gamble, Culpepper & Blubaugh 1999, Klein 1987, Rosen, Klein & Young 1986 or Trehwitt 2000).

The second conclusion suggested by empirical studies is that when employees perceive increased information and decision making rights because of employee ownership, they show increased levels of satisfaction and commitment and decreased levels of turnover intention.

#### 1.1.3. The “Extrinsic Satisfaction Model” or the Attitudinal Effects of the Financial Value of Stock Ownership.

The “Extrinsic Satisfaction Model” suggests that EO increases organizational commitment if it is financially rewarding to employees (Klein 1987, p.320).

The theoretical foundation of this model can be found in research on pay systems, which documents the importance of financial rewards of job satisfaction and organizational choice (Klein 1987, p.320).

French (1987) was one of the first to suggest that employees react to stock ownership primarily in financial terms from a review of the employee ownership literature (p.433).

Klein and her colleagues (Klein 1987, Rosen, Klein & Young 1986) tested the “Extrinsic Satisfaction Model” in 37 employee stock ownership plan firms by analyzing the relation between two variables measuring how lucrative an employee stock ownership plan was for participants, namely the size of the company contribution to the ESOP and the return on company stock, and employees’ attitudes. The results of the study showed a significant positive relation between the ESOP contribution and employees attitudes. However, stock return was not found to be significantly related to the employee outcomes (Klein 1987, p.328). Klein explained this surprising difference through the relatively small influence of

stock return on the financial rewards that employees received from the ESOP compared to the company's contribution.

Buchko (1992a) tested the model in an employee-owned media and communication firm. The financial value of EO was measured by a formula taking into account several parameters. The results showed a positive relation between the financial value and both ESOP satisfaction and organizational commitment (p.723). In a subsequent analysis using the same data (Buchko 1992b) the author found the same positive relation also with job satisfaction and turnover intention (negative) (p.74, see also Bucko 1993). Finally, the study of Gamble, Culpepper & Blubaugh (1999) based on data collected by 900 airline pilots, supported the model showing a positive and significant effect of the financial value of the ESOP and employees' ESOP and job satisfaction (p.20).

Even if they are a minority, some studies have refuted the "Extrinsic model".

French and Rosenstein (1984) analyzed the relation between the individual perceived value of the shares held by employees and their job satisfaction and organizational identification. The results showed no significant correlations between the variables (p.866). The findings of Tucker, Nock & Toscano (1989) study also called into question the relative importance of the financial value of individual shareholdings on employees' attitudes (p.38).

Pendleton (2001) tested the model through the measure of the value of personal shareholding. The results refuted the model since no positive relation was found between financial value and employees' attitudinal outcomes (pp.170-173).

To summarize, there seems to be a consensus among scholars on the importance of the financial value of share ownership, whatever the measure used, in explaining the attitudinal effects of employee ownership.

There also seems to be a certain agreement about the relative strength of the attitudinal effects of each part of the employee ownership construct with participation in decision making having the strongest effects and ownership *per se* the lowest one.

In order to propose a process model of the respective attitudinal effects of the employee ownership construct's elements, it is important to study more precisely the relations between the three independent variables (intrinsic, instrumental and extrinsic) and the dependent ones (employees' attitudes) as well as the respective relations between the attitudinal variables.

## **1.2. The Respective Effects of Each Element of the Employee Ownership Construct on Each Relevant Attitudinal Variables.**

In order to propose a model that explicates the process through which EO operates, we will first suggest from the available empirical evidence some relations between employee ownership and attitudinal variables and we will then combine these results with previous research on relevant attitudes (commitment, satisfaction, turnover intention...) (see Buhko 1993, p.638).

The following dependent variables were proposed for our model according to prior research in which such constructs were shown to have associations with employee ownership and because of their suggested relevance for organizational overall performance: organizational commitment, job satisfaction, ESOP satisfaction, psychological ownership and turnover intention.

### **1.2.1. Work Satisfaction**

Work satisfaction is perhaps the most widely studied work orientation over the last four decades of organizational research (Curry 1999, p.497). This attitude has been defined by Locke (1976, cited by Rousseau 1996, p.75) as “a pleasurable or positive emotional state resulting from the appraisal of one’s present and past job experiences.” Kruse and Blasi (1995) conclude from an extensive review of literature that “no study finds a link between the size of one’s ownership stake and one’s satisfaction levels” and that “several studies found greater satisfaction only for those employee-owners who perceived greater influence or participation in workplace decisions” (pp.12-13). From the studies we have reviewed, only Buchko (1993b) and Pendleton, Wilson & Wright (1998) found limited support for a relation between ownership *per se* and employees’ work satisfaction. Concerning the “instrumental model”, we agree with Kruse and Blasi (1995) since many of the studies we have reviewed show significant correlations between instrumental variables and satisfaction: Gamble, Culpepper & Blubaugh’s (1999) study being one of the exceptions. Finally, the literature brings strong support with virtually no exceptions for a relation between the financial value of the shareholding and employees’ satisfaction (Buchko 1992b & 1993, French & Rosenstein 1984, Gamble, Culpepper & Blubaugh’s 1999, Klein 1987, Rosen, Klein & Young 1986).

*Proposition 1: There is a positive relation between one’s perception of the financial value of one’s shareholding and one’s job satisfaction.*

*Proposition 2: There is a positive relation between employees’ perceived influence in decision-making as a result of ownership and employees’ work satisfaction.*

#### 1.2.2. Satisfaction Toward the Employee Share Plan

ESOP Satisfaction has been defined as “the degree to which employees have a positive affective orientation toward the employee stock plan.” (Buchko 1992b, p.68). Empirical evidence shows that an antecedent of ESOP satisfaction is the financial value of the ESOP: the more financially rewarding, the more satisfaction (Buchko 1992a, 1992b, 1993, Gamble, Culpepper & Blubaugh 1999, Klein 1987...). This is consistent with research on pay systems, which documents the importance of financial rewards of employees’ satisfaction (Klein 1987, p.320). Buchko (1992a), Gamble, Culpepper & Blubaugh (1999) and Klein (1987) also found employees’ perceived influence resulting from ownership to be an antecedent of ESOP satisfaction. Finally, previous research shows that ESOP satisfaction correlates positively with organizational commitment (Buchko 1992b, Klein 1987) and negatively with turnover intention (Buchko 1992a, Klein 1987).

To summarize, the employee ownership literature suggests that ESOP satisfaction depends on the extent to which the ESOP meets employee needs and expectations for financial gain, influence in company decision-making, and sense of greater involvement in the company (Klein & Hall 1988, p.630). The literature also suggests that ESOP satisfaction correlates positively with organizational commitment and negatively with turnover intention.

*Proposition 3: There is a positive relation between one’s perception of the financial value of one’s shareholding and one’s ESOP Satisfaction*

*Proposition 4: There is a positive relation between employees’ perceived influence in decision-making as a result of ownership and employees’ ESOP satisfaction.*

*Proposition 5: ESOP Satisfaction is positively related to Work Satisfaction.*

*Proposition 6: ESOP Satisfaction is positively related to Affective Organizational Commitment.*

*Proposition 7: ESOP Satisfaction is negatively related to Turnover Intention.*

### 1.2.3. Organizational Commitment

The study of organizational commitment has a long history that has produced a voluminous body of literature focusing on the attachments that form between employees and their employing organization (Mowday 1998, p.387). For over three decades now, organizational researchers have been using organizational commitment in its relationships with various situational characteristics, attitudes, and behaviours of employees (Bateman & Strasser 1984, p.95). Commitment has also been defined and measured in many different ways. Indeed, this lack of consensus contributed greatly to its treatment as a multidimensional construct (Meyer & Herscovitch 2001, p.300). The first distinction that has been made is between *attitudinal* commitment and *behavioral* commitment (Meyer & Allen 1997, p.8). Mowday et al. 1982 (p. 26, cited in Meyer & Allen 1997, p.8) described these two approaches as follows:” Attitudinal commitment focuses on the process by which people come to think about their relationship with the organization. In many ways it can be thought of as a mind set in which individuals consider the extent to which their own values and goals are congruent with those of the organization. . . . Behavioral commitment, on the other hand, relates to the process by which individuals become locked into a certain organization and how they deal with this problem.” The second main distinction largely acknowledged by researchers is the tripartite definition of Meyer & Allen’s (1991) which represents a synthesis of the various definitions of organizational commitment (Meyer & Allen 1997, p.10). *Affective commitment* refers to the employee’s emotional attachment to, identification with, and involvement in the organization. Employees with a strong affective commitment continue employment with the organization because they *want* to do so. *Continuance commitment* refers to an awareness of the costs associated with leaving the organization. Employees whose primary link to the organization is based on continuance commitment remain because they *need* to do so. Finally, *normative commitment* reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they *ought* to remain with the organization. (Allen & Meyer 1991 p. 67) Having different motives, the components of commitment are likely to have different antecedents and consequences (Meyer & Herscovitch 2001, p.315). Concerning the antecedents, Meyer & Herscovitch (2001, p.316) suggest from a review of the literature that “any personal or situational variable that contributes to the likelihood that an individual will (a) become involved in a course of action, (b) recognize the value-relevance of association with an entity or pursuit of a course of action, and/or (c) derive his or her identity from association with an entity, or from working toward an objective, will contribute to the development of affective commitment.” Continuance commitment is characterized by the perception that it would be costly to discontinue a course of action. It is generally agreed that continuance commitment develops when a person makes investments, or side bets, that would be lost if he or she were to discontinue the activity (Meyer & Allen 1991, p.68). Finally, normative commitment is characterized by the mind-set that one has an obligation to pursue a course of action of relevance to a target. This feeling of obligation has been suggested to develop when an individual (a) has internalized a set of norms concerning appropriate conduct and/ or (b) is the recipient of benefits and experiences a need to reciprocate (Meyer & Allen 1991, p.72, Meyer & Herscovitch 2001, p.316).

In the following discussion, we will only focus on affective commitment since employees don't lose their stock value if they leave the company (continuance commitment therefore is not relevant for our study). In addition, affective organizational commitment seems to be the commitment component that produces the desired outcomes (e.g. lower turnover intentions, lower absenteeism...) for the right reasons, i.e. because of emotional attachment, identification with and involvement in the organization (Kuvaas 2003, p.196).

The employee ownership literature has often analyzed the respective effects of the employee ownership construct on overall organization commitment and, in most cases, on the attitudinal component exclusively. Concerning ownership *per se*, whatever the measure (size of one's ownership stake, comparison employee shareholders / non shareholders employees within and between companies), the studies of Buckho (1993), Kuvaas (2003), Long (1978a, 1978b & 1980), Pedleton, Wilson & Peel (1998) tend to support a positive relation between "intrinsic" employee ownership and organizational commitment while Klein (1987), Klein, Rosen & Young (1986) and Keef (1998) don't. Since evidence is mixed, we will not build hypothesis on any positive relation between employee ownership *per se* and organizational commitment. Concerning the "instrumental" and "extrinsic" characteristics of employee ownership, virtually all the studies that have been reviewed (Pedleton (2001) for the "extrinsic" part and Keef (1998) for the "instrumental" one, are the rare exceptions) support a positive relation with organizational commitment.

*Proposition 8: There is a positive relation between employees' perceived influence in decision-making as a result of ownership and employees' affective organizational commitment.*

*Proposition 9: There is a positive relation between one's perception of the financial value of one's shareholding and one's affective organizational commitment.*

A last issue to address at this point concerns the relation between job satisfaction and organizational commitment. Previous research show that these two employees' attitudes are very correlated (Meyer et al. 2002, p.22, Sagie 1998, p.159). Concerning their causal order, the dominant view in the literature assumes that satisfaction causes commitment (Currivan 1999, p.498, Steers 1977, p.51). Evidence in the employee ownership literature also supports these relations (Buchko 1993, p. 649).

*Proposition 10: There is a causal relation between job satisfaction and affective organizational commitment.*

#### 1.2.4. Psychological Ownership (PO).

The idea of psychological ownership for the organization has received increasing attention from scholars as a potentially important predictor of employee attitudes and behaviours (Pierce, Rubenfeld & Morgan, 1991, Pierce, Kostova & Dirks 2003, Vandewalle, Van Dyne & Kostova, 1995). As far as we know, this concept has been discussed for the first time in the employee ownership literature by Hammer and Stern (1980). Nevertheless, the same concept has been originally integrated in a model of the social-psychological and behavioural effects of employee ownership by Pierce, Rubenfeld & Morgan in 1991. PO has been subsequently conceptualized both at a general level and at an organizational level, often referring to employee stock ownership. At a general level PO has been defined as "the state in which

individuals feel as though the target of ownership or a piece of that target is “theirs”.”(Pierce, Kostova & Dirks 2003, p.86). PO has also been defined at the organizational level as “the psychologically experienced phenomenon in which an employee develops possessive feelings for the target.” (Van Dyne & Pierce 2004, p.25). It is important to well differentiate PO from the other relevant work-related attitudes, namely job satisfaction and organizational commitment. In fact the focus or question answered by each of these constructs is different. PO for the organization asks “How much do I feel this organization (workplace) is mine?”, *organizational commitment* asks “Why should I maintain my membership in this organization?” and *job satisfaction* asks “What evaluative judgments do I make about my job?” (Van Dyne & Pierce 2004, p.443). The work of Pierce, Kostova & Dirks (2001, 2003) describes the antecedents and consequences of PO. It is first suggested that the roots of PO can be partly found in three basic human motives: efficacy and effectance (individual’s desire to interact effectively with his or her environment), self identity (ownership helps people define themselves) and having a place (human need to possess a certain territory or space to have a “home” ).The authors propose next that PO emerges through three major experiences: the control of the target, the active participation or association with the target and the self investment in the target (Pierce, Kostova & Dirks 2001, pp.301-302 and 2003, pp.92-93). Finally, the authors suggest that PO may have both positive (citizenship behavior, personal sacrifice and assumption of risk, experienced responsibility and stewardship) and negative behavioral consequences (alienation, frustration and stress (Pierce, Kostova & Dirks 2003, pp.100-101). To date, we are aware of five empirical studies that have examined PO. The first was the Hammer and Stern’s one in 1980. The authors measured PO asking employees who had just bought their company, the extent to which they felt that individually and as a group they owned the company. The results showed no significant positive correlations between the number of shares owned and perceptions of ownership (p.87). Vandewalle, Van Dyne & Kostova (1995), examined PO of university housing cooperative residents. Their results showed significant positive relationships between residents’ PO and satisfaction, commitment and extra-role behaviors (p.216). Wagner, Parker & Christiansen (2003), developed a model of the psychological experience of employee ownership in work groups, to investigate antecedents and consequences of PO. Their study, based on data from a large retail organization, showed that working in climate supporting self-determination and 401(k) participation, were positively related to PO. They also found PO to be positively related to ownership behaviors and employee’s attitudes toward the organization (p.863). The study of Van Dyne and Pierce (2004), based on three field studies using responses from over 800 employees, found positive links between PO for the organization and employee attitudes (organizational commitment, job satisfaction and organization-based self esteem) and work behavior (performance and organizational citizenship) (p.451). Finally the study of Pendleton, Wilson & Wright’s (1998) of four U.K. bus companies showed feelings of ownership were significantly associated with higher levels of commitment and satisfaction (p.114). The study also provided support for both “intrinsic” and “instrumental” models as determinants of feelings of ownership (p.116). To summarize, psychological ownership is a concept allowing a better understanding of the attitudinal effects of ownership. For PO to emerge, individuals need to control, intimately know or invest themselves into the target. Finally, PO can have positive effects on individuals’ attitudes and behaviors toward the target. In accordance with the conceptual framework, empirical evidence shows that equity ownership and participation in decision making are antecedents of PO toward an organization and that PO has positive effects on employees’ work satisfaction and organizational commitment.

*Proposition 11: There is a positive relation between stock ownership per se and the level of psychological ownership.*

*Proposition 12: There is a positive relation between the level of information and participation in decision-making perceived by employees and their level of psychological ownership.*

*Proposition 13: There is a positive relation between psychological ownership and employees' job satisfaction*

*Proposition 14: There is a positive relation between psychological ownership and affective organizational commitment.*

*Proposition 15: There is a negative relation between psychological ownership and employees' turnover intention.*

#### 1.2.5. Turnover Intention

Employees' intent to stay is one of the most widely studied outcomes of both satisfaction and commitment (Currivan 1999, p.497).

A substantial body of empirical evidence links greater commitment to greater intent to stay, whereas fewer studies support a direct link between satisfaction and turnover, yet several support an indirect influence through commitment (Currivan 1999, p.497). The Meta-Analysis of Cotton & Tuttle (1986, p.61) and Griffeth, Hom & Gaertner (2000, pp.479-480) both show that overall job satisfaction and organizational commitment are stable and reliable correlates of turnover. In the employee ownership literature these relations are confirmed. Klein (1987, p.326) found a negative and significant relation between both ESOP satisfaction and organizational commitment and turnover intention. Buchko (1992b) confirmed these results since he found job satisfaction, ESOP satisfaction and organizational commitment to be negatively and significantly correlated with turnover intention (p.72).

*Proposition 16: There is a negative relation between employees' Job Satisfaction and Intention to Leave.*

*Proposition 17: There is a negative relation between employees' Affective Commitment and Intention to Leave.*

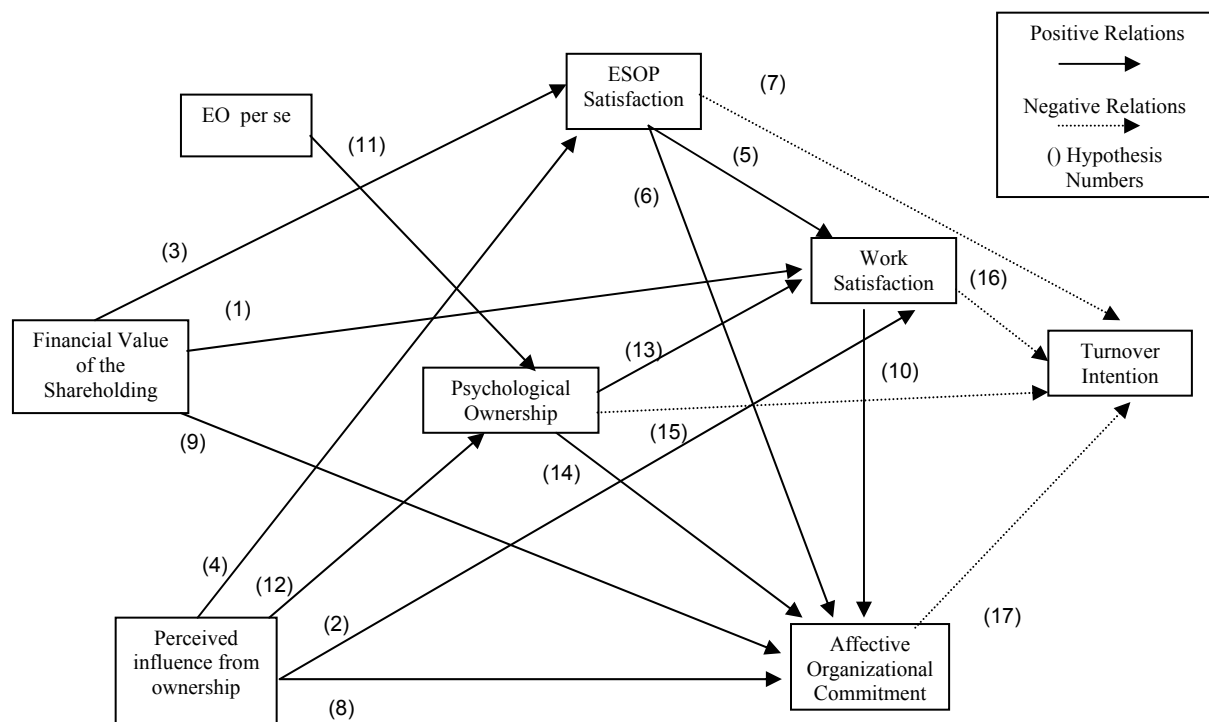
These results from previous research on commitment, satisfaction, psychological ownership, and turnover intention can be combined with research on the attitudes of employees in employee-owned firms with respect to many of these same variables to develop a model of the effects of ownership on attitudes. Once such model is derived (see Fig.1), it can be evaluated using path analytic techniques to determine if the model has explanatory utility (Buchko 1993, p.638). The empirical test of the model will be the object of a future work.

As suggested in introduction, the literature on the attitudinal effects of employee ownership is composed of virtually only studies made by Anglo-Saxon researchers on Anglo-Saxon employees of Anglo-Saxon companies. In fact, with the exception of the Norwegian B. Kuvaas, in our literature review, the countries "represented" are the United States (Blasi, Buchko, French, Klein, Kruse, Rosenstein ...), the United Kingdom (Pendleton, Wilson,

Wright...), the English speaking part of Canada (Long) and New Zealand (Keef). Research evidence (Gupta, Hanges & Dorfman 2002, p.13, Hofstede & Bond 1988, pp.12-13, Ronen & Shenkar 1985, p.449) shows that the United States, Canada, the United Kingdom and New Zealand can be clustered in an “Anglo Cluster” according to attitudinal data. Therefore, the conceptual model presented is likely to be relevant for Anglo-Saxon cultures. The following step of our theoretical reasoning will be to show why the relations highlighted in the “Anglo-Saxon Model” are likely to vary according to employees’ national culture.

FIGURE 1

PATH MODEL OF THE ATTITUDINAL EFFECTS OF EMPLOYEE OWNERSHIP IN ANGLO-SAXON CULTURES



## 2. Towards a Cross-Cultural Comparison of the Attitudinal Effects of Employee Ownership.

In order to justify the relevance of our research issue, we will review the cross-cultural management literature. This will allow us (1) to define and operationalize the concept of culture (2) to show the extent to which national culture can have a significant impact on the attitudinal effects of management practices and (3) to make theoretical hypotheses of cross-cultural variations of the attitudinal effects of employee ownership.



## **2.1. The Relevance of Research in Comparative Cross-Cultural Management (C.C.M.)**

### **2.1.1. Theoretical Relevance**

From a conceptual viewpoint, we suggest that the contribution of C.C.M. is twofold. Taking into account non-US<sup>1</sup> context, models, research and values (Boyacigiller & Adler 1991, p.263, Doktor, Tung & Von Glinow 1991b, p.363), C.C.M. can help to develop more universal theories. It can also help to assess existing theories and paradigms if we ought to apply them to environments different to the ones they have been conceived in.

*The development of universal knowledge.* The issue of the external validity of research evidence is a key one in scientific research. Therefore, in the field of management, there has been frequent discussion about international generalisability of theories (Rosenzweig 1994, p.28) and C.C.M. has been considered as a way to assess such validity at international level (Ronen & Shenkar 1985, p.435). It is generally assumed that the goal of science is to discover laws of nature to explain and predict why certain events occur and where they do. As such, all scientific research including social science research, should aim to develop general theories whose predictive utility is not limited to particular national or societal settings (Cheng 1994, p.162). Cheng (1994) suggests that a research finding has universal applicability if it can explain or predict variation in a dependent phenomenon using societal-level variables as predictors (p.163). There are therefore two types of universal theories: the ones whose validity is unaffected by societal context and the ones who incorporate characteristics of the societal context as independent variable (p.164). When we study social phenomena the second type of universal theories is particularly relevant. We can find a similar reasoning in Rosenzweig's work (1994).

*The external validity assessment of previously existing theories.* It is important to know to what extent the principles mainly developed in the United States are valid when applied to other socio-cultural contexts. Yet, few researchers have explicitly addressed this issue (Boyacigiller & Adler 1991, p.272) the large majority hypothesizing implicitly the universality of management theories. The "relativist" reasoning is that researchers, the theories used, the companies and employees that are the subjects of the empirical studies are all elements tinged with national culture (Hofstede 1994a, p.8). Therefore, the results of such studies are themselves tinged with specific values, especially in American research where all the elements cited are from the same country. Rosenzweig (1994) suggest that the extent of international validity of management theories depends on the positioning of the theory on a continuum with technical systems at one side and social systems at the other side : the more social, the less valid (pp.29-31, see also Mendoca & Kanungo 1994, p.190). Following this reasoning, therefore, human resource management (HRM) principles are likely to hold a limited external validity. Two classical HRM theories have been analyzed with respect to their international external validity, namely the motivation and leadership theories. Hermel (1994), Hofstede (1980, 1983), Hofstede & Bond (1988) and Morden (1995) for example, have shown that the underlying values of these theories correspond to the dominant values of the countries and times of their authors.

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<sup>1</sup> And more generally not limited to only one country.

### 2.1.2. Practical Relevance

Many authors have highlighted the relevance of national culture for effective management practices (Adler 1983b, p.226, Hofstede 1983, p.75). It has been suggested that the extent to which HRM practices are effective, depends on the fit between the norms, beliefs and values incorporated in the practices and employees' norms, beliefs and values (Kraut 1975, p.543, Mendoca & Kanungo 1994, p.190). Adler, Doktor & Redding (1986, p.304) have also mentioned the potential for synergy from cultural diversity that may drive to substantial competitive advantage. The relevance of culture for the management has been acknowledged at several levels.

At a macro-economic level, culture has been considered to be relevant for the relationships between rich and developing countries (Mendoca & Kanungo 1994, p.189), for the effective entry into new markets and new countries (Morden 1995, p.16) or international companies cooperation (Van Oudenhoven 2001, p.89). At an organizational level, we find studies showing the impact of culture on communication (Globokar 1995), on compensation practices (Schuler & Rogovsky 1998, Townsend, Scott & Markham 1990) or on the implementation of participative practices and preferred leadership styles (Koopman et al. 1999, Von Glinow, Huo & Lowe 2003, Yi & Park 2003). Overall, these studies suggest that human resource management practices and the effectiveness of their use can and do vary in response to cultural and other contextual factors (Von Glinow, Drost & Teagarden 2002, p.123).

## 2.2. Definition and Operationalization of the Culture Concept.

### 2.2.1. Defining the Concept of Culture

#### 2.2.1.1. General Definitions

There is no definition of culture that is consensually agreed upon by social scientists (Koopman et al. 1999, p.506). The concept of culture is the invention of anthropologists (Ajiferuke & Boddewyn 1970, p.154) and it is used in a wide range of social sciences (e.g. management, sociology, psychology). It has therefore different meanings in the different fields (Groeschl & Doherty 2000, p.13). According to Morey & Luthans (1985, pp.220-221), anthropologists do agree on certain attributes of culture namely (1) culture is learned, (2) it is transgenerational and cumulative in its development, (3) it is symbolic, (4) patterned, organized and integrated, (5) and adaptative. In the GLOBE research program<sup>2</sup> culture was defined as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations" (Koopman et al. 1999, p.507). The work of Trompenaars & Hampden-Turner (1997) is one of the references in cross-cultural management. The authors see culture as "a shared system of meanings. It dictates what we pay attention to, how we act

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<sup>2</sup> The Global Leadership and Organizational Behavior Effectiveness Research Program (GLOBE) is a cross-cultural research project, conceived by Robert House and funded in October 1993. Since then, GLOBE has evolved into a multiphase, multimethod research project in which some 170 investigators from over 60 nations representing all major cultural regions in the world collaborate to examine the inter-relationships between societal culture, organizational culture, and organizational leadership.

and what we value.” (p.13) “People within a culture do not all have identical sets of artifacts, norms, values and assumptions. Within each culture there is a wide spread of these. This spread does have a pattern around an average. So, in a sense, the variation around the norm can be seen as a normal distribution. Distinguishing one culture from another depends on the limits we want to make on each side of the distribution.” (p.24) Finally Hofstede (1983, p.76) has proposed one of the most popular definitions of culture: “culture is a mental programming: it is that part of our conditioning that we share with other members of our nation, region or group but not with members of other nations, regions or groups.”

To summarize, the review of different definitions of culture show that authors seem to agree on several elements. Some evoke the sources of culture: it concerns individuals’ life experiences in general. Other, evoke the components of culture: we often find concepts as attitudes, beliefs, symbols, norms, basic assumptions and motivations. These components can be implicit or explicit. We also find the properties of culture: it is learned, transgenerational, patterned, organized, integrated and adaptative. Finally, culture has an impact on individuals’ behaviour. Culture is therefore characterized by its determinants and components.

#### 2.2.1.2. The Determinants of Culture

Many authors evoke more or less explicitly several determinants of culture. Baligh (1994, p.16) suggest that family, language and communication, religion, government and politics, education, transformations and technology, society and economic structures and activities determine culture. Sekaran (1983, p.67) also suggests, even if indirectly, that culturally patterned behaviors, although distinct, are determined by the “economic, political, legal, religious, linguistic, educational, technological and industrial environment in which people find themselves.” Similarly, Peterson & Smith (1997) have included in their conceptual model 10 cultural “antecedents” or determinants namely language, proximity (that affects cultural exchanges between countries), colonization, religion, economic and technological systems, economic development, national boundaries, major industry, climate and topography (p.934). Hofstede (1983) goes beyond, suggesting a mutual relation between culture and the environment elements. If fact, the environment’s institutions like government, legal systems, educational systems industrial relations systems, family structures... influence the mental programming of individuals but culture influences in return the development of such institutions (p.76).

Authors seem to agree that culture is based on social groups’ environment. However, some elements of this environment, namely the different institutions that individuals are in close contact with all their life long, seem to determine culture more particularly. It is important to note that the respective importance of these institutions in determining culture do vary from one country to another. For example, the family’s institution is more “powerful” in some countries where the family links are strong compared to other countries.

#### 2.2.1.3. The Components of Culture

As early as 1965, Richman, defined the components of culture as “cultural constraints”, distinguishing “social constraints” (“the dominant human attitudes, values and beliefs in a given country, and the way they tend to influence the motivation, behavior and performance...” p.294) from “educational constraints” (i.e. formal educational and training programs in a given country). In Baligh’s view (1994), the main component of culture is behavior. However “behavior, or action, is only one component of culture and comes from

(...) the concept of truth, the basic beliefs, the basic values, the logic, and the decision rules. Each of these components has a set of values any one of which it may take.” (p.16)

Most authors agree that culture consists in several elements often explained by terms such as behaviour, values, norms, and basic assumptions. To simplify these classifications of manifestations of culture many authors use the layers of an onion as a metaphor (Groeschl & Doherty 2000, p.14). We find it, for example, in Trompenaars and Hampden-Turner’s book (1997). The basic idea is that the more we sink into the onion, the more we talk about deep and implicit elements. The outer layer represents the explicit culture, i.e. the observable reality of the language, food, buildings, houses, monuments, agriculture, shrines, markets, fashions and art. They are the symbols of a deeper level of culture (p.21). Explicit culture reflects the norms and values of an individual group. Norms are the mutual sense a group has of what is "right" and "wrong". Norms can develop on a formal level as written laws, and on an informal level as social control. Values, on the other hand, determine the definition of "good and bad" and are therefore closely related to the ideals shared by a group. Finally, to answer questions about basic differences in values between cultures it is necessary to go back to the core of human existence. The core of the onion represents the human basic assumptions which guide our desires and judgements about the reality (Trompenaars and Hampden-Turner 1997, p.23). Hofstede, also uses the onion metaphor in his 1994 book. (1994b, pp.23-24), with an analysis similar to Trompenaars and Hampden-Turner’s one.

To summarize, there is some agreement among authors on what forms culture. There is an implicit (the core of the onion) and an explicit part (the outer layer). The core of each culture is made up of “basic assumptions” that determine first individuals’ values, i.e. the tendency to prefer a certain state of things on another. This judgment passed on things, determine logically the attitudes towards these things: if wealth is perceived as a positive thing, therefore wealth will be valued and desired. Finally, the reality’s perceptions and desires will determine such explicit elements as the implementation of institutions, art, clothes, i.e. behaviours. In fact, if for example aesthetics are considered to be something important (value), beautiful things are likely to be appreciated (attitude). There will be therefore a tendency for decorating ones’ house, wearing nice clothes or visiting exhibits of painting (behaviours).

The analysis of the culture concept, allows us to bring some answer elements to one of the main issues of cross-cultural management research, namely the question of the unit of analysis: Nation or culture? (Ronen & Shenkar 1988, p.73)

#### 2.2.2. The Issue of the Unit of Analysis in Cross-Cultural Management

Within the existing literature, the dominant approach has been to equate nations with cultures (Tayeb 1994, p.432). However, this practice has come increasingly into question and several authors have criticized it as potentially misleading and even conceptually wrong (Ronen & Shenkar 1988, p.73). In our view, it is important to address this question if we want to run research in cross-cultural management because the choice of one option will determine the scientific relevance of the research.

*Unfavorable arguments for the use of Nation as a Unit of Cultural Analysis.* The use of the Nation State as a unit of cultural analysis embraces explicitly or implicitly as a first hypothesis, a high degree of cultural homogeneity within countries (Schollhammer 1969, p.92). However, many scholars suggest that it is easy to demonstrate that this homogeneity does not occur in most countries (Schollhammer 1969, p.92, Tayeb 1994, p.432) and that cultural space is increasingly synonymous with areas smaller than the Nation-State (Adler

1995, p.525, Groeschl & Doherty 2000, p.15, Koopman et al. 1999, p.509). There are many examples such as the case of strong regional cultures (Catalans and Basques in France and Spain), the case of large ethnic minorities within countries (the black community in the United States or the North African community in France), the case of countries whose borders don't fit to respective populations (this is the case with many African countries formerly colonized), that illustrate the gap between culture and nationality. Mc Murray (2003, p.479) illustrates this phenomenon suggesting that "many (...) countries no longer have a mono-cultural context and, with globalization, cultures and workplaces are becoming multi-cultural." To summarize, as a nation may contain several cultures, and a similar culture may exist in a number of nations, from a theoretical viewpoint, the appropriate unit of cultural analysis should be culture not the Nation (Ronen & Shenkar 1988, p.73).

*Favorable arguments for the use of Nation as a Unit of Cultural Analysis.* Our analysis of the concept of Culture, shows that there are several cultural levels. Culture refers in fact to "normal" values and basic assumptions of a social group. Moreover, we have seen that culture is determined by social groups' environment and particularly by institutions that are mostly "national" in nature. It seems therefore possible to determine the "normal" cultural characteristics of the individuals of the same country, even if, of course, there does also exist "normal" cultural characteristics of smaller social groups within the countries, with, for example, regional, religious, or professional cultures (see Schmidt 1994, p.162 and Schuler & Rogovsky 1998, p.161). Authors like Hofstede (1983, pp.75-76), McGaughey et al. (1997, pp.1-2) or Ronen & Shenkar (1985, p.444) share implicitly this point of view. Finally, the cultural clusterings proposed by Gupta, Hanges & Dorfman (2002), Hofstede (1994b) and Ronen & Shenkar (1985, 1988), show that it is even possible to determine "normal" cultural characteristics of social groups larger than countries i.e. countries cultural clusters.

The definition of the concept of culture, its determinants and its impact on attitudes and behaviors are important elements for research in cross-cultural management. However, it is also important to be able to operationalize the concept in order to use it as a research variable. In what follows, we will see the extent to which the Hofstede's model represents an important reference for culture operationalization.

### 2.2.3. The Hofstede's Model of National Cultures

The Hofstede's model of national cultures is widely considered as a reference in cross-cultural management (Black, 2001, p.262, Child 2000, p.37, Lim & Firkola 2000, p.137, Nasif et al. 1991, p.83, Sekaran 1983, p.69) even if his work has been criticized (Punnett & Withane 1990, p.69). In order to assess the relevance of the model we propose to briefly review its advantages and limits.

#### *Advantages of the model.*

The study of Hofstede was conducted twice (in 1968 and 1972) in 40 nations and included 116,000 respondents from a large multinational company (IBM): several authors have acknowledged this work as one of the few studies in cross-cultural management with both a large sample and longitudinal data (see Nasif et al. 1991, p.86). Moreover, this allowed the author to distinguish national cultural differences in responses from corporate and/or industry culture. In fact, people working for the same multinational but in different countries, represent well-matched samples from the populations of their countries, similar in all respects except nationality (Dowling & Nagel 1986, p.122, Hampden Turner & Trompenaars 1997, p.153, Hofstede 1994a, p.5 et 1994b, p.30, Ronen & Shenkar 1985, p.453). A statistical analyses and a theoretical reasoning lead Hofstede to highlight four criteria for describing culture which are

called dimensions. The author suggests that the theoretical legitimacy of the dimensions comes from the works of A. Inkeles and D. Levinson of 1954 (cited in Hofstede 1994b, p.30). The dimensions are the following ones:

The first dimension has been labeled *Power Distance* and it can be defined as the degree of inequality among people which the population of a country considers as normal: from relatively equal (small power distance), to extremely unequal (large power distance).

The second dimension has been labeled *Uncertainty Avoidance* and it indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations i.e. novel, unknown, surprising or different from usual.

The third dimension is labeled *Individualism vs. Collectivism* and it is the degree to which people in a country prefer to act as individuals rather than as members of a group.

Finally, the fourth dimension has been called *Masculinity vs. Femininity* and it is the degree to which values like assertiveness, performance, success and competition, which in nearly all societies are associated with the role of men, prevail over values like the quality of life, maintaining warm personal relationships, service, care for the weak, and solidarity, which in nearly all societies are more associated with the role of women (Hofstede 1994a, pp.5-6, Hofstede & Bond 1988, p.11).

Hofstede, considers that there is a striking similarity between his dimensions and the categories identified by Inkeles and Levinson in 1954 (1994b, p.31)

The author clustered the countries in his study on the basis of their placement on the four indices. This work allows the description of a countries' culture by its placement on the four continuums and by the attitudinal characteristics associated with that placement. Ronen & Shenkar (1985) suggest that the model allows knowing which countries are most similar and that one is in a better position to predict the sources of similarities and differences. Finally, the four Hofstede's dimensions are continuous variables, whereas culture and nationality are discrete variables (p.446). This is of course very important for the use of culture as a research variable.

#### *Limits of the Model.*

First, Chow, Kato & Shields (1994) suggest, contrary to other authors, that because of the use of data from subjects employed by the same firm, Hofstede's culture scores may have been confounded by firm specific factors, such as industry, size and corporate culture (p.384). Moreover, Hofstede's cultural scores were obtained in the 1970s, so, even if culture changes relatively slowly, their continued applicability more than three decades after may be open to question (Chow, Kato & Shields 1994, p.384, Nicholson & Stepina 1998, p.35). Some authors have also criticized a lack of an adequate theoretical basis of Hofstede's work (Punnett & Withane 1990, p.71) as well as the fact that the study was not planned in advance as an investigation into effects of culture on organizations and their members (Tayeb 1994, p.435). Finally, some authors have suggested that Hofstede's model is too simplistic to describe such a complex phenomenon as culture (Bird et al. 1999, p.152, Hampden-Turner & Trompenaars 1997, p.158, Hunt 1981, p.60).

To summarize, it seems important to indicate that Hofstede's work has been widely used in a broad range of social sciences. According to Soundergaard who presented in 1994 an analysis of applications and replications of the work of Hofstede, "the role of Hofstede's work is illustrated by the number of citations, the widespread usage of Hofstede's culture types beyond citation as well as confirmation of the results and validation of the dimensions by empirical research." (p.447) the work of Hofstede is relevant for cross-cultural research because it allows operationalizing and quantifying the concept of culture. Moreover, there are instinctive hypothetic-deductive relations between his culture dimensions and most human resource management practices, allowing the researcher to make theoretical propositions about the fit between underlying values of management practices and cultural values of the

employees to whom they are applied. As a conclusion on the concept of culture, it is important to point out the dangers of stereotypes. Whatever the relevance of Hofstede's or other models used in cultural analysis, it is important to keep in mind that, as suggested by Trompenaars & Hampden-Turner (1997, p.24), when a cultural characteristic is attributed to a social group, this refers to an average one. The metaphor of the normal distribution is very pertinent since it shows that minorities of individuals may deviate substantially from the group's normal characteristics (see Bird et al. 1999 for a discussion on cultural stereotypes).

### **2.3. Generating Hypothesis of Cross-Cultural Differences in the Attitudinal Effects of the Elements of the Employee Ownership Construct.**

According to our analysis of the concept of Culture and drawing on Robert et al. (2000), we will adopt the general hypothesis that variations in national culture may moderate the relationship between managerial practices and employee attitudes i.e. cultural differences may enhance or diminish the impact of managerial practices as they bear on job attitudes (Robert et al. 2000, p.643). This general hypothesis suggests that the success of managerial practices and implementation procedures is dependent on an appropriate fit between the assumptions, values, and beliefs inherent in any given managerial practice and the culturally based assumptions, values and beliefs held by those who are being managed (Robert et al. 2000, p.643, Townsend, Scott & Markham 1990, p.667, Von Glinow, Huo & Lowe 1999, p.3). Finally, as suggested by Robert et al. 2000, (p.643) "value congruence can be evaluated theoretically by determining the degree to which national cultures and managerial practices are similar on underlying dimensions". This theoretical process is consistent with the Lytle et al's (1994) paradigm. The dimensions of culture that may affect the focal model (i.e. the Anglo-Saxon model) are identified and then, hypothetic-deductive assumptions are generated about which relationships will vary with culture (Janssens, Brett & Smith 1995, p.365).

As this study is exploratory, we will not generate hypotheses of cross cultural differences for each of the model's paths. We will limit our analysis to some major differences likely to occur in the implementation of an employee share scheme in different cultures.

Employee ownership is a compensation system based on collective performance. The relevant cultural dimension here is obviously the *individualism-collectivism* one. According to Hofstede (1994b, p.93), in an individualist society, management practices must be individualized: incentives and bonuses must be based on individual performance to be effective. In a collectivist society, however, management is a group issue. Therefore, incentives based on collective performance should fit more to collective values. The "Anglo Saxon Model" suggest (even if through the financial value), a positive relation between stock ownership and ESOP satisfaction. This is consistent with the typical high individualism of Anglo-Saxon countries (Hofstede 1994b, p.79).

*Proposition 18: The ESOP satisfaction level is proportionally related to the level of collectivism.*

Empirical evidence, however, does not fully corroborate this view. On one side, Schuler & Rogovsky's (1998, p.169) study, confirms the relation between individualistic culture and implementation of compensation practices based on individual performance. On the other side, however, Lowe et al. (2002), in their cross-cultural study of employees attitudes and values toward compensation, found that in individualistic cultures such as U.S., Canada and Australia, employees exhibited low scores to the "is now" question and collectivist countries

like Mexico and Latin American countries exhibited high score in the “should be” question (p.51).

The Anglo-Saxon employee ownership literature suggests that the most important element in the attitudinal effects is the employees’ perceived influence in decision making as a result of ownership. The underlying assumption is therefore that participation in decision making is considered as a desirable thing by employees. The relevant Hofstede’s dimension of course is *Power Distance*. According to Hofstede (1980), it indicates “the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally. It’s reflected in the values of the less powerful members as well as in those to the more powerful ones.” (p.45) The author also suggests that US theories of leadership have in common that they all advocate participation in the manager’s decisions by his/her subordinates, and that this can be understood from the middle position of the United States on Power Distance (p.56). That is why Hofstede follows, in countries with smaller Power Distances such as Sweden or Norway there is considerable sympathy for models of management in which even the initiatives for participation are taken by the subordinates (p.57).

*Proposition 19: The strength of the positive relation between Perceived influence from ownership and ESOP Satisfaction is proportionally (negatively) related to the level of Power Distance. In societies with high levels of Power Distance, there may be either a negative relationship or no linear relationship.*

*Proposition 20: The strength of the positive relation between Perceived influence from ownership and Psychological Ownership is proportionally (negatively) related to the level of Power Distance. In societies with high levels of Power Distance, there may be either a negative relationship or no linear relationship.*

*Proposition 21: The strength of the positive relation between Perceived influence from ownership and Job Satisfaction is proportionally (negatively) related to the level of Power Distance. In societies with high levels of Power Distance, there may be either a negative relationship or no linear relationship.*

*Proposition 22: The strength of the positive relation between Perceived influence from ownership and Affective Organizational Commitment is proportionally (negatively) related to the level of Power Distance. In societies with high levels of Power Distance, there may be either a negative relationship or no linear relationship.*

Here again, empirical evidence from past studies on participative management is relatively mixed. Hope Pelled and Hill (1997) studied the relationship between participative management and the effectiveness in terms of performance and employee turnover, of 44 production facilities in Mexico (Power Distance index: 81, classified 5/6 out of 53 countries and regions, (Hofstede 1994b, p.45)). The results showed that participative management was associated with lower turnover and enhanced performance (p.197). White and Ruh (1973) found in a study of 2,755 employees from six American companies, that values (even if not cultural ones) did not consistently moderate the relation between participation and job attitudes (p.512). Finally Yousef (2000) found in his study of workers in United Arab Emirates, a positive relation between employees’ perceived participative management and organizational commitment, work satisfaction and performance (p.17).

Other empirical studies, however, do bring support to our *a priori* theoretical considerations. Klidas (2002) carried out a study based on the Hofstede’s framework, which he conducted among employees and managers of 16 upscale and luxury hotels of a single well-known



American Multinational corporation, working in seven different European countries. The results showed that in countries with low indices of Power Distance, employees were more inclined to demonstrate extra-role “empowered” behavior, and in countries with high index of Power Distance, it was perceived by employees that they had lower degree of autonomy to function independently in their job (p.6). Some empirical support for the relation between culture and participative management can be also found in the Parnell, Bell and Taylor’s (1992) study whose results suggest that “an individual’s tendency to engage in participative decision making is influenced by one’s assessment of prevailing culture within the organization (...) and beliefs concerning the relationship between participation and performance” (p.39). Finally, Von Glinow, Huo and Lowe’s (1999) comparison of the prevalent views of leadership in the United States, Taiwan and Japan, suggests that “culture plays a crucial role in explaining (...) cross-cultural differences in leader roles since it determines the values and preferences of organizational members.”(p.12)

The work of Schaupp (1978) on the cross-cultural attitudinal responses to participative management brings some insight to this controversy. The study was based on questionnaires from employees of the same company working in 8 different countries. The findings indicated that perceptual differences were more a matter of degree than kind (p.114). In fact, the results partially corroborated the position of the universalists, however, they showed that the degree of preference for participative management was related to culture (p.115).

In order to integrate the empirical evidence and especially Schaupp’s suggestions, we propose to refine our hypothesis concerning Perceived influence from Ownership, removing the last part, namely “*In societies with high levels of Power Distance, there may be either a negative relationship or no linear relationship*”, since evidence seems to suggest a universal employees’ preference for participative management but with differences of degree.

The propositions would therefore be as follows:

*Proposition 19’: The strength of the positive relation between Perceived influence from ownership and ESOP Satisfaction is proportionally (negatively) related to the level of Power Distance.*

*Proposition 20’: The strength of the positive relation between Perceived influence from ownership and Psychological Ownership is proportionally (negatively) related to the level of Power Distance.*

*Proposition 21’: The strength of the positive relation between Perceived influence from ownership and Job Satisfaction is proportionally (negatively) related to the level of Power Distance.*

*Proposition 22’: The strength of the positive relation between Perceived influence from ownership and Affective Organizational Commitment is proportionally (negatively) related to the level of Power Distance.*

Another characteristic of employee stock ownership is to be a risky investment. Desbrières (2002) suggests that through stock ownership, employees have to invest an amount of their financial capital in their company when they have already invested their human capital in it. Moreover, this financial investment is not available before several years (usually five) of unavailability. The consequence is a risk concentration in the company for employees (p.59).

Sparrow (2002) also sees employee ownership as risky. In fact, in spite of the fact that stock is usually sold to employees at a price lower than the market value and that companies often make financial contributions increasing the ownership value, stock value is submitted to stock market fluctuations. Employees also bear often the risk of low immediate reward with more deferred gratification (p.50, see also Kuvaas 2003, p.198). For Sparrow, therefore, stock ownership is a kind a “lottery” for employees (2002, p.49).

The relevant cultural dimension concerning attitudes toward risk is Uncertainty Avoidance, defined as the extent to which people in a society feels threatened by uncertain and ambiguous situations (Hofstede 1980, p.45).

*Proposition 24: The level of ESOP Satisfaction is proportionally negatively related to the level of Uncertainty Avoidance.*

According to Hsee and Weber (1999), another relevant dimension, even if less intuitive, may be Individualism-Collectivism. In fact, their study on cross-national differences in risk preferences, revealed the surprising finding that Chinese respondents exhibited a greater risk-seeking tendency than their American counterparts (contrary to what we could have expected from the Uncertainty Avoidance indexes) and this element brought support to the “cushion hypothesis”. According to this hypothesis, people in collectivist countries live in extended families and have close contact with a large number of relatives. If they are in need, they can turn to this social network for material and financial support. Therefore, the adverse outcome of a risky option may, objectively and subjectively, be less severe in collectivist countries rather than in individualistic ones (Hsee & Weber 1999, p.172).

*Proposition 24': The level of ESOP Satisfaction is proportionally negatively related to the level of Individualism.*

According to the “Anglo-Saxon Model”, employee ownership increases ESOP Satisfaction, Job Satisfaction and Affective Organizational Commitment to the extent that it is financially rewarding. This assumes that financial reward is valued highly by employees when assessing stock ownership. Hofstede, suggests that the acquisition of money and things (1980, p.46) and the particularly highly valuation of high compensation (1994b, p.112) are dominant values in *masculine* cultures. Pierce, Kostova and Dirks (2003) suggest that both “biology and social experiences play a role in shaping people’s relations to their possessions” and they cite Dittmar (1992)<sup>3</sup> who suggests that “Social and cultural factors significantly influence how people relate to their material possessions” (p.88). This suggests that ownership may be valued differently according to cultural values and that masculine countries are likely to value it more than feminine countries. However, as for participative management, we suggest that people have a universally positive attitude toward ownership and financial value, though in varying degrees.

*Proposition 25: The strength of the positive relation between the Financial Value of the Shareholding and Affective Organizational Commitment is proportionally (positively) related to the level of Masculinity.*

*Proposition 26: The strength of the positive relation between the Financial Value of the Shareholding and Job Satisfaction is proportionally (positively) related to the level of Masculinity*

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<sup>3</sup> DITTMAR H. (1992) “*The Social Psychology of Material Possessions: to Have is to Be.*” New York, St Martin’s Press.

*Proposition 27: The strength of the positive relation between the Financial Value of the Shareholding and ESOP Satisfaction is proportionally (positively) related to the level of Masculinity*

*Proposition 28: The strength of the positive relation between Employee Ownership per se and Psychological Ownership is proportionally (positively) related to the level of Masculinity.*

*Proposition 29: The strength of the positive relation between Psychological Ownership and Affective Organizational Commitment is proportionally (positively) related to the level of Masculinity.*

*Proposition 30: The strength of the positive relation between Psychological Ownership and Job Satisfaction is proportionally (positively) related to the level of Masculinity.*

*Proposition 31: The strength of the negative relation between Psychological Ownership and Turnover Intention is proportionally (positively) related to the level of Masculinity.*

A final issue to consider is whether and to what extent the relations between attitudinal variables are likely to vary across cultures. Luthans, McCaul and Dodd's (1985) study compared the levels of organizational commitment among American, Japanese and Korean employees. The results showed no basic *a priori* commitment difference in these three countries (p.217). In a study on 430 individuals working in different organizations in the United Arab Emirates, Yousef (2000) found a positive and significant relation between organizational commitment and job satisfaction (p.15). Of even more interest is the 1998 research by Buchko, Weinzimmer and Sergeyev which tested whether antecedents, correlates and consequences of organizational commitment varied across cultures. They based their empirical study on a sample of 180 workers from a privatized Russian organization. The results showed that US-based theories regarding antecedents, correlates and consequences of organizational commitment were generally applicable to Russian Workers. More specifically, significant correlations were found between commitment on one side and work satisfaction (positive) and turnover intention (negative) on the other side (Buchko, Weinzimmer & Sergeyev 1998, pp.113-114).

Overall, the correlations between the attitudinal variables of the "Anglo-Saxon Model" seem not to vary across cultures.

*Proposition 31: The pattern of relations between Psychological Ownership, ESOP Satisfaction, Job Satisfaction, Affective Organizational Commitment and Turnover Intention is consistent cross-culturally.*

## **CONCLUSION & DISCUSSION**

The employee ownership literature is particularly difficult to integrate. Our review reveals the use of case studies and anecdotal reports, different conceptualizations and operationalizations of the ownership construct, the lack of a well developed theoretical paradigm, a variety of research designs and a lack of control for implementation process effects and contextual differences (Pierce, Rubenfeld & Morgan 1991, p.137). Empirical evidence that has

accumulated to date, however, suggests employee ownership *per se* may be important in the development of psychological ownership but that employees' perception that ownership is financially rewarding and, above all, employees' perception of an increased influence in the decision making process due to ownership, seem to be the main factors explaining the positive attitudinal effects of employee ownership in Anglo-Saxon cultures. Finally, the literature suggests that management's philosophical commitment to the employee ownership system is likely to play a very significant role for EO to be more than only an element of the compensation package but rather an element of the company's culture and overall human relations policy. The cross-cultural management literature suggests that culture moderates the attitudinal and behavioral effects of management practices and policies. Because of a lack of non Anglo-Saxon evidence on the attitudinal effects of employee ownership, it seemed important to wonder whether the model presented from Anglo-Saxon literature kept its validity when applied to other cultures. In order to bring some response elements, we have first defined and operationalized the concept of culture in a way that seemed to reflect a major trend of the cross-cultural management literature. According to Robert et al. (2000, p.643), Townsend, Scott & Markham (1990, p.667) and Von Glinow, Huo & Lowe (1999, p.3) we have adopted the general hypothesis that the successes of managerial practices and implementation procedures are dependent on an appropriate fit between the assumptions, values, and beliefs inherent in any given managerial practice and the culturally based assumptions, values and beliefs held by those who are being managed. We have then tried to generate hypothetic-deductive propositions of cross-cultural variations in the "Anglo-Saxon Model" from (1) the Hofstede model of national cultures, (2) the Lytle et al's (1994) paradigm and (3) past empirical evidence. Our results suggest that the construct of employee ownership fits, in terms of values, with high Collectivism, high Masculinity, low Power Distance and low Uncertainty Avoidance.

Hofstede's work (1983) shows that Anglo-Saxon and Scandinavian countries have low indexes of power distance and uncertainty avoidance (p.84). However, they are both quite Individualistic and Scandinavians have high levels of femininity. Only Costa Rica shows at the same time small Power Distance and low Individualism (p.82). Anglo Saxon and Asian countries share both weak uncertainty avoidance and masculinity (p.86) but Anglo-Saxons have high levels of individualism and Asians have high levels of Power Distance (p.84). Overall, virtually no country shows at the same time the values to perfectly fit to the values of the "Anglo-Saxon Model". However, virtually no country has values completely inconsistent with the model's values. This suggests that employee ownership may have positive attitudinal effects provided that some local adjustments are carried out in order to maximize values' fit.

For countries with high levels of Uncertainty Avoidance, for example, the "vesting period" can be lowered or a system of insurance can be created to insure employees' capital from decrease in stock value. The level of employees' participation in information and decision-making can also be modulated to fit employees' expectations and avoid frustration on the one hand and stress on the other hand (e.g. too much participation than expected). Finally, our theoretical results suggest a need of adaptation in employee ownership communication. The communication of employee ownership plans is widely considered as a critical issue (Rousseau 2001, p.174, Schneider 2001, p.138) The case of multinational corporations is especially interesting concerning communication. In fact, discussions with employee ownership managers of French Multinationals revealed that they usually implement global standardized EO plans. One of these executives revealed us that during the last wave of stock allocation to employees, Slovenian employees responded negatively showing a low rate of subscriptions. As suggested by Schneider (2001, p.141) "(...) we need to be sensitive to the cultural issues surrounding stock ownership. Communications cannot be tailored to the employee population as a whole (...).To some extent, our theoretical results bring some

FIGURE 2  
HOFTEDÉ'S SCORES ON FOUR CULTURAL DIMENSIONS FOR FIFTY COUNTRIES AND THREE REGIONS

Country	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Country	Power Distance	Individualism	Masculinity	Uncertainty Avoidance
Argentina	49	46	56	86	Korea (S)	60	18	39	85
Australia	36	90	61	51	Malaysia	104	26	50	36
Austria	11	55	79	70	Mexico	81	30	69	82
Belgium	65	75	54	94	Netherlands	38	80	14	53
Brazil	69	38	49	76	Norway	31	69	8	50
Canada	39	80	52	48	New Zealand	22	79	58	49
Chile	63	23	28	86	Pakistan	55	14	50	70
Colombia	67	13	64	80	Panama	95	11	44	86
Costa Rica	35	15	21	86	Peru	64	16	42	87
Denmark	18	74	16	23	Philippines	94	32	64	44
Ecuador	78	8	63	67	Portugal	63	27	31	104
Finland	33	63	26	59	South Africa	49	65	63	49
France	68	71	43	86	Salvador	66	19	40	94
Germany (F.R.)	35	67	66	65	Singapore	74	20	48	8
Great Britain	35	89	66	35	Spain	57	51	42	86
Greece	60	35	57	112	Sweden	31	71	5	29
Guatemala	95	6	37	101	Switzerland	34	68	70	58
Hong Kong	68	25	57	29	Taiwan	58	17	45	69
Indonesia	78	14	46	48	Thailand	64	20	34	64
India	77	48	56	40	Turkey	66	37	45	85
Iran	58	41	43	59	Uruguay	61	36	38	100
Ireland	28	70	68	35	United States	40	91	62	46
Israel	13	54	47	81	Venezuela	81	12	73	76
Italy	50	76	70	75	Yugoslavia	76	27	21	88
Jamaica	45	39	68	13					
Japan	54	46	95	92	<i>Regions.</i>				
					East Africa	64	27	41	52
					West Africa	77	20	46	54
					Arab Countries	80	38	53	68

Source : Hofstede G. & Bond M.H. (1988, pp.12-13)

N.B.: These scores are relative, the scales have been chosen in such a way that the distance between the lowest- and the highest-scoring country is about 100 points.

insight to the kind of communication adaptations needed according to the countries, in order to maximize the psychological incentives to subscribe to stock and to minimize the psychological brakes.

At a theoretical level, our analysis brings some support to Schaupp (1978) suggesting a broad universality of the “Anglo-Saxon Model” with cross-cultural differences of degree rather than kind. Our study also suggests that Hofstede’s model of national cultures becomes difficult to adopt and less relevant for complex reasoning like the one we have carried out, bringing some support to the authors who have criticized the model as being too simplistic (e.g. Bird et al. 1999, p.152, Hampden-Turner & Trompenaars 1997, p.158, Hunt 1981, p.60).

The theoretical propositions presented in this paper are exploratory in nature, since there are virtually no past studies of the cross-cultural attitudinal effects of employee ownership. There is obviously a need for empirical testing in order to draw more relevant conclusions: this will be the aim of our further work.

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