



Employee perceptions of share schemes.

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Abstract

Companies are under pressure to develop and design effective incentive schemes for their employees with an aim of attracting and retaining talent. Whilst other organisations consider various methods to motivate employees, employee share schemes have dominated the agenda in many companies.

It is expected that share schemes would achieve the desired objective through aligning the objectives of the employer with those of the employees.

In the study, employee perceptions of share schemes are investigated to establish if the above objective is maintained. A medium sized company listed on the JSE was selected for the study with 105 respondents being solicited for a population of 242.

The results confirmed that employee shareholders do have perceptions ranging from expectations of empowerment to employee engagement in decision-making.

The study contributes to the body of knowledge and research in remuneration strategies for today's work environment, and makes recommendations for companies with the intention to improve the worker's social well-being.

Keywords:

- Employee perceptions
- Share schemes

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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CHAPTER 1: Introduction to Research Problem

1.1 Introduction

Compensation and reward systems are considered a central issue in maintaining a high level commitment in organisations today. Whether the purpose is to motivate, in which organisational commitment is sought; or whether it is for retaining scarce skills or attracting talent to the organisation, the targeted individuals are central to how organisations succeed.

Bussin (2009) highlights that market trends indicate that organisations are under pressure to develop and design effective incentive schemes for their employees for a variety of reasons; and, as such, these organisations have a vested interest in finding out if the incentive scheme that they implement results in the desired behaviour from their employees. Companies implement share schemes with the hope that they can create value add for their stakeholders, especially through motivating employees.

Latham and Ernst (2006) argue that in the first two decades of the twentieth century, the study of motivation was left largely to the engineers. This was based on the argument that money was the primary, if not the only source of employee's motivation. But, with continuing attitude surveys conducted during the third decade, it was revealed that this was not true. A further over-simplified conclusion was made due to the fact that a happy worker is a productive worker.

Only until the mid-eighties specific retirement funds were considered to be sound retention vehicles for employees, but as Bussin and De Beer (2009) suggest, these were highly regarded because their benefit formulas were often based on the weighting of years of service and final salary. However as time went by, share schemes gained in popularity for the retention of key staff, especially as a result of their financial perspective.

According to Grigoriadis and Bussin (2007), there is a global trend to implement incentive schemes in line with new remuneration strategies for employees. It is evident from previous studies such as that undertaken by Grigoriadis and Bussin (2007) that the greater part of these schemes previously targeted executives as well as employees with scarce skills, whereas the majority of the lower level staff and middle management were left out.

Whilst both short-term and long-term incentives are common in today's strategies to incentivise staff, share schemes have become increasingly adopted in the context of changing ownership relations between employees and owners of business.

In a study exploring on employees' views on organisational commitment, Lesabe and Nkosi (2007) found that compensation, benefit packages, moral motivation, career growth, leadership style, nature of job training and development, performance management system and the work environment, were factors affecting employee commitment in the workplace.

Bhengu (2009) supports the view that the use of employee share schemes as part of a companies' reward system has gained prevalence in many companies. According to Bhengu (2009), employee share schemes have gained momentum because most employers believe that such strategy aligns the interests of employees with those of the company.

In line with Bussin and De Beer's (2009) argument above, questions had been raised in relation to the effectiveness of behavioural impact of share schemes to employees. One such is the fact that organisations often reward behaviour that is not in line with the objectives of the scheme. Should this be the case, then wrong behaviour will result in wrong objectives being achieved. But, the good thing is that if these incentives do influence behaviour, then companies can influence behaviour of its staff and customers at the same time. By making employees happy, the company can simultaneously influence the behaviour of its employees and that of its customers.

The conclusion that share schemes play an integral part in companies' ability to attract and motivate becomes imperative. However, through the study, a deeper analysis of how the participating employees view share schemes is expected to provide deeper understanding of how employees are motivated.

Bhengu (2009) believes that the use of strategies such as employee share schemes is not only South African bound, but it is a global trend in which individual companies have to consider the environments in which they operate and potential circumstances thereof.

What remains important for this study is the fact that other external factors need to be considered in order to understand how individual perceptions are built over the implementation of share schemes.

In the UK, about ninety two percent of listed companies offer shares to their employees comprising of 3.5 million participants. In recent years, there has been substantial growth in the number of employee share-ownership schemes throughout Europe with expectations that the numbers will double over the next five to ten years. In the USA, this spread is even wider, to an extent that many executives are now only paid in shares. Employee share schemes are also popular in France, Canada and Australia. Research in the USA indicates that in closely-held firms such as family businesses, employee share-ownership is consistently associated with increased firm performance (McCarthy, Reeves & Turner, 2010).

McCarthy, Reeves and Turner (2010) further estimated that there were approximately 400 employee share-ownership schemes in 2005 in Ireland. Despite this high number of share schemes, not all were implemented by the private sector, mostly were developed as part of the public sector initiative and compared to South Africa, companies in South Africa have been on both sides as part of privatisation as well as broad-based black empowerment mission.

Whilst received with high hopes, the high dropout rate after vesting of many share schemes in South Africa, both for employees and black empowerment schemes, raises

concerns over the effectiveness of share schemes and their implementation.

The latest view about share schemes are that the after tax benefits to employees are set to reduce substantially in the future. Along with these reductions will be the vesting periods that will see employers benefiting from the reduction of expense effect such as tax (Bussin and De Beer (2009)).

Whatever reasons that may be forwarded, in the choice of a method for effective remuneration Barnes (2009) argues that in the light of tax benefits or global trends and change in the reward landscapes, good corporate governance remains in the centre of all the debates towards the implementation of remuneration strategies.

Grobler, Warnich, Carrel, Elbert and Hatfield (2006) contend that retention of employees is a major focus of human resources. As Barnes (2009) argues, retaining staff and failure to retain them in organisations, has inherent impact on the functioning of the organisation. Even deeply concerning is the cost impact of either successfully managing share schemes, or implementing them to the disadvantage of the organisation.

Symanowitz (2009) argues that organisations continue to lose staff and talent because the employees are not satisfied with what the organisations do for them. Furthermore, employees leave organisations because a number of unsolved problems drive them out of these organisations and nothing can be resolved unless employees themselves are prepared to address them with their employees.

Barnes (2009, p.41) contrarily, calls for a closer look at the strategies for compensating staff. According to him, “having a bell curve performance distribution is not sufficient”; it is important to “emphasize how you reward the tails and curve”.

Empowerment has come to be a widely regarded way of managing organisations. Although empowerment is by no means new, however, the managerial practices and processes, just like economic contexts have evolved in the last few decades (Psoinos & Smithson, 2002).

According to Bussin (2009), share schemes like any other incentives can easily motivate staff towards higher levels of performance. The results of these usually relate to the achievement of certain goals, either personal, team or organisational, or a combination of all; but what comes as a challenge is how effective they are to both the company and employees.

As Bussin (2009) suggests, incentives must be affordable, transparent and appropriate to the business and the jobs that they relate to. Bussin contends that it is worth introducing them only after consulting with staff or unions to get the buy-in from the individuals that will participate in the scheme. This in its own challenges the companies to ensure engagement by employees in determining the relevant incentives for its employees.

As Bussin (2009) contends, the traditional focus in many Human Resources practices

has been to confuse retention as “holding or keeping” rather than to “engage” a service. He further argues that high-value employees want to be engaged and not to be kept through remuneration. Employees want to be empowered through the scheme. This analogy forms the basis of our argument for the alignment of expectations between companies and employees. These expectations are embedded in their perceptions of the nature of relationships aspired on both sides.

1.2 Aims of the study and benefit to academic research.

The implementation of share schemes in companies raises fundamental concerns for organisations and those that participate in them. Whilst companies believe that these schemes have potential to attract, retain and motivate employees, questions remain unanswered as to the real effect on employees. Through this study, it is expected to establish how employees perceive the effects of share schemes. The results of the study will provide guidelines on the level of mismatch in the perceptions of companies as well as those of employees, should they exist.

The study makes a valuable contribution to the understanding of the role played by share schemes in companies and the influences they have on employee behaviour in the course of fulfilling the company objectives.

The study also makes a valuable contribution to the understanding of the implementation of employee share schemes as well as perceptions of these schemes by employees. It will further broaden the knowledge-base for remuneration strategies in South Africa.

The research is considered relevant in the context of staff motivation and competition for scarce skills (resources). Staff poaching has been identified as common amongst several top companies, including those listed on the JSE; hence, the study contributes to improving views on relevance of employees share incentive schemes.

A comparative study done by Grigoriadis and Bussin (2007), concentrated on current practices with regard to short-term incentive schemes targeted at middle managers. This provides value in designing the proposed study and factors that can be considered for empirical tests in the share schemes. The success of this study will assist in exposing such factors already identified, to be retested in another environment and explore whether there will be differences in terms of their effect in a long-term incentive scheme environment.

Cited as learning from Grigoriadis and Bussin's study (2007), was that a study such as this one would add value if conducted amongst the individuals who have or are participating on the scheme itself. This has potential to provide primary evidence of the level of effectiveness of such an incentive scheme, rather than basing results provided by those who have designed them. It is for this reason that the study is based on primary data from employees participating in a share scheme.

There are different types of employee share incentive schemes, and objectives for their implementation vary with organisations. The proposed study considers the impact of

share incentive schemes, which is a long-term incentive, and by nature linked to aiming at retaining staff for considerable time. The scheme has a three year retention which expired end of 2009 and employees are now allowed to cash their shares if they so choose. The study has potential to stimulate further debates on new directions for the conception of employee share schemes.

According to Pendleton, Wilson and Wright (1998), since the mid-1980s there has been considerable interest on establishing the link between employee share ownership, employee attitudes and company performance, and this was prompted by the growth in employee shareholding in many industrialised and emerging market economies. In such context, those that promote employee share ownership argue that it has positive effects on employee attitudes and argue that employee owners are more likely to identify with their company and feel that they are part of it, be motivated to perform well, be aware of the competitive pressures and remain attached to the company.

However, based on studies made in the UK, there are some mixed feelings regarding the impact of the employee share ownership on attitudinal change. The outcome of such studies has been that a very minimal difference has been found between the employee shareholders and other ordinary employees. An argument posed in this regard is that the employee equity are too small in relation to total equity to bring about a pronounced sense of ownership, and furthermore, only a few opportunities exist for employees to translate into effective or increased control and participation in decision-making (Pendleton, Wilson & Wright, 1998).

Proponents of employee share ownership contend that ownership generates more favourable attitudes towards the company and encourage a spirit of togetherness amongst employees whilst increasing greater organisational commitment. This in turn leads to changes in behaviour, such as greater personal effort, a reduced propensity to quit and greater scrutiny of colleague's work behaviour. It is conceived that these changes in individual behaviour can in time be reflected in improvements in collective performance, as measured by productivity and profitability (Pendleton, Wilson & Wright, 1998).

In furthering the objectives of the study, and based on the above arguments, it is of interest to consider the impact of the depth of share ownership and how it impacts on their perceptions. According to Pendleton, Wilson and Wright (1998), there is some evidence that where larger ownership stakes are held by employees, attitudinal changes are more pronounced. The depth of ownership in this regard refers to the proportion of equity held by employees or the number of shares held by individuals. As a result, the study makes comparison between employees who own shares in the company and those that do not own shares in order to observe any differences in perceptions.

Kruse (2002) however argues that employee ownership cannot be considered in simplicity and a unidimensional concept that results in the classification of a company as employee-owned.

Four dimensions of employee ownership are identified as:

- i) The number of employees who participate in ownership
- ii) The size of ownership or equity owned in total within the company by employees
- iii) The level of inequality of ownership amongst employees
- iv) The extent to which the employees are granted rights in the company

It is argued that employees who feel like owners are those with higher levels of ownership and perceptions of participation, and these display a higher level of commitment to the company and satisfaction with the organisation.

Employee ownership has attracted attention and interest for a variety of reasons. Much of the interest into employee ownership has focused on its potential to better economic performance by organisations through motivation and commitment by employees. As Kruse (2002) contends, there is a strong belief amongst public that employees-owners work harder and pay more attention to the quality of work than those that do not own the company, and as such, these would be more likely to vote their shares in the long-term in the interest of the company than those that do not own shares.

Further arguments to share ownership is based on its potential to broaden the distribution of wealth, decrease labour management conflict and enhance social cohesion amongst the employees (Kruse, 2002).

In recent years, the use of share schemes as part of the employees' benefits has become common, and this is influenced by a number of factors. Share Schemes are considered to align the objectives of employees with those of the company. They also provide tax benefits for both the employers as well as employees. Share schemes also offer succession planning opportunities. Those shareholders retiring from the scheme transfer their shares into the scheme and an internal member takes further ownership without having to rely on outside members (Rm2 Directors Share Guide, 2010).

In this chapter a brief overview on literature was offered to define the context of the study and to provide the nature of the research problem. The next chapter comprises of a review of literature about employee perceptions and share schemes. This forms the basis for the research questions for which the study is aimed.

CHAPTER 2: Literature Review

2.1 Introduction

In the previous chapter, an introduction of the aims and objectives of the research was made. The next chapter reviews the existing literature based on the key aspects of the research. Two main constructs are covered to deal with the research problem; namely, employee perceptions and share schemes.

There is a growing interest in the implementation of share schemes by several companies, whether being a listed entity or not. This is an initiative following global trends through which companies are altering their relations with their employees by offering them different forms of ownership in the company, while hoping to enhance a reciprocal commitment from their employees.

A number of reasons can be cited both by employers as well as employees with regard to the reasons for introducing such schemes. Other arguments being forwarded in favour of putting financial participation into practice are that it is considered a human resource management instrument, but company specific. Poutsma and de Nijs (2003) mention that it is considered to commit employees to the company and can enhance an entrepreneurial attitude, thereby enhancing co-operation between employees and management.

2.2 Employee perceptions

Perceptions play an important role in human beings because they affect how people react to the environment by developing attitudes towards what is being communicated to them. Perceptions are built within individuals' internalisations as well as a result of the social environment in which they find themselves.

2.2.1 Definition of Perceptions

Perceptions are defined in various ways by different disciplines. Below are some of the approaches in which perceptions are defined. In psychology and the cognitive sciences, perception is defined as a process in which information is acquired, interpreted, selected and organised (wordiq.com, 2010).

Perceptions can be understood from the biological or physiological as well as psychological approaches and often very abstract mental philosophy. The role of senses in human perceptions is fundamental. Senses such as sight, hearing, smell, taste and touch influence how human beings interpret information (wordiq.com, 2010)

It is also believed that there are at least four other senses that play part in human perceptions; namely, proprioception (body awareness), equilibrioception (balance), thermoception (heat) and nociception (pain). Furthermore, there are even more senses considered to be instrumental in enhancement of perceptions. Two of these are precognition (foretelling) and telepathy (referring to direct communication between human minds). The latter are more closer to human perceptions from the behavioural

point of view. The subjective nature of human perceptions is an area of interest for the study, and it provides some light on how employees select, organise and translate symbolic information to make sense of reality (wordiq.com, 2010).

In considering the relationship between perception and reality, cognitive psychologists and behaviourists contend that through our interactions with the world and our environment, human beings create and recreate impressions of how the world is organised. Through the different sensations, human beings make sense of the reality of the objective world, but the sensations play an important role in mapping percepts that are provisional just as scientific hypotheses are provisional. When need arises, either through acquiring additional or new information, these percepts shift to recreate our impressions about the reality of the world. Should these percepts not be based on familiar experiences, this may cause new perceptions to an individual (wordiq.com, 2010)

Various schools of thought have emerged with various models that can be used in explaining human behaviour. However, psychology differs from other disciplines such as anthropology, sociology, economics and political science because it advocates for the study of behaviour of individuals (alone or in groups) rather than the behaviour of groups or aggregates themselves. It is evident that much of the above approaches would assist in understanding perceptions of employees about share schemes, and several dimensions are discussed below ((wordiq.com, 2010).

2.2.2 The influence of attitudes on behaviour – The reasoned action approach

The relationship between perceptions and behaviour can be traced back to the models of reasoned action. This model is particularly interesting for the study of perceptions in predicting possible response by individuals and their attitude towards particular situations. Ajzen and Fishbein in Albarracin, Johnson and Zanna (2005), the reasoned action approach embraces a process whereby people arrive at their intentions, and this is based on the assumption that people's behavioural intentions can be made from their belief about performing particular behaviour. These beliefs may be inaccurate, biased, or even irrational.

As argued by Ajzen and Fish in Albarracin, Johnson and Zanna (2005), once the belief is formed, it forms the cognitive foundation from which attitudes, perceived social norms, and perceptions of control and intentions can be attained. Further to this, behavioural, normative and beliefs that people hold of a behavioural outcome is consequently influenced by cultural, personal and situational factors. In addition, the physical environment, social environment as well as exposure to information and personal values also play an important role. Employee perceptions and attitudes are able to develop under this environment, but subjected to a shift when situations also change. Below is a diagram (figure 2.1) reflecting the theories of reasoned action and planned behaviour resulting from perceptions.

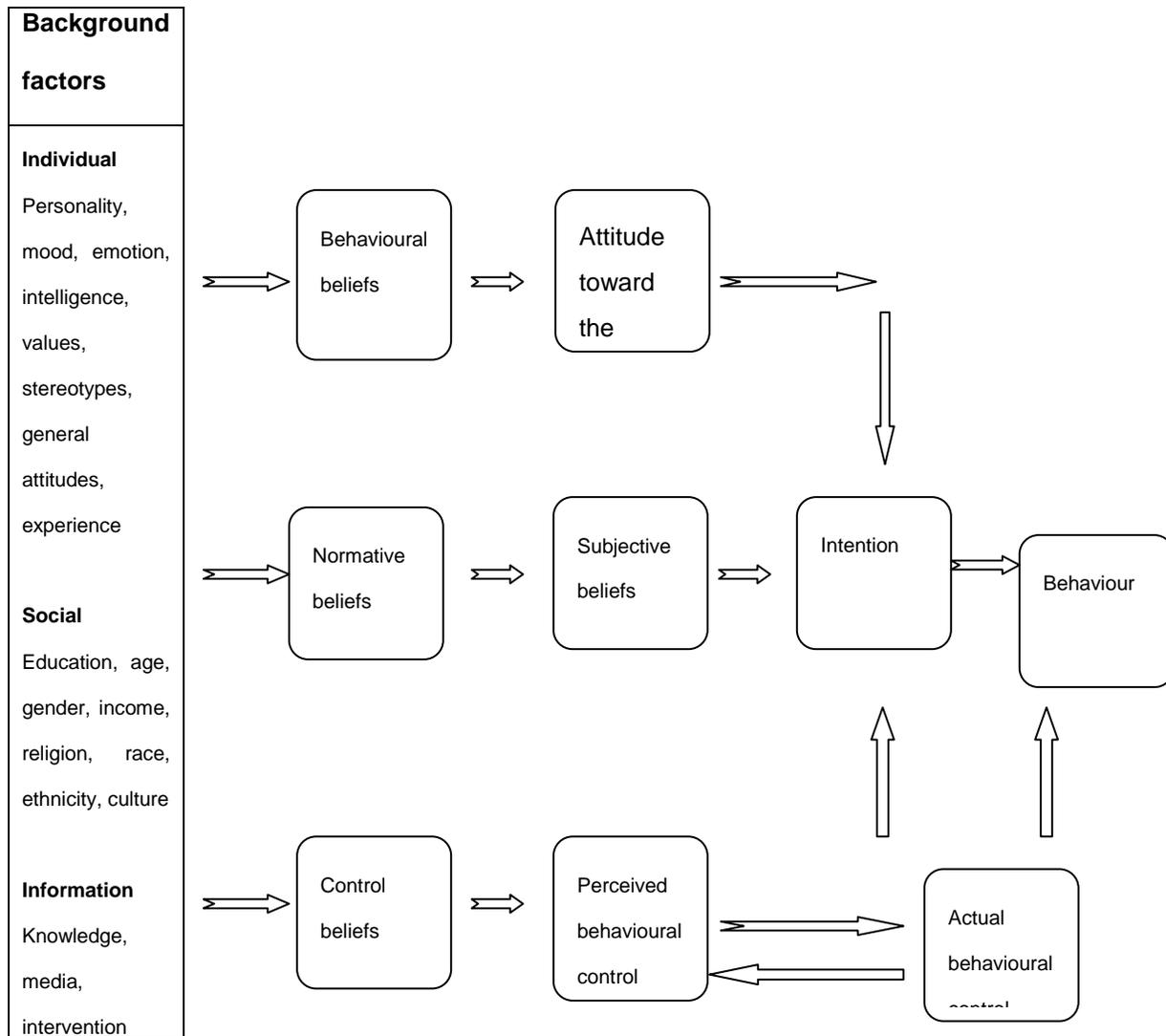


Figure 2.1 The theories of reasoned action and planned behaviour

2.2.3 Perceptions and behaviour at work: the role of psychological contracts

According to Kruse (2002), employee ownership may have positive effects if employees conceive value out of ownership, or perceive that it brings greater income, job security, or substantial control over their work environment. Conversely, this may generate negative effects if employees perceive no difference in their work life or if it has raised expectations that are never fulfilled.

In work environments, these perceptions may prevail themselves through psychological contracts as workers and employees translate their perceptions of each other's roles and expectations.

Grobler, Warnich, Carrell, Ebert and Hatfield (2006) define psychological contracts as unwritten expectations that employees and employers have about the nature of their work relationships and these change with employee loyalty to their employers.

According to Rousseau (2004) psychological contracts are dynamic and they change over time motivated by both internal as well as external factors. These contracts and perceptions may even vary according to the type of employment relationships that are in practice.

Maharaj, Ortlep and Stacey (2008) conclude that employees develop a positive and growing relationship with their employers based on a pattern of expectations that they have on their employers. When these expectations are not fulfilled, they do have an impact on their organisational commitment.

It is argued that tenure is one of the variables that may be important to investigate in the study relating to psychological contracts (Maharaj *et al*, 2008). It is thus, argued that whilst psychological contracts appear as intangible, it has potential to have a strong influence on the employment relations in an organisation.

Rousseau (2001) depicts the mental models that develop from the past experiences into new experiences. These are schemas that have an influence in the nature of relationship between employees and employers. The more stable schemas tend to resist change whilst the more dynamic ones affect the way individuals are motivated and willing to change.

2.2.4 Perceptions and their influence on employee decision-making

Albarracin, Johnson and Zanna (2005) argue highlights that employees' attitudes and perceptions help to drive behaviour in organisations. It is further presented that employees' attitudes and perceptions reveal the vision and values that drive their decision-making process.

2.3 Overview of share schemes

2.3.1 Defining employee share schemes

Bussin and De Beer (2004) define a share scheme as a scheme in which employees, particularly executives and senior management, are allocated part-ownership with an aim of incentivising them to think and act like shareholders. In line with the definition, employees are motivated to act in a manner that raises the value of their company's shares.

2.3.2 Objectives of employee share schemes

Each company is driven by its own reasons and motivations. However, there are at

least three main reasons for companies to launch employee share schemes:

a) Talent attraction

Share schemes are considered influential to recruitment of talent workforce that the company intends to attract. The employee is attracted to accept employment offers based on the perceived future value derived from the scheme (Bussin & De Beer, 2004).

b) Retention

Companies are not only aimed at attracting best talent in their workforce, but conceive it important to retain this talent in order to maintain and sustain their competitive advantage on the market (Bussin & De Beer, 2004).

c) Competitive advantage

Jones and Hill (2009) describe Porter's five forces that determine the state of competition in an industry. By examining the strength of these forces at industry level, including the current and potential competitors, companies are able to create barriers of entry by increasing the cost of entry to the market. Companies that use share schemes to attract talent use this approach to capture "hot talent" through impressive share schemes that offer better than their competitors (for

talent) in the market.

2.3.3 Types of share schemes

Companies apply different share schemes depending on environmental influences and circumstances surrounding the company and the industry. According to Bussin and De Beer (2009) the following share schemes are implemented in various companies.

a) Share purchase scheme

This is a share scheme in which paid up shares are issued through a loan to participants but held in a trust until the vesting and other performance conditions have been met. The loan is subject to interest and is payable when shares are released to the participant.

b) Share option scheme

Share options are issued to participants subject to vesting and other pre-determined conditions. Payment for the release of shares is done simultaneously with the release during vesting, at the discretion of the participant.

c) Deferred delivery share option scheme

Deferred delivery share option schemes are issued under same conditions as share options scheme, but these may even be exercised before the vesting is done, in which case they have tax implications to the receiver.

d) Convertible debenture scheme

Steyn, Warren and Jonker (2008) define a debenture as a debt arising from a contract between the borrower and the lender or investor. Simplified, it is a convertible loan.

Bussin and De Beer (2004) define a convertible debenture scheme as a scheme in which debentures become convertible to shares with interest due and receivable by the participant being offset during by the redemption value of the debenture during vesting. If vesting precedes pre-determined conditions, the scheme has tax implications.

e) Phantom scheme

Phantom scheme is a scheme in which shares are issued as like real shares when insufficient real shares are available, subject to vesting and other conditions. The value of the shares at vesting less the value of shares at issue is provided to participants. (Bussin & De Beer, 2004).

For the purposes of this study, a more comprehensive share scheme (where the majority of employees are participant) is considered for reasons of inclusivity of all staff in a company where the surveys will be done. This is to cover employees at all levels in order to cover different perspectives of top, middle and lower levels.

Grigoriadis and Bussin (2007) mention that most companies have sufficiently covered the executive level as well as some middle sector of staff, but the lower-end staff has been excluded. With the latest development in allocation of the Broad-Based Black

Economic Empowerment share schemes targeted to all employee levels, it becomes more relevant to investigate perceptions of these diversified employees.

2.4 Employee perspectives: financial investment or a mechanism of control?

The traditional view of shareholding suggests two implications to the beholders. One is that it brings with it a mechanism for ownership of a growing financial position whilst on the other side; it suggests a potential role in the control of the company.

The American view of shareholding stems from two views, namely the conservatives as well as the liberals. According to French (1987), the conservationists base their interest in understanding the relationship between shareholding and satisfaction in the workplace. In this regard, shareholding is considered as a means for increasing satisfaction because it strengthens perceptions of common interests and shared feelings of solidarity with loyalty to each other. On the other hand, liberalists believe that ownership alters traditional hierarchies and forms of ownership between employees and employers by enabling workers to access a legal basis for economic control (Rousseau & Shperling, 2003).

It is conceived that when workers become shareholders, they inherently develop expectations to have influence in decision-making of the company. It is argued that ownership creates perceptions of rights to participate in decision-making, whilst it also provides an incentive for the owners of shares to put their efforts in protecting their investments (Rousseau & Shperling, 2003).

In a study conducted by Ascigil and Ryan (2001), it was mentioned that numerous cross cultural studies have suggested that decision making behaviour can be expected to vary across national cultural boundaries; hence, managers from different national cultures might be expected to approach decision making differently. For instance, in the same study a comparison made indicated that Turkish managers displayed stronger autocratic style preference and less willingness to adopt consensus approaches than USA managers.

In challenging the above assumptions, several arguments have been made against the impact of shareholding as having an influence in satisfaction. This is based on the argument of whether employee ownership is regarded as organisational or individual property. With such a variation in the level and number of shares owned by some employees compared to others, there is a belief that such differences remain insignificant to determine the level of ownership (Zardkoohi & Paetzold, 2004).

An area that may equally require attention is to what extent share-ownership influences expectations for control against the need to expect profits realisations. In a company where shareholding is affected, expectations of wishing to influence decisions may equally well be assessed against the fact differences aligned to those that do have ownership against those that do not have ownership in the same company. Research in this regard, is directed to establishing whether there are significant differences in expectations between those that own shares and those that do not own.

Similarly, in the abovementioned scenario, there is a need to investigate the importance of size of investment and how those that hold larger number of shares compared to those that hold a lower number of shares in terms of their respective expectations. If these questions can be explored, then it would assist in whether employees conceive their shareholding in companies as a collective or individualistic. According to Rousseau and Shperling (2003) there have been arguments that some employee owners conceived themselves as merely traditional investors.

According to Zardkoohi and Paetzold (2004), perceptions of employees shares schemes as a vehicle for investment rather than as a vehicle for control is more consistent with the arguments developed in most literature. Furthermore, there is a need to investigate on the level of influence of employees with larger shares on those who own fewer or none at all. This will in turn explain the relationship at individual level. In relating share-ownership with the level of satisfaction of employees, it has been established that employee owners identify more with the organisational goals and tend to seek more information on the company's performance. This is because with the company's performance, they are able to have perceptions of their returns on investments by assessing how the company is doing on the market. Share prices as well as dividends declared are a good sign to display the company's potential to generate returns, and this encourages employees to support the company business and its activities (Rousseau & Shperling, 2003).

Following the above arguments, it is worth following to what extent the share ownership

impacts on the employees. Referring to the “empowered state of mind”, Psoinos and Smithson (2002, p.134) argue that employees’ reactions and subsequent behavioural patterns should assist in the interpretation of what owning share mean to them. This can be considered in the context of whether they are motivated to further their ownership beyond what is allocated to them; that is do they get motivated to buy more shares in the company or at least in the market?

2.5 The role of trade unions

The unions have played an important role in the transformation of ownership structures in companies. They play an important role in harmonising the relations between employees and employers in organisations. Recently, ownership structures have been altered through concessions by unions in collective bargaining. French (1987) mentions that in return for wage concessions, and other means of relaxing work rules, some employers have agreed to avail a level of ownership to their employees, especially through a variety of profit-sharing and employee ownership schemes.

Following the above interventions by unions, and the diverse nature in which ownership is implemented, it is evident that the ways in which these employees view their ownership roles may differ as well.

In a study about the impact of employee-share-ownership schemes on performance in unionised and non-unionised workplaces, Sengupta (2008) discovered that trade unions positively affect the performance impact of Employee Share Ownership schemes. This

suggests that while higher financial performance is observed in any employee share ownership workplace, higher labour productivity outcomes are observed when the share schemes exist together with trade unions.

2.6 Criteria of selection for participation

Companies employ several criteria to select employees to participate on share schemes. These are based on factors such as the level of employment in an organisation, the rating of the employee's position as a critical service level for the organisation as well as length of service in the organisation. The study intends to further consider to what extent these factors are important to employees.

The debate surrounding employees who are allocated shares and those that are not allocated shares for a variety of reasons suggests that it may or may not be important to unearth reasons why some employees do or do not get allocated shares. It is thus, important to investigate whether there are any significant differences in expectations between those who own and those who do not own shares. The reactions these may put lead to whether the criteria for selection of employees remain cruel to employees themselves or not (French, 1987).

Also following arguments developed by Joensson (2008) on how social identity is achieved and understood by individuals, it can be inferred that individuals value social identity which emanates from their status identity derived from their comparing with other in-group members on the status dimension, that is intra-group status or standing.

2.7 Choice of share scheme

In the study conducted by Arnolds and Venter (2007), it is argued that one of the biggest challenges that employers face in executing business strategies to achieve competitive advantage, is the selection and implementation of motivational rewards and techniques that are able to build a wholehearted commitment to operating excellence and winning attitudes among employees. There still exists confusion in terms of which rewards really motivate employees. According to Arnolds and Venter (2007), there is a potential for a mismatch between the strategies applied by companies if those are not compared with motivational rewards that employees prefer.

Central to the implementation of share schemes are the reasons behind the choice of a particular scheme. Drago and Heywood (1995) draw their analysis of how firms choose particular share schemes based on the new economics of personnel and the strategic choice literatures. On this note, larger firms are more likely to choose individual schemes such as piece rates, whereas firms dominated by females or those that face stiff product market competition are more likely to use both piece rates and profit sharing.

According to Drago and Heywood (1995), the theories of strategic managerial choice suggest that companies are likely to select incentive schemes by comparing the respective costs and benefits given the production technology and the composition of the workforce. For instance, if monitoring of worker efforts to the performance of the company is more costly, then the company will start to adopt linking the remuneration and performance.

Considering the above arguments by Drago and Heywood (1995), it becomes interesting to take note of the potential for companies to base their schemes on a variety of reasons. Whilst the reasons for implementing share schemes remain known to those companies in favour of such, the inherent reasons for selecting a particular scheme is indeed a choice of the board and management. It should be borne in mind, however; that the interests of workers and of owners may only be linked depending on mutual trust and shared objectives (Drago & Heywood, 1995).

Drago and Heywood (1995) further argue that product market competition appears to promote formal incentives; but a productive industrial relations climate increases the probability that a workplace will exhibit profit sharing.

One of the major concerns in assessing the impact of incentive schemes including share schemes is whether the involvement of employees is of significant importance. In a study done by Grigoriadis and Bussin (2007), it was recommended that future research should be directed to whether lack of involvement to such schemes by employees in their development and design, do lead to lack of trust between the employees and management; and furthermore, if they have a negative effect on the scheme. Whilst this study directs itself to share schemes, the objective of staff motivation necessitates that a similar investigation become imperative.

2.8 Employee participation

Employee participation is often suggested to have a positive impact in their relations to the organisation. Joensson (2008) mentions that research in employee participation has investigated how participation affects employees' relations in terms of affective, motivational and identification attributes, and these can be assumed to measure organisational commitment and organisational behaviour. When investigating the relationship between participation and employees' relations to organisations, social identification is considered a valuable construct.

Social identification is defined as "the extent to which the group is valued and self-involving" (Joensson, 2008, p.595). According to the social identity theory, individuals evaluate the groups or organisations they belong to in terms of status perceived to have been accorded to them. A high status implies a positive social identity or a high social identification.

According to Fuller, Hester, Barnett, Frey, Relyea and Beu (2006), the social identity approach imply that participation signals inclusion and status, and this explains the link between individual participation and social identification in organisations.

2.9 Creating employee value proposition through share schemes

Companies have an important role to play in enhancing a level of loyalty and trust with its employees. No matter how much companies do for its investors, customers and support base, companies should remain sensitive to the human needs of its employees. Ulrich and Brockbank (2005) argue that companies should create a value proposition that lets employees know that they are valued and are allowed to add value.

It is further argued that in order to do this, companies must have a vision in which it has a clear sense of the future that engages hearts and minds and creates pride among employees. This, amongst others, includes developing incentives such as basic salary, bonus, and other financial incentives. Such factors create a social environment that includes being part of a team in which an employee develops identity and social belonging (Ulrich & Brockbank, 2005).

2.10 Legislation of companies – a call for BEE Shareholding

The role of government in facilitating employee share schemes in South Africa has been considered an important landmark in enhancing the economic development in the country. One of the ways in which this has been facilitated was through legislation of the Broad-Based Black Economic Empowerment (BBBEE).

According to Poutsma and de Nijs (2003), Broad-based means that all or most

employees are eligible for participation in the scheme, in contrast other selective schemes in which only certain categories of employees (in most cases middle, top management and executives) are eligible.

The facilitation of the BBBEE is aimed at redressing the historical imbalances of the past created by the apartheid policies of the country. The current expectations including those of workers are to eradicate these imbalances through redress of ownership. Amongst others, the Act aims at enhancing economic transformation by enhancing empowerment of blacks, women, youth and people of disabilities through increasing the number of people who access, manage, own and control enterprises and productive assets (Broad-Based Black Economic Empowerment Act, 2003).

A number of companies have already committed themselves in ensuring that ownership is extended to employees. The government has legislated this economic challenge through the Broad-Based Black Economic Empowerment Act, Act 53 of 2003. This trend has created mixed feelings on the level of commitment and how genuine employee share-ownership is being implemented (Iheduru, 2004)

2.11 Success and future of employee share schemes in SA organisations

The current debate on share schemes relates to their potential to remain effective in the future. The argument is whether their value can be sustained to entice employees enough through time.

Icely (2008) believes that unless a significant downturn in equity markets in South Africa can take place, the beneficiaries of share schemes will be exercising their share options and taking home significant wealth for a number of years to come. It is believed that share options schemes were until recently the most common form of appreciative schemes in as much as the required share price to grow positively and appreciate from the date of original offer.

In case of performance shares, these are conditional. The executive must be around in three years' time and more importantly, whether the share price has grown or not, the company's financial performance over the three year period must meet or exceed shareholder's expectations (Icely, 2008).

Zinn (2010) further argues that the true value of any BBBEE share scheme or share ownership scheme is dependent on its ability to empower the participants to take control of their financial futures.

In their study about perceptions of decision making and their effect on participation in organisations, Ascigil and Ryan (2001), found that behaviour of management can have a negative effect on participative decision-making. It is therefore, possible to have employee share-ownership that is also limited by these attitudes to be able to accommodate effective employee participation inside the organisation.

2.12 Motivational Theories

According to Bussin and De Beer (2004) one of the objectives of implementing share schemes is to incentivise employees. It therefore becomes imperative to consider how motivation plays an important role in individual's perceptions.

There are several motivational theories through which understanding of perceptions of individuals in work environments can be achieved. These theories contribute towards understanding the extent to which individuals perceive how certain factors are relevant and important to influencing their choice and rating of benefits directed towards them. Only some of these theories will be referred in this study.

2.12.1 Maslow's Hierarchy of needs

One of the well known theories of motivation is the Maslow's Hierarchy of needs which argues that human beings have a hierarchical structure of responding to their needs. According to this theory, when a need develops, a motivational tension also develops and gets directed towards satisfying the identified need. This means that the intensity of the motivation depends on the intensity of the need (Grobler, Warnich, Carrell, Ebert & Hatfield (2006).

Although this theory is preferable in the analysis of this study, it should be borne in mind that certain assumptions are made to the effect that individuals are assigned to a

position of possessing needs from their own companies, instead of companies possessing relative needs.

2.12.2 Vroom's expectancy theory

Another theory of motivation relevant to the study is the Vroom's expectancy theory of motivation. Through this theory, it is argued that the individual is central to the decision of what is motivational and not what the employers conceive to be motivational for employees. The theory is critical to understand how individual goals influence performance. The theory is based on three aspects; namely, the effort to perform expectancy, performance to outcome expectancy as well as outcome and valences. This theory will be applied in understanding how individuals choose, amongst alternatives, those factors that have more impact to their choices and sustain their motivation (Miner, 2005).

Rather than focusing on factors that energise and sustain behaviour in a job, Vroom defines motivation as a process governing the choices that individuals make among alternative forms of voluntary activity.

According to Latham (2007), the theory is based on two propositions, namely;

- a) The effort that individuals put in an activity is influenced by their level of expectation of a possible outcome, that is, expected results of their performance.
- b) The greater the valence (intensity of attraction) of a possible outcome, the more likely the individual is willing to perform in the action.

The valence of an outcome is in turn influenced by its instrumentality (helpfulness) for obtaining other outcomes and their valence. Hence the theory is known as the VIE (valence, instrumentality, expectancy) theory (Latham, 2007).

The argument is that organisations should find ways of maximising the relationship between performance and satisfaction, rather than concentrating only on maximising satisfaction alone. In short, the theory argues that people base their actions on their perceptions and beliefs. The concept of expectancy is a recasting of the term “psychological distance” (Latham, 2007).

From the above discussion of Maslow’s Hierarchy of needs and Vroom’s VIE theory; it is evident that the two theories contain the best explanation of perceptions built by employees in the process of playing their role as shareholders. The measurement of their psychological distance to the company objectives as well as other employees is used to identify the nature of perceptions that have developed in the process.

2.12.3 Generations Theory

An interesting approach to the study of remuneration and incentivisation of employees relates to the nature of influences on the different generational profiles. Through this theory, it is argued that different generations have different choices, and hence organisations and companies should apply different incentives to motivate and retain them.

According to Giancola (2008), the generational school of thought maintains that people’s values are imprinted and influenced by their major historical moments as they grow into the stages of adulthood. The argument is based on categorising human beings into different age categories and linked to specific prioritised incentives.

In his presentation on more flexibility and reward preferences, Bussin (2009) highlights the following generational preferences in line with global reward trends.

Table 2.2 Generations, now life cycle and reward

Generations	Veterans (born before 1940)	Baby Boomers (1940-1960)	Generation X (1960-1980)	Generation Y (1980-2000)
Reward practice – What each generation values from an organisation	<ul style="list-style-type: none"> - Extra days leave - Sponsor education programmes 	<ul style="list-style-type: none"> - Recognition schemes - Services for staff - Challenging projects 	<ul style="list-style-type: none"> - Flexibility - Fun work places - Good guaranteed packages and short-term incentives 	<ul style="list-style-type: none"> - Non-financial incentives - Rewards - Meaningful work - “Grand celebrations

The above theory alerts organisations of factors that need to be considered in attempting to incentivise employees because these play an important role in determining the success of the nature of rewarding strategy.

2.13 CONCLUSION

From the above literature review, it is evident that the study is dependent on two sides of the ladder. On the top side, it is the employers offering share ownership with an aim of achieving certain objectives through loyalty, motivation and retention of valuable service from the employees. On lower side of the ladder, employees whose aim revolves around generating income and investment, through the job opportunities that are sustainable over a long time and securing effective remuneration.

The main challenge remains to unlock and mirror what perceptions of these share schemes are meant to be on the side of the implementers or employees. It can only begin to make sense if both these levels are understood in their respective contexts that the level of integration can be understood. Interesting among several questions that arise from this theoretical analysis is whether employers' perceptions and objectives can be integrated.

It is also evident that remuneration and benefits is an area with high sensitivity as much as share ownership is conceived. Cox (2000) argues that organisations are infested with inevitable tensions in managing remuneration-related issues. For instance, organisations face challenges of dealing with internal remuneration differentials as well as external relativities created by labour markets. Employees consider this aspect highly emotive since it raises subjective perceptions of fairness, may as well be considered a level of worth of the employee to an organisation, and also have significance as an

indicator of social status in the organisation (Cox, 2000).

The next chapter introduces the research questions reflecting the nature of perceptions identified through the literature review and in line with the rationale of the study.

CHAPTER 3: Research Questions

Based on the literature review, the following questions are central to the investigation of this study and combined with a number of personal profiles, several inferences are be made. The questions posed in this chapter for dimensions from which employee perceptions are investigated.

3.1 With an increase in the number of companies offering share schemes and implying share ownership, what does it mean to employees to be holders of shares? [Questions 1-6 in questionnaire].

3.2 Do employees see share schemes as serving the needs of the employers, such as tax benefits as well as motivation of employees for purposes of enhancing productivity and retention? [Question 7-14 in questionnaire].

3.3 In the view of the targeted employees, do companies implement share schemes as a response to programmes such as Broad-Based Black Economic Empowerment (BBBEE) compliance requirements, or is it a genuine exercise? [Question 15-20 in questionnaire].

3.4 Some companies implement share schemes by allocating different number of shares to employees of different levels, and in some cases, companies excluding some employees in the allocation. Where all employees are offered either equal

or unequal number of shares, does this have an impact on motivation and individual performance? [Question 21-25 in questionnaire].

3.5 Are there any significant differences in expectations between employees who own shares and those that do not own shares? [Question 26-29 and 32].

3.6 Do employees feel confident and knowledgeable about share schemes? [Question 30-31].

The research questions provide a framework through which the research will explore on the perceptions held by employees. The next chapter discusses the methodology for investigation of the study.

CHAPTER 4: Research Methodology

4.1 Introduction

The chapter discusses the research method followed in designing the research process, selecting the participants, collecting data as well as analysing the data. The limitations of the research are described whilst ethical considerations are made to ensure safety as well as confidentiality of the respondents, both from the researcher's point of view and their employer's side. In an effort to ensure consistency of the research activity to address the research problem, a consistency matrix is also included. Through this matrix, it is ascertained that the research questions are consistently aligned to the literature review as well as the method of data collection and analysis.

4.2 Research design

The study is based on a quantitative design to enable the researcher to quantify and compare the results from the respondents. The questions already developed from the literature review are qualitative by nature, and hence they were turned quantitative on a Likert scale of 1 to 5 to enable a statistical analysis of the data. It was also considered that due to time constraints for the research, the method would assist in ensuring that the data is managed and analysed within a reasonable time.

Flick (2007) mentions that research is justified only if it produces insights that advance what is known to contribute to solving problems. It should raise relevant questions and a clear design that allows relevant research questions to be answered, thereby making

the results trusted and reliable to make interventions justified.

Kumar (2005) comments that the research design is a plan or structure through which an investigation is conceived, and answers to the problem are obtained. Terre Blanche, Durkheim and Painter (2006) argues that the aim of the research design is to plan and structure a research project in a manner that maximises its validity. For the reasons above, the survey method was applied to gather data through questionnaires.

4.3 Population

De Vos (2002) distinguishes between the universe and the population. By universe it is referred to as all potential subjects who possess the attributes in which the researcher is interested whilst the population refers to individuals in the universe who possess specific characteristics.

The survey research was conducted with a company (referred to here as Company A). The population of the study comprised all employees (approximately 242) at company A, a JSE-listed company with diversified activities (real estates and hotel services). This included staff at top, middle and lower ranking. The employees have been with the company prior to the time the share scheme was implemented. The scheme was based on conditions of employment period rather than colour. Only employees that received shares in 2006 were invited to participate.

4.4 Sample

According to De Vos (2002), a sample comprises elements of a population that are considered for inclusion in a research project. In many cases the sample is not always the same as the population.

Zikmund (2003) states that non-probability sampling refers to sampling by obtaining units or people who are conveniently available. It is convenient and able to raise more response from the population earmarked. However, Zikmund further cautions that the results of such a sample cannot be projected beyond the sample chosen. It can only assist in the fact that in future a repetitive study can be conducted with a probability sample, after which generalisability can be attained.

Relating to the study at hand, the sample included all employees conditional to their being or having participated (now or in the recent past) in the company's share scheme in implementation. In order to maximise input to the research, convenience sampling was applied with the objective to gather as much input as possible, considering the number of employees allocated with shares being 242. A total of 105 respondents were solicited through convenience sampling constituting a 43% return.

Wisniewskie (2002) describes convenience sampling as a process of selection where one uses whatever sample happens to be available, either to cut costs or because no other data can be collected. This method was considered viable for the study as the scheme covered almost all employees except those that were appointed after the

shares were distributed.

The inclusion of those that previously held shares, and had opted out at the time of the study, by selling their shares earlier; were also considered important in gathering their perceptions about share schemes and how they had been influenced by any other factors that could be identified. The nature of the scheme was not identified as an important factor. The purpose of the study was only interested in the perceptions that employees had on share schemes in general regardless its type. The impact of the nature of the share scheme, has been made part of the recommendations.

4.5 Data Collection

The method of collection of data was through survey questionnaires that were distributed by the researcher in a designated room at each business unit. A survey is a research technique in which information is gathered from a sample of people using questionnaires (Zikmund, 2003).

This choice of the method was to enhance the response rate as it would enable the researcher to assist those that needed clarity as well as collecting questionnaires immediately after they have been completed. The Managing Director authorised and copied permission to all business units to ensure that they were co-operative. An introductory email to all business units was sent as follow-up just before the data was collected requesting the general managers to encourage staff to participate on the study. De Vos (2002) defines Questionnaires as “a set of questions on a form which is

completed by the respondent in respect of a research project”.

Questionnaires are an effective method because respondents can go through the questionnaire at their own time without any form of pressure or influence, and as Babbie and Mouton (2001) suggest, where need arises, questionnaires may be administered with respondents to ensure that questions are understood (that is providing clarity). In consideration of lower level staff that required such a setting, an arrangement was provided for them to assemble at the same time in one room to complete the questionnaires.

This had further advantages of ensuring sufficient responses as the researcher was available to clarify any questions arising. The company share scheme covers all staff at all levels. Whilst this added value to the objectives of the study, being to establish the perceptions of different sectors of the employees (including lower-end staff who participated), it was important that opportunities be created for them to also add their views by ensuring that barriers such as language are handled through local communication. The researcher was skilled enough to translate questions that were unclear to respondents.

The format of questions was close-ended questions in order to standardise questions for respondents. This structuring of questions ensured that responses could be compared with the rest of responses. A total of thirty-two questions (excluding biographical data) were constructed with responses based on a five-point Likert scale (Strongly disagree, Disagree, Neither agree nor disagree, Agree, Strongly Agree).

In an effort to align the objectives of the study, the issue of timing was discussed with the targeted company. Flick (2007) argues that in conducting research, time effects should be taken into account to avoid circumstances where the issues in investigation may have changed considerably. The research timing must be within reach of participants still talking, thinking and reflecting about the same issues to enhance effective data interpretation. As a result, effective timing was considered to be able to align with factors such as vesting periods for the schemes and staff daily shifts. Through the Human resources in each division, suitable time was determined to provide access to all shifts.

4.6 Pilot Study

Conducting research is costly and it is always advisable to conduct a pilot study before implementing the final research design. Terre Blanche, Durkheim and Painter (2006) define a pilot study as a preliminary study on a small sample with similar characteristics to the targeted sample, and help to identify potential problems with the design.

Zikmund (2003) warns about potential for research questionnaire to leave out some of the important questions that are central to the study. The objective of a pilot study was aimed at ensuring that the correct data was collectible and that it would relate to the objectives of the research. Pilot study also provided an opportunity to standardise questions to test for any ambiguity. A further benefit to this was to estimate time required for completing the questionnaires which always becomes a planning issue.

A group of 5 respondents was identified at a different company and be provided with the opportunity to comment on the questions indicating items with potential to confuse respondents. The pilot study also helped to ensure validity and reliability of the instrument.

By reliability it is meant how consistent the instrument yields similar results when the entity being measured has not changed (De Vos, 2002).

4.7 Data Analysis

The study applied a statistical analysis using Statistical Programme for Social Sciences (SPSS) programme. In advancing the process of data analysis, descriptive statistics was applied. By descriptive statistics, it is meant of a research statistical method used to describe or summarise information about the sample. In descriptive statistics, frequency distributions and graphs are used to describe and summarise information about the sample (Zikmund, 2003).

First, frequency distributions and graphs of percentages were run in order to analyse the choices and options building up the perceptions of employees on share schemes. By frequency distributions it is meant of how many times an answer appears in the data (De Vos, 2002).

Following the frequency distributions, cross tabulations were generated to reflect the distributions of choices and relating some variables against each other. This was aimed at evaluating if there were any connections in some of the variables. However, these

were discarded as due to the size of the sample, error results were noted.

Many statistical tests are based on the assumption that the population data are normally distributed. The Chi-square tests were run to test if the differences between the choices were significantly different. The Chi-square tests were also used to test if the variables are independent, for example, whether choice on one question was related to the choices from another question. It could be whether somebody's perceptions were related to employment status or gender (Albright, Winston & Zappe, 2009).

The chi-square test tabulates a variable into categories and computes a chi-square statistic. This goodness-of-fit test compares the observed and expected frequencies in each category to test either that all categories contain the same proportion of values or that each category contains a user-specific proportion of values (De Vos, 2002).

Due to the sample size, most of the Chi-square test results would not be useful as there were many cells with less than five observations, which is an important rule with chi-square tests.

To test if variables were sufficient and if data would pass the normality tests, the Cronbach Alpha was used to test for reliability of variables. This helped to detect those variables that had less contribution in the study and also to identify those variables that strengthened the objectives of the study.

As a result the Cronbach Alpha test, correlation tests as well as the analysis of variance (ANOVA) was conducted with an aim of testing largely for the reliability and significance of variables. Anova is used when the means of more than two groups or populations are to be compared to indicate that the means of the groups differ significantly (Zikmund, 2003).

4.8 Limitations

Although the study crosses through an interesting profile of employees, including junior staff, middle and senior management, it is however subject to a number of limitations. First, due to the fact that the study has not been replicated across all industries, this may limit the results to lack of generalisation. This is based on the fact that different employees are not equally exposed to understanding equity markets, and as such, this may be a factor that influences their individual responses to holding of shares even if they are freely provided by the company.

The second limitation is that the study requires a consideration of a number of factors in order to make certain conclusions regarding employee perceptions. One of the important factors to look at is the level of individual employee's education because this is central to influencing further behaviour of employees in handling their shares.

In research with limited scope like this, the study remains subject to a number of limitations and these can only be addressed through expanding and replicating it across industries, companies as well as cross-section of employee profiles.

Share schemes are wide-spread and there is a trend for companies to implement more than one type of a share scheme at the same time in one company. This limits the study in making a fair comparison of the different share schemes due their nature of operation as well as their objectives. For instance, it is difficult to compare the perception of employees on share incentive schemes based on performance with a broad-based share scheme, because their level of inclusivity are different.

Perceptions are difficult to identify and measure. They involve a number of social and psychological factors that may not be easy to notice. Hence, the use of questionnaires by nature has limitations to collecting such data. As indicated in the document, it would be recommended that a similar replicated study be applied with other possible research methods and sufficient time devoted to ensure maximum capturing of these perceptions and their sources. The current study does indeed serve as a basis to a further research as it was constrained by timelines for submission.

4.9 Ethical considerations

Ethics are becoming increasingly important in research. Most research has to be approved by institutional boards and committees and this ensures that a close examination of the quality of the planned research and their effects on human beings and targeted organisations are made. These assessments are aimed at respecting the interests of the participants by not hurting them or exposing them; and also to ensure that no unilateral decisions are taken (Flick, 2007).

In the light of the above, permission was secured to undertake the study, and as per the Rules of the University of Pretoria, an ethical clearance was submitted by the researcher and the supervisor to the GIBS Ethical Clearance Committee for approval. Before any contact was made with the targeted participants, approval was secured with the relevant authorities in the organisation, and a briefing session held to facilitate planning in order to avoid disruption of the organisational business.

In line with ethical requirements, all questionnaires were designed to ensure that respondents remained anonymous. Participants were made aware of their rights to choose to participate or not to participate, and to stop participating at anytime, should they decide to do so. As a result, each participating employee was made aware of the respondent's consent provided in a consent letter provided with the questionnaire. All data was stored without identifiers.

In order to protect the respondents' identity, all responses were not associated to specific staff member's name. Sessions were arranged with each business unit to have available staff gather and complete questionnaires in a controlled manner by the researcher. The human resources at all divisions sent out a communicate with introduction of the researcher pleading to all staff affected to co-operate as requested.

As in agreement with the company management, the name of the company from which respondents were secured was kept undisclosed throughout this report.

4.10 Consistency matrix

The consistency matrix (appendix1) was used as a control measure to ensure that all research questions were aligned to the literature review as well as method of data collection and analysis.

4.11 Conclusion

In providing a good basis for the collection of relevant data, this chapter provides detailed planning for all activities of gathering data as well as management of all participants. The chapter also sets a tone for the process of gathering data through creation of relevant atmosphere for the participants. The objectives for the study were used as guidelines for the areas of inclusion both in the literature review as well as for the methodology. The next chapter presents the results of data collected from respondents using the statistical methods for social sciences (SPSS).

CHAPTER 5: Results

5.1 Introduction

Chapter five contains descriptive statistics of the respondents that took part in the survey. The first part contains descriptive statistics related to the biographical data of the respondents, whilst the second part presents responses of respondents to survey questions relating to perceptions towards employee share schemes. The objective of this chapter is to present sample data clustering them around research questions that have been identified in chapter three. Below is table 5.2.1 which provides summary of biographical data of respondents. In each table, the highest frequencies were presented in bold.

5.2 Biographical data of respondents

Table: 5.2.1 Summary of survey results on biographical data of respondents.

		Frequency	Percentage (%)
Gender	Males	44	41.9
	Females	61	58.1
Total		105	100
Race	Blacks	102	97.1
	Whites	3	2.9
Total		105	100
Age	20-29	9	8.6
	30-39	42	40.0
	40-49	41	39.0
	50-59	12	11.4
	60 and above	1	1.0
Total		105	100

Occupational Levels	Top Management	2	1.9
	Middle Management / Supervisory	7	6.7
	Other	96	91.4
Total		105	100

Length of service		Frequency	Percentage (%)
	More than 15 years	18	17.1
	11-15 years	50	47.6
	5-10 years	34	32.4
	Less than 5 years	3	2.9
Total		105	100
Union Membership	Yes	77	73.3
	No	28	26.7
Total		105	100
Highest Educational Qualifications	Matric or lower	80	76.2
	Certificate or Diploma	20	19.0
	Degree	3	2.9
	Post-Graduate	2	1.9
Total		105	100
Field of Study	Finance	1	1.0
	Other	104	99.0
Total		105	100

*Highest frequencies highlighted in bold.

Summary of findings on biographical data of the respondents

5.2.1 Gender :

Females constitute the majority of respondents with 58.1% against 41.9% males.

5.2.2 Race:

The sample constituted the majority of black employees (97.1%) against 2.9% whites.

5.2.3 Age:

The majority of respondents were between the ages of 30 and 39 (40%) followed by ages 40-49 (39%). This implies that 79% of staff are between 30 and 49%, providing an opportunity for potential longer spend in their working life. This is followed by 8.6 percent comprising of ages 20-29 and only one percent of 60 years and above.

5.2.4 Occupational levels:

The majority (91.4%) of respondents in the survey occupy occupational levels lower than top and middle management. Only 1.9 percent belonged to top management, whilst 6.7 percent of the respondents occupied middle management and supervisory positions. This makes the results to be potentially more skewed towards junior staff contributing more on the research results.

5.2.5 Length of service with company:

Of the respondents, 47.6% have been with the company for a period between eleven and fifteen years, 32.4% have been in service for a period between five and ten years whilst 17.1% have been in the employ for more than 15 years. Only 2.9 percent have been with the company for less than 5 years. Comparatively, this implies that close to half of the respondents have been with the company for more than ten years.

5.2.6 Union membership:

The company is 73.3% unionised. This is an important aspect for investigating presence for any social networks and group influences (group social behaviour). Unions also play a significant role in managing worker-employer relationships in companies.

5.2.7 Highest educational qualifications:

The majority (76.2%) of employees have matric or lower qualifications. Of the respondents, 19% have certificates or diplomas whilst only 4.8 percent have degrees or post graduate qualifications. In a study such as this, educational background may play an important role in affecting or modifying perceptions of employees.

5.2.8 Field of study:

Only one percent of respondents have some study in finance, whilst the majority (99%) of the respondents have no finance background. Prior exposure to financial markets education plays an important role in enhancing knowledge and exposure and perceptions of employees. Share schemes require a certain level of understanding of these markets.

5.3 DESCRIPTIVE STATISTICS OF RESPONDENTS' PERCEPTIONS

The next section presents descriptive results of respondents on perceptions of share schemes. In all tables in this section, all responses for 'agree' and 'strongly agree' have been combined as those that agree in reporting, whilst responses for 'disagree' and 'strongly disagree' have also been combined as those that disagree. The comparison was thus made in exclusion of those that neither agreed nor disagreed due the fact that these were assumed to be shared between the two sides.

For the headings used in tables, abbreviations were used to denote the following in all cases:

F – Frequency

P – Percentage (%)

AS - Agree strongly

A – Agree

NAND - Neither Agree nor Disagree

D – Disagree

DS - Disagree strongly

5.3.1 Research question one of questionnaire

With an increase in the number of companies offering share schemes and implying share ownership, what does it mean to employees to be holders of these shares? [Questions 1-6 in questionnaire].

Following is table 5.3.1.1 which provides frequency distributions for questions relating to the perceptions held by employees on what employee share ownership mean to them. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.1.1 Summary of frequency distributions for questions relating to the perception that employees hold on employee share ownership

		AS	A	NAND	D	D S	Total
1. Owning shares is a good thing.	F	22	39	29	6	9	105
	P	21.0	37.1	27.6	5.7	8.6	100
2. When companies offer shares to employees, they create opportunities for financial empowerment.	F	19	36	30	8	12	105
	P	18.1	34.3	28.6	7.6	11.4	100
3. in a share scheme is a rare opportunity and a good benefit to employees.	F	19	43	28	7	8	105
	P	18.1	41.0	26.7	6.7	7.6	100
4. Being part of a share scheme opens doors for future savings and investments.	F	12	43	23	17	10	105
	P	11.4	41.0	21.9	16.2	9.5	100
5. I currently own shares in another company.	F	14	25	21	19	26	105
	P	13.3	23.8	20.0	18.1	24.8	100
6. I plan to buy shares in future	F	23	41	22	7	12	105
		21.9	39.0	21.0	6.7	11.4	100

From the frequency distributions generated and presented in table 5.3.1.1, it was established that the majority of the respondents (61% in total), considered owning shares as a good thing and that when companies offer shares it was considered as a rare opportunity that opens doors for the future savings and investments. Of the

respondents, 55% believe that by offering shares to employees, companies create opportunities for financial empowerment. Interestingly; although only 37.1% of the respondents, do own shares in another company compared to 42.9% who do not, 60% of the respondents are planning to buy shares in the future. There is a strong perception that share schemes do create opportunities for empowering employees and that these can be used to further such objectives.

It is evident from the above that the first research question meets the objective raised in chapter two, that share schemes are considered as adding value to employees.

Results presentations – Correlations

Following is table 5.3.1.2 which presents correlation between variables used to test perceptions held by employees on what employee share ownership mean to them

Table 5.3.1.2 Inter-Item Correlation Matrix – Research Question one

	Owning shares	Create opportunities	Rare opportunity	Doors for future	Share in anothe co	Buy shares future
Owning shares	1.000	.233	.294	.299	.219	.222
Create opportunities	.233	1.000	.455	.489	.139	.411
Rare opportunity	.294	.455	1.000	.441	.176	.277
Doors for future	.299	.489	.441	1.000	.329	.444
Share in another co	.219	.139	.176	.329	1.000	.273
Buy shares future	.222	.411	.277	.444	.273	1.000

According to Albright *et al.* (2009), The correlation between a variable and itself is always 1; and the correlation between X and Y is the same as the correlation between Y and X.

Table 5.3.1.2 reflect correlation values between variables. In correlation, values above 0.5 have better correlation whilst those with less than 0.5 have no relationship between variables. As a result, considering table 5.3.1.2, from the statistical analysis point, there is no correlation between the six variables under the research question number one.

Presentation of results – ANOVA

Table 5.3.1.3 below presents results on the analysis of variance done regarding perceptions held by employees on what employee share ownership mean to them.

Table 5.3.1.3 ANOVA – Research Question One

	Sum of Squares	Df	Mean Square	F	Sig
Between People	384.708	104	3.699		
Within People					
Between Items	41.722	5	8.344	8.237	.000
Residual	526.778	520	1.013		
Total	568.500	525	1.083		
Total	953.208	629	1.515		

Grand Mean = 3.36

ANOVA tests the variation of means between variables. The F-value is used in this regard to test if the means are significantly different from each other. Below the value of 2, there is no significant difference between the means of variables. Hence in consideration of table 5.3.1.3, the F-value is depicted as 8.237 which implies that there was a significant difference between the means of the variables.

5.3.2 Research question two of questionnaire

Do employees see share schemes as serving the needs of the employers, such as tax benefits as well as motivation of employees for purposes of enhancing productivity and retention? [Question 7-14 in questionnaire].

Following is table 5.3.2.1 which provides frequency distributions for questions relating to the perceptions held by employees on whether they perceive share schemes as serving the needs of the employers. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.2.1 Summary of frequency distributions for questions relating to the perception that employees hold with regard to seeing share schemes as serving the needs of the employers.

		AS	A	NAND	D	D S	Total
7. Companies create employee share schemes in order to generate savings for themselves	F	19	27	41	3	15	105
	P	18.1	25.7	39.0	2.9	14.3	100
8. When companies offer shares to employees, government offer them reduced tax payments and other benefits.	F	14	32	41	7	11	105
	P	13.3	30.5	39.0	6.7	10.5	100
9. In order for employees to be motivated, employers offer them shares.	F	18	37	23	13	14	105
	P	17.1	35.2	21.9	12.4	13.3	100
10. Employees are impressed with shares schemes.	F	25	23	17	22	18	105
	P	23.8	21.9	16.2	21.0	17.1	100
11. My company should consider something else other than shares to motivate me.	F	33	36	17	9	10	105
	P	31.4	34.3	16.2	8.6	9.5	100

12. I am motivated to work hard because I know that I own part of the business in my company.	F	11	38	22	21	13	105
	P	10.5	36.2	21.0	20.0	12.4	100
13. Because of my shares, I intend to stay longer in my company.	F	15	31	27	20	12	105
	P	14.3	29.5	25.7	19.0	11.4	100
14. I believe that my company will do well in the future.	F	25	32	29	9	10	105
	P	23.8	30.5	27.6	8.6	9.5	100

The results from the frequency distributions indicate that the majority of the respondents do believe that share schemes serve the needs of the employers in which they are able to benefit in the form of tax and other benefits. This is supported by the fact that they believe that the main objective of offering shares to employees is to motivate them, a perception shared by 52.3% of the respondents.

The results further indicate that the majority of respondents are impressed by the scheme and are motivated to work harder. Of the respondents, 54.3% believe that the company will do well in the future; hence it is no surprise that 43.8% intend to stay longer in the company. However, despite the above perceptions, 60% of the respondents would be happy if the company would consider other forms of compensation other than shares to motivate them.

Results presentations – Correlations

Table 5.3.2.2 below presents results on the analysis of variables done regarding perceptions held by employees on whether they perceive share schemes as serving the needs of the employers.

Table 5.3.2.2 Inter-Item Correlation Matrix – Research Question 2

	Savings for themselves	Reduced tax	Motivate employees	Employee impressed	Consider something	Motivated to work	Stay longer	Co do well future
Savings for themselves	1.000	.123	.427	.128	.116	-.006	.005	-.020
Reduced tax	.123	1.000	.295	.249	.126	.072	.210	.179
Motivate employees	.427	.295	1.000	.318	.274	.224	.128	.235
Employees impressed	.128	.249	.318	1.000	.194	.386	.369	.381
Consider something	.116	.126	.274	.194	1.000	.257	.113	-.012
Motivated to work	-.006	.072	.224	.386	.257	1.000	.568	.412
Stay longer	.005	.210	.128	.369	.113	.568	1.000	.563
Co do well future	-.020	.179	.235	.381	-.012	.412	.563	1.000

As alluded earlier, the value of correlation is determined at 0.5 implying that as per table 5.3.2.2 there are three variables that are found to be correlated with each other. The intention of respondents' to stay longer in the company is correlated with the respondents' motivation to work (0.568) whilst at the same time correlated to the respondents' believe in the company's doing well in future 0.563. The three variables also rate high in the frequency distribution which further strengthens the relationships.

Presentation of results – ANOVA

Table 5.3.2.3 below presents results on the analysis of variance done regarding perceptions held by employees on whether they perceive share schemes as serving the needs of the employers.

Table 5.3.2.3 ANOVA – Research Question 2

	Sum of Squares	Df	Mean Square	F	Sig
Between People	421.267	104	4.051		
Within People					
Between Items	28.433	7	4.062	3.368	.002
Residual	878.067	728	1.206		
Total	906.500	735	1.233		
Total	1327.767	839	1.583		

Grand Mean = 3.32

The F-value was recorded at 3.368, which is above the value of 2 (table 5.3.2.3). This implies that there is significant difference between the means of variables.

5.3.3 Research question three of questionnaire

In the view of the targeted employees, do companies implement share schemes as a response to programmes such as Broad-Based Black Economic Empowerment (BBBEE) compliance requirements, or is it a genuine exercise? [Question 15-20 in questionnaire].

Following is table 5.3.3.1 which provides frequency distributions for questions relating to the perceptions held by employees on whether companies implement share schemes as a response to either compliance to government legislation or as a genuine exercise. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.3.1 Summary of frequency distributions for questions relating to the perceptions that employees hold regarding companies implementing share schemes as a response to either compliance or genuine exercise.

		AS	A	NAND	D	DS	Total
15. I think government did well by introducing Broad-Based Black Economic Empowerment (BBBEE).	F	23	34	26	14	8	105
	P	21.9	32.4	24.8	13.3	7.6	100
16. Without BBBEE, companies would not offer us shares.	F	32	35	20	13	5	105
	P	30.5	33.3	19.0	12.4	4.8	100
17. Our company is using share schemes to protect its image.	F	27	37	18	12	11	105
	P	25.7	35.2	17.1	11.4	10.5	100
18. BBBEE benefits the company more than employees.	F	27	27	23	16	12	105
	P	25.7	25.7	21.9	15.2	11.4	100
19. BBBEE means issuing shares to blacks only.	F	36	22	20	12	15	105
	P	34.3	21.0	19.0	11.4	14.3	100
20. Our unions fought for us to get shares in the company.	F	14	20	26	28	17	105
	P	13.3	19.0	24.8	26.7	16.2	100

The frequency distributions done on variables investigating the above research question depict that at the top of the six the variables that dominate were that the company is using share schemes to protect its image (60.9%) and that without BBBEE companies would not offer shares (63.8%). The general perception is that government played an important role in enhancing shares schemes, and this favours a political role that government played. The perception about the concept of BBBEE is also considered to have links with empowering blacks more than other races. The results also show an interesting perception that it is not necessarily unions that played a major part. This variable scored the least in the group (32.3%) despite the fact that in the biographical data, it was indicated that 73% of the respondents are members of the union. In this regard, the perception is that share schemes are a mechanism to respond to government compliance and regulation.

Results presentations – Correlations

Table 5.3.3.2 below presents results on correlation of variables regarding perceptions that employees hold regarding companies implementing share schemes as a response to either compliance or genuine exercise.

Table 5.3.3.2 Inter-Item Correlation Matrix – Research Question 3

	Govt did well	BBBEE offer	Image	Benefit co	BBBEE means black	Unions fought
Govt did well	1.000	.248	.440	.106	.238	-.078
BBBEE offer	.248	1.000	.263	.046	.297	.020
Image	.440	.263	1.000	.429	.404	-.126
Benefit co	.106	.046	.429	1.000	.171	.088
BBBEE means black	.238	.297	.404	.171	1.000	-.011
Unions fought	-.078	.020	-.126	.088	-.011	1.000

The test on correlation of variables reflects no correlation as all variables are below 0.5.

Presentation of results – ANOVA

Below is table 5.3.3.3 which presents results of analysis of variance on perceptions that employees hold regarding companies implementing share schemes as a response to either compliance or genuine exercise.

Table 5.3.3.3 ANOVA - Research Question 3

	Sum of Squares	Df	Mean Square	F	Sig
Between People	315.375	104	3.032		
Within People					
Between Items	44.432	5	8.886	6.515	.000
Residual	709.235	520	1.364		
Total	753.667	525	1.436		
Total	1069.041	629	1.700		

Grand Mean = 3.42

The ANOVA test reflects a value of 6.515 (Table 5.3.3.3), which is greater than two and implies that there is a significant difference between means of variables.

5.3.4 Research question four of questionnaire

Some companies implement share schemes by allocating different number of shares to employees of different levels, and in some cases, companies excluding some employees in the allocation. Where all employees are offered either equal

or unequal number of shares, does this have an impact on motivation and individual performance? [Question 21-25 in questionnaire].

Following is table 5.3.4.1 which provides frequency distributions for questions relating to the perceptions held by employees on the impact of employee share scheme allocation on motivation. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.4.1 Summary of frequency distributions for questions relating to the perceptions that employees hold about the impact of employee share scheme allocation on motivation.

		AS	A	NAND	D	D S	Total
21. I do not care how many shares my company offers to me.	F	26	26	20	21	12	105
	P	24.8	24.8	19.0	20.0	11.4	100
22. Employee share schemes are used to discriminate between workers.	F	28	29	15	18	15	105
	P	26.7	27.6	14.3	17.1	14.3	100
23. Companies must consider individual's performance when they allocate shares.	F	24	35	16	16	14	105
	P	22.9	33.3	15.2	15.2	13.3	100
24. The length of service must be considered when allocating shares to employees.	F	21	35	12	16	21	105
	P	20.0	33.3	11.4	15.2	20.0	100
25. Educational qualifications and skills must be used as criteria for allocating shares to staff.	F	18	26	12	23	26	105
	P	17.1	24.8	11.4	21.9	24.8	100

From the results it is noted that 49.6% do not care how many shares the company allocates to them. In contrary, 31.4% do care about the number of shares allocated

whilst 19% neither agree nor disagree. Furthermore, 54.3% of the respondents believe that employee share schemes are used to discriminate between workers whilst 31.4% disagree whilst 14.3 neither agree nor disagree.

Of the respondents, 63.2% agree that individual's performance must be considered by the company when shares are allocated. Furthermore, 18.5% disagree whilst 15.2% neither agree nor disagree. In addition, 53.3% agree that the company must consider the length of service when allocating shares. However, 35.2% disagree whilst 11.4% neither agree nor disagree to the inclusion of individual's performance.

The results further show that 41.9% of the respondents agree that educational qualifications and skills must be used as criteria for allocating shares to staff. In comparison to this, 46.7% disagree whilst 11.4% neither agree nor disagree.

As can be observed from the responses, individual's performance and length of service are highly regarded by respondents as criteria that must be used in the allocation of shares whilst educational qualifications have scored lower.

Results presentations – correlations

Below is table 5.3.4.2 which presenting results on correlation of variables regarding perceptions that employees hold about the impact of employee share scheme allocation on motivation.

Table 5.3.4.2 Inter-Item Correlation Matrix - Research Question 4

	Care how many	Schemes discriminate	Indiv perfo	Length of service	Educ qualify
Care how many	1.000	.119	.057	.104	.049
Schemes discriminate	.119	1.000	.184	.225	.133
Indiv perfo	.057	.184	1.000	.535	.218
Length of service	.104	.225	.535	1.000	.147
Educ qualify	.049	.133	.218	.147	1.000

The test on correlation of variables (Table 5.3.4.2) reflects a correlation between individual's performance and length of service, confirming the other tests. Education does not appear as an issue of concern. Considering the frequency distributions, it may also be influenced by the fact that the majority of the respondents have matric or lower qualifications so it is not a strong factor of negotiations to them.

In the writer's view, it may be that people who are performers feel that they need to be valued. Those with long service and perform better because of experience can conceive that they have better knowledge of work in the company so they need to be considered.

Results presentation – ANOVA

Below is table 5.3.4.3 which presents results of the analysis of variance on perceptions held by employees on the impact of employee share scheme allocation on motivation.

Table 5.3.4.3 ANOVA - Research Question 4

		Sum of Squares	Df	Mean Square	F	Sig
Between People		349.410	104	3.360		
Within People	Between Items	17.752	4	4.438	2.745	.028
	Residual	672.648	416	1.617		
	Total	690.400	420	1.644		
Total		1039.810	524	1.984		

Grand Mean = 3.22

The ANOVA test reflects a value of 2.745 (Table 5.3.4.3), which is greater than two and implies that there is a significant difference between means of variables.

5.3.5 Research question five of questionnaire

Are there any significant differences in expectations between employees that own shares and those that do not own shares? [Questions 26-29 and 32].

Following is table 5.3.5.1 which provides frequency distributions for questions relating to the perception regarding whether there is any significant differences between employees that own shares and those that do not. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.5.1 Summary of frequency distributions for questions relating to the perceptions that employees hold on the differences of expectations between employees that own shares and those that do not.

		AS	A	NAND	D	D S	Total
26. If I did not own shares in the company, I would easily leave for greener pastures.	F	17	41	12	21	14	105
	P	16.2	39.0	11.4	20.0	13.3	100
27. Employees who own shares must be given an opportunity to participate in decision making.	F	31	38	15	11	10	105
	P	29.5	36.2	14.3	10.5	9.5	100
28. Employees who do not own shares are not highly regarded by management.	F	27	22	18	25	13	105
	P	25.7	21.0	17.1	23.8	12.4	100
29. Employees who do not own shares are not highly regarded by other workers.	F	18	27	18	26	16	105
	P	17.1	25.7	17.1	24.8	15.2	100
32. All employees are united regardless of whether they are allocated shares or not.	F	29	31	14	17	14	105
	P	27.6	29.5	13.3	16.2	13.3	100

Of the respondents, 55.2% confirmed that if they did not own shares in the company, they would easily leave for greener pastures. The other 33.3% of the respondents disagree whilst 11.4% neither agree nor disagree.

The results show that 65.7% of the respondents feel that employees who own shares should be given the opportunity to participate in decision-making process of the company. However, 20% disagree whilst 14.3 neither agree nor disagree.

The results further show that 46.7% feel that employees who do not own shares in the company are not highly regarded by management. However, 36.2% respondents disagree whilst 17.1% of respondents neither agree nor disagree.

The results also show that 42.8% feel that employees who do not own shares in the company are not highly regarded by other workers. On the other hand, 40% respondents disagree whilst 17.1% of respondents neither agree nor disagree.

Of the respondents, 57.1% agree that all employees are united regardless of whether they are allocated shares or not. However, 29.5% disagree whilst 13.3% neither agree nor disagree.

The results show that the highest score relates to the expectation that share ownership has to be accorded with decision making, followed by that of recognition by management and other workers.

Results presentations – correlations

Below is table 5.3.5.2 presenting results on correlation of variables on perceptions that employees hold on the differences of expectations between employees that own shares and those that do not.

Table 5.3.5.2 Inter-Item Correlation Matrix - Research Question 5

	Greener pastures	Decis making	Regard manag	Regard workers	United
Greener pastures	1.000	-.098	.231	.173	-.015
Decis making	-.098	1.000	.101	.257	.033
Regard manag	.231	.101	1.000	.328	.057
Regard workers	.173	.257	.328	1.000	.071
United	-.015	.033	.057	.071	1.000

As per Table 5.3.5.3, there is no correlation discovered between the five variables.

Results presentations – ANOVA

Below is table 5.3.5.3 which presents the results of analysis of variance on perceptions that employees hold on the differences of expectations between employees that own shares and those that do not.

Table 5.3.5.3 ANOVA - Research Question 5

		Sum of Squares	Df	Mean Square	F	Sig
Between People		273.798	104	2.633		
Within People	Between Items	22.008	4	5.502	3.443	.009
	Residual	664.792	416	1.598		
	Total	686.800	420	1.635		
Total		960.598	524	1.833		

Grand Mean = 3.32

The ANOVA test reflects a value of 3.443 (Table 5.6.2), which is greater than two and implies that there is a significant difference between means of variables.

5.3.6 Research question six of questionnaire

Do employees feel confident and knowledgeable about share schemes?

[Question 30-31].

Following is table 5.3.6.1 which provides frequency distributions for questions relating to the perception held by employees on whether they feel confident and knowledgeable about share schemes. The acronyms used as headings have been briefly explained in the opening paragraph of item 5.3 of this chapter.

Table 5.3.6.1 Summary of frequency distributions for questions relating to the perception that employees hold on employees' confidence about knowledge of share schemes.

		AS	A	NAND	D	D S	Total
30. I do not know much about our employee share scheme.	F	24	23	19	18	21	105
	P	22.9	21.9	18.1	17.1	20.0	100
31. Our company organised sessions to inform us about our share scheme.	F	17	23	9	29	27	105
	P	16.2	21.9	8.6	27.6	25.7	100

Of the respondents, 44.8% agree that they do not know much about their share scheme. However, 37.1% of the respondents disagree whilst 18.1% neither agree nor disagree.

Of the respondents, 38.1% claim that their company does organise sessions to inform them about their share scheme. On the other hand, 53.3% of the respondents disagree whilst 8.6% neither agree nor disagree.

The results of the frequency distributions suggested that perceptions of majority respondents' knowledge about the share scheme were not in alignment with the company's organising of information sessions. Despite the majority responding that they have knowledge about shares, it can be concluded that they may have acquired this knowledge somewhere else, hence they already own shares in other companies.

Results presentations – Correlations

Table 5.3.6.2 below presents results of the correlation done on perceptions that employees hold on the differences of expectations between employees that own shares and those that do not.

**Table 5.3.6.2 Inter-Item Correlation Matrix -
Research Question 6**

	Know much	Co sessions
Know much	1.000	-.092
Co sessions	-.092	1.000

The test on correlation co-efficient as per table 5.3.6.2 reflects a negative value indicating that the variables move in the opposite direction; that is, when one increases, the other decreases.

Results presentations – ANOVA

Table 5.3.6.3 below presents results of the analysis of variance on perceptions that employees hold on the differences of expectations between employees that own shares and those that do not.

Table 5.3.6.3 ANOVA - Research Question 6

	Sum of Squares	df	Mean Square	F	Sig
Between People	200.429	104	1.927		
Within People					
Between Items	6.519	1	6.519	2.813	.096
Residual	240.981	104	2.317		
Total	247.500	105	2.357		
Total	447.929	209	2.143		

Grand Mean = 2.93

The ANOVA test reflects a value of 2.813 (Table 5.3.6.3), which is greater than two and implies that there is a significant difference between means of variables, as confirmed by other tests.

5.4 Testing for reliability – Cronbach Alpha

Summated scales are often used in survey instrument to probe underlying constructs that the researcher intends to measure. In such instances, reliability becomes important as variables developed from summated scales are used as predictor components in

objective models. Usually, development of such scales is not an end of the research itself, but rather the means to gather predictor variables. In such cases, the Cronbach Alpha is applied to determine the internal consistency or average correlation of items in a survey instrument to measure its reliability (Santos, 1999).

For the purpose this study and for achieving the objectives of the research, the variables have been grouped together in line with the research questions defined in chapter three. The Cronbach's Alpha for the entire questionnaire (comprising of 32 questions), is reflected as 0.708 below. As a result, the value suggests that the questionnaire with all its variables used can be statistically and significantly accepted, and hence the results of the study should be accepted.

Table 5.3.1 Reliability Statistics group Cronbach Alpha

Cronbach's Alpha	N of Items
.708	32

5.5 Summary of results

The chapter dealt with results as guided by research questions and using the different methods of statistical analysis. It was established that perceptions amongst employees are significant if companies want to implement the share schemes successfully. The results displayed agreement with most of the perceptions under investigation. With regard to the reliability of the test instrument, it was established that it was helpful in

providing answers to the research questions. It was also established that in all cases, there were significant differences between means of variables. The Cronbach Alpha with the value of 0.708 illustrated the reliability of the research instrument. The results of the research have been presented in the previous chapter. The results will now be discussed in the next chapter.

CHAPTER 6: Discussion of results

6.1 Introduction

The chapter commences with the discussion of the respondent population in terms of the biographical data collected. The data includes information on gender, race, age, occupational levels, length of service in the company, membership to a union, highest educational qualifications as well as whether the respondents had any finance background. The next step in the discussion, relates to the perceptions of employee share schemes as surveyed by the questionnaire based on the initial objectives of the study.

6.2 Description of the population respondents

6.2.1 Gender

From the survey results, there were more females than males, although there is a 16% difference between males and females (58.1% compared to 41.9%). The composition should generate sufficient balance on the average responses in terms of perceptions towards share schemes. There is, however, no current assumptions that gender would intensely affect perceptions in this regard, and as no correlations were done to investigate this variable, no conclusions could be made on its effect.

6.2.2 Race

Race is an important variable in South Africa. It is associated with historical imbalances as well as availability of opportunities, both in terms of employment as well as economic

development. One of the South African mechanisms to address economic imbalances was the legislation of the Broad-Based Black Economic Empowerment, in which as indicated in chapter two, the objective was to redress the economic imbalances of the past created by apartheid policies of the country.

From the study, it was established that the respondents represented a 97.1% black. This provides a debatable situation with regard to some of the perceptions included in the research questions such as whether the share schemes are considered as discriminatory, or whether they are perceived with suspicion of serving the objectives of the employers more than those of the employees.

6.2.3 Age

The majority of the respondents in the study are in the age group of between 30 and 39 (40%) followed by 40-49 (39%). The next well represented group was ages 50-59 in which an 11.4% was reflected. Age plays an important role in the decision making of people for financial planning. It is a driver in the intensity of investing, especially when people earmark to create wealth for themselves. As a result, the study carries an important reflection from the respondents in terms of how they perceive share schemes as a vehicle of self-empowerment as would have been perceived by the company. The two top represented age groups can also be assumed to be in the middle of a matured or at least a consistent financial plan and strategy for their future and retirement.

The generational theory raises a number of issues concerning designing remuneration strategies versus the need to consider generational profiles in designing them.

According to Giancola (2008), a number of independent suggestions made by different schools of thought suggest that such profiles are mythological simplifications, given the diversity within each generation and the changes that occur in people, or a person in that group does not necessarily provide understanding about them. For this reason, the study does not pursue this variable as significant enough to suggest for alignment of share schemes based on age profiles.

6.2.3 Occupational levels

The results display that 91.4% of the respondents occupy lower levels of the hierarchy. Whilst this may be considered a risk in terms of leading research results to be skewed towards the perceptions of junior staff, this should be viewed with a positive attitude, which Grigoriadis and Bussin (2006) suggest for a methodology that allows value-add results if conducted amongst the individuals who participate on the scheme itself. There was limited participation at middle and top levels of management, which could have influenced some of the variables.

6.2.4 Length of service

The majority (80%) of the respondents have been in the company's employ between five and fifteen years. Also considering that 47.6% respondents have been with the company for eleven to fifteen years, it draws readers to the assumption that the majority have a long standing relationship with the company. This variable has interesting implications to answering the research question on commitment level to the company, and assessing the potential for employees to consider moving to other greener

pastures. Same as the other biographical variables, no closer investigation was made on how this affects other variables and perceptions, and perhaps should be noted for future research.

6.2.5 Union membership

The role of unions in companies is considered to be instrumental. Sengupta (2006) argue that unions must be included in the determination of a feasible share scheme for employees, if companies want to implement successful schemes. The results indicated that the respondents were 73.3% unionised. This is a substantial size to influence perceptions in companies and organisations.

Joensson(2006) argue that unions are part of the social networks that can influence decision making amongst employees. Employees consider unions as playing a continuous transformation role in labour relations. However, it was interesting that in the research question relating to whether unions did fight for the share scheme or not, the respondents disagreed. This could be a genuine response indicating that employees were aware of its role, but not in terms of the implementation of the scheme.

The findings of the study showed that the respondents' perceptions were genuinely reflective of how they perceive as having not played a role in facilitating the share scheme, rather being an effort from the government through legislation of BBEE. Whilst it is argued from literature, that for a successful share scheme to take place a union must be part of the process, the respondents contradicted this perception under a

highly unionised environment. Although the extent of the role of the union has not been intensely explored, strong perceptions are that government legislation has been more powerful to push the company into implementing the scheme. Similarly, it can be argued that according to the survey respondents, companies have not done this out of will rather than due to government pressure. This is a perception that if companies want to change, they will have to be consistent in communicating through and with the unions to ensure that the message is well founded.

6.2.6 Highest educational qualifications

The results show that 76.2% of the respondents have matric or lower qualifications. Only 19% respondents have either a certificate or a diploma, whilst 4.8% possess a degree or post-graduate qualification. In terms of the understanding of perceptions, the study has not applied this as a factor that influences, but as a factor that contributes towards understanding. Shares schemes can be complex and would require some level of educational command, but as can be seen from the results, the majority of respondents hardly studied beyond matric and have less or no finance background.

It has been reported that the South African adult literacy rate is 88%. However, Joubert (2008) suggests that the financial literacy rate is much far below the adult literacy rate partly due to the nature of educational syllabus taught at schools. The aggravating factor is the dropout rate in schooling, especially at high schools and tertiary institutions.

According to Joubert (2008), financial literacy is a relative concept. It is defined as the

ability to make informed judgements and to take effective decisions regarding the use and management of money. In today's world of increasing complex financial decisions, financial literacy may be considered a vital skill that all citizens should acquire. It was noted that educational qualifications were not favoured as criteria for share allocation by the respondents, and this should not be surprising considering the majority of respondents not having qualifications above matric.

6.2.7 Field of study

This variable should be considered in context of educational qualifications as well as the race aspect. Whilst opportunities are being created by companies as well as national IPO's (Initial Public Offerings) and empowerment schemes, there is evidence that the large population in South Africa does not understand how shares operate, let alone investing on the stock market. It is estimated that South Africa has only 88% literacy rate, let alone financial literacy (UNICEF, 2009).

The results display that 99.0% of the respondents do not have financial background. Although this may not be the prerequisite to invest in shares, this does have an influence in nurturing appetite for shares investment and understanding thereof.

6.2.8 Conclusion on biographical data

In the analysis of data, there was no detailed or complex analysis of this data in correlation to other variables. It is, however, identified as a potential area for future research which would account to possible new developments in the area of

remuneration strategies. The variables in this category of data have been considered only in the context of the available theory as well as assumptions based on non-quantified data. In the suggested future research, it would be valuable to conduct specific correlations to generate testable hypothesis.

Education emerges as having a strong effect and influence on perceptions of employees towards share schemes. Companies should endeavour to take serious consideration in educating their employees about the purpose of share schemes as well as how they can take further opportunity for personal and financial empowerment.

6.3 Perceptions described by respondents

This section of the document interpreted the respondents' perceptions of share schemes based on the research questions described in chapter 3, the literature review as well as the objectives of the study mentioned in chapter 1. The discussion is structured in terms of each research question with consideration of questions used in the questionnaire.

6.3.1 With an increase in the number of companies offering share schemes and implying share ownership, what does it mean to employees to be holders of these shares?

The objective of the above research question was to establish how employees perceive of the concept of share ownership and share schemes. Six questions were used to

prompt employees understanding of the purpose for the implementation of share schemes.

According to Bussin and De Beer (2004), companies launch share schemes with an objective of talent attraction, retention as well as creating a competitive advantage for themselves.

Respondents were asked to rate the following statements on a 5-point Likert scale to probe their responses in exploring their borne perceptions of share schemes:

- Owning shares is a good thing.
- When companies offer shares to employees, they create opportunities for financial empowerment.
- Participating in a share scheme is a rare opportunity and a good benefit to employees.
- Being part of a share scheme opens doors for future savings and investments.
- I currently own shares in another company.
- I plan to buy shares in the future.

The results to the above questions, as indicated in table 5.3.1.1 in chapter 5, support the conclusion that the majority of the respondents (61%) considered owning shares as a good thing. This question was asked openly to allow the use of other questions as control questions in order to explore if this was true in the context of employee share schemes as well as purchasing shares as an individual's intended action both within

and outside the current company.

The research results also indicate that the majority of the respondents also agree to the statements that participating in a share scheme is a rare opportunity that creates opportunities for employees for financial empowerment as well as opening doors for the future savings and investments. These statements link with one another to enhance the perception that the share schemes add value to their lives. In line with the motivational theories propagated by Maslow, individuals react and respond positively towards situations that fulfil their needs (Grobler *et al*, 2006).

Considering the overall responses of respondents to questions in this category, it is evident that the perception held by employees is that employee share schemes are a good vehicle for employee empowerment, fulfilling the valued need for saving for the future. This is further supported by the fact that whilst only 37.1% own shares in another company (versus 49% who do not), there is an overwhelming majority of employees (60%) who plan to buy shares in the future. Based on Maslow's hierarchy of needs, it can be concluded that one of the future aspirations for the employees is to own shares, either for ensuring security (one of the needs) for future life, or to enhance their esteem.

From the above discussion, it can be concluded that the perceptions shared by the majority of respondents, was that share schemes add value to employees, and if resources were sufficient, they would choose to increase their holdings.

6.3.2 Do employees see share schemes as serving the needs of the employers, such as tax benefits as well as motivation of employees for purposes of enhancing productivity and retention?

In order to explore on the above research question, respondents were asked to rate the following statements on a 5-point Likert scale to probe their perceptions towards whether share schemes serve the needs of employers such as tax benefits, productivity and retention:

- Companies create employee share schemes in order to generate savings for themselves.
- When companies offer shares to employees, government offer them reduced tax payments and other benefits.
- In order for employees to be motivated, employers offer them shares.
- Employees are impressed with shares schemes.
- My company should consider something else other than shares to motivate me.
- I am motivated to work hard because I know that I own part of the business in my company.
- Because of my shares, I intend to stay longer in my company.
- I believe that my company will do well in the future.

In considering the responses from the respondents to the research question on whether companies share schemes serve the needs of the employers, the majority of the respondents (43.8% against 17.2%) believe that share schemes are meant to g savings

for the employers. In addition, 43.8% believe that companies receive reduced taxes from the government in return. It is, however; interesting to note that in both statements, 39.0% of the respondents neither agree nor disagree. From the analysis point of view, such statements can only be ascertained with sufficient and reliable information, which is not publicly available. It may, therefore be concluded that this is a perception that the majority of respondents have no official confirmation, and this could be the same with most of those that responded positively to the statements.

The majority of employees acknowledge the statement that employers offer shares to employees in order to motivate them. On the same note, it was found that the majority of respondents (45.7% against 38.1%) were impressed with share schemes, and considering that 51.3% have expressed that they believe their company will do well in future, it displays confidence. The majority of respondents also indicated that they were motivated to work hard because they know that they own part of the business. Furthermore, 43.8% respondents have shown that they intend to stay longer with the company. All these statements link with each other in concluding that the majority of the respondents perceive that whilst the share scheme does serve the needs of the employers, there is sufficient evidence that the needs of the employees themselves are also accommodated.

From literature review, Arnolds and Venter (2007) argue that share schemes help to align the objectives of the company with those of the employees, but there is a potential for a mismatch between strategies applied by companies if those are not compared with

motivational rewards that employees prefer. There is a greater intention to demand a further alignment of these objectives.

A sound warning was noted from 65.7% of the respondents that the company should consider something else other than shares to motivate them. Whilst it is evident that there is an alignment between the objectives of the two sides, it may be necessary to continue realigning to newer demands that may prevail in future. Latham and Ernest (2006) disproved the over-simplified conclusion that money was the primary, if not the only source of employee's motivation. With arguments submitting the revolving patterns in employee benefits preferences such as those indicated by Bussin and De Beer (2009), share schemes could disappear in the same way as specific retirement funds that emerged and disappeared with time as sound retention vehicles.

The above discussion suggest that whilst the respondents perceive that share schemes serve to provide for the objectives of the employers such as tax benefits, these are well structured to motivate employees and encourage them to stay longer in the company, thereby investing their future in the company they trust in.

6.3.3 In the view of the targeted employees, do companies implement share schemes as a response to programmes such as Broad-Based Black Economic Empowerment (BBBEE) compliance requirements, or is it a genuine exercise?

To understand the perceptions held by respondents on whether companies are

implementing BBBEE as a genuine exercise or as a result of pressure from the government, respondents were asked to rate the following statements on a 5-point Likert scale.

- I think government did well by introducing Broad-Based Black Economic Empowerment (BBBEE).
- Without BBBEE, companies would not offer us shares.
- Our company is using share schemes to protect its image.
- BBBEE benefits the company more than employees.
- BBBEE means issuing shares to blacks only.

The study found that amongst the variables used to measure the perception indicated above, the variable with the highest score (at 63.8%) was that companies would not just and genuinely offer shares. This is followed by the belief that companies were using share schemes to protect their image (60.9%).

The general perception is that it was through the intervention of the government through legislation of the Broad-Based Black Economic Empowerment initiative that companies would consider implementing share schemes; hence, the belief by 51.4% of the respondents, that BBBEE benefits companies more than employees. Although BBBEE considers several categories of historically disadvantaged groups, it is evident that BBBEE is closely linked with empowering blacks to a greater extent as indicated by the respondents' ratings of 55.3%.

BBBEE is a politicised exercise which carries with it the reversal of discrimination activities and legislated by government. It is interesting that whilst unions have just over 73% presence, the respondents acknowledged that they were not necessarily the drivers of the share scheme at this stage. Prominence was accorded to government.

In BBBEE, black fronting is well known by most black people, and there have been arguments that companies engage themselves to employing blacks and other designated groups to achieve their goals without passing the real value to those that participated. The same happens in procurement deals where black fronting takes place.

The general impression gathered from the results is that BBBEE was associated with government efforts aimed at empowering those that did not have opportunities before. It can, thus be concluded that the majority of the respondents perceive that companies implement share schemes as a response to government legislation and compliance, rather than a genuine social exercise.

Previous experiences, especially by blacks have embedded impressions that companies are not responsive to transformation and the earmarked government-driven empowerment. One of the objectives of BBBEE was to transform the economy by supporting black ownership in companies, but as Borkhum (2010) concurs, the process remains slow, and unless government takes implement tough measures, it will not achieve its purpose with seriousness.

6.3.4 Some companies implement share schemes by allocating different number of shares to employees of different levels, and in some cases, companies excluding some employees in the allocation. Where all employees are offered either equal or unequal number of shares, does this have an impact on motivation and individual performance?

To understand the perceptions held by respondents on whether the number of shares allocated in an employee share scheme have an influence in employees motivation, respondents were asked to rate the following statements on a 5-point Likert scale.

- I do not care how many shares my company offers to me.
- Employee share schemes are used to discriminate between workers.
- Companies must consider individual's performance when they allocate shares.
- The length of service must be considered when allocating shares to employees.
- Educational qualifications and skills must be used as criteria for allocating shares to staff.

The research findings showed that whilst the majority (49.6%) of the respondents did not care about the number of shares allocated to them, it was still evident that the majority 53.4% considered share schemes as being used to discriminate between workers. Further results suggest that the majority (56.2%) of respondents do agree that in order to avoid or control chances of discrimination, individual performance should be used as one of the criteria for allocation of shares amongst employees.

Another variable indicated as important for consideration in the allocation of shares was the length of service, and this was supported by 53.3% of the respondents. In contrast, educational qualifications were rejected by the majority (46.7%) as criteria for allocating shares to staff. It should be recollected that 76.2% of the respondents were found to have matric and lower qualification, although 47.6% had service with the company for a period between 11 to 15 years.

The results, therefore suggest that employees with long service may wish to be recognised for their long commitment to the company, but resist to be allocated shares on the basis of the qualifications they hold.

6.3.5 Are there any significant differences in expectations between employees who own shares and those that do not own shares?

To understand the perceptions held by respondents on whether there was significant differences between employees who own shares and those that do not, respondents were asked to rate the following statements on a 5-point Likert scale.

- If I did not own shares in the company, I would easily leave for greener pastures.
- Employees who own shares must be given an opportunity to participate in decision making.
- Employees who do not own shares are not highly regarded by management.

- Employees who do not own shares are not highly regarded by other workers.
- All employees are united regardless of whether they are allocated shares or not.

The research findings suggested that the majority of the respondents would leave the company for greener pastures if they did not own shares in the company. Considering the feedback by the majority who indicated that they believed the company would do well in the future, and intend to stay longer with the company, this may create some level of misunderstanding in terms of what the majority would prefer.

It was established that 65.7% of respondents indicated that they believed that employees who own shares must be given an opportunity to participate in decision making. It was further established that 46.7% respondents (against 36.2%) indicated that employees who do not own shares were not regarded by management. A further 42.8% (against 40%) believed that employees without shares were not highly regarded by other employees.

The issue relating to employee recognition plays an important role in organisations. Considering both decision making and employee recognition as rating high, suggests that conclusions on non-monetary rewards as significant to motivating employees, makes sense. Employee share ownership and engagement seems inseparable in this regard and this confirms what Maslow's hierarchy of needs is all about. As soon as employees gather some of their basic needs, they begin to develop needs in the higher hierarchy such as recognition and self-esteem (Grobler et al, 2006).

With this analogy, and considering the findings that 57.1% of the respondents believed that employees were united regardless of whether they are allocated shares or not, it further suggest that when employee shareholders find that they have a common enemy, they develop the same interest and thus increasing their internal cohesion.

The above analogy depicts major shifts in employee relations domestically and globally. Companies constantly face demands by employees about improved worker relations in which not only remuneration benefits from the agenda of the boardrooms, but also taking discussions on how their work environment can be improved and made attractive.

The above results suggest that it is correct to conclude that employee shareholders perceive share schemes as a vehicle through which they can further their demands for an improved worker relations and environment. In the same way employees, whether being shareholders or not, develop expectations to an improved work environment, especially that enhances worker participation, and employee share schemes seem to be a better avenue to provide such opportunities. This is also in line with what is considered to be shareholders rights.

Indicated previously in literature review, the theory of strategic managerial choice depicts that companies are more likely to select an incentive scheme by comparing respective costs. In the same way, they would also find strategies to exclude those that would not match the stringent requirements stipulated by the company. In this way,

employees that are not included may feel despondent and neglected resulting in the dilution of their long-term commitment.

6.3.6 Do employees feel confident and knowledgeable about share schemes?

In order to explore on the above research question, respondents were asked to rate the following statements on a 5-point Likert scale to probe their perceptions towards whether they feel confident and knowledgeable about their share scheme.

- I do not know much about our employee share scheme.
- Our company organise sessions to inform us about our share scheme.

The results of the study suggest that the majority (44.8% against of the respondents agree that they do not know much about their company share scheme. The results further indicate that 53.3% of the respondents agree to the fact that the company does not organise sessions aimed at informing them about the company share scheme.

Owning shares has several obligations as much as it bestows rights to holders. One way in which companies can effectively empower employees, is to ensure that such opportunities are afforded to individuals who will understand what they own, what it implies to own as well as how they can further grow them. Investor education is one way opportunities can be extended to those with disposable income and those that get afforded to own shares.

Several employee share schemes have failed to attain their objectives due to lack of education on the side of the participants. The high turnover ratios caused by early selling as well as trading just after the vesting period (period in which shareowners are allowed to begin cash their shares).

With regard to the study, it can be deduced that there is lack of effective, if any, communication to employees regarding the existing share scheme by the company. The situation may be caused by the fact that employees do not see regular sessions being organised from the employer's side. In reviewing some of the responses considered earlier, this could be contributing towards the level of suspicion that the majority of the respondents had earlier suggesting that share schemes are used to discriminate amongst employees.

Bussin (2010) suggests that employee share schemes have to be transparent and appropriate to the business and the jobs that they relate to. Hence, it is worth introducing them only after consulting with staff or unions to get the buy-in from the individuals that will participate in them. Consultation before and during enhances information to participating employee share owners.

Conclusion

This chapter comprised the discussion of results and findings for the six research questions and insights obtained during the research process. The next chapter draws main findings, conclusion as well as making recommendations based on findings.

CHAPTER 7: Conclusion and recommendations

7.1 Introduction

The chapter provides main findings from the research conducted and make recommendations to different stakeholders based on the research. The chapter further makes recommendations for future research on the subject matter.

7.2 Main findings from the research

The following were main findings from the research:

7.2.1 From the respondents of the research, it was established that there were positive perceptions about employee share schemes, and that these perceptions resulted in employee motivation and commitment to remain loyal to the company. However, companies should take great caution in ensuring that these schemes are sustainable in terms of buy-in and consultation with relevant stakeholders.

7.2.2 There is a great perception amongst respondents that share schemes serve the needs of employers, but this does not impact negatively on the motivation and commitment of employees to the company. However, the results show that employees would prefer that employers consider something else to motivate them. This is strong evidence that employees

may be settling for what is available on the table, whilst there is non-communicated incentives rather than shares. It is therefore, necessary to establish priority incentives with regard to employees timeously to match the changing needs of the workplace.

7.2.3 The results further show that respondents have strong perceptions that companies are providing share schemes in order to comply with government legislation such as BBBEE, and not a genuine exercise.

7.2.4 The results further show that respondents have perceptions that whilst share schemes are aimed at motivating employees, these are seen as discriminating because of the criteria used. To be specific, respondents indicated that individual performance and long service should be the criteria used in allocation and not other criteria such as education.

7.2.5 According to the results of the survey, respondents indicated that as a result of the employee share scheme, their expectations are that they should, with it, receive recognition and regard by both management as well as other workers; but, above all, opportunities for decision-making would make more sense to them.

7.2.6 The general perception is that sessions are not organised by the company to ensure that employees understand more about the employee share scheme.

7.2.7 Employee share schemes have in the recent years become one of the most important ways of incentivising employees in South Africa.

7.2.8 Whilst companies invest huge amounts of money in share schemes, it is important to ensure that mechanisms are in place to ensure that the scheme is successful so as to ensure a good return on investment for the company through motivation and long-term commitment.

7.2.9 The study also established that share schemes are often associated with opportunities for decision making in the company.

7.2.10 It was established through the study, that employees associate the employee share schemes with a rare opportunity for financial empowerment and creating future investment.

7.2.11 The study further established that share schemes alone are not sufficient to motivate and incentivise employees; other method of motivation needs to be explored.

7.3 Recommendations to stakeholders

Several share schemes initiated by companies have collapsed due to lack of consultation as well as lack of understanding by those that are targeted. The study reveals that it is important to create undertake ground work to establish the profile of the employees and their preferences in terms of incentives. It also raises caution on the

need for constant communication with affected employees at all times when any employee project is earmarked. Companies should avoid quick fixes in handling human resources initiatives.

Whilst companies do have their own Human Resources divisions, it may be advisable that professional advice and mentorship be requested to guide management before and during the process.

Having noted the low participation of middle and senior staff in the research, this should raise an alarm to management that such studies can impact on the nature and quality of research results to be skewed more towards the perceptions of lower level staff. It is recommended that a balance on each of the category should be made when opportunities such as this one arises, to allow reasonable comparison within each category as well as cross-sectional to the rest. Research, although largely academic, can offer great opportunity for learning to management, and management should develop interest in input made by studies of this nature.

With regard to stakeholders' participation, it was noted from the study; that, despite the heavy presence of the union, respondents expressed lack of participation by the union. This is the responsibility that both employers and employees should take up seriously. Effective employee relations can only take place with the support of all stakeholders. Unions should learn to understand what is being offered to their employee members, and employers should engage employees through their representation. This will enhance consistent relationships with all stakeholders, if co-operation is maintained.

7.4 Recommendations for future studies

As highlighted, the studies relating to perceptions are difficult to undertake as they can be greatly affected by context and situations within and outside the company. Factors such as political and socio-economic context of employees cannot be ignored. Hence, it is recommended that replication of the study be considered for future in different settings to compare the effect of such.

Further to the above, a longitudinal study over a period is highly recommended on how these factors influence the retention levels of employees in share schemes.

The sample size was identified as one of the factors challenging the level of generalisation of the results. It is recommended that a larger sample be drawn to expand on analysis tests that would increase reliability for such a study.

One of the objectives of the study was to explore the root cause of perceptions towards employee share schemes. Although in the results, education did not come up as playing a central role, the correlations results could suggest that its impact would need to be investigated. Furthermore, there could be a fine difference between education, ignorance and lack of information. Future research studies should consider investigating this further. It is well known that South Africa literacy is very low, and let alone, investor education.

The importance of effective dissemination of information about the schemes to the

entire organisation is linked to the nature of management in the organisation. It is suggested that research into how management could play a role in enhancing information dissemination be considered.

For the current study, timing of the implementation of the share scheme may have not been an issue. However, companies should consider this to ensure that implementation of share schemes are put under a controlled environment in terms of right timing.

The design of individual share schemes plays an important role. When designing share schemes, caution should be exercised in ensuring that there is no confusion on the different types of share schemes.

In conclusion, different schemes serve different purposes. In implementing share schemes, management should consider the size of the organisation as well as the culture of the organisation. This will ensure that there is commitment on both sides.

Bussin (2009) argues that the focus on retention strategies has shifted from a one-size-fits-all to a set of customised strategies in which each employee is motivated by unique factors. Hence, organisations must explore on those factors that predominate the preferences of its employees.

7.5 Conclusion

The study has achieved its primary aim to identify how employees perceive of share schemes, and whether these are in line with the objectives of the employers. The study has also succeeded in exploring how share schemes influence the employee behaviour in the course of fulfilling the company objectives.

It is anticipated that the findings of this research will generate interest in modelling further research around share schemes and remuneration strategies. What the study has succeeded to present is the prevalence of employee perceptions of share schemes. The results will add to the body of knowledge about the dynamic nature of changing needs (incentives) within the work environment. The unanswered questions remain a motivation for further and future research. One way in which companies can contribute to the built-up of this research is for companies to identify areas that they would like to be investigated and commission these to interested academics for effective research. Researchers are not always aware of current challenges faced by companies and management, hence such co-operation and support can further make a difference.

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Respondent's informed consent

APPENDIX 1

Dear respondent,

My name is Takalani Nyelisani and I am a Masters student at the Gordon Institute of Business Science (GIBS), University of Pretoria.

I am conducting research on "Employee perceptions of share schemes". The purpose of the research is to gather information on how employees perceive share schemes provided by employers.

I am writing to invite you to participate in the research in the form of a questionnaire. I will appreciate it if you could take a few minutes from your schedule to complete the questionnaire. It should take you approximately 10 minutes to complete the questionnaire. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential.

By completing this questionnaire, you indicate that you voluntarily participate in this research.

Should you have any concerns or queries, please feel free to contact me or my supervisor as per our details below:

Researcher's name : Takalani Nyelisani

Email : takalanin@jse.co.za

Mobile: 0823064574

Research Supervisor : Dr Mark Bussin

Email : drbussin@mweb.co.za

Mobile: 0829010055

Please tick in the box to give consent for your participation in the research.

QUESTIONNAIRE

There are no right and wrong answers. Questions on personal information will not be used to your disadvantage, but to enhance the objectives of the research.

Part A: Biographical details: Please tick the most appropriate box

GENDER : Male Female

RACE : Black White Indian Coloured Other

AGE: Less than 20 yrs 20-29 years 30-39 yrs 40-49 years
 50-59 years 60 years and above

LEVEL OF OCCUPATION: Top management Middle management/supervisory Other

LENGTH OF SERVICE TO THE COMPANY: Less than 5years 5-10 years 11-15 years
 More than 15 years

MEMBER OF A WORKER'S UNION: Yes No

HIGHEST EDUCATIONAL QUALIFICATION: Matric or lower Certificate or Diploma
 Degree Post-Graduate

FIELD OF STUDY: Finance Other

Part B: Questionnaire: Please tick the most appropriate box, whether you agree with the statements below:

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1. Owning shares is a good thing					
2. When companies offer shares to employees, they create opportunities for financial empowerment					
3. Participating in a share scheme is a rare opportunity and a good benefit to employees					

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
4. Being part of a share scheme opens doors for future savings and investments					
5. I currently own shares in another company					
6. I plan to buy shares in future					
7. Companies create employee share schemes in order to generate more savings for themselves					
8. When companies offer shares to employees, government offer them reduced tax payments and other benefits					
9. In order for employees to be motivated, employers offer them shares					
10. Employees are impressed with share schemes					
11. My company should consider something else other than shares, to motivate me					
12. I am motivated to work hard because I know that I own part of the business by owning shares in my company					
13. Because of my shares, I intend to stay longer in my company					
14. I believe that my company will do well in the future, hence I will not leave the company					

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
15. I think government did well by introducing Broad-Based Black Economic Empowerment (BBBEE)					
16. Without BBBEE, companies would not offer us shares					
17. Our company is using share schemes to protect its image					
18. BBBEE benefits the company more than employees					
19. BBBEE means issuing shares to blacks only					
20. Our unions fought for us to get shares in the company					
21. I do not care how many shares my company offers to me					
22. Employee share schemes are used to discriminate between workers					
23. Companies must consider individual's performance when they allocate shares					
24. The length of service must be considered when allocating shares to employees					
25. Educational qualifications and skills must be used as criteria for allocating shares to staff					

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
26. If I did not own shares in the company, I would easily leave for greener pastures					
27. Employees who own shares must be given opportunity to participate in decision making					
28. Employees who do not own shares in the company are not highly regarded by management					
29. Employees who do not own shares in the company are not highly regarded by other workers					
30. I do not know much about our employee share scheme					
31. Our company organise sessions to inform us about our share scheme					
32. All employees are united regardless of whether they are allocated shares or not					

Thank you for your valued time and input.

APPENDIX 2.

Table 8: Consistency matrix

Research Questions	Literature Review	Data Collection Tool	Analysis
<p>With such an increase in the number of companies offering share schemes and implying share ownership, it would be of value to understand what it means to be holders of these shares. What does it mean to them? Does it imply financial empowerment or opportunities for savings, opportunities for control, etc?</p>	<ul style="list-style-type: none"> • Steyn, Warren & Jonker (2008) • Bussin & De Beer (2004) • French (1987) • Joensson (2008) • Arnolds & Venter (2007) • Crago & Heywood (1995) • Grigoriadis & Bussin (2007) • Fuller, et al (2006) • Ulrich & Brockbank (2005) • BBBEE Act (2003) • Icely (2008) • Grobler et al (2006) • Rosseau (2004) • Maharaj, Ortlep & Stacey 	<p>Questionnaire</p>	<ul style="list-style-type: none"> • Frequency distribution tables • Cross tabulations tests • Chi-Square tests
<p>Do employees see these schemes as serving the needs of the employers, such as tax benefits as well as motivation of employees for purposes of enhancing productivity?</p>	<ul style="list-style-type: none"> • Barnes (2009) • Beer (2004) • Steyn, Warren & Jonker (2008) • French (1987) • Joensson (2008) • Arnolds & Venter (2007) • Crago & Heywood (1995) • Grigoriadis & Bussin (2007) • Fuller, et al (2006) • Ulrich & Brockbank (2005) • BBBEE Act (2003) • Icely (2008) 	<p>Questionnaire</p>	<ul style="list-style-type: none"> • Frequency distribution tables • Cross tabulations tests • Chi-Square tests

	<ul style="list-style-type: none"> Grobler et al (2006) 		
In the view of the targeted employees, do companies implement share schemes as a response to programmes such as BBBEE compliance requirements, or is it a genuine exercise?	BBBEE Act	Questionnaire	<ul style="list-style-type: none"> Frequency distribution tables Cross tabulations tests Chi-Square tests
Some companies implement share schemes by allocating different number of shares to employees of different levels. Some companies exclude employees in the lower levels. Where all employees are offered either equal or unequal number of shares, does this have an impact on motivation and individual performance?	<ul style="list-style-type: none"> French (1987) Joensson (2008) Arnolds & Venter (2007) Crago & Heywood (1995) Bussin (2009) Grigoriadis & Bussin (2007) Fuller, et al (2006) Ulrich & Brockbank (2005) 	Questionnaire	<ul style="list-style-type: none"> Frequency distribution tables Cross tabulations tests Chi-Square tests
Are there any significant differences in expectations between employees who own shares and those that do not own shares?	<ul style="list-style-type: none"> French (1987) Joensson (2008) Arnolds & Venter (2007) Crago & Heywood (1995) Grigoriadis & Bussin (2007) Fuller, et al (2006) Ulrich & Brockbank (2005) De Vos (2002) Zikmund (2003) 	Questionnaire	<ul style="list-style-type: none"> Frequency distribution tables Cross tabulations tests Chi-Square tests