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Effectiveness of the AMSA Employee Empowerment share scheme as mechanism for transformation

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ABSTRACT

Business in South Africa is under increased pressure to more effectively transform ownership ratios. As a result corporates have been adopting employee empowerment share schemes as a mechanism for transformation. Despite increased adoption, there still exists ambiguity around the ability of these schemes to effectively achieve the vision of Broad Based Black Economic Empowerment. This study considers the ArcelorMittal South Africa Employee Empowerment share scheme to establish its effectiveness in stimulating feelings of ownership and the associated behavioural benefits. Furthermore it aims to understand the main drivers of effectiveness and deduce mechanisms for improvement.

To advance the understanding of participant's subjective experience a qualitative, phenomenological research method was adopted. In-depth semi-structured interviews were conducted with a total of 21 middle managers across a variety of disciplines. Embedded in the inductive approach of the study thematic content analysis was applied to each interview.

Key findings indicated the AMSA EE share scheme ineffective as a mechanism for transformation, failing to inspire feelings of ownership or effect behavioural change. The subjective account of participant's ownership experience revealed the three antecedents of psychological ownership 'Investment of the Self'; 'Power Over Target' and 'Coming to Know the Object', were not satisfied in the implementation of the AMSA EE share scheme. Additionally four contextual 'fences' obstructing the development of psychological ownership were identified. Business Performance; Significance of Extrinsic Reward and Perceived Intent were established to collectively obstruct the 'Investment of the Self' antecedent, whilst Structural Design obstructed the 'Power Over Target' antecedent to impede feelings of ownership. From these findings the Main Drivers of Effectiveness framework was developed. Furthermore two Thrusts for Improved Effectiveness were recognized linked to 12 specific recommended actions. From the two Thrusts for Improved Effectiveness it was concluded management initiatives that promote satisfaction of the three antecedents of psychological ownership and/or mitigate the impeding effects of contextual fences will improve the effectiveness of the AMSA EE share scheme.

KEYWORDS

Broad Based Black Economic Empowerment, effectiveness, transformation, employee ownership, psychological ownership

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 THE RESEARCH PROBLEM

1.1 Introduction

To redress the discriminating effects of Apartheid the new democratic South African government passed the Broad Based Black Economic Empowerment (BBBEE) Act in 2003. In line with the Reconstruction and Development Program (RDP) the act “promotes economic transformation to enable meaningful participation of black people in the economy” (The Presidency, 2004). Objectives of the government’s BBBEE strategy include a substantial increase in black ownership and control of economic activities (Makhfola, 2008). Two decades into the democracy the act was denigrated for poor performance and fronting (Kassner, 2015). In response, the South African government in 2013 passed an amended BBBEE Act under which the BBBEE commission is empowered to criminally charge or ban companies from economic activity for contravening BBBEE policies (The Presidency, 2014).

Following the increased pressure for compliance corporates have been adopting share schemes in the context of transforming ownership ratio’s (Nyelisani, 2010). First generation BBBEE share schemes constituted the preferential sell of shares to high-profile black individuals. These transactions were critiqued for not being aligned with the inclusive vision of the RDP, creating an elite black aristocracy rather than benefitting the intended majority (Gardee, 2014). Transfer in ownership was further restricted by the inadequate capital available to the intended beneficiaries. Subsequently BBBEE ownership deals evolved to employee share schemes where companies provide an equity stake to qualifying employees affording them an opportunity to share in profits and partake in business activities as a minority shareholder (Faigen, 2016).

The employee share route to empowerment is based on the traditional view of employee ownership suggesting that any type of formal shareholding will i. produce a sense of psychological ownership aligning employee interests with that of the organization and ii. have positive social-psychological consequences on employee behaviour (Pierce, Rubenfield, & Morgan, 1991). Research by Klein (1987); Gamble, Culpepper, Blubaugh (2002); Pendleton and Robinson (2010) provide evidence for a positive relationship between employee share ownership, heightened levels of commitment and improved retention rates. Due to the benefits provided to both the organization and employees,

BBBEE employee share schemes have been described as the most inclusive mechanism for transformation (Gardee, 2014).

Successful BBBEE share ownership schemes like those of MTN, Sasol, Vodacom and Naspers have in recent years achieved significant gains in black ownership and consequently economic participation. In contradiction, other share schemes have indicated high drop-out rates after vesting, raising concerns over the effectiveness of BBBEE share schemes as a transformation mechanism (Nyelisani, 2010; Mtembu, 2011). Mazibuko and Boshoff (2003) contribute the inefficiency of employee share schemes to a mismatch between management objectives and employee perceptions. A study by Begbie, Bussin and Schurink (2011) suggest the effectiveness of an incentive scheme is a direct result of the employee's perception as shaped by the context and implementation of the scheme. Olckers and Van Zyl (2015) confirmed the importance of nurturing employee perceptions in implementing employee equity practices. In consideration, the success of BBBEE employee shares schemes as a mechanism for transformation resides in their ability to create a sense of direct empowerment through ownership and increased economic participation through associated social-psychological consequences. The criteria for an effective of BBBEE share scheme is accordingly defined as a scheme that:

- (i) Inspires feelings of ownership and
- (ii) Improves employee attitudes and behaviour to motivate and retain black designated groups

Despite the South African government introducing proficient policies to bring about the required structural change of the capitalist system, progress has been slow. Given the significance of BBBEE employment share schemes as a mechanism for ownership transformation, there is enthralling motivation to explore the effectiveness of these schemes as defined above.

1.3 Background to the Study

On the 1st of December 2016 ArcelorMittal South Africa (AMSA) as part of their commitment to furthering the objectives of the BBBEE Act, embarked on a path of empowerment transformation. To allow BBBEE beneficiaries to participate in the economic benefit and growth of AMSA, their efforts included the launch of the ArcelorMittal South Africa Employee Empowerment (AMSA EE) share scheme (ArcelorMittal SA, 2016b). Under the AMSA Employee Empowerment Share Trust employees have a 5.1% minority ownership stake. All permanent full-time employees are permitted to participate in the scheme with black designated groups representing 64% of participants at the date of inception. AMSA has identified the following objectives for the scheme:

- Allow beneficiaries to participate in the economic benefit of AMSA by becoming shareholders and qualifying for cash dividends under the prescribed conditions. Of the economic benefits, at least 60% must accrue to black designated groups.
- Promote employee's sense of commitment and drive individual performance towards the success of a collective goal.
- Enhance AMSA's position as employer of choice improving employee retention.

The scheme includes a 10 year no-trade term during which the beneficiary will be allocated trust units. At the end of the term shares will be released to the employee allowing them to benefit from the full ownership rights or the cash proceeds from the sale of the shares. Should 60% of the economic benefit not accrue to black designated groups the trustees will create and allocate additional trust units to black beneficiaries.

1.4 The Research Problem

According to Brewer and Hunter (2006) the research problem indicates a gap in the certainty of the existing knowledge base. Nyelisani (2010) in a study on employee share schemes raised concern around the effectiveness and sustainability of BBBEE employee share schemes. Effective implementation of these share schemes is imperative to achieving ownership transformation as set out by the RDP. Whilst companies believe BBBEE shares schemes will create a sense of ownership and motivate employees, literature on the true effectiveness of BBBEE schemes remains limited. Makololo (2012) in exploring the impact of BBBEE share schemes found BBBEE shares schemes to promote similar behavioural benefits as other share schemes. From the study, further research into the empowerment effectiveness and perceived employee value of BBBEE schemes was

recommended. Gigoriadis and Bussin (2007) propose exploring the effectiveness of a share schemes from the participants point of view rather than the organisation. McConville, Arnold and Smith (2016) provide compelling support for an employee approach relating effectiveness to the employee's subjective perception.

As an immature employee share scheme not yet realising any monetary benefit, the AMSA EESS presents a unique opportunity to explore the effectiveness of the scheme as a transformation mechanism. In view of the outlined background the problem statement is defined below:

There exists uncertainty around the true effectiveness of BBBEE employee share schemes as a mechanism for achieving transformation objectives. This is evident in the varying success rates of corporate BBBEE employee share schemes.

The un-transformed patterns of ownership in South Africa (South African Government News Agency, 2016) stresses the relevance of the identified research problem. To close the gap between management objectives and employee perceptions there exists a need to broaden the limited knowledge base of BBBEE employee share schemes. Providing valuable insight into the effectiveness of BBBEE ownership schemes the study will assist business to address the slow progress of BBBEE initiatives. Further the study will address the need to qualitatively explore employee's experiences and social-psychological consequences as identified by Horwitz & Jain (2011) and McConville et al.. (2016).

1.5 Research Objectives

The purpose of this research is to gain a deeper understanding of the effectiveness of the AMSA EESS share scheme as a mechanism for transformation. The study considered the meaning to the conscious participant, as well as current theory to understand the effectiveness of the scheme. Saunders and Lewis (2012) define research objectives as clear, specific statements adding an element of precision to what the research seeks to achieve. Applying the literature presented in Chapter 2, the research objectives were identified as:

1. Establish what effect the share scheme has had on the employee
2. Understand what are the critical factors influencing the employee's experience of ownership
3. Establish how the scheme can be improved to increase the effectiveness

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Broad Based Black Economic Empowerment policy was introduced by the South African government post-Apartheid to address the structural distortions brought about by the marginalisation of the black majority. Under the BBBEE act the government intends to transform the white-capitalist system through the imposition of black ownership quotas (Kassner, 2015). Accounting for 24% of the amended BBBEE scorecard, black ownership transformation has enjoyed increasing consideration from business (Department of Trade and Industries, 2013).

Several large corporates have introduced employee share schemes as a mechanism for transformation. Recently concern has been raised around the effectiveness and sustainability of BBBEE employee share schemes as a mechanism for transformation (Nyelisani, 2010; Mtembu, 2011). Being a young concept constraint to the South-African context prior knowledge on the effectiveness of BBBEE share schemes is relatively limited. To assist in evaluating the adequacy of BBBEE employee share schemes the literature review will:

- Holistically define employee ownership schemes and their theorised effects
- Review the framework for Broad Based Black Economic Empowerment in South Africa
- Define the objectives of Broad Based Black Economic Empowerment employee share schemes
- Describe the context of the AMSA Employee Empowerment share scheme

2.2 Employee Ownership Schemes

2.2.1 Defining employee ownership schemes

Employee ownership schemes (ESO) refer to the practice whereby corporates apportion part-ownership to employees (Bussin, 2017; Mazibuko & Boshoff, 2003; Bhengu & Bussin, 2012). ESO schemes have been around from the late 1970's traditionally applied as long term incentive plans. The underlying rationale is attributed to agency theory (O'Boyle, Patel, & Gonzalez-Mule, 2016) following the belief that part-ownership will create a sense

of ownership, aligning the goals of the employee to that of the company and stimulating job zeal (Bussin, 2017). The consequential effect of ESO on firm performance has long been debated. O'Boyle et al. (2016) in a meta-analysis of 102 empirical employee ownership studies, identified a significant positive relation to firm performance. More recently employee ownership schemes have been introduced as a mechanism to transform ownership structures. Since the 1980's employee share options have been applied in Western European countries as part of public sector reform programs (McCarthy & Palcic, 2012). In the South African context corporates are increasingly relying on employee share schemes to achieve black ownership quotas as coerced by BBBEE legislation (Gardee, 2014). Objectives of the employee ownership scheme will be determined by the firm's specific reason for implementation.

2.2.2 Types of employee ownership schemes

Employee ownership schemes take on a variety of forms conditional to the method of share issuing and the level of influence employees can exert (O'Boyle et al., 2016). According to Bussin (2017) employee ownership can be achieved through share purchase, share option, convertible debenture or phantom schemes. In view of the outlined background the study will consider a share option scheme. Under share option schemes employees receive stock at no cost subject to a no-trade period and other pre-determined conditions (Nyelisani, 2010). After the specified vesting period, subject to certain vesting conditions being met, the employee accrues non-forfeitable rights over the allocated stock or will benefit from the sale thereof. Vesting conditions can be either time or performance related and are mostly determined by the method of funding applied. Other conditions can also be specified with continued employment being the most frequently specified condition. Value to the employee mostly resides in the growth of the share price over time but will be influenced by other factors including tax structure, loan repayment and top-ups (Bussin, 2017, p. 387). During the vesting period the interest of employees in share option schemes are generally represented by a share trust. A number of trustees are appointed to manage the scheme and exercise voting rights on behalf of the employees. Upon vesting voting rights are transferred to the employee.

Kaasemaker, Pendleton and Poutsma (2010) broadly divide employee ownership schemes in two based on the percentage of equity held by employees. In majority ownership schemes employees own 50% or more of the firm's equity. By comparison in

minority ownership schemes employees own less than 50%. Faigen (2016) introduces ownership coverage as an additional dimension for describing employee ownership. Ownership coverage considers whether employee owners represent a broad or narrow group of employees. Based on the reviewed literature the AMSA employee empowerment share scheme can be best described as a broad-based minority share scheme. Although firms with minority employee share schemes are still investor-owned by definition, the scheme will serve to align the interest of the employee and the firm (Faigen, 2016).

2.2.3 Subjective effects of employee share schemes

A review of academic literature on employee shares schemes presented several studies on the subjective effects of ownership and the rationale leading to these effects (Klein, 1987; Pierce et al., 1991; Gamble et al., 2002; Pierce, Kostova & Dirks, 2003; Pendleton & Robinson, 2010; McCarthy, Reeves, & Turner, 2010; Bhengu & Bussin, 2012; Brown, Pierce, & Crossley, 2014; McConville et al., 2016). The mixed nature of the findings reaffirmed Rudmin and Berry's (1987) view of ownership, labelling it an opaque concept requiring intra-individualistic insight (Pierce et al., 2003, p. 16). This section will review the concept of ownership, how it is developed, documented subjective effects thereof and the influence of situational forces.

2.2.3.1 Ownership theory – Psychological ownership

Pierce et al. (2003) define the sense of ownership as an emotional state in which the individual considers a piece of the target to be 'theirs'. Employee share schemes offer employees legal ownership under which the employee's rights are clearly stipulated and legally protected. Irrespective of the share scheme motive, employers hope to prompt a cognitive state of ownership amongst their employees. By owning a target an individual experiences a psychological connection to the target, with the target eventually becoming a part of the extended self (Pierce et al., 2003, p. 4). From this notion Pierce et al. (2003) conceptually defined the cognitive state of psychological ownership. This concept was a turn point in the history of ownership theory distinguishing psychological ownership from legal ownership. In defining the cognitive state of psychological ownership Pierce et al. (2003) attempted to establish "Why?" and "How" individuals developed feelings of psychological ownership. An in-depth review of prior literature revealed feelings of ownership to be shaped by 'both biology and social experiences' (Pierce et al., 2003, p. 8).

Building on Porteous's (1976) three satisfactions of ownership theory and integrating over a century's worth of social, psychological and philosophical literature Pierce et al. (2003) found psychological ownership to be rooted in three basic human motives : (i) efficacy and effectance, (ii) identity of the self and (iii) having a place. From these findings it was proposed for an individual to experience feelings of ownership one of the three identified intra-individualistic human motives need to be satisfied. Developing from this basic model the Three Routes/Antecedents of Psychological Ownership (Pierce et al., 2003) was theorised:

Route/Antecedent 1: 'Coming to Know the Object'

James (1890) originally suggested ownership feelings are rooted in having a living relationship with an object. Supported by Beaglehole's (1932) gardner analogy the first route of psychological ownership argues the more familiarity is bred through coming to know the object, the more intimate the relationship with the object becomes leading to increased feelings of belonging. This route satisfies the basic human motive 'having a place' and was found to be consistent with Rudmin & Berry (1987) and Beggan & Brown's (1994) positive relation between information available on the target and intimacy of the connection.

Route/Antecedent 2: 'Power Over Target'

Developed from McClelland's (1951) concept that an individual can only control his 'own' body parts the 'Power Over Target' route of psychological ownership argues if the target cannot be controlled it will not result in feelings of efficacy and will therefore not be considered 'mine'. The proposed relationship between control over target and feelings of possession was endorsed by Prelinger (1959) and Rudmin & Berry (1987) asserting only if an individual can manipulate an object or is affected by an object will the individual develop feelings of association.

Route/Antecedent 3: 'Investment of the Self'

The final route of psychological ownership stemmed from the notion that "the fruits of our labour" belongs to us (Sarte, 1969). Rochberg-Holten (1980) expanded the notion to investing time, physical and/or psychic energy will stimulate the human motive 'identity of the self' to result in feelings of ownership.

Psychological ownership is considered a complex construct shaped by the individuals' thought and personal motives. In satisfying any single antecedent employee ownership schemes can create a sense of ownership. The strongest feelings of ownership will be created if an employee ownership scheme satisfies all three routes (Brown et al., 2014).

2.2.3.2 Social-psychological behavioural effects

Stemming from Pierce et al.'s (1991) conceptual model of employee ownership the social-psychological and behavioural effects of employee ownership have long been debated

Literature provides substantial empirical evidence for a complementarity between employee share ownership and positive behavioural effects proposing several theoretical bases for the complementarity (Sengupta, Whitfield, & McNabb, 2007; Pendleton & Robinson, 2010; McConville et al., 2016). The majority of theory on the behavioral consequences of employee ownership is greatly influenced by Klein's (1987) landmark study proposing three satisfaction models for the "contingent features of ownership" (McConville, 2011). In accordance with Long's (1978) findings the Intrinsic Satisfaction Model contributes increased employee participation and commitment to a heightened sense of organizational identification. The second model, Instrumental Satisfaction, contributes increased employee participation and commitment to being able effect change through influencing business decision making. In the final model Klein (1987) attributes improved employee behaviour to realising extrinsic reward. Klein's satisfaction models formed the groundwork for many studies on the psychological consequences of employee ownership and was found to be well aligned to the more modern agency theory (Pendleton & Robinson, 2010)

In more recent studies Sengupta et al. (2007) proposed two routes through which share ownership impact performance – the 'golden path' and/or the 'golden handcuffs'. The first relates performance to enhanced employee commitment. Empirical studies investigating share ownership/commitment relation has yielded varied results. In accordance Sengupta et al. (2007) and Nyelisani (2010) found the golden path to be contentious. The second path relates performance to enhanced employee retention. From the results Sengupta et al. (2007) could conclusively confirm a positive relationship between employee ownership and employee retention. Given that share ownership cannot universally be associated with improved employee commitment, the golden handcuff theory contributes improved

retention rates to the perceived cost of forgoing ownership scheme profits (Culpepper, Gamble, & Blubaugh, 2004). Whether advocating the ‘golden path’ and/or ‘golden handcuff’ route, this school of thought on employee ownership schemes regard ownership to have a positive effect on the social-psychological behaviour of the employee.

Several authors have presented empirical results challenging Pierce et al.’s (1991) theoretical model for the process and effects of employee ownership (McConville et al., 2016) Pendleton (2001, p. 155) in his study of UK employee ownership plans concluded “ESO per say rarely appears to lead to major change in individual attitudes”. This sentiment was corroborated by Sengupta (2007) and Kaarsemaker et al. (2010), whom provided the disappointment of unmet expectations as a possible explanation for the lack of effect.

McConville et al. (2016) attributes the mixed findings on the social-psychological consequences of employee ownership to the mediating role of psychological ownership. McCarthy & Palcic (2012) in their study on psychological consequences found formal shareholding failed to create a sense of psychological ownership in the majority of participants. From Pierce et al. (2003) antecedents for psychological ownership it can be inferred that employee share schemes failed to satisfy the three routes of psychological ownership impeding ownerships feelings and consequently behavioural effect. In an attempt to better understand the mediating effect of psychological ownership McConville (2016) found despite sufficient evidence for at least one of the three route of psychological ownership being satisfied, employees still did not develop any feelings of ownership pointing to the influence of other contextual factors.

2.2.3.3 Situational forces

In developing the Three Routes/Antecedents Model Pierce et al. (2003) raised concern that the development of psychological ownership should not be considered void of context. He suggested the process and consequently the end state of psychological ownership to be subject to the impact of contextualised situational forces. According to his definition situational forces are boundaries or metaphorical ‘fences’ obstructing the antecedents of psychological ownership resulting in decreased feelings of ownership. Situational forces impacting employees’ subjective feelings of ownership can be distinguished as either structural or perceived.

2.2.3.3.1 Structural forces

Structural situational forces are typically a product of the design and implementation of employee ownership initiatives referring to identifiable aspects like laws, conditions and the organizational structure (Berger & Cummings, 1975) that impede the development of ownership feelings. Typically structural forces are easier to identify and consequently easier to address in improvement initiatives.

2.2.3.3.2 Perceived forces

Perceived situational forces are often more difficult to identify. McConville et al. (2016), Begbie et al. (2011) and Olcker & Van Zyl (2015) suggest the effectiveness of any incentive scheme is a direct result of the employee's perception. As mentioned the employee's perception is influenced by a wide variety of subjective considerations. In business, there is often a wide gap between management objectives and employee's perceptions thereof (Mazibuko & Boshoff, 2003). Nyelisani (2010) discovered a strong employee perception that corporate intentions are spurious, only serving the need of the company or seeking legislative compliance. The situational context formed by the perception may prevent employees from developing a sense of ownership (Pierce et al., 2003) and limit the associated social-psychological behaviour. To uncover the contextualized effect of employee perception McConville et al. (2016) recommended phenomenological qualitative research as an alternative to the quantitative methods widely applied in employee ownership literature.

2.3 Black Economic Empowerment in South Africa

The Black Economic Empowerment Commission (2001) define Black Economic Empowerment as an integrated and coherent socio-economic process aimed at redressing the discriminating effects of Apartheid in new democratic South Africa. In line with the Reconstruction and Development Program (RDP) the Broad Based Black Economic Empowerment (BBBEE) Act of 2003 "promotes economic transformation to enable meaningful participation of black people in the economy" (The Presidency, 2004). Objectives of the government's BBBEE strategy include a substantial increase in black ownership and control of economic activities (Makhfola, 2008). Two decades into the democracy the act was denigrated for poor performance and fronting (Kassner, 2015). In

response, the South African government in 2013 passed an amended BBBEE Act. (The Presidency, 2014). Under the amended BBBEE act all entities, state or publically owned, are obligated to apply the generic BBE codes of good practice (Department of Trade and Industries, 2013). Should the BEE Commission suspect any breaching of the BBE Act or fronting they are empowered to institute legal proceedings.

The BBBEE framework identifies three priority elements for transformation i.e. Ownership, Skills Development and Enterprise/Supplier Development (Department of Trade and Industries, 2013). The five sections of the generic BBE compliance score card is based on the three priority elements as specified. For the purpose of the study, only the ownership element as set out in Code series 100 will be considered. In the amended scorecard ownership by designated black groups is weighted 25 points - the second largest contributor to the calculated recognition level.

Despite the introduction of proficient transformation policies, the South African government is not satisfied with the rate of transformation (South African Government News Agency, 2016). Alternative Prosperity on behalf of the Johannesburg Stock Exchange (JSE) found black economic interest of the Top 100 JSE listed companies to be 21, 22 and 23% in 2011, 2012 and 2013 respectively (Atherfold, 2015). Considering black designated groups account for 90% of the South African population, the ownership transformation trend is not deemed sufficient. The inclusive nature of collective investment schemes has made BBBEE share schemes business's preferred mechanism to address the slow progress of ownership transformation.

2.4 Broad Based Black Economic Empowerment Share Schemes

BBBEE share schemes can broadly be defined as equity schemes aimed at transforming the racial ratios of the South African ownership structure (Nyelisani, 2010). First generation BBBEE share schemes constituted the preferential sell of shares to high-profile black individuals. These transactions were critiqued for not being aligned with the inclusive vision of the RDP, creating an elite black aristocracy rather than benefitting the intended majority (Gardee, 2014). Financing difficulties, especially after the 1998 stock market collapse, further impeded the inclusive development of black ownership (Acemoglu, Gelb, & Robinson, 2007). Subsequently BBBEE ownership deals evolved to employee share schemes where companies provide an equity stake to qualifying employees affording them an opportunity to share in profits and partake in business activities as a minority

shareholder (Faigen, 2016). BBBEE employee ownership programmes typically take the form of unit trust option shares schemes. The voting and/or other economic rights of the beneficiaries are represented by a fiduciary of the employee trust. For entities with BBBEE employee ownership programmes to achieve a maximum ownership score, Annexure 100(C) of the BBBEE framework provides additional rules and criteria that must be satisfied (Department of Trade and Industries, 2013). The additional rules and criteria were introduced to guard enterprises against passive ownership. In passive ownership schemes beneficiaries have limited effect on investment decisions that may lead to a perception of fronting.

The success of BBBEE employee shares schemes as a mechanism for transformation therefore resides in their ability to create a sense of direct empowerment through ownership and increased economic participation. The objectives of BBBEE share scheme are accordingly defined as:

- (i) Inspiring feelings of ownership and
- (ii) Improving employee attitudes and behaviour to motivate and retain black designated groups

2.5 ArcelorMittal South Africa Employee Empowerment Share Scheme

Pierce et al. (2003) emphasize the importance of context in inspiring a sense of ownership. The study will consider the context of the AMSA Employee Empowerment Share Scheme as introduced on the 1st of December 2016. The AMSA Employee Empowerment Share Scheme forms part of AMSA's effort to ensure a 25% +1 BBBEE ownership status. According to CEO, Wim de Klerk, the employee share scheme structure allows for '*more effective broad-based participation*' and '*a greater share in the business*' (ArcelorMittal SA, 2016a). Under the AMSA Employee Empowerment Share Trust employees own a 5.1% minority ownership stake. All permanent full-time employees are permitted to participate in the scheme with black designated groups representing 64% of participants at the date of inception. AMSA has identified the following objectives for the scheme:

- Allow beneficiaries to participate in the economic benefit of AMSA by becoming shareholders and qualifying for cash dividends under the prescribed conditions. Of the economic benefits, at least 60% must accrue to black designated groups.

- Promote employee's sense of commitment and drive individual performance towards the success of a collective goal.
- Enhance AMSA's position as employer of choice improving employee retention.

Voting and/or economic rights of beneficiaries are exercised by seven appointed trustees. Of the seven trustees one was appointed by AMSA and the other six democratically elected by the beneficiaries. The scheme includes a 10 year no-trade term during which the beneficiaries are allocated trust units. At the end of the term shares will be released to the employee allowing them to benefit from the full ownership rights or the cash proceeds from the sale of the shares. Should 60% of the economic benefit not accrue to black designated groups the trustees will create and allocate additional trust units to black beneficiaries.

The AMSA EE share scheme subscribed to 72, 972, 083 A2 ordinary AMSA shares funded by a notional loan structure. The A2 shares were allocated at a notional amount equating to R7.20 per share and the cost of funding equal to the six-month Johannesburg Interbank Agreed Rate (JIBAR) plus 6%. The notional share amount was based on AMSA's 30day volume weighted average price (VWAP) on 26 September 2016 discounted by 10%. The allocation resulted in a 5.1% shareholding allocated to the AMSA Employee Empowerment Trust with the transaction being equity settled. From issue until the end of the 6th year the shares are entitled to notional dividends equalling 100% of the declared dividend. Year 7 through to 10 shares are entitled to notional dividends equalling 95% of the declared dividend, while the remaining 5% will be paid out as a cash dividend to beneficiaries. The notional dividend will be applied to reduce the notional loan. At the end of the lock-in period the notional outstanding amount will be calculated considering the nominal amount attributed to each AMSA empowerment share, increased and accumulated at JIBAR + 6% as well as the aggregated national dividends. The national outstanding amount will at maturity be settled by the sale of pari passu shares at the share exit value as determined by external auditors. After covering the outstanding amount the remaining shares will be allocated to beneficiaries to benefit from the cash proceeds of selling the share or by maintaining ownership in the company.

True to the nature of share option schemes the conditions and mechanics of the AMSA EE share scheme as presented above aren't easy to comprehend without prior knowledge of shares as a financial vehicle.

2.6 Literature Review Conclusion

Two decades into democracy, South Africa still suffers under the lasting effects of the Apartheid oppression. To redress the racial imbalances government introduced BBBEE codes whereby entities are obligated to equitably transfer ownership. In the envisioned inclusive nature of BBBEE, ownership transformation is increasingly driven by employee share option schemes. The literature review evidently provides support for the subjective effects of employees share schemes and the advocated effects appear to be well aligned to the objectives of BBBEE share schemes. It is however cautioned that ownership is an opaque, multi-dimensional construct highly susceptible to the individuals' perception of reality. The described literature will be used as the basis for evaluating the effectiveness of the AMSA EE employee share schemes as specified by the research objectives.

CHAPTER 3: RESEARCH QUESTIONS

In interpretive research inquirers attempt to answer two forms of research questions (Creswell, 2014). The first is a broader question aimed at exploring a central phenomenon identified in the research problem. The central question is followed by several more specific sub-questions to narrow the focus of the study. In line with Creswell's approach the study will focus on a single phenomenon and evaluate specific factors that influence the phenomenon.

Central Research Question

How effective is the AMSA Employee Empowerment Share Scheme as a mechanism for transformation within middle management?

The research aims to answer four specific research questions.

Research Question One: How has the AMSA EE share scheme affected the employees feeling of ownership?

Research Question One aims to identify if the AMSA EE share scheme inspired feelings of ownership among the participants. This will seek to confirm if the 3 routes of developing ownership feelings were satisfied to create a state in which individuals feel a piece of the target is theirs (Brown et al., 2014).

Research Question Two: What effect has the AMSA EE share scheme had on the social-psychological behaviour of the employee?

Several authors (Pierce et al., 1991; Mazibuko & Boshoff, 2003; Gamble et al., 2002; Nyelisani, 2010) suggest employee ownership schemes lead to improved employee attitudes and behaviour. Research Question Two aims to identify if the AMSA EE share scheme impacted participant's feelings, behaviour and performance.

Research Question Three: What are considered to be the major factors influencing the employee's experience of the AMSA EE share scheme?

Pierce et al. (2003) and McConville et al. (2016), suggest the effectiveness of an any ownership scheme is a direct result of the context within which it operates as shaped by structural and perceived situational forces. Research Question Three aims to identify what are perceived to be the main drivers of the participant's experience. Through the question the researcher seeks to gain insight regarding the factors that influence the effectiveness of the scheme.

Research Question Four: How can the AMSA EE share scheme be improved to increase its effectiveness as a mechanism for transformation?

Research Question Four aims to establish the perceived deficiencies of the AMSA EE share scheme and how they can be improved to increase effectiveness and build management competence.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

To achieve the research objectives as presented in Chapter 1 the study considered participants subjective experience of the AMSA EE share scheme. Based on the literature reviewed and the objectives of the research study a qualitative, phenomenological approach was adopted. This chapter will discuss the appropriated research methodology.

4.2 Research Design and Rational for Chosen Design

All research is based on “basic belief system or worldview that guides the investigator” (Sobh & Perry, 2006, p. 1194). According to Saunders and Lewis (2012) assumptions of the adopted research philosophy will determine the appropriate research approach, strategy and data collection method to be applied. To date, research on the effects of employee share schemes has predominantly assumed a positivism philosophy (Mazibuko & Boshoff, 2003; Pendleton & Robinson, 2010; McCarthy & Palcic, 2012; Bhengu & Bussin, 2012). McConville (2011) highlighted the need to in the subjective, interpretive nature of social science review how employees interpret and are affected by employee ownership schemes. Focussed on understanding the social reality of BBBEE share schemes as grounded in participant’s subjective experiences, the study followed an interpretivist philosophy. Interpretive research studies aim to understand complex concepts rather than explain them serving the purpose of this research study well.

In contrast to the traditional scientific approach an inductive bottom-up approach was adopted permitting insights that may not have been part of the original literature study. Giogia, Corley and Hamilton (2013) argued semi-ignorance of the literature can prove valuable in unearthing social experiences. It could be argued that the approach was not purely inductive as some prior knowledge on employee ownership was available. Inductive reasoning followed a phenomenological strategy aimed at describing the views of participants rather than theorizing from them. Similar to grounded theory the basic purpose of phenomenological research is to reduce the experiences of participants to a universally applicable description (Creswell, 2007).

In inductive studies a more flexible structure is required to allow the researcher to follow the topic as it unfolds during the research process (Saunders & Lewis, 2012). As a result, inductive studies naturally lean towards qualitative methods for data collection. To better understand the context and seek narrative of participants elaborate interpretations qualitative data collection techniques were applied (Zikmund, Babin, Carr, & Griffin, 2013). To ensure a subjective account of participants experience semi-structured interviews were selected as the mechanism for data collection. Semi-structured interviews allow the participant to speak freely, impervious to the preconceptions of the researcher (Gray, 2014). Unstructured interviews could also have been selected but risk the conversation losing relevance.

Orlikowski and Baroudi (1991) define a cross-sectional research study as a study administrated at a specific point in time, providing a discrete snapshot of the phenomenon. In depth face-to-face interviews were conducted over a two week period to deliver a snapshot of participants' experience. The cross-sectional time dimension did not allow for change over time to be considered (Saunders & Lewis, 2012).

4.3 Population

McConville (2011) suggested that in designing the specific research question several sampling decisions have already been made. Considering the identified central research question the complete set of group members relevant to the study was best described as: All middle-management employees participating in the AMSA employee empowerment share ownership plan at the time of the study. Middle-management was selected to ensure participants have a good understanding of the scheme and the associated benefits. Top management was excluded from the study as their perception might be influenced by shares acquired as part of their standard remuneration package. The study was geographically limited to the Newcastle Operations. The sampling frame with the complete list of all members in the identified population was available to the researcher. The population consisted of 104 individuals classified as E and F gradings on the AMSA payroll structure.

4.4 Sampling Method and Size

For phenomenological, qualitative research studies seeking to gain deep insights from a small sample of the population, the statistical approach of probability sampling is not recommended (Lee & Lings, 2008). Due to the nature of these studies it is crucial that the identified sample is able to provide rich information. Saunders and Lewis (2012) recommended using purposive sampling when collecting small samples for qualitative studies. In purposive sampling the researcher uses his judgement to select a sample of interest.

Guided by the objective of the research study, purposive sampling requires critical evaluation of qualifying parameters. As the study considered the effectiveness of a transformation initiative it was imperative that participants complied with the designated groups criteria as defined by the BBBEE code. Of the identified population 54 individuals met the criteria. Using purposive sampling 22 participants were selected representing 40.7% and 21.1% of the designated group and total population respectively. Given the onerous nature of collecting and analysing qualitative data Baker and Edwards (2012) suggest 20 interviews to be sufficient in post-graduate research. Although from the same industry, the sample was taken across a variety of disciplines and work experience.

Due to the incomplete recording of one interview, data collected from this interview was omitted from analysis. Results presented in Chapter 5 therefore only represent the experiences of 21 participants equating to 38.9% and 20.1% of the designated group and total population respectively

4.5 Unit of Analysis

The unit of analysis refers to the treatment of data during the statistical analysis. Phenomenology in exploring the subjective experience of the individual implies the unit of observation to be the individual. To prevent the researcher from drawing erroneous conclusions Klein (1994) recommends consistency in the unit of observation and unit of analysis. Accordingly, the unit of analysis for the study was the individual. The identified unit of analysis permits insight into the individual's perception linking to the research questions as formulated in Chapter 3.

4.6 Data Collection Tool

In phenomenological research, data collection aims to capture the subjective experiences and perspectives of participants. This is best achieved by open-ended, semi-structured interviews. In qualitative methods of data collection, the interviewer asks open-ended questions around predetermined topics eliminating preconceptions or personal biases of the researcher (Saunders & Lewis, 2012). For the study 22 face-to-face, semi-structured interviews were conducted with middle manager participants of the AMSA EE share scheme. To ensure data collected answered the identified central research question and met the objective of the study an interview guideline listing interview questions for each of the formulated research questions was prepared. Semi-structured interviews are advantageous as they can be amended as the data gathering process proceeds.

Due to the phenomenological approach of the study, no hypothetical model was derived from the reviewed literature. The Research Questions identified in Chapter 3 served as the research topics guiding the data collection process. Several interview questions were developed to elicit information related to the four Research Questions. Depending on the participants responses some questions were not covered whilst other questions required follow up questions to further explain themes or clarify concepts. The interview questions mapped to the four research topics are presented in Table 1. Interview questions were purposefully designed to be simple and encourage open dialogue (Zikmund et al., 2013)

To test the interpretation of the interview questions and to warrant against leading, the interview was piloted on two participants prior to data gathering (Saunders & Lewis, 2012). The interview schedule was not amended following the pilot interviews but provided the researcher with valuable interview experience. The interviewer is considered part of the measurement instrument influencing the outcome of the research (Bhattecherjee, 2012). To limit the influence the researcher was well prepared and purposefully vague but unfortunately does not warrant against artificial bias being introduced by the interviewer's skill.

Table 1. Research topics and mapped interview questions

Research Topics		Interview Questions
Research Question One:	How has the AMSA EESS affected the employees feeling of ownership?	1.1 What is your understanding of the AMSA EESS? 1.2 Do you feel you own part of the business? 1.3 Do you feel you have control over business decisions as a result of the AMSA EESS?
Research Question Two:	What effect has the AMSA EESS had on the social-psychological behaviour of the employee?	2.1 Does the AMSA EESS influence your personal behaviour in any way? 2.2 Does the AMSA EESS inspire increased motivation? 2.3 Does the AMSA EESS influence your intention to stay/leave the company?
Research Question Three:	What are considered to be the major factors influencing the employee's experience of the AMSA EE share scheme?	3.1 What factors drive your experience of the AMSA EESS? 3.2 In your opinion what is the purpose of the AMSA EESS? 3.3 Do you see AMSA EESS as beneficial to the employee?
Research Question Four:	How can the AMSA EESS be improved to increase its effectiveness as a mechanism for transformation?	4.1 How can the AMSA EE share scheme in your opinion be improved to create a sense of ownership and incentivize positive employee behaviour?

4.7 Data Gathering Process

Permission to proceed with the data collection was obtained from the AMSA Newcastle Works human resource function, the research consent form is provided in Appendix A. Data was collected through 22 semi-structured, in-depth interviews of AMSA EE share scheme middle managers. Interviews took a personal (face-to-face) form allowing the interviewer opportunity to probe or clarify responses. To promote convenience and comfort interviews were conducted in the interviewee's natural environment, mostly their personal office. Due to the sensitivity of the subject matter within the South African context it was important for the participant to feel comfortable and isolated. Depending on the respondent interviews varied in duration with the average interview lasting 25 minutes. The longest and shortest interviews took 50 and 15 minutes respectively. The duration of the interview was not indicative of the depth provided in the interview. A number of participants provided a very precise, passionate account of their subjective experience within a short space of time while other participants expanded on their experience for the majority of an hour.

Bhatterjee (2012) and Saunders & Lewis (2012) highlight the importance of preparation when collecting data through semi-structured interviews. To increase participants' propensity to partake in the research study a notification letter explaining the purpose of the research, as well as the consent form obtained from management were issued to the identified individuals in advance. Despite the electronic nature of the notification allowing individuals opportunity to refuse participation, all of the identified individuals willingly agreed to partake in the study. Following confirmation of participation the participants' personal diaries were consulted to schedule the interviews. Data collection was completed within 15 days.

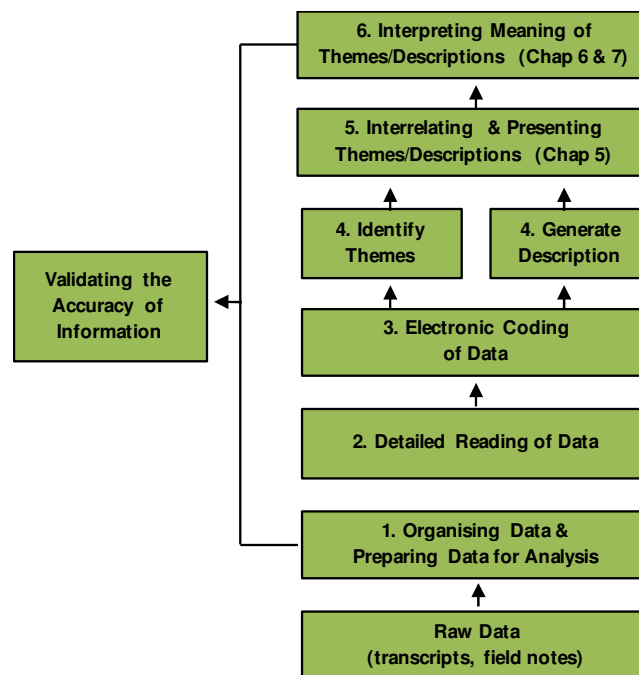
The interview structure included a formal introduction with a brief overview of the background and objectives of the study. The introduction was followed by an enquiry for basic personal details before obtaining formal consent to the research and audio recording thereof. The formal consent form and Interview Guideline for the research study are presented in Appendix B and C respectively. As part of the introduction participants were reminded of the voluntary nature of the study permitting them to withdraw at any stage of the study. Anonymity was highlighted to encourage individuals to speak open and freely on the rather sensitive topic. Following the introduction the researcher engaged in the interview questions as lined out in the interview schedule. The interview did not always follow the chronological logic of the schedule as the conversation was allowed to flow freely as long as it was deemed purposeful. Once all the interview questions were sufficiently covered the interviewer allowed participants to raise any related topics or ask questions. Interviews were considered complete when no new insights were longer provided indicating the point of data saturation. Participants were finally thanked for their contribution and urged to contact the interviewer should they wish to contribute anything more to the study.

Aligned to the widely accepted qualitative data analysis approach all interviews were recorded with consent from the participants (Bryman, 2004). Audio recording were transcribed by the researcher to allow for thematic data analysis as described in section 4.8. To assist the researcher in data analysis hand written notes of key ideas and insights were also taken during the interview.

4.8 Data Analysis

Creswell (2014) described qualitative data analysis as making sense of collected data by segmenting it and systematically reconstructing it. In reconstructing the data common themes emerge allowing the researcher deeper insight into the investigated research problem. Data analysis for the study did not exclusively take part post-interview. As the data was collected themes and insights emerged allowing the researcher to explore them in subsequent interviews. The majority of data analysis however involved coded thematic analysis post-interview appropriating Creswell's (2014) procedure for qualitative data research as presented in Figure 1.

Figure 1. Adapted procedure for qualitative research (Creswell, 2014)



Embedded in the inductive phenomenological approach the study applied coded thematic analysis to identify key constructs and themes. Braun and Clarke (2006) argued the patterned approach of thematic analysis to be particularly well suited for social constructionist studies. Themes are defined as emerging constructs that in some meaningful way connect the identified research questions. The recursive *Six Phases of Thematic Analysis* model developed by Braun and Clarke (2006) was applied to categorise, describe and interpret data collected:

Phase 1: Familiarise with data

To gain familiarity with the data interview recordings were replayed several times and transcribed by the researcher personally. Reviewing the data collected a number of times allowed general themes to emerge even before starting formal coding. It is important to note that data analysis was done on only 21 of the 22 conducted interviews.

Phase 2: Primary coding

Utilising qualitative data analysis software Atlas.ti, primary codes were assigned to key features of the data across the 21 transcribed interviews. Braun and Clarke (2006, p. 84) submit to the influence of the research approach in coding. Considered an inductive rather than deductive approach, codes for the study were generated from the collected data. Whilst coding the researcher could not deny prior knowledge of psychological ownership and the associated antecedents resulting in small number of codes linked to the reviewed literature. The majority of codes however were considered inductive referring to the participant's subjective experience.

Phase 3: Searching for themes

Giving consideration to the reviewed literature base and identified Research Questions codes were collated into groups revealing potential themes per Research Question. Phases 2 and 3 of Braun and Clarke's (2006) Six Phases of Thematic Analysis model were applied twice before progressing to reviewing the themes in phase 4.

Phase 4: Reviewing themes

Quotations for each of the identified themes were reviewed collectively to ensure they all speak to one another, as well as relate to the allocated Research Question. The outcome of phase 4 was a thematic 'map' providing a logical overview of emerging themes in relation to the four Research Questions.

Phase 5: Defining and naming themes

Following validation in phase 4 themes were refined and finalised to ensure they are clearly understood and identifiable before being exported for the final phase of data analysis. A list of the final codes is provided in Appendix D.

Phase 6: Reporting the results

In the final phase of data analysis the refined themes were exported from Atlas.ti to Microsoft Excel to allow for the use of frequency analysis. Using the Excel COUNT function the number of participants who referred to a specific construct could be identified. From the frequency count constructs were ranked in decreasing order of importance. The final constructs with their supporting frequency counts are reported and interrelated in Chapter 5.

4.9 Data Validity and Reliability

To substantiate the trustworthiness of results, validity and reliability has to be considered as part of the research design (Saunders & Lewis, 2012). Validity of the study refers to how accurately the proposed method measures the intended concept. Supplementary to validity, reliability is concerned with the degree of consistency that the proposed method will obtain. Addressing the concerns of validity and reliability is imperative in creating confidence in the research results.

Guba (1981) first raised concern about the criteria used for assessing the trustworthiness of qualitative studies. Due to the multiple reality philosophy applied in interpretive research the internal validity, external validity, reliability and objectivity criteria developed for positivist research is considered not relevant in qualitative research. Instead Guba and Lincoln (1982) proposed assessing the rigour of qualitative methods by credibility, transferability, dependability and confirmability. This study applied the criteria proposed by Guba & Lincoln (1982) and strategies developed by Anney (2014) and Arksey (1999) to ensure consistency and accuracy of the results obtained.

To accurately represent the participant's subjective view, interview questions were open-ended, permitting freedom to explore various concepts through the interview process. Furthermore the adopted interview technique was friendly and highly conversational in nature allowing participants to build rapport. Conducting interviews in the participants' office behind closed doors assisted integrity of the data through promoting willingness to share. The interview guide presented in Appendix C ensured intended objectives were met whilst still allowing scope to explore related topics. Credibility was further warranted by

including respondents' direct voice in the data analysis and interpretation (Anney, 2014). Participants' responses were taken at face value with Chapter 5 providing direct quotations to demonstrate the research findings a fair representation of participants' subjective views. To assist the transferability of the study this methodology chapter provides a detailed description of the research context and analysis process followed. Saunders and Lewis (2012) urge caution when analysing and interpreting qualitative inquiry responses as interviewer bias might take effect. The auditable trail of all collected data attempts to mitigate the influence of interviewer bias increasing the dependability of the findings (Anney, 2014). Furthermore, purposive sampling and anonymity assurance assisted in augmenting the integrity of research findings.

4.10 Research Ethics

The proposed research study was approved by the Research Ethics Committee of GIBS on the 3rd of August 2017, see Appendix E and is therefore bound to preserve and respect the rights, freedom and well-being of all people.

4.11 Research Limitations

In interpretative research the researcher attempts to understand an identified phenomenon through interpreting the subjective accounts of participants. Considered a part of the research instrument the researcher's personal biases and preconceptions may limit their ability to accurately portray the view of participants (Bhattecherjee, 2012). Not being expertly trained in conducting interviews the researchers' inexperience may have biased data by the questioning or probing technique applied. Supplementary to observer bias limitations to the research methodology included:

- The tendency of respondents to portray themselves in a socially desirable matter when addressing sensitive societal matters, influencing validity of the response (Bhattecherjee, 2012).
- Despite purposive sampling, equal knowledgeability about the AMSA EE share scheme was not guaranteed and misleading impressions may have been inspired by undisclosed political agendas.

- The study adopted was time and context specific limiting the process of generalisation to inferential generalisation. In transferring the findings from this study, it is the responsibility of the reader to judge from the detailed methodical approach provided how applicable the proposed study will be to their context.
- The purposive sample only considered middle management therefore not including the perspectives of executives and lower level employees.
- According to Creswell (2014) it is imperative that the researcher be aware of any personal relation to the subject under investigation and be cautious to impose personal views in analysing the collected data. As an employee of ArcelorMittal prior knowledge of the scheme and its implementation potentially introduced preconceived researcher bias in interpreting results.
- It is acknowledged that data was collected amidst poor financial performance and potential retrenchments potentially introducing some contextual bias.

CHAPTER 5: RESULTS

5.1 Introduction

In this chapter the results of the research will be presented according to the Research Questions as formulated in Chapter 3. Verbatim quotations and emerging themes from the performed interviews will be used to provide evidence in support of the Research Questions.

5.2 Description of the Sample

Due to the phenomenological nature of the study, seeking deep subjective insights from a small sample, purposive sampling was applied to select 22 individuals. The researcher's judgement was applied to actively select 22 individuals from the sampling frame who would best be able to provide insight on their experience of the AMSA EE scheme. Consideration was given to the participant's ethnic group to represent designated groups as defined by the BBBEE act, as well as current employment role. Only participants in middle management positions were selected to promote homogeneity of the sample allowing greater depth of interviews.

A list of participants together with their ethnic group, current employment role and work experience at AMSA is presented in Table 2. The sample consisted of 4 females and 18 males from designated groups. All participants held middle management positions with work experience ranging from four to 28 years. As beneficiaries of the AMSA EE share scheme all participants could provide insight to their experience of the AMSA EE share scheme.

Due to the incomplete recording of participant seven's interview, participant seven's responses were omitted from data analysis. Results presented therefore only represent the experiences of 21 participants.

Table 2. Details of the research sample

Participant Number	Ethnic Group	Employment Role	Work Experience at AMSA
1	Indian	E-Role : Manager	5 years
2	African	E-Role: Technical Specialist	5 years
3	African	E-Role: Manager	9 years
4	African	E-Role: Manager	9 years
5	African	E-Role: Manager	9 years
6	African	E-Role: Manager	13 years
7	African	E-Role: Technical Specialist	11 years
8	African	E-Role: Manager	9 years
9	African	E-Role: Technical Specialist	4 years
10	African	E-Role: Technical Specialist	6 years
11	Indian	E-Role: Technical Specialist	7 years
12	Indian	E-Role: Manager	27 years
13	Indian	E-Role: Technical Specialist	4 years
14	Indian	E-Role: Manager	5 years
15	African	E-Role: Technical Specialist	4 years
16	African	E-Role: Manager	10 years
17	African	E-Role: Manager	6 years
18	Indian	E-Role : Manager	9 years
19	Indian	E-Role: Manager	28 years
20	African	E-Role: Manager	12 years
21	African	E-Role: Manager	18 years
22	African	E-Role: Manager	6 years

5.3 Presentation of Results

Results for the Research Questions as formulated in Chapter 3 will be presented in sections 5.4 to 5.7

5.4 Results for Research Question One

RESEARCH QUESTION ONE: How has the AMSA EE share scheme affected the employees feeling of ownership?

Research Question One aimed to identify if the AMSA EE share scheme inspired feelings of ownership among the participants. The interview questions were formulated to assess participants understanding of the AMSA EE share scheme and to confirm if feelings of ownership were inspired through satisfying the three antecedents of developing ownership (Brown et al., 2014).

5.4.1 Participants understanding of the AMSA EE share scheme

Interview question 1.1 considered each participants individual understanding of the AMSA EE share scheme. BBBEE share schemes can broadly be defined as equity schemes aimed at redressing the South African ownership structure (Nyelisani, 2010). Responses assumed a broad perspective with only seven participants articulating redressing of the ownership structure as part of their understanding. A mechanism to give employees ownership attained the highest rank, closely followed by a mechanism to improve AMSA's BBBEE status. The nine most common understandings are presented in Table 3.

Table 3. Participants understanding of the AMSA EE share scheme

Rank	Construct	Frequency
1	Mechanism to give employees ownership	13
2	Mechanism to improve BBBEE status	12
3	Mechanism to retain employees	6
4	Motivational tool to increase performance	5
5	Mechanism to improve government relations	4
6	Mechanism to create accountability	2
7	Mechanism to bridge the gap for previously disadvantaged	1
8	Mechanism to allow employees to invest	1
9	Mechanism to benefit to the employee	1

Of the sample the majority of participants understood the AMSA EE share scheme as a mechanism for transferring ownership to employees so they can feel a part of the company. A number of participants did not explicitly distinguish ownership as being aimed at redressing ownership ratios, one participant stating “I think it is just like any other employee share scheme where the company allocates part of its shares to the employees”. In analysing the related quotations it was found only seven participants made reference to the criteria for share distribution. As an opening statement one participant noted “they [shares] were distributed according to demographics – more for blacks and less for whites” supported by another participant’s statement “to have the non-white employees have a higher ownership in the company”.

As the second ranked construct 12 participants understood the scheme to be a mechanism to improve the company’s BBBEE status as legislated by the BBBEE Act. One participant shared the view that AMSA previously did not willingly comply to legislation “they always had to comply by means of addendums and embargos and things, at this point they realised that they had to do more and so the process started”. This point of view was second by another participant adding “one of the quickest ways to do this was to introduce an employee share scheme”. Although ranked second in terms of frequency participants were mainly engaged on the topic of improving the BBBEE status and the associated benefits in response to their understanding of the share scheme. A prominent benefit in their understanding of the scheme was improved government relations as a result of BBBEE compliance. One participant posed the notion that the scheme was only introduced “to please the government”.

The third and fourth ranked constructs referred to the suggested behavioural consequences of share schemes. Of the sample six participants understood the AMSA EE share scheme to be a retention mechanism. One participant narrowed down retention, “to retain certain skills and certain categories of employees”, while the other participants adopted a broader perspective. Improved employee performance as a result of increased employee engagement stemmed from five participants understanding of the scheme.

Another behavioural consequence, accountability through obtaining “a sense of ownership from the employee” was presented by two participants. The bottom ranked constructs

were unspecific with generalised responses around benefitting the employee and to “bridge the gap between the previously disadvantaged and the advantaged”.

Many participants in response to enquiring on their understanding of the AMSA EE share scheme raised concern around their limited understanding of the scheme. In opening a participant professed “between me and you [I understand] very little, in my basic understanding the shareholders needed to be more representative in terms of BBBEE standards”. This point of view was shared by a colleague, summarizing his understanding of the share scheme as “very little I guess”.

5.4.2 Psychological ownership

Interview questions 1.2 and 1.3 sought to confirm if the AMSA EE scheme inspired feelings of psychological ownership through satisfying the three routes of developing ownership feelings (Brown et al., 2014). Participants were prompted to consider their experience of the AMSA EE share scheme. Participant’s subjective personal experiences were scrutinised for corroboration of the antecedents (1) ‘Coming to Know the Object’ (2) ‘Power Over Target’ and (3) ‘Investment of the Self’.

5.4.2.1 Participants sense of ownership

In response to their sense of ownership a number of participants distinguished between ownership in the present and ownership in the future as indicated in Table 4. The majority of participants concurred that the AMSA EE share scheme did not inspire a sense of ownership for them personally, with one participant having mixed feelings around the scheme.

Table 4. Participants Sense of Ownership

Rank	Construct	Frequency
1	Does not inspire a sense of ownership	14
2	Inspires a sense of ownership in the present	3
3	Potential sense of ownership in the long term	3
4	Mixed feelings around the scheme	1

In analysing the top ranked construct one participant asserted that “it is a fact that I own a part of the business” but that it did not inspire a sense of ownership. This view was

substantiated by two more participants with the statements “Technically yes, but in actual essence... it feels invalid” and “Well technically yes”. The concern was raised that “there should be feelings, but there isn’t”.

Three participants indicated having a sense of ownership in the present although one participant’s response was not conclusive stating “I think so”. A second participant introduced the notion that he had feelings of ownership related to the fact that for him it was “more a token of appreciation for what I have done over all the years”. Some individuals agreed the scheme could inspire feelings of ownership in the long term, but “not yet, because the scheme is still new, however I can see where it is going”.

5.4.2.2 Three antecedents to inspiring a sense of ownership

In response to the interview question 1.2 many participants elucidated why they did or did not experience a sense of ownership around the AMSA EE share scheme. In instances where the participant did not volunteer their rationale, the participant was prompted by the interviewer to reflect on the rationale behind their experience. From the responses the interviewer could infer if the three antecedents of ownership were satisfied by the AMSA EE share scheme.

5.4.2.2.1 Route/Antecedent 1: ‘Coming to Know the Object’

In psychological ownership theory the level of information refers to how intimately the employee knows the object and has a living relationship with the object (Brown et al., 2014). In discussion 14 participants pointed towards not understanding the structure of the scheme intimately, with the remainder sharing the view that they are “fairly conversant with the structure and how it was put together”. Table 5 presents the constructs participants exposed in reflecting on their experience that were related to the level of information route.

Table 5. Level of Information Presented to the Employee

Rank	Construct	Frequency
1	Employees do not understand the value of the scheme	9
2	Ineffective communication	9
3	Communication not sustained following roll-out	7
4	Limited transparency around the scheme's performance	5
5	Communication not filtered down to the floor	2
6	Lack of communication	1

The majority of the participants concurred that “the value the employees will actually see out of this scheme is not so apparent” driven by the fact that the company “did not really market it well” and even “when they do communicate, not everybody understands the details in the communication”. One participant raised the notion that “there are some communications that you would prefer by email, but there is also communication where you would prefer a representative coming to the plant to have a one-on-one with him and ask him questions. After that there will definitely be more buy-in, an email does not bring the idea across enough”.

Seven participants considered the “initial promotion excellent and it stopped there”. They agreed that there was no “conscious communication thereafter” or “constant reminders to say you know what remember you have some shares in the company”.

Transparency on the scheme's performance was highlighted as an area for concern by one participant supporting this view by stating “you must remember people want to see how their money is doing. That is the most important thing”. He continued that the scheme's performance “must be in our face so that we actually can follow up and understand what the benefit is”. In relation to this view another participant emphasized the absence of a living relationship with the scheme, “normal shareholders have share certificates and then quarterly or six monthly they get the status of their ownership in the company”.

One participant introduced the opinion that the communication did not filter down to the floor “because if you ask someone on the floor maybe he won't say he feels he own part of the business”. A second participant backed this view adding “I don't think information is

really flowing the way it is supposed to be... we need pictures or graphs and to keep it simple”. Only one participant suggested a complete lack of communication.

5.4.2.2.2 Route/Antecedent 2: ‘Power Over Target’

In psychological ownership theory it is reasoned the more an individual exerts control or influence over the target, the higher the sense of ownership (Brown et al., 2014). In exploring participants perceived control over the scheme four general constructs, as provided in Table 6, emerged.

Table 6. The power employee can exert over the target

Rank	Construct	Frequency
1	No control over the implementation of the scheme	4
2	No control over shares in the vesting period	2
3	No control over the profitability of the business	2
4	No control over share allocation	2

The first ranked construct portrayed the view that employees “had not been consulted or involved in the implementation process”. Interestingly participants had taken offence to the fact that they had no power to reject the shares if they wanted to. One individual highlighted “we just heard that we are getting shares, nothing was really discussed, we didn’t have any say”.

Two participants shared their concern around the structure of the scheme inhibiting the employee’s ability to control the shares during the vesting period. In support the participant stated “if you look at the way the share scheme was structured, it feels like you own the shares in principle – like technically – but not practically”. The third construct alluded to employees not having control over the value the scheme provides because “I don’t have any control over the profitability of the business”.

Under the theme power over target, interview question 1.3 sought to explore if participants experienced heightened levels of power as a result of the scheme enabling them to influence business decision making. As presented in Table 7, the vast majority of participants did not feel the scheme provided a platform to influence business decision making. One participant asserted “it is very difficult; traditionally we have seen the influence of people who are outside of top management is really limited”. Three

participants weren't completely convinced but "would like to think" that they could influence business decision making. In contradiction to the majority one participant proclaimed that "I do feel I have a voice" but in reflecting alluded to his subjectivity as a result of "being closer to the person who is the representative, so my inputs can be direct inputs without any filters".

Table 7. Perceived Influence over Business Decision Making as a Result of the Scheme

Rank	Construct	Frequency
1	No influence on business decision making	17
2	Potential influence on business decision making	3
3	Able to influence business decision making	1

In response to the belief that business decision making cannot be influenced the researcher prompted participants to consider the trustee board appointed, resulting in three sub-constructs as provided in Table 8. Despite 15 participants acknowledging the existence of the trustee board the general consensus supported the opinion that "they do not understand their duties as trustees and their obligation to me as a unit holder... they are trustees in name, but not in deed". The inconspicuousness of the trustee board was raised by six participants with one participant going as far as to question the "real mandate" of the trustee board as they "are not out there in the employee's faces to encourage involvement". A third sub-construct addressed the insignificance of the employee shareholding supported with the statement "if you are not in the majority you are not allowed enough voice".

Table 8. Influence over Business Decision Making through the appointed trustee board

Rank	Sub-construct	Frequency
1	Trustee board not visible	6
2	Interest of the employee not represented by trustee board	1
3	Significance of employee share holding	1

5.4.2.2.3 Route/Antecedent 3: 'Investment of the Self'

The degree of self-investment in psychological ownership theory refers to the employee's investment of time and energy into the object of ownership (Brown et al., 2014). From participant's responses to interview questions 1.2 and 1.3, constructs relating to the investment of the self were identified as listed in Table 9.

Table 9. The Degree of Self Investment

Rank	Construct	Frequency
1	Lack of interest	10
2	No contribution towards the scheme	3

Many participants raised the concept of personal interest in reflecting on their sense of ownership. One participant self-confessed that “I would not say I invested the effort to understand how the share scheme functions” with other statements such as “I did not really pay too much attention to it” and “I never really followed up” supporting this sentiment. Another participant asserted “we know it is there but we really don’t take it serious”, substantiating a participants concern that “they are not asking about it”. Three participants suggested not financially contributing to the scheme decreased the degree of self-investment “because whether it makes a loss or not, it doesn’t affect me”. Active tracking the of the ArcelorMittal share performance was used as a yardstick of the employee’s degree of self-interest. Of the participants ten explicitly stated that they do not actively track the share price, while only three alluded to tracking the share performance.

5.4.2.3 An overview of participants state of ownership

In line with the objective of Research Question One the researcher subjectively interpreted the responses as outlined in sections 5.4.2.2.1 to 5.4.2.2.3 together with the individuals direct quotes, seeking to substantiate whether the three routes of ownership where satisfied on an individual basis. The researcher’s interpretation is provided in Table 10 with Y indicating sufficient evidence was provided for satisfying the route to ownership and N indicating sufficient evidence was provided for not satisfying the route to ownership. In instances where the participant’s responses did not conclusively substantiate if the route was satisfied it was denoted as ENC (evidence not conclusive).The table also indicates if the individual experienced a sense of ownership as a result of the scheme. Interestingly participant 17 appeared to be an outlier indicating no sense of ownership despite all three routes to ownership being satisfied. Investigation into the suspected outlier indicated participant 17 was part of the HR function responsible for “selling the product” and his personal experience may have been distorted by the influence of other employees.

Table 10. Summary of Participants State of Ownership

	P1	P2	P3	P4	P5	P6	P8	P9	P10	P11	P12	P13	P14	P15	P16	P17	P18	P19	P20	P21	P22
Sense of ownership	N	N	N	N	N	N	N	Y	Y	N	Y	N	N	N	N	N	Y	Y	ENC	N	Y
Route/Antecedent 1: 'Coming to know the object'	N	N	N	N	ENC	Y	Y	Y	N	N	Y	N	N	Y	N	Y	N	Y	N	N	N
Route/Antecedent 2: 'Power Over Target'	N	N	N	N	N	N	N	Y	Y	N	N	N	N	N	N	Y	N	N	N	N	Y
Route/Antecedent 3: 'Investment of the Self'	N	ENC	N	N	N	Y	ENC	N	N	N	ENC	N	N	N	N	Y	Y	ENC	N	ENC	ENC

5.5 Results for Research Question Two

RESEARCH QUESTION TWO: What effect has the AMSA EE share scheme had on the social-psychological behaviour of the employee?

The aim of Research Question Two was to establish if the AMSA EE share scheme impacted participant's feelings, behaviours or performance in any way. The interview questions were formulated to first broadly explore if the scheme had any social-psychological consequences for the participant and then focus the participant's reflection to the effect on motivation and retention.

5.5.1 Social-psychological consequences of the AMSA EE share scheme

Interview question 2.1 promoted participants to broadly consider if the AMSA EE share scheme affected their personal behaviour. As presented in Table 11 the majority of participants were in agreement that the AMSA EE share scheme "has not really had any impact" on their behaviour. This sentiment was reaffirmed by a participant stating "the change of the day to day mind-set, I work where I own, that is not there". Of the 14 participants recounting no influence on social-psychological behaviour, seven participants did concede to experiencing positive feelings around the scheme. Despite being of the view that "it is a good thing that the company is at least trying to involve employees" one participant persisted that the AMSA EE share scheme had no behavioural consequence.

Table 11. Social-psychological consequences of the AMSA EE share scheme

Rank	Construct	Frequency
1	No influence on social-psychological behaviour	14
2	Influence social-psychological behaviour	4
3	Potential influence on social-psychological behaviour	3

Four participants considered their social-psychological behaviour to be influenced by the AMSA EE share scheme. One participant went as far as proclaiming "understanding that you own something it automatically changes your behaviour... you feel more like the CEO and you are part of the business". As the bottom ranked construct three participants

implied the scheme “should actually influence behaviour in a way” introducing some ambiguity around whether it did or did not affect their personal behaviour. This ambiguous notion was supported by a participant’s view that “as management it should or it would [influence behaviour], because having shares in the company means that you should have the company’s interests more closely to you and try to do your piece so that you can increase the share price or value”. In reflecting on the behavioural consequence of the scheme six participants raised the concept that the prospect of no financial reward in the first 10 years of the scheme may be hindering the behavioural consequence. A participant framed this concept with the statement “the sooner you achieve some financial benefit, the sooner it will become reality that you own something and maybe that will spill into something more – I don’t know – you need to be put into the situation to really know.

5.5.2 The effect of the AMSA EE share scheme on personal motivation

In interview question 2.2 the scope was narrowed to specifically consider the scheme’s influence on participant’s work ethic and motivation. The top ranked construct as presented in Table 12 denotes the majority of participants did not feel the scheme influenced their personal motivation. In reflecting on her personal experience one participant remarked “I think motivation for work goes beyond something like the share scheme. It is mostly from an individualistic point of view”. Five other participants endorsed the view with statements like “whether we got the shares or not we will still be working with the best interest of the company” and “there are other factors that motivate me, definitely not the share scheme”. A limited amount of participants related increased levels of motivation to the AMSA EE share scheme

Table 12. The effect of the AMSA EE share scheme on personal motivation

Rank	Construct	Frequency
1	No influence on personal motivation	9
2	Inspires increased motivation in the presence	5

5.5.3 The effect of the AMSA EE share scheme on retention of designated groups

In line with the objectives of the BBBEE Act interview question 2.3 aimed to establish if the AMSA EE shares scheme impacted the retention of designated groups. From the sample the irrefutable opinion was that the scheme would not be sufficient in swaying the

employee's decision to leave the company, see Table 13. Fourteen participants concurred that it would have no affect at all, while four participants shared the view best expressed by one participant's statement that "it would be a consideration if I did want to leave, but it would not be enough to make me stay". In voicing their opinion that the share scheme will have no effect on retention decision making, two participants explicitly referenced the "terms, conditions and clauses to the scheme". In line with this notion one participant expressed the view "every other year we are getting closer to the pay-out, it makes it more difficult to leave".

Table 13. The effect of the AMSA EE share scheme on the retention of employees

Rank	Construct	Frequency
1	No influence on retention decision	14
2	Would cross your mind in the retention decision but would not be weighted significantly	4
3	Would influence retention decision	3

5.6 Results for Research Question Three

RESEARCH QUESTION THREE: What are considered to be the major factors influencing the employee's experience of the AMSA EE share scheme?

Research Question Three sought to explore the main drivers of participant's experience in order to gain more insight into the main factors that drive the effectiveness of the AMSA EE scheme as defined in Chapter 1. The interview questions for Research Question Three were formulated to first holistically explore factors participants deemed impactful in shaping their experience of the scheme, before exploring the perceived purpose of the scheme to better understand the situational context.

5.6.1 Structural Factors Driving the Employee's Experience

Interview question 3.1 requested participants to lists the factors they considered drivers in their experience of the AMSA EE share scheme. Drawings from the response to interview question 3.1, as well as considering prior discussion nine key constructs influencing employees experience were identified. Table 14 presents the nine identified constructs

together with the number of participants that referenced the construct as an influential factor. It must be noted that some participants may have referenced a particular construct more than once or even referenced multiple constructs in reflecting on their experience. For interview question 3.1 it was important that participants explain how the factor influenced their subjective experience to allow general themes to emerge from the data.

Table 14. Factors Influencing the Employee's Experience

Rank	Construct	Frequency
1	Historical business performance	13
2	Structural design of the scheme	10
3	Scheme launched post-factum	8
4	Unguaranteed future share performance	7
5	Perceived monetary significance	6
6	Influence over business decision making	6
7	Ignorance regarding the scheme	5
8	Organizational structure	2
9	Ignorance regarding shares as a financial vehicle	2

Raised by 13 participants business performance was inferred to be the most influential construct. The structural design of the share scheme was ranked as the second most influential factor followed by the notion that the AMSA EE share scheme was launched post-factum. The bottom ranked constructs introduced the organisational structure and ignorance regarding shares as a financial vehicle as factors affecting the individual's subjective experience. Each of the nine identified constructs is substantiated in sections 5.6.1.1 to 5.6.1.10 with sub-constructs introduced where applicable.

5.6.1.1 Construct 1: Historical business performance

As the top ranked construct historical business performance was described by one participant as a "clouding" factor indicating a strong negative influence on the participant's perception of the scheme. Business performance comprised three sub-constructs with participants differentiating between financial performance of the business and share performance. As indicated in Table 15 the majority of participants shared the view that financial performance severely affected their personal experience supported with the statement "I think the economic situation kind of killed this".

Table 15. Business Performance as a Key Influencer

Rank	Sub-Construct	Frequency
1	Financial performance	12
2	Share performance	7
3	Sustainability of the business	6

Financial performance was raised quite frequently throughout the interviews with the general discussion centred on the perceived value of the scheme. One participant highlighted “the only time I think it will be beneficial is when the company is doing fine and performing [financially]. When it gets to a stage where it can actually pay out those dividends only then will it be beneficial”. His view was reaffirmed by a participant stating “these shares come at a time while ArcelorMittal is not doing well, the value that the employee will actually see out of this scheme is not so apparent”. On the topic of financial performance another participant raised concern around the schemes ability to pay off the notional loan if “dividends are not being paid out”.

As the second ranked sub-construct share performance was introduced both independently and in relation to financial performance. In response to interview question 3.1 one a participant asserted “the share has to perform...ArcelorMittal is classified by investment houses as a dog”, he reiterated “you must understand the share price has underperformed for many years, owing to the fact that the business is not doing so well”. Corroborating the sentiment another participant indicated a “disinterest because of the share price”. Participants did not associate the allocated shares with value as a direct consequence of the share’s poor historical performance. In comparison to a similar employee equity scheme one participant concluded improved share performance “would have more of an impact”.

The third sub-construct under business performance related to the sustainability of the business. Six participants supported the view that “the existence of the business was under threat” with employees not being clear if there is “a future in this organisation”. A participant irrefutably stated “if there is no ArcelorMittal clearly there are no shares”, with the statement stressing the inhibiting influence of ArcelorMittal’s uncertain future.

5.6.1.2 Construct 2: Structural design of the scheme

As the second ranked key influencer, participants commented on the “terms, conditions and clauses” connected to the structural design of the scheme. In reflecting on the implementation process one participant recalled the drop in employee’s facial expression when the conditions to the scheme were announced. Another participant expressed the view that “empowerment is there on paper, but not practical because of all these restrictions”. Discussions on the structure of the scheme were predominantly around the ten year vesting period with five participants candidly referring to the vesting period as excessive. A participant raised the concern “if I hypothetically have to leave before the vesting period has been reached, I don’t own any shares”. Speaking to the suggested social-psychological benefits of employee share schemes, one participant labelled the AMSA EE share scheme “not as effective as it should be” because of the restrictive nature of the structure.

5.6.1.3 Construct 3: Scheme launched post-factum

Eight participants agreed the AMSA EE share scheme was launched post-factum influencing not only their perception of the scheme but also having financial consequences for the business. This view was validated with the example “when the share scheme was put in place the company had already paid dearly by way of we couldn’t amongst other things renew our mineral rights”. One manger explicitly stated her disappointment in being so late to the party “to become a truly South African compliant company”. In the participants view ArcelorMittal is “one of the few international companies that contribute so much towards the South African GDP but are so backwards in terms of transformation”. The participant continued to engage this concept concluding “if we had done something earlier and not been so slow to the party... the perceived benefit would have been greater”. Another participant endorsed this view raising concern that the damage done from taking “too long” may be irreversible.

5.6.1.4 Construct 4: Unguaranteed future share performance

In keeping with the performance notion introduced in construct 1, the fourth ranked construct explored the influence of unguaranteed future share performance. In raising future share performance as an influential factor one participant elucidated “the way I understand shares to work, you might get something or not get something in 5 years”. The

notion was well framed by another participant stating “I own something but I do not have a see through into the future of what it could be worth”. Ambiguity around the shares future worth was generally perceived as a limiting factor by participants. In contrast one participant had a more positive outlook, indicating the share might also recover and benefit the employee greatly. In reflecting on the uncertainty of future share performance many participants made reference to the historic performance of the share, one participant even presenting a graph of the ArcelorMittal share price over the previous 20 years. Of the seven participants who raised construct 4 as an influential factor the majority considered the nature of the industry diminishing making it hard for the employee to see the value of the scheme. To explain his “lost faith in the steel industry” one participant drew from a personal experience “I’ve known people who owned shares in ArcelorMittal that they bought in their personal capacity and the shares did not keep growing”. Based on the experience he concluded “I would [upon vesting] definitely cash out and put it somewhere else where market conditions offer more stability”. This belief was shared by a participant stating upon vesting “I would probably sell back based on the industry; I don’t foresee the steel industry picking up so I think it would be wise to sell”

5.6.1.5 Construct 5: Perceived monetary significance

Questioning significance, the perceived monetary benefit to middle managers emerged as the fifth ranked influential factor. A participant explicated the idea with the statement “when the government propagated the rules around BBBEE it was to transform a certain sector of the population and improve people’s lives in a particular way. Do I see these shares improve my live in a particular way? No”. All of the six participants concurred with this view inferring the lack of disparity between the different payroll gradings might make the scheme more effective for employees of lower payroll gradings. One participant asserted “at middle manager level I do not see the significance to me, maybe it differs in that sense”. Another participant explicitly critiqued the structure of the scheme stating “one size does not always fit all”. In introducing the construct as an influential factor participants acknowledged the fact that it was a noble gesture but persisted that “it is not enough” and will not be factored into their day-to-day decision making.

5.6.1.6 Construct 6: Influence over business decision making

As the sixth ranked construct participants indicated their inability to influence business decision making negatively affected their perception of the AMSA EE scheme. Further exploring this influential factor it was discovered six participants were of the view that their “ownership is not really significant” affecting their perceived ability to influence. This sentiment was best expressed by one participant commenting that the “shareholding does not even make an imprint on any paper”. The concept of meaningful ownership was emphasized in a participant stating “meaningful ownership would drive people to have a different outlook”. Participants frequently made reference to “only 5%: of the shares being held by employees, opposed to the 51% held by the majority shareholder. In response to the perceived ability to influence business decision making on participant stated “to influence business decision making you are going to have to have a very collected vote from employees”. In substantiating the participant disputed their own view concluding that even though there was the belief that employee ownership allowed opportunity to bring ideas to the board, the percentage shareholding would not be significant enough to influence business decision making.

5.6.1.7 Construct 7: Ignorance regarding the scheme

A number of participants considered ignorance around the scheme in reflecting on factors that influenced their experience. Under ignorance of the scheme three sub-constructs were identified as presented in Table 16. Of the five participants who listed ignorance of the scheme as an influential factor the majority attributed ignorance to the lack of information. Understanding the value and unconsciousness of the scheme were both raised by two participants. All participants concurred their ignorance around the scheme resulted in “not truly getting the effectiveness of the scheme”.

Table 16. Ignorance regarding the scheme as a key influencer

Rank	Sub-Construct	Frequency
1	Knowledge of the scheme	3
2	Understanding the value of the scheme	2
3	Unconsciousness of the scheme	2

As the top ranked construct three participants regarded their limited knowledge inhibiting, Knowledge of the scheme and understanding the value of the scheme were often

discussed collectively. One participant expressed the view that the workforce must have “the same interest as top management” and this could only be achieved if you have an informed workforce. In this regard the last construct brought across the notion that effectiveness is greatly impacted by the consciousness created around the scheme. One participant raised concern that it was implemented “like a project, and that was that” nobody again spoke of the scheme thereafter. Another participant endorsed this view admitting “you easily get to forget” you own shares. On the topic a participant commented the AMSA EE share scheme is not effectively applied to consciously remind employees they have a stake in the business, resulting in a lot of unrealised potential.

5.6.1.8 Construct 8: Organizational structure

The eight ranked construct shed light on the hindering nature of the organisational structure. Two participants were of the belief the strong hierarchical structure of ArcelorMittal creates perplexity in “when are you an owner and when are you not”. One participant elucidated the belief with stating “you can’t mix ownership with being owned” when the employee enters the plant he will still be owned by his superintendent impeding feelings of ownership. The second participant expanded the concept with the example of a battery sweeper who that still has limited influence because of the organisational structure. In reflecting on the organisational structure a participant raised the notion that a lot of change management is still required to liberate the employee to feel like an owner - “people still believe I belong to my superintendent”.

5.6.1.9 Construct 9: Ignorance regarding shares as a financial vehicle

Contradicting expectation employee’s knowledgeability of shares as a financial vehicle was only listed as an influential factor by two participants, Discussed in relation to the perceived benefit of the scheme one participant admitted “not all of us are clued up about shares”. Another participant reaffirmed the concern stating “I would say only 5% of the employee have the basic knowledge that I have”. Reflecting on the intended psychological benefit of the scheme the participant concluded there “won’t be any benefit” if the people do not understand owning shares implies owning part of the business and sharing in the business’s performance.

5.6.2 Perceived Situational Context of the Scheme

Interview questions 3.2 and 3.3 sought to gain deeper insight into the perceived context within which the participants experienced the AMSA employee share scheme. To explore the participant's subjective context they were asked to reflect on the intended purpose and benefits of the scheme.

Analysing participant's responses and drawing on insights gained from prior research question seven broad purposes as presented in Table 17 were identified. Of the sample eight participants conclusively indicated they did not perceive the intentions of the scheme as pure even though the scheme was launched as having "good intentions". This subjective reality was best framed by a participant stating "you can't get away from the fact that intention was probably not so pure"

Table 17. Perceived intent of the AMSA EE scheme

Rank	Construct	Frequency
1	Compliance to improve the BBBEE rating	13
2	Strengthen government relations	10
3	Incentivise employees	7
4	Retain employees	6
5	Promote external investment	2
6	Promote the objectives of the BBBEE Act	2
7	Strengthen community relations	2

Not surprisingly compliance to improve the company's BBBEE rating emerged as the top ranked construct. Assertions like "it just feels as if the company is moving in the direction of compliance" and "it is just a way for the company to be compliant" provide significant insight into the hostile perception that the scheme was only compliance driven. Discussion around compliance was mostly associated with the notion that it was a forced measure and not really implemented with empowerment at heart. One participant supported this view with the statement "we needed to reach a certain status in terms of BBBEE as it was influencing the company directly". This 'carrot and stick' compliance to transformation was widely criticized throughout the study with many participants referring to the AMSA EE scheme as merely a "paper exercise" As an extreme case of the compliance driven perception one participant claimed the scheme to be no better than fronting. Passionate about the scheme being "borderline fronting" the participant made reference to being used

as “a pawn in a chess game”. Elaborating on the chess analogy the participant highlighted the fact that the company benefits from the black credentials the employee provides while being punitive to the employee.

Evidently, not all participants agreed with the compliance notion. One participant suggested that in line with the objectives of the BBBEE Act this scheme “was eventually put together to put things right”. One other participant shared this positive view stating “they [AMSA] elected to take this route; they could have sat back and said we will just be working like this, but they chose to have a certain contribution to employees and that impacts me”.

Strongly related to the top rated construct, strengthening government relations emerged as the second ranked construct. Ten participants agreed the company’s BBBEE status was integral in restoring government relations and gaining their support. The majority of participants acknowledged the fact that ArcelorMittal was in dying need of government’s assistance - four participants explicitly referring to import tariff protection as a measure to protect local manufacturers against the impact of Chinese steel dumping. One participant revealed a rather pessimistic view with the statement “the timing [of the scheme] was exceptionally convenient, I think the intention wasn’t really for ownership”. This pessimistic view was reaffirmed by another participant stating “this [BBBEE] has been in the pipeline for many years and until we needed the help from government we were dragging our feet in implementing it”.

The third construct implicated the AMSA EE scheme as an incentive scheme aimed at recognising employees, improving employee performance and attracting talent. Three employees had a very appreciative view of the AMSA EE share scheme seeing it as a “token of appreciation” and an “indication of giving back to its people”. The other four participants considered the scheme predominantly beneficial to the employer, driving employee performance and attracting new talent to the company. Also related to the suggested social-psychological consequences of employee share schemes, construct four indicated six participants considered the AMSA EE share scheme to be a retention mechanism. Substantiating this view one participant raised concern around the “rate at which AMSA was losing people, they needed something else”. Another participant reiterated the increasing turn-over rate and need for retaining critical skills. Constructs five and seven portrayed the scheme as a tool used in manging stakeholder relationships.

5.7 Results for Research Question Four

RESEARCH QUESTION FOUR: How can the AMSA EE share scheme be improved to increase its effectiveness as a mechanism for transformation?

Research Question Four explored the perceived deficiencies of the AMSA EE share scheme with the objective of identifying opportunities to improve the effectiveness of the scheme as defined in Chapter 1. Interview question 4.1 prompted participants to contemplate potential improvements that will encourage psychological-ownership and incentivize positive employee behaviour.

As presented in Table 18 participants' responses revealed 12 specific recommendations related to the design and implementation of the AMSA EE share scheme. The majority of participants agreed more should be done to create consciousness around the scheme, as well as educate employees on the value of the scheme to encourage a sense of ownership.

Table 18. Recommendations to improve the effectiveness of the AMSA EE share scheme

Rank	Construct	Frequency
1	Educate employees on the value of the scheme	11
2	Create consciousness around the scheme	11
3	Increase transparency on the scheme's performance	8
4	Educate employees on shares as a financial vehicle	8
5	Facilitate employee-trustee relationship	6
6	Relax strict conditions of the structure	6
7	Make ownership tangible	5
8	Educate employees on the structure of the scheme	3
9	Integrate strategizing	3
10	Revise basis of share allocation	3
11	Integrate external BBBEE partner	2
12	Offer employees alternatives to being fully funded	1

As the top rated construct 11 participants raised the notion that the value of the scheme is not truly understood. In referring to the value of the scheme participants differentiated between the value to the employee and the worth to the business. On the employee front

one participant affirmed “I just think it has not sunk in, in terms of the benefit people can get out of it”. Throughout the discussion participants emphasized “education is very important for a person to know there are these schemes in place and how am I benefitting from it”. Another participant reaffirmed “educating the employee is what it is about”. Tantamount to the gained employee value participants deemed it necessary to educate employees on the rationale for introducing the scheme. One participant expressed this view with the statement “but so what?” Seven participants concurred that the employee needs to understand the implications of an improved BBBEE rating and “follow the train of thought” to achieve employee buy-in. On the topic of buying in to the value of the scheme one employee suggested when communicating it is important that it is done on a personal level and not as a collective. Concern was raised that the employee’s sentiment was never tested substantiated by a participant concluding “there was no feedback to say yes everybody understood”.

The majority of participants reckoned more could be done to “keep reminding you that you have these shares”. One participant proclaimed “you need to close the gap” another clarifying the notion with the statement “so that ownership does not leave the meeting rooms and the plant – it must be a continued buzz word”. This sentiment was emphasized by several participants persisting “we must make it viral if we want to gain engagement through it”. One participant expressed concern that “since the inception it has completely died over” and “even the CEO himself did not mention ownership”. In elaborating on this concept one participant effectively compared consciousness to watering planted seeds. The participant elucidated, if seeds aren’t watered they will die and never be able to bear fruit. Participants were very clear, if you want employees to emulate ownership, ownership must subjugate the business language.

Under the construct increase transparency eight participants suggested “like any other shareholder” employees “would like to see the progress of what was invested”. This construct was often discussed in relation to educating employees on the value of the scheme supporting the notion that “people would like to know how much it is worth”. One participant in his recommendation cautioned against simply displaying the share price “if you communicate say okay fine, this why it dropped and these are the plans to try to fix things”. Another participant endorsed this view with the statement “it is difficult to make an educated decision without a monitoring system

Continuing in the spirit of education, construct four highlighted the need to educate employees on the use of shares as a financial vehicle. This view was well framed by a participant stating “especially for the black community – you need to start at the beginning where you teach then to be financially literate first and foremost”. The participant further substantiated “you will be surprised if you go to the plant and ask some employees what a share scheme is – they will tell you the most ridiculous things” In this regard a number of participants distinctly mentioned educating bottom of the pyramid employees as they coincidentally stand to benefit most but are the least informed.

The fifth ranked construct recommended better facilitating the employee-trustee relationship to encourage feelings of “I have created some change” and “I have had some influence”. One participant persistently referred to the undeniable need for a mechanism that will allow trustees “to get to know how we think and what are we feeling”. Elaborating on the concept another participant stretched the importance of the relationship being interactive. Making it more practical the participant explained if there is a decision to be made the trustees must approach employee and say “I am going to the board meeting what do you want me to go with” and then return with feedback from the board on these specific issues. Increasing trustee visibility was further substantiated by statements like “he should be engaging shareholders, asking them for solutions” and “I would employ you to ask the trustees to come around and talk to us”.

Six participants suggested relaxing the strict conditions around the scheme’s structure. A participant clarified the rationale behind the suggestion with the statement “if the condition of ownership actually allowed the individual to be able to control his shares I believe people would be much more invested in the scheme”. A number of participants specifically referred to the limitations around resignations implying in the true spirit of empowerment employees should retain their shares even when resigning. Tantamount to reviewing the resignation limitations participants suggested shortening the vesting period, one participant reaffirming “if you achieve some benefit sooner it will become reality that you own something”. Relaxing the strict conditions around the scheme and educating employees on the structure of the scheme were often discussed collectively. A number of participants were of the view if the employee understand “what vesting means and how they [the shares] are going to be paid for” the conditions will have less of an inhibiting effect on feelings of ownership.

Five participants introduced the idea of making ownership tangible. To practically make ownership more tangible one participant referenced receiving a title deed when you own a house, but unfortunately for the AMSA EE share scheme no certificate was issued. The participant proclaimed “we have nothing to show for it” raising the concern “if AMSA were to backtrack on their promise we will have to scan through emails to show AMSA made us a promise”. In contradiction one participant considered receiving an ownership certificate emblematic but did not think “having an ownership certificate or being told I own shares makes a difference for me”. As another practical example another participant suggested receiving a statement of ownership quarter or half yearly to remind you that you own shares and indicate their nett worth. Construct nine suggested integrating ownership into all strategic initiatives. Three participants shared the view that more can be done to use the scheme as a tool in driving organizational goals. This notion was reaffirmed by a participant’s statement “we strategize in silos – whenever we launch any strategy we must always drive ownership”. Related to this concept two participants felt the external empowerment partner should be playing a more active role in the organisation, one participant stating “we should be operating as a unit”.

Lastly constructs 10 and 12 again considered the structure of the scheme. Three participants concurred to improve the psychological benefits of the scheme “they would have to scale it according to paygrade as it would otherwise be insignificant”. As the bottom ranked construct one participant thought introducing flexibility in terms of letting willing employees pay for their shares would increase the degree of self-investment and consequently the psychological benefit.

5.8 Results Conclusion

Chapter 5 provided a concise overview of the data collected during 21 semi-structured interviews with participants of the AMSA EE share scheme. Thematic data analysis was applied to reveal underlying constructs and presented clustered around the four Research Questions as formulated in Chapter 3. The theory base identified in Chapter 2 and emergent constructs from this chapter will collectively be discussed in Chapter 6 to gain deeper insight into the effectiveness of the AMSA EE share scheme as a mechanism for transformation.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

In Chapter 6 results from Chapter 5 are discussed within the context of the research study and the reviewed literature. This chapter presents insights gained from the research findings and concludes on each of the identified Research Questions to meet the objectives of the study as presented in Chapter 1.

6.2 Discussion of the Results for Research Question One

As defined in Chapter 2 the success of empowerment share schemes reside in their ability to inspire psychological ownership and increase economic participation through the associated social-psychological consequences. Research Question One aimed to identify if the AMSA EE share scheme inspired feelings of ownership among its participants. To gain insight into the structural context of the study each participant's subjective understanding of the AMSA EE share scheme was first reviewed. Furthermore the Research Question sought to explore the rationale behind the feelings of ownership by considering if each of the three antecedents of psychological ownership as identified by Pierce et al. (2003) were satisfied.

6.2.1 Understanding of the AMSA EE share scheme

To formulate an overarching understanding of the AMSA EE share scheme, participant's individual and contextualized understandings were considered. Table 3 presents the nine subjective understandings of participants with constructs not being mutually exclusive. The highest ranked understanding of the AMSA EE share scheme was 'Mechanism to give employees ownership' with a frequency count of 13 participants. 'Mechanism to give employees ownership' is well supported by the generic definition of employee ownership schemes. Bussin (2017) and Bhengu & Bussin (2012) broadly define employee ownership schemes as the practice whereby corporates apportion part-ownership to employees.

'Mechanism to improve BBBEE status' the second ranked construct with a frequency count of 12 participants, introduced the concept of BBBEE. The concept was however introduced from a legislative compliance point of view, reinforcing Horwitz and Jain's

(2011) 'carrot and stick' compliance view of BBBEE. Furthermore, the understanding 'Mechanism to improve BBBEE status' is not directly supported by the objectives of the BBBEE Act. Makhfola (2008) summarised the objectives of the governments BBBEE strategy as substantially increasing black ownership and the control of economic activities, not making reference to the compliance driven BBBEE status. Insights from individual responses also found this understanding to not be aligned with Nyelisani's (2010) general definition of employee equity schemes. Participant's responses rather assumed a broad perspective with a limited number of participants articulating redressing the racial ratios of AMSA's ownership structure. The understandings 'Mechanism to improve BBBEE status' and 'Mechanism to improve government relations' were often discussed collectively confirming an obligatory, compliance driven understanding of BBBEE schemes.

The third ranked understanding with a frequency count of 6, considered the AMSA EE scheme a 'Mechanism to retain employees'. This understanding is well aligned to a number of studies providing substantial evidence for a complementarity between employee ownership schemes and behavioural consequences (Sengupta et al., 2007; Pendleton & Robinson, 2010; McConville et al., 2016). Retention as a behavioural consequence is attributed to the 'golden handcuff theory' which suggests employee ownership raises the psychological cost of leaving the firm (Sengupta et al., 2007). Also alligned to the behavioral consequences of employee share ownership the fourth ranked understanding portrayed the AMSA EE share scheme as a 'Motivational tool to increase performance'. Surprisingly only the two bottom ranked understandings, 'Mechanism to allow employees to invest' and 'Mechanism to benefit the employee' suggested participants understood the AMSA EE share scheme as being beneficial to the employee.

Considering the top five emergent constructs the contextualised understanding of the AMSA EE share scheme can best be described as an employee ownership scheme aimed at improving the BBBEE status of ArcelorMittal.

6.2.2 Psychological ownership

6.2.2.1 Sense of ownership

The research findings from interview question 1.2 were used as support to confirm if the AMSA EE share scheme inspired a sense of psychological ownership with participants. Pierce et al. (2003) define the sense of psychological ownership as an emotional state in which the individual considers a piece of the target to be 'theirs'. In response to being asked if the scheme inspired feelings of ownership towards the business four constructs as presented in Table 4 emerged.

The sentiment 'Does not inspire a sense of ownership' obtained the highest rank with a frequency count of 14. This sentiment disputes theorized findings of Pierce et al. (1991) that subscribe feelings of psychological ownership to employee share ownership initiatives. As the third ranked construct three participants shared the sentiment 'Potential sense of ownership in the long term'. Interpreted as not inspiring feelings of ownership at the time of the study the sentiments 'Does not inspire a sense of ownership' and 'Potential sense of ownership' were considered collectively. The aggregated findings refuted the reviewed literature. To better understand the refutative findings careful consideration was given to the rationale behind participant's sentiment.

6.2.2.2 Three antecedents of psychological ownership

The findings presented in Chapter 5 reflect how participants rationalised the lack of ownership feelings and will be discussed in relation to the three antecedents of psychological ownership (Pierce et al., 2003).

6.2.2.2.1 Route/Antecedent 1: 'Coming to Know the Object'

The first route of psychological ownership assigns owning an object to 'coming to know the object intimately' (Pierce et al., 2003). Participants reasoning related to 'coming to know the object intimately' were classified into six constructs as presented in Table 5. The two top-ranked rationalisations 'Employees do not understand the value of the scheme' and 'Ineffective communication' each with a frequency count of 9, support the notion that the more is known about the object the more intimate the connection becomes (Pierce et al., 2004). James (1890) originally suggested ownership feelings are routed in having a living relationship with the object. Rationalisations 'Communication not sustained following roll-

out' and 'Limited transparency around the scheme's performance suggest the living relationship with the AMSA EE share scheme is not maintained limiting the active association and consequently the feelings of ownership.

Research insights into the participant's rationale indicate the AMSA EE share scheme as a form of ownership did not satisfy the first route of psychological ownership. The lack of association could be attributed to a lack of knowledge and familiarity as put forward by Rudmin and Berry (1987).

6.2.2.2.2 Route/Antecedent 2: 'Power Over Target'

The second route of psychological ownership assigns owning an object to being able to 'control the object' (Pierce et al., 2003). Participants reasoning related to 'controlling the object' were classified into four constructs as presented in Table 6. The top-ranked rationalisations, 'No control over the implementation' and 'No control over shares in the vesting period' implied participants not having control over or being able to manipulate the object during different stages of the AMSA EE share scheme. Related to the concept that a person can only control his own body parts McClelland (1951) suggested if objects cannot be controlled it will not be considered as being owned. The rationalisation 'No control over the profitability of the business' is consistent with the view of Prelinger (1959) concluding that not having control over an object by which you are directly affected will inhibit feelings of ownership.

To further gain insight into the perceived 'control over object' the AMSA EE share scheme provides, participants were asked if they felt they could influence business decision making. In response the top-ranked sentiment was 'No influence on business decision making', with a frequency count of 17 as presented in Table 7. This sentiment affirmed despite the appointment of a trustee board participants were of the view that the AMSA EE share scheme does not allow for control to be exercised over the object. As presented in Table 8, the inconspicuousness of the trustee board greatly contributed to the sentiment that business decision making cannot be influenced.

Research insights into the participant's rationale indicate the AMSA EE share scheme as a form of ownership did not satisfy the second route of psychological ownership. The lack of

association could be attributed to a lack of control over the object as put forward by Prelinger (1959).

6.2.2.2.3 Route/Antecedent 3: ‘Investment of the Self’

The third route of psychological ownership assigns owning an object to the extent of ‘investing the self’ (Pierce et al., 2003). Participants reasoning related to ‘investing the self’ were classified into two constructs as presented in Table 9. Rochberg-Halton (1980) described ‘investing the self’ as investing time, physical and psychic energy into an object to become one with the object and consequently develop feelings of ownership. In accordance with this definition the top ranked rationale ‘lack of interest’ indicated participants did not invest time and especially psychic energy to develop feelings of ownership. The second identified rationale ‘No contribution towards the scheme’ further supported the notion of not investing any effort into the object

Research insights into the participant’s rationale indicate the AMSA EE share scheme as a form of ownership did not satisfy the third route of psychological ownership. The lack of association could be attributed to a lack of investing time, effort or emotion into the object as put forward by Rochberg-Halton (1980).

6.2.2.3 An overview of participants state of ownership

As cautioned by Rudmin and Berry (1987) ownership was found to be an opaque concept requiring intra-individualistic insight (Pierce et al., 2003). To gain a more individualistic view each participant’s interview was considered individually. The first objective was to identify if the AMSA EE share scheme inspired feelings of ownership with the participant. The second objective sought to identify if sufficient evidence was provided to conclude if the three routes of ownership were satisfied. Table 10 provides an overview of the researchers subjective findings.

As discussed in section 6.2.2.1 the AMSA EE share scheme did not inspire feelings of attachment for the majority of participants. Psychological ownership theory depicts three antecedents to the development of ownership feelings. Pierce et al. (2003) theorized in satisfying any single route of psychological ownership the subject will experience feeling of ownership. Feelings of ownership will be enhanced if more than one route is experienced

with the strongest feelings of ownership when all three routes are satisfied. In accordance interviews with participants portraying feelings of ownership provided significant evidence for satisfying one or more routes of psychological ownership. Research findings did reveal participants where one or more of the routes of psychological ownership were satisfied but did not lead to feelings of ownership. This finding supports Rudmin and Berry's (1987) view that ownership is an opaque concept that can be enhanced or impeded by a number of moderators (Pierce et al., 2003).

Aggregating the results per route of psychological ownership reaffirmed the above findings that the AMSA EE share scheme did not satisfy the three routes of psychological ownership.

6.2.3 Conclusive findings for Research Question One

The findings for Research Question One indicated a discord between the contextualized understanding of the AMSA EE scheme and the broader definition of BBBEE ownership initiatives. The contextualised understanding of the AMSA EE scheme was established as 'an employee ownership scheme aimed at improving the BBBEE status of ArcelorMittal'. This understanding revealed the obligatory, compliance driven view of the AMSA EE share scheme.

Furthermore, the findings for Research Question One concluded the AMSA EE share scheme did not inspire feelings of ownership towards the business refuting employee ownership theory. Participant's rationalisation revealed the three antecedents of psychological ownership, 'Coming to Know the Object'; 'Power Over Target' and 'Investment of the Self' weren't satisfied, impeding the development of ownership feelings. The opaque nature of ownership was confirmed setting the platform for the findings from Research Question 3.

Based on the findings it can be inferred that the AMSA EE share scheme was not effective in creating a sense of direct empowerment through inspiring feelings of ownership.

6.3 Discussion of the Results for Research Question Two

As defined in Chapter 2 the success of empowerment share schemes reside in their ability to inspire psychological ownership and increase economic participation through the associated social-psychological consequences. Research literature presented mixed findings on the social-psychological consequences of employee ownership. The aim of Research Question Two therefore was to establish if the AMSA EE shares scheme impacted participants feelings, behaviours or performance in any way.

6.3.1 Social-Psychological consequences

Participant's sentiments around the consequential effects of the AMSA EE share scheme are presented in Table 11. As the top-ranked sentiment 14 participants experienced 'No influence on social-psychological behaviour' as a result of the AMSA EE share scheme. This sentiment subscribes to the Pendleton (2001, p. 155) school of thought suggesting "ESO per say rarely appears to lead to major changes in individual attitudes". Seven participants did concede to experiencing positive feelings around the scheme reaffirming "some functional individual employee effects" as originally presented by Pierce et al. (1991, p. 137). Further supporting this view a number of participants indicated the AMSA EE scheme to 'Influence social-psychological behaviour' or having a 'Potential influence on social-psychological behaviour'. McConville (2011) attributes the mixed findings around psychological-behavioural consequences to the extent of the participant experiencing feelings of psychological ownership. The mediating effect of psychological ownership as discussed in Research Question One was evident in participant's individual experiences of the associated social-psychological consequences.

The second part of Research Question Two specifically considered the effect of the AMSA EE share scheme on participant's commitment and motivation. Table 12 indicated the scheme was not associated with employee satisfaction and did not result in increased employee commitment. This concurred with the findings of Klein (1987) and Sengupta et al. (2007) contenting the Intrinsic Satisfaction and Golden Path Model respectively to conclude ownership does not enhance employee commitment and motivation.

In line with the objectives of the BBBEE Act the last part of Research Question Three specifically considered the effect of the AMSA EE share scheme on the retention of

designated employees. As presented in Table 13 for the majority of participants the AMSA EE share scheme would not influence the decision to leave the company. Participant's general experience disputed the 'golden handcuff' theory of employee ownership as advocated by Sengupta et al. (2007).

6.3.2 Conclusive findings for Research Question Two

In line with the contesting view on the behavioural consequence of employee ownership, the findings for Research Question Two concluded the AMSA EE share scheme had no impact on the social-psychological behaviour of participants. In particular the research findings refute the suggested relation to employee commitment and retention. The mediating effect of psychological ownership on the behavioural consequences for participants clearly manifested in the research findings. Based on the findings it can be inferred that the AMSA EE share scheme was not effective in creating a sense of direct empowerment through motivating and retaining black designated groups.

6.4 Discussion of the Results for Research Question Three

Building on the findings from Research Questions One and Two, the third Research Question sought to establish the critical factors that shaped participants experiences of the AMSA EE share scheme with the objective to better understand the key drivers of effectiveness. Pierce et al. (2003) in reviewing the genesis of psychological ownership found the process and end state to be greatly impacted by situational forces. Situational forces are considered fences or boundaries to the three routes of psychological ownership and therefor impede feelings of ownership. Research Question Three prompted to participants to explore what they felt shaped their experience of the AMSA EE share scheme. For the purpose of the study there was distinguished between structural situational forces and perceived situational forces. These identified situational forces were reviewed individually to establish the principal contextual 'fences' impeding the genesis of psychological ownership in the AMSA EE share scheme

6.4.1 Structural influences

6.4.1.1 Structural situational forces

The identified structural situational forces impacting the effectiveness of the AMSA EE share scheme were presented in Table 14.

Structural Situational Force 1: Historical business performance

As the top-ranked situational force the historical business performance of the company was considered to ‘cloud’ the anticipated value of the scheme. As presented in Table 15 the historical financial performance, share performance and sustainability prospects of the company prevented participants from seeing significant extrinsic financial benefit in the scheme. Klein’s (1987) extrinsic satisfaction model found extrinsic reward in employee ownership schemes to be positively related to attitudinal change and increased self-investment. From the extrinsic satisfaction model it can be inferred the paucity of anticipated extrinsic value decreased the investment of psychic energy. As reviewed by McConville (2011, p. 49) investment of an individual’s psychic energy causes the self to become one with the object. From the research findings historical business performance is considered to ‘fence-in’ the ‘Investment of the Self’ antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 2: Design of the scheme

The second ranked situational force considered the limitations of the AMSA EE share scheme’s structural design. Particular reference was made to the ten year vesting period during which options cannot be exercised and the participant has no control over his stake in the company. Brown et al. (2014, p. 328) reason the more control over an object is experienced, the more the object will become part of the extended self to create feelings of possession. Built on this notion the structural design of the scheme is considered to ‘fence-in’ the ‘Power Over Target’ antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 3: Scheme launched post-factum

The third ranked situational force introduced the notion that AMSA EE share scheme was launched post-factum having economic repercussions for the company. In line with Klein’s (1987) extrinsic satisfaction model the perceived economic loss from being ‘too late to the

party' reduced the extent of self-identity. Based on the lack of self-identity introducing the scheme post-factum is considered to 'fence-in' the 'Investment of the Self' antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 4: Unguaranteed future share performance

Related to the impact of historical share performance introduced in structural situational force 1, ambiguity around future share performance lessened the perceived extrinsic value of the scheme. Perusal of the concept indicated volatility of the steel industry was instrumental in participant's trivial view of the schemes worth. From the research findings unguaranteed future share performance is considered to 'fence-in' the 'Investment of the Self' antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 5: Perceived monetary significance

The absence of disparity in share allocation led participants to question the significance of the extrinsic reward. In conceptualizing the perceived monetary significance as a situational force, participants distinguished middle managers from lower level employees. It was concluded the extrinsic satisfaction for lower level employees would be greater than that for middle management. In accord with the extrinsic satisfaction model lower levels of extrinsic satisfaction will lower levels of psychological ownership (McConville, 2011). The perceived monetary significance of the scheme is therefore considered to 'fence-in' the 'Investment of the Self' antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 6: Influence over business decision making

Situational force six attributed the inability to influence business decision making to the finite ownership of employees. The percentage ownership allotted to employees can be regarded a function of the scheme's structure. As a subsection of the second ranked situational force the influence over business decision making is considered to 'fence-in' the 'Power Over Target' antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 7: Ignorance regarding the share scheme

Pierce et al. (2003, p. 24) define situational forces as factors, real or perceived, that limit the opportunity to engage in the three routes of psychological benefits. Collectively considering the three sub-constructs presented in Table 16 and the definition from Pierce et al. (2003) it can be concluded ignorance regarding the share scheme is not a truly a situational factor but rather indicative of the extent to which the 'Coming to Know the Object' antecedent of psychological ownership is satisfied.

Structural Situational Force 8: Organizational Structure

The eighth identified structural situational force blamed the strong hierarchical organizational structure for perplexity around when are you an owner and when not. Berger and Cummings (1975) found rigid hierarchical organisational structures to limit the employee's experience of control and self-identity. Based on the notion of restricted control the organizational structure is considered to 'fence-in' the 'Power Over Target' antecedent of psychological ownership impacting the effectiveness of the AMSA EE share scheme.

Structural Situational Force 9: Ignorance regarding shares as a financial vehicle

Similar to situational force 7 employee's knowledge of shares as a financial vehicle constitutes the extent to which the participant knows the object and will therefore not be regarded a situational factor.

6.4.1.2 Structural contextual 'fences' of the AMSA EE share scheme

Drawing on the structural situational forces as discussed in section 6.4.1.1 three principle contextual 'fences' affecting the effectiveness of the AMSA EE share scheme were deduced:

1. Business Performance
2. Structural Design
3. Significance of the Extrinsic Reward

Structural situational forces 1, 3 and 4 all contemplated the influence of past or future economic performance on the anticipated value of the share scheme. These three situational forces were clustered as the contextual 'fence' Business Performance. In accordance with Klein's (1987) extrinsic satisfaction model ambiguity in the perceived

value of the scheme will lower the degree self-investment. Business Performance was concluded a primary contextual fence impeding the development of psychological ownership by obstructing the 'Investment of the Self' antecedent.

For structural situational force 2 the highly conditional structure of the AMSA EE share scheme was experienced as limiting participants influence and resulted in the ownership not being considered as 'mine'. Structural Design was concluded a primary contextual fence impeding the development of psychological ownership by obstructing the 'Power Over Target' antecedent.

For structural situational force 5 participants considered the perceived financial reward of the scheme trivial in relation to their current compensation level. From the disregard associated with the absence of individual value Significance of the Extrinsic Reward was concluded a primary contextual fence impeding the development of psychological ownership by obstructing the 'Investment of the Self' antecedent.

6.4.2 Perceived Influences

McConville et al. (2016), Begbie et al. (2011) and Olcker and Van Zyl (2015) suggest the effectiveness of any incentive scheme is a direct result of the employee's perception. Related to this notion the second part of Research Question Three sought to gain insight into the perceived situational forces impacting the effectiveness of the AMSA EE share scheme. Mazibuko and Boshoff (2003) vindicated a wide gap between management objectives and employee's perception thereof implicating the perceived intent of the scheme as a perceived situational force. As presented in Table 17 participant's perception of the intent could be classified into seven broad purposes. Evidently the top five ranked purposes substantiated a hostile perception that the employee and economic empowerment was not at the heart of the AMSA EE share scheme. This notion affirmed the spurious view of corporate intentions as demonstrated by Nyelisani (2010). The 'only serves the need of the company' sentiment will adversely affect the anticipated benefit to the employee lowering extrinsic satisfaction. As per Klein's (1987) extrinsic satisfaction mode lowered satisfaction will hinder self-investment efforts therefore not satisfying the 'Investment of the Self' antecedent of psychological ownership. The majority of participants perceived the AMSA EE share scheme to be compliance driven aimed at restoring government relations and gaining their support. From the paper exercise association the

Perceived Intent of the structure was concluded a primary contextual fence impeding the development of psychological ownership by obstructing the ‘Investment of the Self’ antecedent.

6.4.3 Overview of the primary contextual ‘fences’

As prescribed by McConville (2011, p. 23) the emergence of psychological ownership cannot be considered void of the context. As defined in Chapter 1 the effectiveness of the AMSA EE share scheme is pertained to the scheme’s ability to inspire feelings of psychological ownership among black designated groups. From the aforementioned it was deduced the effectiveness of the AMSA EE scheme will be affected by the situational context. Findings for Research Question Three established four primary contextual ‘fences’ affecting the development of psychological ownership in the AMSA EE share scheme:

1. Business Performance
2. Structural Design
3. Significance of Extrinsic Reward
4. Perceived Intent

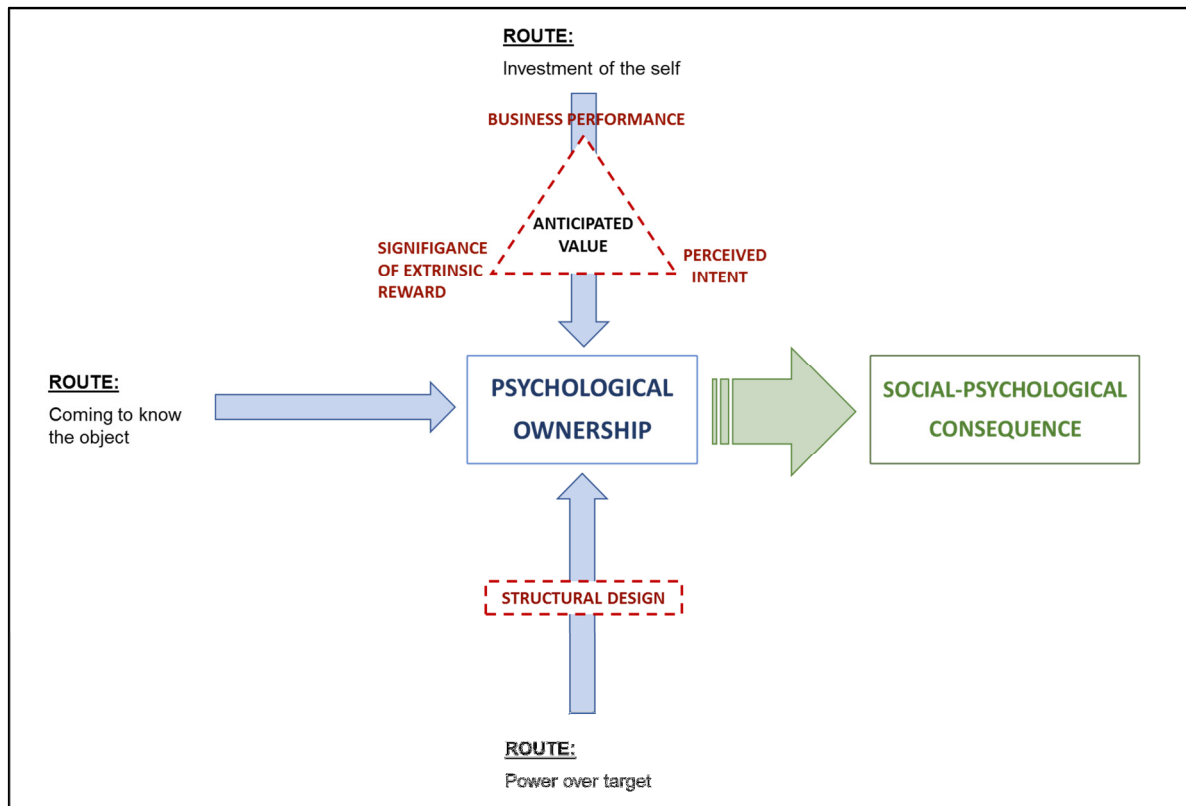
Results indicated Business Performance, Significance of Extrinsic Reward and Perceived Intent adversely impact the subjective Anticipated Value of the scheme. As a result employees will experience reduced levels of satisfaction hindering investment of the self into the AMSA EE share scheme. It was concluded Business Performance, Significance of Extrinsic Reward and Perceived Intent obstruct the ‘Investment of the Self’ antecedent of psychological ownership.

Structural Design of the scheme was found to reduce the perceived control over the scheme. Not being able to influence the scheme employees will not identify with the scheme inhibiting feelings of ownership. It was concluded Structural Design obstructs the ‘Power over Target’ antecedent of psychological ownership.

Insight into the contextual factors impacting the sense of psychological ownership in the AMSA EE share scheme was used to conceptualise the framework presented in figure 2. The framework illustrates the three antecedents to psychological ownership as identified by Pierce et al. (2003). Furthermore it introduces the metaphorical contextual ‘fences’

identified in Research Question Three, obstructing the three antecedents of psychological ownership. The framework can be considered an overview of the Main Drivers of Effectiveness in the AMSA EE share scheme, providing a road map to the development of psychological ownership.

Figure 2. Main Drivers of Effectiveness



6.4.4 Conclusive findings for Research Question Three

Research findings indicate the AMSA EE scheme's ability to impose a sense of ownership is affected by four contextual factors:

1. Business Performance
2. Structural Design
3. Significance of Extrinsic Reward
4. Perceived intent

Metaphorically these factors are considered to fence-in the three antecedents of psychological ownership, 'Coming to Know the Object'; 'Power Over Target' and 'Investment of the Self' impeding the development of ownership feelings. Business Performance, Significance of Extrinsic Reward and Perceived Intent were found to collectively impact the Anticipated Value of the scheme resulting in an obstruction of the 'Investment of the Self' route of psychological ownership (Pierce et al.,1991). Whilst Structural Design was found to obstruct the 'Power Over Target' route of psychological ownership. The identified Main Drivers of Effectiveness in the AMSA EE share scheme were illustrated in a conceptual framework as presented in figure 2.

6.5 Discussion of the Results for Research Question Four

Despite increased adoption of empowerment employee share schemes, insight into what makes these schemes effective is still relatively limited (Nyelisani, 2010). Research Question Four prompted participants to reflect on the experienced deficiencies of the AMSA EE share scheme to facilitate recommendations for increasing effectiveness. Participant's presented 12 specific recommendations on the design and implementation of the scheme as presented in Table 18. The nature of the recommendations reaffirmed Begbie et al.'s (2011) findings that the effectiveness of an incentive scheme is a direct result of the employees' perception as shaped by the implementation of the scheme. The Main Drivers of Effectiveness framework deduced in Research Question Three was deployed to better understand the mechanisms by which employees' recommendations would lead to increased feelings of ownership and consequent social-psychological behaviour.

6.5.1 Implied mechanisms for increasing the effectiveness of the AMSA EE share scheme

Recommendation 1: Educate employees on the value of the scheme

As the top-ranked recommendation 11 participants deemed tutoring employees on the value of the scheme principal in increasing the effectiveness of the AMSA EE share scheme. In their recommendations participants specifically differentiated between the value for the employee (extrinsic reward) and the value for the company (increased economic performance). In the Main Drivers of Effectiveness framework the Anticipated Value of the scheme was established as an obstruction to the development of ownership

feelings through the 'Investment of the Self' route. Accordingly educating employees on the value of the scheme is considered to increase effectiveness through promoting investment of the self. Participant's highlighted education around the value of the scheme has to take place on a personal level, elevating the invested psychic energy of the employee to become more attached to the AMSA EE share scheme.

Recommendation 2: Create consciousness around the scheme

The recommendation create consciousness around the scheme is aimed at reminding employees they own shares in order to establish a living relationship with the AMSA EE share scheme. James (1980) advocated through having a lived relationship with an object the employee will come to know the object intimately inevitably leading to feelings of ownership (Pierce et al., 2003, p. 15). Based on the notion creating consciousness is considered to increase effectiveness through the 'Coming to Know the Object' route of psychological ownership.

Recommendation 3: Increase transparency on the scheme's performance

Beggan and Brown (1994) found the amount of information available on the target of ownership to be positively related to the intimacy of the connection. In line with Beggan and Brown's findings participants recommended transparency around share performance be ameliorated. Participant's specified information provided should extend past the share price, delineating why the share price has dropped and what is being implemented to recover. Aimed at extending intimacy, increased transparency is considered to increase effectiveness through the 'Coming to Know the Object' route of psychological ownership. The notion was disputed by a few participants of the view increased transparency could expose deteriorating value, impeding the investment of the self.

Recommendation 4: Educate employees on shares as a financial vehicle

Akin to recommendation 3, expanding employee's financial literacy will enhance association with the scheme. Educating employees on shares as a financial vehicle is considered to increase effectiveness through coming to know the object more intimately. Participants were of the view this is especially needed for bottom of the pyramid employees were the sentiment seems to be share schemes are just for the wealthy resulting in them not associating with the scheme.

Recommendation 5: Facilitate employee-trustee relationship

The fifth ranked recommendation suggested a more inter-active relationship between employees and the appointed trustees. In accordance with Rudmin and Berry's (1987) findings the recommendation exposed employees' need to influence an object before it can be regarded a part of the individual. An improved employee-trustee relationship is considered to increase effectiveness through facilitating control over the ownership target

Recommendation 6: Relax strict conditions of the structure

Recommendations around the strict conditions of the structure predominantly considered the ten year vesting period. In the Main Drivers of Effectiveness framework the Structure of the Scheme was established to obstruct the development of ownership through the 'Power over Target' route. Accordingly relaxing the strict condition around of the scheme, especially the vesting period, is considered to increase effectiveness through allowing control over the target.

Recommendation 7: Make ownership tangible

Five participants raised the notion that ownership must be made more tangible, by example through issuing employees with an ownership certificate and periodically a statement of ownership. Bussin (2017) attributed effective ownership strategies to stimulating extrinsic motivators. In accordance tangibility is expected to appeal to employees' extrinsic satisfaction allowing them to become one with the scheme. Increased tangibility is considered to increase effectiveness through strengthening feelings of belonging and consequently the investment of the self.

Recommendation 8: Educate employees on the structure of the scheme

Recommendation eight introduces the belief that ownership can be improved by educating employees on the details of the structure. Related to the Main Drivers of Effectiveness framework educating employees on how the scheme was put together might reduce the obstructive effect of Structural Design. Furthermore, it could be reasoned that educating employees on the structure of the scheme will lead to getting to know the object better and consequently feelings of ownership.

Recommendation 9: Integrate strategizing

Concern was raised that the AMSA EE share scheme is a lone standing entity which has not effectively been applied in driving other strategic initiatives. Applying ownership as a tool to improve the outcome of strategic manoeuvres will elevate the perceived value of the scheme, improving opportunity for ownerships feelings through the self-investment route.

Recommendation 10: Revise basis of share allocation

Directed at decreasing the obstruction caused by the contextual 'fence' Significance of Extrinsic Reward, participants recommended scaling share allocation to the individual's paygrade. In rationalising the recommendation participants alluded to increased personal interest if the extrinsic rewards were more significant.

Recommendation 11: Integrate external BBBEE partner

Recommendation 11 made reference to the third external partner involved in the AMSA BBBEE initiative. One participant used a love triangle analogy to affirm all involved parties should be operating as a unit. Rocherg-Halton established a positive causal relationship between a sense of union and feelings of ownership (1980). The recommendation for integrating the external partner therefore speaks to the individuals need for association, increasing their sense of belonging to the greater ownership structure. Based on this notion recommendation 11 was considered to increase efficiency by satisfying the route 'Investment of the Self'.

Recommendation 12: Offer employees alternatives to being fully funded

The final recommendation suggested offering alternatives to the share option structure. The effect of this recommendation is two-fold: firstly it will lessen the impeding effect of the no-trade period increasing opportunity for control of the target. Furthermore; it will require employees to invest some 'skin in the game' amplifying association.

Interestingly no participants in their recommendations implied addressing the hindering effect of Perceived Intention. This indicates participants either to not recognise the impeding effects or they regard Perceived Intent ungovernable.

6.5.2 Overview of the mechanisms for increasing effectiveness in the AMSA EE share scheme

Insights into the implied mechanisms for each of the 12 recommendations are summarised in Table 19.

Table 19. Mechanisms for increasing effectiveness in the AMSA EE share scheme

Recommendation	Primary Mechanism	Secondary Mechanism
Educate employees on the value of the scheme	Mitigate effect of aggregated contextual fence ' Anticipated Value '	Promote ' Investment of the Self ' route to psychological ownership
Create consciousness around the scheme	Promote ' Investment of the Self ' route to psychological ownership	
Increase transparency on the scheme's performance	Promote ' Coming to Know the Object ' route to psychological ownership	
Educate employees on shares as a financial vehicle	Promote ' Coming to Know the Object ' route to psychological ownership	Promote ' Investment of the Self ' route to psychological ownership
Facilitate employee-trustee relationship	Promote ' Power Over Target ' route to psychological ownership	
Relax strict conditions of the structure	Mitigate effect of contextual fence ' Structural Design '	
Make ownership tangible	Promote ' Investment of the Self ' route to psychological ownership	
Educate employees on the structure of the scheme	Mitigate effect of contextual fence ' Structural Design '	Promote ' Coming to Know the Object ' route to psychological ownership
Integrate strategizing	Promote ' Investment of the Self ' route to psychological ownership	
Revise basis of share allocation	Mitigate effect of contextual fence ' Significance of Extrinsic Reward '	
Integrate external BBBEE partner	Promote ' Investment of the Self ' route to psychological ownership	
Offer employees alternatives to being fully funded	Mitigate effect of contextual fence ' Structural Design '	Promote ' Investment of the Self ' route to psychological ownership

Table 19 indicated all recommended actions could be linked to either promoting development of psychological ownership through Pierce et al. (2003) identified three antecedents: 'Investment of the Self'; 'Power Over Target' or 'Coming to Know the Object'. Or could be linked to mitigating the effects of the identified contextual forces: Business Performance; Structural Design; Significance of the Extrinsic Reward or Perceived Intent

6.5.3 Conclusive findings for Research Question Four

The results for Research Question Four revealed 12 specific recommendations by participants to improve the effectiveness of the AMSA EE share schemes. Applying the Main Drivers of Effectiveness framework it was established all of the 12 recommendations translated to two Thrusts for Improved Effectiveness:

1. Promote satisfaction of at least one of the three antecedents of psychological behaviour
2. Mitigate the impeding effect of contextualised fences

It is concluded management initiatives effecting one or both of the identified Thrusts for Improved Effectiveness will increase designated employee's sense of psychological ownership to encourage change in social-psychological behaviour.

CHAPTER 7: CONCLUSION

7.1 Introduction

Two decades into democracy the un-transformed patterns of ownership in South-Africa still raises concern (South African Government News Agency, 2016). As a more inclusive approach to direct empowerment corporates have increasingly adopted employee share schemes as a mechanism for transforming ownership ratios. Unfortunately varying levels of success has led to the effectiveness of these schemes being questioned (Nyelisani, 2010). As a proxy for BBBEE share schemes the study considered the effectiveness of the AMSA EE share scheme. The study aimed to:

1. Establish the effect of the scheme on employees
2. Understand the critical factors that influence effectiveness
3. Establish how the scheme can be improved to increase effectiveness

This chapter will provide a holistic overview of the principal research findings as derived from Chapters 2, 5 and 6. Furthermore the implications of the findings and the limitations of the study will be reviewed to provide recommendations for future research.

7.2 Effectiveness of the AMSA EE share scheme

Effective BBBEE employee share schemes can be defined as schemes that (i) inspire feelings of ownership and (ii) effect behavioural change to motivate and retain black designated groups. This criterion is based on the traditional view of employee ownership suggesting that any type of formal shareholding will inspire a sense of psychological ownership and effect positive social-psychological behaviour (Pierce et al., 1991). To evaluate the effectiveness of the scheme participants' subjective experiences were reviewed to determine if the AMSA EE share scheme affected their ownership feelings and social-psychological behaviour respectively.

Findings refuted the traditional view of employee ownership (Pierce et al., 1991) with the majority of participants indicating the AMSA EE share scheme did not inspire feelings of psychological ownership. To better understand the lack of ownership feelings participants'

rationale was carefully considered to established if the three antecedents of psychological ownership as identified by Pierce et al. (2003), were satisfied. Adequate evidence was provided to infer the routes 'Investment of the Self', 'Coming to Know the Object' and 'Power over Target' were not satisfied in the roll out and implementation of the AMSA EE share scheme. For the few participants who indicated experiencing feelings of ownership substantial evidence was provided that one or more of the routes of psychological ownership were satisfied, reaffirming Pierce et al.'s (2003) model for the development of psychological ownership. Intra-individualistic insights into the development of ownership feelings corroborated the opaque nature of ownership (Rudmin & Berry, 1987) highlighting the need to better understand the enhancing or impeding effect of moderators (McConville et al., 2016).

Exploring the behavioural consequence of the AMSA EE share scheme revealed the majority of participants did not experience a change in social-psychological behaviour at the time of the study. The finding supports the modern school of thought on employee ownership suggesting formal ownership does not always translate to major changes in individual attitudes (Pendleton, 2001; Sengupta et al., 2007; McConville et al., 2016). A number of participants did concede to experiencing positive feelings around the scheme and some influence on social-psychological behaviour reaffirming the traditional theorised view of Pierce et al. (1991).The mediating effect of psychological ownership on social-psychological behavioural consequences could not be denied. Furthermore participants introduced the notion that social-psychological behaviour will rather be affected by other intrinsic factors. Considering commitment and motivation in particular it was found the AMSA EE share scheme did not increase employee commitment. Disputing the 'golden handcuff' theory the AMSA EE share scheme was also found to not affect employees' intention to leave the company.

In light of the reviewed findings it was concluded the AMSA EE share scheme was not an effective mechanism for transforming ownership ratios failing to inspire feelings of ownership or effect behavioural change.

7.3 Main Drivers of Effectiveness

In seeking to establish “Why people develop feelings of ownership” (Pierce et al., 2003, p. 32) researches described ownership to be a complex construct emerging through specific antecedents and subjected to the influence of contextual moderators. The contextual forces were metaphorically described as ‘fences’ obstructing the three antecedents of developing feelings of ownership. As the criteria for effectiveness was based on the schemes ability to inspire ownership feelings, the study aimed to establish the critical contextual forces affecting the genesis of ownership feelings in the AMSA EE share scheme.

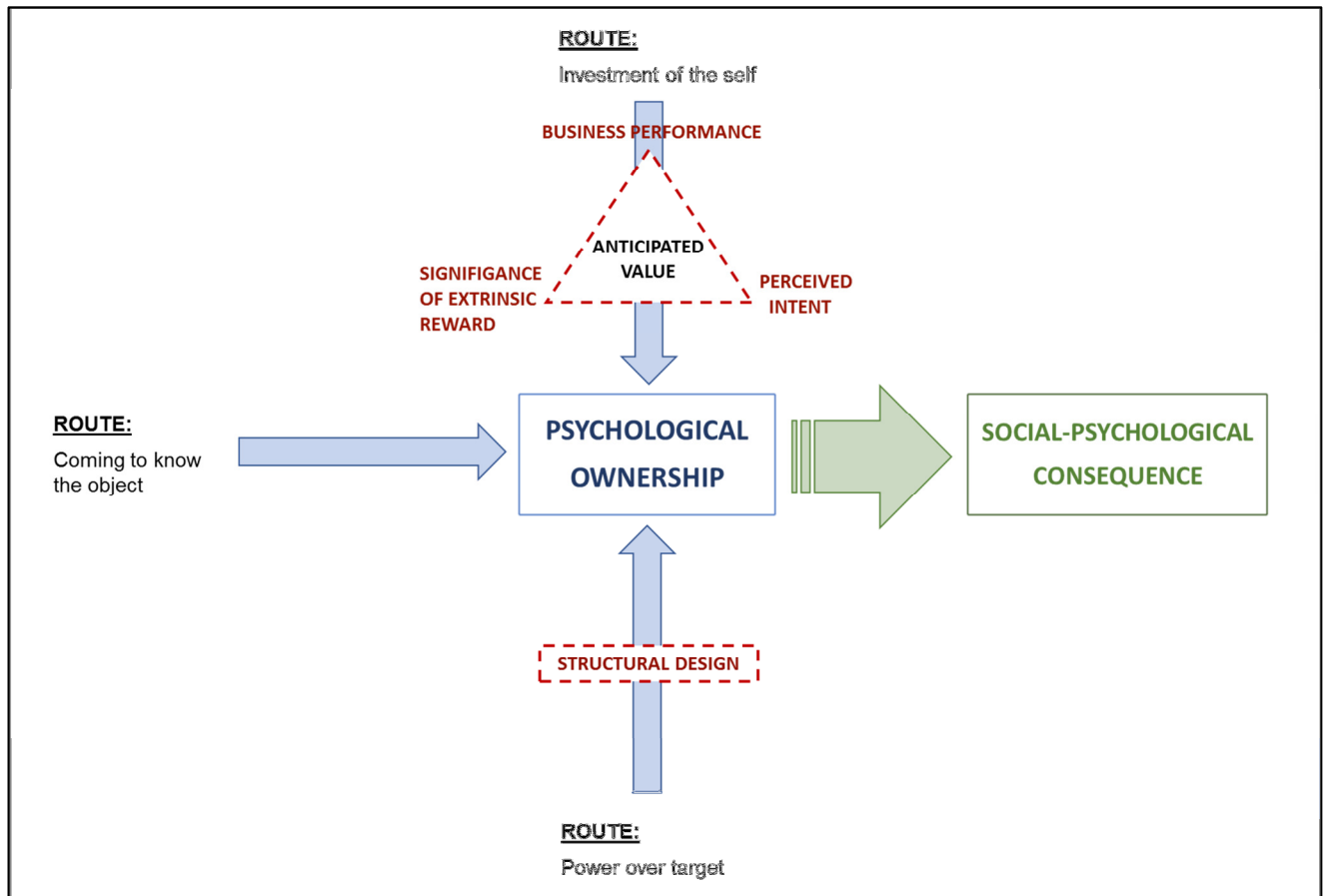
In accord with McConville et al. (2011), research findings substantiated the development of ownership feelings cannot be considered void of the context. Participants subjective experiences revealed four primary contextual ‘fences’ impeding the development of psychological ownership in the AMSA EE share scheme:

1. Business Performance
2. Structural Design
3. Significance of the Extrinsic Reward
4. Perceived Intent

Insight from participants in depth account of the critical factors revealed Business Performance, Significance of the Reward and Perceived Intent to collectively impact the Anticipated Value of the scheme resulting in an obstruction of the ‘Investment of the Self’ antecedent of psychological ownership (Pierce et al., 1991). Structural Design was found to obstruct the ‘Power over Target’ antecedent of psychological ownership.

From the findings the Main Drivers of Effectiveness framework emerged. The framework as presented in figure 3 expands on Pierce et al. (2003) theorised antecedents of psychological ownership model to include the four contextual moderators for the AMSA EE share scheme. Insight into the main drivers of effectiveness and their impact on ownership feelings provide valuable opportunity to redress the effectiveness of the AMSA EE shares scheme.

Figure 3. Main Drivers of Effectiveness



7.4 Improving Effectiveness

Due to the benefits provided to both the organization and its employees BBEE share schemes have been praised as the most inclusive mechanism for transformation (Gardee, 2014). High drop-out rates after vesting implicate the ineffectiveness of many employee empowerment share schemes as confirmed by this study. For business to address the slow progress of transformation a management competence must be developed to improve the effectiveness of employee empowerment share schemes. Aimed at assisting management in building this competence, the study explored participant's recommendations for increasing efficiency.

Research findings revealed 12 specific recommended actions related to the design and implementation of the AMSA EE share scheme as presented in Table 20. All

recommendations reaffirmed Begbie et al.'s (2011) notion that there exists a direct relation between the effectiveness of incentive schemes and employees' interpretation of reality.

Table 20. Recommendations to improve the effectiveness of the AMSA EE share scheme

Recommendations
Educate employees on the value of the scheme
Create consciousness around the scheme
Increase transparency on the scheme's performance
Educate employees on shares as a financial vehicle
Facilitate employee-trustee relationship
Relax strict conditions of the structure
Make ownership tangible
Educate employees on the structure of the scheme
Integrate strategizing
Revise basis of share allocation
Integrate external BBBEE partner
Offer employees alternatives to being fully funded

Carefully considering the mechanisms through which each of the 12 recommended actions would increase effectiveness two Thrusts for Improved Effectiveness were identified:

1. Promote satisfaction of at least one of the three antecedents of psychological behaviour
2. Mitigate the impeding effect of contextualised fences

It was concluded management initiatives that promote satisfaction of the three antecedents of psychological ownership and/or mitigate the impeding effects of contextual fences will improve the effectiveness of the AMSA EE share scheme.

7.5 Recommendations for Management

The research findings indicated a discord between employees' contextualised understanding of the AMSA EE share scheme and the objectives of the scheme as set out by ArcelorMittal South Africa. Furthermore it revealed the AMSA EE share scheme was not effective in inspiring feelings of ownership to effect behavioural change. Given the increased pressure for transformation it is important that managers acknowledge the misconception and ineffectiveness of the AMSA EE share scheme in order to ameliorate the perceived deficiencies. The value of addressing the identified deficiencies surpasses

maintaining ownership ratios upon vesting with both the employee and the employer standing to benefit from improving the effectiveness of the scheme. To improve the effectiveness it is recommended that managers adopt the Main Drivers of Effectiveness framework to allow them to better understand which factors to address in improvement initiatives. As implicated by the Thrusts of Improved Effectiveness management initiatives that promote satisfaction of the three antecedents of psychological ownership and/or mitigate the impeding effects of contextual fences will maximise impact. The 12 specific recommended actions provided by this study provide a valuable starting point for management to increase the effectiveness of the AMSA EE share scheme.

7.6 Implications for theory

Still a relatively young concept this study contributes to the limited knowledge base on BBEE employee share schemes displaying originality in exploring the effectiveness. Although incorporating some generalised theory the study provides a highly contextualized view of the effectiveness, providing valuable insight into the influence of contextual factors. As a result of the specific time and context of the study generalisations will be limited to inferential generalisation. Different from the majority of studies in this sphere the study adopted an interpretive phenomenological approach aiming to describe the employees subjective view of the effectiveness rather than trying to theorize from the views.

7.7 Limitations of the Research

In interpretative research the researcher attempts to understand an identified phenomenon through interpreting the subjective accounts of participants. Considered a part of the research instrument the researcher's personal biases and preconceptions may limit their ability to accurately portray the view of participants (Bhatterjee, 2012). Not being expertly trained in conducting interviews the researchers' inexperience may have biased data by the questioning or probing technique applied. Supplementary to observer bias limitations to the research methodology included:

- The tendency of respondents to portray themselves in a socially desirable matter when addressing sensitive societal matters, influencing validity of the response (Bhatterjee, 2012).

- Despite purposive sampling, equal knowledgeability about the AMSA EE share scheme was not guaranteed and misleading impressions may have been inspired by undisclosed political agendas.
- The study adopted was time and context specific limiting the process of generalisation to inferential generalisation. In transferring the findings from this study, it is the responsibility of the reader to judge from the detailed methodical approach provided how applicable the proposed study will be to their context.
- The purposive sample only considered middle management therefore not including the perspectives of executives and lower level employees.
- According to Creswell (2014) it is imperative that the researcher be aware of any personal relation to the subject under investigation and be cautious to impose personal views in analysing the collected data. As an employee of ArcelorMittal prior knowledge of the scheme and its implementation potentially introduced preconceived researcher bias in interpreting results.
- It is acknowledged that data was collected amidst poor financial performance and potential retrenchments potentially introducing some contextual bias.

7.8 Recommendations for Future Research

As highlighted, empirical studies on BBBEE share schemes are extremely limited. Given the highly contextual nature of the research findings the following recommendations are made for future research:

- The study reaffirms the concern around the effectiveness of BBBEE share schemes as mechanisms for transformation. Insight gained however proved valuable for building management competence to improve the effectiveness of the AMSA EE share scheme. It is recommended studies of similar nature are conducted in other companies to assist in building management competence and improving success rates of BBBEE share schemes.
- The study was conducted on an immature employee share scheme only in the first year of existence. It is recommended the study be repeated across the length of the vesting period to explore how the effect of the anticipated value will evolve as vesting is approached.

- To improve transferability it is recommended that a single study into the effectiveness of BBBEE employee share schemes be conducted over multiple companies to seek common truths.
- Lastly it is recommended that the Main Drivers for Effectiveness framework and Thrusts for Improved Effectiveness be validated in both effective and ineffective BBBEE share schemes.

7.9 Conclusion

Business, society and government reflect a sense of disquietude around the slow progress in ownership transformation. BBBEE employee share schemes are regarded a key tool in assisting corporates to redress the discriminating effects of the past. Despite a number of success stories ambiguity around the ability of these schemes to sustainably transform ownership structures still remain. This research study contributed to the limited empirical knowledge base on BBBEE employee ownership initiatives, exploring the perceived effectiveness and providing key insights into the main drivers of effectiveness for the AMSA EE share scheme. From the findings it was concluded that the AMSA EE shares scheme was ineffective in establishing feelings of ownership and highly susceptible to contextual forces. From the study a framework for the Main Drivers of Effectiveness was developed and applied to make key recommendations for improving the effectiveness of the AMSA EE share scheme.

CHAPTER 8: REFERENCE LIST

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APPENDIX A: AMSA CONSENT FOR DATA COLLECTION

ArcelorMittal South Africa
Limited
Pretoria



ArcelorMittal

RESEARCH CONSENT FORM: ARCELORMITTAL SA NEWCASTLE WORKS

Dear Mr Phakathi

In partial fulfilment of the Masters of Business Administration Degree of the University of Pretoria all candidates are required to undertake and document an integrative business research report. As discussed, my proposed research will consider the **Effectiveness of the AMSA employee empowerment share scheme as a mechanism for transformation**. The study will consider the meaning to the conscious participant together with current theory to understand the effectiveness of the scheme. The research objectives were identified as:

1. Establish what effect the share scheme has had on the employee
2. Understand what are the critical factors influencing the employee's experience
3. Establish if the intentions of scheme are perceived as pure
4. Establish how the scheme can be improved to increase the effectiveness

For the proposed study 20 face-to-face, semi-structured interviews will be conducted with middle management participants of the AMSA EE share scheme. Questions will be open-ended around predetermined topics aimed at gaining a deeper understanding of the employee's perception. Interviews will last approximately 45min and is planned to take place in the months of July and August 2017. Participants will be formally invited to participate in the interviews but participation is fully voluntary and participants can at any stage of the interview withdraw without penalty. All data collected will be reported anonymously.

If you have any concern please contact myself or my research supervisor. our details are provided below:

Researcher:

Frances Phillips

frances.phillips@arcelormittal.com

Research Supervisor:

Dr. Tendai Mhizha

MhizhaT@gibs.co.za

ArcelorMittal SA Newcastle Works hereby provides consent for the researcher, Frances Phillips, to collect data for the proposed study. **Effectiveness of the AMSA employee empowerment share scheme as a mechanism for transformation**, as described above.

Mithetho Phakathi

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APPENDIX B: PARTICIPANT CONSENT FORM

EFFECTIVENESS OF THE AMSA EMPLOYEE EMPOWERMENT SCHEME AS A MECHANISM FOR TRANSFORMATION

Researcher: Frances Phillips (Gordon Institute of Business Science, University of Pretoria)

INTERVIEW CONSENT FORM

In partial fulfilment of the Masters of Business Administration Degree of the University of Pretoria all candidates are required to undertake a business research project. This study will consider the **Effectiveness of The AMSA Employee Empowerment Scheme as a Mechanism for Transformation.**

The interview will aim to establish the effect the AMSA employee share scheme has had on the employee, as well as which were the critical factors influencing the individuals experience. From the study, we hope to identify ideas for improvement that will aid in increasing the effectiveness of the AMSA employee share scheme as a mechanism for transformation.

The interview is expected to last approximately 45 minutes. Your personal experience of the share scheme and its implementation will provide valuable insight into the impact of BBBEE employee share schemes as a mechanism for transformation.

Participation in the research study is completely voluntary and participants can at any stage of the interview withdraw without penalty. With your consent, the interview will be recorded and transcribed, however data collected will be reported confidentially. Should you have any concerns please contact my research supervisor or myself:

Frances Phillips
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W (034) 314 7062 | C (083) 469 1613

Dr. Tendai Mhizha
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I hereby provide consent to partake in the research study as outlined above.

Participant Name: _____ Researcher: Frances Phillips
Signature: _____ Signature: _____
Date: _____ Participant No: _____

APPENDIX C: INTERVIEW GUIDELINE

EFFECTIVENESS OF THE AMSA EMPLOYEE EMPOWERMENT SCHEME AS A MECHANISM FOR TRANSFORMATION

Researcher: Frances Phillips (Gordon Institute of Business Science, University of Pretoria)

INTERVIEW SCHEDULE

Date:	
Participant Name:	
Participant Number:	
Payroll Grading:	
Job Title:	
Years Employed at AMSA:	
Gender:	
Designated Group:	

Time Start:		Time End:	
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INTRODUCTION

Firstly, I would like to thank you for agreeing to partake in this research study your contribution and time is greatly appreciated. As a reminder participation in the study is fully voluntary and should you wish, you can at any time withdraw from this interview without penalty.

BACKGROUND

As you are aware the South African government in 2003 passed the first Broad Based Black Economic Empowerment (BBBEE) Act aimed at redressing the discriminating effects of Apartheid. Under the act government hopes to promote meaningful participation of black people in the economy by increasing black ownership and control of economic activities. Following the increased pressure for compliance and the more inclusive nature of BBBEE employee share schemes, corporates have increasingly been adopting share schemes in the context of transforming ownership ratio's. Given the significance of BBBEE employment share schemes, there is enthralling motivation to explore the effectiveness of these schemes ability to inspire feelings of ownership, improve employee's attitude and motivate black designated groups.

PURPOSE

The title of the research study is **Effectiveness of The AMSA Employee Empowerment Scheme as a Mechanism for Transformation**. The study aims to establish the effect the AMSA employee share scheme has had on the employee, as well as which were the critical factors influencing the individuals experience. From the study, we hope to identify ideas for improvement that will aid in increasing the effectiveness of the AMSA employee share scheme as a mechanism for transformation.

The key objective of this research is:

1. Establish what effect the share scheme has had on the employee
2. Understand what are the critical factors influencing the employee's experience
3. Establish if the intentions of the scheme are perceived as pure
4. Establish how the scheme can be improved to increase the effectiveness

The interview is expected to last approximately 45min and will take a semi-structured form. The nature of this research is however exploratory and I would like to encourage you to speak freely. All information gathered from the interview will remain confidential and will be reported anonymously.

May I please ask you to sign the research consent form. The form serves to confirm that you are voluntarily participating in this study and agree to me recording the interview for analytic purposes.

RESEARCH QUESTION ONE: HOW HAS THE AMSA EESS EFFECTED THE EMPLOYEES FEELING OF OWNERSHIP?

1.1 What is your understanding of the AMSA EESS?	
1.2 Do you feel you own part of the business?	
1.3 Do you feel you have control over business decisions as a result of the AMSA EESS?	

RESEARCH QUESTION TWO: WHAT EFFECT HAS THE AMSA EESS HAD ON THE SOCIAL-PSYCHOLOGICAL BEHAVIOUR OF THE EMPLOYEE?

2.1 Does the AMSA EESS influence your personal behaviour in any way?	
2.2 Does the AMSA EESS inspire increased motivation?	
2.3 Does the AMSA EESS influence your intention to stay/leave the company?	

RESEARCH QUESTION THREE: WHAT ARE CONSIDERED TO BE THE MAJOR FACTORS INFLUENCING THE EMPLOYEE'S EXPERIENCE OF THE AMSA EE SHARE SCHEME?

3.1 What factors drive your experience of the AMSA EESS?	
3.2 In your opinion what is the purpose of the AMSA EESS?	
3.3 Do you see AMSA EESS as beneficial to the employee?	

RESEARCH QUESTION FOUR: HOW CAN THE AMSA EESS BE IMPROVED TO INCREASE ITS EFFECTIVENESS AS A MECHANISM FOR TRANSFORMATION?

4.1 How can the AMSA EESS in your opinion be improved to create a sense of ownership and incentivize positive employee behavior?	
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APPENDIX D: LIST OF CODES FOR DATA ANALYSIS

Code	Code Group
1 + Track share price	RQ1: Degree of self investment
2 - Do not track share price	RQ1: Degree of self investment
3 Did not contribute to the scheme	RQ1: Degree of self investment
4 Lack of interest	RQ1: Degree of self investment
5 + Understand the structure of the scheme	RQ1: Level of Information
6 - Do not understand the structure of the scheme	RQ1: Level of Information
7 Communication not sustained	RQ1: Level of Information
8 Communication not filtered down to the floor	RQ1: Level of Information
9 Do not understand the value of the scheme	RQ1: Level of Information
10 Ineffective Communication	RQ1: Level of Information
11 Lack of communication	RQ1: Level of Information
12 Management does not drive awareness	RQ1: Level of Information
13 Transparency on schemes performance	RQ1: Level of Information
14 + Feelings of ownership in the long term	RQ1: Ownership feelings
15 + Sense of ownership	RQ1: Ownership feelings
16 - No sense of ownership	RQ1: Ownership feelings
17 Mixed feelings around the scheme	RQ1: Ownership feelings
18 Unit holder not a share holder	RQ1: Ownership feelings
19 + Influence business decision making	RQ1: Power over Target
20 - No influence on business decision making	RQ1: Power over Target
21 Interest of employee not represented	RQ1: Power over Target
22 No control of profitability of business	RQ1: Power over Target
23 No control on whether you receive the shares or not	RQ1: Power over Target
24 No control over implementation of scheme	RQ1: Power over Target
25 No control over shares in the lock in period	RQ1: Power over Target
26 Potential influence business decision making	RQ1: Power over Target
27 Representation of Employees	RQ1: Power over Target
28 Trustees not visible	RQ1: Power over Target
29 - Tangibility is just semantic	RQ1: Tangibility
30 No tangibility to ownership	RQ1: Tangibility
31 + Aware of trustee route	RQ1: Trustee Route
32 - Not aware of trustee route	RQ1: Trustee Route
33 Mechanism to allow employees to invest	RQ1: Understanding the Scheme
34 Mechanism to benefit to the employee	RQ1: Understanding the Scheme
35 Mechanism to bridge the gap for previously disadvantaged	RQ1: Understanding the Scheme
36 Mechanism to give employees ownership	RQ1: Understanding the Scheme
37 Mechanism to improve BBBEE status	RQ1: Understanding the Scheme
38 Mechanism to improve government relations	RQ1: Understanding the Scheme
39 Mechanism to create accountability	RQ1: Understanding the Scheme
40 Motivational tool to increase performance	RQ1: Understanding the Scheme
41 Retention mechanism	RQ1: Understanding the Scheme
42 Alternative drivers influencing motivation & work ethic	RQ2: Factors influencing psych behaviour
43 Alternative drivers influencing retention	RQ2: Factors influencing psych behaviour

44	Commitment driven by other factors	RQ2: Factors influencing psych behaviour
45	+ Inspires feelings of motivation now	RQ2: Motivation
46	- No influence on motivation	RQ2: Motivation
47	Motivational in lower income bracket	RQ2: Motivation
48	+ Influence psychological behaviour	RQ2: Psych Behaviour
49	- No influence on psychological behaviour	RQ2: Psych Behaviour
50	Does empower you to make decisions that will benefit the company	RQ2: Psych Behaviour
51	Higher stakes closer to the pay out - larger effect	RQ2: Psych Behaviour
52	Increased psychological benefit due to skin in the game	RQ2: Psych Behaviour
53	Influence others to buy-into scheme	RQ2: Psych Behaviour
54	Inspires positive feelings to be involved	RQ2: Psych Behaviour
55	Monetary benefit will lead to improved behaviour in future	RQ2: Psych Behaviour
56	Potential behavioural benefits	RQ2: Psych Behaviour
57	Potential effect on psych behaviour if financial gain is realised	RQ2: Psych Behaviour
58	+ Influence retention decision	RQ2: Retention
59	- No influence on retention decision	RQ2: Retention
60	Not a significant factor in retention decisions	RQ2: Retention
61	Would cross your mind n retention decisions	RQ2: Retention
62	Ambiguity of future share performance	RQ3: Factors influencing employee perception
63	Business Performance	RQ3: Factors influencing employee perception
64	Excessive vesting period	RQ3: Factors influencing employee perception
65	Hierarchical structure	RQ3: Factors influencing employee perception
66	Ignorance around shares as a financial vehicle	RQ3: Factors influencing employee perception
67	Intention of Scheme	RQ3: Factors influencing employee perception
68	Knowledge of the scheme	RQ3: Factors influencing employee perception
69	Limitations around the schemes structure	RQ3: Factors influencing employee perception
70	Monetary Significance	RQ3: Factors influencing employee perception
71	Prospects, volatility and cyclical of the steel Industry	RQ3: Factors influencing employee perception
72	Share Performance	RQ3: Factors influencing employee perception
73	Significance of % Shareholding	RQ3: Factors influencing employee perception
74	Sustainability of the Business	RQ3: Factors influencing employee perception
75	Timing of the launch of the share scheme	RQ3: Factors influencing employee perception
76	Transparency around the purpose of the scheme	RQ3: Factors influencing employee perception
77	Unconsciousness of the scheme	RQ3: Factors influencing employee perception
78	Understanding of the value of the scheme	RQ3: Factors influencing employee perception

79	+ Beneficial to the employee	RQ3: Intention of the scheme
80	- Not beneficial to the employee	RQ3: Intention of the scheme
81	Attracting talent	RQ3: Intention of the scheme
82	BBBEE compliance	RQ3: Intention of the scheme
83	Both parties benefit	RQ3: Intention of the scheme
84	Build relationship with community	RQ3: Intention of the scheme
85	Forced measure	RQ3: Intention of the scheme
86	Government Relations	RQ3: Intention of the scheme
87	Import tariff protection	RQ3: Intention of the scheme
88	Improve employee performance through ownership	RQ3: Intention of the scheme
89	Intentions of the scheme not perceived as pure	RQ3: Intention of the scheme
90	Intentions of the scheme perceived as pure	RQ3: Intention of the scheme
91	Paper exercise	RQ3: Intention of the scheme
92	Perceived as fronting	RQ3: Intention of the scheme
93	Political Undertones	RQ3: Intention of the scheme
94	Promote external investment	RQ3: Intention of the scheme
95	Rescue mechanism	RQ3: Intention of the scheme
96	Retention scheme	RQ3: Intention of the scheme
97	Scheme aimed at putting things right	RQ3: Intention of the scheme
98	Token of recognition	RQ3: Intention of the scheme
99	Transformation	RQ3: Intention of the scheme
100	Communicate on a personal level to ensure buy-in and understanding	RQ4: Communication
101	Communication by familiar people	RQ4: Communication
102	Communication in a simple fashion	RQ4: Communication
103	Communication more discreet around share allocation	RQ4: Communication
104	Educate employees on shares as a financial vehicle	RQ4: Education
105	Educate employees on the purpose of the scheme	RQ4: Education
106	Educate employees on the structure of the scheme	RQ4: Education
107	Educate employees on the value of the scheme	RQ4: Education
108	Create a sense of accountability	RQ4: Recommendation
109	Create awareness	RQ4: Recommendation
110	Establish relationship to influence business decision making through trustee platform	RQ4: Recommendation
111	Increased transparency on scheme performance	RQ4: Recommendation
112	Integrate external BBBEE partner	RQ4: Recommendation
113	Make ownership tangible	RQ4: Recommendation
114	Offer employees alternatives to being fully funded by a loan	RQ4: Recommendation
115	Realignment of the schemes goals to that of the bigger organization	RQ4: Recommendation
116	Relax strict conditions around the share scheme	RQ4: Recommendation
117	Revise basis of share allocation	RQ4: Recommendation
118	+ Investment Opportunity consider prospects upon vesting	Vesting
119	- Cash out after vesting	Vesting
120	Upon vesting will be neutral	Vesting
121	Direct Quote	
122	Do not think the scheme will achieve its goals	
123	Employee not at the centre of the scheme	
124	Employees forget they own shares	
125	Empowerment depending on business performance	

126	Good vehicle to drive ownership	
127	Inclusive approach to transformation	
128	Long term benefit	
129	Personal interest in shares	
130	Potential to be beneficial if implemented correctly	
131	Predominantly a financial benefit to the employee	
132	Prefer short term gain	

APPENDIX E: ETHICAL CLEARANCE ACCEPTANCE

**Gordon
Institute
of Business
Science**
University
of Pretoria

03 August 2017

Frances Phillips

Dear Frances,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee