

Shared Capitalism: A bigger piece for everyone?

Employee financial participation and organizational performance in the European context:

The moderating effects of the communication practices and the cultural value hierarchy

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Executive summary

The economic system of capitalism demands architectural modernizations, according to prominent economists and politicians that want to restore the social contract and to make the economy work for workers again. Consequently, the concept of employee financial participation (EFP) has become an area of significant academic and practitioner interest. This study investigates the effect of employee financial participation on organizational performance in the European context, including the influence of the organizational communication practices and the cultural value of hierarchy on its effectiveness. Based on agency theory and SHRM literature, the main relationship was hypothesized to be positive. Furthermore, the relationship between employee financial participation and organizational performance was hypothesized to be stronger in cultures with low hierarchical values and organizations with high communication practices. In order to realize the research objectives, a mixed-methods study was performed. By using data from the Cranet Network, a quantitative analysis, by means of regression analysis, was conducted with a sample of 2376 private firms in Europe. Additionally, six interviews at six different companies were conducted to gather qualitative data. The results of the analyses support the first hypothesis, meaning that employee financial participation positively influences organizational performance, in particular financial performance. It turned out that the organizational communication practices strengthen the positive relationship. The cultural value of hierarchy did not show significant results. By testing the employee financial participation-performance relationship, and the inclusion of two boundary conditions, this study contributes to the employee financial participation literature within SHRM.

Keywords

Employee financial participation, organizational performance, communication practices, cultural value hierarchy, mix-methods, Cranet database, SHRM

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1. Introduction

The economic system of capitalism is based on the thought that the means of production are privately owned and are operated for economic gains (Zimbalist, Sherman, & Brown, 1989). The capitalist uses the labor of workers in exchange for a wage to produce commodities. To generate profit, the capitalist extracts surplus value in terms of the difference between the salary paid to the employee and the value of the production (Jenks, 1998). The advocates of the system argue that capitalism provides a more efficient allocation of resources, a fairer distribution of wealth and contributes to more prosperity for society in comparison with other economic systems (Friedman, 1962). However, there is also criticism, ranging from disagreement with the fundamentals of the system to criticism with specific outcomes of capitalism. A prominent accusation is, as a result of system failure, that capitalism creates economic inequality and thus unfairly distributes wealth. Batra (1990) introduced the concept “share of wealth held by the richest 1%” to demonstrate the imbalance of the distribution of wealth. To illustrate this, the study of Wolff showed that the wealthiest one percent of Americans hold 37 percent of the entire wealth in the country (Wolff, 2010) and the average CEO is paid more than 400 times the salary of the average employee (Beyster, 2007). More recently, Piketty (2014) argued that capital is a generator of inequality, causing a concentration of wealth owned by a minority that exists by exploiting the majority of the working class and their labor, leading to economic and social vulnerability. Therefore, Piketty argues that “new forms of property and democratic control of capital” (p. 569) need to be designed. Shambaugh and Nunn (2017) contributed to this discussion by demonstrating that the share of income transmitted to labor has plummeted, resulting in a wage stagnation and that broadly shared wage growth is of great importance.

In response to the demanded architectural modernizations of the capitalistic system, the concept of employee financial participation (EFP) has become an area of significant academic and practitioner interest (Blasi & Kruse, 2015). EFP, or shared capitalism (O'Boyle, Patel, & Gonzalez-Mulé, 2016), provides the opportunity to employees to participate in the financial results of a company by shares, options or sharing schemes and is therefore an instrument that can redistribute wealth to battle economic inequality (Hashi & Hashani, 2013). EFP can be a valuable tool to restore the social contract and to make the economy work for workers again (Abell, 2020). Its promising potential is reflected in the increasing adoption of EPF schemes. The number of large European companies offering EFP is growing at a noteworthy pace, the number of plans has risen from 70% in 2006 to 94% in 2020 (Mathieu, 2021).

1.1 Research problem

Despite the significant practitioner and academic debate about the relationship between EFP and organizational performance, empirical findings remain mixed (Kang & Kim, 2019). In their meta-analysis, O'Boyle et al. (2016) conclude that the academic evidence generally shows a positive effect from EFP on organizational performance, but the overall reported effect size was small ($R^2 = 0.04$). Kruse and Blasi (1995) argue that the effect of EFP on organizational performance usually is effective, but that EFP does not magically create better organizational performance but is strongly dependent on the circumstances in which it is implemented. Mullins, Weltmann, Kruse, and Blasi (2019), therefore, argue that more research is needed that explores the conditions and mechanisms that affect the relationship between EFP and organizational performance. In an effort to open up the 'black-box' and get a better understanding of when the relationship between EFP and organizational performance is effective, researchers have shifted attention to the boundary conditions that affect the underlying mechanisms of the relationship (Kang & Kim, 2019). Mullins et al. (2019) indicate that future research does not need to focus on a particular domain but that there are numerous avenues worth considering for unlocking the full effects, ranging from the organizational level to the broader cultural context (Mullins et al., 2019).

Following this emerging transition towards the contextual context, this study delves into the conditions and mechanisms that affect the relationship between EFP and organizational performance and will therefore not only focus on the consequences but also on the process itself. Two boundary conditions will be central in this study, specifically, the cultural value hierarchy and the communication practices in an organization. However, to understand the relevance of the concepts, one first needs to understand their definition and the related convergences and divergences. Defining those concepts has proven to be complex and perhaps is inherently ongoing since the concepts are symbols and thus necessarily have an open texture about them (Hall, 1992). Hall argues that: "Culture is communication and communication is culture" (Hall, 1959, p. 169), which demonstrates the relatedness and interwovenness of the concepts. Birdwhistell (1970) nuances this quote, by arguing that culture and communication are two different methods but have structured interconnectedness, wherein culture focuses on structure and communication on the process. Culture emphasizes the conversation of the ongoing lived experience of its members, being constantly recreated through the interaction of its members (Hall, 1992). This results in a shared set of beliefs that creates a socially constructed world, a social reality (Pearce & Kang, 1988). This social reality functions as a performance script for the individual's life, as the collective social identities of the group's members help to

interpret information (Pearce & Cronen, 1980). Furthermore, communication is the exchange of information and meaning and is an “intentional, transactional, symbolic process” (Gudykunst, & Ting-Toomey, 1988, p. 20), wherein sources and receivers intentionally code their behavior to produce messages (Porter & Samovar, 1988). Pearce, Stanback, and Kang (1984) argue that “there is a reciprocal, causal relationship between human actions (communication) and social reality (culture)” (p. 7). Cultures are created and transmitted through communication; cultures are thus a by-product of human social interaction. Culture also affects communication, as culture is a mental model, largely invisible and fluid, that helps individuals with implicit knowledge to interpret information. In contrast, communication is more visible and explicit in comparison with culture (Giri, 2006).

Previous literature has focused on the effects of the cultural value hierarchy and communication practices on the relationship between EFP and organizational performance. Following national culture theory (Hofstede, Hofstede, & Minkov, 2010), Kang and Kim (2019) explain in their study that the cultural context can be an important explanatory factor that influences companies and therefore the outcomes and functioning of an EFP scheme. Therefore, cultural level differences serve as significant boundary conditions in predicting variation in the effectiveness of EFP practices across different nations (Rabl, Jayasinghe, Gerhart, & Kühlmann, 2014). Kang and Kim (2019) investigated the effect of the cultural dimensions of uncertainty avoidance and social trust but argue that other cultural dimensions are also worth investigating to enhance our understanding of the influence of cultural values. Those cultural contexts are crucial in understanding the effectiveness of EFP schemes because they affect how employees perceive the EFP practices (Gerhart & Fang, 2015) and depend on their fit with a country’s national culture and characteristics (Rabl et al., 2014). In the academic world, the cultural value hierarchy has not received the amount of academic consideration that it deserves (Du Gay & Vikkelsø, 2016), even though it can influence the relationship between EFP and organizational performance (Rabl et al., 2014). Therefore, this study will further investigate the possible effects of the cultural dimension of hierarchy. Furthermore, the communication practices in an organization can be affected by the hierarchical values in an organization. In an organization with a strict hierarchical culture, only a few people can participate as resources and information sharing are only available for senior management (Papa, Daniels, & Spiker, 2007). However, when employees are having a financial stake in the organization, the demand for information sharing will rise (Poutsma & Ligthart, 2017) and can be expected to strengthen the relationship between EFP and organizational performance.

1.2 Research question

Taken together, there is a consensus in the academic world that more research into the mechanisms of this domain is needed. Next to this, most of the research has focused on the United States (Kang & Kim, 2019), therefore, this study will investigate the relation in the European context. The objective of this study is to contribute to the literature by deepening the knowledge of the effect of employee financial participation on organizational performance in the European context and to gain insights into the cultural value hierarchy and organizational communication practices that help to explain this relationship. The following question will stand central in this research:

“What is the influence of employee financial participation on organizational performance in the European context, and how is this relationship affected by the communication practices and the cultural value hierarchy?”

1.3 Thesis outline

The study is structured as follows. Section 2 provides an overview of the current literature related to this topic. More specifically, this section describes the concepts of employee financial participation and organizational performance. Afterward, previous relevant studies related to the debate regarding the relationship between employee financial participation and organizational performance are reviewed. The third section is concerned with an explanation of the concepts of the cultural value hierarchy and the organizational communication practices and their connection with the EFP-performance relationship. The hypotheses are developed based on sections 2 and 3. The fourth section describes the methodology and its relevance for this research. This study will be conducted via a mixed method approach, by combining quantitative and qualitative research methods. The Cranet database will be used for the quantitative analysis and interviews will be used for the qualitative analysis of this study. Section 5 presents the results and section 6 will present the discussion and conclusion and ends with the implication of the findings, the limitations of the research and suggestions for future research in this area.

2. Literature review

2.1 Introduction

This section consists of a thorough review of the relevant theoretical backgrounds of the formulated key concepts of this study. A structured and systematic overview of the concept of employee financial participation and the different forms of EFP are presented, based on previous literature, just as their relationship with organizational performance.

2.2 Employee financial participation

Employee financial participation has increasingly gained attention in public and scientific debates on the structuring of organizations and society, especially for building a more connected and inclusive system of capitalism and to improve the innovativeness and entrepreneurial spirit of organizations and their employees (Stam, Kleverlaan, & Spaans, 2021).

EFP challenges the traditional distribution of corporate outcomes, or more radically even ownership rights, and is therefore also highlighted by the voice of a spectrum of political views and academic disciplines (Kessler, 2010).

At its core, the concept of employee financial participation can be regarded as a governance form that allows the employees to participate in the ownership and the financial results of the company that they are working at (Aissa, 2016). Pendleton, Poutsma, Brewster, and Van Ommeren (2002) describe EFP as follows: “any arrangement in virtue of which the employees, or a category of employees, can receive money or every other well having a money value (like shares or options), related to the performance of their firm. It implies the payment (or the potential payment) of rewards which are beyond basic remuneration”. EFP is thus a mechanism that offers the opportunity to employees to benefit from a variable component coupled to company results. EFP creates additional economic and legal bonds between the organization and the workforce.

In the European Union, EFP is often marked as PEPPER - promotion of employee participation in profits and enterprise results (Ligthart, Pendleton, & Poutsma, 2018). Partly due to the PEPPER plans and partly due to the increasing academic and managerial interest, the adoption of European EFP plans keeps increasing. The new Annual Economic Survey of Employee Share ownership reveals an upward trend, even during the covid crisis (Mathieu, 2021). For a more detailed overview of this upward trend, please consult appendix 1.

2.2.1 Forms of employee financial participation

The concept of employee financial participation embraces a broad array of financial participation practices and is considered an umbrella term. The nature of EFP revolves around whether employees participate in the distribution of organizational outcomes, e.g., cash payout, or in the ownership of the company (Kessler, 2010). However, there are multiple forms of EFP with heterogeneous components and hybrid forms, profit and gain-sharing, employee share ownership and stock options are classified as the most commonly used ones (Hashi & Hashani, 2013).

Profit and gain sharing, the first mechanism of employee financial participation, covers the mechanisms which connect the role of a worker as an employee within the firm. Profit sharing is a convenient form that shares the profits of the organization with the workforce as an addition to the fixed salary of the employee based on a particular scheme or formula. It provides a variable payment, depending on the profits of the organization. In contrast with classical remuneration packages linked to individual performance, a profit-sharing plan is a collective incentive scheme mostly open for all or to a large group of the workforce (Kessler, 2010). Furthermore, a difference exists between share-based profit sharing schemes, which grant shares to the employees, cash-based profit sharing, where employees receive a cash payout based on the time that the profits are determined, and, lastly, deferred profit-sharing where the allocated payout is held by the employer, most often stored in an investment trust for approximately three years, and therefore not immediately available to the workforce which makes it a deferred form of compensation (Ligthart et al., 2018).

Gain-sharing provides the opportunity to the workforce to engage in the realization of a specific goal and offers compensation depending on the realized performance measured in terms of quality (rejection rate, delivery periods), or quantity (production, sale), costs (consumption of matters, cost price), or socio-organizational performance (absenteeism, rotation, suggestions) (Aissa, 2016). When comparing the different profit and gain sharing schemes, a cash-based profit-sharing plan is the most commonly cited form (Kessler, 2010).

The second mechanism of employee financial participation is employee share ownership (ESO). This mechanism provides benefits to the employees in the form of dividends or capital gains income received from their position as stock owners instead of employees. By implementing stock ownership plans, organizations can sell, or grant, shares to their workforce (O'Boyle et al., 2016).

Furthermore, stock options can be provided to the employees, those options give the right, but not the obligation, to buy or sell a stock at an agreed-upon price and date. Essentially, stock options allow the option holder to bet on the rise or fall of the company's stock price in the future. There are two major forms of options, call and put options, but only call options are provided to the employees, since call options are only beneficial when the stock price rises, in contrast to put options, which will only be beneficial when the underlying stock price declines (Kessler, 2010).

The different forms of employee financial participation have different effects on the behavior of the actors. For example, employee share ownership will probably strengthen the preferences for stability and efficiency (Kurtulus, Kruse, & Blasi, 2011), in contrast, stock options increase risk-taking, as the value of the options increases by increasing the stock price (O'Boyle et al., 2016), profit sharing is a mechanism which provides a variable financial remuneration to the employees if the firm makes profits. A limit of this form of EFP is that employees see badly how they can have an impact on the final result (Aissa, 2016).

Furthermore, a difference exists between narrow-based and broad-based plans in terms of their availability to the workforce. The former is exclusively available for management, the latter, by contrast, is open for participation for the entire workforce (Ligthart et al., 2018). Until recently, broad EFP was generally noticed as a rather marginal component. However, in recent times, this concept has become increasingly known in consideration of its capability to tackle multiple social and economic issues, and its relative resilience in a period of crisis (Abell, 2020). Over the long term, this can only be successful if the productivity and performance effects are widely distributed in the economy, resulting in economic growth and therefore a bigger 'economic pie'. Broad EFP can only achieve its promising nature by increasing the size of the pie to really contribute to the problem of income disparity (Blasi & Kruse, 2015).

2.3 Organizational performance

Organizational performance is one of the key concepts of management and might be the most utilized dependent variable in almost every area of business and management research as organizational performance is essential to the survival and success of organizations (Richard, Devinney, Yip, & Johnson, 2009). The objective of those studies is to understand and explain how organizational performance can be enhanced and sustained to improve the sustainable competitive advantage of organizations (Singh, Darwish, & Potočník, 2015). Organizational performance measures the change of the state of an organization or the outcomes that result

from strategic decisions and the execution of those decisions by organizational members (Carton, 2004). Measuring organizational performance is indispensable for academics and business practitioners to evaluate the actions of firms and managers and to assess how firms perform over the course of time compared with competitors (Richard et al., 2009). In addition, the measurement of organizational performance is of vital importance to translate an organization's mission and strategy into reality (Haddadi & Yaghoobi, 2014).

The concept of organizational performance remains loosely defined despite its omnipresence and ubiquity in research, resulting in a multidimensional conceptualization of organizational performance related to the measurement and definitions utilized in previous management research (Richard et al., 2009). This could be explained by the fact that the interpretation of performance depends upon the observer's perspective and that the chosen measures to represent performance are therefore selected based upon the circumstances of the organizations being observed (Carton, 2004). However, from a general viewpoint, a distinction can be made between a set of both financial and non-financial performance indicators that assess the degree to which organizational goals and objectives have been realized (Kaplan & Norton, 1992). Furthermore, a distinction between 'hard' and 'soft' indicators exists. Typical hard indicators are financial ratios or profitability, while common soft indicators are job satisfaction, commitment, service quality, etc. (Singh et al., 2015).

2.4 Relationship employee financial participation and organizational performance

A large body of evidence shows that broad EFP enhances business performance (Abell, 2020). The topic has received increasing academic interest as broad EFP can positively affect, when done right, workplace performance, productivity, firm survival, employment stability and the harmony of the workplace (Blasi, Kruse, & Freeman, 2017). Similarly, O'Boyle et al. (2016) found in their meta-analysis study, consisting of 102 studies including 56,984 firms, that EFP has a positive significant effect on the performance of a company.

Hashi and Hashani (2013) argue that financial participation schemes can positively influence the commitment of the employees and align the interests of the firm and its employees, resulting in improvements in organizational performance. Therefore, it is no surprise that this possible explanation is associated with agency theory. From an agency theory perspective (Fama and Jensen, in Hashi & Hashani, 2013), corporations may encounter agency costs, e.g., monitoring costs and moral hazard, as a consequence of the separation of ownership and control when the goals between principals and agents are misaligned. Agency theory contributes to the understanding of the relation between EFP and the performance of an

organization. Employee financial participation can provide an incentive to the employees to act in the interest of the company in order to stimulate company performance and reduce agency costs. Since the employees have a financial stake in the company, this will be in their own interest, therefore aligning the interests of the principal and agent (Igalens & Roussel, 1999).

In line with the theoretical arguments and empirical outcomes of previous studies addressed in this section, a positive relationship between employee financial participation and organizational performance is expected. However, among others, Kang and Kim (2019) argue that the effect size of those studies are small and inconsistent. Therefore, it is relevant to retest this relationship. As a result, the first hypothesis is formulated to test this relationship. This hypothesis is shown below and included in the conceptual model.

Hypothesis 1: *The relationship between EFP and organizational performance is positive.*

The goal of this literature review was to clarify the concept of EFP and organizational performance and to provide an overview of previous studies related to the relationship between EFP and organizational performance to formulate the first hypothesis of this study. In the next section, the relevant contextual elements investigated in this study, hierarchy and communication, are described in more detail to get a more comprehensive understanding of the relationship.

3. Theoretical foundation

3.1 Introduction

In the previous section, the concept of EFP, the different forms of EFP and the relationship between EFP and organizational performance have been analyzed and evaluated in detail. As argued by Mullins et al. (2019), more research is needed that explores the conditions and mechanisms that affect the relationship between EFP and organizational performance. Kang and Kim (2019) demonstrate that, in an effort to open up the ‘black-box’ and get a better understanding of when the relationship between EFP and organizational performance is effective, researchers have shifted attention to the boundary conditions that affect the underlying mechanisms of the relationship.

Central in this study will be the contextual conditions of the cultural value hierarchy and the communication practices in an organization to deepen our understanding of the relationship between EFP and organizational performance. Culture and communication are interwoven to a certain extent, yet differences between the concepts exist (Birdwhistell, 1970; Giri, 2006). These concepts are related and can affect each other. For instance, in an organization with a strict hierarchical culture, only a few people can participate as information sharing is only available for senior management, which thus affects the organizational communication practices (Papa, et al., 2007). This chapter will describe the organizational communication practices and the cultural value of hierarchy in more detail. Furthermore, the expected effects on the main relationships between EFP and organizational performance are grounded in the formulated hypotheses. Finally, a conceptual model is presented, which provides an overview of the hypotheses and their underlying relationships.

3.2 Communication practices

Employee financial participation is a tool that provides the opportunity to the workforce to participate in the financial results of the company. Another important element is that it will also influence -to a certain extent- the possibility to gain more influence in organizational decision-making, often referred to as employee voice. Voice is defined as “a process that allows employees to exert some influence over their work and the conditions under which they work” (Poutsma & Ligthart, 2017, p. 26). Poutsma and Ligthart (2017) argue that EFP may result in an increase in the demanded information sharing that is provided by the organizational communication practices to their employees, as they have a stake in the financial results of the organization and these results depend on the decisions of the organization. This relationship

between employee voice and EFP has become a key issue in discussions of EFP practices and their related outcomes (Poutsma & Ligthart, 2017).

It is important to explain and define the concept of organizational communication practices first before one can delve deeper into the relationship between the organizational communication practices and the effect on the effectiveness of EFP practices. Papa et al. (2007) argue that communication is the essence of organizations since organizations are constituted and enacted through the actions of the organizational members. Carbaugh defines communication as follows: “Communication is socially situated meaning-making, generating pockets of coherence and community through cultural meanings and forms” (1988, p. 38). The functioning of communication depends on the use of information and meaning that are invested in that information, therefore, information can be seen as the core building block of communication (Papa et al., 2007).

In addition, organizational communication practices are activities and topics of critical discourse as ways of communicating - involving reading and writing, listening and talking, or more generic, anything that involves ‘messages’ (Craig, 2005, p. 39). In order to share information with employees, an organization can make use of several communication channels. Some well-known examples are a brochure, intranet, social media, company newsletters, meetings, contact persons, a video or a corporate app (Nieuwland-Jansen, 2017). Now that the definition of organizational communication and organizational communication practices have been defined and described, the following section will delve deeper into the impact and importance of those organizational communication practices on the effectiveness of EFP practices.

Employee communication, or internal communication, refers to the phenomenon when management disseminates information through the organization to employees (Papa et al., 2007). This communicated information helps to create and transmit cultural values throughout the organization that guide organizational members with a mental model to interpret information (Giri, 2006). For instance, when utilizing a collaborative approach, an organization is characterized by a partnership culture where employees are considered as participants in an organization with an emphasis on communication and cooperation (Poutsma, Ligthart, & Veersma, 2006). This partnership culture can be amplified when management periodically provides information about the strategy and financial state of the organization through formal briefings with employees (Poutsma et al., 2006). On the contrary, a hierarchical culture with power centered at the top might imply an organizational culture more reluctant to share information on strategies with the workforce (Poutsma et al., 2006).

Furthermore, Guery (2015) makes a distinction between downward communication and upward communication. Downward communication concerns the sharing of information from management to employees (e.g. meetings and company newsletters), alternatively, upward communication involves the possibility for employees to make proposals to management (e.g. suggestion boxes or quality circles) (Poutsma & Ligthart, 2017). Guery demonstrates that these communication practices are complementary with EFP, indicating that EFP will be more effective when both forms of these communication practices take place in an organization. Moreover, if the organizational communication practices are merely downward, the chance to deliver the desired results will be less likely since the organization will miss out on the opportunity to use the input of the employees to develop and strengthen the EFP scheme (Nieuwland-Jansen, 2017).

To conclude, employees may have a greater demand to have access to strategic information about the direction and the financial situation of the organization when having a financial stake (Poutsma & Ligthart, 2017). In addition, Nieuwland-Jansen (2017) argues that organizational communication practices are crucial for the success of EFP plans since employees need the information to reach a well-considered decision and to motivate employees to participate and develop the scheme together. Lastly, information sharing by management can transmit the message to the employees that the motives for the EFP plan are not opportunistic, which may positively influence the commitment and trust among employees (Poutsma & Ligthart, 2017). Therefore, it can be expected that providing employees access to the demanded information by the available communication practices of the organization will have a moderating effect on the EFP-organizational performance relationship, in the way that the relationship will be more strongly positive in organizations characterized by a high level of communication and information sharing with the employees.

Hypothesis 2: *The relationship between employee financial participation and organizational performance will be moderated by the communication practices in the way that the relationship will be more strongly positive in organizations characterized by a high level of communication.*

In the next paragraph, the effect of the cultural value of hierarchy on the relationship between EFP and organizational performance will be discussed in more detail. First, the influence of culture in general on HRM practices is discussed, followed by a definition and explanation of the concept of hierarchy. Furthermore, the arguments of advocates and opponents of a strict

hierarchy are presented. Finally, attention is given to the effect on EFP and performance, in order to construct the final hypothesis of this study.

3.3 Hierarchy

HR practices, such as EFP, will not work the same universally but are dependent on the cultural fit between the culture of the country and the characteristics of the practices (Rabl et al., 2014). To address the impact of practices moderated by national culture, different scholars introduced the concept of national culture perspectives, as they emphasize that differences between national culture affect the effectiveness of organizational practices (e.g., Hofstede et al., 2010; House et al., 2004). National culture has been defined as the “collective programming of the mind which distinguishes the members of one human group from another” (Hofstede, 1980, p. 25). The existing national culture of a country will form institutional and normative pressures for organizations and their management practices to comply with the cultural requirements and is, therefore, an important moderator. Hofstede (1993) argued that “cultural constraints in management theories” exist (p.81) which, in effect, means that “not only practices but also the validity of theories may stop at national borders” (p. 82), therefore it is crucial that a fit exists between the organizational practices and the local culture. If one wants to examine the moderation effect of national culture on the relationship between organizational practices and organizational performance, Zaheer, Schomaker, and Nachum (2012) advise choosing a small fraction of a well-chosen element of national culture. This study will focus on hierarchy, which has a key role in the conceptual treatment of national culture’s influence on the effectiveness of HR practices (such as EFP) in organizations based on the national culture theory of Hofstede (1980) and of GLOBE (House et al., 2004).

Hierarchy has been one of the cornerstones of human society all the way back to even the beginning of chronicles. It still is as modern organizations and institutions exist in harmonious symbiosis with this phenomenon (Diefenbach, 2013). Besides the constant change, renewals and innovations in organizations, hierarchy, one of the main principles of management and organizations, stays relatively unchanged (Courpasson & Clegg, 2006). Child (2019) defines hierarchy as a system in which the members of an organization or society are ranked according to their status or authority. Studies related to hierarchy investigate the impact and distribution of control and power in organized structures, often visualized as a pyramid or in an organizational chart. In a hierarchically organized structure, the assigned persons at the top

possess more power and control than the people at the lower levels, which creates a chain of command (Tannenbaum, Kavcic, Rosner, Vianello, & Weiser, 1977).

Russell (1983) argues that power, which is related to hierarchy, is the fundamental concept in social sciences, similar to the place of energy in physics. Redding (1985) described the role of power in organizations by saying that organizations run on ‘subservience’, which relates to acting as a servant. The hierarchical structuring of social relationships, with superiors and subordinates, can be identified in almost every culture (Diefenbach, 2013). Hierarchy is pervasive and does not only occur among human social relationships but also in nature, as pecking orders among animals often occur. The functional principle behind the phenomenon is that various levels of authority and responsibility should be divided among a group of people, based on the importance or complexity of the decisions which must be made, and the capacity of the particular individuals (Child, 2019).

Even though the concept of hierarchy has been of major importance in the history of mankind, it has not always received the proper amount of attention within the academic world (Du Gay & Vikkelsø, 2016). This relative neglect can be explained on the basis of several reasons. For instance, the received convenience for the power holders in the organizations does not lead to an incentive to managers to change the current situation, another reason is the contemplation of hierarchy as being a ‘natural’ phenomenon that is widely taken for granted (Child, 2019).

The concept of hierarchy is, however, a controversial topic, with supporters and opponents. Advocates of hierarchic structures argue that hierarchy is an efficient way to organize complex and large-scale activities while still being able to hold people accountable for their work. With the work of Taylor’s scientific management, the discussion about the ‘rational design’ of organizations started, which portrayed organizations and management primarily in functional terms. It was assumed that organizations will function properly if certain conditions are met, based on well-designed plans and strategies. In this sense, a hierarchical design is an efficient way to structure organizational activities (Diefenbach, 2013). Given that a clear chain of command exists, the organizational members will better understand their positions and the corresponding rules which will remove ambiguity and confusion since the structure outlines the allocation of tasks and communication streams (Child, 2019). The employees know their role and responsibility in view of the transparency of the structure, which can give them a feeling of safety and protection (Diefenbach, 2013).

However, hierarchy as an organizational structure is controversial. Over the years, the ideology has also received a noteworthy amount of criticism. Critics argue that the structure

lacks flexibility and is therefore not able to cope with changes in the external environment. The organization would not be able to adapt quickly enough due to the time-consuming procedures caused by the chain of command (Child, 2019). Moreover, hierarchy can form the organization in a political arena, where the actors strive for power and control, instead of striving for the best organizational outcomes. Therefore, the assumption that hierarchy establishes order can be quite the opposite in reality (Diefenbach, 2013). Hierarchy would only defend the interests and privileges of certain elites, as argued by Bachrach and Baratz (1970), who state that hierarchy is a set of predominant values and institutional procedures that only benefit a small, privileged group of people at the expense of the others. Furthermore, Laurence J. Peter introduced the management concept ‘The Peter Principle’ (Peter & Hull, 1969), which is an observation that the tendency in most organizational hierarchies is for every employee to rise in the hierarchy through promotion until they reach a level of respective incompetence. In other words, well performing employees may be promoted to a function for which they are incompetent, resulting in a loss of productivity compared with the initial position. In the end, this will lead to every position being occupied by an employee that is not competent enough to perform the required work. This assumption may be exaggerated but demonstrates that the hierarchical organizational structure is not without shortfalls and limitations, since it is difficult to reverse promotions.

When hierarchy is put in relation to EFP again, hierarchical values are a cultural boundary condition that can influence the relationship between EFP and organizational performance. Hierarchy is more common in cultures with a high-power distance, which is “the degree to which members of a society expect and agree that power should be shared unequally” (House et al., 2004). If a culture has a high level of support for hierarchy, chances are higher that the power, authority and information will be unequally distributed in an organization (Hofstede, 2001). In order to get promoted, to move up in the hierarchical chain of the organization, seniority, connections and getting along with executives and will be more valuable than the performance of employees on its own (Sturman, Shao, & Katz, 2012), just as is the case with reward allocation (Ayman, 2005). Furthermore, in an organization with a strict hierarchical culture, only a few people are able to participate as resource and information sharing is only available for senior management. This can have an influence on the attractiveness of the EFP scheme, since it may be less attractive for the employees to participate in the financial results of the organization if the organization does not share this crucial information (Papa et al., 2007).

Thus, overall, a high level of hierarchy in a culture does not seem to be a condition that would enhance the effectiveness of EFP schemes, which are designed to increase performance by enhancing employee goal alignment and commitment. In contrast, when a low level of hierarchy defines the culture, a positive moderating effect on the EFP-performance relation can be expected based on theory. If the level of hierarchy is relatively low, the organization creates an environment where employees have the opportunity to manage their tasks in a more flexible way which enables and encourages employees to take more advantage of their input and participation to improve performance. Therefore, organizations in a country with a culture with lower hierarchy values will be able to create a more effective EFP scheme. Based on previous literature, the following hypothesis is formed, which is shown below and in the conceptual model in figure 1.

Hypothesis 3: *The relationship between employee financial participation and organizational performance will be moderated negatively by the cultural value hierarchy in the way that the relationship will be more strongly positive in countries characterized by a low level of hierarchy.*

3.4 Conceptual framework

The following model provides an overview of the research concepts of this study and the expected relationships derived from the in theory grounded hypotheses. The main hypothesis is hypothesis 1 and concerns the relationship between employee financial participation and organizational performance, this relationship is expected to be moderated by the effects hypothesized in hypotheses 2 and 3, expecting a negative moderating effect of hierarchy and a positive moderating effect of communication.



Figure 1. Conceptual framework

4. Methodology

4.1 Introduction

This section is concerned with the research methodology of this study. This section provides the rationale for the adopted methodological approach, a detailed account of how the empirical research will be conducted and why these methodological choices are appropriate for the research question. Therefore, an explanation of the research method, data sources and data analysis procedure are given. Thereafter, the operationalization of the variables are discussed, followed by the research ethics and reliability and validity of this study.

4.2 Research design and strategy

This study utilizes a mix-method approach to answer the research question. This is an approach whereby both quantitative and qualitative data are collected and analyzed within the same research project. Mixed methods research draws on potential strengths of both research methods, enabling academics to explore multiple perspectives and uncover relationships that exist between the complex layers of pluralistic research questions (Shorten, & Smith, 2017). For the purpose of this study, the following definition is used:

Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e. g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration. (Johnson, Onwuegbuzie, & Turner, 2007, p. 123)

The main element is ‘mixed’, as this method enables the researcher to create a more panoramic view of the research landscape, which makes it possible to view the phenomena from different perspectives (Shorten, & Smith, 2017). The overall purpose of mixed methods research, by combining quantitative and qualitative research methods, is to expand and strengthen the outcome of the study, to answer one’s research question, and, thereby, provide a better contribution to the academic debate in the literature by heightened knowledge and validity (Schoonenboom, & Johnson, 2017). Additionally, Greene, Caracelli, and Graham (1989) provided a widely used classification of purposes of mixed methods research in 1989 based on an analysis of former studies. Greene et al. (1989, p. 259) discerned “triangulation, complementarity, development, initiation and expansion” as the main objectives for a mixed-

method approach to help answer the research question and to obtain richer information than would be obtained in a basic study design. Mixed method research can expose the connections or contradictions between qualitative and quantitative data and therefore enrich the experiences of scholars by enhancing the evidence and questions to be answered more in-depth (Shorten, & Smith, 2017).

In order to overcome data non availability and ensure data quality, this research will make use of the Cranet database. Coordinated by Cranfield School of Management, the Cranet research collaboration network offers academics, practitioners, government bodies and international institutions expert and informed research as well as guidance on international and comparative HRM practices. The network consists of a combination of approximately 40 universities and business schools which, among others, conduct an international comparative survey of organizational policies and practices in comparative Human Resource Management across the world (Cranet, 2021; Parry, Stavrou-Costea, & Morley, 2011). For each survey round, the questionnaire is designed by a sub-section of the network in cooperation with a coordinator and needs approval by the rest of the network before the survey can be carried out, in order to preserve survey quality. The unit of response in each country is the organization, meaning that firm-level data is collected. The data is collected with a survey of HRM seniors from organizations with at least 100 employees. The collected data is first checked by Cranfield and will subsequently be shared with partners in the network and be merged into the Cranet database (Cranet, 2021). Permission to work with this dataset has been granted by my supervisor, Dr. Ligthart, who works at the Nijmegen School of Management within the Radboud University and is a member of the Cranet Network. Only the relevant data, related to the variables of this study, have been made available. This study utilizes the data of the Cranet database of 2015, since this is the most recently available data offered by the Cranet Network. An overview of the industry membership of the different companies is provided in appendix 2.

Statistical analysis software, like IBM SPSS Statistics, provides adequate methods to facilitate the action of analysis of quantitative data (Saunders, Lewis, & Thornhill, 2019). The hypotheses will be tested quantitatively by using regression analysis, conducted by the statistical analysis software IBM SPSS Statistics.

However, as already mentioned, the key element and the power of mixed methods research is its combination of quantitative and qualitative research methods. The quantitative analysis of the Cranet data is not sufficient to fully achieve the research objectives of this study. In order to get a better in-depth understanding of the concepts and the relationship, this study will zoom

in on those concepts and the relationship by a supplementary qualitative research part, more specific, by means of qualitative interviews. This is the most appropriate approach since qualitative research is an adequate tool to get an in-depth understanding of a phenomenon (Myers & Michael, 2013). In this study, the definition of a qualitative interview used by Evers and De Boer (2012) is used, who reflect a certain epistemological viewpoint in their definition:

A qualitative interview is a form of information gathering, in which the interviewer queries one or more respondents, based on a research question. Thereby, the interviewer creates space for the respondents to dwell - in their own words - on the perceived facts, the experiences, the meaning they give to the subject of investigation, nuances regarding it and its possible effect on their lives. In doing so, the interviewer tries to understand and thoroughly investigate the respondents' world. (p. 35).

In this study, semi-structured interviews will be constructed to conduct one interview per organization. In the case of the semi-structured interview method, the list of questions will be prepared in advance, but the researcher holds the possibility to deviate from those original questions. It provides the possibility to include follow-up questions related to relevant topics in order to increase the potential of a satisfactory outcome. The main focus of a semi-structured outcome is on the explanation or the clarification of a phenomenon or process (Vennix, 2016). By including multiple companies, and thus cases, it is possible to compare different data sources to get a deeper understanding of the phenomenon and more reliable and valid results can be expected in comparison with a study that only includes one case (Myers & Michael, 2013).

An overview of the companies used for the qualitative interviews is provided in appendix 2. The two boundary conditions that stand central in this study are the cultural value hierarchy and communication practices in an organization. As already mentioned, this study will zoom in on those constructs in order to deepen our understanding of those contextual elements by using qualitative interviews. Furthermore, the interview questions will focus on the activities that take place at the organization and the experiences of the interviewees related to the concepts of EFP, organizational communication practices, hierarchy values and, finally, organizational performance. Lastly, when the activities in the organization regarding those concepts are made clear, the interviewees are being asked to explain the relationship between the concepts. The interviews, including the list of questions and answers of the interviewees, are recorded and transcribed, with permission of the interviewees and their organization, and are included in

appendix 3 and 4. The interviews are conducted based on a list of questions prepared in advance, transcribed and coded based on the conceptual model. More specifically, the coding of the qualitative data, which implies the process of labeling and organizing the qualitative data, is based on thematic analysis which makes it easier to analyze the data. The coding labels represent important themes, and the relationships between them, in the responses of the interviewees. Similar to the conceptual model, except for the orientation questions, the following themes are identified:

- **Orientation**
- **Employee Financial Participation**
- **Organizational Performance**
- **Relationship between employee financial participation and organizational performance**
- **Communication**
- **Communication related to employee financial participation**
- **(Effect of) Hierarchy**

The themes are labeled and can be identified in the transcripts based on the above presented colors, which have been applied in order to ease the organizing of the data. Considering that the interviews were held in the Dutch language, a legend in Dutch is included in appendix 4. Furthermore, the data is reviewed based on relevance. The most relevant and significant statements of the interviewees are included in the qualitative results section.

Taken together, this paragraph has provided an explanation of the research design and the relevance of a mixed-method study is described. The study will make use of the quantitative data of the Cranet database and of qualitative interviews. In order to test the hypothesized relationship, the corresponding variables need to be operationalized. The operationalization of variables will be discussed in the next paragraph.

4.3 Operationalization of variables

In order to test the hypotheses, one first needs to operationalize the corresponding variables to become measurable. Seven variables are identified in this study, based on the conceptual model. The independent variable, which is employee financial participation. The dependent variable,

which is organizational performance. The two moderating variables, which are the cultural value hierarchy and the communication practices. The two control variables, which are size and industry and the selection variable, which is private sector membership. The operationalizations have been derived from the Cranet database (2015) and the book: *Culture and Organizations: Software of the mind* (Hofstede et al., 2010). The operationalization scheme is included in appendix 5 and provides an overview of the operationalization process of the concepts.

Independent variable: Employee financial participation

The independent variable in this study is employee financial participation. Within the survey of Cranet, responding organizations have to confirm whether employee financial participation practices are available at the organization. It is asked which compensation forms are offered. Among others, employee shares ownership plans, share options or profit-sharing schemes are listed as possible options. These are the practices that represent the variable of EFP and are already explained in section 2. Furthermore, the survey asks whether the compensation forms are offered to managers, professionals, and/or to clerks and manuals. It can also be indicated by the organizations if the corresponding EFP practices are not offered to the employees at all (Cranet, 2015).

Dependent variable: Organizational performance

The dependent variable in this study is organizational performance. Organizational performance measures the efficiency and effectiveness of the undertaken strategic activities of an organization (Richard et al., 2009). Over the past, a diverse set of indicators have been used to measure organizational performance in research. Carton (2004) argues that this is a consequence of the different perspectives of the observers to measure the phenomenon. However, generally, organizational performance can be categorized into financial and non-financial performance and a difference between hard (e.g. ROA) and soft (e.g. service quality) indicators exists (Singh et al., 2015). Richard et al. (2009) argue that it is evident that organizational performance cannot be properly assessed by characterizing it with a single operational measure since it is a multidimensional construct that can only be measured validly when allowing for these sources of multidimensionality. To overcome this issue, it is advised to use multiple indicators to measure organizational performance (Singh et al., 2015). Therefore, this study utilizes multiple indicators of performance as operationalized in the Cranet database. The indicators of organizational performance of the Cranet database can be divided into two main groups: financial performance and nonfinancial (soft) indicators. The financial

performance indicators that are used for this study are the gross revenue, profitability, the productivity and stock market performance. The indicators of non-financial performance (or soft performance) are the service-quality and the innovativeness of the organizations (Cranet, 2015). Responding organizations have to assess their relative performance within their industry on a 5-point Likert scale, reaching from poor to superior.

Moderating variables: Communication practices and the cultural value hierarchy

The moderating variables in this study are the cultural value hierarchy and the organizational communication practices. Moderating variables are variables that possibly influence the strength and direction of the relation between the dependent and independent variable (Field, 2018). In the database, communication, in particular the organizational communication practices relevant to employees who financially participate in the organization, is disaggregated into two three forms of briefings: formal briefings of business strategy, organization of work and financial performance. Furthermore, to successfully develop the scheme and transmit its content through the organization, both downward and upward communication are important (Guery, 2015; Nieuwland-Jansen, 2017; Poutsma & Ligthart, 2017). Therefore, upward and downward communication practices are also included into the operationalization scheme which is based on the questions in the Cranet questionnaire.

In order to measure the concept of the value of hierarchy properly, this study used secondary data retrieved from the book *Culture and Organizations: Software of the mind* (Hofstede et al., 2010) instead of the Cranet survey, which does not measure this concept. The closely related power-distance index was used as a proxy for hierarchical values. The power distance index was composed by the following three survey items: First, answers by nonmanagerial employees to the question: “How frequently, in your experience, does the following problem occur: employees being afraid to express disagreement with their managers?” secondly, the perception of the boss’s actual decision-making style, and lastly, the preference of subordinates for their boss’s decision style (Hofstede et al., 2010, p. 51).

Control variables: Size and industry

Based on existing literature, several control variables are included to control for possible effects when testing the hypotheses (O’Boyle et al., 2016). The control variables are held constant throughout the analysis. The control variables used in this study are (firm) size and industry. The size of the organization is measured in the database as the number of employees within the organization and is included since the size could affect the effectiveness of EFP practices (Kim

& Ouimet, 2014). Next to the size of an organization, the industry of the organization (primarily active sector) is also included as a control variable because performance varies per industry, and can thus affect the performance of the organization (Kang & Kim, 2019).

Selection variable: Private sector membership

In addition, only organizations active in the private sector are included in the analysis, organizations active in the public sector are excluded given their incompatible goals in relation to private firms. Public organizations are usually a part of the government, with the aim of serving the public interest, in contrast with private organizations that usually strive to be profitable (Boyne, 2002). Therefore, organizations in the public sector do not fit the hypothesized effects and are excluded from the sample.

4.4 Variables overview

The variables are operationalized to test the hypotheses. The variables that are used in this study are discussed one by one in the previous section; Table 1 is constructed in order to provide a clear overview of the variables. For a more detailed overview, please consult appendix 5.

Table 1 *Overview of variables*

<i>Construct</i>	<i>Type</i>	<i>Description (indicators)</i>
<i>Organizational Performance</i>	<i>Dependent</i>	<i>Financial indicators:</i> <i>(Gross Revenue, profitability, stock market performance, productivity)</i> <i>Soft indicators:</i> <i>(Service-quality and innovativeness)</i>
<i>Employee Financial Participation</i>	<i>Independent</i>	<i>Employee share ownership, profit sharing schemes and stock options schemes</i>
<i>Organizational communication practices</i>	<i>Moderator</i>	<i>Communication in briefings, downward communication, upward communication</i>
<i>Hierarchical values</i>	<i>Moderator</i>	<i>Power distance</i>
<i>Size</i>	<i>Control</i>	<i>Number of employees</i>
<i>Industry</i>	<i>Control</i>	<i>Industry membership</i>
<i>Private sector membership</i>	<i>Selection</i>	<i>Private sector industries</i>

4.5 Research ethics and validity and reliability

Ethical concerns can emerge during research when collecting, analyzing, managing and reporting the data of the study. “Research ethics refer to the standards of behavior that guide your conduct in relation to the rights of those who become the subject of your work or are affected by it” (Saunders et al., 2019, p. 253). A widespread development of codes of ethics has taken place to overcome ethical dilemmas while doing research, often containing principles and guidelines for ethical behavior. One of the leading ethical codes is the APA Ethics Code, or the American Psychological Association's Ethical Principles of Psychologists and Code of Conduct, which provides guidance for ethical concerns in research. This study affiliates to comply with the standards of the APA Ethics code and the rules and procedures used to enforce them. Applicable for this study are, in particular, the following guidelines: researchers have an obligation and have to take precautions to protect the obtained confidential information (4.01), need to obtain permissions before the recording of voices (4.03 + 8.03), should avoid false or deceptive statements (5.01) and should not pledge plagiarism (8.11) (American Psychological Association, 2017). Furthermore, the participants of the interviews have the freedom to withdraw from the research at any time, are treated with confidentiality and anonymity, and have the option to receive the research outcomes by mail.

Now that the research ethics are defined and an explanation is given about the reasons why one should act ethically when conducting research, now, moving on, the next part will describe the reliability and validity of this study.

There are two main criteria by which measurement can be evaluated by researchers: validity and reliability. Validity is the extent to which the scores from a measure represent the variable they are intended to, while reliability is related to the consistency of a measure (Vennix, 2016). High validity and reliability are very important to guarantee the quality of a study because the research outcomes have more power and quality if the research has high reliability and validity (Saunders et al., 2019). Therefore, one of the aims of this study is to guarantee a high degree of reliability and validity in this study. To accomplish this goal, several quality standards have been applied. First of all, this study is built upon a solid theoretical foundation. An extensive amount of time has been invested in the selection of academic work with a sufficient level of quality. The selected papers and books are well-known and peer-reviewed, which positively affects the reliability and validity of this study. Furthermore, the data of the Cranet database is considered state-of-the-art in the domain of HRM. Before the dataset can be used, it is first evaluated by top academics of prominent universities and business schools, guaranteeing the quality and validity of the data. In addition, the survey is distributed among

multiple countries and companies for several years, which enhances the validity and reliability (Cranet, 2021). Regarding the qualitative interviews, multiple interviews will be held, in order to guarantee that the information is not biased and makes it possible to compare the different cases. The interviews delve deeper into the variables and the related relationships and therefore contribute depth to this study. Furthermore, the mixed methods approach, utilized in this research, may be more expensive in terms of time, money and energy but it enhances the validity and reliability of this study (Abowitz & Toole, 2010). The mixed methods approach allows to balance the strengths and weaknesses of the qualitative and quantitative method and, by combining the methods, a form of triangulation occurs which affects the power and quality of the research outcomes (Saunders et al., 2019). By applying this method, the study is not reliant on particular indicators that may be capable of individually yielding invalid or unreliable information. Therefore, the quantitative and qualitative methods in mixed methods research can supplement each other, because they do not depend on one particular data source or type of measurement and hence boost the validity and reliability of this study (Abowitz & Toole, 2010).

To summarize, this chapter provided a detailed overview of the research methodology applied in this study. The next chapter will elaborate on the results of the analyses.

5. Results

5.1 Introduction

In this mixed-methods study, a combination of quantitative and qualitative research methods have been conducted in order to realize the objectives of this study. This chapter presents the results of this master thesis. The first part shows and discusses the empirical results of the quantitative regression analysis. The second part is concerned with the analysis of the qualitative data, which is gathered by six semi-structured interviews. Finally, the results of both analyses are summarized in the last paragraph.

5.2 Quantitative results and analysis

The empirical results of the regression analyses are shown in this section. Paragraph 5.3 presents the tests of the assumptions and presents the descriptive statistics. Paragraph 5.4 explains the regression models. Thereafter, in paragraph 5.5 the results of the regression analysis are given to test the hypotheses.

5.3 Descriptive statistics

In order to start the analysis and to properly interpret the results, it is of utmost importance to check the assumptions of the method first. If the assumptions are violated, the test statistics and p-value will be inaccurate and can't be taken at face value (Field, 2018). First, the normality of the distributions of the dependent variables financial performance and non-financial performance are tested. To visually check this assumption, histograms are created (see appendix 6). Both financial and non-financial performance show a normal distribution. Therefore, the assumption of normality is met.

Further, the assumptions of linearity and homoscedasticity are tested and explained. As the regression analysis is based on the linear model, the assumption of linearity is important. The dependent variable should thus be linearly related to the independent variables (Field, 2018). If the data is non-linear and a linear model is used, the model won't fit with the data and is therefore invalid. The assumption of homoscedasticity, also known as homogeneity of variance, means that the variance of the dependent variable needs to remain stable at all levels of the independent variables (Field, 2018, p. 237). If the variance of scores does not remain stable, the assumption of homoscedasticity is violated. In this case, one speaks of heteroscedasticity or heterogeneity of variance (Field, 2018). As both assumptions are related to the residuals, a scatterplot can simply plot the values of these residuals against the predicted

values of the model. These scatterplots are listed in appendix 6. Based on these scatterplots, it can reasonably be presumed that these assumptions are not violated, since the scatterplots show a positive linear relationship and the residuals seem to be spread fairly equal.

To obtain a reliable model, the number of observations in the sample needs to exceed the number of parameters that require estimation (Field, 2018). The number of observations in this study contains 2376 observations. Therefore, obviously, this assumption holds true. Finally, the assumption of no multicollinearity is tested. If a strong correlation between, at least, two independent variables are strongly related, multicollinearity exists. If this assumption is violated, the trustworthiness of the b coefficients and the size of R will be reduced (Field, 2018). In order to test the assumption of no multicollinearity, the Variance Inflation Factors (VIF) were checked. A VIF indicates whether an independent variable has a strong linear relationship with other independent variables. This is a problem, considering that these variables should be independent. As described by Field (2018), VIFs between 1 and 5 suggest that there is a moderate correlation, the higher a VIF the higher the correlation, but not severe enough to warrant corrective measures. Since all the VIF scores are roughly around 1, it can be concluded that there is no multicollinearity in the models. Therefore, the assumption of no multicollinearity is not violated. Now that the assumptions have been checked and accepted, the descriptive statistics will be described.

Table 2 Descriptives table

Type Variable	Variables	Description	Mean	S.D.	Median	Frequency	Frequency	Cronbach's Alpha
Control	Firm Size	Number of employees	2071,55	10.144,68	402			
	Firm Size log		6,29	1,22	5,99			
Control	Firm Industry					2376	100%	
		Construction				129	5,40%	
		Transportation/Communication				288	12,10%	
		Banking and finance				187	7,90%	
		Chemicals				168	7,10%	
		Other industries				803	33,80%	
		Manufacturing				728	30,60%	
		Missing				73	3,10%	
Independent	Financial Participation		1,41	1,84				0,752
Dependent	Financial Performance		3,55	0,95	3,66			0,66
		Profitability	3,37	1,2				
		Gross revenue	3,68	1,35				
		Productivity	3,6	1,14				
Dependent	Soft Performance		3,7	0,98				0,625
		Service quality	3,97	1,05				
		Innovation rate	3,42	1,25				
Moderator	Communication practices							
		Briefings	6,44	2,35	7			0,804
		Upward	6,7	1,93	7			0,644
Moderator	Hierarchy Values		52,68	24,92	46			

Table 2 illustrates, among others, an overview of the sample size, the mean, standard deviation and the Cronbach's alpha of the variables that are used in this study. Privately owned firms with more than 100 employees were included in the analysis. Furthermore, only the 28 countries in the European Union were included. The eventual sample size consists of 2376 firm observations that are used for the analysis. On average, the firms have 2071 employees, ($M = 2.071,55$, $SD = 10.144,68$) with a minimum of 100 and maximum of 195.378 employees ($mode = 300$, $median = 402$). In the dataset, the firms are asked to specify in which industry they are operating. The firms can make a choice out of 20 different industries. In order to provide a better overview, the firms are divided into the following 6 industry groups: Construction, Transportation/Communication, Banking and finance, Chemicals (energy; non-energy), Other industries (e.g. services) and the Manufacturing industry. Dummy variables have been conducted to indicate the different industries. The reference category is '*Manufacturing*'.

The control variable firm size, measured as the number of full-time employees, did not meet the requirement of normality, since the skewness (11,701) and the kurtosis (161,785) were very high (appendix 7), which implies that the distribution deviates from a normal distribution (Field, 2018). In order to correct for the strongly positive skewed distribution, a logarithmic transformation was done to transform the skewed data to meet the criteria of normality. After transforming the variable into LnSize, the skewness is 1,317 and the kurtosis 2,367, therefore, just as the other variables, meeting the requirements.

Furthermore, as a research objective, this study attempts to test variables that show high validity and reliability. In order to comply with this requirement, it is important to first assess the measured variables univariately. In appendix 7, the descriptive statistics of the variables and the reliability statistics and item-total statistics of the constructs are included.

Employee Financial Participation

The employee financial participation practices: employee share ownership, profit sharing and/or stock options are included in the Cranet database. As mentioned before, a distinction is made between three different groups of employees, the managers, professionals, and the clericals and/or manuals. Therefore, the overall EFP variable will consist of 9 items. Before the items can be combined to create an overall EFP variable, internal reliability was checked to check the internal consistency of the items. This is done by calculating the inter-item correlation of the indicators to calculate Cronbach's Alpha (Hair et al., 2014). The Cronbach's Alpha has a value of 0,752, which is sufficient to use the variable. However, on average, only 1,41 of the indicators are used in the sample firms ($mean = 1,41$, $SD = 1,85$). 50,3 % of the 2376 firms do

not offer EFP practices, the remaining 49,7% of the firms offer at least one EFP practice to at least one group of employees. Among the three forms of EFP, profit sharing is the most frequently used one ($M = 0,236$), especially for management ($M = 0,3178$) and the least used form are stock options ($M = 0,097$), especially for clerks and manuals ($M = 0,040$).

Relative performance

Based on the six used firm performance indicators of the Cranet database, two firm performance variables were created. Specifically, a financial and a non-financial performance variable. The financial and the non-financial performance indicator have no missing values in their six initial indicators and an acceptable central tendency.

Before calculating the financial and/or non-financial performance, internal reliability was checked to check internal consistency of the items. However, the reliability analysis resulted in a Cronbach's alpha of 0.533 for the financial performance variable, which is too low to guarantee a good internal consistency of the items. After the exclusion of the indicator Stock Market Performance, the Cronbach's alpha substantially rose to a value of 0.660, allowing it to exceed the required threshold of 0.60 (Hair et al., 2014). Furthermore, it does not only improve the internal consistency, but it is also conceptually reasonable to exclude this indicator since the vast majority of the firms included in the sample do not have stocks (66%). Therefore, the indicator Stock Market Performance has been excluded, resulting in a financial performance variable consisting of the indicators gross revenue, profitability and the productivity of the organization.

Additionally, the internal consistency of the variable non-financial performance was tested, which includes the indicators service quality and the innovativeness of the firms. Environmental performance is not included in the non-financial performance variable, since the environmental performance indicator is not in line with the theoretical argumentation on which the hypotheses are constructed. Even more so, excluding the environmental performance indicator positively influences the Cronbach's alpha of the construct, increasing the value of the internal reliability to 0.625 instead of 0.607. As mentioned in the methodology section, the indicators are all metrically scaled on a five-point Likert scale ranging from poor (1) to superior (5). The firms in the sample have a mean of 3.558 on the financial performance and 3.700 on the non-financial performance items, signaling that the firms evaluate their own performance as slightly better than their average competitors.

Communication

The concept of communication practices is constructed by three variables, namely communication in briefings, upward communication and downward communication. The first variable, communication in briefings, examines if managers, professionals and clerks/manuals are formally briefed about the business strategy, financial performance and/or the organization of work. This variable uses 9 indicators, as each group of employees can be briefed about one or several of these subjects. The Cronbach's Alpha has a value of 0,804, which makes it the variable with the highest value of internal consistency in this study. In comparison with the other groups of employees, the group of managers is the group that is most likely to get formally briefed, as approximately 90% of the firms formally brief their management and only 66% their professional staff and 56% their clerks and manuals. Furthermore, the variable has a mean of 6,442, indicating that the average firm in the sample utilizes 6,442 of the 9 items.

The second variable, upward communication, refers to the practices that allow the employees to communicate to management. The variable consists of 9 metrically scaled items and has a Cronbach's Alpha of 0,644. Most of the firms make use of a lot of these upward communication practices, since the mean value is 6,797 (SD= 1,936). Furthermore, only 1,2% of the firms do not use any of these upward communication practices, while 18,9% of the firms use all nine of these practices.

The last variable, downward communication, refers to the practices that allow the management to communicate to the employees and is the reverse of upward communication. However, the variable is not included in the analysis since it did not meet the internal reliability requirement. The variable had a Cronbach's Alpha value that was lower than the demanded 0,6 threshold. Since reliability and validity are very important for the aims of this study, the variable downward communication is not included.

Hierarchical values

The value of hierarchy is a moderating variable in this study and the values are retrieved from the book *Culture and Organizations: Software of the mind* (Hofstede et al., 2010). As mentioned before, the power distance index is used as a proxy for the cultural hierarchical values, due to its strong resemblance with the concept. In total, 21 European Union country values are retrieved from the book. The scores, which are scale variables, have a minimum score of 11 (Austria) and a maximum score of 104 (Slovakia). The mean is 56.69 (SD= 24.93), indicating that the countries included have moderate to slightly high hierarchical values on

average. For an overview of the included countries, the number of observations and the hierarchical values per country, please consult table 3.

Table 3 *Hierarchy values per country*

Country	Hierarchy values	Observations	Percent	Cumulative Percent
1 Austria	11	139	6%	6%
2 Belgium	65	120	5%	11%
4 Cyprus	60	47	2%	13%
6 Denmark	18	103	4%	17%
7 Estonia	40	64	3%	20%
8 Finland	33	78	3%	23%
9 France	68	127	5%	29%
10 Germany	35	209	9%	37%
11 Greece	60	145	6%	43%
12 Hungary	46	103	4%	48%
14 Italy	50	108	5%	52%
15 Latvia	44	49	2%	54%
16 Lithuania	42	88	4%	58%
19 Netherlands	38	115	5%	63%
22 Romania	90	134	6%	69%
23 Slovakia	104	202	9%	77%
24 Slovenia	71	83	3%	81%
25 Spain	57	80	3%	84%
26 Sweden	31	142	6%	90%
27 United Kingdom	35	116	5%	95%
34 Croatia	73	124	5%	100%
Total		2376	100%	

5.4 Regression analyses

The goal of determining the ability of employee financial participation to predict organizational performance was explored by performing a regression analysis. The dependent variable, organizational performance, is predicted by the independent variable, employee financial participation which explains the variance in the dependent variable. Also the moderating effects of communication practices and hierarchical values are analyzed.

In this study, the concept of organizational performance has been split up into two variables, being financial and non-financial organizational performance. Therefore, multiple analyses have been performed to examine both types of organizational performance as the dependent variables. First, a steps enter-method is conducted to predict financial performance

as the dependent variable. Model 1 contains all the control variables, being industry and InSize. The second model includes the control variables but also presents the other, mean centered, variables: Financial participation, communication practices (upward communication and briefings) and the cultural hierarchical values. A significant regression equation was found ($F(10, 2365) = 12.223, p < .000$), with an R^2 of 0.049 in model 2, meaning that 4,9% of the variance of relative financial performance is explained by the model.

Another analysis has been performed to include the interaction effects between EFP and the communication practices and EFP and hierarchical values. The first model is similar to the previous first model, as the same procedure has been utilized by only including the control variables in the first model. The second model, however, is different as it includes the interaction effects. In this model, a significant regression equation was found ($F(9, 2366) = 3.879, p < .000$), with an R^2 of 0.015 in model 2, meaning that only 1,5% of the variance of relative financial performance is explained by this model. Although it is only a small increase in the R^2 , it is still relevant to use this model, as the first model only has an R^2 of 0.09.

In order to assess the second part of organizational performance, the non-financial performance, the exact same procedure has been executed. The only difference is the dependent variable, which switched from financial performance to non-financial performance. Again, 4 models have been conducted. The first model of both analyses only consists of the control variables, similar to what has been done to assess the effects on financial performance. Furthermore, the second model of the first analysis adds the direct effect of the other variables ($F(10, 2365) = 12.172, p < .000$), with an R^2 of 0.052. The second model of the second analysis adds the interaction effect ($F(9, 2366) = 5.464, p < .000$), with an R^2 of 0.021. The model summaries of the direct effect of EFP on organizational performance can be seen in appendix 8. The model summaries that include the interaction effect can be seen in appendix 9.

5.5 Testing the hypotheses

Hypothesis 1 predicted a positive relationship between employee financial participation and organizational performance in European firms. In line with the hypothesis, EFP practices do have a significant positive relationship with financial performance ($\beta = .057, p < .01$). Noteworthy, however, is that the relationship between EFP practices and non-financial performance is nonsignificant ($\beta = 0.034, p > 0.10$). Therefore, hypothesis 1 is only partly supported.

Furthermore, the interaction effect of the communication practices, related to hypothesis 2, are tested. A significant positive effect is found between the interaction employee financial participation * communication in briefings ($\beta = .049$, $p < .05$) and employee financial participation * upwards communication ($\beta = .068$, $p < .01$), when financial performance is examined as the dependent variable. The positive Beta coefficients of the interaction terms demonstrate that the positive relationship between employee financial participation practices and organizational financial performance increases when the communication practices increase, and contrariwise.

Also, a positive significant effect is found when soft performance is examined as the dependent variable, the interaction employee financial participation * communication in briefings ($\beta = .082$, $p < .001$) and employee financial participation * upwards communication ($\beta = .092$, $p < .001$). The interaction effect of communication practices on the relationship between EFP practices and organization soft performance is thus even stronger than the effect on financial performance. However, the relationship between EFP practices and non-financial performance is nonsignificant (H1), therefore this outcome is less relevant.

Lastly, the interaction effect of the cultural value of hierarchy, related to hypothesis 3, is tested. The interaction effect between employee financial participation * hierarchy values ($\beta = .007$, $p > .05$) is statistically non-significant when financial performance is examined as the dependent variable. Therefore, the hypothesis is not supported with regard to organizational financial performance.

On the other hand, a significant negative effect is found when soft performance is examined as the dependent variable, the interaction employee financial participation * Hierarchy Values ($\beta = -.055$, $p < .01$). The interaction effect of hierarchy values on the relationship between EFP practices and organization soft performance thus indicates that the positive relationship between employee financial participation and organizational performance becomes lower when the hierarchical values increase. However, the relationship between EFP practices and non-financial performance is nonsignificant (H1), therefore this outcome is less relevant. Therefore, the last hypothesis is not supported.

To provide a detailed overview of the effect sizes of the variables, table 4 is constructed, which displays the results of the quantitative analyses.

Table 4 Results of the quantitative regression analyses

Financial Performance (DV)	Model 1 Control variables	Model 2 Main Effects	Model 3 Control variables	Model 4 Interaction effects
Variables	β	β	β	β
Intercept	3.299	3.496	3.299	3.278
Firm size	.047*	.007	.047*	.051
Construction	-.021	-.018	-.021	-.018
Transportation and communication	-.008	-.011	-.008	-.006
Financials	.077***	.068**	.077***	.078
Chemicals	.019	-.001	.019	.020
Other industries	.015	.026	.015	.014
Financial Participation		.090***		
Hierarchy Values		.014		
Upward Communication		.173***		
Communication in Briefings		.125***		
EFP * Hierarchy values				.007
EFP * Briefings				.049*
EFP * Upward Communication				.068**
Soft Performance (DV)	Model 1 Control variables	Model 2 Main Effects	Model 3 Control variables	Model 4 Interaction effects
Variables	β	β	β	β
Intercept	3.594	3.799	3.594	3.584
Firm size	.011	-.028	.011	.014
Construction	.019	.022	.019	.022
Transportation and communication	.082***	.079***	.082***	.084***
Financials	.028	.018	.028	.028
Chemicals	-.038	-.059**	-.038	-.039
Other industries	.024	.032	.024	.021
Financial Participation		.067**		
Hierarchy Values		-.050*		
Upward Communication		.183***		
Communication in Briefings		.146***		
EFP * Hierarchy values				-.055**
EFP * Briefings				.082***
EFP * Upward Communication				.092***

EFP: employee financial participation; * $p < .05$; ** $p < .01$; *** $p < .001$; Multiple models are executed in order to overcome multicollinearity, therefore model 1 and model 3 are the same.

5.6 Qualitative results and analysis

This section is concerned with the qualitative analysis and results of the study and is based on six semi-structured interviews in order to ascertain data triangulation. Seven employees from six different companies were interviewed while focusing on the employee's financial participation practices, organizational performance, communication practices, hierarchical values and the inter-concept relationships. The six chosen companies are all private sector enterprises, in contrast to public sector organizations, but are rather different in their industries (see appendix 2). Furthermore, a difference exists in the number of employees employed by the case companies, as the smallest company has 35 employees and the largest company 1300. The variety of organizations and industries will enhance a broad diversity of experiences with EFP practices and will therefore improve the validity of the results. The interviews were audio-recorded and subsequently transcribed in order to categorize the data in the coding procedure.

5.7 Main concepts & inter-concept relationships

Employee Financial Participation

The concept of employee financial participation can be regarded as a governance form that allows the employees to participate in the ownership and the financial results of the company that they are working at (Aissa, 2016). There are multiple forms of EFP with heterogeneous components and hybrid forms, but profit and gain-sharing and employee share options and ownership are classified as the most commonly used ones (Hashi & Hashani, 2013).

What emerged from the interviews is that all the case companies offer employee financial participation practices. However, a difference is to be found in the way these practices are designed. An overview of these different practices can be found in table 5.

Table 5 *Employee financial participation practices*

Design	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5	Firm 6
Profit sharing	✓	✓	✗	✗	✓	✓
Profit sharing -Explanation	300 euro for all employees, month salary for management team	Formula: $50\% ROI^1 + 50\% ROS^2 = X$. Minimum= 0, Max = 1,5 month salary. Obligated to convert a certain extent into shares.	Reserved for dividend	Bonus system on office and personal level	0-1 monthly salary	Formula: $X\% \times \text{Profit}$
Stock Options	✗	✗	✗	✗	✗	✗
Employee Share Ownership	✓	✓	✓	✓	✓	✓
Precondition	Top management function	Open-ended contract	Open-ended contract	2 years employed	Open-ended contract	Open-ended contract
Direct participation?	✓	Holding bv ³	STAK ⁴	STAK	STAK	Holding bv
Obligation to sell shares when the employee leaves?	✓	✓	✓	✓	✓	✓
Initiated by?	CFO	Founders	Founder	CEO + Founder	CEO	Founders

As demonstrated in the table 5, the design of the companies with regard to their employee financial participation practices differ. Furthermore, the participation rate also differs, as the total number of shares are owned by the employees of firm 6, while the employees of firm 5 merely own 2,5% of its company's share capital. In contrast, the motives among the case companies to provide EFP practices were relatively similar. All companies indicated that the general rationale of the practices is to reward the employees, increase engagement and commitment, to develop a long-term vision and to stimulate a feeling of ownership, entrepreneurship and pride among the workforce. Moreover, a couple of firms had additional motives to implement the EFP practices. Firm 1 mentions: *“It is our goal to commit the employees to our organization and to bind indispensable functions”*. Firm 2, publicly listed,

¹ ROI= Return on Investment (performance measure to evaluate the profitability).

² ROS= Return on Sales (performance measure to evaluate operational efficiency).

³ A Dutch legal entity, besloten vennootschap, equivalent to a public limited company. The private liability as a director is limited.

⁴ A Dutch legal entity, stichting administratiekantoor, comparable to a voting trust foundation. The purpose is to separate the legal ownership from the economic benefit and to issuance certificates.

mentioned the benefit of internal financing for growth and an antitakeover/defensive mechanism that guards the company against (hostile) takeovers. Furthermore, firm 3 argues that it is a way to formalize participation. In for a penny, in for a pound.

Organizational Performance

The concept of organizational performance tends to have a multidimensional conceptualization related to the measurement and definitions utilized in previous management research (Richard et al., 2009). This also seems to be the case with the definitions provided by the interviewees. The interviewees mentioned multiple performance indicators, which can be divided in financial and non-financial indicators. The focus, however, differentiated between the companies as the companies have different indicators to measure organizational performance. For example, firm 1 mentioned: “*Our primary performance indicator is a certain level of profitability*”. In contrast, firm 5 argues that profit maximization is not their intended. They want to be financially healthy, but they do not accept projects because of the money. They only accept projects that have a societal value, being mobility or infrastructure projects that really benefit the Netherlands. Furthermore, firm 2 adopts the 3 times 10 rule for their strategic organizational performance goal, which strives to achieve a 10% growth, 10% ROS and 10% innovation rate. They stress the importance of innovation as “*that is the way we have become big, by focusing on innovation*”. To put this in practice, an innovation index is used to measure the input, hours of scientific research, and the output, the launch of new products, with the final goal to develop a revolutionary product. In addition, the strategic goal is translated to subgoals in lower levels of the organization, by means of balanced scorecards to track performance. Firm 3 indicates that they attach a high degree of importance to employee happiness as it a necessary condition to perform well. Additionally, they utilize a Rockefeller habits plan to develop a three-year plan which focuses on profitability and growth. Growth is measured in the number of employees and offices, with the idea that, eventually, revenue will also rise. By contrast, firm 4 especially focuses on an increasing revenue stream in their five-year plan, which aims to increase revenue by 25% in a timeframe of 5 years, instead of the focus on increasing the numbers of employees and offices.

Inter-concept relationships

As was conceptualized in the first hypothesis, it is expected that EFP practices have a positive effect on organizational performance. This relationship is also tested qualitatively, by asking

the interviewees to explain their experience with this relationship and if they believe that a relationship between the concepts exists at all.

As mentioned in the employee financial participation part in section 5.7, all companies indicated that the general rationale for the implementation of their EFP practices is to reward the employees, increase engagement and commitment, to develop a long-term vision and to stimulate a feeling of ownership, entrepreneurship and pride among the workforce. The firms, some more than others, confirm that EFP practices positively affect organizational performance. For example, firm 1: *“Actually, we are hoping for it, of course. But I have a slightly different approach to this, I think that those people are entitled to have it and I do not think that our organization performs well because of the participation practices. However, I do not think that it will penalize our organization when you are performing well, and it is a great way to offer them a little extra. And then: “I think that it will result in better performance in the long term. Not necessarily better results for the short term. I do not believe in that. But probably better results for the long term. It will provide a bit of stability”.* Firm 2 argues that the effect of employee financial participation on organizational performance is strong and positive, but rather indirect, through enhanced commitment and a long-term vision among the employees. Firm 3 states that they did not initiate the EFP practices in order to boost organizational performance, that has never been the motive. They mention the following about it: *“But I do have the idea that the people find it pretty awesome and love the company even more, but I would not recommend it as a tool to make your employees perform better. That should not be the goal in my opinion.”* It might not have been the goal to increase performance by implementing EFP practices, but they actually do believe that it positively influences organizational performance, again indirect, through commitment, connectivity and a focus on long term engagement. Firm 4 indicates that the effect is twofold. First, the feeling of ownership and commitment is enhanced and second, a financial incentive, by means of bonuses and dividends, that triggers employees to improve organizational performance. Additionally, the following was mentioned: *“If people (the employees) are actively thinking about it the whole year? That is a difficult one. But I do believe that it contributes. It is plausible that it positively contributes to performance, it certainly does”.* Firm 5 adds the following: *“The fact that I am a co-owner now accounts for the fact that I feel really committed to the organization because it feels like the company is really a little bit of me. That is a good feeling, because you can also have a say on what you want and you will profit from it too. The dividend is a nice extra. Only 25 percent holds certificates, so that is still quite limited, but what you can see is that it really is a fixed group that will put shoulders to the wheel together and consequently will make others*

enthusiastic by doing so. It does not just have to come from the founders anymore. Everyone has the freedom to put their shoulders to the wheel of course, independent of the certificates, but I do notice that it just makes that difference. The last firm, firm 6 indicates that employee financial participation practices have a significant impact on firm performance. It nourishes the entrepreneurial spirit among employees and creates a sense of responsibility. A noticeable comparison between EFP practices and an owner-occupied property has been made by two interviewees. As mentioned by firm 1: *“We offer it to make the people happy and create some commitment. In my view, and I also see this with the employees, when you have a piece of ownership, you will have a stronger commitment to the organization. As an example, I can see a difference between the people who have their own house or people that live in a rental house. Generally, and once again it is generalized, but generally, owner-occupied property is better maintained than rental houses.”* A very similar example has been mentioned by firm 5: *“When you live in a rental house, you want to live there pleasantly, and deal with it responsibly. But, nevertheless, when you buy a house for yourself, you will still deal with it a little differently because you have to make more long-term choices instead of short-term choices. It is expected that you, as an employee, will really feel like a sense of ownership, which will result in a more long-term vision and therefore a better commitment to the organization.”*

To conclude, based on this qualitative analysis, the majority of the respondents support the hypothesis. In general, it can be concluded that all firms of interest have implemented EFP practices and have experienced or expect, to a certain extent, a positive relationship between these EFP practices and organizational performance.

Furthermore, as hypothesized in hypothesis 2, a moderation effect is expected between the organizational communication practices and the relationship between EFP practices and organizational performance in the way that the relationship will be more strongly positive in organizations characterized by a high level of communication.

The moderation effect of organization communication practices is not clearly recognized by all the firms of interest. As mentioned by firm 1: *“Information has an effect on someone, it can be positive, but it can also be negative. I would not go so far as to say if it is a positive or negative effect, but I shall confine myself to saying that information has an effect.”* Firm 3, on the other hand, believes that the organizational communication practices are necessary to create commitment: *“Yes, I believe that communication is very important. I do think that it is very important to include people in the process. I, personally, have a preference for numbers, so that helps, but I do think that if you want to make people able to be more*

responsible and share the responsibility that you need to provide information to them. The organization where I worked before, I really had no idea how the organization was performing. Then, suddenly, I heard something once a year. They told me that we had a result around breakeven, and I thought: tell me what to do about it? I also loved that company, but in order to help, you need information.” And firm 6: “Difficult question, I think it does. But it is hard to say so. I am not sure if it would be a strong effect or just a small effect.”

Overall, most firms state that the organizational communication practices will have a positive effect on the relationship between EFP practices and organizational performance but are not very certain about the actual effect size. But this could have been expected, as a moderation effect, in contrast to a direct effect, is less obvious and visible. Therefore, the second hypothesis is qualitatively supported, since most case companies state that the organizational communication practices probably have a positive effect on the relationship between EFP practices and organizational performance.

Lastly, the third hypothesis focuses on the moderation effect of hierarchical values on the relationship between EFP practices and organizational performance in the way that the relationship will be more strongly positive when there is a low level of hierarchy.

Firm 3 argues: *“I think that it is really important”* and firm 4 adds: *“Yes, yes I think it really makes a difference. And also that we are very transparent. We communicate to the employees which direction we are going and the people really have a voice in that process and therefore, literally, are being in charge of the organization, which results in that they can really contribute to it (performance).”* Also, firm 5 argues: *“I am certain of it, it stimulates entrepreneurial behavior”*. The options are, however, ambiguous. Firm 1 offers a different point of view. First, the following was mentioned about hierarchical values: *“The higher you climb in the chain of command, the more information is available for that particular employee”*, furthermore: *“I do not think that a share plan should be applicable for all employees. When you offer shares, you need to disclose a certain information requirement, which is not suitable for everyone.”* Lastly, which relates to the influence of the concept on the main relationship: *“When you offer shares, you hope that the employees will start thinking in the interest of the firm. However, in my opinion, I think that not everyone is able to make a difference between the interest of the firm and their self-interest. I think that we are not ready for it yet. I suspect that one does not understand that is not possible that they get a 50 euro raise, while you just told them you have had a million euros of profit!”*

Most of the firms of interest support the hypothesis, however, firm 1 has clear contrary opinions. Therefore, the hypothesis is only partly supported.

5.8 Overview of the results section

Table 6 provides an overview of the results of the analyses. The original hypothesis are tested quantitatively and qualitatively. In the overview, it is indicated if quantitative and/or qualitative support has been found for the hypotheses. Figure 2 illustrated the results in the conceptual model of this study.

Table 6 Overview of the results

Hypothesis	Quantitative result	Qualitative result	Explanatory note
<i>H1: The relationship between EFP and organizational performance is positive.</i>	Partly supported	Supported	Quantitatively: only financial performance accepted. Qualitatively: accepted
<i>H2: The relationship between employee financial participation and organizational performance will be moderated by the communication practices in the way that the relationship will be more strongly positive in organizations characterized by a high level of communication.</i>	Supported	Supported	Both quantitatively and qualitatively supported
<i>H3: The relationship between employee financial participation and organizational performance will be moderated negatively by the cultural value hierarchy in the way that the relationship will be more strongly positive in countries characterized by a low level of hierarchy.</i>	Rejected	Partly supported	Quantitatively: financial performance nonsignificant effect, soft performance significant but H1 nonsignificant. Qualitatively: partly supported

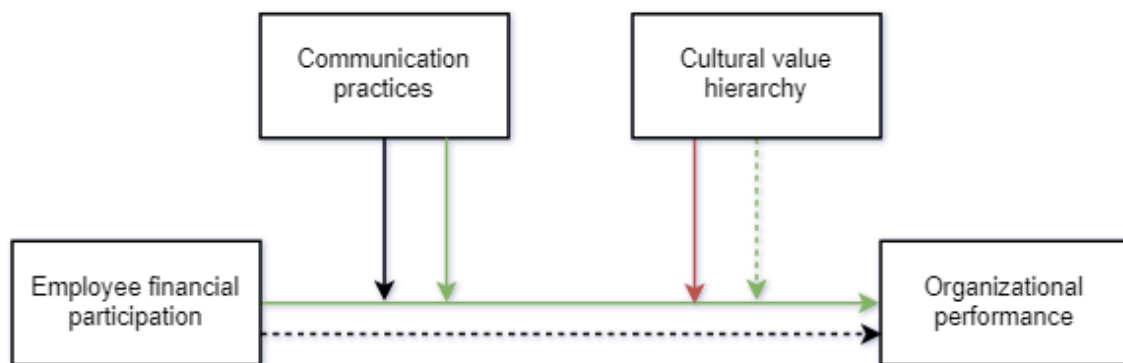
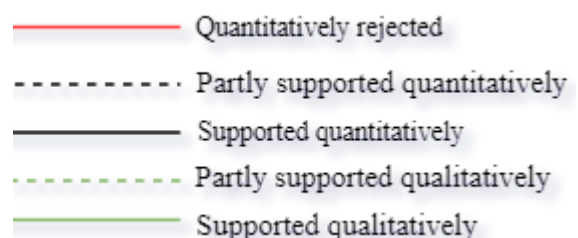


Figure 2. Conceptual framework outcomes



6. Discussion & conclusion

6.1 Introduction

In this section, the research question will be answered. It includes the interpretation of the results, the theoretical and practical implications followed by a critical reflection on the limitations of this study and recommendations for future research.

6.2 Summary

The central question of present study focuses on the relationship between employee financial participation and organizational performance. Besides testing the employee financial participation and performance relationship, this study delved into the boundary conditions that may help to increase our understanding of this relationship. Therefore, the goal of this study was to answer the following research question:

“What is the influence of employee financial participation on organizational performance in the European context, and how is this relationship affected by the communication practices and the cultural value hierarchy?”

In order to answer this question, a literature study has been carried out, resulting in the construction of several hypotheses. Based on agency theory and other existing HRM literature, the relationship between EFP and organizational performance was hypothesized to be positive. Based on the literature review, it became clear that further research was needed that investigates the boundary conditions of the main relationship. Therefore, the moderation effects of organizational communication practices and the cultural values of hierarchy were included in the conceptual model. To test this relationship, the main concepts first needed to be defined and operationalized. Subsequently, a mix-method approach was utilized to answer the research question. This is an approach whereby both quantitative and qualitative data were collected and analyzed. For the quantitative analysis, the data of the Cranet database of 2015 has been used, which made it possible to investigate the effect of EFP on organizational performance in the European context by empirically testing a sample of 2376 firms with regression analyses in SPSS. In addition, qualitative data was gathered by interviewing 7 interviewees, at 6 different firms, experienced with the EFP practices and the relationship with organizational performance within their organization. The interviews were transcribed and coded, based on the conceptual model, to get an in-depth understanding of the relationship.

This study finds support for a positive effect of EFP practices on organizational performance of European firms, based on the qualitative analysis. The quantitative results, however, demonstrate that the EFP practices only have a positive significant effect on the financial performance of the organization, measured as relative gross revenue, profitability and production performance. Noteworthy is that the soft performance, measured as innovativeness and service quality, did not have a significant positive relationship with the EFP practices. This indicates that the EFP practices, that reward the employees financially, only positively influence the financial organizational outcomes, based on the quantitative analysis. However, the qualitative analysis found support for organizational performance as a whole, so financial and soft performance included. Therefore, one can conclude that a positive significant effect on organizational outcomes has been found in this study, especially for the financial indicators of organizational performance.

It was theorized in the second hypothesis of this study that the organizational communication practices will moderate the relationship between EFP and organizational performance in the way that the relationship will be more strongly positive in organizations characterized by a high level of communication. The hypothesis was founded based on the fact that employees that participate in EFP practices have a higher need for information about these EFP practices, which can be provided by the organizational communication practices. This hypothesis was supported based on both the quantitative and the qualitative analysis.

Furthermore, in the last hypothesis, it was theorized that the cultural value hierarchy will moderate the relationship between EFP and organizational performance in the way that the relationship will be more strongly positive in countries characterized by a low level of hierarchy. The hypothesis was based on the fact that employees from countries with lower hierarchical values have an environment where employees have the opportunity to manage their tasks in a more flexible way which enables and encourages employees to take more advantage of their input and participation to improve performance. The qualitative analysis partly found support for this. However, the findings of the quantitative analysis, which used the power distance index as a proxy for the cultural value hierarchy, did not find support for this hypothesis. Consequently, an unambiguous answer cannot be given to answer the question what kind of effect the cultural value of hierarchy has on this relationship.

6.3 Discussion and implications

Prior research has primarily focused on the relationship between employee financial participation and organizational performance. Most research has found a significant positive

relationship, as is demonstrated in the meta-analysis of O'Boyle et al. (2016), consisting of 102 studies including 56,984 firms, that EFP has a positive significant effect on the performance of a company. However, among others, Kang and Kim (2019) argued that the effect size of those studies were small and inconsistent. Therefore, it was relevant to retest this relationship, as scholars have requested for more research in this domain. More specifically, as argued by Mullins et al. (2019), more research is needed that explores the conditions and mechanisms that affect the relationship between EFP and organizational performance. Kang and Kim (2019) stated that, in an effort to open up the 'black-box' and get a better understanding of when the relationship between EFP and organizational performance is effective, researchers need to shift attention to the boundary conditions that affect the underlying mechanisms of the relationship.

The outcomes found in the quantitative and qualitative analyses of this study are a contribution to the employee financial participation literature within the field of strategic human resources management (SHRM). In line with the majority of previous studies, a positive effect is found between employee financial participation and organizational performance in the European context. The moderating effects of the organizational communication practices and the cultural value of hierarchy imply that firms that make good use of organizational communication practices can increase their performance by providing employee financial participation practices. The negative effect of the cultural value hierarchy is not well enough substantiated to be held true.

Besides the theoretical implications, this study also has several practical implications. The findings of this study demonstrate that employee financial participation, on average, positively influences organizational performance. This study creates awareness and provides insights into the benefits of employee financial participation practices. It provides a detailed overview of the functioning of employee financial participation in practice to decision makers in the organization. As indicated by the interviewees of the qualitative analysis, the EFP practices can reward the employees, increase engagement and commitment, develops a long-term vision and stimulates a feeling of ownership, entrepreneurship and pride among the workforce. Those aspects explain the biggest part of the positive relationship. The relationship can be nurtured when the organization actively communicates towards their employees via strategy, financial and organizational briefings and provides the opportunity to employees to communicate via upward communication channels. Furthermore, a sense of belonging and commitment among the workforce can be enhanced when a larger proportion of the workforce participates in EFP practices. Therefore, organizations should consider different ways to

eliminate barriers that hinder the participation rate. One of the participating companies indicated that the profit-sharing practice is divided in a cash and a share part, which enables the employees to participate in shares without the obligation to invest money of their savings account, which might feel as a obstacle to participate.

As demonstrated in table 5, multiple ways exist in which the organization can organize and design the EFP practices. Resulting in the question: How to organize the EFP practices? This study combined the concept of EFP to one variable, especially in the quantitative part, however, in general, three mainstream practices can be identified among firms that offer EFP practices, namely: Profit sharing, share options and employee share ownership. Especially employee share ownership practices might have a special influence, by stimulating a feeling of ownership which may affect the relationship. Another theoretical dimension with practical results might be the difference between broad based and narrow based plans, if the plan is offered to a higher proportion of the workforce, one speaks of a broader plan, while narrow plans particularly focus on the remuneration of management. The dimension that a study investigates might offer different perspectives and therefore the implications of the study.

6.4 Limitations and future research

The outcomes drawn from this study must be interpreted with a couple of limitations in mind. Further research can result in more reliable outcomes if they successfully deal with these limitations.

The indicators in the Cranet database are subjective, instead of objective, measures. The questionnaire is filled in by a member of the own organization, which needs to assess their relative performance compared with other organizations in their industry. The indicators, therefore, might be biased due to potential misjudgments of the survey respondents. Furthermore, because of the Covid-19 pandemic, physical contact is reduced to the minimum to prevent the further spread of the virus. Therefore, the interviews have been conducted via online platforms like Zoom or Teams. Especially in qualitative research, the observation of the nonverbal signs of the interviewees can be of great importance to correctly understand the underlying message. The digital way of interviewing was of great importance to obtain qualitative data but can not be equated to the quality of a “normal” interview.

Future research might address the above listed research limitations. In addition, the effect of the cultural value hierarchy was not quantitatively supported. It would be interesting to investigate if others proxies for hierarchy (e.g. of GLOBE), instead of the power index proxy of Hofstede et al., (2010), would results in other outcomes than the nonsignificant result that

was found in this study. Also, it is questionable to which extent the cultural values, based on national culture, are representative for the organizations in a country. As the organizations are able to hire employees with different cultural background. Furthermore, in line with Kang and Kim (2019), other boundary conditions in general, but cultural values in specific, need to be studied in order to deepen our understanding of the relationship. Finally, the potential influence of institutional factors like political institutions, regulatory authorities and social institutions (Voinea, & Van Kranenburg, 2017) have not been accounted for in this study but may also affect the relationship between employee financial participation and organizational performance. This could result in differences, e.g. in laws and legislation, between the participating companies.

On a positive note, future researchers are advised to utilize a mixed-methods study design. This study performed a quantitative and qualitative analysis which enhances the power and quality of the research outcomes. Overall, the Cranet database and its examiners are considered state-of-art, in combination with the qualitative interviews, which are held with (top) management executives in Dutch companies, more reliable and valid research outcomes can be expected.

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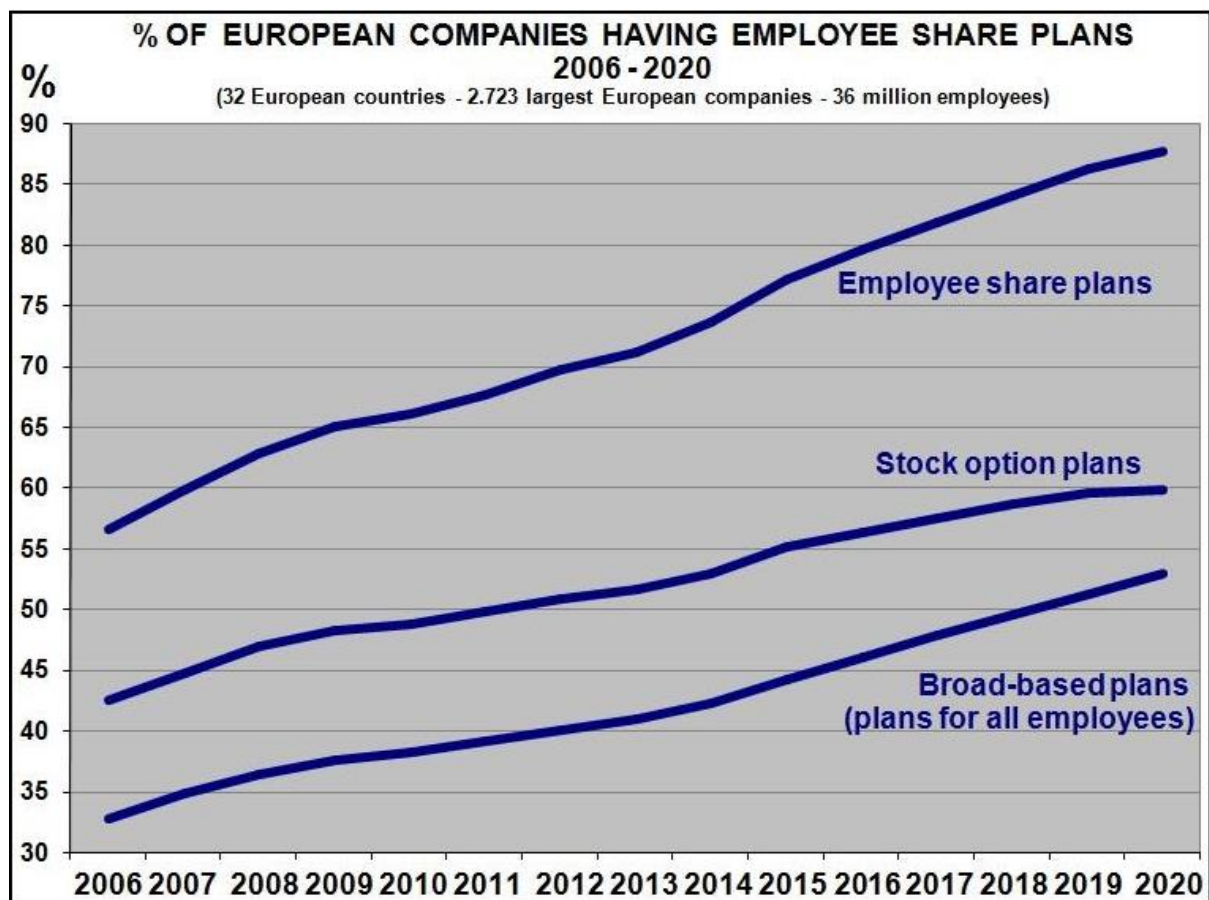
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Appendices

Appendix 1: Background statistics Employee Financial Participation (upcoming trend)

The following information is retrieved from the Annual Economic Survey of Employee Share Ownership in European Countries Report by Marc Mathieu of the European Federation of Employee Share Ownership (Mathieu, 2021) to demonstrate the upcoming trend of EFP schemes in large European companies.



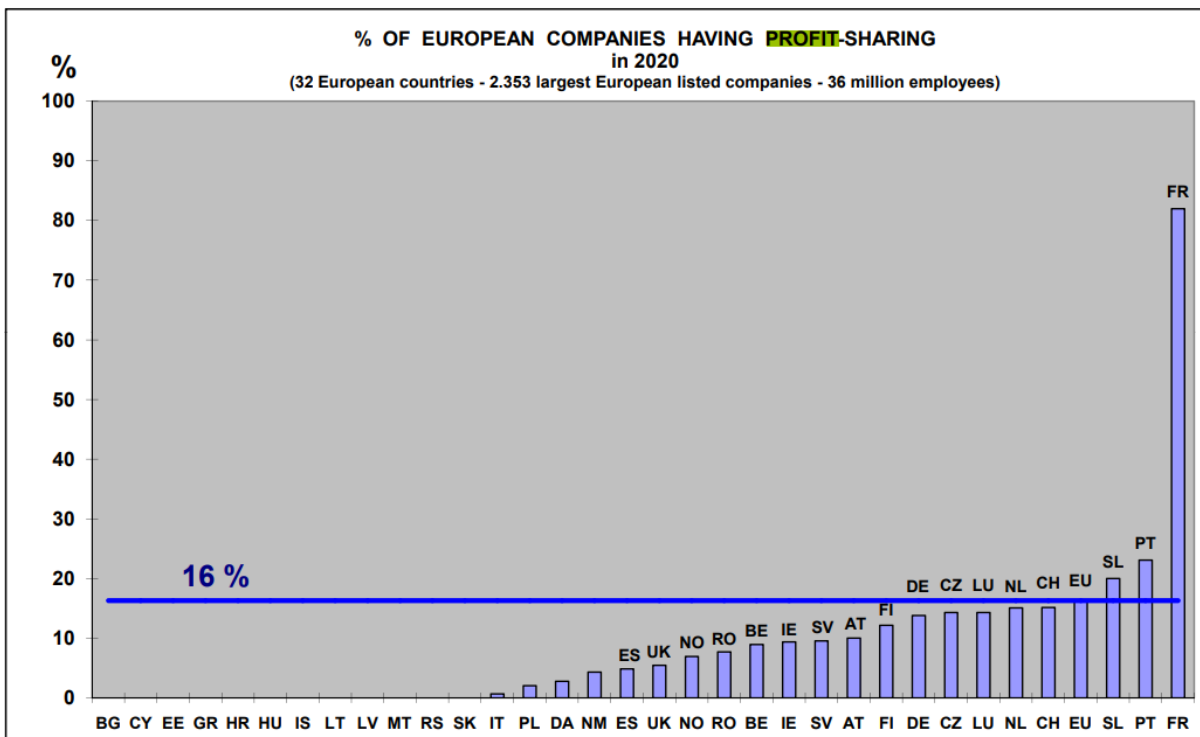
“The development of employee share ownership has continued in large European companies in 2020. More and more of them are organizing employee share plans (Table 1). In 2020, 94% of all large European companies had employee share ownership, on which 88% had employee share plans of all kinds, while 53% had "broad-based" plans for all employees, and 60% had stock option plans (Graph 1).” (Mathieu, 2021, p. 8)

The following table demonstrates the upward trend of companies having employee share ownership and stock options plans in the fourth and sixth column.

	Employee shareholders (thousand)	Employees' stake in ownership structure	Capitalization held by employees (billion €)	Companies having employee share ownership	Companies having broad-based plans	Companies having stock option plans	Companies having launched new plans
2006	6.350	2,33%	186	69,4%	32,8%	42,5%	
2007	6.732	2,64%	254	72,9%	34,8%	44,8%	19,8%
2008	7.092	2,73%	224	75,8%	36,4%	46,9%	26,7%
2009	7.261	2,92%	158	79,7%	37,6%	48,2%	23,8%
2010	7.413	2,84%	188	80,4%	38,2%	48,8%	22,0%
2011	7.416	2,93%	225	81,5%	39,1%	49,8%	24,9%
2012	7.223	2,83%	191	83,1%	40,1%	50,8%	24,6%
2013	6.909	3,08%	258	85,4%	41,0%	51,7%	24,0%
2014	6.870	3,09%	295	87,1%	42,3%	53,0%	25,5%
2015	6.849	3,15%	350	88,8%	44,2%	55,1%	28,4%
2016	6.828	3,21%	310	90,6%	46,0%	56,3%	28,0%
2017	6.871	3,21%	374	91,7%	47,8%	57,5%	31,3%
2018	6.884	3,04%	373	93,1%	49,6%	58,7%	32,5%
2019	7.098	2,89%	348	93,7%	51,3%	59,6%	31,7%
2020	7.137	3,05%	310	93,9%	53,0%	59,9%	29,1%

The following table demonstrates the upward trend of companies having profit sharing plans.

“Except in France (where it is by law), European listed companies applying profit-sharing are in very small number, - only 7% of all large listed companies” (Mathieu, 2021, p. 87)



PROFIT-SHARING IN EUROPEAN LISTED COMPANIES IN 2020											
Countries	Companies Number 2020	Companies with profit sharing Number 2020	Companies with profit sharing % 2020	Companies with profit sharing % 2019	Companies with profit sharing % 2018	Companies with profit sharing % 2017	Companies with profit sharing % 2016	Companies with profit sharing % 2015	Companies with profit sharing % 2014	Companies with profit sharing % 2013	Comparison: % Companies having employee share plans in 2020
AT	40	4	10,0%	12,5%	12,5%	12,5%	12,5%	15,0%	15,0%	15,0%	70,0%
BE	56	5	8,9%	10,7%	8,9%	14,3%	14,3%	16,1%	10,7%	10,7%	85,7%
BG	6	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
CH	165	25	15,2%	13,9%	12,7%	12,7%	13,9%	12,1%	12,7%	9,1%	91,5%
CY	4	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	75,0%
CZ	7	1	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	0,0%	100,0%
DA	72	2	2,8%	2,8%	2,8%	2,8%	4,2%	4,2%	4,2%	4,2%	95,8%
DE	232	32	13,8%	15,9%	15,1%	12,9%	11,6%	10,3%	9,9%	9,9%	76,7%
EE	7	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	42,9%
ES	103	5	4,9%	4,9%	3,9%	3,9%	3,9%	4,9%	3,9%	2,9%	63,1%
FI	74	9	12,2%	12,2%	10,8%	10,8%	10,8%	10,8%	10,8%	10,8%	98,6%
FR	266	218	82,0%	81,6%	81,6%	81,2%	80,8%	79,7%	79,3%	80,1%	94,7%
GR	40	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	65,0%
HR	15	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	60,0%
HU	8	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	12,5%	87,5%
IE	32	3	9,4%	12,5%	9,4%	9,4%	9,4%	9,4%	9,4%	6,3%	96,9%
IS	8	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	75,0%
IT	152	1	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	1,3%	0,7%	77,0%
LT	8	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	25,0%
LU	14	2	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	92,9%
LV	1	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
MT	11	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	63,6%
NL	73	11	15,1%	16,4%	17,8%	15,1%	15,1%	13,7%	12,3%	11,0%	94,5%
NO	101	7	6,9%	6,9%	5,9%	5,0%	5,0%	5,9%	6,9%	5,9%	93,1%
PL	98	2	2,0%	2,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	59,2%
PT	26	6	23,1%	23,1%	23,1%	23,1%	11,5%	7,7%	7,7%	7,7%	50,0%
RO	13	1	7,7%	0,0%	23,1%	23,1%	23,1%	15,4%	7,7%	7,7%	30,8%
RS	3	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
SK	3	0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
SL	10	2	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%	10,0%	10,0%	30,0%
SV	210	20	9,5%	9,5%	9,5%	9,5%	9,0%	8,6%	9,5%	9,5%	90,5%
UK	495	27	5,5%	5,9%	5,7%	5,1%	5,3%	5,3%	5,3%	3,8%	99,4%
32 COUNTRIES	2.353	383	16,3%	16,6%	16,3%	15,9%	15,7%	15,3%	15,2%	14,5%	85,8%
13 NMS - PL (*)	93	4	4,3%	3,2%	6,5%	6,5%	6,5%	5,4%	3,2%	3,2%	48,4%

This table provides a detailed overview of the companies with profit sharing schemes from 2013-2020. Furthermore, a comparison is provided with the % of companies that offer an employee share plan in 2020.

The tables demonstrate that there is an upcoming trend in the amount of EFP schemes in European organizations. Employee share ownership plans are the most commonly used, followed by stock option plans. The amount of profit sharing plans in Europe is also increasing but this is far less than the employee share ownership and stock ownership plans.

Appendix 2: Background information of the sample organizations

		Industry			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00 Construction	129	5.4	5.6	5.6
	2,00 Transportation \ Communication	288	12.1	12.5	18.1
	3,00 Banking and finance	187	7.9	8.1	26.2
	4,00 Chemicals (energy; non-energy)	168	7.1	7.3	33.5
	5,00 Other industries (eg services)	803	33.8	34.9	68.4
	6,00 Manufacturing	728	30.6	31.6	100.0
	Total	2303	96.9	100.0	
Missing	System	73	3.1		
Total		2376	100.0		

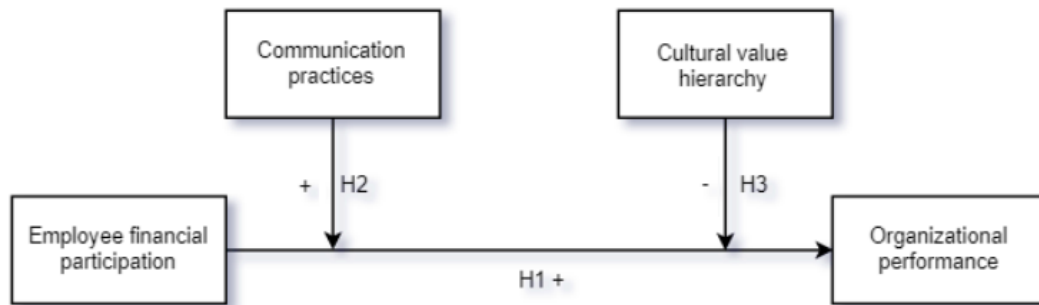
Industry membership of the firms in the quantitative analysis

The following table shows the company cases used for the qualitative interviews. The names of the companies are made anonymous. The ethical standards for this study have been kept in mind during this process.

Company	Size (#Employees)	Industry	Function interviewee(s)
<i>Firm 1</i>	<i>130</i>	<i>Construction</i>	<i>Chief Financial Officer</i>
<i>Firm 2</i>	<i>400</i>	<i>Manufacturing</i>	<i>Global HR Manager</i>
<i>Firm 3</i>	<i>40</i>	<i>Software development</i>	<i>HR + Finance manager</i>
<i>Firm 4</i>	<i>35</i>	<i>Recruitment Agency</i>	<i>General Manager</i>
<i>Firm 5</i>	<i>40</i>	<i>Engineering & Advisory</i>	<i>Technical Manager</i>
<i>Firm 6</i>	<i>1300</i>	<i>Engineering & Advisory</i>	<i>HR advisors</i>

Appendix 3: Interview script

The interview script is based upon the following conceptual model:



Besides the introduction and outro, the central interview topics for the interview are the core concepts and the relations between those core concepts, as presented in the conceptual model.

Interview script

Inleiding (5 minuten)

Hartelijk dank voor de mogelijkheid om dit interview te houden. Ik ben Niels Peeters en op dit moment ben ik bezig met mijn masterscriptie aan de Radboud Universiteit in Nijmegen voor de studie bedrijfskunde. Voor mijn scriptie ben ik bezig met een onderzoek naar de invloed van financiële medewerkersparticipatie op de prestaties van een organisatie. Het interview zal ongeveer een uur duren waarbij u vanzelfsprekend geheel anoniem blijft.

Verder heb ik de vraag of ik het interview zou mogen opnemen? De opnames worden na uitwerking direct verwijderd.

Heeft u verder nog vragen voordat het interview begint?

Het interview is opgesplitst in meerder thema's. Ik zal beginnen met een aantal oriënterende vragen om u en de organisatie beter te leren kennen.

Oriënterende vragen (5 minuten)

1. Wie bent u en wat is uw rol binnen het bedrijf?
(Functie? Ervaring?)

<p>2. Wat voor bedrijf is uw bedrijf? <i>(Product/dienst? Markt? Aantal medewerkers? Aantal vestigingen?)</i></p>
<p>3. Kunt u wat meer vertellen over de strategie van uw bedrijf? <i>(Kernactiviteiten? Focus? Visie/missie? Rol HRM?)</i></p>

Financiële werknemersparticipatie (10 minuten)

Nu we het over de algemene informatie van het bedrijf hebben gehad, wil ik het graag hebben over financiële medewerkersparticipatie in uw bedrijf. Financiële medewerkersparticipatie betekent dat medewerkers financieel meedelen in de waarde van een onderneming. Het is een vorm van beloning bovenop het normale salaris. Er zijn meerdere vormen om medewerkers financieel mee te laten participeren. Meestal is dit in de vorm van winstdeling, opties en/of aandelen. De volgende vragen richten zich op de financiële werknemersparticipatie praktijken in uw bedrijf. Het gaat hier om de activiteiten die plaatsvinden omtrent financiële werknemersparticipatie.

<p>4. Indien er sprake is van financiële medewerkersparticipatie, hoe vindt dit binnen uw organisatie plaats? (Aanbodkant) <i>(Waarom? -Wie is daar bij betrokken? Welke activiteiten? Hoe georganiseerd? Plan/beleid?)</i></p>
<p>5. In hoeverre vindt er binnen uw organisatie financiële werknemersparticipatie plaats? (Vraagkant) <i>(Hoeveel mensen doen eraan mee? Voor wie? Percentage vh aandelenkapitaal? Wiens idee was dit/hoe is het tot stand gekomen?)</i></p>
<p>6. Wat voor rol speelt financiële medewerkersparticipatie binnen jullie ondernemingsstrategie? <i>(Louter beloning of onderdeel van strategie? Welke factoren? Aanrader?)</i></p>

Prestaties van een organisatie (10 minuten)

Ik zou het nu graag willen hebben over de prestaties van de organisatie. ‘Goede’ prestaties zijn voor iedereen anders. Ik ben benieuwd wat goede prestaties voor uw bedrijf inhouden.

<p>7. Wat voor prestaties streeft het bedrijf na? <i>(Wanneer is het bedrijf succesvol? Beoogde resultaten?)</i></p>
<p>8. Wat doet het bedrijf om dit te realiseren? <i>(Vastlegging in strategie/stappenplan? Overleg? Met wie? Frequentie? Op welke wijze wordt hier op terug gegrepen? Welke doelstellingen? (niet) financiële doelstellingen? Aanpak?)</i></p>

Communicatie in de organisatie (10 minuten)

9. Welke mogelijkheden worden er binnen uw bedrijf gebruikt om intern te communiceren? (<i>Frequentie? Kanalen? Structuur? Overleg? Thema's? OR?</i>)
10. Op welke manier kunnen medewerkers hun ideeën inbrengen? (<i>Kanalen? Inspraak? Afhankelijk van functie?</i>)
11. Op welke wijze vindt er communicatie plaats over financiële medewerkersparticipatie? (<i>Inhoud? Met wie? Financiële gegevens? Informatie over strategie? Weten de medewerkers wat het is? Krijgen ze er kennis van? Zijn ze op de hoogte van de voor en nadelen?</i>)

Relatie financiële medewerkersparticipatie en prestaties (20 minuten)

Inmiddels heb ik een goed beeld van wat het bedrijf doet. Nu zou ik graag ingaan op de relatie tussen financiële medewerkersparticipatie en de prestaties van de organisatie.

12. Op welke manier denken jullie dat financiële medewerkersparticipatie invloed heeft op de prestaties van de organisatie? (<i>Verschil per vorm van FMP? Invloed op medewerkers? Draagvlak/commitment/ondernemerschap? Welke doelen? Nu/toekomst?</i>)
13. Hoe denken jullie dat deze relatie kan worden beïnvloed door communicatie? (<i>Richting van communicatie? Op welke wijze vindt dit in uw organisatie plaats?</i>)
14. Hoe denken jullie dat deze relatie kan worden beïnvloed door hiërarchie? (<i>Inspraak? Voor wie beschikbaar? Belang functies/dienstjaren?</i>)

Afsluiting (5 minuten)

Dit waren mijn vragen. Heel erg bedankt voor uw tijd en medewerking! Ik wil graag de gemaakte afspraken nog eens herhalen. De opnames van dit interview zullen na het uitwerken worden vernietigd en het interview wordt daarnaast geheel anoniem verwerkt. Daarnaast vroeg ik me af of u het onderzoek achteraf wilt ontvangen, dit is natuurlijk mogelijk. Indien u het wilt ontvangen zal ik het naar uw e-mail adres sturen. Nogmaals bedankt voor het beantwoorden van mijn vragen, u helpt mij hier ontzettend mee!

Appendix 4: Interview Transcript

The interviews were conducted based on a list of questions prepared in advance, transcribed and coded based on the conceptual model. More specifically, the coding of the qualitative data, which implies the process of labeling and organizing the qualitative data, is based on thematic analysis which makes it easier to analyze the data. The coding labels represent important themes, and the relationships between them, in the responses of the interviewees. Similar to the conceptual model, except for the orientation questions, the following themes are identified:

- **Orientation**
- **Employee Financial Participation**
- **Organizational Performance**
- **Relationship between employee financial participation and organizational performance**
- **Communication**
- **Communication related to employee financial participation**
- **(Effect of) Hierarchy**

The themes are labeled and can be identified in the transcripts based on the above presented colors, which have been applied in order to ease the organizing of the data. Furthermore, the data is reviewed based on relevance. The most relevant and significant statements of the interviewees are included in the qualitative results section.

Considering that the interviews were held in the Dutch language, a legend in Dutch is also included:

- **Oriëntatie**
- **Financiële medewerkersparticipatie**
- **Prestaties van de organisatie**
- **Relatie financiële medewerkersparticipatie en prestaties van de organisatie**
- **Communicatie**
- **Communicatie over financiële medewerkersparticipatie**
- **(Invloed van) Hiërarchie**

The interviews are excluded in this version – only included for the supervisors.

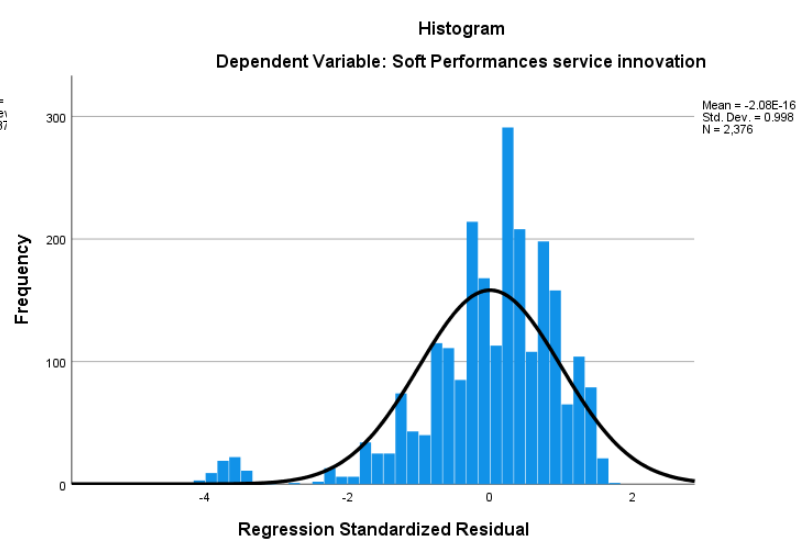
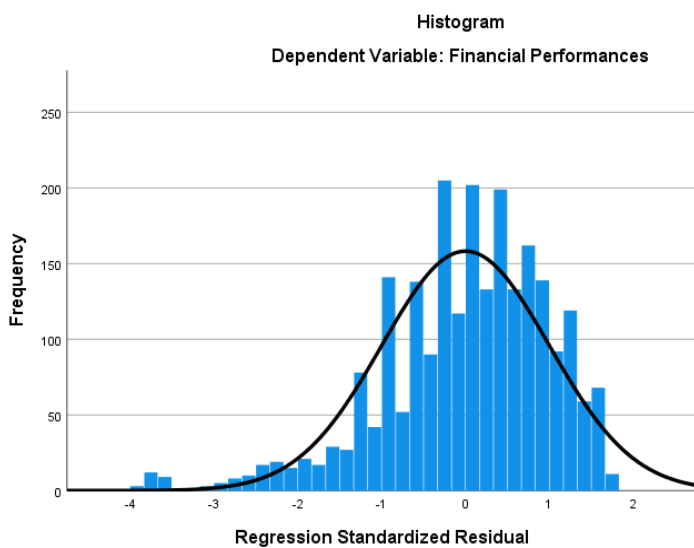
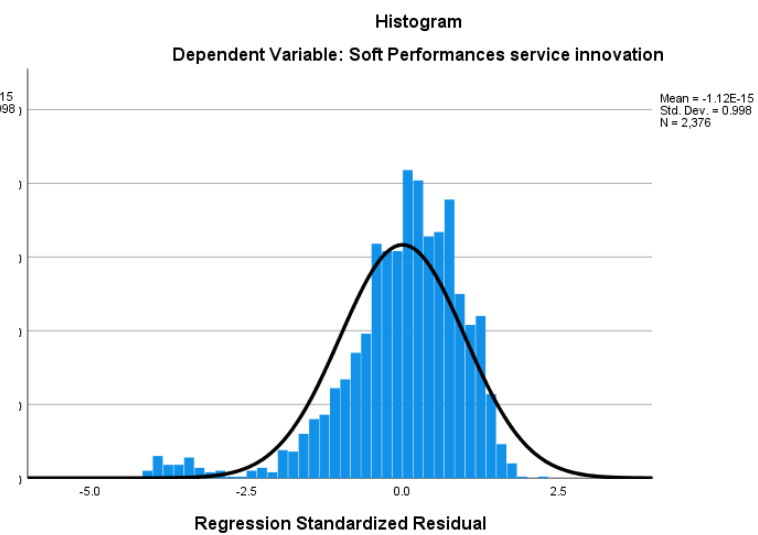
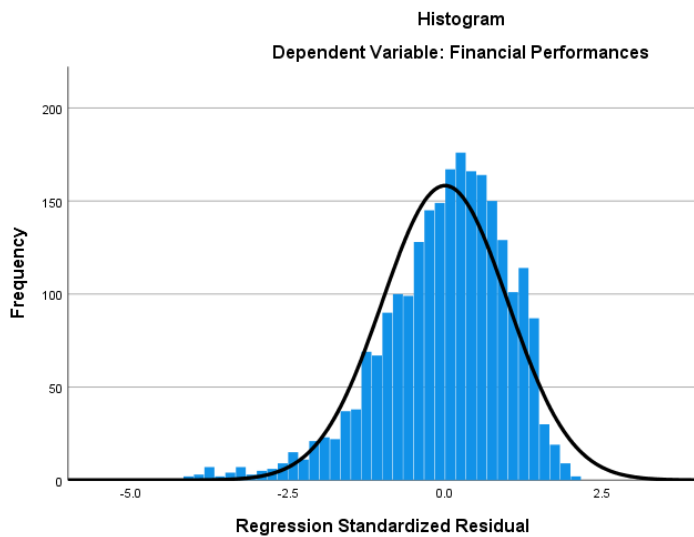
Appendix 5: Operationalization scheme**Cranet database 2015 and *Culture and Organizations* (Hofstede et al., 2010).**

Concept	Variables	Indicators (in the Cranet Database)	Cranet section (S) and question (Q)
Employee Financial Participation (EFP)	/	Employee share ownership (ESO)	S. IV Q.2A
		Profit sharing schemes (PS)	S. IV Q.2B
		Stock option schemes (SO)	S. IV Q.2C
Organizational performance (OP)	<i>Financial indicators</i>	Gross revenue	S.VI Q.4
		Profitability	S.VI Q.5C
		Stock market performance	S.VI Q.5E
		Productivity	S.VI Q.5B
	<i>Non-financial indicators</i>	Service-quality	S.VI Q.5A
		Innovativeness	S.VI Q.5D
Organizational Communication Practices (OCP)	<i>Communication in briefings</i>	Formal briefing of business strategy	S.V Q.6A
		Formal briefing of financial performance	S.V Q.6B
	<i>Downward communication</i>	Directly from top/ senior managers	S. V Q5A
		Directly from immediate supervisors	S. V Q5B
		Trough unions and/or works council	S.V Q.4 S.V Q.5C/D
		Regular workforce meetings	S.V Q.5E
		Team briefings	S. V Q.5F

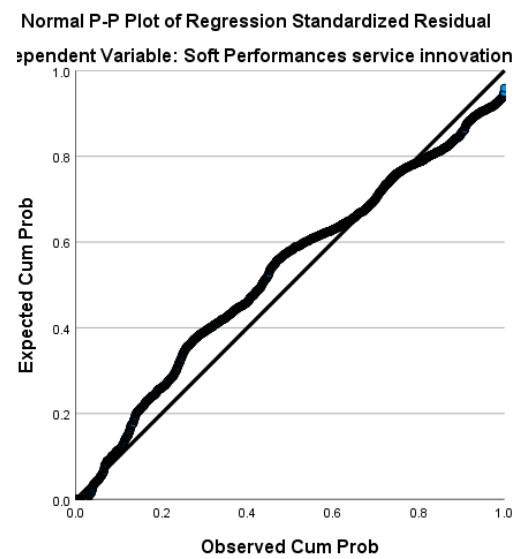
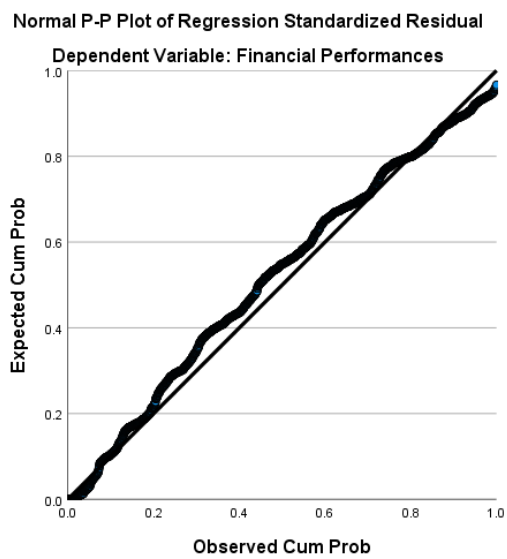
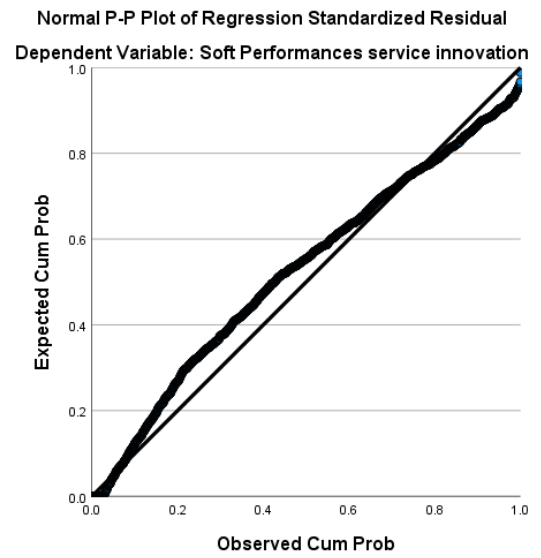
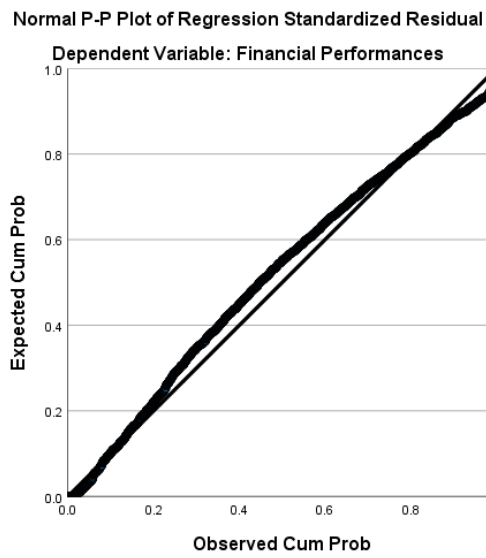
		Electric communication	S. V Q.5G
	<i>Upward communication</i>	Directly to top/ senior managers	S.V Q.7A
		Directly to immediate superiors	S.V Q.7B
		Trough unions and/or works council	S.V Q.4 S.V Q.7C/D
		Regular workforce meetings	S.V Q.7E
		Team briefing	S.V Q.7F
		Suggestion box	S.V Q.7G
		Attitude surveys	S.V Q.7H
		Electric communication	S.V Q.7I
Hierarchical values	<i>Power-distance index</i>	How frequently, in your experience, does the following problem occur: employees being afraid to express disagreement with their managers?	<i>Culture and Organizations</i>
		The perception of the boss's actual decision-making style	<i>Culture and Organizations</i>
		The preference of subordinates for their boss's decision style	<i>Culture and Organizations</i>
Size of the organization		Amount of people employed within the organization (on payroll)	S. I Q. 1A
Industry of the organization		Primarily active sector	S. VI Q. 1A-T
Private organizations		Private organization/sector	S. V. Q. 2A1

Appendix 6: Quantitative analysis - Assumptions

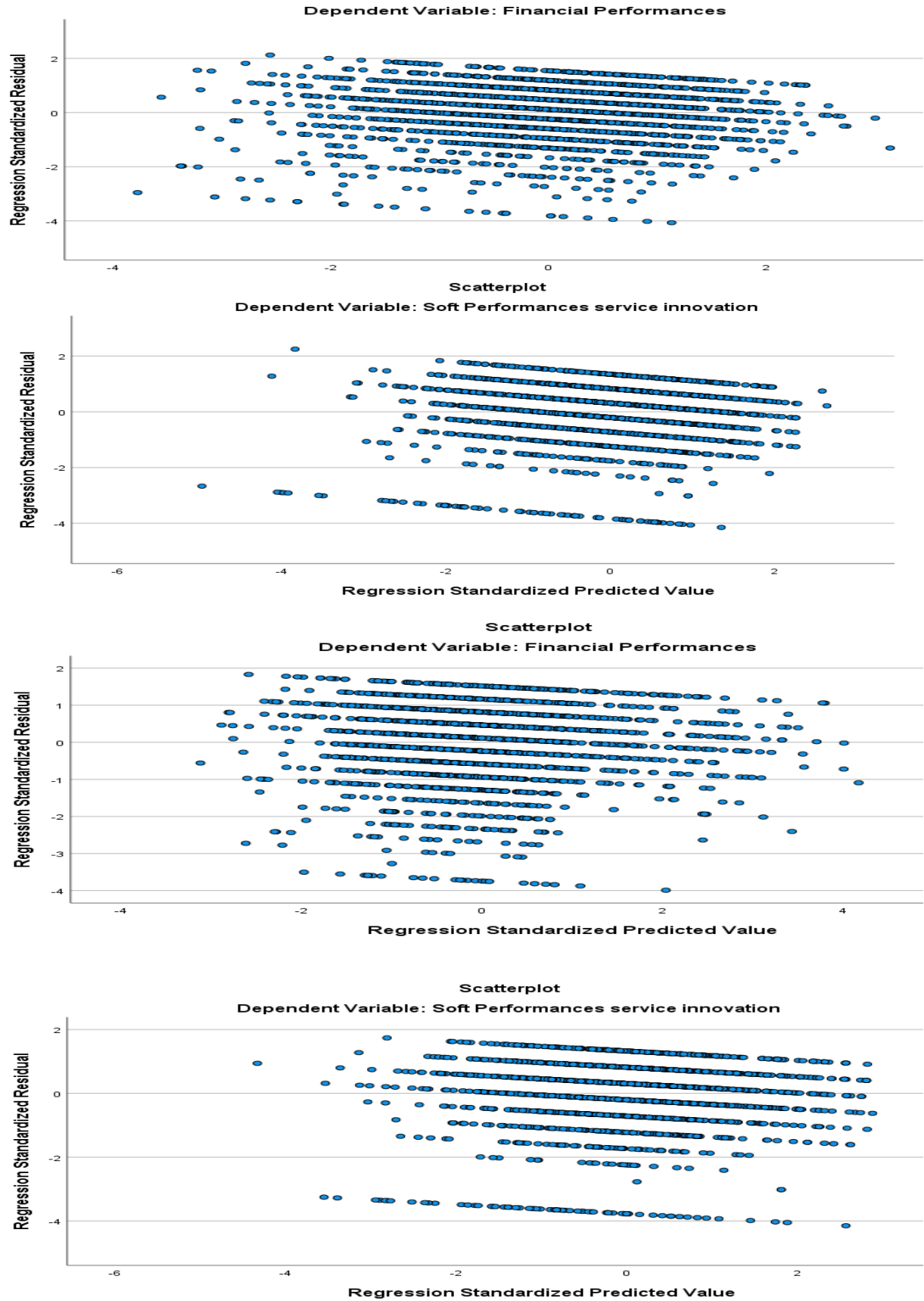
All the relevant documents related to the assumptions of the quantitative analysis of this study are included in this section of the appendices.



Both financial and non-financial performance show a normal distribution. Therefore, the assumption of normality is met.



The scatterplots show a positive linear relationship for both financial and non-financial performance. Therefore, the assumption of linearity is met.



The scatterplots show a positive linear relationship for both financial and non-financial performance. Therefore, the assumption of homoscedasticity is met.

Appendix 7: Quantitative analysis - Descriptives and reliability statistics*Statistics*

		Country labeling	Size total number of employees	lnSize	Industry	Construction	TransCommunica- tion	Financials	Chemicals	OtherIndustries	Manufacturing
N	Valid	2376	2376	2376	2303	2376	2376	2376	2376	2376	2376
	Missing	0	0	0	73	0	0	0	0	0	0
Mean		15.48	2071.5577	6.2909	4.4815	.0543	.1212	.0787	.0707	.3380	.3064
Std. Error of Mean		.187	208.12076	.02506	.03273	.00465	.00670	.00553	.00526	.00971	.00946
Median		14.00	402.0000	5.9965	5.0000	.0000	.0000	.0000	.0000	.0000	.0000
Mode		10	300.00	5.70	5.00	.00	.00	.00	.00	.00	.00
Std. Deviation		9.104	10144.68642	1.22177	1.57094	.22664	.32644	.26933	.25639	.47312	.46109
Variance		82.891	102914662.614	1.493	2.468	.051	.107	.073	.066	.224	.213
Skewness		.192	11.701	1.317	-.876	3.936	2.323	3.131	3.352	.686	.840
Std. Error of Skewness		.050	.050	.050	.051	.050	.050	.050	.050	.050	.050
Kurtosis		-.967	161.785	2.367	-.521	13.507	3.398	7.810	9.241	-1.531	-1.295
Std. Error of Kurtosis		.100	.100	.100	.102	.100	.100	.100	.100	.100	.100
Range		33	195278.00	7.58	5.00	1.00	1.00	1.00	1.00	1.00	1.00
Minimum		1	100.00	4.61	1.00	.00	.00	.00	.00	.00	.00
Maximum		34	195378.00	12.18	6.00	1.00	1.00	1.00	1.00	1.00	1.00
Sum		36787	4922021.00	14947.25	10321.00	129.00	288.00	187.00	168.00	803.00	728.00

Statistics

		Financial Performances	Soft Performance	Upward communication	Briefings broadbased communication	Hierarchy values	Financial participation
N	Valid	2376	2376	2376	2376	2376	2376
	Missing	0	0	0	0	0	0
Mean		3.5582	3.7003	6.7012	6.4415	52.6864	1.4116
Std. Error of Mean		.01960	.02029	.03971	.04821	.51136	.03787
Median		3.6667	4.0000	7.0000	7.0000	46.0000	.0000
Mode		4.00	4.00	8.00	9.00	35.00	.00
Std. Deviation		.95556	.98923	1.93579	2.35017	24.92579	1.84601
Variance		.913	.979	3.747	5.523	621.295	3.408
Skewness		-.929	-1.530	-.967	-.566	.481	1.402
Std. Error of Skewness		.050	.050	.050	.050	.050	.050
Kurtosis		1.301	3.524	.848	-.554	-.430	1.798
Std. Error of Kurtosis		.100	.100	.100	.100	.100	.100
Range		5.00	5.00	9.00	9.00	93.00	9.00
Minimum		.00	.00	.00	.00	11.00	.00
Maximum		5.00	5.00	9.00	9.00	104.00	9.00
Sum		8454.33	8792.00	15922.00	15305.00	125183.00	3354.00

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.644	.656	9

*Reliability – Financial Performance***Item Statistics**

	Mean	Std. Deviation	N
Productivity	3.6086	1.14432	2376
Profitability	3.3771	1.20771	2376
Gross Revenue	3.6890	1.35478	2376

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.660	.668	3

*Reliability – Non financial (soft) Performance***Item Statistics**

	Mean	Std. Deviation	N
Service quality	3.9714	1.05552	2376
Innovation rate 15	3.4293	1.25558	2376

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.625	.632	2

*Reliability – Communication practices Upward***Item Statistics**

	Mean	Std. Deviation	N
E2Msm	.8831	.32142	2232
E2Mis	.9763	.15229	2232
E2Mtu	.5215	.49965	2232
E2Mwc	.5677	.49551	2232
E2Mwm	.8208	.38362	2232
E2Mtb	.8320	.37396	2232
E2Mss	.6102	.48781	2232
E2Mas	.7424	.43742	2232
E2Mec	.8432	.36370	2232

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.804	.801	9

Reliability – Communication practices Briefings

Item Statistics

	Mean	Std. Deviation	N
Strategy briefing: managers	.9373	.24249	2376
Financial briefing: managers	.9402	.23710	2376
Organization of Work: managers	.8801	.32497	2376
Strategy briefing: professionals	.6115	.48750	2376
Financial briefing: professionals	.6098	.48789	2376
Organization of Work: professionals	.7723	.41943	2376
Strategy briefing: clerical/ manual	.4794	.49968	2376
Financial briefing: clerical/ manual	.4941	.50007	2376
Organization of Work: clerical/ manual	.7168	.45067	2376

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.752	.764	9

Reliability – Employee Financial Participation

Item Statistics

	Mean	Std. Deviation	N
ESOmng Employee share options: managers	.2062	.40468	2376
ESOPr Employee share options: professionals	.1052	.30690	2376
ESOcI Employee share options: clerical\ manuals	.0943	.29227	2376
PSmng Profit Sharing: mngt	.3178	.46570	2376
PSpr Profit Sharing: prof	.2104	.40771	2376
PScl Profit Sharing: clerk\ manuals	.1818	.38578	2376
SOmng Stock Options: mngt	.1860	.38921	2376
SOpr Stock Options: prof	.0694	.25426	2376
SOcl Stock Options: clerk\ manuals	.0404	.19695	2376

Appendix 8a: Quantitative analysis - Relationship EFP and financial performance**Variables Entered/Removed^a**

Model	Variables Entered	Variables Removed	Method
1	OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication ^b	.	Enter
2	cHierarchyValues, cUpCommunication, cFinPart, cBriefings ^b	.	Enter

a. Dependent Variable: FinPerformance Financial Performances

b. All requested variables entered.

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		
1	.097 ^a	.009	.007	.95223	.009	3.777	6	2369	.001	
2	.222 ^b	.049	.045	.93375	.040	24.666	4	2365	.000	1.895

a. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, cHierarchyValues, cUpCommunication, cFinPart, cBriefings

c. Dependent Variable: FinPerformance Financial Performances

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.549	6	3.425	3.777	.001 ^b
	Residual	2148.064	2369	.907		
	Total	2168.613	2375			
2	Regression	106.575	10	10.657	12.223	.000 ^c
	Residual	2062.038	2365	.872		
	Total	2168.613	2375			

a. Dependent Variable: FinPerformance Financial Performances

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

c. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, cHierarchyValues, cUpCommunication, cFinPart, cBriefings

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.299	.107		30.948	.000		
	InSize	.037	.016	.047	2.281	.023	.994	1.006
	Construction	-.087	.090	-.021	-.959	.338	.910	1.099
	TransCommunication	-.022	.065	-.008	-.338	.735	.836	1.196
	Financials	.275	.077	.077	3.550	.000	.879	1.138
	Chemicals	.073	.081	.019	.897	.370	.889	1.125
	OtherIndustries	.030	.048	.015	.627	.531	.754	1.326
2	(Constant)	3.496	.108		32.452	.000		
	InSize	.005	.016	.007	.322	.747	.931	1.074
	Construction	-.074	.089	-.018	-.832	.406	.906	1.104
	TransCommunication	-.033	.064	-.011	-.507	.612	.835	1.197
	Financials	.243	.076	.068	3.190	.001	.873	1.146
	Chemicals	-.002	.080	-.001	-.031	.976	.878	1.139
	OtherIndustries	.052	.047	.026	1.108	.268	.751	1.331
	cFinPart	.030	.011	.057	2.722	.007	.908	1.101
	cHierarchyValues	.001	.001	.035	1.720	.086	.964	1.038
	cUpCommunication	.072	.011	.145	6.776	.000	.878	1.138
	cBriefings	.034	.009	.083	3.864	.000	.871	1.148

a. Dependent Variable: FinPerformance Financial Performances

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	cFinPart	.090 ^b	4.284	.000	.088	.940	1.064	.752
	cHierarchyValues	.014 ^b	.669	.503	.014	.997	1.003	.754
	cUpCommunication	.173 ^b	8.432	.000	.171	.962	1.040	.753
	cBriefings	.125 ^b	6.102	.000	.124	.982	1.018	.754

a. Dependent Variable: FinPerformance Financial Performances

b. Predictors in the Model: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

Appendix 8b: Quantitative analysis - Relationship EFP and soft performance**Variables Entered/Removed^a**

Model	Variables Entered	Variables Removed	Method
1	OtherIndustries, lnSize, Construction, Chemicals, Financials, TransCommunication ^b	.	Enter
2	cHierarchyValues, cUpCommunication, cFinPart, cBriefings ^b	.	Enter

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. All requested variables entered.

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.094 ^a	.009	.006	.98606	.009	3.550	6	2369	.002	
2	.229 ^b	.052	.048	.96502	.043	27.115	4	2365	.000	1.916

a. Predictors: (Constant), OtherIndustries, lnSize, Construction, Chemicals, Financials, TransCommunication

b. Predictors: (Constant), OtherIndustries, lnSize, Construction, Chemicals, Financials, TransCommunication, cHierarchyValues, cUpCommunication, cFinPart, cBriefings

c. Dependent Variable: SoftPerformance Soft Performances service innovation

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.712	6	3.452	3.550	.002 ^b
	Residual	2303.428	2369	.972		
	Total	2324.140	2375			
2	Regression	121.715	10	12.172	13.070	.000 ^c
	Residual	2202.424	2365	.931		
	Total	2324.140	2375			

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. Predictors: (Constant), OtherIndustries, lnSize, Construction, Chemicals, Financials, TransCommunication

c. Predictors: (Constant), OtherIndustries, lnSize, Construction, Chemicals, Financials, TransCommunication, cHierarchyValues, cUpCommunication, cFinPart, cBriefings

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.594	.110		32.561	.000		
	InSize	.009	.017	.011	.546	.585	.994	1.006
	Construction	.083	.094	.019	.887	.375	.910	1.099
	TransCommunication	.249	.068	.082	3.680	.000	.836	1.196
	Financials	.104	.080	.028	1.296	.195	.879	1.138
	Chemicals	-.146	.084	-.038	-1.749	.080	.889	1.125
	OtherIndustries	.050	.049	.024	1.012	.312	.754	1.326
2	(Constant)	3.799	.111		34.117	.000		
	InSize	-.023	.017	-.028	-1.368	.172	.931	1.074
	Construction	.098	.092	.022	1.069	.285	.906	1.104
	TransCommunication	.241	.066	.079	3.628	.000	.835	1.197
	Financials	.067	.079	.018	.856	.392	.873	1.146
	Chemicals	-.226	.082	-.059	-2.748	.006	.878	1.139
	OtherIndustries	.067	.048	.032	1.382	.167	.751	1.331
	cFinPart	.018	.011	.034	1.610	.108	.908	1.101
	cHierarchyValues	-.001	.001	-.025	-1.235	.217	.964	1.038
	cUpCommunication	.077	.011	.150	7.025	.000	.878	1.138
	cBriefings	.040	.009	.096	4.455	.000	.871	1.148

a. Dependent Variable: SoftPerformance Soft Performances service innovation

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	cFinPart	.067 ^b	3.172	.002	.065	.940	1.064	.752
	cHierarchyValues	-.050 ^b	-2.438	.015	-.050	.997	1.003	.754
	cUpCommunication	.183 ^b	8.916	.000	.180	.962	1.040	.753
	cBriefings	.146 ^b	7.141	.000	.145	.982	1.018	.754

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. Predictors in the Model: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

Appendix 9a: Quantitative analysis - Moderating effects – Financial performance**Variables Entered/Removed^a**

Model	Variables Entered	Variables Removed	Method
1	OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication ^b	.	Enter
2	iFPupComm, iFPHierarchyValues, iFPBriefings ^b	.	Enter

a. Dependent Variable: FinPerformance Financial Performances

b. All requested variables entered.

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.097 ^a	.009	.007	.95223	.009	3.777	6	2369	.001	
2	.121 ^b	.015	.011	.95039	.005	4.055	3	2366	.007	1.901

a. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, iFPupComm, iFPHierarchyValues, iFPBriefings

c. Dependent Variable: FinPerformance Financial Performances

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.549	6	3.425	3.777	.001 ^b
	Residual	2148.064	2369	.907		
	Total	2168.613	2375			
2	Regression	31.537	9	3.504	3.879	.000 ^c
	Residual	2137.076	2366	.903		
	Total	2168.613	2375			

a. Dependent Variable: FinPerformance Financial Performances

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

c. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, iFPupComm, iFPHierarchyValues, iFPBriefings

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.299	.107		30.948	.000		
	InSize	.037	.016	.047	2.281	.023	.994	1.006
	Construction	-.087	.090	-.021	-.959	.338	.910	1.099
	TransCommunication	-.022	.065	-.008	-.338	.735	.836	1.196
	Financials	.275	.077	.077	3.550	.000	.879	1.138
	Chemicals	.073	.081	.019	.897	.370	.889	1.125
	OtherIndustries	.030	.048	.015	.627	.531	.754	1.326
2	(Constant)	3.278	.107		30.632	.000		
	InSize	.040	.016	.051	2.469	.014	.983	1.017
	Construction	-.075	.090	-.018	-.826	.409	.906	1.104
	TransCommunication	-.018	.065	-.006	-.278	.781	.836	1.197
	Financials	.278	.077	.078	3.589	.000	.875	1.143
	Chemicals	.073	.081	.020	.904	.366	.888	1.127
	OtherIndustries	.028	.047	.014	.598	.550	.753	1.327
	iFPHierarchyValues	.000	.001	.012	.584	.559	.977	1.024
	iFPBriefings	.007	.008	.020	.843	.399	.716	1.396
	iFPupComm	.023	.009	.059	2.461	.014	.736	1.359

a. Dependent Variable: FinPerformance Financial Performances

Excluded Variables^a

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	iFPHierarchyValues	.007 ^b	.362	.717	.007	.995	1.005	.754
	iFPBriefings	.049 ^b	2.374	.018	.049	.986	1.014	.754
	iFPupComm	.068 ^b	3.351	.001	.069	.997	1.003	.754

a. Dependent Variable: FinPerformance Financial Performances

b. Predictors in the Model: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

Appendix 9b: Quantitative analysis - Moderating effects – Soft performance**Variables Entered/Removed^a**

Model	Variables Entered	Variables Removed	Method
1	OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication ^b		Enter
2	iFPupComm, iFPHierarchyValues, iFPBriefings ^b		Enter

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. All requested variables entered.

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.094 ^a	.009	.006	.98606	.009	3.550	6	2369	.002	
2	.145 ^b	.021	.017	.98057	.012	9.869	3	2366	.000	1.936

a. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, iFPupComm, iFPHierarchyValues, iFPBriefings

c. Dependent Variable: SoftPerformance Soft Performances service innovation

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.712	6	3.452	3.550	.002 ^b
	Residual	2303.428	2369	.972		
	Total	2324.140	2375			
2	Regression	49.179	9	5.464	5.683	.000 ^c
	Residual	2274.961	2366	.962		
	Total	2324.140	2375			

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication

c. Predictors: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication, iFPupComm, iFPHierarchyValues, iFPBriefings

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.594	.110		32.561	.000		
	InSize	.009	.017	.011	.546	.585	.994	1.006
	Construction	.083	.094	.019	.887	.375	.910	1.099
	TransCommunication	.249	.068	.082	3.680	.000	.836	1.196
	Financials	.104	.080	.028	1.296	.195	.879	1.138
	Chemicals	-.146	.084	-.038	-1.749	.080	.889	1.125
	OtherIndustries	.050	.049	.024	1.012	.312	.754	1.326
2	(Constant)	3.584	.110		32.462	.000		
	InSize	.011	.017	.014	.660	.510	.983	1.017
	Construction	.097	.093	.022	1.044	.297	.906	1.104
	TransCommunication	.255	.067	.084	3.782	.000	.836	1.197
	Financials	.102	.080	.028	1.274	.203	.875	1.143
	Chemicals	-.152	.083	-.039	-1.828	.068	.888	1.127
	OtherIndustries	.044	.049	.021	.893	.372	.753	1.327
	iFPHierarchyValues	-.002	.001	-.047	-2.290	.022	.977	1.024
	iFPBriefings	.014	.009	.039	1.616	.106	.716	1.396
	iFPupComm	.029	.010	.071	3.001	.003	.736	1.359

a. Dependent Variable: SoftPerformance Soft Performances service innovation

Excluded Variables ^a							
Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics	
						Tolerance	Minimum Tolerance
1	iFPHierarchyValues	-.055 ^b	-2.667	.008	-.055	.995	.754
	iFPBriefings	.082 ^b	3.972	.000	.081	.986	.754
	iFPupComm	.092 ^b	4.535	.000	.093	.997	.754

a. Dependent Variable: SoftPerformance Soft Performances service innovation

b. Predictors in the Model: (Constant), OtherIndustries, InSize, Construction, Chemicals, Financials, TransCommunication