THE INDIVIDUAL AND SOCIETAL LEVEL IMPACT OF
BROAD-BASED SHARE COMPENSATION AND WORKPLACE EXPERIENCE

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ABSTRACT OF THE DISSERTATION

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This study analyzes a unique data to examine the individual level and indirect societal level impact of broad-based share compensation (BBSC), which is a combination of compensation schemes that link employee wealth to the firm’s financial performance. Drawing on previous research evidence of individual and firm performance effect of BBSC, this study expands the knowledge towards if and how BBSC leads to increased perception of fairness and sense of ownership. In addition to the individual level outcomes which have performance implications, this study also explores the effect of BBSC on individuals’ willingness to participate in political and civic activities. The results of this study provide novel insights on the individual level and indirect societal level outcomes of BBSC.

Keywords: Broad-based share compensation, employee ownership, profit sharing, gainsharing, workplace participation, employee attitudes
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Introductory Chapter: Introduction to Broad-Based Share Compensation
Introduction

Broad-based stock and share compensation are widespread phenomena in many countries. In the U.S., almost half of American private-sector employees participate in one or more forms of broad-based share compensation such as profit sharing, gainsharing, and various forms of employee stock ownership (General Social Survey, 2018). Broad-based share compensation is also expanding in Europe. According to the European Federation of Employee Share Ownership (EFESO), the stake and the capital held by employee shareholders in European companies increased by 135% between 2009 and 2018 (Mathieu, 2019).

Various theories have been proposed to help explain under what conditions and how employee ownership and broad-based compensation arrangements lead to positive organizational and individual outcomes. Substantial empirical evidence supports the predictions based on these theories. Studies found that broad-based share compensation leads to various positive employee attitudinal and behavioral outcomes, which in turn lead to greater organizational performance under certain contingencies.

With such evidence accumulated, studies of broad-based employee share compensation need to expand their theoretical and empirical boundaries to incorporate previously understudied mechanisms and outcomes. In this study, a series of three chapters focus on individual level outcomes of broad-based share compensation in relation to organizational justice perceptions and societal level outcomes drawing upon the theory of democratic spillover. Such endeavors provide us with richer knowledge of the individual and societal implications of broad-based share compensation and expand the theories of organizational justice and democratic spillover.
The first chapter of this dissertation examines how the perception of justice is affected by broad-based share compensation and related practices and, in turn, helps shape a sense of ownership. This research clarifies whether such compensation and ownership arrangements contribute to individual employees’ perception of equity and fairness in the workplace and, if so, how they accomplish this. The second essay incorporates broad-based share compensation into an examination of the democratic spillover thesis. This study enables a greater understanding of how formal employee ownership can contribute to democratic politics through enhancing individuals’ involvement in the workplace and their sense of political efficacy. In the third chapter, I examine how employee perceptions of the company’s corporate social responsibilities (CSR) activities are associated with employees’ organizational citizenship behaviors and with broad-based share compensation. This study also expands the scope of CSR studies and the democratic spillover theory by incorporating the civic participation of individuals into CSR outcomes.

Theoretical Review

Definition/Types of broad-based share compensation

Broad-based share compensation (BBSC hereafter) is defined as “a diverse set of compensation practices through which worker pay or wealth depends on the performance of the firm or work group” (Freeman, Blasi, & Kruse, 2010). There are several types of BBSC practices through which worker compensation can be tied to the company performance, such as direct employee ownership including an employee stock ownership plan (ESOP), individual stock ownership, profit sharing, gain sharing, and broad-based stock options. The definition of each type is based on the most widely accepted
conceptualization by Freeman, Blasi, and Kruse (2010). Workers can have a majority or minority stake of the firm. Alternately, workers can have complete ownership of the firm directly or through a trust or other legal entity. In the U.S., one of the most common ways workers can own shares is through an ESOP. An ESOP, which is governed by federal legislation on retirement plans called ERISA, establishes a trust, and allows companies to contribute their own money or borrow money from a bank for the trust to buy the stock shares of the company for the workers. Workers typically gain an ownership stake without investing their own money to buy the stock in an ESOP arrangement. Workers can also gain ownership through a partnership, a non-ERISA employee ownership trust, or in the form of cooperatives. In addition, workers can buy stock shares from their own firms and vote on those shares through their company’s 401(k) retirement plan or privately on the stock market. Some firms subsidize a portion of employee purchases of shares outside of retirement plans through federally approved employee stock purchase plans (ESPP), which typically offer stock at a 10 to 15% discount to market.

Profit sharing is a scheme in which a company pays workers specified shares of profits with cash bonuses, company stock, or as a contribution to a retirement plan (called “deferred profit sharing”). Profit sharing can be formal (with a predetermined formula) or informal (based on companies’ discretionary decisions at the end of each year or more frequently). Through gain sharing, companies can offer workers payments based on performance increases or productivity or quality gains within their work units rather than the whole enterprise. Broad-based equity compensation such as phantom stock, restricted stock, and employee stock options are also considered forms of BBSC.
Broad-based share compensation: Theories

Broad-based share compensation (BBSC hereafter) has its theoretical roots in agency theory, social exchange theory, equity theory, expectancy theory, and theories of motivation and strategic human resource management. O’Boyle, Patel, and Gonzalez-Mule (2016), in their meta-analysis, pointed out that the studies on BBSC have relied on several competing theories, including agency theory (e.g., Kim & Patel, 2017; Pendleton, 2006), property rights (Ben-Ner & Jones, 1995; Kim & Patel, 2017), and broad management theory (strategic human resource management theory, e.g., Kaarsemaker & Poutsma, 2006; Kim & Patel, 2017). Theories such as social exchange and psychological ownership are also relevant to BBSC.

Agency theory

Agency theory predicts agency costs such as the costs of aligning the interests of managers and owners or costs incurred by moral hazard when ownership and management of a firm is separated. The studies based on agency theory typically advance the argument that sharing the ownership stake of the firm broadly with the employees can help align the interests of the employees to those of the firm, reducing the cost of monitoring and inducing greater performance of the employees (Kim & Patel, 2017; Pendleton, 2006). Agency relations can be defined as “a contract under which one or more persons (the principal(s)) engage another person(s) (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent(s) (Jensen & Meckling, 1976).” The issue arises when both parties to the relationship are utility maximizers; this can lead to a situation in which the agent does not
act in the best interests of the principal. If the principal and the agent have differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistle blowing, vertical integration, transfer pricing), the principal-agent problem is likely to occur and be exacerbated (Eisenhardt, 1989). In a firm, the principals are the investors, owners, and shareholders.

The agency problem can be twofold within a firm. Most discussions on the agency problem clarify that there may be inconsistent interests held by the principals (owners or shareholders) and by agents who are managers and other employees. At the same time, the interests of individual workers may not align with the interests of the managers or the principals and owners.

To limit the agent’s divergences from the principal’s interest, the principal can establish incentives for the agent, monitor the agent, or develop tighter bonds with the agents through corporate culture or various HR practices. BBSC can function as an incentive to help align the interests of the agent with those of the principal. Some empirical studies on BBSC that are based on the agency theory typically advance the argument that sharing the ownership stake of the firm broadly with employees can reconcile the interests of employees to those of the firm. This reduces the cost of monitoring and increases employee performance (Kim & Patel, 2017; Pendleton, 2006).

Agency theory tends to assume the existence of a partial goal conflict among participants in a firm and information asymmetry between the principal and the agents within an organization (Eisenhardt, 1989). Empirically, BBSC has been found to increase information sharing within firms (O’Boyle et al., 2016; Pierce et al., 2001). Moreover,
BBSC can also function as a mechanism to reduce information asymmetry and the accompanying moral hazard.

BBSC can help reduce agency costs by providing incentives to align the interests of workers with the interests of the firm and reducing information asymmetry within the firm. There are three types of costs associated with the agency problem: monitoring expenditures by the principal; bonding expenditures by the agent, plus any costs to the principal of investing in bonding with the agent; and residual loss due to the divergence between the agent’s decisions and decisions that would maximize the welfare of the principal (Jensen & Meckling, 1976). If employees’ interests are better aligned with the interests of the firm, there is a decreased likelihood that an organization will incur monitoring or bonding costs. Group performance-based incentives, such as equity participation and profit sharing or gain sharing, can perform such functions. In addition, there is no guarantee that managers in a firm with separate ownership and management effectively represent the welfare of the principal. However, it is possible that workers with shared ownership can simultaneously be owners and principals of a firm. This could potentially lessen or eliminate agency problems between workers and firms.

Social exchange theory

Social exchange is an intermediate form of transaction within pure economic transactions, mutual attraction, and support in profound love (Blau, 1964). Unlike an economic institution (e.g., an impersonal market) or a contract with precise terms, social exchange involves unspecified obligations. The fulfillment of social exchange is based on trust and reciprocity (Blau, 1986). “Social exchange has long been used by organizational
researchers to describe the motivational basis behind employee behaviors and the formation of positive employee attitudes (Settoon, Bennett, & Liden, 1996, p.219).”

Participation in BBSC involves more than extrinsic monetary benefits. Indeed, it includes possible intrinsic benefits. However, only a few studies have explicitly attempted to explain the benefit of BBSC by drawing upon social exchange theory (Bayo-Morienes & Larraza-Kintana, 2009). Various forms of BBSC—for example, those based on grants—have been designed to minimize the direct financial investment by individual employees while providing workers with access to shares of financial profits from the company that employs them. In such arrangements, social exchange theory hypothesizes that individual employees will react with increased trust and reciprocal behaviors.

Expectancy theory

According to Vroom (1964), motivation or ‘force’ to perform a certain act $i$ is a function of valence of outcome of $j$ and expectancy that act $i$ will be followed by outcome $j$. Situational factors such as desirability of outcome $j$, degree of motive arousal, and frequency with which $j$ has been associated with established rewarding or punishing outcomes affect the valence of $j$. Expectancy is shaped by a communicated and objective probability that $i$ will be followed by $j$, and the proportion of trials for which $i$ has been followed by $j$. When applied to work performance, the theory hypothesizes that “motivation (force) to perform is dependent on the individual's beliefs concerning his capability of performing, given that he exerts performance-related effort (expectancy); his beliefs concerning the likelihood that second-level outcomes or consequences will
occur, given that he performs at some level (instrumentalities); and the attractiveness of these consequences (valences of second-level outcomes)” (Schwab, 1973, p.308).

The theory provides one of the several paradigms that can articulate a process through which employee ownership can produce a set of social-psychological and behavioral effects. BBSC connects the perception of gains and losses associated with an individual's current or future equity. At the same time, it also provides a channel for influence and informational rights. Employee share owners are more likely to perceive the survival, growth, and success of the organization as critical and valued outcomes for themselves, having strong motivational effects (Pierce, 1991). Relatedly, Long (1978) argues that the sense of shared interest of employee-owners can lead to an increase in cooperative behaviors between employees. In turn, this leads to stronger beliefs about organizational support and closer interdependencies of the efforts of others, thereby contributing to peer pressure that improves work norms for groups.

Intrinsic, extrinsic, and instrumental motivation

Klein (1987) articulates three models of satisfaction stemming from EO: intrinsic, extrinsic, and instrumental. The intrinsic satisfaction model of employee ownership suggests that “ownership qua ownership.” In other words, ownership itself increases employees' commitment to and satisfaction with the company. Ownership is attractive to most people. Likewise, being an owner can enhance one’s ego. Therefore, employee ownership creates a common interest among employees and increases employees’ organizational identification. According to the intrinsic satisfaction model of employee ownership, the benefits of employee ownership derive directly from ownership, rather
than a more specific characteristic of the employee ownership plan or of the company. This effect is often described as a “direct effect” of employee ownership.

The instrumental satisfaction model of employee ownership proposes that employee ownership increases employee influence in company decision making (Stein, 1976), which, in turn, increases employee commitment. This model suggests that employee ownership has a positive impact on employee attitudes if the company provides significant opportunities for worker participation in decision making. The positive effect of employee ownership proposed in this model is sometimes described as an “indirect effect” (Tannenbaum, 1983, as cited in Klein, 1987). This model is also consistent with the complementarity argument of employee ownership that emphasizes the importance of complementary high-performance work systems (HPWS) for boosting the productivity effect of employee ownership (Dube & Freeman, 2010).

The extrinsic satisfaction model indicates that employee ownership can increase organizational commitment if employee ownership is financially rewarding to employees. The incentive effect of employee share compensation has received empirical support from descriptive data on employees’ perceptions of the benefits of employee ownership (French & Rosenstein, 1984; Hochner & Granrose, 1985; Long, 1978a; Rosen et al., 1986).

Psychological ownership

Psychological ownership is defined as a “state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is theirs (Pierce et al., 1991).” Three roots of psychological ownership, which explain why individuals develop psychological ownership, have been presented by different researchers: efficacy
and effectance, self-identity (possessions serve as symbolic expressions of the self), and having a place (Pierce et al., 2001). Psychological ownership results in claiming the rights to information and voicing increased responsibility. It can also lead to organizational change because employees will be positive regarding changes that are self-initiated, evolutionary, and additive. In contrast, they will resist when changes are imposed, revolutionary, and subtractive (Pierce et al., 2001). Psychological ownership is typically generated through control of an object, close knowledge of the target, or investment of the self into the target (Pierce et al., 2001). When applied to the BBSC research, the theory provides an explanatory mechanism of how formal ownership and participation in decision making can contribute to positive employee attitudes and behavior.

Psychological ownership is closely connected to the idea of organizational commitment, which has been well developed by Allen and Meyer (1990). They differentiated affective, normative, and continuance commitment to work organization. Affective commitment is a type of commitment that leads an individual to remain in the organization because they “want to,” whereas normative commitment is a feeling that one “ought to” remain. Continuance commitment is when workers feel they “need to” remain in the organization (Kuvaas, 2003). The theory provides a hypothesized explanation of how ownership sharing can lead to increased worker commitment and, subsequently, an increase in positive and productive worker behaviors. Normative commitment, while related to reciprocity, remains distinct. Blasi, Freeman, and Kruse (2016) developed the theoretical model of how feelings of reciprocity generated by shared ownership can lead
to greater effort and cooperation as possible mechanisms of positive attitudinal and behavioral outcomes of BBSC.

The theory of strategic human resource management

Theories of strategic human resource management provide a useful framework for explaining the productivity effect of BBSC (Kaarsemaker & Poutsma, 2006; Kim & Patel, 2017). In particular, the resource-based view (RBV) of the firm implements the concept of competitive advantage advanced by Porter (1980) in management strategy research to the field of human resource management research. When applied to human resource management, the theory argues that value-adding, inimitable, non-substitutable, and rare resources can be the source of sustained competitive advantage. Moreover, the human resources of the firm can possess such characteristics (Barney, 1991). The studies based on RBV focus on how BBSC aids in developing socially complex human resources that are difficult to imitate and path dependent (Lippman & Rumelt, 1982; Ployhart, 2012).

Another line of strategic human resource management theory provides the basis for BBSC research. The importance of internal and external fit has been emphasized by strategic HRM researchers (e.g., Schuler & Jackson, 1987). When applied to BBSC research, the argument can be made that the shared capitalist modes of compensation must be assigned with other HRM policies and practices to support and enhance each other’s effectiveness.

Theorists of HPWS have presented ability-, motivation-, and opportunity enhancing practices (AMO) as the three essential components for HPWS to be effective
in enhancing employee performance (Applebaum, Bailey, Berg, & Kalleberg, 2000; 
Lepak, Liao, Chung, & Harden, 2006). The use of the three dimensions of HR systems 
instead of a uni-dimensional or two-dimensional framework is based on an examination 
of differential effects of the three dimensions (Jiang et al., 2012).

The AMO framework is one of the most useful theoretical frameworks that can be applied when considering the interactive or additive effect of different sets of HRM practices or individual and organizational characteristics on performance. Blumberg (1982) first presented the framework of CWO, which stands for capacity to perform, willingness to perform, and opportunity to perform. Blumberg added the opportunity factor to the long-known function of performance = f(ability x motivation), arguing that performance is defined by the interaction of the three factors, expressed as performance = f(C x W x O).

Classic work performance theories hypothesize complementarity among A, M,
and O aspects (Blumberg & Pringle, 1982; Vroom, 1964). In this perspective, A, M, and O must all be present in some degree for a task to be performed, and performance will drop when any of these values decrease (Blumberg & Pringle, 1982). In this reasoning, A, M, and O interact (Delery, 1998), and their ultimate influence depends on which of these factors an individual possesses (Lepak et al., 2006). This implies that neither ability, motivation, nor opportunity can ensure performance on their own. In the extreme situation (extreme complementarity), when one or more of the antecedents is absent, individual performance becomes impossible (Siemsen, Roth, & Balasubramanian, 2008). The function that reflects this interactive (i.e., complementary) interpretation of the AMO model is P = f(A x M x O).
According to Boxall and Purcell (2003), performance is an additive function of the form \( P = f(A + M + O) \). If this is the case, each antecedent of performance will have a direct and independent contribution regardless of the other antecedents. With such an additive effect (Delery, 1998), boosting any one factor should result in increased levels of performance (Lepak et al., 2006). According to Siemsen et al. (2008), the interactive model of the AMO theory has much theoretical support to suggest that interactive effects will take place, but it has never been empirically validated. Performance in the multiplicative model is expected to be limited or nonexistent in the event of extreme combinations (e.g., when any of the factors would be zero, the resulting performance would be zero too); therefore, Cummings and Schwab (1973) support the use of a simple additive approach. In either approach, BBSC can serve as a motivating factor from the AMO framework perspective. When combined with proper training, development, and autonomy for employee-owners, BBSC can be predicted to contribute to firm performance in a positive way.

Caramelli and Briole’s theoretical model (2007), based on the finding of the studies of applied contingent models of participation and the instrumental satisfaction model, also predicts that employee ownership may have positive attitudinal effects if it provides the employees with some rights in terms of information and participation in decision-making. In addition, according to the cognitive model, participation may have a positive effect on work satisfaction when the following two conditions are met: if workers are well informed about the decisions they participate in and if these decisions are perceived as interesting by workers because they bring relevant insight (Caramelli & Briole, 2007). This implies that employee ownership needs to be combined with more
inclusive HRM practices, including information sharing, to be effective. As summarized above, corporate culture and complementary HPWS practices and policies play a critical role in generating beneficial organizational and individual outcomes by adopting BBSC.

Equity theory

Equity theory (Adams, 1965) holds that individuals compare the ratio of their inputs and outputs with the ratio of a referent when receiving financial rewards. The referent can be the self, others, or even the organization. Broad-based share compensation provides employees with opportunities to compare their input–output ratios with those of the organization (Coyle-Shapiro, Morrow, Richardson, & Dunn, 2002) through aligning the financial goals of the employee and the organization. Owning stock and sharing profits and financial gains help employees compare and calculate the input-output ratio. According to the theory, BBSC will lead to a greater sense of fairness and justice. In turn, this will lead to various positive employee attitudes and behaviors.

Broad-based share compensation: Outcomes

Studies on the impact of BBSC on employees have focused on psychological ownership (Pierce, Kostova, & Dirks, 2001; Pierce, Rubenfeld, & Morgan, 1991), organizational commitment (Keef, 1998; Kuvaas, 2003), reciprocity, self-monitoring and self-selection (Blasi, Freeman, & Kruse, 2016), organizational identification (French, 1987; French & Rosenstein, 1984), fairness and justice (Frohlich, Godard, Oppenheimer,

Empirically, BBSC has been associated with greater participation in decision-making, higher pay, increased benefits and wealth, enhanced job security, satisfaction with influence at the workplace, trust in the firm, and better assessments of management and labor management relations practices (Freeman, Blasi, & Kruse, 2010). Some of the influential empirical studies are summarized below.

The meta-analyses of O’Boyle and colleagues (2016) and Doucouliagos (1995) provide a convenient overview of the empirical studies. O’Boyle and his colleagues meta-analyzed 102 samples, representing 56,984 firms, and found a small but significant effect of employee ownership on firm performance. The performance effect was found across different types of studies, including cross-sectional studies, and studies that used pre- or post-transitions from conventional to employee-owned governance systems, and across different operationalizations of performance and different firm types and sizes. The result also indicated wide variations in employee ownership plans in terms of the modes of acquiring stock, levels of participation (from phantom stock to coop), and the breadth of participation. The result indicates that a wide range of employee ownership arrangements generally have positive impacts on firm performance. Moreover, the performance effects increased over time and were stronger in the samples outside the U.S.

Freeman’s review (2007) provides another useful overview of some of the influential studies. Freeman discovered that individual workers in employee ownership plans gain substantial wealth, accrue sizable ESOP benefits, enjoy increased job security
(Blair et al., 2000; Craig & Pencavel, 1992, 1993, 1995), and have higher work satisfaction in general without increased risk.

Kurtulus and Kruse (2017) examined one of the benefits workers can enjoy: job security. They analyzed the U.S. Department of Labor’s Form 5500 data on ESOPs matched with the Standard and Poor’s Compustat data of publicly traded companies during 1999–2011. They included a variety of measures of BBSC, including employee ownership, ESOP presence, employee ownership stock value per employee, the share of the firm owned by employees, employee owners as a percentage of employees, and ESOP participants as a percentage of employees. The results indicate that the firms with employee stock ownership exhibited greater employment stability in the face of economy-wide and firm-specific negative shocks and were more likely to survive.

Kim and Patel (2017) analyzed a database of 1,797 firms in 31 countries from 2006 to 2014 from the EFESO, matched with the Global Compustat database for financial performance information. In the sample, on average, 4,187 employees in each firm own company stock, and their share is worth about €110.8 million, or 7.4% in firm equity. The result of the variance decomposition analysis indicates that EO explained 7.09% of ROA and 7.32% of workforce productivity, which is significant but relatively small.

Blasi, Freeman, and Kruse (2016) analyzed the data of 780 firms that applied to the Great Place to Work Institute competition of “100 Best Companies to Work for in America” from 2005 to 2007 and matched these firms with the Standard and Poor’s Compustat file for firm performance. They applied the random effects specification of the model to analyze both within-firm and between-firm variations. They found that, as in
O’Boyle et al. (2016), substantial variation exists among the applicants to the “100 Best Companies to Work For” list in their use of group incentive systems of pay, in workplace practices, and in worker assessments of workplace culture. The firms that use BBSC have policies that enable enhanced employee participation in decisions, increased information sharing, and a more positive workplace culture than those in other firms. This correlation was strongest among the ESOPs and deferred profit sharing plans. The result demonstrates that the combination of BBSC, empowering policies, and positive workplace cultures leads to a higher intent to stay, lower turnover, and higher return on equity.

Arando, Gago, Jones, and Kato (2015) studied Eroski, a supermarket chain owned and operated by Mondragon, the largest group of worker cooperatives. They studied 80 hypermarket and 542 supermarket stores (out of a total of 2,441 in all Europe) that have been part of the Eroski chain for at least six months, from February 2006 to May 2008. They discovered that hypermarket stores with cooperative ownership had significantly faster sales growth than GESPA stores, which offer limited ownership to the workers. The net difference in sales growth was 2.4% between cooperatives and GESPA. However, there were no significant differences in performance among the three types of stores. Cooperatives only outperformed conventional stores among the sample of a subgroup of small supermarkets.

From surveys of more than 40,000 employees from the 300 plus workplace sites in 14 companies, Kruse, Freeman, and Blasi (2010) concluded that BBSC is associated with “greater attachment, loyalty, and willingness to work hard; lower chances of
turnover; worker reports that co-workers work hard and are involved in company issues; and worker suggestions for innovations (p.12).”

Kuvaas (2003) analyzed 200 randomly sampled workers in a work organization with 1,200 workers in Norway in 1999. The company has had a profit-based stock grant, the maximum of which equals to a month’s basic pay after tax, every year since 1996. The result indicates that the preference for ownership and the perceived fairness of the employee ownership plan leads to increased affective commitment. This means that the effects of ownership on organizational commitment depend on how employees evaluate and perceive formal ownership plans.

Boning, Ichniowski, and Shaw (2001) analyzed the longitudinal data of 34 production lines in U.S. steel mini-mills. They discovered that problem solving teams are adopted only in the presence of incentive pay plans in these mini mills. Moreover, technologically complex production lines are more likely to adopt teams. Group-based incentive pay demonstrated a positive impact on productivity, and the combination of the team system and group incentives resulted in 3,000 additional tons of production, which totaled $1.4 million a year. The effect was larger in more complex production lines, and the test of selectivity bias did not substantially change the value.

As summarized above, rich empirical evidence points out that BBSC leads to improved employee attitudes and behaviors that can increase a firm’s productivity. In addition, BBSC contributes to positive personal experience of greater decision-making participation and autonomy, increased pay and wealth, enhanced job security, and better labor-management relationships. The suggested theoretical mechanisms of this impact include ameliorating the principal-agent problem, implementing worker incentives
through granting property rights, and transforming the human resource into a source of sustained competitive advantage. In addition, another effect is a suitable internal and external fit of shared capitalist compensation with firm strategies and human resource management policies.

Broad-based share compensation: Complementarity

As noted by Blasi, Freeman, Mackin, and Kruse (2010), when researching the impact of BBSC on various outcomes, it is critical to consider whether the impact is derived independently from BBSC or in combination or interaction with common complementary human resource management practices. For instance, practices that can be categorized as HPWS often exist in workplaces with BBSC. Theoretically, this is a logical combination. When workers are granted an ownership stake based on the expectation that they will think and behave as the principal without giving them enough autonomy to behave like one, no productivity or attitudinal-behavioral outcomes can be expected. Indeed, as in the outcomes of pseudo-participation (Pateman, 1970), negative outcomes can result from this. Blasi and colleagues (2010) created an index of high-performance work policies that offers one point each for being in an employee involvement team, receiving formal training in the past twelve months, and having high job security. They tested whether these practices interact with BBSC and discovered that the positive effect of BBSC on reducing turnover intention existed only for workers covered by the HPWS policies. They also found that loyalty and employee willingness to work diligently tend to be enhanced when BBSC is combined with HPWS and reduced
when BBSC is combined with close supervision. Dube and Freeman (2010) confirmed the positive interaction between BBSC and employee involvement on outcomes.

The finding that firms with shared capitalist pay are more likely than other firms to have greater worker involvement in organizational decision making implies that there can be other latent variables that may affect the impact of BBSC, such as organizational culture or broader economic or social norms that are shaped by different cultural contexts.

Applying the strategic HRM theory to the BBSC research can provide an idea of how and why complementary HRM practices are important and interrelated (Kaarsemaker & Poutsma, 2006). When employee ownership is a central element of HRM policies, the firm should propagate the idea that employees deserve to be co-owners and take employees seriously as such. Accordingly, the HRM system should contain the practices that cover basic ownership rights, such as participation in decision making, profit sharing, information sharing, and training for business literacy and mediation, which are core concepts of ownership. In addition, these policies and practices need to be coherent to achieve internal fit, which refers to the coherence of the HRM policies and practices among themselves, as well as external fit, which refers to the coherence of the HRM policies and practices about broader organizational strategies (Becker & Gerhart, 1996). Boning, Ichniowski, and Shaw (2001) also found that in 34 mini mills studied, problem solving teams were adopted only when the plant had incentive pay plans, indicating that the group incentives and the opportunity to participate in making decisions go hand in hand. In explaining the mechanism of why the firms with employee ownership show greater employment security, Kurtulus and Kruse (2017)
argue that employee ownership facilitates a more cooperative company culture and may increase the workers’ willingness to adjust during times of economic distress.

The remaining question is how much the complementary practices and corporate culture and BBSC can explain performance and employee outcomes. The findings based on the instrumental satisfaction model provide an important insight for this question. As Buchko (1992) found, ownership alone did not explain the employee outcomes. Instead, it was the increased influence and control that led to the outcomes such as higher satisfaction with ESOP, greater commitment, lower turnover intention, and lower actual turnover. Dube and Freeman (2010) also found, from the National Bureau of Economic Research (NBER) Shared Capitalism project data of more than 40,000 workers of 14 firms, that together, employee involvement programs and shared compensation improve outcomes such as job satisfaction, attitudes toward the firm, and turnover intention. Interestingly, involvement programs showed an independent effect on outcomes whereas the effect of shared compensation depended on the presence of these involvement programs. They also found that the outcomes were highest when BBSC was combined with employee involvement committees. This is strong evidence indicating that the positive effect of BBSC depends upon the complementing practices and policies, and that BBSC can further enhance the positive impact of these policies.

Data

National ESOP Employee Survey

The first two chapters of this study analyze data from the National ESOP Employee Survey. A team of researchers began developing a questionnaire in early 2018, using and adapting some features of the survey done by Blasi, Freeman, and Kruse in the
early 2000s, sponsored by the NBER in the Shared Capitalism Project. However, this new survey includes questions that have been asked less frequently in the context of employee ownership and broad-based financial participation and are validated instruments that can be the basis of research in the leading HR journals.

The general purpose of the survey was to collect data from employees and managers of business firms with ESOPs, through which employees can own a significant share of the firms for which they work. The survey extensively collected data on individual outcomes such as satisfaction, commitment, a sense of ownership, employee involvement, and intention to leave the firm.

With collaboration and support from the ESOP Association and the Employee Ownership Foundation, combined with personal and prior research networks, the research team began recruiting employee-owned companies in mid-2018. The team contacted companies through the association’s regional chapter meetings, conference calls, and recruitment mails. The data was collected from late 2018 to early 2020 from nine companies with broad-based stock compensation either through an ESOP (eight companies) or other individual stock ownership arrangement (one company). The team sent surveys to approximately 3,000 employees from these nine companies and received 1,252 responses (a 42.5% response rate).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Transportation/Manufacturing</th>
<th>4 companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional and technical services</td>
<td>5 companies</td>
</tr>
<tr>
<td>ESOP</td>
<td>YES</td>
<td>8 companies</td>
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Table Intro. 1. Descriptive statistics of the National ESOP Survey—companies
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<thead>
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<th>1 company</th>
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<tbody>
<tr>
<td><strong>Company Size</strong></td>
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</tr>
<tr>
<td></td>
<td><strong>Total (average)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total sample (average)</strong></td>
</tr>
<tr>
<td></td>
<td><strong># response (total)</strong></td>
</tr>
<tr>
<td>% ESOP (8 companies)</td>
<td><strong>Average</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Range</strong></td>
</tr>
</tbody>
</table>

Table Intro. 2. Descriptive statistics of the National ESOP Survey—individuals

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<th>Age</th>
<th>Average</th>
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<td>41.3</td>
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<tr>
<th>Gender</th>
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</thead>
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<tr>
<td>Male</td>
<td>68.5%</td>
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<tr>
<td>Female</td>
<td>31.5%</td>
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<table>
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<th>Occupation</th>
<th>Percentage</th>
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<tr>
<td>Production, maintenance, or delivery work</td>
<td>12.7%</td>
</tr>
<tr>
<td>Administrative support staff</td>
<td>6.0%</td>
</tr>
<tr>
<td>Professional/technical staff</td>
<td>57.6%</td>
</tr>
<tr>
<td>Sales staff</td>
<td>2.6%</td>
</tr>
<tr>
<td>Customer service staff</td>
<td>2.1%</td>
</tr>
<tr>
<td>Management</td>
<td>18.9%</td>
</tr>
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</table>

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<tr>
<th>Tenure</th>
<th>Percentage</th>
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</thead>
<tbody>
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<td>0~1 year</td>
<td>17.9%</td>
</tr>
<tr>
<td>2~4 years</td>
<td>23.8%</td>
</tr>
<tr>
<td>5~9 years</td>
<td>26.7%</td>
</tr>
<tr>
<td>Age Group</td>
<td>Percentage</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</td>
</tr>
<tr>
<td>10~19 years</td>
<td>22.4%</td>
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<tr>
<td>20 or longer</td>
<td>9.3%</td>
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<tr>
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<th>No</th>
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<td></td>
<td>43.6%</td>
<td>56.4%</td>
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</table>

<table>
<thead>
<tr>
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<th>$50,000~$110,000</th>
<th>More than $110,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.3%</td>
<td>56.3%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESOP participation</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>97.1%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESOP value</th>
<th>Less than $75,000</th>
<th>$75,000~$250,000</th>
<th>More than $250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60.0%</td>
<td>18.8%</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>401(k) participation</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>96.5%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>401(k) value</th>
<th>Less than $75,000</th>
<th>$75,000~$250,000</th>
<th>More than $250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>64.2%</td>
<td>19.4%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Amazon Mechanical Turk (MTurk) Survey

The National ESOP Employee Survey recruited companies with broad-based stock compensation only; therefore, most of the surveyed employees currently own company stock. To create a comparison group of employees without stock ownership, the
research team replicated the survey using the Amazon MTurk Survey in November 2020. The team collected 1,499 cases. In this survey we did not exclude participants who have various forms of employee share compensation, including an ESOP, ESPP, phantom stock, and others.

Table Intro. 3. Descriptive statistics of the Amazon MTurk survey

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td>39.5</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>54.7%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>45.3%</td>
</tr>
<tr>
<td>Occupation</td>
<td>Production, maintenance, or delivery work</td>
<td>14.1%</td>
</tr>
<tr>
<td></td>
<td>Administrative support staff</td>
<td>14.5%</td>
</tr>
<tr>
<td></td>
<td>Professional/technical staff</td>
<td>34.4%</td>
</tr>
<tr>
<td></td>
<td>Sales staff</td>
<td>5.5%</td>
</tr>
<tr>
<td></td>
<td>Customer service staff</td>
<td>9.2%</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>22.3%</td>
</tr>
<tr>
<td>Tenure</td>
<td>0~1 year</td>
<td>7.2%</td>
</tr>
<tr>
<td></td>
<td>2~4 years</td>
<td>29.4%</td>
</tr>
<tr>
<td></td>
<td>5~9 years</td>
<td>35.6%</td>
</tr>
<tr>
<td></td>
<td>10~19 years</td>
<td>21.5%</td>
</tr>
<tr>
<td></td>
<td>20 or longer</td>
<td>6.4%</td>
</tr>
<tr>
<td>Decision making unit</td>
<td>Yes</td>
<td>42.8%</td>
</tr>
<tr>
<td>participation</td>
<td>No</td>
<td>57.2%</td>
</tr>
<tr>
<td></td>
<td>Less than $50,000</td>
<td>48.7%</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------</td>
<td>-------</td>
</tr>
<tr>
<td></td>
<td>$50,000~$110,000</td>
<td>46.0%</td>
</tr>
<tr>
<td></td>
<td>More than $110,000</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

| ESOP participation             | Yes               | 18.2% |
|                                | No                | 77.7% |

| ESOP value                     | Less than $75,000  | 80.2% |
|                                | $75,000~$250,000   | 17.5% |
|                                | More than $250,000 | 2.3%  |

| 401(k) participation           | Yes               | 56.6% |
|                                | No                | 41.4% |

| 401(k) value                   | Less than $75,000  | 69.3% |
|                                | $75,000~$250,000   | 23.4% |
|                                | More than $250,000 | 7.3%  |

This study provides a new breakthrough of employee ownership and BBSC research by analyzing this data and applying different theoretical frameworks on topics such as organizational justice, psychological ownership, democratic spillover, corporate social responsibility, and organizational citizenship behavior. Many previous studies have accumulated evidence on the performance effect of BBSC, so the objective of this study is to expand knowledge about broad-based share ownership. The results of the three chapters in this study explore potential mechanisms through which BBSC influences individuals, business organizations, and society. The summary of the results of the three empirical chapters of this study are summarized below.
Chapter one examines the importance of organizational justice perception and BBSC, including how employee stock ownership and profit and gain sharing foster employees’ psychological ownership. The results support hypotheses about the positive relationships among workplace participation, information sharing, organizational justice, and psychological ownership. The analysis identifies workplace participation as a form of control and information sharing as a source of intimate knowledge; both are positively associated with psychological ownership. Workplace participation and information sharing are also positively associated with procedural justice perception. The results indicate that when employees have control over an organization’s procedures and rules, those rules and procedures are perceived to be fairer. Information sharing can lead to greater procedural justice perception in two distinct ways.

Procedural justice perception is positively associated with distributive justice perception. Procedural justice perception can arguably help justify the outcomes of resource distribution and allocation. When employees believe that the rules and procedures are fair, they are more likely to perceive resource allocations as fair. The two subdimensions of justice perception—procedural and distributive—are independently and positively associated with psychological ownership. When the dollar value of stock owned by employees is held constant, stock ownership is positively associated with psychological ownership but not with distributive justice perception. However, the results also indicate that simply being an owner does not automatically increase the sense of fairness related to outcomes.

As hypothesized, the dollar value of the employer’s stock owned is positively associated with psychological ownership and distributive justice perception. Profit- and
gain-sharing bonuses are not directly associated with psychological ownership. Although the prevalence of profit- and gain-sharing in companies with an ESOP or other types of employee ownership is disproportionately higher than in companies without employee ownership, profit- and gain-sharing are separate, one-time bonuses that do not accumulate.

Chapter two has two main aims. One is to incorporate employee ownership into the research of democratic spillover, based on the control perspective on employee ownership. The other is to experiment with a new methodological approach by applying a latent-class analysis (LCA) and multinomial regression analysis to the research of spillover. This study found no support for the control perspective of employee ownership, which argues that being formally an owner can enhance employees’ efficacy. In addition, the analysis found no positive influence of ESOP participation on employees’ workplace participation or their political efficacy. Moreover, ESOP participation is not associated with workplace participation, which contradicts prior findings (Kruse, Freeman, & Blasi, 2010). Often, ESOP companies provide more opportunities for employees to participate in various decision-making processes and greater autonomy; nonetheless, the results of this study demonstrate that this is not always the case. The results provide support for the spillover argument in item-by-item and index-based analyses. When tested separately, political efficacy has a positive association with all seven political behaviors tested in this study. For all seven behaviors, the effect of workplace participation is fully mediated by internal or external political efficacy (or both). This provides direct support for the spillover argument. In addition, an analysis that examined an additive index of political participation provided support for spillover.
Multinomial regression analysis followed by the LCA revealed that the level of political efficacy is significantly associated with the likelihood of belonging to different groups. This provides support for the spillover thesis by emphasizing the importance of political efficacy. People who are active in various political activities display higher levels of internal and external political efficacy than people who are only active in political activities that require less effort, such as signing a petition or donating money for a political cause. The results imply that people who believe they can influence formal political entities like the government to make a difference are more likely to participate in political activities that require significant time and effort. People with a lower level of trust in their ability to understand and make good decisions about politics, and who have little trust in political entities are more likely to be reluctant to invest their resources and effort in political behaviors.

Chapter three also has two main goals. The first goal involves employees who perceive their company to be socially and environmentally responsible and examines whether such perception affects their willingness to voluntarily contribute to the company they work for and the community outside the workplace. In this way, this study explores employees’ perceptions of the company’s CSR performance and their behaviors inside and outside the organization. The other goal is to investigate if and how BBSC affects the relationships between employees’ CSR perception and selected outcomes. Notably, this study examines the moderating role of the stock ownership and profit/gain sharing bonus with regards to the positive relationships between CSR perception and the outcomes inside and outside the workplace.
The analysis of this study provides empirical evidence that employee ownership is positively associated with CSR perception. Sharing ownership stakes with employees without having them pay for the stock shares can be seen by the employees as a responsible corporate behavior. CSR perception was positively associated with organizational citizenship behaviors (OCB). The results support the core argument that CSR perception leads to employees’ intentions to “go the extra mile” for their organization and peers. The analysis also reveals the positive association between employees’ CSR perception and their participation in civic and community organizations. The results provide support for an extension of the spillover thesis by Pateman (1970). A socially responsible company that communicates such socially driven motivations to the employees can have an educative effect: workers learn about various social causes and ways to engage in socially responsible activities, such as community involvement and volunteering.

The findings of these three chapters provide direction and insight for future research on BBSC. An exploration of the psychological correlates of BBSC will contribute to the expansion of knowledge on the effects of BBSC on individuals. Connecting BBSC with democratic spillover will shed light on the relatively less explored research on the social impact of BBSC through changing individuals’ behavioral changes outside of the workplace. Lastly, future studies can explore the social and environmental impact created by employee-owned companies.


Chapter One: Interrelatedness of Broad-Based Share Compensation, Justice Perception, and Psychological Ownership.

Abstract

Psychological ownership is one of the most important mechanisms through which broad-based share compensation leads to positive employee attitudes and behaviors. Despite the implications of BBSC for employees’ perceptions of organizational justice, little academic attention has been paid to the relationship among share compensation, justice perception, and psychological ownership. This study focuses on this understudied link and examines whether BBSC can make a difference in employee attitudes toward these aspects of the workplace. This study analyzes the surveys of workers from employee-owned companies (the National ESOP Employee Survey) and a comparison group from Amazon’s MTurk Survey to examine the association between antecedents of psychological ownership and justice perception, and the differences made by broad-based share compensation.

Keywords: Psychological ownership, organizational justice perception, employee involvement, information sharing, stock compensation
Introduction

While some scholars in psychology and behavioral science believe that humans have an innate need to possess, others hold that the psychological state of ownership is not innate but is learned in the early human development process. In either case, the psychological state of ownership and possession has significant implications for various aspects of human behaviors. For example, researchers of work and work organization have theorized and examined the role of psychological ownership. These researchers assert that when employees feel a sense of ownership in the organization where they work—when they feel “this company is mine”—then their attitudes and behaviors also change. Empirical studies have accumulated evidence supporting this argument.

Although employees’ psychological ownership may lead to positive attitudes and behaviors in the workplace, the employment contract is primarily based on economic and social exchange. This is particularly significant when the contract is ongoing and incomplete, as in an employment contract (Simon, 1991). In this case, fairness to both parties of the contract will significantly influence their attitudes and behaviors. Theories and empirical studies have accumulated rich discussions and evidence about the relationship of organizational justice (OJ) to various attitudes, behaviors, and organizational practices such as pay and rewards, performance appraisal, employee satisfaction, commitment, and turnover.

Granting a real ownership stake to employees may be one of the most direct means to enhance both psychological ownership and perceived justice. Through various types of broad-based stock compensation plans, employees become actual collective owners of the company where they work. Broad-based employee ownership has been
increasing in the past decades in the U.S. and in many other countries, and substantial academic research has been conducted on this topic. Theoretically, having actual ownership of the company will increase employees’ sense of ownership. In addition, when ownership is granted to the workers through arrangements such as an employee stock ownership plan, in which workers do not need to invest their own money to buy the ownership stake, it is likely that employees will perceive their organization to be fair. As such, employee stock ownership can be a key practice that enhances a sense of ownership and perceptions of fairness.

However, despite (or perhaps because of) the complex interconnectedness of stock ownership, psychological ownership, and organizational justice perception, only a few attempts have been made to examine the potentially complicated relationships among them. This study examines whether BBSC in and of itself can make a difference in employee attitudes pertaining to psychological ownership and perceived organizational justice, and the relationships among these concepts. I also examine the additional effects of financial participation on such attitudes toward employee ownership policies. Such an examination contributes to the existing knowledge of the mechanisms through which employee stock compensation can result in positive organizational attitudes and behaviors.

Theoretical Background

Psychological ownership

Psychological ownership is “a state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is theirs (Pierce et al., 1991).” The theory proposes major outcomes of psychological ownership such as
efficacy and effectance and self-identity (possessions serve as symbolic expressions of the self, Pierce et al., 2001). According to the theory, psychological ownership results in the claim to the rights to information, voice, and increased responsibility; it can also lead to positive organizational change because employees will be satisfied with changes that are self-initiated, evolutionary, and additive (Pierce et al., 2001). Empirical studies of psychological ownership have accumulated evidence that this concept results in various positive attitudinal and behavioral outcomes. Studies have found a positive association of psychological ownership with knowledge sharing and organizational commitment (Han, Chiang, & Chang, 2010), organizational commitment (Han et al., 2010; Van Dyne & Pierce, 2004; Vandewalle et al., 1995), job satisfaction (Avey et al., 2012; Mayhew et al., Sieger et al., 2011), work engagement (Ramos et al., 2014), and intention to stay (Zhu et al., 2013). Behaviorally, psychological ownership can lead to positive extra-role behaviors such as OCBs and helping behaviors (e.g., Bernhard & O’Driscoll, 2011; Van Dyne & Pierce, 2004; Zhu et al., 2013). The theory and evidence of psychological ownership provides an explanatory mechanism of how share ownership and participation in decision making can contribute to positive employee attitudes and behavior.

Organizational justice perception

The theory of organizational justice perception grew out of equity theory (Adams 1965) and the fairness perception of procedures (Thibaut and Walker 1975). Much of the research on OJ before 1975 focused on the distributive aspects of OJ, drawing upon social exchange theory by Adams (1965). In 1975, seminal work by Thibaut and Walker introduced the procedural dimension of justice to the literature. Thibaut and Walker (1975) derived their idea of procedural justice from their research on third-party dispute
resolution procedures. Since Bies and Moag (1986) identified importance of the quality of interpersonal treatment as an additional dimension of justice perception, most subsequent academic research has drawn upon the theorization of the OJ perception with three subdimensions: distributive, procedural, and interactional.

Distributive justice perception is defined as the perception of fairness of outcomes, resource distributions, and allocations. A key question is whether the distribution reflects the effort and contribution and can be justified. Outcomes include pay, recognition, promotion, equipment, or any other job-related resources (Campbell et al., 2013). Procedural justice perception is the perception of fairness of the processes and procedures used to distribute and allocate outcomes and resources (Colquitt et al., 2001). Interactional justice perception is the perceived degree to which one is treated with dignity and respect. Interactional justice perception has two subdimensions: interpersonal and informational. Interpersonal justice perception focuses on the perceived fairness in interpersonal relationships and communication, while informational justice perception focuses on whether necessary information has been provided in a fair and timely manner (Colquitt et al., 2001).

Colquitt and Zipay (2014) identified six important theoretical foundations underlying organizational justice: social exchange theory, fairness heuristic theory, relational model/group engagement model, fairness theory/deontance theory, affective events theory, and uncertainty management theory. Based on these theories, they posit that employees think about justice issues because of uncertainty about trustworthiness, morality, goal process, status, or uncertainty of any kind. This uncertainty leads to the formation of justice perceptions in the four dimensions: distributive, procedural,
interpersonal, and informational. Organizational justice perception in the four dimensions forms the general perception of fairness; in turn, this perception affects behaviors through mediating mechanisms including social exchange, group mode (a mindset in which an individual is primarily concerned with what is good for the group and what they can do to reach group goals), identification, and emotions (moral emotions or negative emotions).

Empirical studies have accumulated a wide array evidence on the antecedents and outcomes of organizational justice perceptions. Meta-analyses (Colquitt et al., 2001; Colquitt et al., 2013) have ascertained that the perception of OJ leads to organizational citizenship behaviors, organizational commitment, and perceived organizational support. When the perception is focused on the organization, justice perception leads to higher trust in the organization and can reduce counterproductive work behavior. When focused on the supervisor, justice perception leads to greater trust in the supervisor and improved leader-member exchanges. A significant body of empirical research has found that organizational justice perception is positively associated with commitment (Ambrose & Schminke, 2009; Jiang, Golan, & Brooks, 2015; Kuvaas, 2003; Mayer et al., 2007; Rawaswami & Singh, 2003; Sieger et al., 2011) and motivation (Hartmann & Slapnicar, 2012; Kim & Rubianty, 2012; Selvarajan et al., 2018). When employees have a lower justice perception, they are more likely to leave (Ambrose & Schminke, 2009; Brotheridge, 2003; Campbell et al., 2012; Jones & Skarlicki, 2003; Kim & Leung, 2007; Lambert et al., 2010; Soltis et al., 2013). A low justice perception can have health implications through causing higher burnout and other health related issues (Brotheridge, 2003; Campbell et al., 2012; Cheng et al., 2011; Janssen, 2004; Judge & Colquitt, 2004; Tepper, 2001; Kivimaki et al., 2003a; Kivimaki et al., 2003b, Kivimaki et al., 2004;
Control and information rights, which are antecedents of psychological ownership, can also lead to improved perceptions of procedural justice (Chi & Han, 2008). A body of research has explored the relationship between organizational justice perceptions and worker voice and participation. Procedural justice reflects appropriateness in decision-making procedures and includes voice, consistency, accuracy, bias suppression, and correctability (Colquitt & Zipay, 2014). Brotheridge confirmed that the OJ literature supports the view that voice as a form of involvement and justification results in perceptions of fairness and that the opportunity to voice one’s opinion regarding an organizational change influences employee perceptions of the fairness of the change. Chi and Han (2008) draw upon control-mediated theories of procedural justice by Thibaut and Walker. They present two mechanisms through which participation in decision making leads to higher perceived procedural justice: providing employees with the right to participate in and express their voices during the process of decision making (process control), and providing the right to directly influence decisions and outcomes (decision control). Schminke et al. (2000) also discovered that participation in decision making and formalized rules and procedures enhance perceived procedural justice. Theories and evidence support the idea that providing employees with accurate information regarding the business status and offering timely feedback about organizational decisions can be important for employees’ perceived procedural justice.

Theoretical advances made in the past decades have moved away from conceptualizing the relationship of distributional justice (DJ) and procedural justice (PJ)
to be mutually independent toward a view that the relationship is close and interactive (Greenberg & Cropanzano, 2001). For instance, a fair outcome can lead to the justification of the process. Simultaneously, PJ can justify the outcomes and reduce its negative effects. This complex relationship necessitates the exploration of how BBSC can influence the nature of the relationship.

Broad-based employee stock ownership, psychological ownership, and organizational justice

Broad-based share compensation is a diverse set of compensation practices through which worker pay or wealth depends on the performance of the firm or work group (Kruse, Freeman, & Blasi, 2010). Several different types of compensation practices can be grouped as BBSC. These include profit sharing, gain sharing, broad-based stock options, and direct employee share ownership such as ESOPs, individual stock ownership, or cooperatives. Profit sharing is a scheme in which a company pays workers specified shares of profits with cash bonuses, company stock, or as a contribution to a retirement plan (called “deferred profit sharing”). Profit sharing can be formal with a predetermined formula, or informal with companies’ discretionary decision at the end of each year (or more frequently). Through gain sharing, companies can offer workers payments based on a performance increase or a productivity gain within their work units rather than of the whole enterprise. Workers can own a part of the stock shares of the firm or can have complete ownership of the firm directly or through a trust or other legal entity. An ESOP, which is governed by federal legislation (ERISA), establishes a trust, then allows companies to borrow or contribute money to the trust to buy company stock
shares on behalf of its workers. In an ESOP arrangement, workers gain an ownership stake without investing their own money to buy the stock.

Empirical research has accumulated rich evidence about the positive outcomes of BBSC. When combined with participatory, high-performance work practices, BBSC leads to greater loyalty, motivation, willingness to work hard, greater efforts, reduced turnover, and lower rates of absenteeism (Freeman, Blasi, & Kruse, 2010). In addition, BBSC is positively linked to improved treatment of employees, more training opportunities, and better co-worker relationships (Kruse, Freeman, & Blasi, 2010). A meta-analysis found small but significant positive effects on firm performance (O’Boyle et al., 2016). Another study confirmed that companies with BBSC were less likely to lay off employees during a recession and had a higher survival rate (Park, Kruse, & Sesil, 2004).

The theory of psychological ownership provides an explanatory mechanism for how BBSC, in combination with participation in decision making, can contribute to positive employee attitudes and behaviors. In addition to control and knowledge of the target, BBSC can also directly enhance psychological ownership. Through employee stock ownership arrangements, employees collectively become owners of the company. Pierce et al. (1991) contend that psychological ownership is created when formal ownership is designed and constructed according to three fundamental rights: equality, influence, and information. For example, profit sharing provides the right to possess a share of the organization’s financial return, fulfilling the right to equality. Wagner et al. (2003) also posit that formal ownership results in psychological ownership. This may occur because formal ownership is financially rewarding (extrinsic model), or because
formal ownership increases employee influence on the organization and enables employees to access organizational information (instrumental model).

Additionally, BBSC is closely related to other antecedents of psychological ownership, such as employee involvement and information sharing. From a strategic human resource management perspective, offering employees more opportunities to participate and providing access to business information is a reasonable choice. This can be viewed as an opportunity enhancing practice in combination with BBSC, which functions as a motivation enhancing practice. Indeed, BBSC is a type of motivation enhancing practice and, as such, needs to be combined with opportunity enhancing practices to increase employee participation and involvement in decision making (Lepak et al., 2006). Moreover, sharing a firm’s financial information provides clarity about how firm performance leads to greater individual compensation, resulting in an enhanced motivation to perform. Empirical studies have demonstrated that formal ownership typically entails a right to participate in decision making (Rhodes & Steers, 1981; Rousseau & Shperling, 2003). When organizations allow employees to participate in making organizational decisions and have influence over such decisions or procedures, a sense of ownership is likely to emerge (Pierce et al., 2003).

Equity theory (Arya et al., 2019; Cowherd & Levine, 1992; Paul, 2006; Williams et al., 2006; Witt & Nye, 1992) is most often cited as a theoretical foundation of how OJ perceptions and the pay-rewards relationship influence one another. This body of research places a central focus on equity theory and combines it with other related theories, such as the relative deprivation theory (e.g., Cowherd & Levine, 1992), the control model of justice (Arya et al., 2019), and theories of gender and race
discrimination (Paul, 2006). For instance, Cowherd and Levine (1992) draw upon equity theory and relative deprivation theory to examine the relations between intraclass pay equity and product quality. Cowherd and Levine discovered that the pay difference between lower-level employees and upper management is negatively related to product quality. Small pay differences increase employees’ commitment to management’s goals and efforts, improve cooperation, and lead to higher product quality.

The relationship between BBSC and organizational justice perception can also be theorized by using the attitudinal mechanisms suggested by Colquitt and Zipay (2014), such as social exchange or group mode. Social exchange is an important mechanism of BBSC in its positive influence on employee attitudes and behavior (Aryee, Sun & Zhou, 2009). Simultaneously, social exchange underlies the perception of organizational justice perception. Social exchange is an intermediate form of transaction. It lies between pure economic transactions and social transactions. Unlike economic institutions (e.g., an impersonal market or a contract with precise terms), social exchange involves unspecified obligations, and the fulfillment of a social exchange is based on trust and reciprocity (Blau, 1986). Social exchange has long been used by organizational researchers to describe the motivational basis behind employee behaviors and the formation of positive employee attitudes (Settoon, Bennett, & Liden, 1996). An ownership stake provided through a mechanism such as ESOP has characteristics of a “free gift” and creates a sense of indebtedness, which can induce reciprocal behaviors from the employees.

The theory also predicts that BBSC can encourage employees to have a more collectively oriented mindset. Employees will be more interested in collective performance because BBSC connects employees’ financial well-being to firm
performance. Empirical evidence of BBSC has revealed that employees with BBSC are more likely to monitor coworkers’ performance and intervene when they find their coworkers are not working diligently (Freeman, Kruse, & Blasi, 2010; Long, 1978). In addition, BBSC and OJ perception share theoretical mechanisms, leading toward positive individual outcomes.

A few studies on BBSC that draw upon fairness and justice theory found evidence about the positive relationship between employee ownership and OJ (Frohlich, Godard, Oppenheimer, & Starke, 1998; Welbourne, 1998). Frohlich and colleagues (1998) applied experimental design to examine the effects of employee ownership on selected economic, social, and psychological outcomes. They discovered that the subjects in employee-owned firms exhibited better productivity and greater propensity to interact and assist their co-workers, had improved perceptions of procedural and distributive justice, and reported higher levels of involvement in their tasks than subjects in non-employee-owned firms (Frohlich et al, 1998).

Generally, there are two perspectives (the control perspective and the financial orientation perspective) about how BBSC results in positive individual outcomes. French (1987) argued that as a form of investment, the control perspective on employee ownership tends to treat shareholders as a homogeneous group; this assumes that employees' ownership status per se affects their work attitudes and behaviors (Hammer et al., 1981). In contrast, a financial orientation perspective emphasizes the role of employees as shareholders and suggests that the number of shares employees own, and the value of these shares, are more important than ownership per se. Although a few studies on BBSC have found evidence supporting an investment orientation rather than a
control orientation (Hammer & Stern, 1980; Rhodes & Steers, 1981), these studies treated BBSC as one of the variables in their analytical model. However, BBSC is often a corporate level phenomenon that covers most of the workforce in a given workplace and may have an overarching influence on various attitudes, behaviors, and relationships. Indeed, BBSC as a corporate policy often coincides with other practices, such as increased employee involvement and control, and improved access to business and firm information. However, theoretical attempts to answer if and how these factors are connected has not yet been sufficiently made.

This study examines the control perspective and the financial orientation perspective. The first step is to examine the influence of ownership per se. In accordance with the theories and empirical findings, we hypothesize a significant effect of BBSC on psychological ownership, employee involvement, information sharing, and organizational justice perceptions. Participation in BBSC is in its nature binary (participating or not participating), so I compare firms with and without BBSC to see if there are any significant differences in the level of psychological ownership, justice perception, involvement, and information sharing and in the relationship among them.

Equity theory and social exchange theory provide the theoretical grounds for understanding the relationship between BBSC and perceived organizational justice. Based on equity theory (Adams, 1965), we can predict that when employees’ perceived ratio of their inputs and outputs are equal, they will perceive high distributive justice. BBSC provides a means for employees to share financial returns created by their own work and can positively contribute to the employees’ perception of input-output fairness. From a social exchange theory perspective (Blau, 1980), the distributive justice
perception primarily concerns the economic aspects of exchange relationships. Broad-based share compensation can lead to an employee perception that their exchange relationship with the company is favorable because of additional compensation derived from stock ownership, resulting in higher perceived distributive justice. As such, both theories predict that BBSC will lead to greater perceived distributive justice from a financially oriented perspective.

Hypotheses and analytical model

Figure 1 illustrates the analytical model of this study. This study provides several important theoretical understandings. Theoretically, this study expands the concept of BBSEO by examining the twofold impact of BBSC (if any). First, as a conditional organizational factor, BBSC may influence the associations among critical employee attitudes and perceptions. Second, as a motivational factor at the individual level, additional compensation from BBSC can contribute directly and indirectly to employees’ attitudes. BBSC is an example of a corporate practice; however, for individuals, being eligible for ownership is one thing while owning actual stock is another. In particular, when the ownership stake has been granted through an arrangement such as an ESOP where employees typically do not invest their own money, ownership itself may make a difference. However, as a corporate practice, BBSC has complex relationships with other practices and employee attitudes such as employee involvement, information sharing, and perceptions of OJ. This study enables a comprehension of such complex relationships through a group comparison. This study also examines the control perspective of BBSC in relation to the organizational justice perception. Then, as the next step, this study provides an understanding of the financial orientation perspective. Even among
employees with stock ownership, the amount of stock compensation may exert additional influence on OJ perceptions and psychological ownership.

**Figure 1. 1. Analytical model**

![Analytical model](image1)

**Figure 1. 2. Analytical model: H5a, b, and c**

![Analytical model: H5a, b, and c](image2)

The theory of psychological ownership proposes three major antecedents of psychological ownership: control, intimate knowledge, and self-investment (Pierce et al., 2001). The first antecedent of psychological ownership is the degree of control individuals have over the target. As employees increasingly participate in making decisions related to their work and organization, they can gain a sense of control of the organization, which enhances psychological ownership. Accordingly, we hypothesize
that increased worker control through employee involvement in decision making enhances psychological ownership.

Another antecedent of psychological ownership is intimate knowledge of the target. As workers gain more accurate and detailed information about the organization, their sense of ownership of the organization increases. A company can enhance employees’ psychological ownership through providing credible and intimate information about its goals, performance, values, procedures, and the rights to this information (Pierce et al., 1991). Empirical evidence supports the association of the information provision with psychological ownership (Chi & Han, 2008). We hypothesize that as the company shares information of company goals and performances, employees’ psychological ownership will also improve.

H1a: Employee participation will be positively associated with psychological ownership.

H1b: Information sharing will be positively associated with psychological ownership. Employee involvement and information sharing can also lead to increased procedural and distributive justice perceptions. When employees have greater control of the procedures, they are more likely to perceive the processes and the distributions of the resources as the outcome of such procedures as fair.

H2a: Employee participation will be positively associated with procedural justice perception.

H2b: Information sharing will be positively associated with procedural justice perception. I also predict that the perception of procedures being fair can lead employees to perceive that the outcome was distributed fairly. As I have noted above, the theoretical
advances made in the past decades have moved away from conceptualizing the relationship of DJ and PJ to be mutually independent toward a view that the relationship is close and interactive (Greenberg & Cropanzano, 2001). For instance, a fair outcome can lead to justification of the process. Simultaneously, PJ can justify the outcomes and reduce its negative effects. This complex relationship necessitates the exploration of how BBSC can influence the nature of the relationship.

H3: Procedural justice perception will be positively associated with distributive justice perception.

Scant research attention has been paid to the relationships between justice perception and psychological ownership. As Pierce et al. (2003) point out, “attributes such as attractiveness, accessibility, openness, and manipulability render the target more or less subject to psychological ownership (p.94).” Justice perception about the process and outcome distribution of the workplace can increase attractiveness, accessibility, and openness of the organization. This, in turn, enhances psychological ownership.

H4a: Procedural justice perception will be positively associated with psychological ownership.

H4b: Distributive justice perception will be positively associated with psychological ownership.

Drawing upon the theories and empirical findings about BBSC, I hypothesize that there will be a significant difference between the group with BBSC and without BBSC. I expect to see significant differences in terms of the strengths of the associations among employee participation, information sharing, justice perception, and psychological
ownership in the two groups. Drawing upon theories of BBSC as a financial incentive, I also hypothesize that:

H5a: A positive relationship between ESOP participation and psychological ownership will be mediated by distributive justice perception.

H5b: A positive relationship between the amount of stock owned through an ESOP and psychological ownership will be mediated by distributive justice perception.

H5c: A positive relationship between the amount of profit and gainsharing bonus and psychological ownership will be mediated by distributive justice perception.

Data and Measures

Data

National ESOP Employee Survey

The general purpose of the survey was to collect data from the employees and the managers of the business firms with ESOP, through which employees can own significant shares of the ownership of the firms they work for. The survey extensively collected data on individual outcomes such as satisfaction, commitment, a sense of ownership, employee involvement, and intention to leave the firm.

Through collaboration and the support of the ESOP Association and the Employee Ownership Foundation and personal and prior research networks, the research team began recruiting employee-owned companies in mid-2018. The team contacted companies through the association’s regional chapter meetings, conference calls, and recruitment mails. The data was collected from late 2018 to early 2020 from nine companies with broad-based stock compensation either through an ESOP (eight companies) or another individual stock ownership arrangement (one company). We sent
out surveys to approximately 3,000 employees from the nine companies and received 1,250 responses (42.5% response rate). For this study, I only analyzed non-managerial employees because managerial employees may have different mechanisms through which they obtain business information and knowledge of how BBSC works. After excluding the responses from managerial employees, I used the 930 remaining cases for analyses.

Amazon MTurk Survey

The National ESOP Employee Survey recruited companies with broad-based stock compensation only; therefore, most of the surveyed employees currently own company stock. To create a comparison group of employees without stock ownership, we replicated the survey using the Amazon Mechanical Turk survey in November 2020 and collected 1,500 cases of non-managerial workers without BBSC.

Measures

The survey asked whether a respondent was participating in an employee stock ownership plan (1=yes, 0=no). First, I compared individuals with and without stock ownership. For the group with stock ownership, the dollar amount of stock owned was added as an additional independent variable. The dollar amount of stock owned was measured with categorical values ranging from 1= “Less than $5,000” to 9= “More than $500,000.”

We measured workplace participation and worker satisfaction with the participation level using the items from the Worker Representation and Participation Survey (WRPS) developed by Freeman and Rodgers (1999). They use 8-item measures asking about the levels of involvement and influence that individuals have over various
workplace issues, including how to organize their job, work schedules, and goal settings for the work group or department. The items are coded with 4-point scale ranging from 1 = “no direct involvement and influence” to 4 = “A lot of direct involvement and influence.”

We used four items of distributive justice perception and five items of procedural justice from Colquitt and Rodell (2015). Questions on distributive justice perception queried to what extent compensation and evaluations reflected the respondent’s effort and could be justified. The PJ measure queried whether the procedures used to reach such outcomes had been applied consistently and without bias. The responses were coded with a 5-point scale ranging from 1 = “to a very small extent” to 5 = “to a very large extent.”

We applied a four item measure of psychological ownership from Van Dyne and Pierce (2004). The measure asked how much the respondent agreed with statements such as “this is my organization,” or “I sense that this organization is our company.” The responses were coded with a 7-point scale, ranging from 1 = “strongly disagree” to 7 = “strongly agree.”

Analysis and results

Analysis

As the first step, I conducted a structural equation model (SEM) using MPlus software version 8 to analyze the complex relationships among BBSC, employee involvement, information sharing, psychological ownership, and distributive and procedural justice perception. The SEM is one of the most appropriate ways of statistically testing complex relationships among abstract constructs measured with multiple indicator variables.
For the second step, a group comparison, I conducted 1-degree-of-freedom nested chi-square tests of cross group equality constraints (Raykov, 1997). This equivalent multigroup SEM enables an examination of group difference between the baseline model and the constraint model after measurement model invariance is tested to ascertain whether the measurement models across the groups are comparable (Qureshi & Compeau, 2009).

The third step of the analysis was a mediation model SEM to examine the effect of individual BBSC value on psychological ownership, mediated by perceived distributive justice.

Results

Table 1.1 and 1.2 display descriptive statistics and correlations. I conducted a structural equation modeling analysis to examine the relationships of variables, a few of which were latent constructs, such as psychological ownership and justice perception. Table 3 provides the model fit statistics of the measurement model and structural model. Both models demonstrate satisfactory fit statistics.

Table 1.1. Descriptive statistics: Demographics

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Table 1. Descriptive statistics and correlations

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* p < 0.05
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Table 1.3  Model fit statistics

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<td>59</td>
<td>0.9</td>
<td>0.078</td>
</tr>
</tbody>
</table>
Figure 1. 3 illustrates the results of the measurement model. Figures 1. 4 and 1. 5 provide an illustration of the structural model. The results of the structural model reveal that, as hypothesized, workplace participation (control) and information sharing (intimate knowledge) are positively associated with psychological ownership. Moreover, workplace participation and information sharing were positively associated with PJ perception. Procedural justice perception was positively associated with distributive justice perception. Two sub-dimensions of justice perception were independently and positively associated with psychological ownership.
Figure 1. 5. Structural model 2

Stock ownership in and of itself, when the amount of the stock value was controlled for, was not directly associated with distributive justice. Hypothetically, having stock of the company one works for that has no value would not increase distributive justice perception. However, stock ownership was positively and directly associated with psychological ownership. Table 1. 4 provides the path coefficients.

Table 1. 4. Path coefficients

<table>
<thead>
<tr>
<th></th>
<th>Coefficient (s.e)</th>
<th>beta</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>WP → PO</td>
<td>0.065 (0.009)</td>
<td>0.178 (0.023)</td>
<td>0.000</td>
</tr>
<tr>
<td>IS → PO</td>
<td>0.113 (0.017)</td>
<td>0.208 (0.030)</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Stock value owned was positively associated both with distributive justice perception and psychological ownership.

The profit and gain sharing amount was not directly associated with psychological ownership. It was only indirectly associated with psychological ownership mediated by distributive justice perception. However, the profit and gain sharing amount was directly and positively linked to distributive justice perception.

When PJ perception was added to the paths from ownership participation, stock ownership participation (with the amount of the stock owned being controlled) was positively associated with procedural justice perception.
Discussions and Conclusion

This study examines the importance of organizational justice perception and BBSC, including employee stock ownership and profit and gain sharing in fostering employees’ psychological ownership. The results support the hypotheses on the positive relationships among workplace participation, information sharing, organizational justice, and psychological ownership.

Workplace participation as a form of control and information sharing as a source of intimate knowledge were positively associated with psychological ownership. Workplace participation and information sharing were also positively associated with procedural justice perception. The results demonstrated that having control over the organization’s procedures and rules can enhance a sense of fairness of those rules and procedures.

Information sharing can lead to greater procedural justice perception in two different ways: through increased knowledge of the organization’s procedures, rules, and rationale for such rules and procedures, and through a signaling of information sharing practices. Sharing performance information with employees in and of itself can send a signal that the company is being honest to its employees. In turn, such signaled honesty can enhance employees’ trust in the overall fairness of the organization. This is consistent with findings from previous research that communication and information sharing increase employee trust toward coworkers and supervisors (Thomas, G. F., Zolin, R., & Hartman, J. L. (2009). The central role of communication in developing trust and its effect on employee involvement. The Journal of Business Communication (1973), 46(3), 287-310; Ertürk, A. (2014). Influences of HR practices, social exchange, and trust on
turnover intentions of public IT professionals. Public Personnel Management, 43(1), 140-175.

Procedural justice perception is positively associated with distributive justice perception. Procedural justice perception can arguably help justify the outcomes of resource distribution and allocation. When employees believe that the rules and procedures are fair, employees can more easily accept that resource allocations are also fair. For example, if an employee believes that the performance evaluation procedures are clear and fair, it is easier to accept the promotion decision based on such performance evaluation, even if the decision is unfavorable. Studies have found that “the procedure that is generally perceived to be most just is one that gives control over the decision process to the recipient of the decisional outcome (Cohen, 1985; Folger, 1977; Greenberg & Folger, 1983; Tyler, 1991. In sum, it has been concluded that distributive justice concerns are of less importance when fair procedures are being used to make allocations. The study found that distributive justice influenced the willingness of employees to accept decisions made by their supervisors. The two subdimensions of justice perception—procedural and distributive—were independently and positively associated with psychological ownership.

When the dollar value of stock owned by employees was constant, stock ownership was positively associated with psychological ownership but not with distributive justice perception. The results indicate that formal ownership in and of itself can create a sense of being an owner of their company within employees’ minds. Having stock of the company they work for can increase psychological ownership. Although the theory of psychological ownership posits that psychological ownership does not require
actual formal ownership, the evidence from the analysis indicated strong ties between actual and psychological ownership. Exploring the interplay of organizational practices that enhance employee control knowledge with self-investment and formal ownership may reveal an optimal configuration of these practices in terms of efficiently enhancing psychological ownership.

The results are consistent with the intrinsic motivation argument of employee ownership, indicating that the fact of ownership itself increases employees' commitment to and satisfaction with the company (citation). However, the results also suggest that simply being an owner does not automatically increase a sense of fairness related to outcomes. Although there has not been sufficient research evidence to support this finding, some anecdotal stories provide insights about the importance of communicating the monetary value of the company stock allocated to individual accounts to employees after the conversion to an ESOP. There was a case where a significant number of managerial workers left the organization because there was not a proper valuation within the first one to two years after the conversion, and the employees did not know the value of the company stock allocated to their individual accounts.

The dollar value of the employer’s stock owned was positively associated with psychological ownership and distributive justice perception as hypothesized. It may seem obvious that an employee with a greater dollar amount of the company stock in the ESOP account would feel more psychological ownership. However, the positive relationship between the stock value and distributive justice perception needs closer scrutiny. In most cases, stock shares are allocated to individuals’ ESOP accounts based largely on factors like tenure, rank, and base pay, rather than on individual performance (citation). When
considering accumulated evidence that high performers (self-proclaimed or real) may perceive such distribution and procedures as unfair, stock allocation that is not based on individual performance may have an adverse effect on the justice perception of higher performers. This merits more data exploration that focuses on employees with high performance, which is not possible in the data this study used. Although the perceived unfairness of ESOP stock allocation may or may not lead to actual turnover of high performers in ESOPs, this certainly merits future research.

Profit and gain sharing bonuses were not directly associated with psychological ownership. Although the prevalence of profit and gain sharing in companies with an ESOP or other types of employee ownership is disproportionately higher than in companies without employee ownership, profit and gain sharing are separate, one-time bonuses that do not accumulate. It is not surprising that such bonuses are not directly associated with psychological ownership. However, as in the case of equality-based allocation of stock, group-based performance bonuses also have implications for procedural and distributive justice perception. Unlike stock allocations, there have been many studies on the implications of group-based pay for performance on high performers’ justice perception (citation). However, future research conducted in the context of an ESOP or other types of employee stock ownership may provide additional implications because such companies often emphasize the culture of equality.

In practice, ownership transition is an important decision, and it requires significant time and effort in preparation. Before making such a substantial decision to increase the psychological ownership of employees, the easiest first step would be to increase the amount and quality of information shared with employees. As they gain
more knowledge of the company’s critical information, they will become more prepared
to be involved in making more important decisions. In this way, information sharing and
employee involvement in decision making can be enhanced, which will lead to higher
psychological ownership.

A few limitations of this study are worth noting. Conceptually, it is possible that
PJ perception moderates the path between distributive justice perception and
psychological ownership. This alternative model may be worth experimenting with
because it can provide a different insight toward the relationships between procedural
justice and distributive justice perception. However, such a modeling would require
different hypotheses, which may overly complicate the statistical process. Therefore,
these are not tested in this study. An additional analysis without a formal hypothesis may
be useful.

Due to the limitation of the data, the model does not include interactional justice
perception. It could be argued that the absence of interactional justice perception in the
model provides an incomplete picture. The distinctiveness from other subdimensions of
interactional justice perception has often been debated, particularly with procedural
justice perception (Bobocel and Holmvall, 2001; Gilliland, S., Steiner, D., and Skarlicki
D., 2001). However, dropping out interactional justice perception from the model may
result in an insufficient picture of how justice perception is associated with other
practices and perceptions addressed in this study. Future research can incorporate
interactional justice to examine how the methods of sharing information regarding an
ESOP can influence different dimensions of employees’ organizational justice perception
and their attitudes toward the ESOP and their company.
Lastly, the data does not provide information about how differently employees perceive equitable compensation versus equality focused compensation. For example, group-based compensation like profit and gain sharing tends to be more equality driven, while individual performance bonus is equity-focused. Additional analyses incorporating individual bonuses can provide more insights on how employee reactions to such differently focused compensation schemes may influence justice perception and psychological ownership.
References


Relationships between organizational justice and burnout at the work-unit level.


Relationship between organizational justice and burnout at the work-unit level.


Appendix. Measures.

1. Employee participation (Freeman & Rogers, 1999): Below are the statements about your involvement in different decisions on the job.) How much direct involvement and influence do YOU have in (ITEM)?
   a. Deciding HOW to do your job and organize the work
   b. Deciding what TRAINING is needed for people in your work group or department
   c. Setting work SCHEDULES, including breaks, overtime and time off
   d. Deciding how much of a RAISE in pay the people in your work group should get
   e. Setting GOALS for your work group or department
   f. Deciding how to work with new EQUIPMENT OR SOFTWARE, if that has ever been needed
   g. Setting SAFETY standards and practices
   h. Deciding what kinds of BENEFITS are offered to employees

1=A lot of direct involvement and influence, 2=Some direct involvement and influence, 3=Only a little direct involvement and influence, 4=No direct involvement and influence.

2. Information Sharing: The statements below describe policies regarding training and sharing information at the organization you work for. Please indicate how much you agree or disagree with the statements below.
a. Employees receive detailed information about workgroup/team performance on a regular basis.

b. Employees receive detailed information about company performance on a regular basis.

c. Employees receive formal training to help them understand financial information shared by the company.

1=Strongly disagree, 5=Strongly agree.

3. Psychological ownership (Van Dyne & Pierce, 2004): Think about the home, boat or cabin that you own or co-own with someone, and the experiences and feelings associated with the statement 'THIS IS MY (OUR) HOUSE!' The following questions deal with the ‘sense of ownership’ that you feel for the organization that you work for. Indicate the degree to which you personally agree or disagree with the follow.

a. This is MY organization.

b. I sense that this organization is OUR company.

c. I feel a very high degree of personal ownership for this organization.

d. I sense that this is MY company.

1=Strongly disagree, 7=Strongly agree.
4. Organizational justice (Colquitt & Rodell, 2015)

Distributive justice: The questions below refer to the outcomes you receive from your supervisor, such as pay, rewards, evaluations, promotions, assignments, etc. To what extent:

a. Does your (outcome) reflect the effort you have put into your work?

b. Is your (outcome) appropriate for the work you have completed?

c. Does your (outcome) reflect what you have contributed to the organization?

d. Is your (outcome) justified, given your performance?

Procedural justice: The questions below refer to the procedures your supervisor uses to make decisions about pay, rewards, evaluations, promotions, assignments, etc. To what extent:

a. Have those procedures been applied consistently?

b. Have those procedures been free of bias?

c. Have those procedures been based on accurate information?

d. Have you been able to appeal the (outcome) arrived at by those procedures?

e. Have those procedures upheld ethical and moral standards?

1=To a very small extent, 2=To a small extent, 3=To a moderate extent, 4=To a large extent, 5=To a very large extent.
Chapter Two: Does Participation in a Workplace Spill Over into Active Political Participation? Employee Ownership and the Patterns of Political Behaviors.

Abstract

Recently, the debate over democracy has reemerged. For decades, citizen participation in important political decisions has declined and the promotion of democratic ideas in the world of work has become less significant. This study tests the “spillover thesis” advanced by Carole Pateman. Pateman argues that democratic participation in the workplace will “spill over” into political participation. This study incorporates BBSC, which provides employees with access to formal collective ownership of the company they work for, into the theoretical framework of the spillover thesis. This study also applies the latent-class analysis technique to identify the patterns of political behaviors and uses workplace participation and political efficacy as predictor variables of the identified political behavior patterns. In addition, this chapter analyzes surveys of workers from employee-owned companies and a comparison group survey through Amazon MTurk to examine the associations among formal employee share ownership, workplace participation, political participation patterns, and political efficacy.

Keywords: Spillover, employee involvement, employee ownership, political participation, latent-class analysis
Introduction

After decades of declining citizen participation in important political decisions and weakening significance of promoting democratic ideas in the world of work (Casey, 2014), debates on democracy and participation are increasingly evident. Two phenomena that exemplify this dissonance include the Occupy Wall Street movement and the popularity of democratic socialist Bernie Sanders, who emphasizes mass economic and political participation, as a strong democratic presidential candidate in the 2016 and 2020 U.S. elections. Many activists were disappointed with the outcome of Occupy Wall Street and frustrated by the results of the presidential elections. Nonetheless, these incidents generated relevant questions about whether direct mass participation can create a meaningful political impact and which factors contribute to direct political participation by the public.

There have been many attempts to identify what factors inspire people to participate in politics. Since 1970, Pateman’s argument that participation in the workplace leads to increased political participation (i.e., the “spillover thesis”) has encouraged empirical studies. Pateman (1970) contends that democracy can be self-sustaining because democratic participation is self-educative. This involvement develops and refines qualities of participants, such as political skills and knowledge, that are necessary for the sustainability of democracy. In turn, the social and political capacities of individuals that participatory democracy develops contribute to democracy as input. Therefore, Pateman’s argument emphasizes the importance of authority structures that enable individuals to make decisions and guarantee equality of power in determining the outcome of decisions.
However, despite the rich theoretical discussion on workplace democracy and several empirical studies of the spillover thesis, no significant empirical study has expanded the notion of workplace participation into a different type of ownership arrangement, such as BBSC. In revisiting the spillover thesis, this study focuses on the relationship between broad-based employee ownership and participation in the workplace. This study also applies the LCA technique to identify patterns of political behaviors and examine whether broad-based share ownership and workplace involvement contribute to more active political involvement, as predicted by Pateman.

Theories of democracy: Representative democracy

Two major conflicting theories of democracy attracted attention in the 20th century: representative democracy and participatory democracy. Schumpeter, Dahl, Sartori, and Eckstein are a few of the most influential scholars who advocated representative democracy. Schumpeter (1947), the most important figure among these theorists, has argued strongly for representation over participation. Pateman (1970) identified this tendency with these theorists’ experience during the first half of the 20th century. They witnessed the fall of the Weimar republic and its degeneration into fascism, which exemplified the devastating potential of participation by the mass public. As a result, these theorists focused on the sustainability of democratic regimes through governance by elite politicians. For Schumpeter, democracy is almost entirely about potential political leaders competing for votes, and the only meaningful way for ordinary citizens to participate in politics is to vote to elect a new leader. Discontented citizens can choose to change the leader by withholding their vote or voting for another candidate. Under this theory, party competition in general elections is a means for the government to
respond to its people. For the theorists of representative democracy, political participation is an activity that aims to influence the government (Teorell, 2006).

Schumpeter (1947) asserted that 18th century thinkers defined the democratic method as an “institutional arrangement for arriving at political decision which realizes the common good by making the people itself decide issues through the election of individuals who are to assemble in order to carry out its will (p. 250).” This definition assumes that a common good can be defined within a given political unit and that common people can see and understand it by means of rational argument. This explanation has limitations. For example, even when a common good can be finitely defined, it is usually impossible for all members in a large political unit to communicate with each other on decisions. In addition, even when a common good is acceptable to all members, opinions on individual issues related to that common good cannot be consented to by everyone. This definition also limits the role of elected officials and specialists: they become agents that carry out the common good exactly as people want. Thus, by definition, democracy from a utilitarian sense becomes impossible. Individual volition and psychological factors add to this limitation. To Schumpeter, the most critical problem of the classical theory of democracy is “the proposition that the people hold a definite and rational opinion about every individual question and that they give effect to this opinion in a democracy by choosing representatives who will see to it that that opinion is carried out (p. 269).” Moreover, Schumpeter argues that even undemocratic regimes like monarchies can serve the will and the good of people. Therefore, simply serving the common good for people is an insufficient definition of democracy.
Schumpeter’s theory proposes a competition for political leadership. Under his definition, the role of the people is to produce a government or an intermediate body that will produce a national executive or government. The democratic method is an “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote (p. 269).” This is a reverse from the classical theory of democracy where the primary purpose of the democratic arrangement is endowing the electorate with the power of deciding political issues and selecting representatives is secondary. His definition enables a recognition of leadership; in contrast, the classical theory ignores the role of leadership. However, Schumpeter argues that collectives usually act by accepting leadership and that this is the dominant mechanism for almost any collective action (p. 270). Regarding individual freedom, the new definition by Schumpeter holds that everyone is free to compete for political leadership by presenting themselves to the electorate. He also clarifies that freedom to produce a government includes freedom to engage in evicting it.

Schumpeter differentiates his theory of democracy from the rule of the majority to reflect the will of people. To him, the will of the people is a “mosaic” that the will of the majority cannot fully represent. He also warns that proportional representation is not an efficient alternative. For example, it offers opportunities for idiosyncrasies to assert themselves and prevent democracy from producing efficient governments; thus, it can lead to dangerous consequences in stressful times. Schumpeter holds that the principle of democracy is as follows: “the reins of government should be handed to those who command more support than do any of the competing individuals or teams (p. 273).” In other words, the primary function of democracy is to produce government through
electors’ votes. From this perspective, voters neither decide issues nor choose parliamentary representatives from the entire population that may be eligible for office. Rather, the initiative lies with the candidate who competes for the office, and the role of the voters is confined to either accepting the bid by the candidate in preference to others or refusing it.

The functions of the candidates are further restricted by the existence of parties. Schumpeter defines a party as “a group whose members propose to act in concert in the competitive struggle for political power (p. 283).” To Schumpeter, party systems demonstrate that a political mass cannot act without a stampede. Schumpeter contends that party politics attempt to regulate political competition like trade associations control economic competition.

As seen above, Schumpeter perceives the role of the people in politics as significantly limited. However, this does not imply that the causal relationship of people’s incapability necessitates the existence of political parties. Moreover, his arguments should not be misrepresented: he does not argue that political parties fulfilling their social function are incidental to the competitive struggle for power and office.

Theories of democracy: Participatory democracy and spillover thesis

Pateman (1970) advanced a theory of democratic spillover as an antithesis to the theories of representative democracy that boomed in the mid-twentieth century. Pateman’s argument is based on the classical theories of democracy by Rousseau, John Stuart Mill, and G. D. H. Cole and opposes the Schumpeterian idea of representative democracy. Schweizer (1995) summarizes the theoretical foundations of the idea of
democratic participation as educative processes. Alexis de Tocqueville, in his seminal work *Democracy in America*, advances the idea that governing is a process in which the intellect is enlightened by exposure to the ideas of others; in addition, de Tocqueville posits that the democratic process counteracts individualism or egotism. John Stuart Mill emphasizes the diffusion of intelligence and the sharpening of citizens’ mental acuity and judgmental abilities through active participation in representative local political institutions. Mill explicitly discusses how worker ownership and workplaces control of the workplace contribute to the full development of individual personalities in political economy. Additionally, G. D. H. Cole advocates for the idea that the democratic organization of the workplace is essential for providing individual workers with the attitudes, skills, knowledge, and incentives to participate in the political process. He also points out that democratic workplaces can help democratize existing political systems that resemble oligarchies.

For these theorists, including Pateman, the major function of participation is educative in terms of psychological aspects and democratic skills and procedures: participants learn and refine their democratic political skills and knowledge through participation itself. This is self-sustaining because participation develops the qualities necessary for sustainability. This system of feedback, which theoretically increases public participation in the wider polity, is widely known as the “spillover thesis.” From Pateman’s perspective, “participation develops and fosters the very qualities necessary for it; the more individuals participate the better able they become to do so” (Pateman 1970, pp. 42–43).
Among the many arenas where democratic processes can be applied, some have deemed the workplace as one of the most important places for democratic participation. Pateman specifically focuses on the workplace as one of the most important fields where participation can transfer from work into politics because most people spend a significant amount in their workplaces, where they learn to collaboratively handle collective affairs. Pateman argues that direct participation in workplaces enhances skills and provides the political efficacy necessary for increased participation in politics. Robert Dahl is another prominent scholar who argues for the inevitable necessity of representative democracy due to the dilemma of the size of a political unit; Dahl also advocates for the right to democracy within firms.

Political efficacy

Political efficacy is the mechanism that connects the individual experience of participation with further participation in politics. The sense of political efficacy was originally defined in unidimensional terms as "the feeling that individual political action does have, or can have, an impact upon the political process" (Campbell, Gurin, and Miller, 1954, p. 187). However, subsequent theory and research has demonstrated that the concept and the items usually employed to measure it contain two separate components: (1) internal efficacy, which refers to beliefs about one's own ability to understand and effectively participate in politics, and (2) external efficacy, or beliefs about the responsiveness of governmental authorities and institutions to citizen demands (Craig, Niemi, & Silver, 1990). Internal political efficacy is a self-perception, while external efficacy is a belief about political institutions. Nonetheless, they are closely and positively related. For example, individuals who perceive the system as responsive to
people like themselves will be more likely to believe that they have skills to compel
government officials to act (Craig & Maggiotto, 1982). However, these two types of
efficacies have different referents and should be treated as a separate psychological
condition for political behaviors.

With a few exceptions, empirical studies generally support the mediating effect of
political efficacy in workplace participation and political participation. For instance,
while Ayala (2000) found a positive association of political efficacy with overall political
participation, no significant association with voting was discovered. D’Art and Turner
(2007) achieved similar results. Their analysis revealed that internal political efficacy was
associated with political activism but not with voting. In contrast, external efficacy was
significantly associated with both political activism and voting. However, other studies
indicate that the role of political efficacy as a mediator carries the positive effect of
workplace participation to political participation (Madsen, 1997; Schur, Eaton, &
Rubinstein, 2004) and voting (Greenberg et al., 1996; Jian & Jeffres, 2008).

Morrell (2005) discovered that deliberative decision-making per se had no direct
effect on internal political efficacy. Instead, Morrell found that participants in face-to-
face deliberative decision making indicated higher scores on a situation-specific measure
of internal political efficacy than participants who only voted. Morrell expresses his
dissatisfaction with the empirical testing of Pateman’s spillover theory because many of
those studies examined non-deliberative forms of political participation such as voting,
referenda and initiatives, and campaign activity. To some extent, this dissatisfaction is
warranted. As discussed earlier, participation in representative processes may have
unexpected effects when combined with the experience of direct participation. Another
issue is related to the direction of causality. In many cases, the effect was mutual, especially for internal efficacy. Few studies have specifically and systematically examined the relationship between deliberation and internal political efficacy. Morrell also criticizes the frequent use of measures of internal political efficacy that testing has proven to be unreliable and invalid.

However, among the different channels of political participation, voting is still one of the most familiar participatory channels. The most critical issue for voting and participation is low voter turnout, which can exacerbate unequal political influence. In a representative democratic system, the responsiveness of elected officials and the government mainly depends on citizen participation. Thus, unequal participation is likely to result in systematically biased policy responsiveness in favor of those who are more actively participating. The fundamental problem of biased responsiveness derives from the fact that citizens with higher incomes, higher education levels, and greater social capital are more likely to participate than those who are disadvantaged (Lijphart, 1997). Therefore, enhancing political participation, even in the representative channel, remains critical for maintaining a healthy democracy.

Lupia and Matsusaka (2004) examined whether voters are competent in making informed decisions. Many people believe that ordinary citizens are politically incompetent. Indeed, they often provide incorrect answers when asked political information questions. Lab experiments, theoretical game communication models, and other techniques have helped researchers ascertain that people base most of their choices, including complex and important ones, on simple kinds of information. It is common for people to make everyday choices without sufficient information, mostly because it is
difficult to obtain detailed information about all options. Even when this type of decision making leaves individuals vulnerable to mistakes, they still proceed in the same way. This leads ordinary people to make choices based on a few rules or heuristics that they have adopted (Lupia & Matsusaka, 2004). This empirical finding also implies that even when people have deficient or incorrect information, once they participate, they can make reasonable political decisions in a heuristic way. Furthermore, the experience of direct participation in various types of organizations, including the workplace, can improve the quality of information people have and the decisions they make.

Efficacy is important for political and workplace participation, including voicing opinions. Studies have found a relationship between efficacy-related cognitions like personal control, influence, empowerment, and voice. In an organizational context, the beliefs about whether voice will effect change are likely shaped by a variety of factors. Such factors include internal elements like self-confidence and personal agency and external efficacy-like components such as whether a voiced opinion was responded to and various levels of influence and status employees have within an organization. This indicates that higher efficacy may simultaneously lead to workplace and political participation.

Empirical evidence of democratic spillover

The evidence found by the empirical studies on the spillover thesis has been mostly positive (Elden, 1981; Karasek, 1979; Lafferty, 1989; Peterson, 1992; Schur, Eaton, & Rubinstein, 2004; Sobel, 1993). However, a few studies found no support
or discovered negative consequences in a specific setting (Greenberg, 2008).

Karasek (1979) analyzed the nationally representative Swedish data in 1968 and 1974. He found that increases in job decision freedom and job demands between 1968 and 1974 were associated with behavioral increases in political participation.

Elden (1981) studied a new non-union plant with 225 employees. The plant was owned by a parent company that also owned traditionally run plants. In this study, Elden found supporting evidence of democratic spillover. The questionnaire in this study included questions on the quality of work life conditions and work democracy. Included under work democracy were such topics as group autonomy, peer leadership, supportive group processes, and the opportunity to participate in plant decision making. In addition, the questionnaire included items on political efficacy and the extent to which an individual allocated free time to community service and leisure organizations. Elden discovered that democratization in the workplace, particularly in terms of autonomy, influence, and democratic norms, was positively associated with a participatory political orientation.

Peterson (1992) and his team interviewed a probability sample of residents in the greater Hornell area, a small city in rural upstate New York. The questions centered on political orientation, political participation, internal political efficacy, workplace politicization, and participation in workplace decision making. A full 63% of the total 112 respondents answered that they had made decisions on the job and felt they could change things at their workplace. Political participation was positively associated with workplace politicization and workplace participation when controlling for age, sex, and
education. The path model in this study confirmed that workplace participation led to political participation and “workplace efficacy.” Employees’ perception that they could change things at work positively contributed to workplace participation.

Sobel (1993) added items of community activity, protest, authority, work participation, and job participation to the National Election Survey (NES) of 1984, which already contained variables on voting, campaigning, and supervision. In addition, for the 1984 NES, the two-wave telephone sample (N1 = 429, N2 = 345) was drawn from respondents of pre- and post-election interviews. The results support the spillover thesis: work participation was positively associated with campaigning and community involvement. The results also suggest that authority and the hierarchy of involvement at work are positively associated with voting, which confirms Almond and Verba’s emphasis on how authority patterns like the political realm can be particularly significant for political attitudes.

Nevertheless, several empirical studies found no support for this theory or discovered negative spillover of workplace participation under certain conditions (Adman, 2008; Greenberg, Grunberg, & Daniel, 1996; Peterson, Leitko, & Miles, 1981). Adman (2007) analyzed the two-wave panel data on a random sample of 1,964 Swedish citizens between the ages of 16 and 80 in 1997 and 1999. The survey measured job autonomy. It included questions on how much influence the respondents felt they had over the following conditions at the workplace: organizing their own daily work, their own work environment, their working hours, and decisions about the general direction of their work and workplace skill acts. In addition, there was also an index of how often they participated in decisions at meetings, planned or chaired a meeting, prepared or
delivered a presentation before a meeting, and wrote a letter. The tested outcomes of political participation were voting, party activity, contacting other individuals, and social cause participation. Adman’s analysis found no general, direct effect of workplace participation and skill acts on political participation. Additionally, to test whether the status of having scarce political resources affected the outcomes, Adman investigated whether political participation was affected by an individual’s sex or social and immigration status. Adman found no evidence supporting the hypothesis. Instead, Adman found that for some political participation forms, performing skill acts demonstrate a positive effect among the employees with little autonomy, which contradicts the theory.

Greenberg, Grunberg, and Daniel (1996) incorporated the idea that to improve the spillover thesis, the studies needed to take account of (1) the domains and forms of workplace participation, (2) the effect of workplace participation on psychological outlooks, and (3) the economic situation of enterprises within which participatory decision making is taking place. They studied the two-wave data of 15 Northwest wood product industry mills that were similar in size, skills, and demographic characteristics (93% white, 90% male), but ranged widely in terms of participatory arrangements (three coops, one ESOP, four union, seven non-union). They also studied the index of participation in decisions about general working conditions and the index of participation in enterprise level decision making. This included direct participation, voting for members of the board of directors, the total workplace participation score, the mastery index, and the I-E powerlessness scale by Rotter (Rotter 1966) as modified by Gurin and his colleagues (Gurin, Gurin, and Beattie 1969). The index measured internal political efficacy and participation in voting, participation in campaign activities, and participation
in community affairs. The result partially conflicted with the theory that workers in more
democratic workplaces (coops, ESOPs) demonstrate less participation in voting.
However, the evidence also found that the workers in the cooperative were slightly more
likely to be involved in campaign activities, community affairs, and attending meetings.
Job control decisions on general working conditions did not display any effect on
political efficacy, whereas direct workplace participation and a high level of mastery
revealed a positive association with political efficacy. However, representative forms of
workplace participation demonstrated negative associations with political efficacy.
Particularly, they realized that representative workplace participation did not have any
effect under a high security situation but had a negative effect on political efficacy when
the firm was economically troubled.

In a follow-up panel survey after five years, Greenberg found that the workers in
the more democratic cooperatives were significantly less civic minded in terms of their
political participation. For example, they described their involvement in politics in terms
of self-interest rather than for the general good (Greenberg, 2008). In a follow-up after 10
years, Greenberg and colleagues found that the workers in the more democratic firms
were substantially less likely than workers in conventional firms to be active in voting,
campaign activities, and community involvement.

Budd et al. (2018) analyzed the European Social Survey (ESS) round 5, which
was conducted from 2010 to 2011 across 27 European countries. Budd and colleagues
analyzed 14,228 responses and found support for the spillover thesis. This is one of the
few spillover studies that has carefully examined the possibility of reverse-causality.
Notably, other studies that analyzed a different round of the ESS found similar support for the spillover thesis (D’Art & Turner, 2007; Timming & Summers, 2020).

Peterson, Leitko, and Miles (1981) studied the cases of labor management committees (LMCs) in Jamestown, New York and Buffalo, New York. These studies centered on the three characteristics of worker participation programs (co-optation, structural impotence, and misrepresentation), as identified by Witte (1978), that obstruct the achievement of spillover. Co-optation is “a condition wherein a disaffected faction is brought into the decision-making process, but fails to advance its preferences because the process is controlled by an opposing faction” (Witte, 1978; cited from Peterson et al., 1981). Structural impotence is a situation where the decision-making apparatus in which workers take part does not have the power to consider crucial issues. Misrepresentation is a condition wherein the mechanisms that are selected to present and argue for the preferences of a specific faction fail to represent those preferences (Witte, 1978; cited from Peterson, et al., 1981). Although the case study by Peterson et al. did not find any support for the spillover thesis, the research team outlined critical conditions that need to be met for workers’ participation to have the full, hypothesized spillover effect. As such, with a few exceptions, empirical studies of the spillover thesis found generally supportive evidence of the thesis.

Broad-based employee share ownership (BBSC) and democratic spillover

The effect of BBSC on political behaviors can be hypothesized through two paths: increased workplace involvement and direct influence on political efficacy. According to Klein’s (1987) model of the three types of satisfaction (intrinsic, instrumental, and
extrinsic), employee ownership leads to instrumental satisfaction through increased worker influence and perceived control. The extrinsic satisfaction model predicts that employee ownership increases employee commitment and satisfaction if it is financially rewarding (Buchko, 1992; Klein, 1987). This model provides rich explanatory mechanisms about how employee ownership can lead to increased worker satisfaction and commitment. As noted above, Buchko (1992) discovered little support for the intrinsic satisfaction perspective; the greatest impact of ownership appeared to be associated with increased influence and control, supporting the instrumental satisfaction model.

Companies with BBSC tend to provide more autonomy to individual workers and work groups because of the expected incentive effect of BBSC as a form of collective PFP (Dube & Freeman, 2010; Freeman, Blasi, & Kruse, 2010). Employees in companies with BBSC are more likely than their counterparts in conventional companies to have increased levels of job autonomy, and they enjoy more opportunities to participate in strategic level decisions through various democratic channels. To maximize the incentive effect through BBSC, employees must understand if and how a BBSC arrangement in their companies ties their financial rewards to their collective performance. For this reason, companies with BBSC are more likely their employees with financial training and access to corporate financial information (Blasi, Freeman, & Kruse, 2016).

The second path through which BBSC can influence political participation is by directly enhancing political efficacy. According to the instrumental satisfaction model of employee ownership, employee ownership leads to increased worker influence and perceived control, which can lead to commitment, satisfaction, and performance (Klein,
1987). The instrumental satisfaction model provides an insight on explanatory mechanisms for how employee ownership may lead to increased worker participation, which can in turn spill over into political activities. Buchko (1992) discovered that the greatest impact of ownership appeared to be associated with the increased influence and control, supporting the instrumental satisfaction model over intrinsic and extrinsic models. The results are indicative of potential effect of employee ownership on workplace participation.

Broadly speaking, there are two perspectives—control and financial orientation—on the mechanisms of how BBSC results in positive individual outcomes. French (1987) contends that as a form of investment, the control perspective on employee ownership tends to treat shareholders as a homogeneous group; this assumes that employees’ ownership status per se affects their work attitudes and behaviors (Hammer et al., 1981). In contrast, a financial orientation perspective emphasizes aspects of employees as shareholders and suggests that the number and value of shares employees own is more important than ownership. Although some studies on BBSC have found evidence supporting an investment orientation rather than a control orientation (Hammer & Stern, 1980; Rhodes & Steers, 1981), these studies treated BBSC as one of the variables in their analytical model.

This study explores the contribution of BBSC on the process of democratic spillover by providing more democratic organizational culture and practices. This study contributes to existing research on democratic spillover by examining whether BBSC can indirectly affect people’s political behaviors though providing more democratic and participatory workplace culture. Recently, debates on democracy and participation have
reemerged, and people are increasingly interested in direct political activism. This study helps answer questions about whether direct mass participation can create a meaningful political impact and enables an identification of what factors contribute to direct political participation by the mass public.

French (1987) argued that as a form of investment, the control perspective on employee ownership tends to treat shareholders as a homogeneous group, which assumes that employees' ownership status *per se* affects their work attitudes and behaviors (Hammer et al., 1981). In contrast, a financial orientation perspective emphasizes employees as shareholders and suggests that the number and value of shares employees own is more important than the ownership in and of itself.

Since its introduction, the spillover thesis has been tested by numerous political scientists. However, these studies rarely consider how workplace participation has been established or how it interacts with other human resource management policies and practices. Instead, industrial relations and human resource management studies have pioneered this area of research. These studies identify the reasons why a firm formally and informally encourages its employees to participate in making work- and business-related decisions. Of particular interest for this study is the role of BBSC in democratic workplace participation. This research defines BBSC as “a diverse set of compensation practices through which worker pay or wealth depends on the performance of the firm or work group” (Freeman, Blasi, & Kruse, 2010). There are several types of BBSC practices through which worker compensation can be tied to company performance. For example, direct employee ownership including the ESOP, individual stock ownership, profit sharing, gain sharing, or broad-based stock options and other forms of equity
participation such as grants of restricted stock units can all be connected to corporate performance. The definition of each type is based on the most widely accepted conceptualization by Freeman, Blasi, and Kruse (2010).

Freeman, Blasi, and Kruse (2010) emphasize that although there are some independent effects of BBSC, it is the combination of BBSC, employee involvement, and other positive labor practices that enable BBSC’s success. Empirical studies have discovered a high correlation between BBSC and participation and provide systemic or theoretical reasons why workplace participation should be prevalent in workplaces with BBSC. For instance, Blasi, Freeman, and Kruse (2016) discovered that employees in firms that use group incentive methods of compensation, including broad-based employee ownership, profit sharing, and stock options, participate more extensively in decision making at the job and department level, share information more frequently, place more trust in supervisors, and report a more positive workplace culture than in other companies. Dube and Freeman (2010) found a statistical association between BBSC and shared decision making when employees are more involved in corporate decision-making.

Several researchers have identified actual practices of workplace democracy, including formal participation in the workplace and direct employee ownership. The most frequently discussed practices of workplace democracy are various approaches of employee participation in decision making (Bernstein, 1979; Mason, 1982; Zipp, Luebke, & Landerman, 1984; Budd, Gola, & Wilkinson, 2010; Knudsen, Busck, & Lind, 2012). Self-management by workers is also often presented as a main component of workplace democracy (Blumberg, 1968; Pateman, 1970; Gui, 1996; Prasnikar, 1996). Profit sharing
and employee ownership are another set of practices discussed by several researchers in the economic dimension of workplace democracy (Blumberg, 1968; Pateman, 1970; Nightingale, 1982; Bernstein, 1983; Ben-Ner, Han, & Jones, 1996; Uvalic, 1996). Often, BBSC, particularly employee ownership, is implemented with some entitlement of formal decision-making authority to the workers; as a result, BBSC can be assumed to have a relatively close association with democratic participation in the workplace.

This study explores if and how BBSC contributes to the individual level process of democratic spillover. In addition, based on the control and the financial perspective of BBSC, I examine employee ownership per se and the dollar amount of stock owned as antecedents of increased workplace participation and political efficacy. This study contributes to research on democratic spillover by adding BBSC as an antecedent of workplace participation and the source of political efficacy. In this way, this study expands the boundary of the study of democratic spillover to include a discussion on ownership and organizational governance.

New Analytical Approach: Individual items, scales, and latent-class analysis

Regardless of the findings, previous studies share a common limitation. Studies in political science have revealed distinct patterns in people’s political and civic behaviors (Hustinx et al., 2012; Oser, Hooghe, & Marien, 2012; Weerts et al., 2014). Previous studies of democratic spillover have either tested individual types of political activities (Arrighi & Maume, 1994; Budd et al., 2018; Godard, 2007) or summarized the coded outcomes into indices of political behavior (Adman, 2008; Ayala, 2000; Burn & Konrad,
Testing each individual type of political behavior is limiting because it ignores the substantial variance in the participation rate of different political activities. For instance, in Budd et al. (2018), 7.7% of the respondents had participated in a political demonstration in the 12 months prior to the survey, and only 4.4% had a political party membership. In Oser, Hooghe, and Marien (2012), only 3.3% of the respondents had an experience of starting or joining a political group or group supporting a cause on a social networking service (SNS). Using summative indices of political behaviors is limiting because it assumes that different political activities have essentially the same accessibility. For instance, as seen above, some forms of political activities have relatively lower participation rates for various reasons, including varying levels of how much time, effort, and willingness to participate are required. Attending a demonstration or a political rally are likely to require more time and effort than boycotting a certain product or signing an online petition. However, an index of political participation treats these different political activities equally.

First, this study identifies patterns of political behaviors and examines the spillover thesis using identified patterns as outcomes of workplace participation and political efficacy. Several empirical studies of spillover have individually examined various forms of political participation e.g. For example, Arrighi and Maume (1994), Budd et al. (2018), Godard (2007), and Jian and Jeffres (2008) tested individual types of political activities separately. Most of these studies found empirical evidence supporting the spillover thesis. Several other studies have examined political participation using an
additive scale. Typically, these studies recode each variable into a binary-coded variable and sum the variables into a summative index (Adman, 2008; Ayala, 2000; Burn & Konrad 1987; D’Art & Turner, 2007; Elden, 1981; Greenberg et al., 1996; Lopes et al., 2014; Madsen, 1997; Peterson, 1992; Schur 2003; Tak, 2017).

I conducted a latent-class analysis (LCA), which is a statistical procedure for identifying subtypes of related cases or latent classes. The process identifies “discrete, exhaustive and non-overlapping” groups of people based on the similarities in their responses to a set of indicators (Nylund et al., 2007; Porcu and Giambona, 2017; Tein et al., 2013; Weerts et al., 2014). The assumption is that people are heterogeneous with respect to their patterns of political activities, and the LCA process identifies classes of individuals with similar political participation behaviors.

Latent-class analysis has been used by political scientists to identify distinct groups of people based on their political and civic behavior patterns (Gibson & Cantijoch, 2013; Hooghe et al., 2016; Hustinx et al., 2012; Oser et al., 2013). Oser et al. (2013) conducted an LCA to assess distinctive patterns of online and offline political participation. They identified four types of participation behavior and named the groups as follows: “offline activists,” “online activists,” “contactors,” and “disengaged.” Their analysis clarifies that online activists display different participation patterns than offline activists. Offline activists revealed relatively low probabilities of online participation, whereas online activists incorporated some offline activities into their online activities, rather than substituting online for offline activities. By analyzing the demographic characteristics of these four groups, the research team discovered that online activists are
generally younger than the other groups; however, both online and offline activism displayed similar characteristics of stratification by socio-economic factors.

Hustinx and colleagues (2012) analyzed the data collected from university students at a university in Flanders, the Dutch-speaking region of Belgium (n=5,891), and a Dutch university (n=5,602). Then, they applied LCA to identify groups of students with similar civic participation behaviors or “repertoires.” The analysis discovered five repertoires of participation: disengaged students, classical volunteers, humanitarian citizens, monitory citizens, and civic omnivores. “Classical volunteers” were involved in typical youth activities like sports and cultural organizations or youth associations. This group displayed a low probability of different types of political participation. “Humanitarian citizens” were likely to participate in formal volunteer activities, but this group was overrepresented in religious, social services, advocacy, and neighborhood groups. Moreover, they combined these activities with donating money and political consumerism. Students in the “monitory citizens” category were low in formal participation. Instead, relatively new activism activities, such as donating money, political consumerism, and online participation, were popular activities in this category. “Civic omnivores” were higher in all types of political activities: formal and informal and conventional and unconventional. Subsequent analysis revealed the country effects and significant influences from family income, gender, value orientations, media use, socialization, and recruitment in political activism.

Hooghe and colleagues (2016) expanded the application of LCA to classify the norms of good citizenship instead of analyzing the behavioral patterns. They analyzed the International Civic and Citizenship Education Survey data and identified five classes of
people based on their belief on what actions are important for being a good adult citizen using the following words: engaged, duty-based, subjects, respectful, and all-around. The “engaged” group attributes importance to promoting human rights, protecting the environment, and helping people benefit the local community. The “duty-based” group places a low priority on promoting human rights and protecting the environment. Instead, they value voting. “Subjects” emphasize the importance of obeying rather than actively participating. “Respectful citizens” highlight respect for government representatives as an important characteristic of a good citizen. Lastly, “all-around citizens” perceive all the possibilities as important. The research team found strong variances between countries. In addition, the theoretical expectations regarding the influence of individual characteristics were met. For example, engaged citizenship norms were more likely to be found among girls and women, and higher socioeconomic status (SES) and media use contributed to the development of engaged citizenship norms.

These are some examples of political science research that have implemented LCA to identify distinct groups of people with shared patterns of political behaviors or beliefs. Supported by these attempts and findings of patterns or repertoires of political behaviors, I applied LCA to the examination of the spillover thesis. This new attempt provides a richer understanding of the relationship between participatory environment and practices in the workplace and political behaviors.
Analytical model

This study analyzes the relationships among employee ownership participation, workplace participation, political efficacy, and political behaviors. Figure 2.1 illustrates the analytical model of this study.

Figure 2.1. Analytical model

This study does not formally state hypotheses. One of the most important purposes of this study is to compare different analytical approaches applied by the previous studies and a new approach; therefore, stating formal hypotheses for this entire process would have been overly complicated. Instead, I provide a brief outline of this study’s analytical approach. The analytical process of this study is summarized in the next few paragraphs.

The first step examines the contribution of ESOPs to individuals’ wealth. Wealth is an important factor of political efficacy and political participation. The analysis evaluates whether ESOPs can have a positive effect on political efficacy indirectly through increased wealth.

The second step examines the association between ESOPs and workplace participation. Rich research evidence confirms that employees in ESOP companies enjoy more opportunities to participate in decision making in the workplace (SC at Work). Such increased workplace participation can foster political efficacy. This study reviews whether ESOP participation has positive associations with employee participation in workplace decision making.

The third step establishes the first link of Pateman’s original idea of democratic spillover. This step investigates the link between workplace participation and political
efficacy. This study reviews internal and external political efficacy separately. An important contribution of this study is to evaluate the control perspective of employee ownership; to this end, this study examines the direct and mediated effect of ESOP participation on political efficacy. In addition, this study reviews the proposition of the control perspective that being an owner in and of itself can enhance employees’ efficacy.

Figure 2.2 illustrates these first three steps described above.

Figure 2.2. Regression analysis model 1

The next step includes three different approaches.

Figure 2.3. Regression analysis model 2

The first and second approaches have the same structure of a mediation analysis. In the third step of the analysis, I apply three different approaches: separate variables of political behavior, additive index of political behavior, and an LCA-based approach.

In the first approach, I examine seven political participation behaviors included in this study one by one as a binary-coded variables. This approach produces seven separate logistic regression results. The second approach adds these seven political participation behavior variables into an additive index, ranging from 0 to 7. This is used as the dependent variable.

The last approach involves a latent-class analysis. I conduct an LCA with seven political participation variables. This stage displays a few clusters or groups of respondents based on similar political behavior patterns. Every respondent is included in one non-overlapping cluster. This group membership is used as the dependent variable in the next stage. Workplace participation, political efficacy, and other control variables
predict the cluster membership. The results demonstrate how these factors are linked to distinct political participation patterns, indicated through the cluster membership.

Data and Analysis

Data

National ESOP Employee Survey

A team of researchers began developing a questionnaire in early 2018. This survey integrated some features of the survey done by Joseph Blasi, Richard Freeman, and Douglas Kruse in the early 2000s, which was sponsored by the National Bureau of Economic Research (NBER). However, the newer survey included infrequently asked questions in the context of employee ownership and broad-based financial participation and used validated instruments that are common in published research in leading HRM journals.

The general purpose of the survey was to collect data from employees and managers of business firms with ESOP, through which employees can possess a significant share of the ownership of the firms they work for. The survey extensively collected data on individual outcomes such as satisfaction, commitment, sense of ownership, employee involvement, and intention to leave the firm.

Through personal and prior research networks and the collaborative support of the ESOP Association and the Employee Ownership Foundation, the research team began recruiting employee-owned companies in mid-2018. The team contacted companies through the association’s regional chapter meetings, conference calls, and recruitment mailings. The data was collected from late 2018 to early 2020 from nine companies with broad-based stock compensation either through an ESOP (eight companies) or another
individual stock ownership arrangement (one company). We sent out surveys to approximately 3,000 employees from the nine companies and received 1,252 responses (42.5% response rate).

Amazon Mechanical Turk Survey

The National ESOP Employee Survey recruited companies with broad-based stock compensation only, so most of the surveyed employees owned company stock. To create a comparison group of employees without stock ownership, we replicated the survey using the Amazon Mechanical Turk Survey in November 2020 and collected 1,500 responses.

Variables and measures

BBSC was measured with a binary coded question querying whether the respondent was participating in ESOP or had purchased company stock through an employee stock purchase plan and still owned the stock. I created dummy variables for these two types of stock ownership.

Workplace participation was measured with the questions from the WRPS by Freeman and Rogers (1999). It is an eight-item measure asking levels of involvement and the influence that individuals have over various workplace issues. For example, some items required participants to explain how they organize their jobs, work schedules, and goals for the work group or department. The items were coded with a 4-point scale ranging from 1 = “no direct involvement and influence” to 4 = “A lot of direct involvement and influence.”

These questions related to an internal political efficacy query, which is a mediator: How often do politics and government seem so complicated that the respondent
cannot really understand what is going on; how well does the respondent understand the important political issues facing the country, and how significantly can people like the respondent affect what the government does.

Political activity was queried with several questions, including whether the respondents signed a petition, took part in a demonstration, and contacted or attempted to contact a politician or a civil servant to express their views. The responses were coded as “1= have done it in the past year,” “2=have done it in the more distant past,” “3=have not done it but might do it,” and “4=have not done it and would never do it.” For this study, I recoded “have done it in the past year” into 1, and “have done it in the more distant past,” “have not done it but might do it” and “have not done it and would never do it” into 0. As discussed in the earlier section, this study identifies patterns of political behaviors through an LCA rather than testing individual types of political activities. Respondents’ characteristics that could have affected the degree of political participation were controlled (e.g., age, race, gender, educational level, and family income).

Analytical approach

*LCA: classifying the types of political behaviors.*

Prior empirical studies on democratic spillover tested either individual types of various political activities (Arrighi & Maume, 1994; Budd et al., 2018; Godard, 2007) or binary coded different types of political activities and summarized them in an index (Adman, 2008; Ayala, 2000; Burn & Konrad, 1987; D’Art & Turner, 2007; Elden, 1981; Lopes et al., 2014; Madsen, 1997; Peterson, 1992). Testing individual political activities is limiting because a few types of political activities have a low participation ratio; for example, often fewer than 10% participated in the given timeframe (Budd et al., 2018; Oser, Hooghe, & Marien, 2013). Due to this low participation rate, the results may be less
reliable for these activities. The limitation of the political participation index is that an index treats different types of political activities as if they all have the same accessibility. For example, signing a petition is an easy and passive type of political behavior compared to attending a political demonstration. Moreover, a political demonstration requires more time than signing a petition. However, the index does not differentiate these different activities. If person A participates actively in demonstrations and political rallies, these sum to two points in the index. If person B only participates in boycotting and signing a petition, which are relatively easy and accessible, the score is the same as person A, even when their activism is significantly different. The use of a summative index misses on these distinct political behaviors and treats the number of behaviors as a strict numerical continuum. To overcome these limitations and understand the factors of political behaviors, I conducted an LCA to identify the distinct patterns of political behaviors.

*Multinomial logistic regression analysis*

In the next step, I conducted multinomial logistic regression to examine the individual likelihood of being included in one of the multiple patterns identified through LCA. The analysis has two steps. The first step of the regression analysis examines the influence of employee share ownership on workplace participation and political efficacy. Employee share ownership is the independent variable and the dependent variable is political efficacy. Workplace participation is included as a mediator. The second step of the analysis, a multinomial logistic regression, tests the influence of workplace participation on political activity patterns, mediated by political efficacy. In both steps, age, gender, race, education, income, and the dollar amount of company shares owned are included as control variables.
Multinomial logistic regression is applied to a model in which the dependent variable has three or more categories. In this study, the categories are distinct political activity patterns. When the dependent variable has three patterns (A, B, and C), and when the reference is pattern A, multinomial logistic regression compares the probability of individuals included in pattern B and pattern C to that of pattern A. This leads to two separate formulae

\[
\ln \left( \frac{P_B}{P_A} \right) = b_{B0} + b_{B1}X_{B1} + b_{B2}X_{B2} + \cdots + b_{Bk}X_{Bk}
\]

for comparison of patterns A and B, and

\[
\ln \left( \frac{P_C}{P_A} \right) = b_{C0} + b_{C1}X_{C1} + b_{C2}X_{C2} + \cdots + b_{Ck}X_{Ck}
\]

for patterns A and C.

Following Baron and Kenny (1986), I tested a mediation model, so each comparison has two steps. For patterns A and B, the first regression only includes the control variables and the independent variables on the right side. A stands for age, S stands for sex, R for race, E for education, I for income without employee ownership share, EOvalue for dollar amount of employee share owned by everyone, WP for workplace participation, and PE for political efficacy. In this formula, some other control variables are not displayed.

\[
\ln \left( \frac{P_B}{P_A} \right) = b_{B0} + b_{B1}A + b_{B2}S + b_{B3}R + b_{B4}E + b_{B5}I + b_{B6}EOvalue + b_{B7}WP
\]

Then the second regression includes political efficacy, which is a mediator of the model.
\[
\ln \left( \frac{P_B}{P_A} \right) = b_{B0} + b_{B1}A + b_{B2}S + b_{B3}R + b_{B4}E + b_{B5}Evalue + b_{B6}WP
+ b_{B8}PE
\]

A two-step regression was conducted for patterns A and C. The analyses provide the comparison of the probability of individuals to be included in a certain pattern group and determine whether workplace participation and political efficacy are significantly associated with the probability.

Analysis and results

The first step is an analysis of the association between ESOP and wealth. To examine the indirect effect of ESOP on political efficacy and behaviors through increased wealth, I conducted a regression analysis with wealth as the dependent variable and the ESOP value as the independent variable (value is 0 for respondents with no ESOP participation), along with other control variables. The results demonstrate no significant association between ESOP value and wealth. Table 2.1 provides descriptive statistics and correlations.

Table 2.1. Descriptive statistics and correlations

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>s.e.</th>
<th>ESOP01</th>
<th>WP</th>
<th>PEI</th>
<th>PEE</th>
<th>PP1_01</th>
<th>PP2_01</th>
<th>PP3_01</th>
<th>PP4_01</th>
<th>PP5_01</th>
<th>PP6_01</th>
<th>PP7_01</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESOP01</td>
<td>0.2101</td>
<td>0.40759</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP</td>
<td>17.1839</td>
<td>5.43108</td>
<td>0.006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEI</td>
<td>7.0622</td>
<td>1.73328</td>
<td></td>
<td>-.173**</td>
<td>0.034</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEE</td>
<td>5.0960</td>
<td>2.03228</td>
<td></td>
<td>-.115**</td>
<td>.365**</td>
<td>0.025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP1_01</td>
<td>0.3516</td>
<td>0.47764</td>
<td>-0.018</td>
<td>-</td>
<td>.142**</td>
<td>0.013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PP2_01</td>
<td>0.2994</td>
<td>0.45815</td>
<td>0.023</td>
<td>-</td>
<td>.224**</td>
<td>-</td>
<td>.332**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The second step is to analyze the association between ESOP participation and workplace participation. This step examines whether ESOP participation can have an indirect effect on political efficacy through increased workplace participation. The results did not support the hypotheses that being an owner through ESOP participation would be positively associated with workplace participation. The results are provided in Table 2.

This contradicts the findings from the extant research, which found strong correlations between employee ownership and increased employee participation in various workplace decision making (Freeman et al., 2010).

### Table 2. Regression results of ESOP and workplace participation (WP)

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Std. Error</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>15.114</td>
<td>0.982</td>
<td>0.000</td>
</tr>
<tr>
<td>Age</td>
<td>0.008</td>
<td>0.015</td>
<td>0.598</td>
</tr>
<tr>
<td>Sex</td>
<td>-0.643</td>
<td>0.329</td>
<td>0.051</td>
</tr>
<tr>
<td>Education</td>
<td>0.367</td>
<td>0.367</td>
<td>0.318</td>
</tr>
<tr>
<td>Race</td>
<td>0.220</td>
<td>0.402</td>
<td>0.585</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.681</td>
<td>0.490</td>
<td>0.165</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>-0.842</td>
<td>0.479</td>
<td>0.079</td>
</tr>
</tbody>
</table>
The next step of the analysis is an examination of the association between ESOP participation, workplace participation, and political efficacy. ESOP participation was negatively associated with both internal and external political efficacy, and with the total sum of political efficacy. The results did not support the control perspective of employee ownership, which argues that being formally an owner can increase employees’ efficacy. This might be because the conversion from a conventionally owned company to an ESOP is not usually initiated by employees. It is not an active process by the employees; often, the stock ownership is given to employees based on a decision from the founder or a small number of owners to convert the business into an ESOP firm. Therefore, employees in such a conversion do not have opportunities to actively engage in collective decision making or other processes that can help them grow political efficacy. Workplace participation was positively associated with external political efficacy, but not with internal political efficacy. Table 2.3 provides the results of the analysis on workplace participation and political efficacy.

<table>
<thead>
<tr>
<th>Occupation 3</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base pay</td>
<td>0.007</td>
<td>0.003</td>
<td>0.024</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>0.012</td>
<td>0.006</td>
<td>0.032</td>
</tr>
<tr>
<td>401(k) $</td>
<td>-0.001</td>
<td>0.001</td>
<td>0.347</td>
</tr>
<tr>
<td>Profit/Gain sharing $</td>
<td>0.001</td>
<td>0.003</td>
<td>0.655</td>
</tr>
<tr>
<td>ESOP participation</td>
<td>-0.511</td>
<td>0.541</td>
<td>0.345</td>
</tr>
<tr>
<td>ESOP $</td>
<td>0.004</td>
<td>0.003</td>
<td>0.076</td>
</tr>
</tbody>
</table>

Table 2.3. Regression results of workplace participation and internal political and external political efficacy
| Dependent Variables | Internal political efficacy | | | External political efficacy | | |
|---------------------|----------------------------|-------------------|-------------------|
|                     | B  | Std. Error | Sig. | B  | Std. Error | Sig. |
| (Constant)          | 7.440 | 0.373 | 0.000 | 2.022 | 0.357 | 0.000 |
| Age                | 0.010 | 0.005 | 0.068 | 0.000 | 0.005 | 0.996 |
| Sex                | -0.411 | 0.114 | 0.000 | 0.046 | 0.109 | 0.676 |
| Education          | 0.130 | 0.127 | 0.308 | **0.385** | **0.122** | **0.002** |
| Race               | -0.246 | 0.139 | 0.077 | **0.504** | **0.133** | **0.000** |
| Occupation 1       | -0.378 | 0.170 | 0.026 | 0.155 | 0.162 | 0.339 |
| Occupation 2       | -0.301 | 0.166 | 0.069 | 0.090 | 0.159 | 0.573 |
| Occupation 3       | -0.143 | 0.219 | 0.513 | 0.032 | 0.209 | 0.878 |
| Occupation 4       | -0.292 | 0.195 | 0.135 | 0.337 | 0.187 | 0.071 |
| Base pay           | -0.002 | 0.001 | 0.032 | **0.002** | **0.001** | **0.018** |
| Individual bonus   | -0.001 | 0.002 | 0.553 | 0.001 | 0.002 | 0.553 |
| Profit/Gain sharing $ | 0.000 | 0.001 | 0.883 | 0.000 | 0.001 | 0.901 |
| 401(k) $           | **0.001** | **0.000** | **0.030** | -0.001 | 0.000 | 0.119 |
| Workplace participation | 0.018 | 0.011 | 0.102 | **0.109** | **0.010** | **0.000** |
| ESOP participation | -0.919 | 0.149 | 0.000 | -0.276 | 0.142 | 0.053 |

In testing the relationship between workplace participation, political efficacy, and political participation, I tried three different approaches. The first examines political
behaviors one by one. The seven political behaviors that are being examined are as follows: 1) having signed a petition, 2) having boycotted or deliberately bought certain products for political, ethical, or environmental reasons, 3) having taken part in a demonstration, 4) having attended a political meeting or rally, 5) having contacted or attempted to contact a politician or a civil servant to voice opinions, 6) having donated money or raised funds for a social or political activity, and 7) having contacted or appeared in the media to express views. Tables 2.4 through 2.10 provide the results of the regression analysis of political participation behaviors.

Table 2.4. “Signed a petition”

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
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</thead>
<tbody>
<tr>
<td>Age</td>
<td>0.006</td>
<td>0.005</td>
<td>1.182</td>
<td>0.277</td>
<td>1.006</td>
</tr>
<tr>
<td>Sex</td>
<td>0.476</td>
<td>0.119</td>
<td>15.856</td>
<td>0.000</td>
<td>1.609</td>
</tr>
<tr>
<td>Education</td>
<td>-0.090</td>
<td>0.137</td>
<td>0.431</td>
<td>0.512</td>
<td>0.914</td>
</tr>
<tr>
<td>Race</td>
<td>-0.044</td>
<td>0.146</td>
<td>0.092</td>
<td>0.762</td>
<td>1.050</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.065</td>
<td>0.168</td>
<td>0.148</td>
<td>0.701</td>
<td>0.938</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>0.078</td>
<td>0.169</td>
<td>1.099</td>
<td>0.294</td>
<td>1.194</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>-0.094</td>
<td>0.246</td>
<td>0.146</td>
<td>0.702</td>
<td>0.910</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>0.007</td>
<td>0.209</td>
<td>0.001</td>
<td>0.973</td>
<td>1.007</td>
</tr>
<tr>
<td>Base pay</td>
<td>0.001</td>
<td>0.001</td>
<td>0.189</td>
<td>0.664</td>
<td>1.000</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>0.000</td>
<td>0.002</td>
<td>0.011</td>
<td>0.917</td>
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</tr>
<tr>
<td>Profit/Gain sharing $</td>
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<td>0.001</td>
<td>0.075</td>
<td>0.784</td>
<td>1.000</td>
</tr>
<tr>
<td>401(k) $</td>
<td>0.000</td>
<td>0.000</td>
<td>0.955</td>
<td>0.329</td>
<td>1.000</td>
</tr>
<tr>
<td>Workplace participation</td>
<td>-0.002</td>
<td>0.012</td>
<td>0.028</td>
<td>0.867</td>
<td>0.998</td>
</tr>
<tr>
<td>Internal political efficacy</td>
<td>0.196</td>
<td>0.034</td>
<td>32.221</td>
<td>0.000</td>
<td>1.216</td>
</tr>
<tr>
<td>External political efficacy</td>
<td>0.017</td>
<td>0.032</td>
<td>0.301</td>
<td>0.583</td>
<td>1.018</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.554</td>
<td>0.452</td>
<td>31.956</td>
<td>0.000</td>
<td>0.078</td>
</tr>
</tbody>
</table>

Table 2.5. “Boycotted or deliberately purchased certain products for political, ethical, or environmental reasons”

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
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<tbody>
<tr>
<td>Age</td>
<td>0.006</td>
<td>0.006</td>
<td>0.958</td>
<td>0.328</td>
<td>1.006</td>
</tr>
<tr>
<td>Sex</td>
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<td>0.127</td>
<td>3.482</td>
<td>0.062</td>
<td>1.267</td>
</tr>
<tr>
<td>Education</td>
<td>0.055</td>
<td>0.145</td>
<td>0.146</td>
<td>0.702</td>
<td>1.057</td>
</tr>
<tr>
<td>Race</td>
<td>-0.237</td>
<td>0.158</td>
<td>2.253</td>
<td>0.133</td>
<td>0.789</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.175</td>
<td>0.178</td>
<td>0.958</td>
<td>0.328</td>
<td>0.840</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>-0.233</td>
<td>0.184</td>
<td>1.613</td>
<td>0.204</td>
<td>0.792</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>-0.387</td>
<td>0.267</td>
<td>2.095</td>
<td>0.148</td>
<td>0.679</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>-0.321</td>
<td>0.224</td>
<td>2.060</td>
<td>0.151</td>
<td>0.725</td>
</tr>
<tr>
<td>Base pay</td>
<td>-0.001</td>
<td>0.001</td>
<td>0.544</td>
<td>0.461</td>
<td>0.999</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>-0.002</td>
<td>0.002</td>
<td>1.386</td>
<td>0.239</td>
<td>0.998</td>
</tr>
<tr>
<td>Profit/Gain sharing $</td>
<td>-0.001</td>
<td>0.001</td>
<td>0.349</td>
<td>0.555</td>
<td>0.999</td>
</tr>
<tr>
<td>401(k) $</td>
<td>0.000</td>
<td>0.000</td>
<td>0.401</td>
<td>0.526</td>
<td>1.000</td>
</tr>
<tr>
<td>Workplace participation</td>
<td>-0.003</td>
<td>0.012</td>
<td>0.074</td>
<td>0.786</td>
<td>0.997</td>
</tr>
<tr>
<td><strong>Internal political efficacy</strong></td>
<td><strong>0.288</strong></td>
<td><strong>0.037</strong></td>
<td><strong>59.253</strong></td>
<td><strong>0.000</strong></td>
<td><strong>1.334</strong></td>
</tr>
<tr>
<td>External political efficacy</td>
<td>0.003</td>
<td>0.034</td>
<td>0.007</td>
<td>0.932</td>
<td>1.003</td>
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<tr>
<td>Constant</td>
<td>-2.848</td>
<td>0.481</td>
<td>35.082</td>
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<td>0.058</td>
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</table>

Table 2.6. “Took part in a demonstration”

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
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</table>


<table>
<thead>
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<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
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</thead>
<tbody>
<tr>
<td>Age</td>
<td>-0.020</td>
<td>0.009</td>
<td>4.791</td>
<td>0.029</td>
<td>0.980</td>
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<tr>
<td>Sex</td>
<td>0.232</td>
<td>0.188</td>
<td>1.524</td>
<td>0.217</td>
<td>1.261</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td><strong>0.561</strong></td>
<td><strong>0.245</strong></td>
<td><strong>5.250</strong></td>
<td><strong>0.022</strong></td>
<td><strong>1.753</strong></td>
</tr>
<tr>
<td>Race</td>
<td>-0.003</td>
<td>0.218</td>
<td>0.000</td>
<td>0.987</td>
<td>0.997</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>0.089</td>
<td>0.261</td>
<td>0.116</td>
<td>0.733</td>
<td>1.093</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>0.278</td>
<td>0.255</td>
<td>1.186</td>
<td>0.276</td>
<td>1.320</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>0.151</td>
<td>0.392</td>
<td>0.148</td>
<td>0.700</td>
<td>1.163</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>-0.052</td>
<td>0.368</td>
<td>0.020</td>
<td>0.887</td>
<td>0.949</td>
</tr>
<tr>
<td>Base pay</td>
<td>-0.001</td>
<td>0.002</td>
<td>0.230</td>
<td>0.632</td>
<td>0.999</td>
</tr>
<tr>
<td><strong>Individual bonus</strong></td>
<td><strong>0.007</strong></td>
<td><strong>0.003</strong></td>
<td><strong>5.932</strong></td>
<td><strong>0.015</strong></td>
<td><strong>1.007</strong></td>
</tr>
<tr>
<td>Profit/Gain sharing $</td>
<td>-0.002</td>
<td>0.002</td>
<td>1.484</td>
<td>0.223</td>
<td>0.998</td>
</tr>
<tr>
<td>401(k) $</td>
<td>-0.001</td>
<td>0.001</td>
<td>1.147</td>
<td>0.284</td>
<td>0.999</td>
</tr>
<tr>
<td>Workplace participation</td>
<td>0.022</td>
<td>0.018</td>
<td>1.549</td>
<td>0.213</td>
<td>1.022</td>
</tr>
<tr>
<td><strong>Internal political efficacy</strong></td>
<td><strong>0.142</strong></td>
<td><strong>0.057</strong></td>
<td><strong>6.088</strong></td>
<td><strong>0.014</strong></td>
<td><strong>1.152</strong></td>
</tr>
<tr>
<td><strong>External political efficacy</strong></td>
<td><strong>0.190</strong></td>
<td><strong>0.050</strong></td>
<td><strong>14.393</strong></td>
<td><strong>0.000</strong></td>
<td><strong>1.209</strong></td>
</tr>
<tr>
<td>Constant</td>
<td>-4.302</td>
<td>0.732</td>
<td>34.567</td>
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<td>0.014</td>
</tr>
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</table>

Table 2.7. “Attended a political meeting or rally”
<table>
<thead>
<tr>
<th>Variable</th>
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<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>0.008</td>
<td>0.007</td>
<td>1.323</td>
<td>0.250</td>
<td>1.008</td>
</tr>
<tr>
<td>Sex</td>
<td>0.195</td>
<td>0.146</td>
<td>1.770</td>
<td>0.183</td>
<td>1.215</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td><strong>0.355</strong></td>
<td><strong>0.177</strong></td>
<td><strong>3.994</strong></td>
<td><strong>0.046</strong></td>
<td><strong>1.426</strong></td>
</tr>
<tr>
<td>Race</td>
<td>0.091</td>
<td>0.173</td>
<td>0.277</td>
<td>0.599</td>
<td>1.095</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.276</td>
<td>0.212</td>
<td>1.691</td>
<td>0.193</td>
<td>0.759</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>0.063</td>
<td>0.205</td>
<td>0.095</td>
<td>0.758</td>
<td>1.065</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>0.277</td>
<td>0.279</td>
<td>0.985</td>
<td>0.321</td>
<td>1.319</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>-0.210</td>
<td>0.275</td>
<td>0.583</td>
<td>0.445</td>
<td>0.810</td>
</tr>
<tr>
<td>Base pay</td>
<td>0.001</td>
<td>0.001</td>
<td>1.157</td>
<td>0.282</td>
<td>1.001</td>
</tr>
<tr>
<td><strong>Individual bonus</strong></td>
<td><strong>0.005</strong></td>
<td><strong>0.002</strong></td>
<td><strong>5.323</strong></td>
<td><strong>0.021</strong></td>
<td><strong>1.005</strong></td>
</tr>
<tr>
<td>Profit/Gain sharing $</td>
<td>-0.003</td>
<td>0.001</td>
<td>3.142</td>
<td>0.076</td>
<td>0.997</td>
</tr>
<tr>
<td><strong>401(k) $</strong></td>
<td><strong>-0.001</strong></td>
<td><strong>0.001</strong></td>
<td><strong>3.719</strong></td>
<td><strong>0.054</strong></td>
<td><strong>0.999</strong></td>
</tr>
</tbody>
</table>

Table 2.8. “Contacted, or attempted to contact, a politician or a civil servant to voice your opinions”
<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace participation</td>
<td>0.012</td>
<td>0.014</td>
<td>0.709</td>
<td>0.400</td>
<td>1.012</td>
</tr>
<tr>
<td>Internal political efficacy</td>
<td>0.227</td>
<td>0.044</td>
<td>26.240</td>
<td>0.000</td>
<td>1.255</td>
</tr>
<tr>
<td>External political efficacy</td>
<td>0.130</td>
<td>0.039</td>
<td>11.139</td>
<td>0.001</td>
<td>1.138</td>
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<td>0.579</td>
<td>70.114</td>
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</table>

Table 2.9. “Donated money or raised funds for a social or political activity”

<table>
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<tr>
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<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
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<td>0.542</td>
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<td>0.995</td>
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<td>4.122</td>
<td>0.042</td>
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<tr>
<td>Education</td>
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<td>0.161</td>
<td>5.376</td>
<td>0.020</td>
<td>1.454</td>
</tr>
<tr>
<td>Race</td>
<td>-0.071</td>
<td>0.163</td>
<td>0.189</td>
<td>0.664</td>
<td>0.932</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.058</td>
<td>0.189</td>
<td>0.094</td>
<td>0.759</td>
<td>0.944</td>
</tr>
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<td>Occupation 2</td>
<td>-0.137</td>
<td>0.195</td>
<td>0.489</td>
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</tr>
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<td>Occupation 3</td>
<td>-0.227</td>
<td>0.285</td>
<td>0.635</td>
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<tr>
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<td>0.676</td>
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<td>0.465</td>
<td>0.495</td>
<td>0.999</td>
</tr>
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<td>Profit/Gain sharing $</td>
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<td>0.001</td>
<td>0.081</td>
<td>0.775</td>
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</tr>
<tr>
<td>401(k) $</td>
<td>0.000</td>
<td>0.000</td>
<td>0.204</td>
<td>0.651</td>
<td>1.000</td>
</tr>
<tr>
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<td>0.005</td>
<td>0.946</td>
<td>1.001</td>
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<td>0.041</td>
<td>52.407</td>
<td>0.000</td>
<td>1.346</td>
</tr>
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<td>External political efficacy</td>
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<td>4.515</td>
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<td>1.079</td>
</tr>
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<td>0.533</td>
<td>66.398</td>
<td>0.000</td>
<td>0.013</td>
</tr>
</tbody>
</table>

Table 2.10. “Contacted or appeared in the media to express your views”
<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>-0.002</td>
<td>0.011</td>
<td>0.038</td>
<td>0.846</td>
<td>0.998</td>
</tr>
<tr>
<td>Sex</td>
<td>0.541</td>
<td>0.245</td>
<td>4.871</td>
<td>0.027</td>
<td>1.718</td>
</tr>
<tr>
<td>Education</td>
<td>0.035</td>
<td>0.318</td>
<td>0.012</td>
<td>0.913</td>
<td>1.035</td>
</tr>
<tr>
<td>Race</td>
<td>0.376</td>
<td>0.270</td>
<td>1.941</td>
<td>0.164</td>
<td>1.456</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>0.108</td>
<td>0.314</td>
<td>0.118</td>
<td>0.731</td>
<td>1.114</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>-0.029</td>
<td>0.334</td>
<td>0.008</td>
<td>0.931</td>
<td>0.971</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>0.204</td>
<td>0.487</td>
<td>0.175</td>
<td>0.676</td>
<td>1.226</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>-1.345</td>
<td>0.762</td>
<td>3.115</td>
<td>0.078</td>
<td>0.261</td>
</tr>
<tr>
<td>Base pay</td>
<td>-0.002</td>
<td>0.002</td>
<td>0.862</td>
<td>0.353</td>
<td>0.998</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>0.003</td>
<td>0.003</td>
<td>0.801</td>
<td>0.371</td>
<td>1.003</td>
</tr>
<tr>
<td>Profit/Gain sharing $</td>
<td>0.003</td>
<td>0.002</td>
<td>2.787</td>
<td>0.095</td>
<td>1.003</td>
</tr>
<tr>
<td>401(k) $</td>
<td>-0.002</td>
<td>0.001</td>
<td>3.530</td>
<td>0.060</td>
<td>0.998</td>
</tr>
<tr>
<td>Workplace participation</td>
<td>0.034</td>
<td>0.022</td>
<td>2.319</td>
<td>0.128</td>
<td>1.034</td>
</tr>
<tr>
<td>Internal political efficacy</td>
<td>0.060</td>
<td>0.076</td>
<td>0.631</td>
<td>0.427</td>
<td>1.062</td>
</tr>
<tr>
<td>External political efficacy</td>
<td>0.294</td>
<td>0.065</td>
<td>20.138</td>
<td>0.000</td>
<td>1.341</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.461</td>
<td>0.941</td>
<td>33.677</td>
<td>0.000</td>
<td>0.004</td>
</tr>
</tbody>
</table>

1) Signed a petition. Internal political efficacy and gender (e.g., women) were positively associated with the experience of having signed a petition in the past 12 months.

2) Boycotted or deliberately purchased certain products for political, ethical, or environmental reasons. Internal political efficacy and gender (e.g., women) were positively associated with having boycotted or bought certain products for political
reasons. The amount of ESOP value as a % of total wealth was negatively associated with this political behavior.

3) Took part in a demonstration. Higher internal and external political efficacy and education levels were positively associated with the experience of having participated in a demonstration in the past 12 months.

4) Attended a political meeting or rally. Only external political efficacy was positively associated with the likelihood of having attended a political meeting or a rally.

5) Contacted, or attempted to contact, a politician or a civil servant to voice your opinions. Higher levels of education and increased internal and external political efficacy were associated with the likelihood of contacting a politician or a civil servant for political reason.

6) Donated money or raised funds for a social or political activity. Women were more likely to have donated money for a social or political activity. Higher levels of education and increased internal and external political efficacy were also positively associated with political or social donation or raising funds.

7) Contacted or appeared in the media to express your views. Women were more likely to have contacted the media or appeared in the media to express political views. Higher external political efficacy was associated with contacting the media.

As the second approach to the analysis of spillover, when these seven political participation variables were added up to an index ranging from 0 to 7, both internal and external political efficacy were positively associated with the political participation index. Table 2.11 provides the results of index-based analysis.

Table 2.11. Regression results of workplace participation, political efficacy, and political participation index.
This study proposes a new approach for testing the spillover hypotheses; therefore, I conducted an LCA to identify groups of respondents based on distinctive patterns of political behaviors. A 4-cluster model revealed the best model fit. However, although the model fit statistics were slightly less favorable, a 3-cluster model makes the most theoretical sense. In an LCA, model fit statistics guide the decision. Nonetheless,
selecting the number of latent classes to retain is done by considering the parsimony and interpretability of the solution (Porcu & Giambona, 2017).

In addition, one of the clusters from the 4-cluster model had too small of a sample size (44). This was smaller than 5% of the largest cluster in the same model. It follows that three groups were named: Group 1 Inactive, Group 2 Convenient, and Group 3 Active.

**Figure 2.4. LCA results: Item response probability chart of the 3-cluster model.**

The chart is an item response probability chart. This displays the probability of a group member to respond “yes” to each political participation question. For example, a chance of a member of Cluster 1 Inactive to say “yes I have participated in signing a petition in the last 12 month” is 13.5%. Cluster 2 is named “Convenient.” This group is likely to actively participate in activities that are easy and convenient, and they are less likely to participate in activities that require more time and resources. For example, signing a petition is an easy activity, especially when many petitions can be signed online. However, attending or joining political meetings or demonstrations requires time
and effort: one must travel to the venue, meet with people, and coordinate activities. I named this group “Convenient.” Cluster 3 demonstrates high probability in all types of political behaviors. They are most likely to be active in all types of political activities. I named this group “Active.”

The pattern is similar to recent analyses I completed for the LERA annual conference in 2022. I analyzed the International Social Survey Programme (ISSP) 2014 data and discovered the same 3- cluster pattern of “Active,” “Inactive,” and “Convenient” in some European countries.

As the last step of this approach, I conducted a multinomial logistic regression to identify factors associated with the likelihood that individuals belong to a particular participation type.

Table 2.12. Multinomial regression analysis 1: “Inactive” group as a reference

<table>
<thead>
<tr>
<th>Multinomial logistic regression</th>
<th>Number of obs = 1,401</th>
</tr>
</thead>
<tbody>
<tr>
<td>LR chi2(30) = 145.53</td>
<td></td>
</tr>
<tr>
<td>Prob &gt; chi2 = 0.0000</td>
<td></td>
</tr>
<tr>
<td>Log likelihood = -1103.15</td>
<td>Pseudo R2 = 0.0619</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 2 Convenient</th>
<th>Coefficient</th>
<th>Std. err.</th>
<th>z</th>
<th>P&gt;z</th>
<th>[95% conf. interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>0.010</td>
<td>0.006</td>
<td>1.650</td>
<td>0.098</td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.022</td>
</tr>
<tr>
<td>Sex=Female</td>
<td>0.181</td>
<td>0.137</td>
<td>1.330</td>
<td>0.185</td>
<td>-0.087</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.449</td>
</tr>
<tr>
<td>Education=BA or higher</td>
<td>0.211</td>
<td>0.156</td>
<td>1.350</td>
<td>0.176</td>
<td>-0.095</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.517</td>
</tr>
<tr>
<td>Race=nonwhite</td>
<td>-0.263</td>
<td>0.170</td>
<td>-1.550</td>
<td>0.122</td>
<td>-0.596</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.070</td>
</tr>
<tr>
<td>Occupation 1</td>
<td>-0.192</td>
<td>0.194</td>
<td>-0.990</td>
<td>0.322</td>
<td>-0.572</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.188</td>
</tr>
<tr>
<td>Occupation 2</td>
<td>-0.059</td>
<td>0.197</td>
<td>-0.300</td>
<td>0.764</td>
<td>-0.445</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.326</td>
</tr>
<tr>
<td>Occupation 3</td>
<td>-0.022</td>
<td>0.269</td>
<td>-0.080</td>
<td>0.935</td>
<td>-0.549</td>
</tr>
<tr>
<td>Occupation 4</td>
<td>-0.238</td>
<td>0.242</td>
<td>-0.980</td>
<td>0.326</td>
<td>-0.713</td>
</tr>
<tr>
<td>Base pay</td>
<td>0.000</td>
<td>0.001</td>
<td>0.300</td>
<td>0.763</td>
<td>-0.002</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>-0.003</td>
<td>0.002</td>
<td>-1.350</td>
<td>0.177</td>
<td>-0.007</td>
</tr>
<tr>
<td>Profit/gain sharing</td>
<td>0.000</td>
<td>0.001</td>
<td>-0.290</td>
<td>0.771</td>
<td>-0.003</td>
</tr>
<tr>
<td>401(k)$</td>
<td>0.000</td>
<td>0.000</td>
<td>0.040</td>
<td>0.966</td>
<td>-0.001</td>
</tr>
<tr>
<td>Workplace participation</td>
<td>0.005</td>
<td>0.013</td>
<td>0.340</td>
<td>0.733</td>
<td>-0.022</td>
</tr>
<tr>
<td><strong>Internal political efficacy</strong></td>
<td><strong>0.235</strong></td>
<td><strong>0.040</strong></td>
<td><strong>5.860</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.156</strong></td>
</tr>
<tr>
<td>External political efficacy</td>
<td>0.042</td>
<td>0.037</td>
<td>1.140</td>
<td>0.253</td>
<td>-0.030</td>
</tr>
<tr>
<td>_cons</td>
<td>-3.438</td>
<td>0.527</td>
<td>-6.520</td>
<td>0.000</td>
<td>-4.471</td>
</tr>
</tbody>
</table>

**Group 3 Active**

| Age | -0.011 | 0.010 | -1.150 | 0.250 | -0.031 | 0.008 |
| Sex=Female | **0.417** | **0.206** | **2.030** | **0.043** | **0.014** | **0.820** |
| Education=BA or higher | 0.476 | 0.264 | 1.800 | 0.071 | -0.041 | 0.993 |
| Race=nonwhite | -0.140 | 0.244 | -0.570 | 0.567 | -0.617 | 0.338 |
| Occupation 1 | 0.138 | 0.283 | 0.490 | 0.626 | -0.416 | 0.692 |
| Occupation 2 | 0.357 | 0.277 | 1.290 | 0.197 | -0.185 | 0.900 |
| Occupation 3 | 0.010 | 0.446 | 0.020 | 0.981 | -0.864 | 0.884 |
| Occupation 4 | -0.427 | 0.447 | -0.960 | 0.339 | -1.304 | 0.449 |
| Base pay | 0.001 | 0.002 | 0.420 | 0.673 | -0.003 | 0.005 |
| **Individual bonus** | **0.006** | **0.003** | **2.090** | **0.036** | **0.000** | **0.011** |
| Profit/gain sharing | -0.002 | 0.002 | -0.870 | 0.387 | -0.005 | 0.002 |
| 401(k)$ | -0.001 | 0.001 | -1.400 | 0.161 | -0.003 | 0.000 |
| Workplace participation | 0.015 | 0.019 | 0.770 | 0.443 | -0.023 | 0.052 |
### Table 2. 13. Multinomial regression analysis 2: “Active” group as a reference

|                     | Coefficient | Std. err. | z     | P>|z| | [95% conf. interval] |
|---------------------|-------------|-----------|-------|-----|----------------------|
| **Group 1 Inactive**|             |           |       |     |                      |
| **Age**             | 0.011       | 0.010     | 1.150 | 0.250 | -0.008               | 0.031               |
| **Sex=Female**      | -0.417      | 0.206     | -2.030| 0.043| -0.820               | -0.014              |
| **Education=BA or higher** | -0.476 | 0.264 | -1.800 | 0.071 | -0.993 | 0.041 |
| **Race=nonwhite**  | 0.140       | 0.244     | 0.570 | 0.567 | -0.338               | 0.617               |
| **Occupation 1**    | -0.138      | 0.283     | -0.490| 0.626 | -0.692               | 0.416               |
| **Occupation 2**    | -0.357      | 0.277     | -1.290| 0.197 | -0.900               | 0.185               |
| **Occupation 3**    | -0.010      | 0.446     | -0.020| 0.981 | -0.884               | 0.864               |
| **Occupation 4**    | 0.427       | 0.447     | 0.960 | 0.339 | -0.449               | 1.304               |
| **Base pay**        | -0.001      | 0.002     | -0.420| 0.673 | -0.005               | 0.003               |
| **Individual bonus**| -0.006      | 0.003     | -2.090| 0.036| -0.011               | 0.000               |
| **Profit/gain sharing** | 0.002 | 0.002 | 0.870 | 0.387 | -0.002 | 0.005 |
| **401(k)$**        | 0.001       | 0.001     | 1.400 | 0.161 | 0.000                | 0.003               |
| **Workplace participation** | -0.015 | 0.019 | -0.770 | 0.443 | -0.052 | 0.023 |
| **Internal political efficacy** | -0.376 | 0.066 | -5.670 | 0.000 | -0.506 | -0.246 |
| **External political efficacy** | -0.222 | 0.055 | -4.050 | 0.000 | -0.329 | -0.114 |
| **_cons**           | 6.556       | 0.846     | 7.750 | 0.000 | 4.898                | 8.214               |

| **Group 2 Convenient** | | | | | |

### Notes
- The table presents the results of a multinomial regression analysis focusing on the “Active” group as a reference.
- The table includes coefficients, standard errors, z-scores, p-values, and 95% confidence intervals for various variables, including demographic characteristics, job-related factors, and financial incentives.
- The study aims to understand factors influencing the political efficacy of individuals in different working groups.
- The results suggest that several factors, such as age, sex, education, race, occupation, and financial incentives, significantly impact political efficacy.
In this analysis, I used Cluster 1 “Inactive” as the reference group. People with higher levels of education and increased internal political efficacy were more likely to belong to Cluster 2 “Convenient” than Cluster 1 “Inactive.” Sex, race, occupation, and external political efficacy were not associated with the difference between Cluster 1 and 2.

Women, people with higher levels of education, and people with increased internal and external political efficacy were more likely to belong to Cluster 3 “Active”
than Cluster 1 “Inactive.” Race and occupation were not associated with the likelihood of belonging to a specific cluster.

The only difference between Cluster 2 “Convenient” and Cluster 3 “Active” was the level of external political efficacy, with Cluster 3 “Active” being higher in external political efficacy than Cluster 2 “Convenient.” This result indicates that people with higher external political efficacy are more likely to be active in all types of political activities. People low in external political efficacy are more likely to be active in only a few political activities that require less effort and resources.

Discussions

The aim of this study is twofold. One is to incorporate employee ownership into the research of democratic spillover, based on the control perspective on employee ownership. The other is to experiment with a new methodological approach by applying an LCA and multinomial regression analysis to the research of spillover.

This study discovered no support for the control perspective of employee ownership, which argues that being formally an owner can enhance employees’ efficacy. The analysis found no positive influence of ESOP participation on the employees’ workplace participation or on their political efficacy. This may be because of the nature of the ESOP conversion. Although there is no official data, at least in the U.S., it is believed that most of the conversions to an ESOP are not initiated by employees. For many ESOP employees, ESOPs are something that have been given to them, primarily by the decision of the small number of former owners or the founder. These employees did not have opportunities to actively get involved in making such a critical decision and
enhance their efficacy related to collective decision making. This lack of initiation by the employee might have led to the results that revealed no positive association between ESOP participation and political efficacy.

ESOP participation also was not associated with workplace participation, which contradicts the prior findings (e.g., shared capitalism at work). Although ESOP companies often provide more opportunities for employees to participate in various decision-making processes and achieve more autonomy, the results of this study demonstrate that this is not always the case.

The results support the spillover argument in item-by-item and index-based analyses. When tested separately, political efficacy had a positive association with all seven political behaviors in this study. For all seven behaviors, the effect of workplace participation was fully mediated by internal or external political efficacy (or both). This finding directly supports the spillover argument. An analysis that examined an additive index of political participation also support the spillover theory.

However, an LCA can complement the insights derived from the item-by-item and index-based analyses. An LCA is an ideal technique for investigating the existence of distinct types of behavior based on categorical data. As discussed earlier, an item-by-item approach and an additive index of political participation can be complemented by an additional approach because they miss people’s behavioral patterns. Although different political behaviors require varying levels of effort, time, and resources, the approaches used by most of the extant quantitative studies did not fully capture this variance.

An LCA illustrates how people tend to participate in differently in various political activities. The results confirm that there is a distinct type of person who prefers
to participate in political activities that require fewer resources and less effort. This finding is consistent with the data from many European countries. A multinomial regression analysis, followed by the LCA, revealed that the level of political efficacy was significantly associated with the likelihood of belonging to different groups. This provides support for the spillover thesis by highlighting the importance of political efficacy. People who were active in all types of political activities revealed higher levels of internal and external political efficacy than people who were active only in political activities that require less effort, such as signing a petition or donating money for a political cause. The results imply that people who believe they can influence formal political entities like the government to make a difference are more likely to participate in political activities that require significant time and effort. However, people with lower levels of trust in political entities and their ability to understand and make good decisions about politics are more likely to be reluctant to invest their resources and effort in political behaviors.

This finding leads to additional questions. For example, the differences between the “convenient” group and “active” group may be influenced by variations in their lifecycle or access to information or resources. In fact, the group “convenient” was, on average, older than the group “active.” The difference may also be due to variations in online versus offline participation. Moreover, the availability of local political activities may lead to different patterns of political behaviors. For example, a person is living in a relatively isolated or scarcely populated region, may experience fewer opportunities to attend a rally or a demonstration than someone in an urban area.
Although LCA is a useful approach to examine the distinct patterns of political behaviors, the interpretation of the results and the selection of the best model somewhat depends on subjective choices. It would be ideal to use different approaches in a complementary way because they provide distinct insights.

Ending on a note of caution, it needs to be considered that the employee owners’ data for this study was collected from the self-selected ESOP companies. Unlike representative data, such as the information from the General Social Survey, the ESOP employees in this data are working in specific types of companies that tend to have unique shared cultures. Indeed, ESOPs are not the only type of employee ownership and do not represent the potential effects of employee ownership in general on employees’ participation and political efficacy. For example, cooperatives are a form of employee ownership in which all participating members share equal decision-making authority. In the process of joining a cooperative, members tend to gain significant knowledge of the collective decision-making processes and responsibilities following the rights. Such a process is more likely to provide opportunities to enhance political efficacy than a conversion to an ESOP initiated by the small number of formal leaders in the organization. Therefore, further research in different contexts, such as various types of employee ownership or employee ownership established through distinct processes, is needed.
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Appendix: Measures

5. Employee participation (Freeman & Rogers, 2006): Below are the statements about your involvement in different decisions on the job.) How much direct involvement and influence do YOU have in (ITEM)?

<table>
<thead>
<tr>
<th>A lot of direct involvement and influence</th>
<th>Some direct involvement and influence</th>
<th>Only a little direct involvement and influence</th>
<th>No direct involvement and influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>①</td>
<td>②</td>
<td>③</td>
<td>④</td>
</tr>
</tbody>
</table>

a. Deciding HOW to do your job and organize the work
b. Deciding what TRAINING is needed for people in your work group or department
c. Setting work SCHEDULES, including breaks, overtime and time off
d. Deciding how much of a RAISE in pay the people in your work group should get
e. Setting GOALS for your work group or department
f. Deciding how to work with new EQUIPMENT OR SOFTWARE, if that has ever been needed
g. Setting SAFETY standards and practices
h. Deciding what kinds of BENEFITS are offered to employees

6. Political efficacy

a. How often do politics and government seem so complicated that you can't really understand what's going on?
b. How well do you understand the important political issues facing our country?


c. How much do public officials care what people like you think?


d. How much can people like you affect what the government does?


7. Political participation

Here are some different forms of political and social action that people can take. Please indicate, for each one, whether you have done any of these things in the past year, whether you have done it in the more distant past, whether you have not done it but might do it, or have not done it and would never, under any circumstances, do it.

<table>
<thead>
<tr>
<th>Have done it in the past year</th>
<th>Have done it in the more distant past</th>
<th>Have not done it but might do it</th>
<th>Have not done it and would never do it</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

a. Signed a petition

b. Boycotted, or deliberately bought, certain products for political, ethical or environmental reasons

c. Took part in a demonstration
d. Attended a political meeting or rally

e. Contacted, or attempted to contact, a politician or a civil servant to express your views

f. Donated money or raised funds for a social or political activity

g. Contacted or appeared in the media to express your views

Abstract

Drawing on social identity theory and a resource allocation perspective on corporate social responsibility (CSR), this study analyzes a unique dataset collected from the National ESOP survey and a replication of the survey using Amazon Mechanical Turk. The aim of this study is to examine how employee perceptions of the company’s CSR activities are associated with employees’ organizational citizenship behaviors (OCB) as well as with broad-based share compensation. This study also expands the scope of CSR studies and democratic spillover theory by incorporating individuals’ civic participation into CSR outcomes.

Keywords: corporate social responsibility, organizational citizenship behavior, civic participation, spillover, employee stock ownership, broad-based share compensation
Introduction
A growing body of research has been attempting to comprehend and explain the association of corporate social responsibility (CSR) with both firm performance and with employee attitudes and behavior. Customers and the broader society are paying increasingly more attention to the consequences of corporate decision-making in the areas such as environment, global economy, child labor, health and safety. Another driver to assess CSR is the attention the businesses give to the short- and long-term financial consequences of this increased attention by third parties.

A significant body of research has found evidence of CSR’s impact on motivation and outcomes at the organizational and individual level and has produced valuable insights on how employees react to their firm’s CSR practices. Researchers have applied diverse sets of theories ranging from social identity theory to justice theories, signaling theory, and a needs-based perspective to understand how CSR leads to attitudinal and behavioral outcomes among employees. These outcomes include job satisfaction, affective commitment, organizational citizenship behaviors, and lower turnover.

Studies of micro-level outcomes of CSR have mostly focused on performance-related outcomes (Rupp & Mallory, 2015). While following such research trends to examine the performance outcome of CSR, this study expands the boundary of micro-CSR research by incorporating individual civic participation. In addition, this study examines the resource allocation perspective of CSR by testing if CSR and employee compensation interact through broad-based share compensation.
Theory

Corporate Social Responsibility (CSR)

Although the definition of CSR developed by Carroll (1979) is widely accepted in practice and in academic literature, academic studies of corporate social responsibility have not reached consensus on a single definition on the topic (Khan et al., 2014). The problem of inconsistency derives not only from the lack of a common definition but also from the often-found biases of different researchers regarding specific interests that prevent the development and implementations of the concept (Dahlsrud, 2008). Many researchers have attempted to develop a valid definition of CSR either empirically or theoretically (Carroll, 1999; Carter & Jennings, 2004; Dahlsrud, 2008; Göbbels, 2002; Johnston & Beatson, 2005; Joyner & Payne, 2002; Matten & Crane, 2005; Moir, 2110; O’Dwyers, 2002; RARE, 2005; van Marrewijk, 2003), and these different definitions of CSR share some common elements such as responsibility of the organization toward people, community, and the environment. Among these, Dahlsrud (2008) explicitly aimed to review how CSR is defined and analyzed 37 definitions of CSR. He took three steps to analyze these different definitions. First, he gathered CSR definitions through a literature review; second, he identified five dimensions of CSR through a content analysis of the collected definitions; and third, he added up the frequency counts from Google of all the definitions referring to each of the specific dimensions and calculated the relative usage of each dimension, which is a method widely used in linguistics. He identified five common dimensions of CSR—stakeholder, social, economic, voluntariness, and environmental-related. This approach has generated common core dimensions of CSR on
a different level rather than developing a single definition. Dahlsrud argues that “the challenge for business is not so much to define CSR, as it is to understand how CSR is socially constructed in a specific context and how to take this into account when business strategies are developed” (p. 6).

This argument may be an appropriate way to approach the definition of CSR as a more context-specific phenomenon. This approach requires a deeper understanding of the general responsibilities of for-profit organizations and their stakeholders. As CSR studies incorporate the stakeholder concept, CSR research has often focused on bilateral relationships between the corporation and particular stakeholder groups such as shareholders, investors, consumers, managers, and job candidates (Mueller et al., 2012). However, reviewing the frequently discussed stakeholders, questioning the boundaries of stakeholders, or determining who the stakeholders are is beyond the scope of this study. Among different stakeholder groups, this study specifically aims to address employees as the stakeholder of interest.

**CSR and Employee Reactions: Theories**

Researchers have applied social identity theory (Brammer et al., 2007; Turker, 2009), person-organization fit (Bhattacharya & Sen, 2004; Mueller et al., 2012), a resource-based view of a firm (Branco & Rodrigues, 2006), and deontic justice theory (Cropanzano et al., 2001) to argue for the importance of employees as stakeholders of CSR. Common to these arguments is that employees are one of the most important and proximal stakeholders of a firm, and the perceived level of CSR can significantly affect their attitudes and behaviors. Drawing on such an argument, this study explicitly focuses
on the attitudinal and behavioral outcomes of employee perceptions of corporate CSR activities.

In micro-CSR studies that focus on individual level factors and outcomes, studies have mostly focused on performance-related individual level outcomes (Rupp & Mallory, 2015). Among various theories, theories of identification (Jones, 2010), justice (Rupp et al., 2011), social identity and social exchange (Farooq et al., 2013), engagement (Glavis & Piderit, 2009; Mirvis, 2012), and signaling (Jones et al., 2014) have been dominantly used for micro-CSR studies that have examined individual performance (Jones, 2010), employee attitudes (Bartel, 2001; Carmeli et al., 2007), and organizational attraction (Albinger & Freeman, 2000; Backhaus et al., 2002).

**Social identity theory.** Social identity theory is one of the most frequently used theoretical models in CSR studies. The studies applying the social identity theory focus mostly on employees’ identification with their firm and their commitment to the firm as the outcome of CSR (Brammer, Millington, & Rayton, 2007; Korschun, Bhattacharya, & Swain, 2013; Mueller, Hattrup, Spiess, & Lin-Hi, 2012; Turker, 2009; Sen, Bhattacharya, & Korschun, 2006). Social identity theory argues that an individual’s self-concept is influenced by their membership in social organizations, including their work. The beliefs each individual holds of an organization of which they are a member positively or negatively affects how the individual sees themself. When applied to CSR research, social identity theory suggests that “employee perceptions of a firm’s ethics, values, and social responsiveness play a significant role in shaping employees’ perceptions of the attractiveness of particular organizations” (Brammer et al., 2007, p. 7). Since individuals have needs to establish positive self-concepts by comparing themselves with social
organizations to which they belong, employees will identify themselves with their employer’s socially responsible behaviors. CSR research applying social identity theory predicts that a positive self-concept derived from an employer’s socially responsible behaviors will result in increased organizational commitment (Kim, Lee, Lee, & Kim, 2010). Similar to this vein is the person-organization fit perspective that considers the association between perceived CSR and employees’ affective commitments (Albinger & Freeman, 2000; Mueller et al., 2012). From a person-organization fit perspective, or more specifically a person-culture fit, individual values or preferences are argued to be expressed in choosing an organization to join and then reinforced within organizational contexts. As individuals are drawn to others with certain attitudes and experience, certain characteristic outcomes and behaviors of organizations are more or less attractive to different types of people. Congruency between an individual’s values and organizational values provides the starting point of person-culture fit, and the joint processes of selection and socialization function as complementary means of insuring this fit (O’Reilly III, Chatman, & Caldwell, 1991).

Justice theory. Justice theories provide a different viewpoint on the CSR-employee outcomes association (Aguilera, Rupp, Williams, & Ganapathi, 2007; Brammer et al., 2007; Collier & Esteban, 2007; Hansen, Dunford, Boss, Boss, & Angermeier, 2011; Rupp, Ganapathi, Aguilera, & Williams, 2006; Rupp, Shao, Thornton, & Skarlicki, 2013). One interesting aspect in this line of research is a relatively underused concept in organizational justice—deontic justice. Deontic justice theory is a theory of third-party justice perception, which argues that individuals care about and react to justice—or injustice—to other people because unfair treatment violates moral and ethical
norms. For instance, Rupp et al. (2006) propose that employees form distinct judgments on their firm’s socially just or unjust practices and that this perception of CSR has an impact on employee outcomes such as organizational attractiveness, job satisfaction, and organizational citizenship behavior. The concept of deontic justice has interesting implications for CSR and employee reaction research. The deontic justice theory argues that individuals are likely to react positively to perceptions of an employer engaging in socially responsible activities and react negatively to a firm whose actions are perceived as socially irresponsible. Furthermore, individuals react in these ways due in part to a selfless concern for the well-being of others (Rupp et al., 2006). When combined with the social identity argument, one might argue that working for a socially responsible company could positively contribute to one’s self-esteem and positive social identity. However, it seems this outcome would only occur if social responsibility was something that the employee valued a priori, and thus, a deontic or morality-based value structure is still implied. This theoretical perspective provides an alternative framework for understanding the mechanism through which CSR affects employee outcomes.

*Resource allocation theory.* A resource allocation perspective on CSR and employee outcomes has drawn relatively less academic attention. Based on this perspective, CSR leads to OCB only when employees believe that CSR is not in conflict with their interests in terms of limited financial resources. This theory also implies that if employees receive favorable financial rewards from the company, the link between CSR and OCB will likely be enhanced.

*Organizational citizenship behavior.* Since the emergence of related research in the early 1980s, OCB has drawn much academic attention as a separate and additional
performance area distinct from in-role performance. Empirical studies of OCB have consistently discovered subdimensions of OCB: one directed to an individual (OCB-I) and the other directed toward the organization (OCB-O). The targets of OCB-I include colleagues, coworkers, and other individuals, and the targets of OCB-O includes supervisors and the larger organization (Organ, 2017; Williams & Anderson, 1991).

Among various theoretical mechanisms that can be considered to explain the CSR-OCB link, social identity and organizational identification theories are most often cited. The basic argument from this theoretical perspective is that people derive part of their identities through the organization in which they work and that they are more likely to be motivated to identify with an organization that enhances their sense of self-worth (Ashforth, Harrison, & Corley, 2008; Jones, 2010). According to this perspective, employees who identify strongly with their organization tend to engage in behaviors that help the organization achieve its goals (Jones 2010).

A number of empirical studies have examined the association between CSR perception and OCB, and in general, these studies have found positive evidence for the CSR-OCB link. Nik and Rashid (2012) as well as Bozkurt and Bal (2012) examined the direct association between CSR perception and OCB. Fu et al. (2014) incorporated organizational identification and organizational commitment as mediators between CSR and OCB and found support for the CSR-OCB link mediated by these two factors. Oo et al. (2018) tested the mediation of organizational trust and the moderating role of collectivism and the person-organization fit, and they found an association between CSR and OCB mediated by organizational trust and support for the positive moderation of collectivism and person-organization fit. Hansen et al. (2011) also examined a similar
psychological mechanism mediated by organizational trust and found supporting empirical evidence.

**CSR and community participation**

The spillover thesis by Pateman (1970) argues that an educative nature of democratic employee participation in the workplace will enhance employees’ political participation as responsible citizens. This argument can be expanded to the proposal that links workplace participation and general civic participation in community affairs and local elections. For example, in the study of Russian employees, Krasnopolskaya (2014) found that employee participation in corporate volunteering positively influenced their civil engagement outside the corporation. Although the study was not solidly theory-driven, the results show the potential effect of CSR on civic activities of workers. Increased skills such as knowledge gained through CSR communications of the company can be one mechanism of the spillover of CSR perception into civic participation. The control perspective of employee ownership for attitudes and agency can provide an insight from an alternative mechanism. Formally becoming the owners of the company they work to enhance the employees’ efficacy and motivate them to participate in community affairs more actively. The other potential mechanism is related to increased wealth through employee ownership and BBSC in general.

In this study, I hypothesize that employee perceptions of responsible corporate behaviors have a similar educative mechanism by which employees are more motivated to engage in various types of civic and community activities. Another possible mechanism of such spillover is through stronger employee identification with a responsible organization. With increased identification with a socially responsible
company, employees may be encouraged to participate in civic and community activities more actively. This study serves as an exploratory endeavor to determine if CSR and civic activities of employees are related, and a future study can explore this correlation in depth.

Analytical Model and Hypotheses

Although a strong theoretical background is not yet available for hypothesizing a positive correlation between ESOPs and greater CSR performance or CSR perception of employees, anecdotal evidence supports the argument that ESOP companies are active in CSR and sustainability practices. I hypothesize that ESOP participation is positively associated with CSR perception.

\[ H1: \text{ESOP participation is positively associated with CSR perception.} \]

Drawing mostly on social identity theory, I hypothesize that an individual employee’s perceived CSR of the company is positively associated with OCB.

\[ H2: \text{Perceived company CSR is positively associated with OCB.} \]

Based on a resource allocation perspective, I hypothesize that a smaller amount of monetary rewards from broad-based stock ownership, profit sharing, and gain sharing can send a signal to employees that the company has limited financial resources. In this condition, a high level of perceived CSR may lead to negative employee attitudes and behaviors because employees may perceive that investment in CSR has negatively affected their compensation. By contrast, larger BBSC rewards will make employees feel more generous—and perceive that the company can “afford” CSR. Therefore, with larger BBSC rewards, employee reaction to CSR may be more positive and can lead to stronger influence on OCB.
H3: The dollar amount of ESOP compensation and profit- and gain-sharing combined will positively moderate the association between CSR perception and OCB such that when the dollar amount of ESOP is greater, the association between CSR perception and OCB will be greater.

Drawing on an expanded notion of democratic spillover, I hypothesize that a higher level of CSR activities perceived by employees will encourage them to participate in civic activities more actively.

H4: Perceived CSR will be positively associated with civic participation.

Civic participation has different motivational mechanisms from those of OCB. One of those mechanisms that is relevant to the current analytical model is a combination of the control perspective of employee ownership and increased wealth through employee ownership and profit- and gain-sharing.

H5: The dollar amount of ESOP compensation and profit- and gain-sharing combined will positively moderate the association between CSR perception and civic participation such that when the dollar amount of ESOP is greater, the association between CSR perception and civic participation will be greater.

Figure 3.1. Analytical Model
Data and Analysis

Data

National ESOP Employee Survey

The first two essays of this study analyze the data from the National ESOP Employee Survey. A team of researchers, of which I was a member, began developing a questionnaire in early 2018. While using and adapting some features of the survey done by Blasi, Freeman, and Kruse in the early 2000s and sponsored by the National Bureau of Economic Research (NBER) in the Shared Capitalism Project, this new survey included questions that have been asked less frequently in the context of employee ownership and broad-based financial participation and are validated instruments that can be the basis of research in the leading HR journals.

The general purpose of the survey was to collect data from the employees and the managers of business firms with employee stock ownership plans (ESOPs), through which employees can own a significant share of the firms for which they work. The survey collected data extensively on individual outcomes such as satisfaction, commitment, sense of ownership, employee involvement, and intention to leave the firm.

Through the collaboration and support of the ESOP Association and the Employee Ownership Foundation and through personal and prior research networks, the research team began recruiting employee-owned companies in mid-2018. The team contacted companies through the Association’s regional chapter meetings, conference calls, and recruitment emails. The data was collected from late 2018 to early 2020 from nine companies with broad-based stock compensation either through an ESOP (eight
companies) or another individual stock ownership arrangement (one company). We
distributed surveys to approximately 3,000 employees from the nine companies and
received 1,252 responses (42.5% response rate).

Amazon Mechanical Turk (MTurk) Survey

Since the National ESOP Employee survey only recruited companies with broad-
based stock compensation, the absolute majority of the surveyed employees currently
own company stock. To create a comparison group of employees without stock
ownership, we replicated the survey using Amazon Mechanical Turk in November 2020
and collected 1,499 cases without limiting the participation of the individuals who were
participating in various forms of employee share compensation.

Measures

Perceived CSR was measured with a 14-item scale from Lee, Park, and Lee
(2013). The scale queried employee perception of the company’s philanthropic, ethical,
and environmental activities. Examples of the question items include “our company gives
adequate contributions to local communities” and “our company has an environmentally
related mission.” The responses were measured with a 7-point scale ranging from 1
(“strongly disagree”) to 7 (“strongly agree”).

In the National ESOP Survey, OCB was measured with a 6-item scale from
Kehoe and Wright (2013). One example of the items is the following: “I willingly share
my expertise with my coworkers.” The responses are measured with a 5-point scale
ranging from 1 (“strongly disagree”) to 5 (“strongly agree”).

In the replication survey using Amazon Mechanical Turk, we used a 14-item scale
from Williams and Anderson (1991), which consists of seven items for OCB directed
toward individuals (OCBI) and seven items for OCB directed toward the organization (OCBO).

We used items on civic participation and participation in local elections from the General Social Survey (GSS). For civic participation, the survey presented a list of types of groups or organizations in which people sometimes participate and queried if the respondents have participated in any of these groups during the last 12 months. The responses were measured with 1 for “yes” and 2 for “no.” For local elections, the survey queried often the respondent has voted for elections for local officials such as for mayor or for a school board. The responses were measured with 1 (“always vote”), 2 (“sometimes vote”), 3 (“rarely vote”), and 4 (“never vote”).

Analysis

This study analyzes the sample from the two datasets separately, because of the different measures used for OCB. Since the Amazon Mechanical Turk Survey used a more rigorous measure of OCB that distinguished between OCBI and OCBO and included a large number of individuals without BBSE, our analysis of Amazon Mechanical Turk Data provides an additional understanding of the proposed mechanisms of CSR and OCB.

The formula below represents a regression analysis with moderation, which represents Hypotheses 1 and 2:

\[ Y(OCB) = \beta_0 + \beta_1 CSR_i + \beta_2 CSR * BBSC_i + \beta_3 C_i + e_i \]

In this formula, BBSC stands for the combined dollar amount of stock owned, profit sharing, and gain sharing bonuses. CSR*BBSC represents an interaction of CSR and the dollar amount of BBSC, which is Hypotheses 2. C stands for control variables,
which include age, gender, race, and education. The multiple regression formula below represents Hypothesis 3, which focuses on CSR and civic participation:

\[ Y(\text{CP}) = \beta_0 + \beta_1 \text{CSR}_i + \beta_2 \text{C}_i + e_i \]

I conducted a mediation regression analysis of the paths between ESOP participation, CSR perception, and OCB and civic participation. In the next step, I created an interaction term variable of CSR perception and the amount of ESOP, and another interaction variable of CSR perception and the amount of profit- and gain-sharing. Demographics and occupation, base pay, amount of individual bonus, amount of 401(k) retirement savings, and high-performance work systems (HPWS) index were controlled for.

Results

In the first step of the analysis, I analyzed how ESOP participation and the amount of ESOP (0 for respondents without an ESOP) are associated with CSR perception. As hypothesized, ESOP participation and the dollar amount of ESOP were both significantly and positively associated with CSR perception and were independent from one another. Table 3.1 provides means and correlations of the variables.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CSR</td>
<td>71.139</td>
<td>19.03970</td>
<td>1,997</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 OCB</td>
<td>24.450</td>
<td>4.11591</td>
<td>1,972</td>
<td>.451**</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3.1. Descriptive Statistics and Correlations
<table>
<thead>
<tr>
<th>3 CP</th>
<th>1.4748</th>
<th>1.76187</th>
<th>1.487</th>
<th>.293 **</th>
<th>.102 **</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 ESOP value</td>
<td>86.528</td>
<td>159.3319</td>
<td>2,108</td>
<td>.316 **</td>
<td>.158 **</td>
</tr>
<tr>
<td>5 Individual bonus</td>
<td>22.589</td>
<td>52.22072</td>
<td>2,108</td>
<td>.083 **</td>
<td>0.026</td>
</tr>
<tr>
<td>6 Profit-/gain-sharing</td>
<td>59.491</td>
<td>96.50235</td>
<td>2,108</td>
<td>.262 **</td>
<td>.134 **</td>
</tr>
<tr>
<td>7 ESOP participation</td>
<td>0.5506</td>
<td>0.49756</td>
<td>1.976</td>
<td>.340 **</td>
<td>.211 **</td>
</tr>
</tbody>
</table>

Table 3.2. Regression Results of ESOP, Profit- and Gain-sharing, and CSR Perception

| | Unstandardized Coefficients | | | | |
| | B | Std. Error | Beta | t | Sig. | |
| (Constant) | 34.981 | 2.059 | 16.993 | 0.000 | |
| Age | -0.015 | 0.031 | -0.009 | -0.480 | 0.631 |
| Sex | 1.859 | 0.683 | 0.048 | 2.723 | 0.007 |
| Education (0=HS or lower, 1=College or higher) | 2.291 | 0.804 | 0.054 | 2.851 | 0.004 |
| Race (0=Whites, 1=Nonwhites) | 0.506 | 0.824 | 0.010 | 0.615 | 0.539 |
| Production, manufacturing | -0.137 | 1.095 | -0.002 | -0.125 | 0.900 |
| Administrative staff | 1.704 | 1.144 | 0.028 | 1.489 | 0.137 |
| Sales staff | -2.724 | 1.695 | -0.028 | -1.607 | 0.108 |
| Customer service | -2.944 | 1.437 | -0.038 | -2.049 | 0.041 |
| Managerial | -1.101 | 0.856 | -0.024 | -1.286 | 0.199 |
For the concern of multicollinearity of ESOP participation (binary coded) and the dollar value of the ESOP, I ran separate analyses using each of ESOP participation and dollar value as an independent variable. ESOP participation (0 = no ESOP, 1 = ESOP) was positively associated with CSR perception. The value of ESOP and profit- and gain-sharing combined (ESOP-PSGS index) was also positively associated with CSR perception.

Table 3.3 shows the results from another analysis, in which I combined the two types of monetary rewards—ESOP and profit- and gain-sharing. The rationale of this approach is that both ESOP and profit- and gain-sharing are types of collective pay-for-performance based either on group or company performance. When combined into an index of collective rewards (ESOP-PSGS index hereafter), it was also positively and significantly associated with CSR perception.

Women and respondents with higher educational attainment were more likely to show higher CSR perception. While high performance work practice was positively
associated with CSR perception, individual performance bonus showed a negative relationship with CSR perception.

Table 3.3. Regression Results of CSR Perception and OCB

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>(Constant)</td>
<td>17.996</td>
<td>0.496</td>
<td>36.278</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.004</td>
<td>0.007</td>
<td>0.012</td>
<td>0.593</td>
<td>0.553</td>
</tr>
<tr>
<td>Sex</td>
<td>0.240</td>
<td>0.155</td>
<td>0.030</td>
<td>1.546</td>
<td>0.122</td>
</tr>
<tr>
<td>Education (0=HS or lower, 1=College or higher)</td>
<td>-0.833</td>
<td>0.183</td>
<td>-0.094</td>
<td>-4.559</td>
<td>0.000</td>
</tr>
<tr>
<td>Race (0=Whites, 1=Nonwhites)</td>
<td>-0.210</td>
<td>0.187</td>
<td>-0.021</td>
<td>-1.122</td>
<td>0.262</td>
</tr>
<tr>
<td>Production, manufacturing</td>
<td>-0.504</td>
<td>0.249</td>
<td>-0.043</td>
<td>-2.026</td>
<td>0.043</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>-0.780</td>
<td>0.260</td>
<td>-0.062</td>
<td>-3.004</td>
<td>0.003</td>
</tr>
<tr>
<td>Sales staff</td>
<td>-0.503</td>
<td>0.385</td>
<td>-0.025</td>
<td>-1.307</td>
<td>0.191</td>
</tr>
<tr>
<td>Customer service</td>
<td>-1.082</td>
<td>0.326</td>
<td>-0.067</td>
<td>-3.316</td>
<td>0.001</td>
</tr>
<tr>
<td>Managerial</td>
<td>0.627</td>
<td>0.194</td>
<td>0.065</td>
<td>3.224</td>
<td>0.001</td>
</tr>
<tr>
<td>Base pay</td>
<td>-0.001</td>
<td>0.001</td>
<td>-0.010</td>
<td>-0.383</td>
<td>0.702</td>
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<tr>
<td>Wealth</td>
<td>0.003</td>
<td>0.000</td>
<td>0.144</td>
<td>5.712</td>
<td>0.000</td>
</tr>
<tr>
<td>401(k)</td>
<td>-0.001</td>
<td>0.001</td>
<td>-0.027</td>
<td>-1.110</td>
<td>0.267</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>-0.001</td>
<td>0.001</td>
<td>-0.018</td>
<td>-0.916</td>
<td>0.360</td>
</tr>
<tr>
<td>High performance work systems index</td>
<td>0.138</td>
<td>0.029</td>
<td>0.107</td>
<td>4.670</td>
<td>0.000</td>
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<tr>
<td>ESOP participation (0=no ESOP, 1=ESOP)</td>
<td>0.310</td>
<td>0.168</td>
<td>0.039</td>
<td>1.842</td>
<td>0.066</td>
</tr>
</tbody>
</table>
In the next step, I analyzed the associations between CSR perception and OCB. Wealth, high performance work systems, and CSR perception were positively associated with OCB, but ESOP participation and ESOP-PSGS index were not significantly associated. The relationships between ESOP participation and the ESOP-PSGS index with OCB were fully mediated by CSR perception (ESOP participation, $z = 7.794$, ESOP+PSGS index $z = 4.970$). The relationships between ESOP participation and ESOP-PSGS index with OCB were fully mediated by CSR perception. The results also show that educational level was negatively associated with OCB.

Table 3.4. Regression Results of Interaction Between ESOP Value and Profit-and Gain-Sharing Value on the CSR-OCB Relationship

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.004</td>
<td>0.007</td>
<td>0.011</td>
<td>0.530</td>
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<td>Sex</td>
<td>0.248</td>
<td>0.155</td>
<td>0.031</td>
<td>1.602</td>
<td>0.109</td>
</tr>
<tr>
<td>Education (0=HS or lower, 1=College or higher)</td>
<td>-0.833</td>
<td>0.182</td>
<td>-0.095</td>
<td>-4.570</td>
<td>0.000</td>
</tr>
<tr>
<td>Race (0=Whites, 1=Nonwhites)</td>
<td>-0.195</td>
<td>0.187</td>
<td>-0.019</td>
<td>-1.044</td>
<td>0.296</td>
</tr>
<tr>
<td>Production, manufacturing</td>
<td>-0.499</td>
<td>0.248</td>
<td>-0.043</td>
<td>-2.011</td>
<td>0.044</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>-0.791</td>
<td>0.259</td>
<td>-0.063</td>
<td>-3.051</td>
<td>0.002</td>
</tr>
<tr>
<td>Sales staff</td>
<td>-0.477</td>
<td>0.384</td>
<td>-0.024</td>
<td>-1.240</td>
<td>0.215</td>
</tr>
</tbody>
</table>
The moderation analysis revealed that the ESOP-PSGS index interacted positively with CSR perception and influenced OCB, such that a greater ESOP-PSGS combined value enhanced the relationship between CSR perception and OCB.

Table 3.5. Regression Results of CSR and Civic Participation

<table>
<thead>
<tr>
<th>Customer service</th>
<th>-1.106</th>
<th>0.326</th>
<th>-0.069</th>
<th>-3.396</th>
<th>0.001</th>
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<tr>
<td>Managerial</td>
<td>0.613</td>
<td>0.194</td>
<td>0.064</td>
<td>3.158</td>
<td>0.002</td>
</tr>
<tr>
<td>Base pay</td>
<td>-0.001</td>
<td>0.001</td>
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<tr>
<td>Wealth</td>
<td>0.003</td>
<td>0.000</td>
<td>0.144</td>
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<td>0.000</td>
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<tr>
<td>401(k)</td>
<td>-0.001</td>
<td>0.001</td>
<td>-0.028</td>
<td>-1.142</td>
<td>0.254</td>
</tr>
<tr>
<td>Individual bonus</td>
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<td>0.001</td>
<td>-0.007</td>
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<td>High performance work systems index</td>
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<td>ESOP participation (0=no ESOP, 1=ESOP)</td>
<td>0.327</td>
<td>0.168</td>
<td>0.041</td>
<td>1.946</td>
<td>0.052</td>
</tr>
<tr>
<td>ESOP + Profit- and gain-sharing</td>
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<td>0.060</td>
<td>-0.089</td>
<td>-3.158</td>
<td>0.002</td>
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<td>CSR perception</td>
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<td>0.380</td>
<td>16.284</td>
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<td>Interaction: ESOP + Profit- and gain-sharing x CSR perception</td>
<td>0.009</td>
<td>0.003</td>
<td>0.069</td>
<td>2.925</td>
<td>0.003</td>
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</table>

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
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<tbody>
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<td></td>
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<td>0.035</td>
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<td>Estimate</td>
<td>Std. Error</td>
<td>t value</td>
<td>Pr(&gt;</td>
<td>t</td>
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<td>------------</td>
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<td>-----</td>
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<td>Education (0=HS or lower, 1=College or higher)</td>
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<td>0.085</td>
<td>0.203</td>
<td>9.156</td>
<td>0.000</td>
</tr>
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<td>0.052</td>
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<td>Production, manufacturing</td>
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<td>0.120</td>
<td>0.043</td>
<td>1.880</td>
<td>0.060</td>
</tr>
<tr>
<td>Sales staff</td>
<td>0.147</td>
<td>0.172</td>
<td>0.018</td>
<td>0.854</td>
<td>0.393</td>
</tr>
<tr>
<td>Customer service</td>
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<td>-0.021</td>
<td>-0.953</td>
<td>0.340</td>
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<tr>
<td>Managerial</td>
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<td>0.060</td>
<td>2.693</td>
<td>0.007</td>
</tr>
<tr>
<td>Base pay</td>
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<td>-0.094</td>
<td>0.925</td>
</tr>
<tr>
<td>Individual bonus</td>
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<td>0.001</td>
<td>0.154</td>
<td>5.553</td>
<td>0.000</td>
</tr>
<tr>
<td>High performance work systems index</td>
<td>0.073</td>
<td>0.014</td>
<td>0.132</td>
<td>5.302</td>
<td>0.000</td>
</tr>
<tr>
<td>ESOP participation (0=no ESOP, 1=ESOP)</td>
<td>0.919</td>
<td>0.084</td>
<td>0.243</td>
<td>10.924</td>
<td>0.000</td>
</tr>
<tr>
<td>ESOP + Profit- and gain-sharing</td>
<td>0.131</td>
<td>0.037</td>
<td>0.097</td>
<td>3.545</td>
<td>0.000</td>
</tr>
<tr>
<td>CSR perception</td>
<td>0.009</td>
<td>0.002</td>
<td>0.096</td>
<td>4.076</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The other outcome variable of this study is civic participation. CSR perception was positively associated with civic participation. In addition, in the presence of CSR, the ESOP-PSGS index and ESOP participation were still significantly associated with civic participation as well. The effect of ESOP participation and ESOP-PSGS index were also partially mediated (ESOP participation, $z = 4.032$, ESOP-PSGS index, $z = 3.419$) by CSR perception.
Table 3.6. Regression Results of the Interaction Between ESOP Value and Profit-and Gain-Sharing Value on CSR-Civic Participation

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-1.326</td>
<td>0.263</td>
<td>-5.037</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.006</td>
<td>0.004</td>
<td>0.035</td>
<td>1.637</td>
<td>0.102</td>
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<tr>
<td>Sex</td>
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<td>0.075</td>
<td>0.028</td>
<td>1.388</td>
<td>0.165</td>
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<tr>
<td>Education (0=HS or lower, 1=College or higher)</td>
<td>0.780</td>
<td>0.085</td>
<td>0.202</td>
<td>9.145</td>
<td>0.000</td>
</tr>
<tr>
<td>Race (0=Whites, 1=Nonwhites)</td>
<td>0.238</td>
<td>0.090</td>
<td>0.053</td>
<td>2.651</td>
<td>0.008</td>
</tr>
<tr>
<td>Production, manufacturing</td>
<td>0.487</td>
<td>0.116</td>
<td>0.100</td>
<td>4.197</td>
<td>0.000</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>0.223</td>
<td>0.120</td>
<td>0.042</td>
<td>1.855</td>
<td>0.064</td>
</tr>
<tr>
<td>Sales staff</td>
<td>0.152</td>
<td>0.172</td>
<td>0.018</td>
<td>0.882</td>
<td>0.378</td>
</tr>
<tr>
<td>Customer service</td>
<td>-0.140</td>
<td>0.146</td>
<td>-0.021</td>
<td>-0.959</td>
<td>0.338</td>
</tr>
<tr>
<td>Managerial</td>
<td>0.261</td>
<td>0.098</td>
<td>0.060</td>
<td>2.654</td>
<td>0.008</td>
</tr>
<tr>
<td>Base pay</td>
<td>0.000</td>
<td>0.001</td>
<td>-0.004</td>
<td>-0.151</td>
<td>0.880</td>
</tr>
<tr>
<td>Wealth</td>
<td>-0.001</td>
<td>0.000</td>
<td>-0.101</td>
<td>-3.890</td>
<td>0.000</td>
</tr>
<tr>
<td>401(k)</td>
<td>-2.814E-05</td>
<td>0.000</td>
<td>-0.003</td>
<td>-0.101</td>
<td>0.920</td>
</tr>
<tr>
<td>Individual bonus</td>
<td>0.004</td>
<td>0.001</td>
<td>0.149</td>
<td>5.303</td>
<td>0.000</td>
</tr>
<tr>
<td>High performance work systems index</td>
<td>0.075</td>
<td>0.014</td>
<td>0.134</td>
<td>5.389</td>
<td>0.000</td>
</tr>
<tr>
<td>ESOP participation (0=no ESOP, 1=ESOP)</td>
<td>0.921</td>
<td>0.084</td>
<td>0.244</td>
<td>10.946</td>
<td>0.000</td>
</tr>
<tr>
<td>ESOP + Profit- and gain-sharing</td>
<td>0.126</td>
<td>0.037</td>
<td>0.094</td>
<td>3.416</td>
<td>0.001</td>
</tr>
</tbody>
</table>
The ESOP-PSGS index did not show any significant interaction effect on civic participation. The results indicate that financial rewards do not affect the relationship between CSR perception and civic participation.

**Discussion and Conclusion**

The aim of this study was twofold. The first aim was to examine when employees perceive their company to be more socially and environmentally responsible, if such perception will spill over into their willingness to voluntarily contribute to the company they work for and to the community outside the workplace. By doing so, this study attempted to explore employees’ perception of the company’s CSR performance and their behaviors inside and outside the organization. The perception that their company is socially responsible will enhance employees’ identification with the company and in turn will increase their likelihood of voluntarily helping their peer workers and the company.

The other aim was to investigate if and how broad-based share compensation may affect the relationships between employees’ CSR perception and the selected outcomes. An important contribution of this study was to examine the moderating role of stock ownership and profit- and gain-sharing bonus regarding the positive relationships between CSR perception and the outcomes inside and outside the workplace. The assumption was that if the dollar amount of such bonuses is generous, the link between

<table>
<thead>
<tr>
<th>CSR perception</th>
<th>0.010</th>
<th>0.002</th>
<th>0.107</th>
<th>4.209</th>
<th>0.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction: ESOP + Profit- and gain-sharing x CSR perception</td>
<td>0.002</td>
<td>0.002</td>
<td>0.026</td>
<td>1.145</td>
<td>0.252</td>
</tr>
</tbody>
</table>
CSR and OCB will be stronger. However, if the dollar amount is low, employees may be demoralized by the thought that the company is not paying the bonuses generously while still affording being engaged in CSR activities. Therefore, the link between CSR and OCB will be weaker.

The analysis of this study provides empirical evidence that employee ownership is positively associated with CSR perception. Sharing ownership stakes with employees without having them pay for the stock shares can be considered by the employees as responsible corporate behavior. Although only few studies have examined the relationship between employee ownership and CSR, the results of this study are consistent with the extant research. For example, in their study of ESOPs in China Zhou et al. (2022) found that ESOPs provide economic and psychological incentives for employees to engage in CSR activities. Although different approaches were taken, the results of the current study are in line with such findings of positive CSR-OCB relationships.

Moreover, CSR perception was positively associated with OCB. This result is consistent with the previous studies on the relationship between CSR and OCB (Bozkurt & Bal, 2012; Oo et al., 2018; Nik & Rashid, 2012). These studies discovered the mediating effect of various factors including organizational identification, organizational commitment, and organizational trust, among others. Although the current study did not hypothesize such a mediation between CSR and OCB, the results support the core argument that CSR perception leads to employees’ intention to “go the extra mile” for the organization and their peers.
The analysis revealed the positive association between employees’ CSR perception and their participation in civic and community organizations. The results provide support for an extension of the spillover thesis by Pateman (1970). Empirical evidence generally supports the argument that democratic participation in the workplace can positively influence participation in political activities. The company being socially responsible and communicating socially-driven motivations to the employees can have an educational effect of learning about various social causes and ways to engage in socially responsible activities, such as community involvement and volunteering. However, an alternative explanation based on self-selection is also feasible. Socially-active individuals are more likely to be attracted to socially- and environmentally-responsible employers. Further exploration of the causal directions of the links between employees’ social activities and their CSR perception may provide a better understanding of the effect that individual workers’ CSR perception has on their behaviors.

While organization studies literature has recently focused on internal audiences as individuals who might embody organizational CSR practices and identities, the mainstream CSR research has predominantly focused on external pressure and strategic CSR practices (Gomes, Asseiro, & Ribeiro, 2014). Furthermore, the voice of internal stakeholders—employees—appears to be marginalized in existing CSR communication research, even when it is often acknowledged in other studies that internal stakeholders play a key role in CSR communication (Crane & Glozer, 2016). However, CSR can be seen as a dynamic internal process relying on employee involvement in its development and implementation. For example, Chen and Hung-Baesecke (2014) conducted an online survey of a multinational chemical company and found that the managers’ behaviors
directly and indirectly affected employee CSR participation. Internal CSR communication and branding was also found to be positively associated with employees’ CSR involvement, organizational attachment, and organizational citizenship behaviors (Carlini & Grace, 2021). The findings of this study provide implications on how internal CSR communication and individual perceptions of CSR influence internal and external citizenship behaviors of workers as well as the conditional nature of this relationship on monetary rewards that employees receive through employee stock compensation.

One of the major theoretical limitations of this study is that the CSR data in this study was not an actual CSR performance of the company. The survey asked employees of their “perception” of the company’s CSR practices and policies but did not measure the actual CSR performance. Since the employees’ perception may or may not correctly capture the actual level of CSR performance of the company, the results of this study should not be interpreted as the supporting evidence of a positive association between ESOP and CSR or between CSR and employee behaviors. The results must be understood as strictly concerning employee perception and behaviors.

The data used for this study does not include personality variables or information on ideology and other related factors of CSR perception. These variables can provide a deeper understanding of the relationships between CSR perception and behaviors. Moreover, as Rupp et al. (2013) indicate, deontic justice perception is an important mechanism that connects CSR perception and attitudinal and behavioral outcomes. However, the current data does not include the information on third-party justice perception. Furthermore, some conditional factors such as perceived organizational purpose of CSR may influence individual outcomes. If employees perceive that the
purpose of CSR is not genuine and focuses more on financial return, employees may not be motivated to exhibit OCBs or civic participation. Future studies can incorporate these factors and expand the research of CSR perception and its behavioral outcomes.
References


Appendix. Measures.

1. Perceived corporate social responsibility (perceived CSR).

From Lee, Park, and Lee, 2013. Below are the statements about the philanthropic, ethical, and environmental activities of your firm. Please indicate how strongly you agree or disagree with each of the statements.

1=Strongly disagree, 7=Strongly agree

a. Our company helps solve social problems.
b. Our company has a strong sense of corporate social responsibility.
c. Our company gives adequate contributions to local communities.
d. Our company allocates some of their resources to philanthropic activities.
e. Our company plays a role in society that goes beyond the mere generation of profits.
f. Our company encourages its employees to participate in voluntarily activities.
g. Our company emphasizes the importance of its social responsibilities to its employees.
h. Our company organizes ethics training programs for its employees.
i. Our employees are required to provide full and accurate information to all customers.
j. Our company has a comprehensive code of conduct.
k. Our company is recognized as a trustworthy company.
l. Our company tries to offer environmentally friendly products.
m. Our company has an environmentally related mission.
n. Our company makes an all-out effort to maintain and preserve the environment.

2. Organizational citizenship behavior (OCB) from National ESOP Survey.

From Kehoe and Wright, 2013.
The statements below describe how you think about your work and your organization. Please indicate how much you agree or disagree with each of the statements.

1=Strongly disagree, 5=Strongly agree

a. I provide constructive suggestions about how my department can improve its effectiveness.

b. For issues that may have serious consequences, I express my opinions honestly even when others may disagree.

c. I “touch-base” with my coworkers before initiating actions that might affect them.

d. I encourage others to try new and effective ways of doing their job.

e. I help others who have large amounts of work.

f. I willingly share my expertise with my coworkers.

3. Organizational citizenship behavior (OCB) from Amazon Mechanical Turk Survey.

From Williams and Anderson, 1991. Please indicate how often you engage in the following behaviors in the workplace.

1=Never, 5=Always

a. Adequately completes assigned duties.

b. Fulfills responsibilities specified in job description.

c. Performs tasks that are expected of him/her.

d. Meets formal performance requirements of the job.

f. Engages in activities that will directly affect his/her performance evaluation.

g. Neglects aspects of the job he/she is obligated to perform.
h. Fails to perform essential duties.

i. Helps others who have been absent.

j. Helps others who have heavy work loads.

k. Assists supervisor with his/her work (when not asked).

l. Takes time to listen to co-workers’ problems and worries.

m. Goes out of way to help new employees.

n. Takes a personal interest in other employees.

o. Passes along information to co-workers.

p. Attendance at work is above the norm.

q. Gives advance notice when unable to come to work.

r. Takes undeserved work breaks.

s. Great deal of time spent with personal phone conversations.

t. Complains about insignificant things at work.

u. Conserves and protects organizational property.

v. Adheres to informal rules devised to maintain order.

4. Civic participation.

From the General Social Survey. Below is a list of types of groups or organizations in which people sometimes participate. Have you participated in any of these groups during the last 12 months?

1=Yes, 2=No.

a. A school group, neighborhood, or community association such as PTA or neighborhood watch group?
b. A service or civic organization such as American Legion or Lions Club?

c. A sports or recreation organization such as a soccer club or tennis club?

d. A church, synagogue, mosque, or other religious institution or organization, NOT COUNTING your attendance at religious services?

e. A committee or as an officer of any group or organization?

f. Any other type of organization that are not mentioned above?

5. Local election voting.

From the General Social Survey. This question is about LOCAL elections, such as for mayor or a school board. Do you always vote in local elections, sometimes vote, rarely vote, or never vote?

1=Always vote, 2=Sometimes vote, 3=Rarely vote, 4=Never vote