
Factors Influencing the Implementation of Financial Participation Programmes in Polish Companies

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Abstract:

Purpose: This article analyses the most critical financial participation programs (FPP) in Poland to show the relationship between the programs applied and the socio-economic results of enterprises and assesses the impact of participation on these results and the impact of selected factors because of the introduction of FPP.

Design/Methodology/Approach: The research has been based on a questionnaire answered by senior management of listed Polish companies with at least one out of three significant FPPs in operation, namely share ownership, profit-sharing, or a stock option scheme.

Findings: The results of the empirical study conducted by the authors indicate some peculiar relationships. The vast majority of schemes in Polish public companies are aimed at the participation of the management personnel, these programs are narrow-based (only for management) and somewhat hermetic, with a high concentration of stocks or shares in the hands of the management.

Practical Implications: FPPs generally have a positive influence on enterprise functioning. However, the effects are more social than economic (no significant economic improvement after program implementation).

Originality/Value: The paper contributes to the debate about financial participation and suggests actions to popularise these programs worldwide.

Keywords: Worker ownership, financial participation, profit sharing, stock option, worker attitude.

JEL classification: G0.

Research type: Research paper.

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1. Introduction

In recent years, complex studies have been carried out considering the impact of financial participation programs (FPP), such as employee ownership (EO) or profit-sharing, on the economic performance of European companies. They suggested that financial participation impacts the economic performance of companies (Mathieu, 2009). Moreover, it has been officially acknowledged that FPPs are following state policy (in the European Union in general) because they have a positive influence on efficiency and employment and accelerate the fulfilment of other goals of state policy, such as the redistribution of wealth or broader participation in creating welfare and overcoming in-company conflicts (Fakhfakh and Pérotin, 2002). The mechanism of the relationship may be the participation in shares or profits subliminally which leads to increased willingness and involvement and better work performance, which contributes to the company's success. To some extent, the employees become more connected with the company, which helps to increase profits.

Finding convincing arguments and clear evidence about the schemes and their effectiveness is troublesome for companies that want to implement FPPs (Pendleton, 1997; Robinson and Wilson, 2001). The commonly shared belief is that companies want to motivate their staff to work better and more efficiently and convince them to stay with the company through the implementation of participatory solutions. However, evidence suggests that in companies operating FPPs, work efficiency does not radically change (Pérotin and Robinson, 2002). Therefore, it can be assumed that this is not a direct reason for their implementation, and the schemes are simply part of a set of employee participation tools (Jirjahn, 2002; Kato, 2002; Long, 2002).

A study conducted in over 20 EU countries, comprising several thousand enterprises, shows that FPPs had a positive or at least neutral impact on efficiency (Mathieu, 2017). The achieved results favour participation in profit sharing having a more substantial influence on work efficiency than the influence arising from employee share ownership (Braam and Poutsma, 2010; Kruse and Blasi, 1997). This might result from differences in the conditions in which the schemes are implemented, which in turn makes it difficult to measure the absolute effects achieved in different studies in various countries.

Most studies show that the implementation of participation ownership solutions (and employee profit-sharing schemes) has positive effects. An example might be the analyses conducted by Kaarsemaker (2006), in which he showed that among the 70 papers he studied, there was evidence in 48 of them that schemes based on employee participation in ownership had a positive influence on the financial results of companies, but only in 6 were their negative relationships. Similar conclusions drawn by other authors dealing with this topic—especially solutions based on employee ownership—can be found in the summarising work by Kruse and Blasi (1997), for example. These researchers claim no automatic or direct relationship between employee ownership and economic indicators such as productivity. A significant number of studies point to better or similar results achieved after the introduction of

participatory solutions. However, there is only sporadic information in the literature presenting negative relationships between employee participation in financial schemes and economic results (Kruse and Blasi, 1997).

This study focused on analysing FPPs in Polish-listed companies to increase knowledge on the subject and demonstrate the relationships between the programs applied and the socio-economic effects for enterprises. Given the shortage of literature concerning FPPs, this article tries to increase both understanding of and interest in this topic. Some crucial characteristic features of the applied forms of FPP were also identified. We focussed on the management approach because FPPs did not cover most regular employees.

We examined a sample of large, listed companies whose market capitalization was 200 million euros or more. Some were privatized and domestic, while the rest were foreign private firms. One could therefore expect some significant remainders of employee ownership after the privatization process.

2. General Background and the Situation in Poland

Participation schemes based on company profits and employee share ownership are popular in the European Union. In the four largest countries (France, the UK, Germany, and Spain), these schemes have covered around 17 million workers (19% employees from the private sector). This may be due to earlier experience and traditions with blue-collar worker ownership in France and the UK or cooperatives in Spain. The most popular financial programs are, profit-sharing and share ownership in France, varieties of profit-sharing in the UK and share ownership in Germany. Countries with a significant number of FPPs are Italy, France, Ireland, Spain, and Austria; post-Soviet states have a less significant number (Mathieu, 2013).

It should be noted that from the national point of view, only some types of FPPs are preferred, mainly those considered to be suitable for contributing to the achievement of macroeconomic goals. Activities promoting the implementation of participatory solutions are conducted in different countries in a varied manner and with diverse intensities; therefore, one should bear in mind that their spread in particular countries will differ. Nevertheless, there is a constant, yet non-dynamic, growth in the number of employees taking part in FPPs. Research conducted in the EU and US provides us with information about these schemes and their achieved results. For example,

Caramelli (2010) found that not only does EO affect performance, but corporate performance positively affects the development of EO through employee ownership preferences, profit- and gain-sharing bonuses, and employee stock offerings (Caramelli, 2010), another study that used longitudinal panel data showed positive effects of FPP on longer-term performances (Fakhfakh and Pérotin, 2000). Robinson and Wilson (2006) found that the combination of profit sharing and share plans is positively related to higher efficiency than companies with no plans. Other researchers stated that employee financial participation had played a marginal role in

the new EU member states, whereas some employee share ownership is found in most countries today, profit-sharing is almost non-existent. Still, the potential beneficial effects of both forms of employee financial participation should not be neglected. For new EU member states, the beneficial effects could be even more critical than in the advanced EU economies for strengthening workers incentives, raising productivity, and improving overall enterprise efficiency (Hashi, Lowitzsch, Uvalić and Vaughan-Whitehead, 2006).

Another finding by the Freeman team was the lack of theoretical developments on EO mechanisms to corporate performance. Even after thirty years of research, we still do not know much about the mechanisms through which EO and other financial participation arrangement's function "inside the black box" (Freeman, 2010). Karmi and others stated that whereas profit sharing is accompanied by other forms of participation, including indirect participation and employee involvement in plan management, companies with equity-based plans tend to be less participative in every respect. This is particularly pronounced in stock option plans (Kalmi, Pendleton, and Poutsma, 2004). Pendleton and Poutsma, for example, focus on policies of central employer organizations and their role in promoting, or impeding, financial participation measures and conclude that there are variations between countries in the preferred form of financial participation. Some unions prefer profit-sharing, whereas others tend to prefer share ownership schemes. The extent of union activity about financial participation is strongly influenced by the level of government activity in this area. Generally, where governments promote little activity in the promotion of financial participation, there is little activity on the part of unions (Pendleton and Poutsma, 2004).

In Poland, it must be said that the restructuring program was characterized by critical incentives for employee participation, especially in firms transformed into so-called employee-owned companies. The ownership structure in these companies, in general, is relatively stable, and employees who do not hold any executive posts still control a substantial number of shares. Research conducted in the late 1990s showed that the average participation in ownership by employees who do not hold any executive posts decreased from 58.7% right after the privatization to 31.5% in 1999 (Lowitzsch, Hashi, and Woodward, 2009). The following years did not bring any improvements to the establishment of employee-owned companies. This was caused by, among other things, a lack of interest on the part of politicians and trade unions and legislation favouring investors from outside the company.

The success of the significant restructuring changes in the Polish economy mainly depended on the effectiveness of the reforms concerning the restructuring of ownership in all sectors. This required a new approach to the concept of private property and defining the new role and place of employees during the ongoing changes. Employee-owned companies were formed due to direct privatization—so-called liquidation—when the enterprise's equity was handed over for use with the right to repurchase by most employees of the established company (Bogdanowicz-

Bindert, and Czekaj, 1997). Before this privatization, it was necessary to convince employees to purchase shares.

One should keep in mind that this method was effective for small and medium-sized enterprises, which did not require the tremendous financial outlays necessary for the privatization of larger companies (Ministry of the Treasury, 2009). Therefore, it can be stated that the conditions for introducing new solutions aimed at increasing the share of employees in ownership or participation in other financial schemes are not very favourable. One can even formulate a thesis that among workers in Polish companies, especially those holding lower posts, a subliminal barrier exists that hinders the process of further ownership changes or even the introduction of new forms of economic democracy aimed at developing a new type of responsibility for the company. Overcoming this barrier may be possible only after some time, when the employee, already being an owner, begins to understand the economic gist of dividends and develops a habit of contemplating how to increase the value of the company, realizing that this, in turn, is directly reflected in the value of his or her shares of stock.

The legal structure in Poland provides the opportunity to implement different forms of FPPs, including share ownership, profit sharing, and the creation of employee-owned companies through transformation processes. However, politicians have not provided incentives for developing such schemes or given them proper support yet. The most widespread FPPs embrace share ownership and profit-sharing programs, although the latter is considered a broad-based scheme related to company results described in Poland as a "bonus," but it does not have a legal basis.

Compared to other EU states, the situation in Poland does not appear optimistic, and the level of employee ownership in large enterprises is relatively low, as are the dynamics for this development.

3. Research Method and Research Question

The study was based on an online survey sent via email. This is an optimal method due to the nature of the community analyzed, the situational context, and, most of all, the specificity of the issues examined. This method is based on respondents providing written answers. The drawback is the possibility of conducting the survey only among those who have access to the Internet. The elements for the sample were selected out of the listed companies that had at least one out of three major FPPs, namely shared ownership, profit sharing, or stock-option scheme.

Respondents were provided with limited general information on who conducted the study and the study's topic and purpose. Anonymity was guaranteed, especially if the subject was sensitive or required to provide internal company information. It was assumed that the questionnaire was completed by top managers or members of the management board. The survey form was divided into three parts and contained 51 questions. The first part concerned company information, the second, information on

the FPPs, and the third, an assessment of employee participation in the FPP(s). A small number of questions were closed questions, while the others were multiple-answer and multiple-choice questions.

The survey was prepared based on numerous similar surveys used by international companies and organizations to study the same problems, i.e., Slovenian, and Dutch companies and CRANET data, yet their scope and analyses are broad-based. Two Slovenian surveys were adapted to prepare the survey for Polish companies: VPRAŠALNIK za MENEDŽERJE (the questionnaire for managerial staff) and VPRAŠALNIK za predstavnika SINDIKATA (the questionnaire for trade unions). Some questions and study problems were also taken from a Dutch report (Poutsma, 2006).

The study was conducted on a sample of Polish companies listed on the Warsaw Stock Exchange. The total number of companies covered by the analysis was 645. Companies that had at least one out of three major FPPs, namely shared ownership, profit sharing, or stock-option scheme, were chosen for the sample. To single out companies with financial participation programs, the companies were contacted to identify if they had any such programs. Finally, 121 companies were chosen, and questionnaires were sent via email. In many cases, the interviewers visited the company to help complete the survey. The survey was primarily conducted from 3 November 2010 to 31 October 2011, although this was extended for some companies. Five people collected information; 28 companies did not return their surveys. Before starting the statistical analysis, those entities that provided incomplete data that amounted to more than 50% of the questionnaire were removed, analyses were based on the information collected from 73 companies (response rate 60%). Although the final sample size was 73, not all companies responded to all questions in many cases.

The detailed analysis aims to answer the question. What type of personnel structure exerts the most influence on employee opinions concerning the effects of FPPs? Four groups of employees were included in this study, managerial, white-collar, blue-collar, and administrative personnel. The predominance of one group over another yields different results according to social effects and raises additional questions: Does the date when an FPP has introduced influence employees' opinions about the effects of implementing the program? What factors - barring or facilitating - determined the opinion of the employees covered by an FPP (making allowances for employee structure and the type of program)?

A significant group of questions concerned the correlation between the percentage of managerial staff - or managerial staff and another group of personnel - in Polish companies covered by financial participation programs and aspects such as obtaining benefits, identification with the company, and types of implemented programs. Another question referred to defining factors that may influence the realization of each of the three programs, share/stock ownership, share/stock options, and profit-sharing. The interactions have been classified as barriers, facilitation, and no effect. This paper also considers the effects of the introduction of all participation solutions.

4. Management Share in FPP: Results

4.1 Descriptive Statistics: Levels and Types of Financial Participation

This part focuses on the impact of selected factors on the introduction of FPPs and describes the level of the contingency coefficients, i.e., Pearson's C and Kramer's V, together with the accompanying levels of significance. The analysis divides the enterprises into three groups. The first group includes companies in which up to 25% of the managerial personnel took part in an FPP. The second group includes firms in which the share of the managerial staff ranges from 25-75%, and the third group includes firms in which an FPP covered at least 75% of the management. The relationships between the percentages of the managerial personnel covered by a scheme and their attitude towards their own company are shown in Table 1.

Table 1. Relationship between the attachment of managers to the company with the number of managers covered by an FPP (in percentage, $N = 49$, Kramer's $V = 0.806$)

| Attachment to the company | Managers covered by a stock/share ownership programme | | | Total |
|---------------------------|---|-------------|-------------|--------------|
| | 100–75% | 75–25% | 25–0% | |
| Very high | 53.1 | 26.5 | 6.1 | 85.7 |
| High | 0.0 | 0.0 | 14.3 | 14.3 |
| Total | 53.1 | 26.5 | 20.4 | 100.0 |

Source: Authors' own creation.

A strong correlation was observed between the percentage of managerial personnel covered by a stock/share-ownership program and their attachment to the company. The higher the number of managerial staff participating in a stock/share ownership program, the stronger the bond with the company for which they work. This relationship is statistically significant. Another point to be analysed was whether the year of program implementation impacted, i.e., if it created higher identification with the company and better relations among workers (Tables 2-3). A division into two periods was introduced - up to 2004 and from 2005 to 2011³.

Table 2. Relationship between the time of FPP implementation and identification with the firm (in percentage, $N = 47$, Pearson's $C = 0.335$)

| Introduction of FPP | Identification with the company (measured by stock/share ownership) | | | Total |
|---------------------|---|-------------|----------|--------------|
| | Positive | No effect | Negative | |
| Up to 2004 | 47.0 | 21.0 | 0 | 68.0 |
| 2005–2011 | 32.0 | 0.0 | 0 | 32.0 |
| Total | 79.0 | 21.0 | 0 | 100.0 |

Source: Authors' own creation.

³The year 2004 was a breakthrough, because it was the halfway point for such programme activity in Polish companies.

A detailed analysis of using a share-ownership program indicated a significant relationship between the scheme and the time introduced in the company. In firms where the program was introduced after 2004, all respondents expressed a positive opinion about the scheme's relationship (stock/share ownership) with their identification with the company. Among respondents with programs introduced up to 2004, only 47% stated this, while others reported no relationship.

Table 3. Relationship between the time of FPP implementation and the relations between employees⁴ (in percentage, $N = 47$, Pearson's $C = 0.367$)

| Introduction of FPP | Relations between employees | | | Total |
|---------------------|-----------------------------|-------------|-------------|--------------|
| | Positive | No effect | Negative | |
| Up to 2004 | 21.3 | 23.4 | 23.4 | 68.1 |
| 2005–2011 | 19.1 | 12.8 | 0.0 | 31.9 |
| Total | 40.4 | 36.2 | 23.4 | 100.0 |

Source: Authors' own creation.

The relationships between the employees in companies that implemented the FPP up to 2004 are evaluated heterogeneously by the respondents. This means that in 23.4% of the FPP firms introduced earlier, a negative influence on relations between employees was reported. This may stem from a disproportional distribution of the program among the employees. In firms that implemented a stock/share-ownership program after 2004, the situation looks completely different. In these companies, almost 20% of respondents indicated a positive relationship between the scheme and the relations among employees, while the others believed that relations did not change. This may indicate a specific improvement in the schemes that contribute to better relations between employees. Considering the frequently antagonistic relations between the management and other workers (mostly blue-collar), respondents were asked whether implementation of the scheme contributed to improving the relations between these groups of personnel (Table 4).

Table 4. Relationship between the time of FPP implementation and the relationship between regular workers and management (in percentage, $N = 47$, Kramer's $V = 0.565$)

| Introduction of FPP | Relations between workers and management | | | Total |
|---------------------|--|-----------------|------------------|--------------|
| | Positive | No effect | Negative | |
| Up to 2004 | 23.4 (11) | 6.4 (3) | 38.3 (18) | 68.1 |
| 2005–2011 | 19.1 (9) | 12.8 (6) | 0 | 31.9 |
| Total | 42.5 (20) | 19.2 (9) | 38.3 (18) | 100.0 |

Source: Authors' own creation.

The results suggest a moderately strong relationship between the time the FPP was launched and the relations between blue-collar workers and management.

⁴Employees are all working members of an organisation.

Respondents from firms with a program implementation after 2004 did not notice any negative impact of the scheme on the relations among blue-collar workers nor on the relations between these workers and the management. These differences were indeed noticed in the firms where a program was implemented earlier. More than half of the respondents (56.2%, 18/32) observed a negative influence of the FPP on the relations between blue-collar employees and management, and only one-third noticed a positive impact on the relations between them. Relations among employees in firms that introduced the FPP later seem to improve more strongly than companies where the schemes had been in operation for a longer time. This may seem surprising because firms with more significant experience in using participation programs should be characterized by a lower level of conflicts between these groups of personnel, but the study did not confirm this. Perhaps those mentioned above promotional and educational campaigns have made everyone aware that only mutual support and cooperation can contribute to the program's success.

Analysis of the responses also showed mutual relationships between the percentage of the managerial personnel covered by a stock/share-ownership program and factors that may also affect the implementation and realization of the scheme. These factors include the level of employees' interest (Pearson's $C = 0.541$) and the level of owners' interest in a particular scheme (Pearson's $C = 0.707$). In firms where a stock/share ownership program covered over 75% of the management, all respondents claimed that the interest level of both employees and owners has a significant influence on the realization of the program itself (54% of all respondents in this group of managerial staff). Only in enterprises where less than 25% of the management participated in this ownership program did respondents think the level of interest on the part of owners hindered the realization of the scheme (15% of all respondents and 78% of companies in this group). Such a small percentage of managerial personnel participating in the program may result from low engagement from firm owners who are not interested in implementing such schemes and do not see any benefits to doing so.

4.2 Factors Related to the Introduction of FPPs

The analysis showed some significant correlations between the percentage of the management covered by a stock/share-ownership program and other factors that may affect its realization. The most crucial of them are displayed below (Tables 5-14).

Table 5. Relationship between accountancy regulations and the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.615$)

| Management covered by a stock/share ownership programme (in %) | Accountancy regulations affecting realisation of financial programmes | | | Total |
|--|---|--------------|--------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0 | 29.15 | 25.0 | 54.15 |
| 75–25% | 16.7 | 6.25 | 4.15 | 27.1 |
| 25–0% | 0 | 4.15 | 14.6 | 18.75 |
| Total | 16.7 | 39.55 | 43.75 | 100 |

Source: Authors' own creation.

Over 16% of respondents representing companies in which 25–75% of the management hold stock/shares think that accounting regulations facilitate the realization of the scheme. For more than 14% of the respondents in companies where less than 25% of the management participates in the scheme and for over 25% of respondents from firms where more than 75% of the management is covered by the scheme, accountancy regulations represent a barrier.

Table 6. Relationship between administration/bureaucracy with the number of managers covered by a FPP (in percentage, $N = 48$, Pearson's $C = 0.746$)

| Management covered by a stock/share ownership programme (in %) | Administration/bureaucracy affecting realisation of FPPs programmes | | | Total |
|--|---|-------------|-------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0 | 54.15 | 0 | 54.15 |
| 75–25% | 16.7 | 10.4 | 0 | 27.1 |
| 25–0% | 0 | 4.15 | 14.6 | 18.75 |
| Total | 16.7 | 68.7 | 14.6 | 100 |

Source: Authors' own creation.

All respondents from firms in which over 75% of managerial staff take part in a share-ownership program believe that this factor does not influence the realization of the program. Administration/bureaucracy is seen as a barrier by 14.6% of respondents from firms where less than 25% of managerial personnel are covered by the scheme and more than 16% of respondents representing companies in which 25–75% of managers participate in the scheme say that this factor makes the introduction of the program more accessible.

Table 7. Relationship between the level of knowledge about the programmes and the number of managers covered by a FPP (in percentage, $N = 48$, Pearson's $C = 0.362$)

| Management covered by a stock/share ownership programme (in %) | The level of knowledge about the programmes as a factor affecting realisation of FPPs | | | Total |
|--|---|-------------------|-------------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0 (0) | 35.42 (17) | 18.75 (9) | 54.17 |
| 75–25% | 0 (0) | 20.83 (10) | 6.25 (3) | 27.08 |
| 25–0% | 0 (0) | 4.17 (2) | 14.58 (7) | 18.75 |
| Total | 0 (0) | 60.42 (29) | 39.58 (19) | 100 |

Source: Authors' own creation.

This aspect was not mentioned as facilitating the realization of the program. Four in ten respondents think of this factor as a barrier to realizing the scheme (40.0%), while the highest percentage was observed in firms in which 75-100% of managers are covered by the scheme (18.75%). At the same time, 35.0% of companies in which 75-100% of management take part in FPPs say the level of knowledge does not influence the program's implementation. This may be a group of companies in which the management has sufficient knowledge to administer these schemes, yet many representatives think the opposite. This opinion is crucial if one wants to adequately

prepare the company to introduce the program and achieve the necessary level of knowledge.

Table 8. Relationship between the level of political support/interest from the government with the number of managers covered by a FPP (in percentage, $N = 48$, Pearson's $C = 0.578$)

| Management covered by a stock/share ownership programme (in %) | The level of political support/interest from the government as a factor affecting realisation of FPPs | | | Total |
|--|---|-------------------|-------------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0 | 35.42 (17) | 18.75 (9) | 54.17 |
| 75–25% | 16.66 (8) | 4.17 (2) | 6.25 (3) | 27.08 |
| 25–0% | 4.17 (2) | 14.58 (7) | 0 (0) | 18.75 |
| Total | 20.83 (10) | 54.17 (26) | 25.00 (12) | 100 |

Source: Authors' own creation.

Only respondents from companies with the highest percentage of management covered by the program consider this factor a barrier to program realization (35%; 9/26), while almost two-thirds of this group believe that it does not have any influence on the introduction of the scheme. It can be assumed that the first group (75-100%) perceives the level of political interest as too low and, as such, treats this factor as a barrier hindering the implementation of schemes.

Table 9. Relationship between the requirements on securities with the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.466$)

| Management covered by a stock/share ownership programme (in %) | The requirements on securities as a factor affecting realisation of FPPs | | | Total |
|--|--|--------------|--------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 18.75 | 10.4 | 25.0 | 54.15 |
| 75–25% | 6.25 | 16.65 | 4.15 | 27.05 |
| 25–0% | 0 | 4.2 | 14.6 | 18.8 |
| Total | 25 | 31.25 | 43.75 | 100 |

Source: Authors' own creation.

Almost 44% of all people taking part in the survey believe that the requirements on securities are a barrier to the realization of a stock/share-ownership program and 25% consider this factor helpful. It is difficult to provide a reliable interpretation of so many sceptical answers because, in examining companies without foreign branches, this percentage should be lower. The smaller the number of managerial personnel participating in the schemes, the more negative are the opinions about the influence of this factor on program realization.

Opinions vary on corporate culture (employees, values, environment) on the realization of FPPs. Although 68.8% of all the respondents treat this factor as facilitation, 16.66% of company representatives, 25-75% of the management are covered by the program, believe that corporate culture is an obstacle to fulfilling the

scheme. This factor is frequently mentioned by authors who work on, among other things, the conditions of implementing participation solutions as one of the significant determinants facilitating or inhibiting fulfilment of programs (Kulpińska, 1992; Hofstede 2000; Mendel, 2001).

Table 10. Relationship between the corporate culture and the number of managers covered by a FPP (in percentage, $N = 48$, Pearson's $C = 0.597$)

| Management covered by a stock/share ownership programme (in %) | The corporate culture as a factor affecting realisation of FPPs | | | Total |
|--|---|--------------|--------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 43.75 | 10.42 | 0 | 54.17 |
| 75–25% | 10.42 | 0 | 16.66 | 27.08 |
| 25–0% | 14.6 | 4.15 | 0 | 18.75 |
| Total | 68.77 | 14.57 | 16.66 | 100 |

Source: Authors' own creation.

Table 11. Relationship between company structure and the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.536$)

| Management covered by a stock/share ownership programme (in %) | The company structure as a factor affecting realisation of FPPs | | | Total |
|--|---|--------------|----------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 43.75 (21) | 10.42 (5) | 0 | 54.17 |
| 75–25% | 10.42 (5) | 16.66 (8) | 0 | 27.08 |
| 25–0% | 0 | 18.75 (9) | 0 | 18.75 |
| Total | 54.17 | 45.83 | 0 | 100 |

Source: Authors' own creation.

Table 12. Relationship between market conditions and the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.536$)

| Management covered by a stock/share ownership programme (in %) | The market conditions as a factor affecting realisation of FPPs | | | Total |
|--|---|--------------|----------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 43.75 (21) | 10.42 (5) | 0 | 54.17 |
| 75–25% | 10.42 (5) | 16.66 (8) | 0 | 27.08 |
| 25–0% | 0 | 18.75 (9) | 0 | 18.75 |
| Total | 54.17 | 45.83 | 0 | 100 |

Source: Authors' own creation.

More than half of respondents (54.2%, 26/48) believe that a proper company structure (particularly employment structure) may facilitate the realization of a stock/share-ownership program, while other respondents do not see the influence of company structure on implementation of the program (45.8%). However, it is possible to notice regularity here: the higher the number of managerial personnel taking part in the schemes, the more managerial personnel perceived the structure of the company as a facilitating factor in the realization of the program, although this may also relate to personnel structure in the examined companies.

Among firms with the highest percentage of management covered by the scheme, over 80% (21/26) declared that market conditions (competition, access to financial resources, government regulations, etc.) make the realization of an ownership scheme easier. There is a clear correlation: the more managerial personnel covered by the scheme, the higher the number expressing a favourable opinion of the influence of market conditions on fulfilling the program.

Table 13. Relationship between cross-border harmonisation of systems and the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.398$)

| Management covered by a stock/share ownership programme (in %) | The cross-border harmonisation of systems as a factor affecting realisation of FPPs | | | Total |
|--|---|--------------|-------------|--------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0.00 (0) | 54.17 (26) | 0.00 (0) | 54.17 |
| 75–25% | 0.00 (0) | 27.08 (13) | 0.00 (0) | 27.08 |
| 25–0% | 0.00 (0) | 14.58 (7) | 4.17 (2) | 18.75 |
| Total | 0.00 (0) | 95.83 | 4.17 | 100 |

Source: Authors' own creation.

A little over 22% (2/9) of the representatives from firms in which an ownership program covered less than 25% of managerial staff, or every twenty-fifth person surveyed, consider cross-border harmonization of systems a barrier to fulfilling the scheme. The vast majority (95.8%; 46/48) of respondents regard this factor as unimportant for realizing the program. This should not be surprising considering the absence of branches in other countries. Interesting (though somewhat controversial) results were achieved when asking about the influence of legal regulations on the realization of ownership programs in companies. The previously mentioned lack of legislation and legal solutions regulating the preparation and implementation of financial participation programs may, on the one hand, act to facilitate, or on the other hand, become a significant barrier to their realization (Table 14).

Table 14. Relationship between legal framework and the number of managers covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.746$)

| Management covered by a stock/share ownership programme (in %) | The legal framework as a factor affecting realisation of financial programmes | | | Total |
|--|---|-------------|-------------|-------------|
| | Facilitation | No effect | Barrier | |
| 100–75% | 0 | 54.2 (26) | 0 | 54.2 |
| 75–25% | 16.7 (8) | 10.4 (5) | 0 | 27.1 |
| 25–0% | 0 | 4.1 (2) | 14.6 (7) | 18.7 |
| Total | 16.7 | 68.7 | 14.6 | 100 |

Source: Authors' own creation.

The results indicate strong and significant correlations, all respondents from firms where a stock/share-ownership program covers more than 75% of the management declared that the legal framework does not affect the realization of the scheme.

However, 77.8% (7/9) of respondents in firms are seen as a barrier in firms where less than 25% of the managerial personnel take part in a program. Over 61% (8/13) of respondents representing companies in which 25-75% of top-level employees participate in the programs think that the legal framework facilitates the realization of the scheme. It is difficult to completely agree with this, bearing in mind the opinions above on the need to devise suitable regulations that will set out rules for the creation and implementation of financial participation programs and the resulting tax and insurance obligations.

Companies with a low level of managerial personnel participating in these schemes probably encounter the most significant number of unfavourable circumstances, which prevent them from developing the program, and this may not necessarily relate to the legal framework. A high percentage of the management taking part in the programs may also stem from the dominant position of these employees in the personnel structure of the examined companies and the additional income from participation, which allows them to “ignore” other factors limiting the implementation of schemes while obtaining considerable benefits.

Summarising the results of this section leads to some observations about the influence of factors on implementing FPP programs in Polish companies. Considering the division of firms into groups with a defined percentage of the management covered by participation programs, a significant discrepancy is evident in the answers obtained; therefore, the results are not entirely satisfactory and require additional questions to justify the choices made.

4.3 Perceived Effects of Financial Participation

In this paper, an attempt was made to analyse the correlations between the participation of managers in company ownership, the influence on financial results achieved by the firm, and the participation of different personnel groups covered by an FPP. It is possible to give an example showing the statistically significant relationships between the variables; thus, an analysis of the influence of an ownership program on the relationship between employees and the percentage of different personnel groups covered by the program is shown in Table 15.

A strong correlation appears between managers and other groups of personnel who have stocks/shares in the company due to an FPP. The conditional frequencies show that those groups in which management personnel have 75–100% and 25–75% of stocks/shares believe that an FPP negatively affects the relationship between employees (83.3% and 9.1% of the companies in each group, respectively). The distribution of answers indicating positive influence and no influence were balanced. The fact that stock/share ownership exerts a positive influence on the relationship between employees was most often (93%) mentioned by people from firms in which the total workforce possessed 75–100% of stocks/shares, except blue-collar workers.

Table 15. Opinions of the relationship between employees in the company in comparison to the percentage of different personnel groups covered by an ownership programme (in percentage; $N=48$, Kramer's $V = 0.783$; Pearson's $C = 0.742$)

| Management covered by a stock/share ownership programme (in %) | The relations between employees | | | Total |
|--|---------------------------------|-----------|----------|-------|
| | Positive | No effect | Negative | |
| Only managerial personnel 75-100% | 16.7 | 0 | 83.3 | 100.0 |
| All personnel (except blue-collar) – 75-100% | 92.9 | 7.1 | 0 | 100.0 |
| Only managerial personnel 25-75% | 27.3 | 63.6 | 9.1 | 100.0 |
| Only managerial personnel 0-25% | 11.1 | 88.9 | 0 | 100.0 |
| Managerial personnel and white-collar workers | 0 | 100.0 | 0 | 100.0 |
| Total | - | - | - | - |

Source: Authors' own creation.

This indicates the following correlation. The more varied the personnel structure covered by the scheme, the more visible the influence this type of scheme has on interpersonal relations, according to the managers. However, it is astounding that there is a very high percentage of responses reporting the negative impact of programs on relationships between employees in companies where 75-100% of the management was covered by the program. When other employee groups view managerial personnel as a privileged group exclusively benefiting from the scheme's introduction, this exerts a negative influence on general relationships and attitudes in the enterprise. Despite different interpersonal relationships, FPPs were shown to be beneficial in identifying with the company, increased involvement, job satisfaction, or a higher sense of security (Table 16).

Table 16. Relationship between opinions about selected job aspects in the company with the type of personnel covered by an FPP (in percentage, $N = 48$, Pearson's $C = 0.459$, Kramer's $V = 0.517$)

| Personnel covered by a stock/share ownership programme (in %) | Identification with the organisation through internal involvement, direct participation, job satisfaction and security | | Total |
|---|--|------------------------|--------------|
| | Positive | No effect ^c | |
| Only managerial personnel: 75–100% | 20.83 (10) | 4.17 (2) | 25.0 |
| All personnel (except blue-collar): 75–100% ^a | 16.66 (8) | 12.5 (6) | 29.16 |
| Only managerial personnel: 25–75% | 4.17 (2) | 18.75 (9) | 22.92 |
| Only managerial personnel: 0–25% | 12.5 (6) | 6.25 (3) | 18.75 |
| Managerial personnel and white-collar workers: 0–25% ^b | 0.0 | 4.17 (2) | 4.17 |
| Total | 54.16 | 45.84 | 100.0 |

^a – managerial + white-collar (specialists) + administrative personnel

^b – managerial + white-collar (specialists) personnel

^c – no negative effects reported.

Source: Authors' own creation.

There was a moderate correlation between personnel with stocks/shares in the company and their identification with the organization through increased inner involvement, direct participation, job satisfaction, and a sense of security as part of a stock/share-ownership program. The conditional frequencies indicate that respondents from most companies in which the management has 25-75% of stocks/shares, and all the representatives in companies where managerial personnel and other workers have 0-25% of stocks/shares, think that having stocks/shares does not affect broadly defined identification and job satisfaction.

Lower participation of management in these groups probably had the most impact on the distribution of answers, which may also mean that many companies do not perceive such benefits. This could also result from insufficient preparation by firms when introducing participation programs, lack of information, the year of implementation, or other factors. It is not possible to grasp all the relationships and reasons for such answers. The percentage of company representatives who do not see any benefits (45.84%) is extremely high, which accords with the findings of an international study (Braam and Poutsma, 2010). A summary of the considerations of different aspects of efficient FPPs can be made based on an analysis of the answers displayed in Table 17.

Table 17. Participation as a form of potential benefit for the national economy in comparison to the percentage of different personnel groups covered by a financial participation programme (in percentage, $N = 42$, Pearson's $C = 0.530$, Kramer's $V = 0.773$)

| Management covered by a stock/share ownership programme (in %) | Do you find financial participation beneficial for the national economy? | | Total |
|--|--|-------------|--------------|
| | Yes | No | |
| Only managerial personnel: 75–100% | 28.6 | 0.0 | 28.6 |
| All personnel (except blue-collar): 75–100% | 14.3 | 0.0 | 14.3 |
| Only managerial personnel: 25–75% | 23.8 | 7.1 | 30.9 |
| Only managerial personnel: 0–25% | 7.1 | 14.3 | 21.4 |
| Managerial personnel and white-collar workers: 0–25% | 4.8 | 0.0 | 4.8 |
| Total | 78.6 | 21.4 | 100.0 |

Source: Authors' own creation.

There is a strong correlation between personnel holding company stocks/shares and an opinion as to whether financial participation programs are beneficial to the national economy. When managers possess many company shares, they perceive FPPs as beneficial for the national economy. However, when management has 0-25% and 25-

75% of stocks/shares, there are opposing opinions about the influence of participation programs on the national economy (14.3% and 7.1% of the surveyed people, respectively). These two groups stand for 21% of respondents who perceive some dangers stemming from the introduction of FPPs.

5. Conclusions and Discussion

Having examined the practical programs and factors that influence their realization in companies, it must be noted that determinants of barriers in the introduction of FPPs include the level of knowledge about how to implement schemes in the company and accountancy regulations or lack of tax incentives (Bulcke, 2000; Postlethwaite, 2012; Poutsma, 2001;). Accountancy regulations are unclear or do not exist, and some managers are simply afraid of implementing an FPP because they do not know how to account for the shares, what taxes must be paid, how many years must pass before they can sell their shares and other shared concerns. However, some factors can make FPP realization easier, including tax incentives, employee interest, owner reactions (interest and decisions), company culture, and ownership structure.

It must be noted that most highlighted factors that facilitate the realization of a scheme are external ones. Perhaps before introducing a program, the company should make the right choice to match both its goals and needs and then provide all personnel with proper training concerning the introduction and realization of the scheme (European Economic and Social Committee, 2010).

Most programs were introduced in the first period (before 2004), which does not foster optimism for the future of participation programs in Polish companies. On the other hand, programs implemented after 2004 have had a more positive effect on the variables under investigation, which might have resulted from companies being better prepared for the introduction by more efficient informational and promotional campaigns. Therefore, it should be stressed that the availability of programs should be increased because it would lead to improved results from their use. According to the opinions mentioned in Table 16, this point of view is difficult to explain, but perhaps respondents consider the high expenditure of implementing such programs. However, to adequately consider this topic would require the use of a more profound focus on group interviews and a more comprehensive discussion.

From this analysis of the structure, it appears that FPPs generally positively influence the functioning of the enterprise, but the effects are rather social. More rigorous statistical analysis carried out by the author did not yield satisfactory results, and questions remain that need to be answered, such as: Why do so few companies operate FPPs, and why are they not broad-based? This may be due to a management mentality problem, and the management is afraid of sharing power with blue-collar workers. Managers of Polish companies also seem not to think in a long-term perspective, and it takes time to convince the managers to introduce broad-based FPPs, which are much more efficient than other schemes.

The results of the present study do, to a large extent, agree with the findings of other studies conducted in other EU countries and the US (Kruse, Freeman, and Blasi, 2010). However, it ought to be stressed that it is necessary to draw appropriate conclusions allowing the preparation of a suitable political strategy to encourage different entities to apply participation solutions, both specifically for individual companies as well as more broadly defined conditions governing the implementation of these solutions in Polish companies, relying on the experience of foreign countries. Managers convinced there is a need to implement such programs should play a significant role, which at the same time, must relate to their belief in obtaining measurable benefits. What is also important: to convince other groups of employees to participate in an FPP or allow their participation? This requires changes in the modes of thinking of Polish managers, particularly in industrial relations and necessary revaluations.

Because of the decrease in the number of companies with employee ownership as a proportion of the available number of privatized enterprises, among other factors, such changes may be challenging. It is not yet known whether the governmental support program of 20 October 2009 has changed anything. Some of the easily observable challenges include the absence of legal solutions promoting the creation and functioning of employee-owned companies (particularly concerning transnational companies) that can implement financial participation solutions; the lack of governmental support; the indifferent attitude toward new challenges in the economy; the worldwide tendencies in ownership changes; an absence of comprehensive solutions supporting the capital participation of employees in their enterprises; the absence of more detailed information on how employee-owned companies function in other countries; and the subsequent unwillingness to popularise this form of ownership and to introduce participation solutions.

Polish company managers might be interested in broad-based share ownership in their firms, but the lack of a long tradition and negative experiences in the last few years do not guarantee the rapid development of employee share ownership in Poland. This might stem most employees' remote perspective on gaining profits—while the financial burden falls when particular forms of participation programs are first introduced—and from a too large discrepancy in shareholder goals in the enterprise.

Considering the statistical compilation of materials, a sample including 73 companies is too small to provide plausible statistical results. These results could be a generalization of the statistical measurement values achieved on this basis about the population of enterprises in Poland that have introduced any form of FPP; structural indicators and contingency coefficients should also be considered for statistical values.

This paper presented select views about the relationships between manager participation and the impact of other selected factors on the introduction of FPPs. After many years of conducting empirical studies on the benefits of implementing FPPs, the information provided by reports is insufficient to make a uniform decision

about FPP's influence on company results. The findings are also hindered by the lack of clear-cut data about the extent to which implemented participation schemes contribute to the change of financial results.

Studies conducted by the author do not convincingly explain the relationship between FPPs and results achieved by their implementation; this only proves a need for further study in this field. Further research following an empirical approach should concentrate on broad-based qualitative and quantitative research, which may yield correlations between FPPs and organizational indicators. Another conclusion that can be drawn is the necessity to conduct further, longitudinal research with a larger sample of companies, taking their business specificity and environment into account. The type of introduced FPP would also be essential to consider because this decision may influence future results. Research should begin well before introducing a scheme, as this would allow further evaluation of the influence of the given scheme on enterprise productivity.

Employee financial participation programs are a research area for many environments and have been of great interest for economic empiricists for several years, yet with various intensities of studies conducted. As it may seem, this tendency is instead on the increase, which unfortunately is not reflected by the high growth of companies implementing the solutions above. This opinion may not correlate with opinions expressed by other people and international institutions, which think that a few-percent annual increase in the number of firms with financial participation schemes will entail changes in awareness and organizational attitude, resulting in a spectacular implementation of these solutions. What fills with optimism is the initiative, enthusiasm, and actions taken in this area, yet without more widespread and properly run promotional activities, the implementation will take a long time.

Studies which have been conducted on this subject are not only of a cognitive nature, but most of all, they are of an applicable character, and their purpose is to provide a diagnosis of the existing mechanisms for the implementation of the solutions mentioned above and preparing recommendations useful for further popularization of financial programs and highlighting the actual benefits.

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