

The Relationship between Ownership Structure and Perceptions of Work and Management
Practices in a Large Retail Enterprise:

A Research Proposal

Conference Presentation Abstract

submitted by

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Workers' participation in ownership of the enterprises where they work is a now large and growing phenomenon in developed economies (Kalmi *et al.*, 2005; Lowitzsch, 2006; NCEO, 2008). A substantial number of empirical studies have examined whether these participatory ownership arrangements affect business performance (e.g. Estrin *et al.*, 1987; Freeman, *et al.*, 2004; Jones and Kato, 1995; Perotin and Robinson, 2003; Pliskin *et al.*, 1997; see summary in Kruse, 2002 and NCEO, 2008). Study results are very rarely unfavorable to employee ownership and, while somewhat mixed between neutral and favorable, overall, they show that broadly shared firm ownership tends to predict modest to moderate improvements in business financial performance in comparison with conventional stock ownership arrangements.

Scholars have also speculated about the organizational and social psychological mechanisms that might contribute to improved company performance in employee ownership settings. Many researchers suggest that innovative work and human resource management practices play a key role, practices such as worker participation in decision making and information sharing (e.g. Jones *et al.*, 2006; Kruse *et al.*, 2003; Pierce and Rodgers, 2004). Another important branch of this research concerns the impact of ownership structure and these work and management practices on different social and psychological dimensions of the work experience such as job satisfaction and work climate (e.g. Buckho, 1992; Gamble *et al.*, 2002; Klein, 1987; Kuvaas, 2003; Long, 1978).

The presentation suggested here would describe a proposal for research that would address these issues in a large retail enterprise, the Eroski Group, itself an important part of the Mondragon Cooperative Corporation (MCC) of the Basque Country of Spain. Four factors make this enterprise particularly worthy of study. First, Eroski is one of the largest enterprises with substantial worker ownership in the world, currently employing over 50,000 people. Second, the

firm makes use of three distinct ownership structures: a mixed consumer-worker cooperative structure for approximately 250 establishments in the Basque Country, a mixed worker and conventional ownership structure for some 200 hundred other establishments outside the Basque Country, and a purely conventional ownership structure for another several hundred, newer establishments, also outside the Basque Country. Third, the firm plans to convert the ownership structure of the great majority of its non-cooperative operations outside the Basque Country to worker-cooperative ownership over approximately the next two to five years. Fourth and finally, the firm has introduced a substantial human resource management innovation – the use of autonomous work teams – in a significant number of its stores.

The proposed study, then, would consist of two parts, first, a cross-sectional analysis of perceptions of work and management practices across the different ownership structures in 2008, and second, a longitudinal analysis of these perceptions between 2008, 2010 and 2012. In more specific terms, the study would seek to address the following research questions, several for the cross-sectional study and several for the longitudinal study:

CROSS-SECTIONAL STUDY

- 1) Does current ownership structure, that is, the degree of worker ownership today, explain differences in job satisfaction and perceptions of work atmosphere at the establishment level?
- 2) Is current ownership structure associated with the perceived level of worker participation in decisions and information sharing (“innovative management practices”)?
- 3) Are current perceptions of work and management practices related to job satisfaction and work atmosphere?
- 4) Do ownership structure and work/management practices have significant independent effects on job satisfaction and work atmosphere or do they interact?

LONGITUDINAL STUDY

- 5) Will the change in ownership structure have an impact on job satisfaction and the worker perceptions describe above?

6) Will the degree of change in ownership structure be associated with the degree of change in these perceptions? In other words, will perceptions have changed more substantially in stores that converted from a conventional ownership structure to a cooperative structure than in stores that converted from a partial worker ownership structure to a cooperative structure?

7) Will innovative work and management practices have changed significantly as a result of the change in ownership structure?

8) Will the effects (independent or interactive) of innovative management practices have changed as a consequence of the change in ownership structure?

The implications of the study would be considered for both the research literature and for organizational and management practice.

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