

**Involuntary Employee Shareholding:
A Study of Employee and Management
Experiences at Royal Mail**

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Abstract

Although a significant body of literature on Employee Share Ownership (ESO) has been generated in the last 40 years, managers' and employees' experiences of shareholding have received little empirical attention. This thesis responds to this gap by presenting evidence collected through in-depth interviews with a sample of Royal Mail managers and employees about their involuntary shareholding resulting from the privatisation of the organisation.

Taking an inductive thematic discursive approach, I identify key discourses illustrating employees' experiences of involuntary shareholding, contributing to our understanding of how ESO schemes are experienced by managers and employees. I emphasise the importance of the social and organisational context in which shareholding takes place and its influence on the meaning that individuals assign to their shareholding. This thesis highlights the importance of discourse creation and circulation and its reproduction by different social groups within the organisation, which is in turn influenced by more powerful actors.

The three main discourses identified are: a transformation discourse, the John Lewis discourse, and a risky business discourse. A subsequent aim of the thesis was to address the more recent plea for theoretical development in this area, thus, drawing upon theories of gift giving, I offer interpretations of employees' accounts of their involuntary shareholding (gifted shares), identifying three main important social functions fulfilled by the free shares: an exchange trigger, a 'perverse' incentive, and a way of projecting a new identity. Viewing involuntary shareholding as a gift and an incentive has its limitations; I also offer a critique of this approach drawing from employment relations and sociology of work concepts.

The findings of this thesis are of importance for practitioners, academic researchers as well as policy makers seeking to understand how employees experience, articulate and make sense of their involuntary shareholding and the underlying dynamics of ESO as a management discourse.

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This thesis is dedicated to my mother, Ioana, who, unfortunately, will never read it.

Author's declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. All sources are acknowledged as References.

Chapter 1: Introduction

1.1 Background

My interest in employee share ownership first arose during my postgraduate studies in Human Resource Management. Akerlof's (1982, 1984) gift-exchange theory was used to explain both wage setting and reward, and the potential effects of free shares—a popular element of Employee Share Ownership Plans (ESOPs) in the UK. I found Akerlof's theory interesting but unsatisfactory and planned to look at the potential of gift-exchange theories in investigating ESOPs as my PhD research. My dissatisfaction with Akerlof's perspective on gift exchange was not a theoretical one so much as it was methodological. Other disciplines that researched gift exchange have done so by closely observing and interacting with all the actors involved in the gift-exchange interaction. Akerlof, and others who studied Employee Share Ownership (ESO), did so at a remove from the 'human element', that is real workplace situations in which shares were actually offered to employees and, by deductively examining effect. I wondered to what extent we could be sure that a 'gift' of shares is, indeed, a gift if we did not talk to employees about shareholding. Although the focus on Akerlof shifted during my studies, for reasons I outline below, that methodological dissatisfaction remained a key driver of my research aims. If involuntary shareholding is to be considered an element in the employment relationship, then it would be impossible to ignore concepts associated with the employment relationship in order to gain a better understanding of this human element. By engaging with such concepts, the thesis then questions and evaluates the gift exchange theory in a more comprehensive manner.

The Employee Share Ownership concept, that is employees owning a stake of the company they work in, dates back to the 1950s in the USA. The idea was part of the 'shared' capitalism concept that suggested that society would benefit from much wider ownership of production assets (Gates, 1998). Since that time, ESO has been promoted by many as a means to try to overcome the fundamental difference of interests between capital and labour (Edwards, 1986). By spreading ownership, it was argued, capitalism would become a stronger economic system beyond both socialism and capitalism – the Third Way, with economic, social, and political benefits (Kelso and Adler, 1958). Employee Ownership (EO), however, is a much narrower term in contemporary times. It is used to describe an enterprise where employees own a significant stake in the company they work for (legally that is 25 per cent of the

available shares), though not necessarily enterprises where employees own the totality of shares or the whole organisation, such as worker co-operatives where employee ownership not only confers financial participation but also allows for a wider participation in the affairs of the enterprise, not just in determining work processes but also decision-making over issues that affect employees' interests, such as the terms and conditions of their work.

The term 'employee owned' firm, its definition and the way it is used in the broader academic and practitioner literature can be confusing, especially when the term is used to refer to corporate ownership (Blair, 1995). Some authors (for example see Freeman, 2007), refer to firms as 'employee owned' if there is an ESOP present, especially when employees, regardless how these are defined (most managers are also employees), own 25 per cent of the available shares. In this interpretation employee 'ownership' can take one of three main forms: direct ownership, the use of one or more tax advantaged share plans, whereby employees hold directly the shares in their company; indirect ownership, whereby shares are held collectively on behalf of employees, normally through a trust (e.g. John Lewis Partnership); and combined ownership, where schemes are a combination of direct and indirect plans. This thesis focuses exclusively on direct share ownership at Royal Mail.

The formal rights conferred by employee ownership are: the right to control, the right to returns (profit sharing), and the right to information on company finances and operations (Rousseau and Shperling, 2003). A critical feature of ESOPs is that, in practice, the formal rights intrinsic to employee ownership may give rise to complex sets of institutions and procedures which may vary between firms and contexts (Pendleton, 2001, 2011). Where individual employee shareholders do not hold the majority of shares, ESOPs are considered to be a form of additional individual remuneration; and when shares are gifted to employees, these are usually given contingent on individual, group, or company performance. There are cases where the gift of shares is not contingent on performance indices, such as in privatisations. Royal Mail's gift of a total of 12 per cent of the company to all employees is one such case, although in later statements, as will be discussed in this thesis, those involved in the adoption of ESO at Royal Mail, such as politicians and senior managers interpreted the gift to be a reward to employees for having 'turned' the organisation around and improved its performance. Employee ownership in contemporary literature then, somewhat confusingly, does not refer to arrangements where employees are involved directly in the day-to-day management of the firm, e.g. worker co-operatives. However, it is argued that employee share ownership is still capable of bringing about fundamental changes in *employee*

attitudes and behaviour, which in turn, may lead to increased productivity and financial performance indirectly (Freeman, 2007).

Employee Share Ownership in the UK is a relatively recent phenomenon. In 1980, there was only one type of tax-advantaged scheme available (Save As You Earn; SAYE) with only 20 live schemes. ESOPs became more popular in the UK under the Thatcher Government, especially following the Transport Act 1985, which deregulated and then privatised bus services (Pendleton et al., 1995). By 1986, London's financial markets were deregulated, privatisation increased (e.g. British Gas, British Telecom, and the electricity generation and distribution companies), and with it a threefold increase in ESOPs. Pendleton's (2001) chapter on the politics of employee ownership explained that the rise in ESO in the UK was the result of all-party support for such schemes, albeit each side of the political spectrum perceiving their purpose and impact in different ways depending on their political ideologies. For example, during the 1980s Conservative Government policy was driven by the notion that privatisation should be accompanied by ESOPs, in the hope that this would instil a more entrepreneurial and ownership spirit in employees. ESO became framed as a 'second income' and was also seen as a means to obscure the Conservative Government's hope that ESO would destabilise trade unions in a capital-owning democracy. During the 1990s, Labour politicians also promoted the concept of ESO, but only if it encouraged common ownership and worker co-operatives, not just discretionary schemes. Labour saw ESO as a means of increasing a role for workers in direct managerial decision-making – a form of partnership capitalism.

By 2012, both contradictory visions for ESO had cancelled each other out, and there were just four tax-advantaged schemes, but little to no governmental support for employee ownership models other than shareholding. There were two discretionary schemes limited to a selected number of employees, usually managers and directors (Company Share Option Plan; CSOP, Enterprise Management Incentive; EMI), and two 'all employees' plans (Save As You Earn; SAYE and Share Incentive Plan; SIP). With the exception of SIPs, the other three plans are share option plans which ifsProshare (n.d) defines them as:

“A share option is a right to buy a share at a future date at a fixed price. This price will frequently be the same as the market value of the share at the date the option is granted, but sometimes it might be more or less.”

The Company Share Option Plans (CSOP) is suitable for companies who wish to grant options to selected employees (ifsProshare, n.d). The exercise price must not be less than the

market value as at the date of the grant and the shares must be kept for a minimum of three years between grant and exercise and they are limited to £30,000 per employee.

The Enterprise Management Incentives (EMIs) were introduced in 2000 and are specifically targeted at smaller, higher risk companies with no more than 250 employees and with maximum gross assets of £30 million. According to ifsProshare (n.d), these plans are said to be a good choice for companies wanting to grant options to selected employees as it brings substantial tax breaks. Options can be granted at any exercise price, with no minimum period of exercise. The limit on value per employee is £250,000, subject to option (measured at the date of grant) and £3 million total for the company.

Save As You Earn (SAYE) is a savings-related Share Option Scheme, or Sharesave, introduced in 1980 and are suitable to companies wishing to grant options to all employees (ifsProshare, n.d). The number of options granted is linked to the amount each employee agrees to save every month – minimum of £5 and maximum of £500 (from May 2014). The exercise price may be discounted from the market value as at the date of grant by up to 20 per cent. For the employees to receive a tax-free bonus on their savings they must keep the shares for a fixed period (three or five years) at the end of which employees can decide whether to exercise the options using the savings and the bonus, or to keep the money.

The Share Incentive Plan (SIP) is the most recent all-employee plan launched in 2000 and provides shares in a variety of ways – free, partnership or matching. Employees can be offered the opportunity to buy shares (partnership shares), receive free shares (free shares), or to buy shares matched by free shares (matching shares). Additionally, under this plan, any dividends paid out on shares acquired can be reinvested in the plan (dividend shares). Under this type of scheme there are several conditions that must be satisfied before any tax relief can be applied. A key requirement is that the shares must be held in a trust on the employee's behalf for five years before they may be acquired and sold without incurring an income tax or National Insurance Contribution (NIC) liability.

An important difference between SAYE and SIP, is that the former is option based (indirect ownership) and the latter offer the possibility of immediate ownership, but full benefits are also deferred. The main implication of this difference is that SIPs can be riskier than SAYE plans because they do not offer the option for employees to withdraw their savings at any point during the vesting period. This means that if the company goes into liquidation, employees stand not just to lose their employment, but also their investment. However, such

cases are rare because most organisations either offer a matched shares SIP (buy one get one free), in which case if the price of the share goes down they stand only a 50 per cent chance of losing their investment, or employees are given free shares, in which case their participation is risk free.

The recession that followed the global 2008 financial crisis rekindled interest in alternative organizational models, including employee ownership. The 2010-2015 coalition Government, albeit driven by its minor Liberal Democrat partners, expressed interest in employee ownership models and provided encouragement in this area, not least by promoting the idea that employee-owned organizations (e.g. mutuals) could run public services, including the Post Office. ESOPs are showing a modest recovery and are the most common form of employee ‘ownership’, with 10,740 live company schemes operating in 2013 (HMRC, 2013). Co-owned businesses, and firms that operate any of the available employee ownership schemes including minority ‘ownership’, now account for a combined annual turnover of more than £25 billion, and more than two percent of the GDP (HMRC, 2013, EOA, 2014).

There has been a significant amount of research on the impact and effects of ESO on productivity and company performance. ESOPs have been mostly explained through a principal-agent lens—an incentive to increase firms’ profitability, agents’ loyalty and performance by paying above-market wages (e.g., Fehr and Gächter, 2000). Most studies on ESOPs have drawn on positivist methods of enquiry with a focus on large data sets (e.g., Blasi et al., 1996, Kim and Ouimet, 2009, Pugh et al., 2000, Pugh et al., 2005) and managerial samples (e.g., Caramelli, 2011). Other, less-frequently researched, perspectives frame free shares as a gift that incentivises performance (e.g. Bryson and Freeman, 2014). But much of the published research ignores the employee as an important actor. Most research involves looking for outputs that suggest a change in employees’ perspectives, intentions, and experiences because of shareholding, or relies on managers, owners, and experts in this field to answer for the employees.

French (1987) noted that although there is abundant research on ESO, there is little understanding about the expectations or orientations that employee share owners bring to their roles. This observation still holds true today. It has only been relatively recently that the focus has shifted in any small way from why employers adopt share schemes to why employees choose to participate (Brown et al., 2008, Pendleton, 2010, Jackson and Morgan, 2011), although there was a lone study (Harris, 1994) that looked at the experience of

employee shareholders following a utilities privatisation. And it was as recently as 2016, when my own study had completed its data collection phase, when Kranz et al. (2016: 77) published their paper outlining the consequences for the field in positioning, ‘...the employee as the unknown actor’. Similarly, this thesis argues, as Stewart and Martinez Lucio (2011: 328) suggested, that researching labour should not neglect the importance for “an understanding of the needs of the excluded”.

It has been the case for some time that the study of ESOPs has required new perspectives and methodological approaches to understand how *employee shareholders* experience and frame ESO. Research studies that consider *all* the actors involved in ESO will lead to a more nuanced assessment of the benefits and outcomes that ESO delivers. From the company perspective, being able to forecast take-up based on employees’ characteristics will enable firms to better calculate equity dilution (Pendleton, 2006), as well as help them tailor communication plans to ensure that equity is spread throughout all occupational groups (Brown et al., 2008). But it is also important to understand how and if shareholding affects employees’ perceptions of their work, firm and other shareholders and stakeholders (Brown et al., 2008). There is a need to research ESO as something employees experience, and something that they have to incorporate into their private sense-making and their responses.

1.2 Royal Mail

As stated above, my initial plan was for a different study than the one I present in this thesis. I started out with the plan to study several different organisations, using the full range of ESOs schemes, to look at gift exchange in action. None of the organisations I approached wished to take part in the study. However, during the scoping phase of the study when I engaged with several ESOP academic and practitioner networks, I was approached by Royal Mail. The company was going through privatisation – via an ESOP – and were keen to understand how their own employees were making sense of the shares they had acquired, and what the link was between employee shareholding and performance. Researching the experience of the *involuntary* shareholding of Royal Mail’s employees would not only contribute to an understanding of how employees make sense of shareholding in general, but also of its function in a context in which the organisation transitions from the public to the private sector. Royal Mail offered me the opportunity to pursue my interest in the hitherto unrepresented voice of the employee in relation to share ownership and ESO research.

1.3 Aims and objectives of the study

The aim of this thesis is to explore employees' experiences of involuntary shareholding that resulted from the Royal Mail privatisation. By interpreting individuals' accounts of their involuntary shareholding, the research aims to contribute to knowledge about ESO by offering insights into how employees experience and understand shareholding in the workplace and its social functions and implications.

The objective of this research is, therefore, to explore ESO's value to employee shareholders, its objectives (real and perceived), and the participants' understanding of ESO. The main aim is to explore what is meant and understood by 'employee share ownership' in the context of a formerly state-owned organisation transitioning into private ownership. The privatisation of Royal Mail provided an ideal site to investigate the experience of involuntary shareholding for individuals, as it transferred a total of 12 per cent of its stock to eligible employees during the privatisation of the company.

The study uses an interpretive, qualitative approach to explore different employees' accounts and to explain how employees make sense of involuntary shareholding and employee share ownership in general. It answers the following three research questions:

- How do employees at Royal Mail experience and understand their involuntary shareholding?
- What are the social functions and implications of gifts of shares during privatisations?
- What can theories of gifting offer to the study of employee share ownership?

1.4 How the thesis is structured

This thesis is made up of nine chapters. This **Introduction** provides an overview of the background, research context, and development of the research questions on which the thesis is based. It has also suggested that the contribution of the research will be in bringing forward the voice of the employee shareholder in ESO research.

Chapter Two is a review of the existing literature on employee share ownership.

Chapter Three discusses the rationale for the methodological choices that shaped this thesis, and provides a detailed account of the research process, including the qualitative interviewing techniques.

Royal Mail, the case study in this thesis, is discussed in **Chapter Four**. This chapter details key historical events which have shaped its development and governance since its early years, as well as the privatisation process, and looks at the discourses used in the political phase of privatisation. **Chapters Five, Six, and Seven** present and discuss the research findings of the interviews conducted with employees at Royal Mail. Each of the analysis chapters begin with an introduction designed to orient the reader to the main findings and how they are organised within the chapter. Each of the main discourses identified is then sequentially described, along with quotes and examples. The chapters then end with a brief conclusion in which I reflect on how the present research contributes to the understanding of ESO.

The **Discussion and Conclusion** is the summarising account of the research findings and their significance, and the process of the research. I reflect on the research questions and how this thesis has contributed to knowledge about and theory on ESO. Finally, consideration is given to practical implications of the findings, before considering limitations of the thesis and concluding by identifying areas for future research.

Chapter 2: Literature Review

2.1 Introduction

After nearly four decades of experience with employee share ownership (ESO) a considerable body of research has emerged, primarily carried out in the US and UK. However, since the 1990s there has been an increase in the amount of literature coming from Europe, because of increased promotion of financial participation by the EU (Poutsma et al., 2003). There is more limited interest in Australia (Landau et al., 2007), Africa (Wright et al., 2000), Asia (Chiu et al., 2005), and Eastern Europe (Kalmi, 2003). Most of the research has focused on the benefits derived from ESO by the firm and the individual. The academic fields most interested in employee share ownership have been Human Resource Management (HRM), industrial relations, and labour economics. HRM researchers are interested in employee attitudes and behaviours, whereas labour economists are interested in firm productivity, performance and profitability. Each discipline is interested in specific elements of employee share ownership and tends to use different methodologies and data. In addition to the field in which the research originates, a second major distinction can be made between research and analysis focusing on the *control* potential of financial participation via shareholding, and on that of the *productivity gains* potential. The former view is concerned with the possibilities of ESO in enhancing employees' control over the organisation in which they work i.e. industrial democratisation. The productivity potential of ESO is, rather more straightforwardly, a research emphasis on organisational performance (Poutsma and de Nijs, 1999).

What is obvious from my review of the research and theoretical literature, however, is how few studies are interested in the employee's understanding of and attitudes towards the shares they hold. Until the publication of Kranz et al. (2016) there was not a major article that considered – as does this research project – the 'missing' voice of the employee share owner. Where the research did consider the employee, it was very much as the human lever on which share ownership was supposed to work and considers whether ownership positively influences attitudes and commitment levels. Although the literature on gift exchange necessarily implies the figure of the employee as the recipient of the gift that is required to respond, again the actual views and perspectives of the employee are absent from the academic literature.

This chapter is organised in the following way. I start by exploring the major strands of the ESO literature: 1) studies that seek to account for the number and type of companies that offer ESO (including the two relevant theoretical framings of ESO in use – Principal-Agent theory and Human Capital Investment Theory); 2) the substantial literature on the effect of ESO on firm performance and employee behaviour and attitudes; and 3) the most recent theoretical framing of ESO as gift exchange that has entered from the anthropology and sociology fields. I then turn to what might be considered the minor, but challenging, strands of literature associated with ESO – the literature that looks specifically at ESO used in privatisations, the small number of studies that look at what sort of employee opts for ESO, and the literature that my own study is contributing to – the under-researched field of understanding the *employee share owner*.

2.2 What sort of company offers shares to their employees?

Academics working in the field of employee share ownership (ESO) are naturally interested in how many and what type of firm(s) offer some form of ESO to their workers. Studies that explore the basic landscape of ESO constitute a sizeable proportion of peer-reviewed and grey literature on ESO. Within this category of study, nearly all recent British research has been on minority employee share ownership, both because it is the most widespread form of employee ownership (EO), and because of the availability of rich data in this area from the Workplace Employment Relations Survey (WERS). The WERS indicates that 30 per cent of private sector workplaces with 10 or more employees are covered by a share ownership plan (Pendleton et al., 2009), in which employees usually hold less than five per cent with the remainder primarily owned by institutional investors (Pendleton, 1997a). Because minority ESO schemes are viewed as quasi-pension schemes or long-term savings plans, they are subject to additional rules governing investment income. The rules imposed by the Association of British Insurers (ABI) limit the number of shares that can be held by employees and stipulate that pension/savings plans should not be used to stop or prevent takeovers. Such investment rules limit the voice employees could gain through participating in a minority share plan, compared to those where there is a majority employee shareholding.

Pendleton (2011) identified three main groups of majority-owned firms in Britain today: human capital firms, business succession firms, and management-employee buyouts. The distinctions among them are not clear because, for instance, some human capital firms become employee owned because the initial owners intend to retire (i.e. business succession).

Such a typology inevitably would not cover every type of employee-owned firm, because of the heterogeneity of the sector. Some exceptions not captured by the typology are companies that use stock ownership to provide incentives in management buyouts (often backed by private equity) and employee-owned start-ups. However, there are not many such ownership arrangements, possibly because of restrictions on the use of tax-advantaged schemes in private-equity-backed management buyouts, and the problem of raising capital for employee-owned start-ups. But overall, Pendleton's (2011) typology covers most firms, albeit there are clear differences among them in terms of ownership structure, governance arrangements, reasons and contexts for conversion, and the actors leading the conversion.

Firms with EO can also be grouped based on their ownership and governance characteristics, the circumstances of their adoption of EO, and the key stakeholders in the transition. These differences present difficulties for researchers when investigating potential correlations between characteristics and EO to explain *why* EO occurred in these firms. Most research to date has not been mindful of these differences and simply used proxies such as the existence of an ESO scheme. Information such as the proportion of the company owned by employees has been largely overlooked, which impedes a detailed understanding of what kind of firms have been analysed in research studies (Kruse, 1996, Ben-Ner et al., 2000). Nonetheless, it is assumed that minority share ownership has been the most researched type of EO (Pendleton, 1997a, Jones and Pliskin, 1997). Research studies have been mainly quantitative in nature, comparative (within and between firms and pre- and post-adoption), used primarily, and a Probit- or Logit-based regression methodology and yielding inconclusive results.

Although some structural features, such as organizational size, risk and stock market listing, are nearly always critical determinants in the case of minority EO (Pendleton et al., 2001, Pendleton et al., 2009, Kruse et al., 2010), results for the measures that proxy for economic rationales for employee share ownership have been mixed. Pendleton (2011) noted that the lack of data on majority owned firms has impeded research in this area. Majority owned firms are usually small, conversion reasons tend to be idiosyncratic and they do not report their accounts publicly. He concluded that searching for a predicting variable to explain the presence of EO is likely to result in failure and argued that the distribution of EO may be a function of the interplay between circumstances, firm features, economic imperatives, and actors' objectives.

Some of the main company objectives and motivations to adopt ESOPs presented in the literature are: incentive creation and productivity enhancement, cash conservation, tax

savings, accounting earnings management, sorting employees based on sentiment, employee retention and peer effects (Babenko and Tserlukevich, 2009, Ittner et al., 2003, Kim and Ouimet, 2014, Kaarsemaker et al., 2010, Oyer, 2004, Oyer and Schaefer, 2005, Pendleton, 2006). These objectives have been inferred from research on determinants, outcomes and effects of EO adoption using large data sets or surveys. Qualitative case studies have provided a more diverse and comprehensive picture as to the intentions behind such schemes in organisations. For example, Caramelli (2011) found that in large public organisations management use ESOPs to perpetuate and strengthen employees' identification with the company by the creation of a 'family' culture during times of expansion through mergers, acquisitions and takeovers. At the same time, such schemes are also used to create and maintain worker-management alliances by 'sharing in the success' and, as a result of philosophical commitment, sharing ownership'. There is also some evidence of isomorphism, especially from surveys (Kerr and Tait, 2008). The structure and performance effects of ESOPs are more likely to be strongly influenced by the circumstances in which EO is introduced and the motives involved (Pendleton, 2006). There are only a few studies that looked at political intentions of using ESO during privatisation programmes and these are detailed towards the end of this review.

2.2.1 The domination of principal-agent theory within this literature

There is a lack of theoretical diversity in the explanations regarding the incidence of EO and its variation between EO types and contexts. Principal-agent theory is by far the most widespread explanation for the introduction of ESO (Pendleton, 2011), especially in large listed organisations where control and ownership are separated. This theory has been extensively used to 1) explain determinants of ESO adoption and 2) to explain the impact of ESO on employees' productivity and firm performance. The theory posits that because the employment relationship is defined by an incomplete contract where employees have some degree of discretion over their work, employers must ensure that employees' objectives are aligned with theirs (Alchian and Demsetz, 1972). Mechanisms are needed to ensure that workers perform in a manner congruent with the objectives of their employers. The principal-agent problem is most directly addressed by the close monitoring of worker performance and the disciplining of 'shirkers'. But monitoring is costly and it can be perceived as a sign of mistrust. This would encourage inefficient opportunistic behaviour (Drago and Perlman, 1989) with workers becoming increasingly antagonistic the more directly the firm monitors (McNabb and Whitfield, 1998).

The issue of control in the employment relationship is a long standing one. The whole subject of employment relationship study and research rests on the relationship between social welfare and social control (Blyton and Turnbull, 2004: 42). Whilst initially proposed theories, models and approaches (such as systems theory, unitarism, and pluralism) of the employment relationship emphasised the need for stability, status quo, rules, and control, more recent developments, following Marxist ideas, criticised these as being too static and myopic (Blyton and Turnbull, 2004: 33). The employment relationship is not a pure economic exchange, does not happen in a vacuum, and is influenced from within as well as from beyond the working environment (Hyman, 1975).

Although employers have more power in the employment relationship because they are the owners of capital and, thus, have the right to hire and fire and to directly employ labour in the process of production, employers cannot secure total control or authority over their workers. One main reason for this is the incomplete nature of the labour contract. Wages can be considered an economic transaction agreed by all parties involved, because of their precise nature, but what employers buy is workers' capability, not their effort or performance, as Edwards (1986) noted:

“in the labour contract what the employer wants is not a capacity but its exercise.” (p. 35)

Its exercise, however, depends not only on the economic exchange between employer and employee, but also on the social exchange as the employment relationship is defined by a tension between the economic as well as social and ethical issues (Ackers, 2002). Simply aligning economic interests is not necessarily conducive to increased productivity or commitment to organisational goals, because the employment relationship is not just about the economic contract, there is also a psychological contract between the parties underpinned by perceptions of fairness, trust, and delivery of promises (Guest, 2001). It is therefore in the interest of employers to give employees the impression of control and authority over their work, and this can be achieved by sharing some of the ownership of the capital with the employees as well as structuring the employment relationship in such way in which management can secure employees' co-operation, in addition to surplus product (Nolan, 1983, Turnbull, 1991).

The literature on minority-owned firms, firms where employees own directly, or indirectly less than 25 per cent of the shares, using a principal-agent framework is substantial and well-established (Bryson and Freeman, 2007, Kruse, 1996). The main assumption has been that

ESO is used by companies where monitoring costs are too high, such as where teamwork makes individual performance pay difficult to use (Jones and Pliskin, 1997). Studies of determinants concern themselves primarily with the costs of monitoring. However, these are difficult to measure directly and measures based on characteristics of the workplace, company, and employees are being used, such as the proportion of skilled or white-collar workers (McNabb and Whitfield, 1998), or the ratio of managers or supervisors to workers (Drago and Heywood, 1995), and capital intensity (Kruse, 1996). Several factors have been identified as important in this literature, such as the size of the organisation, characteristics of work settings and workforces, risk, and liquidity constraints (Kaarsemaker et al., 2010). Many studies found that size is predicted to be associated with the adoption and use of minority share ownership plans, where employees own a small stake in the organisation, as information asymmetries and monitoring are said to become costlier as firm size and managerial hierarchies increase (Pendleton, 1997b, Festing et al., 1999, Kruse, 1996, Landau et al., 2007).

Agency theory predicts that optimal employment contracts will be a trade-off between incentives and risk with firms facing high risk less likely to use incentive-based pay schemes due to employees' aversion to risk (Bloom and Milkovich, 1998). Paying employees a premia for bearing risk can be costly for a firm. Prendergast (2000) suggested that there is a positive relation between risk and incentives, since in uncertain settings the principal is often better off delegating responsibility to agents and this necessitates the use of incentives. Oyer (2004) argued that uncertain contexts require frequent revisions of employment contracts which can also be costly, thus, it is argued the use of ESO reduces this cost. However, frequent revisions of employment contracts are still required because as Hyman (1975: 26) noted (original emphasis):

“the wage-effort bargain is [...] contended and in a continuous state of flux, an invisible frontier of control... which is defined and redefined in a *continuous* process of pressure and counterpressure, conflict and accommodation, overt and tacit struggle.”

Therefore, the dynamic and continuous nature of the employment relationship means that it is difficult to determine whether ESOPs will have a positive influence on the employment relationship or not.

As previously mentioned, the employment relationship is not only defined by an economic contract, but also by a psychological contract, thus the exchange between employer and

employee is not only economic in nature but also social. The problematic of the employment relationship, as well as of employee share ownership, is that workers are not automatons but individuals with a history and a background. One's approach to work, workplace and the employment relationship is influenced not only by their biology, but also by their skills, education, social background, welfare, labour market conditions, family life and so on (Gintis, 1976, Lazonick, 1978). Therefore, employees learn to labour and enter the workplace with previously shaped work ethic, attitudes towards private property, and varying levels of willingness to accept authority (Willis, 1977). Thus, this is also likely to have an influence on how employees identify themselves with both the organisation as well as to shareholding more generally.

2.2.2 Human Capital Investment Theory/Contracting Theory

A relatively recent offshoot of agency theory is Human Capital Investment (HCI) or Contracting Theory. The timing of the appearance of this variant on agency theory – in the 1990s – suggests that its development was linked to the political context (as mentioned in the Introduction) where ESO shifted towards the relational. Blair's (1995) work on HCI posited that the employment contract is incomplete and employees need to protect their investments in human capital against managerial opportunism. Her argument was that in many instances, employees make firm-specific investments in human capital through which employees forfeit their opportunity costs in the external labour market in exchange for job security and personal development (Blair, 1995). Therefore, employee relations in organisations needed to be expressed in less transactional (market-like relation) and more relational (social exchange) ways. Blair derived her theory from Williamson's transaction cost approach and advocated EO as a means of protecting firm-specific human capital from expropriation by managers and employers.

In the HCI literature, EO provides a guarantee that workers will secure returns from their investments because ownership provides a governance structure for allocating risk and returns. (This theory applies well to some EO contexts, but not to others such as co-operatives). Studies of minority EO firms provide some support for the contracting perspective. A few studies have reported an association between employer-provided training and the use of share ownership plans (Pendleton and Robinson, 2010, Robinson and Zhang, 2005), while Ben-Ner and colleagues (2000) found that low transferability of skills is associated with the probability of having an ESOP. Given the heterogeneity of majority owned firms, this contracting perspective is unlikely to apply across the board. The type of

work tasks required in other EO contexts, such as public services and manufacturing, do not require the same high level of skill and knowledge as human capital firms.

Nevertheless, even in such contexts, the nature of jobs has changed in the last few decades and in organisations such as Royal Mail, where the onus is on commercialism, transformation and ‘modernisation’ (Martinez et al., 1997, Batstone et al., 1984, Campbell-Smith, 2012), a considerable number of employees seek the same opportunities as those in professional services, such as career prospects, training and firm specific knowledge. Moreover, in times of change such as privatisations, according to this perspective, EO can lock highly-skilled, mobile employees to the firm by promising to share the benefits of corporate success and providing protection against takeovers (Blasi et al., 2003), or to attract skilled employees, especially where there is competition for talent (Liebeskind, 2000). It can be argued that in this study of Royal Mail, senior management tried to prevent human capital haemorrhage *amongst its managers* by seeking to retain key employees with know-how and experience, especially those working in logistics, and to attract seasoned employees from the private sector, such as managers, by offering a generous gift of shares to the former and signalling generosity to the latter.

2.3 ESO effect on employees and employers

Leading on directly from the literature on what sort of firms use ESO, and the dominance of principal-agent theory, is the literature that expands on that theory’s concern with monitoring and control. This ‘effect’ literature focuses on whether or not ESO affects performance and/or on behaviour and attitudes.

Advocates of employee share ownership espouse its merits based on a three-part argument. It is argued that ownership will generate more favourable attitudes towards the firm, a reduction in antagonistic feelings, and greater organisational commitment (Kelly and Kelly, 1991). This is said in turn, to arguably affect changes in behaviour (e.g. a lower propensity to shirk or quit) which is arguably reflected by improvements in collective performance (e.g. productivity and profitability) (Blasi et al., 1996). These effects are said to benefit workers as firms with an all-employee share plan, are better workplaces; especially if ESO is paired with employee control of the work environment, participation and involvement, and offer higher compensation packages (Blasi et al., 1996, Freeman, 2007). Also, employee share ownership arguably increases job security by adjusting pay rather than employment (Craig et al., 1995),

and to increase job stability with firms presenting significantly longer average employee tenure than matched firms without an employee share ownership scheme (Blair et al., 2000). This suggests that firms which operate an all-employee share plan may increase general workplace well-being. The alleged benefits accrued to both workers and firms lead to a better society and a prosperous resilient economy with low unemployment, stable employment market and general productivity (Matrix, 2010, OXERA, 2007).

Whilst this may be a convincing argument, it presents several conceptual and methodological difficulties, and researchers have limited themselves to investigating links between two of the stages (attitudes change leading to productive behaviours), taking the third (productivity and profitability) as given. Also, some of these findings come from research carried out on worker co-operatives (e.g., Craig et al., 1995), and not on minority-owned firms (which tend to be large public organisations where tenure and job security present different characteristics). Labour economists have pondered the link between share ownership and collective performance (Conte and Svejnar, 1990, GAO, 1987, Jones and Kato, 1995), whilst industrial relations researchers have focused on the ownership–attitude nexus (see, for example Hallock et al., 2004). Almost all have ignored the particularly complex attitude–behaviour link (Klein, 1987), and the active participation of employees. Nearly all the research on the impact of ESO on employees, companies, and the society at large circumvented the employees as an active actor in this relationship.

Effects on performance

The most important rationale for EO has been the argument that it can enhance company performance by linking reward to corporate outcomes, such as share price. This would provide a direct incentive for employees to work in ways that are conducive to high performance (Blasi et al., 1996, Bryson and Freeman, 2010, Blasi et al., 2011). Other reasons would be its support of favourable attitudes and behaviours, its potential of being a ‘sorting’ device attracting high-quality employees (Lazear, 2000), and a retention device signalling a firm’s commitment to its employees (Blair, 1995, Robinson and Zhang, 2005), or by locking in employees through the deferred character of share plans (Sengupta et al., 2007), and by aligning employee rewards to the business cycle (Oyer, 2004). US research suggests that even when firms dilute their ownership by eight per cent on average by offering shares to employees, they enjoy an average of a two per cent point higher return on the diluted shares they still hold (Blasi et al., 2003).

Academic research has studied the effects of EO on corporate performance. A first body of research concerns mainly financial and econometric studies, which suggest that overall, EO tends to have some positive effects on corporate performance assessed through different indicators. Evidence from over 100 studies indicates a positive association on average between shared capitalism programmes and company performance but with substantial dispersion in results (Blasi et al., 2011). For reviews of the EO literature, see Doucouliagos (1995), Kruse and Blasi (1997), Kruse (2002), Kaarsemaker (2006), Kaarsemaker and Poutsma (2006), and Freeman (2007). One panel data study conducted in Japan found that the average estimated increase in productivity associated with EO and profit sharing is about 4.5 per cent (Jones and Kato, 1995), and is maintained when using pre/post comparisons and attempts to control for selection bias. Positive effects tend to be larger and stronger among firms with majority employee share ownership (where employees own more than 10 per cent of the firm) than among firms with minority employee share ownership (where on average employees own about five per cent of the firm) (Doucouliagos, 1995); and these effects are greater or only achieved when there is also participation in decision making (Kaarsemaker et al., 2010).

Overall, research suggests not only are EO firms more profitable and productive, but they also survive longer than their counterparts. Several large-scale studies showed that EO firms are less likely to go bankrupt or disappear for any reason. Park, Kruse and Sesil (2004) tracked US public companies as of 1988 to 2001 and found that EO firms were more likely to survive than non-EO firms. These findings were congruent with Blair et al.'s (2000) findings on a similar sample of ESOP publicly listed companies in 1983 through to 1995. Such studies make a compelling case for the adoption of such plans.

However, such studies present some significant limitations; not least for being based on the theoretical foundations of the performance prediction as outlined earlier. Considering the free-rider effect, it is unlikely that share ownership on its own brings about performance enhancements. Kaarsemaker (2006) showed the importance of participation in decisions as well as management's commitment and philosophy and the complementarity of HRM practices to accompany share ownership to generate co-operation, peer pressure and an ownership culture necessary for the success and effectiveness of such schemes. Although such measures might affect attitudes and behaviours, it does not follow that they will have a direct effect on corporate performance. Some studies provide evidence on the combined effects of EO and participation on performance (Kato and Morishima, 2002); whilst others find no effect (Ohkusa and Ohtake, 1997, Robinson and Wilson, 2006). Workplaces with

downward communication (team briefing) have been found to show positive effects on financial performance, but not in upward participation, such as quality circles (Addison and Belfield, 2001). Participation can also detract from positive effects of EO in certain circumstances, such as when all or most employees are involved in the share plan (Pendleton and Robinson, 2011).

Therefore, the direction of causality, whether successful firms offer ESOPs or ESOPs contribute towards firms' performance is not quite clear, as well as what kind of performance is being measured, i.e. economic, market, or corporate performance (Caramelli, 2011). Most research was carried out on panel data or data sets inferring objectives and motivations of the actors involved. The structure and performance effects of ESOPs are more likely to be strongly influenced by the circumstances in which EO is introduced and the motives involved (Pendleton, 2006). The heterogeneity of objectives and reasons for adoption makes it problematic to attempt to establish a link between productivity and share ownership.

Effects on attitudes and behaviours

A second body of research on effects consists of studies in psychology and human resource management that have addressed particularly the attitudinal effects of EO on turnover, turnover intention, commitment, motivation, and satisfaction, and thus to assess its effect on company performance. Since her seminal article, Klein's (1987) three "models of satisfaction" are widely accepted as well-grounded approaches for distinguishing the ways EO may affect attitudes (Brown and Sessions, 2003). The intrinsic model attests that ownership per se results in employee satisfaction, whereas the extrinsic model posits that satisfaction is derived only from the financial gains resulted from ownership. The instrumental model argues that attitudinal change is dependent on the extent to which employees participate in decision making (French and Rosenstein, 1984). The intrinsic model has received little support from the US literature which found the extrinsic and instrumental models to be resonant to employee satisfaction with the plan (Buchko, 1993, Klein, 1987, Kruse, 1994, Long, 1978, Long, 1981).

The UK research engaged with the intrinsic model more so than the US literature, where the independent variable is generally the existence of a share scheme. Some studies asked participants whether they think ownership per se has affected their attitudes towards the firm, and this approach is believed to uncover evidence of attitudinal change (Bell and Hanson, 1984, Fogarty and White, 1988, Pendleton et al., 1998), whilst others compare the attitudes of non-sharing and sharing workers (Baddon et al., 1989, Nichols and O'Connell

Davidson, 1992, Poole and Jenkins, 1990). The evidence from attitudinal studies is mixed. For example, Poole and Jenkins (1990) found that share ownership generates significantly more positive attitudes towards the firm and employment, although attachment overall to the firm is not high. By contrast, Baddon et al. (1989) found that whilst share ownership is more likely to create sympathetic attitudes to management and the firm, the differences are minimal. Few UK studies have engaged with longitudinal methodologies in their investigations of employee ownership (but see Dunn et al., 1991), unlike the USA (e.g., Kruse, 1994, Long, 1981, Long, 1982, Tucker et al., 1989). The evidence from these studies is unclear. Dunn et al. (1991) found little difference in the attitudes of share owners and non-share owners over time. Tucker et al. (1989) found increasing levels of commitment amongst plan members whilst Long (1982) and Kruse (1994) revealed a decline amongst both types. These findings are intriguing as they imply that something other than ownership drives attitudinal change. Deterioration in employee involvement in decision making over time could be one explanation for these results (Kruse, 1994, Long, 1982).

US studies suggest that the extent to which share ownership facilitates participation has a decisive effect on employee attitudes. For example, Rhodes and Steer's (1981) comparison of an employee-owned firm and a conventional firm found that employee participation was higher in firms with an employee (share) ownership scheme and that the greater the perceived extent of participation the higher the level of organisational commitment. This finding has been echoed by Buchko (1993), Klein (1987) and Klein and Hall (1988) and Hammer et al. (1981).

However, these studies did not provide a comprehensive definition and explanation of employee participation as a concept, nor an explanation as to how it relates to employee share ownership specifically. The Industrial/Employment Relations literature acknowledges that there are fundamental differences between participation (sometimes using the term 'industrial democracy') and involvement, not least the fact that they are based on different frames of reference and, thus, on different sets of values and objectives (Salamon, 2000). Employee participation is defined by Salamon (2000: 371) as representing:

“a distinct evolutionary development directed towards extending collective employee influence beyond this relatively narrow distributive ‘wage/work bargain’ into much wider areas of organisational planning and decision making at both the operational and, more importantly, strategic level.”

Whilst employee involvement is defined as (p. 371-2):

“the means used [by management] to harness the talents and co-operation of the workforce in the common interests they share with management [...]. Such measures may allow employees greater influence and control over decision making, but only in relation to their immediate work operations [...], employee involvement has been ‘management sponsored’, reflects a ‘management agenda’ and has excluded the opportunity for workers to have an input into high-level decision making.”

The employee share ownership literature, however, is not clear on the use of such concepts. Buchko (1993: 643), in their study of an American medium-sized media and communications firm, refers to employee participation as “perceived influence in decision-making as a result of ownership” and measured this by using Rosen et al’s (1986) four-item influence sub-scale asking questions such as “Employees have more say in company decisions because they own stock”. Hammer et al (1981) looked at absenteeism, job satisfaction, commitment and ‘voice’ – which they defined as the ability of employees to improve undesirable conditions by being able to voice their dissatisfaction.

Whilst some studies found a positive relationship between ESO and measures of employee involvement and participation (in decision making) as discussed above, recent developments brought back into the spotlight the agency issue – whilst ESO may increase/complement employee participation in decision-making, in this context it might not necessarily lead to increases in productivity. If the whole purpose of changing attitudes and behaviours through the means of ESO is to secure employees’ commitment to organisational goals (e.g. increase in productivity and profits), then the positive effects of ESO on the workforce may not bring with it desirable productivity effects as found by Pendleton and Robinson (2010). Their study used WERS04 data and concluded from their review of the literature that:

“stock plans have independent effects, they require conjunction with employee involvement to affect productivity, and employee involvement can detract from the positive effects of stock plans” (p. 7).

They found that, in the UK, the presence of ESO carries with it some positive marginal effects on labour productivity when there are several forms of employee involvement. However, whilst they found employee involvement to be beneficial, they argued that significant levels of employee involvement and voice may impede effective management decision making and could outweigh any positive effects that information sharing, and co-

operation bring, because such a situation would lead employees to believe they have a greater right to influence management decisions than is efficient, or to raise time-consuming grievances.

Pendleton and Robinson's (2010) findings from WERS04 resonate with those of Klein and Hall's (1988) survey of 2,802 ESOP participants in 37 companies (15 to 7,080 employees) in the US, who showed that the more influence an employee believes non-managerial workers should have in-company decision making, the less satisfied the employee is with the ESOP. Conversely, employees who desire a great deal of influence in decision making tend to be less satisfied with the ESOP than employees who desire little influence in decision making. They reasoned this to be the case because employees view ESO as a financial reward, and/or a generous gesture from the organisation signalled through a people-centred philosophy and commitment (gratitude that the organisation shares/involves employees in the success that they contribute towards).

Indeed, as Salamon argued (2000), ESOPs, unlike worker co-operatives, are considered to be more suitable in contexts of sharing in the organisation's financial gains as such schemes are adopted for either ideological reasons (inherent right for employees to receive a share of the profits they help generate), and/or when management seek employee co-operation with management strategies to improve organisational performance as Salamon (2000: 391) noted:

“It is argued that such schemes not only develop a sense of ‘property ownership’ among employees by giving them a ‘stake in their firm’ but also integrate them into the ‘market economy’.”

However, whilst enthusiasts and promoters of ESO argue that ESOPs can generate such results, Salamon (2000: 392), and others (e.g., Beirne, 2013b) argue the opposite:

“[...] financial participation schemes [...] merely share money (not power, authority or decision making within the organisation). They are, at best, supplements to the process of involvement or participation.”

The potential complementary nature of ESO has been acknowledged by some researchers (e.g., Beirne, 2013b, Pendleton, 2006, Pendleton, 2001), whilst those promoting ESO see such schemes as a way of involving employees to participate in their organisation (e.g., Nuttall, 2012). Most empirical studies suggest that such plans are perceived by employees as

financial opportunism, when these are not complemented by certain HRM practices (Baddon et al., 1989, McCarthy et al., 2010), or when these are perceived as unfair and divisive then employees would respond negatively (Beirne, 2013b). Most likely, when such schemes are seen by employees as benefitting those higher up the hierarchy and replacing more traditional collective bargaining mechanisms, then employees' response can lead to resistance and militant behaviour, especially when their adoption coincides with significant change programmes involving redundancies and financial austerity. Such activities may signal to employees that the organisational values are not congruent with the logic presented by many advocates (e.g., Nuttall, 2012).

In such circumstances, the adoption of ESO would signal fragmentation and elitism, rather than co-operation, cohesion, and unity, because shareholding would be seen to reward insular, instrumental and inappropriate behaviour by those higher up the ranks, and, thus, instead of replacing the 'them and us' attitudes, it reinforces it (Caulkin, 2012, High Pay Commission, 2011) Therefore, financial participation, when perceived as unfair or a managerial means to extract effort from employees, is not conducive to increased attendance, diligence, or commitment (Baddon et al., 1989, Caulkin, 2012, D'Art and Turner, 2004, High Py Commission, 2011, Hyman et al., 1989, Kalmi et al., 2005, McCarthy et al., 2010, Welz and Fernandez-Macias, 2008).

Considering the espoused reasons for the adoption of ESO at Royal Mail, i.e. 1) to secure employees' co-operation and commitment to the transfer of the organisation into the private sphere; 2) to integrate employees into the 'market economy'; and 3) to create a culture of ownership believed to be conducive to an increase in discretionary effort, examining employees' experiences of their shareholding has the potential to add to our understanding of the impact such participative mechanisms have in the organisation, especially those who transfer from the public into the private sphere.

In the UK context, various political parties, especially the Conservatives, argued that shareholding would solve the historical and traditional conflict between owners and investors, and workers and trade unions by allowing employees to (financially) participate in their organisation (D'Art, 1992). The proposal was meant to introduce the idea of 'economic democracy' by aligning stakeholders' interests through financial participation, or otherwise named 'people's capitalism'. However, the ideology quickly changed rhetoric and, as a consequence, it rendered what initially was used to justify financial participation - trade unions, representative participation and talk of social partnership - redundant. This was

despite the fact that the initial rhetoric around the introduction of such schemes, especially in privatisation programmes, was around social partnership between the different stakeholders characterised by cooperation and commitment (Gall, 2005, Stuart and Martinez Lucio, 2005).

ESO as a means to increase employees' participation in their employer has not been proven successful to date. Despite the social partnership rhetoric, privatisations in the UK, instead of proceeding with preferential share release arrangements to favour the employees as initially pledged (Baddon et al., 1989, Hyman et al., 1989), the benefits accrued mostly to senior managers than workers. This unfortunate turn of events was excused by some politicians by arguing that the separation of ownership from control could undermine shareholder value, therefore, the best solution would be to tie senior managers' remuneration to the performance of the organisation via shareholding and profit-sharing schemes, to prevent the privatisation programme from failure (Beirne, 2013b). The privatisation programme was intended to address the deficit in the performance of state-owned organisations, although the same argument was used when organisations such as Royal Mail generated impressive profits, yet the Government still tried to privatise the organisation (Martinez et al., 1997), by orchestrating their transition into the entrepreneurialism and discipline of the marketplace.

However, this led to some notable scandals and critics, including groups of shareholders, who argued that too many leaders of major companies were preoccupied with financial short-termism and personal gain, at the expense of stability and longer-term value generation (Caulkin, 2012). Thus, ESOPs fail to deliver the 'alignment of interest' promised. Reactions on the shop-floor and beyond, have been influenced by recurring 'fat-cat' salary scandals and concerns expressed consistently since the early 1990s that profit sharing, share options and share incentives have fuelled executive excess at the expense of organisational cohesion (Caulkin, 2012, High Pay Commission, 2011).

Hence, in Britain, the debate on financial participation has moved on to consider proposals for introducing a legal right for workers to request shares in their company (Lamb, 2012, Nuttall, 2012) and to exert a restraining influence on executive remuneration (TUC, 2012). This is argued to transform the recent 'crony capitalism' into 'responsible capitalism' via an European-led approach of 'social partnership', which promotes inclusivity in workplaces and a widened ownership and profits, challenging narrow concentrations of wealth and influence (Beirne, 2013b).

However, the appeal of financial participation arose from market-focused concerns about the conduct of industrial relations rather than an interest in participative management. The distribution of shares and profits among populations of workers is endorsed, on principle, as a viable means of strengthening traditional ownership rights and prerogatives, and of resisting rather than achieving social partnership (Beirne, 2013b). Thus, the ‘Third Way’ initiative of extending employees’ involvement and participation beyond task, technology, and job-related decisions, by ensuring they have a stake in the ownership of their employer, and for such schemes to have an impact on employees’ attitudes, as promised by the ‘Third Way’ doctrine, is yet to become reality.

As illustrated by the previous discussion, any positive complementarity effect of ESO is not the norm, but a rare exception. On the contrary, the adoption of such schemes is associated with deteriorating employment relations when they are perceived by employees as being ‘tokenistic’ or unfair (Beirne, 2013b). On the whole, if the adoption of financial participation schemes is not related to other forms of participation, or are underdeveloped or ignored (Kalmi et al., 2005, Poutsma et al., 2006), it would result in negative perception of the intentions for the adoption of such schemes by the workforce.

Nevertheless, context contingent, employee (share) ownership sometimes brings with it a number of formal mechanisms for employee participation in decision making, such as participation in the election of the board of directors, and the right to attend the annual shareholders meeting (Long, 1981). Often, there is worker representation on the board, and there frequently are a number of other formal mechanisms, the most common being some type of elected employee council. However, this is not the case in the UK context. The only employee participation, in addition to the right to vote and to attend annual general meetings (for which no provisions are made by UK organisations, including Royal Mail, to employees, e.g. paid time off, paid transport, etc.), are informal and formal mechanisms such as briefing meetings at local or national level to discuss ways of improving work processes and practices, or to find solutions to logistical problems.

In the case of Royal Mail, to ascertain whether ESO can positively affect organisational performance or not, by changing employees’ attitudes, considering ESO as a workplace ‘innovation’ in empowering and including employees to actively participate in their organisation, it is important to understand how previous involvement and participation initiatives have been received by Royal Mail’s employees and their representatives. The last

three decades have seen Royal Mail fast-tracking the modernisation/commercialisation project, especially since the last financial recession (Beirne, 2013b), and, in effect, Royal Mail is considered to be the largest and most prominent ‘experimental laboratory’ in Europe, not just for the purpose of strengthening the doctrine of shareholding and marketization, but also for other types of ‘workplace innovations’ such as Total Quality Management and Teamworking (Beale and Mustchin, 2014).

In their longitudinal case study on British postal workers’ union and their reactions to management’s employee involvement initiatives in the last three decades, Beale and Mustchin (2014) found a gap between management’s rhetoric and increasingly punitive practice. Unlike other sectors, the CWU showed resilience in the face of managerial actions and their responses are no less oppositional and militant than have been since the 1980s (Batstone et al., 1984, Darlington, 1993, Gall, 2003). The resistance to such employee involvement practices by the union stemmed from their perception of such HRM practices as being linked with privatisation as well as to union marginalisation and loss of independence, despite the ‘partnership’ managerial rhetoric underpinned by the needs and demands of the market and customers. These issues and the ‘flexible-rigid paradox’, inconsistencies, and dichotomy of the employee involvement programme at Royal Mail have been extensively researched (e.g., Jenkins et al., 1995, Martinez Lucio et al., 2000b).

Some of the initial initiatives have failed, such as Quality Improvement Projects (quality circles linked to the Customer First initiative) (Jenkins et al., 1995), due to lack of managerial commitment and the intrinsic contradictions within these practices (Noon et al., 2000), while others, according to Beale and Mustchin (2014), have endured. For example, team briefings, (formerly known as Team Talks and now Work Time Listening and Learning sessions), Employee Opinion Survey, direct communications to employees’ home addresses, and video presentations. All of these employee involvement methods have been received with cynicism and scepticism by employees and the union. Work Time Listening and Learning sessions have become mandatory and employees are required to sign what was discussed and agreed in these briefings. These records are then later used, if needed, in disciplinary cases. Therefore, this initiative has been described by Beale (2003: 87) as ‘negative engagement’. Also, such sessions were used by managers to inform employees of contentious issues regarding the organisation, such as privatisation, job losses, industrial action and job intensification (Beale and Mustchin, 2014).

The printed communication that employees received was viewed with distrust and the plasma screen presentations were considered to be only managerial propaganda. Ironically, the union's opposition and resistance to these practices involved the same discourses as managers were using, but their function and purpose was different (Beale and Mustchin, 2014). Union's use of the customer discourse was meant to illustrate how managerial discourses and initiatives were 'irrational', despite their presupposed rationality. For example, the customer discourse used by managers was reproduced by the union to illustrate how a privatised and/or New Public Management at Royal Mail would neglect the customer (Beirne, 2013a).

Another employee involvement initiative adopted recently by Royal Mail was World Class Mail initiative (Beirne, 2013a), which was experienced by employees, managers, and union representatives as creating the same flexibility-rigidity paradox between rationalism and engagement. Therefore, the initiative was experienced by the employees in the same way as Total Production Management was in the 1990s (Noon et al., 2000) – nothing but a way for employees and union officials to better understand management tools than to formally involve employees in improving processes, or what they referred to as 'work smarter' (Beirne, 2013a).

Whilst there has been extensive research on the various involvement and participation initiatives adopted at Royal Mail in the last three decades, these studies did not consider financial participation, including Beale and Mustchin (2014), despite the previous attempt at such a form of participation when Royal Mail management adopted, and failed, an employee phantom share scheme. Nevertheless, employees and union's attitudes towards employee involvement and participation within the Royal Mail context may provide a good insight and a base from which to understand and make sense of how employees and managers experienced their involuntary shareholding as a result of the privatisation.

It has been suggested that the ability of ESO to affect attitudes depends also on employee evaluations of the ownership arrangements, the process of transfer. Klein and Hall (1988), for example, found that when schemes are created to provide employees with financial rewards from the ESOP, to extend managerial commitment to employee share ownership, and to show that the organisation is committed and generous to its employees, then employees are more satisfied with ESOPs than in cases of schemes being created for corporate financial reasons. The inferred line of causality here was confirmed by Buchko (1993), who found that the intermediary variable between the presence of share ownership

and employee commitment is employee satisfaction with the ESOP itself. A similar intervening variable – psychological ownership, a psychologically experienced phenomenon in which an employee develops possessive feelings for the target – is identified by Pierce et al. (1991). Overall, there is some evidence suggesting that EO may have positive attitudinal effects, while some studies found no effects or negative effects (see also Kaarsemaker, 2006: 44).

In Baddon et al.'s (1989) study of 350 surveyed companies and five case studies, found that instead of identifying with their employer, participants had formed their own views about financial participation, and were pursuing personal rather than collective or corporate goals. Most of the participants in the schemes regarded them as the route to a bonus, an easy way of acquiring some additional income. They were motivated by financial opportunism rather than expressions of attachment, commitment or ownership, and those gaining shares had no hesitation in disposing of them to finance family 'treats'. Conversely, financial calculations are also the most common reasons for employees not to take part (Baddon et al., 1989, Hyman et al., 1989). The balance of empirical evidence on employee attitudes and orientations associates financial participation more closely with negative or negligible effects, than with expressions of loyalty, or a closer identity of interests.

Concerning the processes by which EO operates, three main conclusions may be drawn: first, stock ownership itself rarely appears to lead to major changes in individual work attitudes (Pendleton, 2001), second, the positive effects of EO is related more to the capacity of such a management practice of being rewarding in terms of financial returns (extrinsic model) and rights of participation (instrumental model), and third, some studies underline the importance of psychological ownership as a moderating variable (Pierce et al., 1991, Van Dyne and Pierce, 2004, Wagner et al., 2003). Pierce et al. (1991) claimed that psychological ownership leads to a change in an employee's mindset which in turn leads to attitudinal and behavioural change. Psychological ownership emerges because it arguably satisfies certain human needs such as self-efficacy, self-identity, and having a place. These motives can be satisfied at work with people showing possessive behaviour towards their job, their product of work and their organization (Pierce et al., 2001), thus playing an important role in EO plans (Kaarsemaker, 2006, Wagner et al., 2003). Psychological ownership has been found to positively affect employee attitudes (organisational commitment, job satisfaction, organisation-based self-esteem), and work behaviour (performance and organisational citizenship) (Van Dyne and Pierce, 2004, see also Pierce and Jussila, 2010, for an account of collective psychological ownership).

The literature reviewed in this chapter, adds to the review by Kaarsemaker (2006) that covered 58 studies: 30 from the United States, 8 from the United Kingdom, 7 from English-speaking Canada, 3 from Australia, 2 from New-Zealand, and 1 from South-Africa. Overall, 51 out of 58 studies (88 per cent) were undertaken by Anglo-Saxon scholars and were based on Anglo-Saxon employees. This implies a potential lack of external validity in the existing knowledge about the attitudinal effects of EO. Kaarsemaker et al. (2010) have highlighted some areas that require further investigation, such as the lack of studies on the comparison of attitudinal effects of different types of EO (ESOPs, share options, direct ownership, etc.), using more complex measures of EO than whether employees are shareholders, such as the size of the individual employees' stakes. Also, it is not fully clear under what conditions EO has favourable effects on psychological ownership and work attitudes/behaviour. It has already been suggested that EO needs to fit with other organisational practices, such as employee involvement in decisions, but the relative importance of these practices in ESO contexts remain unknown. Although it has been found that participation in decision making influences EO attitudes (e.g., Pendleton et al., 1998), few studies have analysed the interactions between EO and participation (except for Freeman et al., 2004, and Kaarsemaker, 2006).

In summary, it is apparent from the 'effect' literature that the fit of EO should be considered in relation to, for example, information sharing, profit sharing, and training for business and financial literacy (Bernstein, 1976, Kaarsemaker and Poutsma, 2006, Rosen et al., 2005). Together with ESO, these practices theoretically form a high-performance work system nexus (Kaarsemaker and Poutsma, 2006), and may represent an 'ownership culture' which may impact on employee attitudes and behaviour (Blasi et al., 2011, Kaarsemaker, 2006, Rosen et al., 2005). However, there is a lack of research on the relative importance of these practices and the means through which they affect attitudes. Most ESO studies have neglected the mechanisms underlying the relationships between EO and employee attitudes and behaviour, as well as the conditions under which EO may yield effects.

Furthermore, research on ESO to date has not fully defined the concept of attitudes and has neglected its relationship with behaviour, assuming that attitudes universally predict behaviour. There are, however, well-established debates around worker orientation and behaviour of employees towards their employer and work dating back to the 1960s. For example, Goldthorpe et al's (1968) study showed that attitudes and orientations to work and the enterprise may be affected by factors other than psychological ones and/or the

immediate work environment, processes and structures. The salient lack in understanding employees' attitudes towards the share plans themselves and their perception of the plans' objectives – financial or some other reason – may be resolved by drawing from this body of literature on employees' attitudes and behaviours towards their work and employer. Goldthorpe et al. argue that orientations to work are socially constructed and depend on one's history, background as well as structures and processes of the wider society. Therefore, they argue, an action frame of reference should be adopted in investigating workers' attitudes and behaviours,

“within which actors' own definitions of the situation in which they are engaged are taken as the initial basis for the explanation of their social behaviour and relationships.” (p. 184).

Such an approach, they argued further,

“would direct attention systematically to the variety of meanings which work may come to have for industrial employees” (p. 184).

The adoption of such an approach to employees' attitudes to their shareholding in their employer is one of the key contributions of my study.

2.4 ESO as gift and incentive

This literature review has, up to this point, summarised the research literature and theories that have dominated the study of ESO. I have suggested that agency theory's explanatory potential in this area, and that of Human Capital Investment (HCI), has produced inconclusive results when attempting to position share ownership as an **incentive**. However, in a recent study by Bryson and Freeman (2014), it was argued that ESOPs could be both an incentive and a gift. In their view, by framing the plan as a 'gift' from the employer that also included an element of financial incentive, it was more likely to prompt reciprocal behaviour from the employee expressed as productivity-enhancing behaviours. Given the illiquid nature of the plan (full benefits can only be realised after five years) the researchers found positive associations in this five-year period between plan membership and long working hours, absenteeism, effort, low quit rates, and job search; effects consistent with reciprocal behaviour. In contrast to existing research, they did not find any effect on co-worker monitoring. Their study was an intriguing one as it inferred that if free shares are perceived as a gift by employees, then they are more likely to feel compelled to reciprocate with another

gift, which the giver wanted or needed. They did not, however, directly investigate this and were content to conclude that because there were differences on the measured variables between employee-shareholders and non-shareholders, then free shares can be framed as a gift part of a gift-exchange relationship. Their argument points to a different rendering of the stalled performance debate—one whereby shares are not a *hard* incentive, but a gift with incentive effects.

It is argued that share gifts have incentive effects and to be able to co-exist with high-powered incentives. Evidence from economics (Fehr and Gächter, 2000, Charness and Kuhn, 2011, List and Rasul, 2011, Falk et al., 1999), suggests that gift exchange encouraged horizontal monitoring, thus free riding would cease to be a problem and it would also increase output/effort. However, for the full benefits to be realised, to avoid the alter ego of gift exchange - militarism and hostility, it is vital that the environment is one of trust in which information is accurately and timely provided and supervision is kept to a minimum (increased monitoring is a sign of mistrust). Withholding information could undermine the gift and the employment relationship in general (Ouchi, 1980). If ESO is an inefficient gift—a gift which is not money and immediately attained—then it still carries economic signals and social symbols to the actors involved (Camerer, 1988). Perhaps, most importantly, it suggests (or gives the impression) that the employer values the employee and their relationship. Kerr and Tait (2008) provided some evidence that firms use ESOP to create an identity/family.

2.4.1 Theories of gift giving.

The intentions of ‘givers’ in circumstances when they gift, match, or discount equity to employees is of great interest, but has not been systematically researched. However, gift giving and reciprocity is an established, and large, literature in other social science fields, and therefore I consider the literature in this section of the chapter that deals with major strands of literature. The notion of gift in Bryson and Freeman’s (2014) study was the one proposed by Akerlof (1982, 1984) who suggested that the difference between a market clearing wage and the actual wage given to workers is a gift from the company to the employees and the discretionary effort employees show in addition to contractual requirements is a reciprocation of the gift received.

Akerlof drew on Mauss’ (1956) work on gift exchange, in which he suggested that inherent in an exchange of gifts there are three obligations: to give, to receive, and to return. Because gifting creates an obligation in the receiver (Mauss, 1956), it is believed that by matching

shares, gifting them to employees, they will feel obliged to reciprocate appropriately—same or higher value returned gift or favour that could be effort, commitment, loyalty or even accepting managerial prerogatives. Employees, by accepting the share gift, signal acceptance to enter a gift/reciprocal relationship with the employer. The acceptance automatically leads to further exchanges of gifts and this continuance ‘retains’ valuable employees. At the same time, it may also send positive signals to potential new recruits.

Bryson and Freeman’s study considered that because of employees’ participation in the ESOP, they ‘reciprocated’ increased effort and commitment, unlike a similar group of employees who were not plan members. As noted above, their study generated some interesting insights but did not expand on their conceptualization of the gifting framework used, other than briefly drawing on Akerlof’s (1982: 549) hypothesis, though Akerlof admitted having used the concept of ‘gift’ in a metaphorical way:

“Of course, the worker does not strictly give his labour as a gift to the firm; he expects a wage in return and, if not paid, will almost certainly sue in court”.

Then, what role does the gift of share play in this kind of situation? Their findings and the theoretical inconsistencies regarding ESO in certain circumstances and contexts point towards the increasing need to develop understanding around what employee ownership means in large, publicly-listed capitalist corporations. The present thesis’ main aim is to research the alignment between an employer’s objectives, employees’ motivations to participate in a gift-exchange relationship, and their perception of the employer’s objectives using an in-depth case study in which the employees (participants) would play an active role in sharing their experiences of receiving gifts of shares.

There are well-known circumstances wherein owners gift companies or parts thereof to employees or communities. For example, John Lewis Partnership is a firm held in trust on behalf of the employees, as instructed by John Lewis himself, from which all ‘partners’ share to some extent in the success of the organisation, i.e. the profits, although employee ‘partners’ have very little control over how much is shared with them or their involvement in the governance of the organisation (Paranque and Willmott, 2014). And in this study, Royal Mail went through a privatisation exercise because of which 12 per cent of the firm was ‘gifted’ to all employees. An equity ‘gift’ could be the discounted elements in option plans, the literally gifted shares to employees and the matched shares in all-employee tax-advantaged schemes such as the Share Incentive Plan. Overall, the fact that managers and

owners share equity at advantageous prices with minimal transaction costs to the employees plus tax breaks shows that employee ownership is more than just an incentive. Chaplinsky and Niehaus (1990) showed that usually there are no returns for organisations from the 'investment' in setting up an ESO scheme; an analysis which questions the adoption motivations of such plans by organisations. In accounting terms, organisations incur a cost upon themselves to operate such a scheme.

Kerr and Tait (2008) found that 57 per cent of surveyed UK organisations offer free shares (73 per cent of organisations using a qualifying period of 1 to 18 months) with just under half of organisations having used matching shares and nearly a third used dividend shares. Free shares were more likely to be used in smaller organisations (79 per cent of organisations with 49 or fewer employees compared to 44 per cent of organisations with 5000 or more employees), but almost half of employers did not know why they used particular types of shares in their Share Incentive Plan (SIP) scheme; other reasons included to reward employees and to encourage investing behaviour. When an organisation offered matching shares as part of the SIP (buy one get one free) (40 per cent of surveyed organisations) a common reason for choosing a matching ratio was that 'the organisation felt this ratio was fair' (p.56). Under these schemes there is a holding period of three years with a forfeiture period with most organisations opting for 36 months' periods. There was no statistically significant difference in the use of matching shares by organisation size. ESOPs and gifted equity usually is not contingent on either individual or group performance and it is framed outside of normal work-effort relationships; it is complementary to any incentive and remuneration package firms offer. The fact that the schemes are voluntary, further strengthens the doubt that share ownership functions just as an incentive.

The explanation may lie in the language used by companies when talking, reporting and offering ESO. Governmental and legal language frame some ESO schemes or some of their elements as gifts. Invitations offering shares normally use language of gifts and a more relational than transactional tone. As previously shown, there is increasing survey evidence showing that managers are looking to provide something more diffuse than a hard incentive, such as to create and maintain a relationship, to create a happy family or to promote identity. For a gift to be a gift it must have been given as such (specifically stated that it is a gift) and it must have been accepted/acknowledged as such for reciprocation to take place. Hence, it is important not just to measure some performance output and from there to infer a gift-exchange relationship as this will not show why reciprocity/gifting shares is effective, but to

probe deeper into actors' meanings, objectives, perceptions and most importantly, intentions and their understanding of these.

In the next section of this chapter I turn to the minor, but challenging, smaller areas of literature relating to ESO – ESO and privatisation, the type of employee who takes up ESO, and work that considers the silencing of the employee share owner. As I have indicated previously, it is in this last type of literature that I place the contribution of this research and where the research questions have originated.

2.5 ESO and privatisations

When an organisation transitions from public to private ownership it is usual to effect this transition through the issuing of shares, and in some cases shares are offered, or gifted, to employees. ESO therefore also feature in research studies on privatisation. The main focus of recent research in this area (privatisation through an employee share ownership scheme) has focused on privatisations in Central and East-European transition economies (Kranz et al., 2016), although interest in global privatisation trends is still considerable. For example, Kikeri and Kolo (2005) found that whilst the privatisation of more important enterprises might suggest a decline in government ownership over the years, anecdotal evidence shows that privatisation activity has picked up in recent years - at the aggregate level, government ownership is still prevalent across all regions of the world, including many developing regions.

However, there has been less recent research into Western economies' privatisations involving ESO. In the UK, the main wave of the privatisation of public bodies took place in the 1980s and 1990s, thus most of the studies on the subject emphasising ESO also date back to these decades. Nevertheless, as it will be discussed later in this chapter, overall, the empirical and academic interest in privatisations in Europe has not declined. Prominent studies, such as Flecker and Hermann's (2011, 2009) European comparative study, and in Britain, specific studies on privatisations, such as Myddelton's (2014) study on British privatisations, and Martinez Lucio et al. (1997) and Parker (2014a, 2014b) on Royal Mail's privatisation, have developed our understanding in this area.

The ESO/privatisation overlap literature is – as you might expect – rather small and focused on economic impact of privatisations (e.g., Bacchiocchi et al., 2005, Grout, 1988, Florio, 2003), psychological ownership (e.g., McCarthy and Palcic, 2012), employees' investment

decision making and financial awareness (e.g. Aubert, 2008), the relationship between share ownership depth and social class and prior political orientations (e.g., Nichols and O'Connell Davidson, 1992), and the organisational responses to liberalisation, privatisation, and marketization, and their consequences on organisational structure, change programmes, working conditions, and employment relations in addition to productivity and quality outputs (e.g., Flecker and Hermann, 2009; 2011).

Most of the studies in this area investigated governments' justification for the adoption of ESOPs as a means of overcoming fundamental divisions between capital and labour (Letza et al., 2004). It is argued that spreading ownership, capitalism would become a stronger economic system beyond both socialism and capitalism – the 'Third Way, with economic, social and political benefits (Kelso and Adler, 1958). Whilst the inception of employee shareholding was to complement existing waged labour and income disparities (for a comprehensive account on the development of ESOPs in the US see Gates, 1998), its adoption in Europe, including in the UK, was to justify the privatisation programme started at the end of the 1970s and was introduced as a way of destabilising trade unions in pursuit for popular capital-owning democracy (see Pendleton, 2001, for an account of ESOPs in the UK).

This strand of the literature investigated the potential for ESO to align employees' interests with those of the organisation's and its management, as well as it being a means to promote individual capital accumulation and investment behaviour. These studies identified the unique features of UK ESO, such as its focus on direct ESO instead of indirect. Published studies appear to detect no significant difference in political ideologies regarding the promotion of ESO (Letza et al., 2004), although the message that is communicated is often politically nuanced. The Conservative, Labour and Liberal parties have showed support for the adoption of ESOPs in UK state enterprises especially during their transition to the private sector.

Most studies on efficiency and productivity, such as Bacchiocchi et al. (2005) showed that there is no support for the assertion that privatised state enterprises do better after the privatisation than before they were privatised. Privatisations in the UK have not been found to have long-run effects on output and the ownership change per se had little impact on the long-term productivity trends—the drivers for productivity changes have been found to be demand, technology, regulation and liberalisation (Bacchiocchi et al., 2005). Organisational efficiency is not solely a matter of ownership but requires a complex interplay of social and

commercial variables to make it possible (Letza et al., 2004). ESOPs also fail to create a sense of psychological ownership among employees in privatised organisations and have not therefore improved productivity (McCarthy and Palcic, 2012).

Whilst offering free and discounted shares, or offering leveraged ESO funds to employees in order to try to increase their financial awareness and interest in ESO (Aubert, 2008), the experience of share ownership by employees is arguably ultimately influenced by their social class as one study (Nichols and O'Connell Davidson, 1992: 119) noted:

"Recently, under Tory governments, both neo-conservative and neo-liberal elements have endorsed employee share ownership and there has been talk of a society coming about in which 'class divisions give way to share dividends'. Such ideas figured prominently in successive Conservative Governments' attempts to justify the British privatisation programme, and if the pre-privatisation hype were to be believed, we might expect the privatised utilities to be filled by loyal and faithful workers, sharing a unitary set of interests and political attitudes with management."

Flecker and Hermann (2011) studied the effects of privatisations in six European countries, including the UK, beyond productivity and quality effects. Despite studies who showed no clear long-term productivity effects of liberalisation, privatisation and marketization, Flecker and Hermann's study found that the organisations they researched presented some temporary increases in productivity. However, they attributed this to an increase in the output of these organisations with significantly smaller workforces, therefore the productivity gains were a mere short-lived by-product of a general attempt to cut production costs by lowering labour costs through different strategies. In addition, European liberalised and privatised organisations in the different industries studied also speeded up the processes by using new technology or by enhancing responsiveness in customer care. Regarding post services in liberalised European organisations that they studied (Sweden, Germany, Belgium, Austria, and Poland – but not the UK), the gains in productivity, it seems, have resulted in compromises in quality as reduced number of offices and agents made it more difficult and time-consuming for private customers to use the service, or for the postwomen and men to have the time to talk to residents.

In addition to productivity and quality effects of liberalisation, privatisation, and marketization—which they defined as the elimination of public service monopolies; changes in ownership; and a focus on profitability through New Public Management—they also analysed market changes, company reactions and organisational change, employment

practices, industrial relations; and work organisation and working conditions and concluded that:

“Overall, the case studies show that the main goal, the reduction of production costs, has been achieved at the cost of workers, many of whom have experienced liberalization and privatization as the deterioration of employment and working conditions.” (p.523)

Their findings from the mainland European postal companies do not look good for the Royal Mail in the longer-term, especially for the employees and employment relations. They did, however, point out that the UK’s strategy regarding privatisations has been, and still is, to weaken the unions, and that the Thatcher government has been influential in the liberal and market-focused move beyond the British borders.

Myddelton (2014) provides a rather intriguing account of the ‘British approach to privatisation’ which can enhance the present Chapter, and, indeed, the thesis overall. The most striking element of his paper is the conclusion that:

“The Conservative government rightly received a great deal of praise for carrying out through the privatisation programme over an 18-year period [1980s-1990s]. It was politically brave and economically right. And on the whole, it was successfully implemented despite all the problems and the high, perhaps excessive, financial costs involved. The nationalised industries had been losing hundreds of millions of pounds each year, which taxpayers had to finance” (p.137).

His argument revolves around financial loss, inertia, and outmoded practices in state-owned organisations, but it is muted on the previously unsuccessful attempt at privatising Royal Mail in the 1990s, when it was still generating generous amounts to the Treasury (Martinez Lucio et al., 1997).

According to Myddelton (2014), Royal Mail has been a special organisation, as apart from the Royal Docklands, most other industries in 1850 were in private ownership. Although he does not analyse Royal Mail specifically in his paper, he did discuss the ‘traditional’ use of ESO in British privatisations to appease the employees and the unions. He concluded that nationalisation, at least in the British context, is costly and burdensome because it is the political considerations, instead of economic ones, that dominate such organisations to their, and to the taxpayers’ detriment.

The author suggested that the main purpose of the privatisations in the period he studied was to raise money for the government. He rightly pointed out that this may have led to some unwanted consequences, such as under-pricing the shares not to jeopardize the privatisations. The pricing of shares may have also served a second purpose, by selling them cheaply it would result in a very large number of small shareholders (also a reason why employees would be given free shares during privatisations), therefore, making renationalisation difficult. The free shares or preferential terms for employees would also help reduce trade union opposition, further ensuring the success of the privatisation. Whilst the paper balanced economic and political reasons for privatisations, leaning more towards the former and finding the latter unpalatable from an economic and practical perspective, Myddelton (2014) omitted to discuss the role of employees and unions (other than the intended use of free shares to regulate the relationship with these stakeholders), or the effect of such privatisation exercises on them and the society overall. He did show concern though that through ESO, employees would be

“... putting all their eggs in the one basket. There is not much evidence that the government worried about any of these points. For political reasons it was determined to promote wider share ownership at almost any cost.” (p. 136).

As Myddelton (2014) mentions Royal Mail only in passing and offers no discussion on its privatisation, Parker (2014a, 2014b) looked specifically at the third, and successful attempt at privatising Royal Mail in the last three decades. He seems to be rather sympathetic with the argument put forward by Myddelton (2014). The paper focuses on Heseltine’s failed attempt at privatising Royal Mail in the early 1990s but does acknowledge that even in the case of selling the Royal Mail, the political rhetoric included broad-based employee share ownership – Heseltine suggested 20 per cent to be vested in employee trusts while 40 per cent to be sold to the public. Unlike early 1990s, noted Parker (2014a: 83), when Royal Mail was a profitable organisation, the economic prerogatives have won in 2013 and

“the Coalition government has succeeded because the threats to the Royal Mail’s commercial success have not diminished but grown over time [...]. To continue to compete, Royal Mail needs new investment, improved management and a revolution in its industrial relations. The challenges the business faces are now far greater than ever before, and this explains why privatisation was considered necessary in 2013, whereas earlier it had been ruled out on political grounds.”

Therefore, economic rationale not only justifies privatisations, but also challenges traditional labour relations. Based on Flecker and Hermann's European comparative study, it can be argued that the bleak predictions which they made in their paper may hold true for the Royal Mail case as well.

Few researchers in this area have paid much attention to the employee. Nevertheless, Harris (1994) did consider the employee in his study of ESO in the privatisation of water utility companies in England and Wales, which will be discussed later in this section, and Martinez Lucio et al. (1997) who considered how 'the market' discourse was being politically constructed in the public sector during the 1990s, and most specifically around the 1994 Royal Mail's attempted privatisation. They argued against the economic rationale and the political manner in which economic outcomes may or may not have been achieved (e.g. Parker and Myddelton) and drawing on Batstone et al.'s (1984) study concluded that the 'market' discourse is socially and politically constructed whereby the external environment is internally politically mediated and represented within the organisation. Their study was rather timely, considering that the economic prerogatives for Royal Mail's privatisation in the early 1990s were being proposed, despite the financial success of the organisation, and the 'market' discourse is nothing but a political 'machination' (p. 268) to obstruct the more complex process of meaning negotiation within the organisation.

Martinez Lucio et al. (1997: 278) found that Royal Mail's employees' and management's political experiences should not be considered only from the private-public (market-bureaucracy) dichotomy, as different

“... competing interpretations of both were being developed and a range of calculations as to what the market actually was and what it 'necessitated' were underpinning political processes.”

Managers as well as trade unions challenged the market discourse and its customer-focused prerogative, referring to and questioning 'what the customer wants' or 'what is needed to survive in the market' (p.280). It was this 'customer' discourse (Jenkins et al., 1995) which was used as means to justify their actions and policies. Therefore, the market argument was used to obscure the actions of the various actors involved and, given the political and historical tradition of the British state and the hegemonic status of New Right ideology, this led to an emergence of a desire for privatisation and commercial freedom. Their study demonstrated how the various interpretations of the market emerged at Royal Mail during

the privatisation attempt in 1994, however, their study did not probe participants in the interview on matters of employee shareholding, as suggested by Heseltine in his last attempt at convincing the Parliament that Royal Mail should be privatised at all costs, including by transferring some equity to all employees by means of a trust.

Whilst studies such as Martinez Lucio et al. (1995, 1997) and Jenkins et al. (1995) found a discursive dichotomy between how different actors responded to the change initiatives in the last three decades or so at Royal Mail, Beirne's (2013a) study of the interpretations of management and modernisation of Royal Mail found tensions between and within management and employees' accounts, as well as shared meanings, cross-boundary affinities and shifting patterns of allegiance in their negotiation of the management of change. In their qualitative study, they looked at how employees, managers, and trade union representatives were affected by the latest phase of modernisation just before privatisation - a top-down initiative driven by governmental policies and politics. Whilst collective opposition had a significant impact (historically) on management's plans at Royal Mail (Beale, 2003, Gall, 2001, Gall, 2003), they found that management and employees are equally affected by these changes and in their pursuit of adapting to the insecurities generated by these changes, they produce competing and similar strategic concerns to rationalise and to elicit consent. Moreover, it is the lower and middle management groups that tend to show more concern regarding the security of their employment than are uniformed staff.

Harris (1994) acknowledged that the adoption of ESO as proposed by the Government in the water utility organisations was also meant to improve industrial relations as it was hoped/argued that workers would increasingly identify with the interests of the company. Interviews with 177 employees were conducted, exploring what employees felt about the general principle of privatisation, how they expected privatisation to affect their work, what effect privatisation has had on employees' working lives, and whether now owning a small stake in their company means very much for the employees concerned.

Harris (1994) found that there was a difference in attitudes between managers and manual and clerical workers. The latter expressed strong resistance to the privatisation while management's attitudes were slightly more positive. Most employees, unlike managers, expected the privatisation to result in a loss of job security. However, they adopted a pragmatic approach to the transition into private ownership and saw it as an opportunity to enhance rather than detract from various aspects of their working lives. Whilst the unions warned of job destruction and a decrease in pay, this did not materialise because firstly,

employment decline started before the privatisation and secondly, there was no evidence in a reduction in pay after privatisation. If anything, the free shares offered an opportunity to purchase discounted shares and to participate in SAYE, making it hard to see how employees can be said to have lost out financially. As many privatisation ideologues predicted, managers have felt empowered by the privatisation; they reported experienced job enrichment, autonomy, and being able to use their initiative in decision making.

Regarding the role and experience of ESO, Harris (1994) found that ESO was unlikely to undermine workplace union solidarity and found no relationship between ESO and union militancy and privatisation despite the cultural change initiated by the Conservative party from 1979 to reduce the power of the unions by aligning workers' identification to management and the organisation through ESO. Worker-owners did not abandon their traditional horizontal allegiance with the unions and identify vertically with the company and management (Harris, 1994). There was no compelling evidence for the unifying powers of ESO. Small financial interests in a company do not necessarily foster greater employee identification. The desired effect of removing the 'them and us' barriers was also not found. For lower grades, it can be argued that privatisation and ESO increased these barriers (Harris, 1994).

Whilst an interesting study, Harris (1994) does have a few important limitations. The interviews appear to have followed a prescribed set of questions which resulted in a survey type data that were analysed only at the surface level of communication. The role and function of ESO, other than political intent, remains unknown. Also, the study did not explore employees' constructions of shareholding, or provide comprehensive accounts of employees' experiences of both their involuntary shareholding and the privatisation.

2.6 Why do employees participate in ESO, or choose to retain their shareholding?

In addition to the literature that considers why, and what sort of organisations offer ESO schemes, there is a much smaller literature that examines why, and what sort of employees are offered ESO opportunities. Three broad strands of participation literature can be identified. The first reports the demographic determinants of employee participation in defined contribution plans. The second strand attempts to find explanations for the – often irrational – investing behaviour of employees. Researchers also looked at the influence of a range of emotional and psychological biases, such as employee feelings of loyalty towards

their employer and familiarity (Bailey et al., 2003). Some studies have also emphasised the critical role of the plan design in influencing participation especially discounting shares and ‘matching’ investments (Benartzi, 2001). The findings from these strands of literature can be grouped in 1) financial versus control (participation in the company) orientation of employees; 2) and 3) determinants of the decision to participate in an ESOP: attitudinal factors and demographics; 4) workplace-level factors such as the influence of supervisors and colleagues and the design of the plan. Brown et al. (2008) reviewed the scarce literature on employee motivations to participate in ESOPs and carried out a qualitative study to identify both financial and non-financial factors as well as company specific and individual specific variables.

There is solid support for the conclusion that employees bring a financial rather than a control orientation to ESOP participation (French, 1987, French and Rosenstein, 1984); a finding which could be attributed to the fact that usually such plans are adopted to supplement or substitute for any involvement or participation initiatives (Salamon, 2000), but in themselves, they do not bring any control rights and characteristics, not even in what are considered by the ESO literature to be majority employee owned organisations (usually when the majority of employees own more than 10 per cent of the organisation). In Klein’s (1987) three-model perspective of employee share ownership, the financial attraction of such investments is conveyed in the extrinsic model. Whilst different plans have different characteristics, there are certain important lessons that can be learned from, for example, SAYE plans, which can be extrapolated to other plans. Baddon et al. (1989) found that over 90 per cent of participants in a SAYE option scheme in two UK companies rated the potential financial rewards as very or quite important in their motives for participation.

More recently, Pendleton (2010) drew on data in three UK companies with a SAYE scheme and found that a control orientation had a weak effect on the decision to participate, but financial orientation was positive and significant. He also found that employees’ attitudes towards the plan itself were more powerful than attitudes towards the company, when deciding to participate. Based on their review and research, Brown et al. (2008) proposed a sociological normative model in which, in addition to individual factors, there are collective or group factors influencing participation, such as peer pressure and social norms – factors which may also influence Royal Mail’s employees’ experience of their involuntary shareholding. The only attitudinal variable that appeared to influence participation was employee’s attitude towards risk, suggesting that employees adopt a strong financial orientation towards share ownership.

Except for a few studies such as Brown et al.'s (2008), the employee still remains an unknown actor whose experiences are conceptually constructed as dictated by the prevailing theoretical frameworks. How employees experience and make-sense of their shareholding remains an empirical question. Moreover, the studies that looked at employee participation in ESO did not overtly differentiate between different plans and contexts. There is a considerable lack of research in understanding employees' experiences of their participation in such plans when their participation is involuntary, as was the case at Royal Mail. Nevertheless, reviewing the literature on the employees' voluntary participation in ESO has been useful in complementing the findings in this study, not least because Royal Mail also adopted a SAYE plan at the same time when the Share Incentive Plan (SIP) was established, and gifted a total of 12 per cent of the ownership to all eligible employees.

2.7 Employee as the 'unknown' actor

It has become clear from this review that most of the research to date have only inferred rather than focus on a systematic empirical exploration of employees' perspectives about ESO. This study challenges that methodological deficit by carrying out interviews and then in-depth analyses of employees' experiences of ESO at Royal Mail. It responds to the explicit criticism in recent work conducted by Kranz et al. (2016) who identified the actor constructions used implicitly in the ESO discourse by carrying out a semantic analysis of the existing literature in both academic and stakeholders (employers' association, unions, etc.), totalling about 300 publications. They found that employees are constructed in existing research on ESO and in practice based on several categories, or semantic leads: production-consumption, capital-labour, and ownership-control. This was despite the central concern of the reviewed research being,

“the transformation of the employee or its instrumentalisation for the transformation of companies or states, and since any ESO program rests on assumptions about employees' attitudes and behaviour toward ESO, the knowledge gap about the employee is discursively filled.” (Kranz et al., 2016: 78).

As narrators tell stories from their own perspective, the employee as an actor is dressed in different essential characteristics (e.g. values, attitudes, preferences, intentions, etc.) based on the means-end relation which underpins the type of construction, or semantic lead. Kranz et al (2016) identified three modes of actor construction which are projected onto employees depending on the desired end: producer – consumer, capitalist – labourer (employer –

employee), and owner – controller (shareholder – managers). Each of these models come with a prescribed set of characteristics and expectations as defined by the means-ends relation with reference to causes, subsequent effects and associated problems where ESO is a mean to:

- reconcile antagonistic societal subgroups
- activate the employee as an entrepreneur
- develop a sense of community
- balance power inequalities
- privatise and run the company
- foster corporate governance and control

As shown in this review, research on ESO has paid very little attention to the employee as a ‘known’ actor, preferring to look at the firm and how ESO arguably works as a lever for performance. This absence in the research means that it is not clear how employees experience and make sense of their shareholding. Research to date have involved other stakeholders (e.g. managers, ESOP specialists, etc.) who projected characteristics onto employees depending on the desired means-end of the ESOP (where known) and provided contextually dependent narrations from their own perspective. The more recent theoretical developments in this field, such as that of Bryson and Freeman’s (2014) study, attempted to broaden the perspectives in order to tell the story of employee-owners, engaging with concepts from fields such as anthropology, sociology and psychology.

Whilst Bryson and Freeman’s (2014) gift-exchange study is illuminating in this respect, the employees in their study also remain an unknown actor. If ESO is meant to operate on a more relational level than transactional, then questions of performance effects answered through quantitative comparisons studies would not help in this respect. There is abundant evidence suggesting that in certain circumstances, especially in privatisations, ESO is used to try to change the culture of the organisation, to ease privatisation, and often to decrease union power by attempting to ‘transform’ the employee into an employee-owner/entrepreneur, and in doing so, aligning his/her interests with those of management and the organisation overall.

2.8 Conclusion

The aim of this chapter was to bring together different academic research and relevant practitioner literature strands to identify the main gaps in the knowledge about employee share ownership (ESO). I started by discussing what sort of companies offer shares to their employees and it showed that the presence of employee (share) ownership is a function of the interplay between circumstances, firm features, economic imperatives and most importantly actors' objectives. I then explored the dominant concepts which have underpinned research in this area for the last 40 years: principal-agent theory and human capital investment (contracting) theory. The review highlighted the worth of these concepts in understanding ESO and their use in research on impact and effects of employee shareholding on organisations and individuals. I argued that the agency theory's explanatory potential in this area, and that of human capital investments, has produced inconclusive results when attempting to position share ownership as an incentive and then turned to review alternative explanatory frameworks such as the gift-exchange theory. I then reviewed the scarce literature on the role and impact of employee shareholding in privatisation programmes focusing on studies conducted in an Anglo-Saxon context, and the few studies that looked at what sort of employees opt for ESO and their motivations for engaging in financial participation in their employer. Finally, I turned to the literature that my own study aims to contribute to – the under-researched area of understanding the *employee share owner*.

This review of the literature on employee share ownership further highlighted the absence of employees' perceptions or 'voice', as noted by other researchers, whose characteristic, motivations and intentions are usually projected by other stakeholders, including researchers. Therefore, it remains unclear how employees experience and make sense of their shareholding. Given the evidence on the popularity of employee share ownership and their increasing use in organisations, especially in privatisation programmes, there is a clear need for further research in this under-explored area.

Chapter 3: Methodology

3.1 Introduction

The literature review in the previous chapter has revealed that the existing research in ESO has silenced, or ignored, the voice of the employee shareholder. The research to date has mostly been concerned with the testing or theorising of causal models of ESO's impact, usually ignoring contextual contingencies. This study, in contrast, is conducted within a social constructionist tradition of social sciences. The approach taken in this study is distinct from that in much of the ESO research literature, especially that which has addressed all-employee minority share plans of the type used by Royal Mail.

This study explores the experiences and understanding of Royal Mail employees of employee share ownership using a discursive thematic analysis approach. The qualitative design of this study aimed to generate insights into how individuals experienced and understood ESO, as well as to explore their understanding of ESO's social functions and implications. This chapter starts by discussing the methodological philosophy adopted for this study before introducing the research design and considering aspects of data collection and analysis. Before summarising the chapter, issues of reliability, validity, ethical considerations and methodological limitations will be addressed.

3.2 The interpretivist frame

Given the limited research literature on employees' constructions of their involuntary shareholding, an exploratory approach would also create an opportunity to generate new and novel understandings in this field, rather than testing a limited number of variables or existing (overused) theories. Thus, a qualitative design was chosen for this study. Such approaches to research have been widely supported due to their ability to facilitate the depth and flexibility of exploration which are not available in a hypothetic-deductive design. The perspective used in this study is an interpretive, meaning-centred approach to social phenomena. Such an approach is prevalent in research on organisational cultures (Mumby, 1988). And in this first section of the chapter, I want to provide an explanation of why it is appropriate to the research.

The main goal of interpretive research is to generate a sense of the way in which people create and maintain a shared sense of social reality. One of the major questions that

interpretivists pose is: why is an organisation's modus operandi meaningful to the people who work in it? Further organisational behaviour concerns stem out of this central cultural question, such as the degree to which an organisation's culture is mutable, how a culture should be studied, the ethics of researcher intervention in a culture, etc. Whilst Mumby's (1988) interpretivist approach is most often deployed in organisational culture and communication research, there are advantages to using it in relation to my study of ESO in Royal Mail. Mumby (1988) suggested that interpretivism is useful in examining the relationship between symbolism (in any form, especially written and spoken) and power in organisations. The relationship between two organisational levels – the surface level: everyday activity of members, and the deeper level of meaning that is revealed through stories, jokes, rituals, actions, etc. It is the logic-in-use from the deeper level that frames perceptions; meaning is not created locally post-communication. In other words, meaning resides within the communicative act itself. The research was designed with the intention of accessing the deep structure functions (ideology) held by employee shareowners. The interviews collected surface elements of the privatisation process, whilst the deeper infrastructures of belief were accessed through jokes, stories, and accounts of the ritualised and codified elements of managerial and organisational communication.

Mumby (1988) used Walt Disney as an example. The use of drama and family metaphors within Disney performs the double function of expressing the organisational ideology/mode of rationality and simultaneously acts as a means by which that ideology is constituted and framed. As such, the continual and ongoing maintenance and reproduction of organisational rationality allows a "fit" to develop between organisational power interests and the way the organisation is talked about—the family metaphor helps to maintain a rather paternalistic power structure (with Walt, even after his death, as the head of the family), while the drama metaphor articulates the importance of the role that workers play in maintaining the illusion that Disneyland creates (an illusion that the company's continued success and profitability is dependent upon).

One area where my use of interpretivism differs from Mumby's (1988) approach is in appropriating meaning from the communication/structure which he defined by power interests. For example, where Royal Mail managers imposed rationality and meaning via its communication strategy it was possible to see it being reproduced (verbally) by members at the start of interviews. But, when they have a choice of action, they act in discordance with the uttered rationality (Beale and Mustchin, 2014). In interviews, senior managers reproduced the discourse they were exposed to by senior management and the executive board, but

towards the end of our interaction they exchanged it for something more personal to them. It appeared to me that employees reproduced official communication in the absence of any prior experience and knowledge of the topic of shareholding, but felt more comfortable if able to borrow from their existing deep knowledge to apply relevant elements to shareholding. If structure creates (collective) meaning, as Mumby (1988) suggests, then it should have been possible to identify a pattern of a shared underlying understanding of shareholding, and this was not the case. Of course, Royal Mail is a very large organisation with multiple units, centres, and offices employing more than 150,000 people. Each unit tends to have its own culture which is understood locally, and the shareholding experience was relatively new to participants at that point. It may be the case that the experience was too new to have created a shared ritualised understanding of shareholding generated by the company structures.

3.3 Choice of methods

The choice of research method naturally flows from the philosophical position adopted by the researcher, and the research questions. The research questions arose from an understanding of the theoretical and methodological gaps in the existing literature. According to Bryman and Bell (2011: 40), research design is different to a research method in that a research design “provides the framework for the collection and analysis of data”, whereas a research method “is simply a technique for collecting data.” It is argued that a case study design per se does not provide the researcher with data; techniques and instruments must be used, such as interviews, observations, etc.

In this study, I have deployed an interpretivist design that creates a case study. Knights and McCabe (1997) suggested that in a case study multiple data collection methods can successfully be used, such as semi-structured interviews, participant observations, documentary data collection of company reports, guides, and newsletters which can provide a rich and multiple-approach insight into effects of programmes/changes. I have used semi-structured interviews to collect the data as well as company records, training programme documents, written narratives, reports, and some descriptive quantitative data. The design of the case study was informed by the critique offered by Stewart and Martinez Lucio (2011: 335) and so it sought to not de-contextualise the labour process from the context of political economy and ownership. Focusing on employees and managers also enabled to understand how research into and managerial practice of involvement and participation bypass employees in an attempt to exploit and promote a certain ideology.

Lee (1999) noted that most case study research in business management tends to be dominated by positivism and to cite the work of Yin (1984), who, according to some (e.g., Lee et al., 2007), adopts a relatively narrow view of case study research. In addition to these positivistic approaches, there are also alternative approaches that aim to produce rich, holistic, and particularized explanations located in situational context collecting data through multiple methods to uncover conflicting meanings and interpretations. Case study designs in ESO research are not uncommon in studies that look at attitudes. However, they do still tend to rely on quantitative, cross-sectional data and predominantly qualitative cases are rare. Qualitative studies on ESO (e.g., Brown et al., 2008, Jackson and Morgan, 2011) tend to be qualitative in the sense of coding text-based survey answers and looked for patterns. To date, only a few qualitative papers have been published and even fewer studies have been longitudinal (e.g. Dunn et al., 1991). Case research allows for an in-depth analysis of the Royal Mail context.

3.4 Interpretive approach to interviewing

I used an interpretive approach to qualitative interviewing as suggested by Rubin and Rubin (2011). Qualitative interviewing is described as a way of ‘hearing the meaning of data’ and a means for attaining ‘thick descriptions’ (Geertz, 1973). In this approach, meaning and understanding is not taken for granted (at linguistic level) and it involves interviewees as partners in the creation of knowledge and not just simply objects of research. Interpretive interviewing is an ideal way of discovering the participants’ world and to explore shared meanings that people develop within their social networks. The guiding principles of this approach which I have followed when designing, conducting and analysing interviews were: the need to understand the culture of participants; the interviewer is not a neutral actor but an active participant in the construction of knowledge; and the purpose of the interview is to give participants a public voice for them to share their views.

The interpretive approach stands in sharp contrast to positivism (Berger and Luckmann, 1967). What is important to interpretive social scientists is how people understand their worlds and how they create and share meanings about their lives. Social research is not about categorizing and classifying, but figuring out what events mean, how people adapt, and how they view what has happened to them and around them. Interpretive social researchers emphasize the complexity of human life. Time and context are important as social life is constantly changing.

The interpretive approach argues that not everything that is important can be measured with precision and that trying to do so is a distracting and inappropriate task. Similarly, searching for universally applicable social laws can distract from learning what people know and how they understand their lives. The interpretive social researcher examines meanings that have been socially constructed and consequently accepts that values and views differ from place to place and from group to group. There is not one reality out there to be measured; objects and events are understood by different people differently, and those perceptions are the reality – or realities – that social science should focus on.

Interpretive researchers try to elicit interviewees' views of their worlds, their work, and the events they have experienced or observed. To reconstruct and understand the interviewees' experiences and interpretations, interpretive researchers seek thick and rich descriptions of the cultural and topical arenas they are studying and try to develop an empathetic understanding of the world of others.

This approach of interviewing assumes a continually changing world and recognizes that what we hear depends on which questions were asked, at which time, and of whom. However, this does not mean that the study should not have been designed in advance. By designing carefully, the researcher can collect credible data and convince the reader that the research and data collection were carried out in a systematic and thoughtful way. A systematic design will also enable researchers to ensure that the results are significant and relevant to the research questions as well as to link findings to the wider world of theory and practice. However, qualitative interviewing cannot be entirely planned in advanced because it changes as the researcher learns from the interviewing.

Therefore, the nature of interpretive-qualitative interviewing is flexible, iterative and continuous, rather than prepared in advance and fixed. Flexibility in design allows researchers to pursue unexpected insights and to change elements of design which are not working well. The iterative nature of such interviewing technique means that the design can change from one phase to another of the study from the initial stage of gathering as many themes and ideas as possible, to the middle of the research when the emphasis is on focusing on narrowing the number of themes to explore, to the final stages when themes are put together, analysed and begin to form theories. The continuous nature of qualitative interviewing allows researchers to explore new lines of inquiry or may lead the researchers to changing research locations or to seek to widen the groups of participants.

3.4.1 Semi-structured interviews

This study used a language-based approach, written documentation and semi-structured interviews, to collect qualitative data. The approach was well suited to in-depth examinations of individuals' experiences within a specific setting (the company and the ESO plan), to investigate whether mechanisms illustrated in the research literature were congruent with the experience of all actors involved. The semi-structured interview was flexible enough for me to follow-up on respondents' answers and allowed me to open to unexpected and interesting topics that arose but not previously considered. The semi-structured interview was chosen over structured and unstructured, as I considered the former was too inflexible, limiting, and potentially yielding of irrelevant data. A semi-structured interview is a more open and flexible tool and can provide new perspectives on the topic researched not captured by the research review and not thought of by the researcher (Mishler, 1986). Semi-structured interviews should be used to explore areas identified to contain gaps, contradictions and difficulties (Banister et al., 2011) such as the role and function of employee share ownership schemes.

3.4.2 Structuring the interview

The structure of the interview and the questions were created with the aim to obtain as much information as possible relating to the research questions. The interview questions for all employees, managers and non-managers, were informed by the identification of key concepts, models and relationships in the literature reviewed. The semi-structured interview was designed to combine different types of questions: main questions, follow up questions and probing questions (see Appendix A). Using a mix of such question types helped design a structure to the interview that was on target and that elicited depth, detail, vividness, nuance and richness (Rubin and Rubin, 2011) whilst providing flexibility to steer the interview in unknown and interesting directions. An effort has been made in this study to maintain the sequence of questions outlined in the schedule and in most cases the main questions were asked in the same way and order in most of the interviews.

3.4.3 Piloting the interview questions

After carrying out the literature review and drafted the final research question, I proceeded to sketch out the interviewing protocol. Whilst I was clear on the nature of the main questions, I wanted to ensure that the semi-structured interview agenda would provide me with enough experience and confidence in commencing the interviews on-site, as advised by Bryman (2015). Piloting the interview questions allowed me to review any opaque or unclear

questions and avoid the risk of generating inadequate data in terms of both quality and quantity (Arksey and Knight, 1999), as well as to refine the question to avoid double-barrel and/or leading questions which might have showed the linkages between concepts explored (here in addition to ESO and its experience and meaning, also the nature of the free shares as a gift and the concept of reciprocity). The pilot interviews offered me a good opportunity to practice follow-up and probing questions and to synchronize movements between questions; tracking questions as they were answered without being asked, etc.

Pilot interviews were conducted with three participants prior to data collection. Two of the participants had prior extensive experience with shareholding (both voluntary and involuntary) in a large insurance company and one participant was an employee of a large, wholly employee-owned (via a trust) organisation. The interviews allowed me not only to check my questions for inconsistencies and to practice interviewing techniques but also to discuss these issues with the three participants during and after the interview. The pilot resulted in a number of amendments to the initial questions including considerations of language which could have contained assumptions that might have reinforced beliefs about the nature of ESO and its impact. The three interviews were audio recorded, transcribed, and the data analysed. However, the analysis of the data was not included in the analysis of data collected at Royal Mail but was used to further fine tune the questions which were ultimately included in the final interview protocol and agenda.

The questions in this study have been designed to avoid imposing ideas, or assuming relationships between concepts, feelings, events, or experiences. For example, I collected interesting and rich data on employees' experiences of ESO by not asking directly for this information, but instead by opening a discussion by asking "Could you please talk me through what happened from the moment you heard that Royal Mail was going to be privatised?". I found this to be especially helpful in cases where the interviewees did not know what to answer because they did not believe that they knew enough about ESO. It happened on several occasions that the interviewees asked me what ESO was or asked questions about factual details of the plans, such as whether the plans are tax-free, or when they would be able to sell the shares, or how to go about selling the shares.

3.4.4 Pre-interview questionnaire

Before the interview began, each participant was asked to complete a short questionnaire. The questionnaire collected details on employees' annual gross income, length of service, age, and employment status. Participants were also asked in this form the amount they contributed each month to the ESO plan (relevant to SAYE members only), etc. (see Appendix B).

3.4.5 Interviewing owners/senior managers involved in the adoption of ESO (HQ)

The first round of interviews conducted took place at Royal Mail's headquarters in London. The senior managers who were involved in the adoption of the ESOP were interviewed. These individuals were best equipped to answer questions on the implementation and the impact of the plan as well as on whether and how the plan's outcomes are being monitored, if at all.

The questions asked were designed to find out why the company had an ESO plan, who instigated it, what senior management hoped to achieve, whether the expectations had been met, and what impact they thought the ESOP had on employees' attitudes and behaviours at work (see Appendix C).

The questions were designed to be open and mirrored many of the main questions asked to the ESO participants in the company but were reworded to ask what impact the managers felt the ESO plan had on employees. Follow-up questions and probing questions were used in the same way, to try and elicit meaning and explanation.

3.4.6 Sampling

I used a purposive sample of participants within a large organisation which transitioned from the public sector into the private sector through the adoption of an ESOP. Purposive sampling (other than convenience and accessibility) aid in exploring features and processes of interest (Silverman, 2013). The purposive sample used in this study had already been decided upon during the literature review and the creation of the research questions. The sampling approach taken in this study was guided by Rubin and Rubin (2011) who suggested that to avoid getting only one side of an argument, it is necessary to widen the choice of participants to represent all the divisions within the arena of study. As stated above, I first interviewed those directly involved in the design, adoption and management of the ESOP, then senior managers, line managers and employees. At the beginning of the study I planned to interview in one mail centre and one delivery centre. After collecting and starting to

analyse the data generated in these two locations, it became obvious that an important group of employees, i.e. those working in administration, were missing from the sample. I interviewed until it became obvious that a ‘saturation point’ (Glaser and Strauss, 1967) was achieved—when there was no new information being added to what was already known through the data collection.

Most research to date on participation determinants and effects have collected data on participants’ pay, age, length of service, part- or full-time, and gender. Previous research found that income and age had a stronger influence on participation than any other variable including employees’ attitudes. Those aged between 29 and 55, on a relatively high wage and status are more likely to have the means and the necessary understanding on how such plans work to enable them to participate. Whilst I am not testing for determinants in this study, the information collected on participants included income, tenure, and status (management and non-management). The income considerations would also reflect the status of participants—the higher the wage, the higher their status and education. It is important to be mindful of tenure as the longer an employee has been with the firm, the more valuable their ESOP accounts would be and such information would inform on employee’s commitment to the firm (Pendleton et al., 1998).

3.4.7 How many interviews is enough?

How many interviews is enough? Baker and Edwards (2012) posed this question to 14 qualitative research experts and five early career researchers. They concluded that the answer to this question is: “it depends” and synthesized the answers of the contributors as to upon what it depends as follows:

“These include epistemological and methodological questions about the nature and purpose of the research: whether the focus of the objectives and of analysis is on commonality or difference or uniqueness or complexity or comparison or instances. Practical issues to take into account include the level of degree, the time available, institutional commitment requirements. And both philosophically and pragmatically, the judgment of the epistemic community in which a student or researcher wishes to be or is located, is another key consideration.” (p.42).

For this study, I collected 32 in-depth interviews with ESO participants who all received a gift of shares because of the Initial Public Offering (IPO). The interviews took place in four different sites, between August 2015 and December 2015. The sites were in different areas

between North Yorkshire and London. The interviews ranged in length from 40 minutes to just over an hour.

All interviews were audio recorded with permission from both the contacts within the company and the interviewees, and this allowed me to focus on what was being said and to interact with the participant: to engage in a dialogue, instead of creating a 'sterile' environment where the participant would be subjected to a battery of questions. Recording the interviews in qualitative studies is a well-known and acceptable practice, if not a recommendation for these reasons (Arksey and Knight, 1999, Bryman, 2015). Most importantly, considering the ontological approach of this study, being 'present' during the interview and actively engaging with the participants was of considerable advantage, especially when probing to further discuss a concept which the interviewee raised or brought up to ensure that I captured the intended meaning instead of an interpreted meaning. Of course, sometimes cultural 'taken-for-granted' terms and concepts required some deeper interpretation during the data collection phase. For example, the term 'working smarter' which all employees interviewed used but with different connotations (although they referred to the same thing) as explained in the analysis chapter of this thesis.

3.4.8 Obtaining access

I found the process of finding companies to be most challenging. I designed and proposed the research project with a naive expectation that I would not find it hard to obtain access to organisations. My initial impression was that those organisations who operate an ESO scheme would be more than happy, and proud, to talk about it. In practice, that was not the case. After an initial search, I identified over 150 firms, based or with subsidiaries in the UK, which I contacted directly via email and/or phone. Unfortunately, only 35 of the initial 150 companies contacted replied and/or showed interest. The research initially started as a comparison case study and the sample was formed by two large organisations: a telecommunication company and a beverages manufacturer. Half way through the project both companies withdrew from the study due to internal issues and time constraints.

During the scoping of companies phase, I attended various conferences on the subject and networked with key individuals directly involved in the administration or management of ESOPs in their organisation. I was also introduced to a number of ESO plan administrators in the UK, most notably Equinity, who contacted their clients on my behalf inviting them to consider their potential participation in my study. Considering the scope of the study –

looking specifically at free shares – Equinity’s list of clients was narrowed to 13 potential organisations, including Royal Mail.

Consequently, Royal Mail contacted me to express their interest in participating in this study. After a couple of initial meetings, we agreed on the ideal number of sites and employees to be contacted and invited them to take part in the study. The Unions have also been made aware of the study and, upon checking the research proposal, have consented to Royal Mail’s participation. The ESOP Manager at Royal Mail kindly nominated a graduate trainee to assist me with the data collection. The trainee organised and coordinated the interviews on my behalf, liaising with centre general managers and myself. I was introduced to the centre general managers of the three sites and then we arranged to send out the invitation (please see Participant Information Sheet in Appendix D) to their employees who would confirm their interest (voluntarily) by directly emailing the trainee who subsequently provided me with a list of names and scheduled interview location, date, and time.

Royal Mail provided a private and quiet room on site for the interviews to take place, and participants were informed directly by the trainee with details of the interview. The purpose for this discreet arrangement was so that employees were not singled out for their participation in the study. The company and all participants were also informed how the data would be used (i.e. in the PhD thesis, publications and reports) via an information sheet and were asked to sign a consent form. Before finishing the interview, I handed each participant a debriefing document where I highlighted my contact details, should any of the participants wanted to contact me later.

I chose to conduct individual, one-to-one interviews not only to respect employees’ privacy and their right to confidentiality and anonymity, but also because a group-based interviewing strategy would have limited the nature of the data obtained—employees would have been reticent to express their thoughts and feelings in front of other people. During my liaison with the organisation, I was informed that Royal Mail conducted a study of their own regarding employees’ perceptions and experiences of their involuntary shareholding. However, their data was not rich and other than the expected answers, participants in their focus groups did not volunteer further personal accounts about their experiences, thoughts and feelings. Moreover, I was keen to also avoid situations where a dominating participant would have a silencing effect on other participants in the group or would have a ‘stirring-up’ effect resulting in antagonism and conflict of interests (Arksey and Knight, 1999).

3.4.9 Participants

Table 1 provides detail of the participants from each site and shows their gender and role. Participants were given a code as a way of ensuring their confidentiality but also to enable the reader to identify them in the analysis chapter. To give a sense of the context in which the comments were made, I have provided each participant's role in the company. However, I deliberately omitted information about interviewees' details on tenure, age, and work status (full- or part-time), or any other biographical data to ensure participants' anonymity.

3.4.10 Ethics

This research was designed and conducted with ethical responsibility as a primary concern. All participants were given a Participant Information and Consent Form as set out by the York Management School Ethical Advisory Committee detailed in the Code of Practice on Investigations Involving Human Participants. Participants were provided with the form prior to the interview. The form detailed the purpose of the study and what their contribution would entail. They were also informed that their participation was anonymous and confidential. The form also informed participants what would happen with the data and the results of the study, who they could contact should they have any questions, and what they should do if they were not happy about the way in which the research was conducted, or if they wished to withdraw their participation and the data generated in the interview. Each participant was asked at the beginning of the interview if the form and the information therein were clear, or whether they had any further questions.

They signed the Informed Consent Form before the interview began, after they read and understood the Participant Information Sheet and after they agreed to be audio recorded. Although the names of the participants were known to the researcher, during audio recording the interviewees were not asked for their name.

Table 1 Royal Mail Participants

NO	LOCATION	ROLE/CODE	SAYE	EMPLOYEE PRIORITY OFFER
9	Site A	Shop-floor Staff 3	Yes	No
8	Site A	Shop-floor Manager 5	Yes	No
7	Site A	Shop-floor Manager 4	Yes	No
6	Site A	Shop-floor Staff 2	Yes	No
5	Site A	Shop-floor Manager 3	No	No
4	Site A	Shop-floor Staff 14	Yes	Yes
3	Site A	Shop-floor Staff 1	Yes	No
2	Site A	Shop-floor Manager 1	Yes	No
1	Site A	Senior Manager 1	Yes	No
17	Site B	Senior Manager 2	Yes	No
16	Site B	Shop-floor Staff 7	Yes	Yes
15	Site B	Shop-floor Manager 8	No	No
14	Site B	Shop-floor Manager 7	Yes	No
13	Site B	Shop-floor Manager 6	No	No
12	Site B	Shop-floor Staff 6	Yes	No
11	Site B	Shop-floor Staff 5	Yes	No
10	Site B	Shop-floor Staff 4	Yes	No
31	Site C	Senior Manager 4	Yes	No
26	Site C	Admin Manager 13	No	No
25	Site C	Admin Staff 11	Yes	Yes
24	Site C	Admin Staff 10	No	No
23	Site C	Admin Manager 12	No	No
22	Site C	Admin Staff 9	Yes	No
21	Site C	Admin Staff 8	No	No
20	Site C	Admin Manager 11	Yes	Yes
19	Site C	Admin Manager 10	No	No
18	Site C	Admin Manager 9	Yes	Yes
30	Site C	Admin Manager 15	Yes	Yes
29	Site C	Admin Staff 13	No	No
28	Site C	Admin Manager 14	No	No
27	Site C	Admin Staff 12	No	No
32	Site D	Senior Manager 3	Yes	Yes

3.5 Data analysis

Interpretivism was used as the frame for my research approach because the way employees receive/learn about shareholding was likely be influenced by several factors, including their understanding of the concept, family and peers, and most importantly organisational communications and educational programmes. Company communications are interpreted by the individuals, but the resources the individual has available to them in this process

(peers, family, media, etc.) are transmitted through social and cultural attitudes and understandings. My interest was in analysing the different ways in which employees understood (involuntary) shareholding, and the symbolic and linguistic resources they had to call upon in doing so. I considered it important to maintain an appreciation for the underlying mechanisms of discourse production, including the influence and use of established and accepted societal discourses that shaped the employees' responses. My approach to analysis also had to highlight the discourses that were being called upon to explain their views. Some of these discourses would be very familiar to readers who share the same general cultural context, e.g. one of gambling, or of other utility privatisations. Whilst other discourses were 'private', in the sense that they were only intelligible to others inside Royal Mail or familiar with its history.

An interest in discourses as a form of public and private linguistic and sense making resources requires the researcher to consider which discourse analysis (DA) method suits them best. Of the different approaches that can be taken in DA, I first considered Critical Discourse Analysis (CDA). Although it would have been of interest to analyse employees' understandings using CDA, my research interest was in a broader analysis of employees' understandings of involuntary shareholding and the discursive resources that allowed these. Considering the limited research on employees' and their understanding of ESO, I found it important to engage with a method that would allow for a greater exploration of unknown 'realities', than applying a set of assumptions and beliefs to drive the data collection. I felt that CDA might lead the analysis in a different direction than it was desired.

I judged Discourse Thematic Analysis (DTA) would be more appropriate for my broad research interests. DTA is a form of thematic analysis that is suitable for looking beyond the semantic surface-level content of the data towards those insights, underlying ideas, concepts and assumptions that inform it. DTA is a methodology that accounts for broad thematic patterns of talk as well as looks in more detail at the various objects participants' accounts construct, and the structure of these constructions (Braun and Kitzinger, 2001, Singer and Hunter, 1999, Taylor and Ussher, 2001). This method allowed me to map out the discursive themes in use by participants in their understanding of involuntary employee shareholding, rather than a deep focus on the more specific analysis of discursive features which might be identified by a DA or a CDA approach. It is an approach like Braun and Clarke's (2006, p.81) description of "a thematic analysis within a social constructionist epistemology (i.e., where patterns are identified as socially produced, but no discursive analysis is conducted)". DTA is a methodology that allows flexibility in the analytic approach used when mapping out

themes within a text and allowed me to consider both traditional notions of discourse as a language practice, and CDA notions of discourse as a material or institutional resource when developing themes.

DTA can be used to carry out an in-depth focus on an aspect of the data, or to provide broad and rich descriptions of the data set. DTA can be supported by both a theoretical and/or inductive approach to research. In theoretical approaches, data are analysed within the chosen analytical or theoretical perspective and are analyst driven. On the other hand, inductive or 'bottom-up' approaches are data driven, and identified themes are linked to the data. It is widely acknowledged that researchers should consider the aims of their research and to reason what approaches would best fit with their aim (Braun and Clarke, 2006). Therefore, I consider this project to be theoretically driven at the level of design, and inductively driven at the level of analysis. While previous research and theories may have influenced the design of this thesis, the data was collected and analysed from the 'bottom-up'. The design of this research project has been developed within the assumptions of existing theories, for example, the agency theory. The questions I initially designed and asked in interviews changed based on the information the respondents provided, and I pursued those new directions with further probing questions.

I carefully read the transcripts of the interviews conducted with employees at Royal Mail and identified codes which indicated different ideas of interest capturing the richness of employees' experiences of employee share ownership. Using a thematic map (Braun and Clarke, 2006), I arranged these codes into themes and then grouped them together as belonging to discernible discourses, as shown in Figure 1 below.

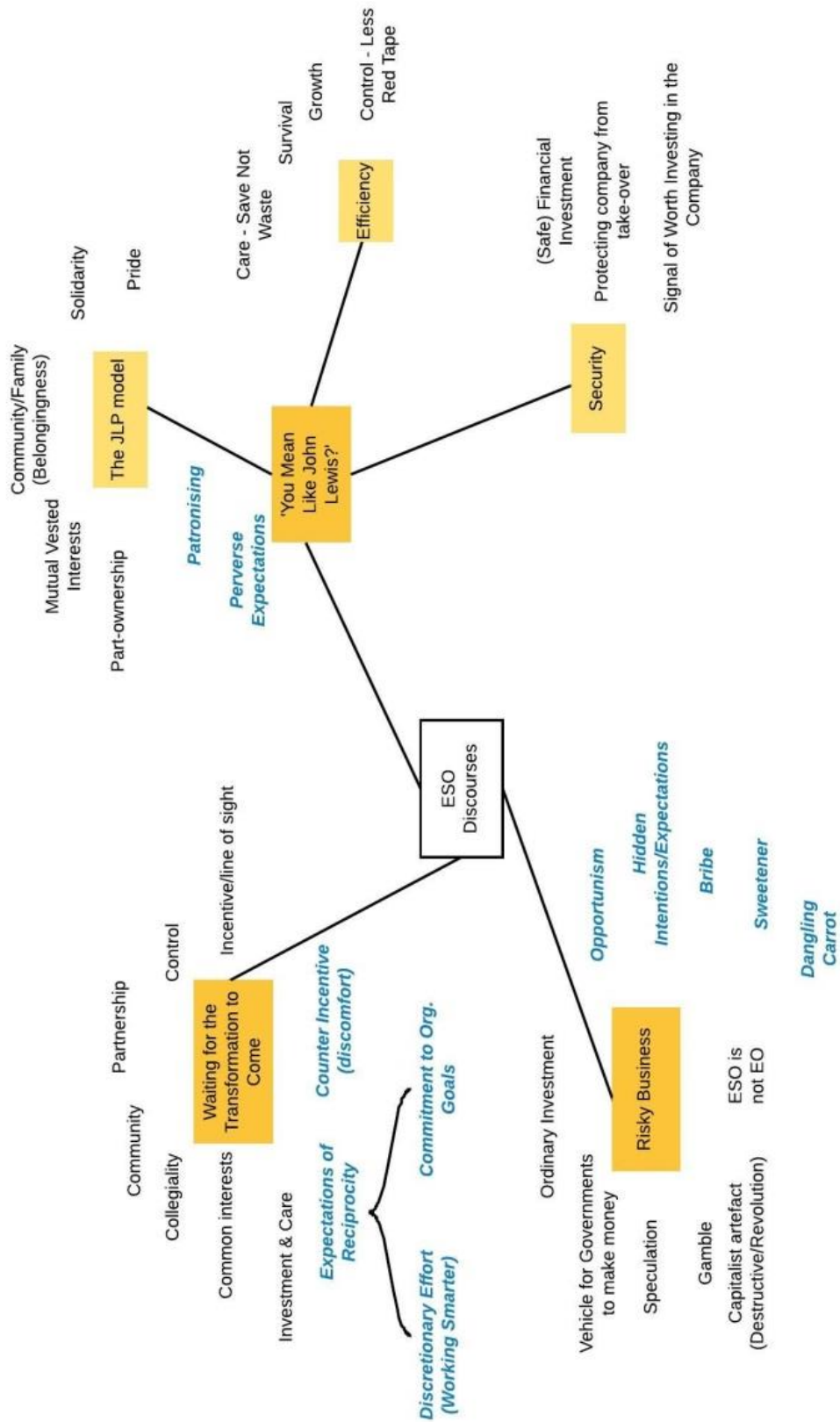


Figure 1 Thematic map showing the three main discourses identified in transcripts of interviews with Royal Mail employees.

Following Potter and Wetherell (1987), the discourses identified in this thesis are considered to be a topic of study in their own right and the analysis is not intended to recover events, beliefs and cognitive processes from participants' discourses. In this sense, language is seen as a means for people to manufacture versions of the social world using pre-defined linguistic resources and actively (consciously or otherwise) including or omitting accounts for a variety of functions and with a number of implications and consequences.

3.6 Reliability and validity

Appraising the quality of research is looking at the standards for a good and convincing research design. The two most important elements appraised are validity, whether the research reflects the world it claims to be describing, and reliability, whether the results are compatible with previous observations. Such indicators of quality standards do not fit easily with qualitative research designs. Rubin and Rubin (2011) suggested that the indicators researchers should use to judge the credibility of qualitative work are: transparency, consistency, coherence, and communicability.

Transparency refers to the quality of research reporting where a reader should be able to see and understand the processes of data collection. Data should be collected by keeping careful records of what was done, felt and seen. Records should be transcribed, and the method of transcription should be well described. For example, researchers should make clear if any passages were edited, if the analysis contained observations and how notes were taken during observations, should note if any material was left out and be thorough in explaining coding techniques and record keeping.

The report should also show that ideas and responses which appeared to be inconsistent have been accounted for by the analyst. Themes analysed in one interview should be examined for coherence with the themes presented in other interviews. Consistency/coherence indicator is also a way of checking to ensure that inconsistencies and contradictory responses have been accounted for and clarified across settings and cases. Obviously, especially in DTA, the goal of qualitative research is not to eliminate inconsistencies, but to seek an explanation as to why they occur. When people offered varied and different versions of the same event, the analyst should offer evidence as to why she/he accepts one version over the other or should show why in certain circumstances participants hold contradictory understandings. Consistency and its appraisal is important because it

informs/modifies the theories emerging from the data or it limits the interpretation and the implications of findings.

In addition to transparency and consistency, communicability is also an important indicator of standards and quality when appraising qualitative work. Communicability means that the story of the research arena presented in the thesis should feel real to both participants who took part in the project as well as to readers of the research report. It is important that the report convince those unfamiliar with the field that the material is real. Therefore, analysts should ensure that the text is vivid with rich detail and abundant evidence.

3.7 Methodological limitations

3.7.1 Causality

One of the main potential limitations of this study relates to ‘causality’ for which “a case could be made that causality is not a workable concept when it comes to human behaviour” (Miles and Huberman, 1994, p.145). However, it is not the intention in this thesis to naively argue otherwise. The thesis acknowledges the rather complex nexus of (inter- and intra-) relationships between and within actors in any social setting—the interplay between different actors’ intentions, actions and expectations create a web nearly impossible to untangle. Nevertheless, some authors (e.g., Miles and Huberman, 1994) caution about the potential of misinterpretation during analysis as well as in employees’ explanations. Most interpretive qualitative research poses the danger of ‘seeing what we want to see’ and, therefore, misinterprets data, and overemphasises ambiguous data; resulting in a biased explanation on behalf of interviewees and a biased analysis on the side of the researcher.

In addition, issues of introspection may also arise when people attempt to report on their cognitive processes (Nisbett and Wilson, 1977). In the absence of true introspection, interviewees may offer accounts based on a priori, implicit causal theories, or judgements about causes and effects. Indeed, people might be tempted to impose a causal structure on events when constructing scenarios to make the accounts more meaningful. With these cautions in mind, during the data collection and analysis, I took the position that interviewees are unpredictable, or at least, very difficult to predict. Moreover, I took the stance that the interviewees would (as much as possible) provide accounts on their experiences which they considered to be important in explaining ESO. Both interviewees’ and my own assumptions are, as much as possible, made explicit in the data analysis.

3.7.2 Generalisability

There is much discussion and debate about qualitative research being unsystematic and selective regarding what is considered to be significant and important (Bryman, 2015). Because of its ‘unsystematic’ nature, qualitative research, some argue, cannot be fully replicated in the absence of standardised procedures. In such a case, the criticism is directed at the fact that the data is collected and analysed based on researchers’ predilections (Bryman, 2015). This thesis does not attempt to convince that the findings presented herein are generalizable to other organisations, to all ESOPs, or occupational groups, etc. However, this limitation is not applicable to only qualitative research, quantitative research is also not exempt of this limitation (Fielding and Fielding, 1986).

The precaution I took during this study with regards to this limitation was to follow Easterby-Smith et al.’s (1994) advice and ask if the findings and constructs generated by this study would be applicable and have relevance in other settings. In the analysis and the discussion of the findings I considered how likely the results could occur in similar or different situations, and what kind of issues one might encounter in similar or different contexts. One key aspect of this study is that the relevance of the findings is not bound to specific places or situations or be completely time bound, although the interpretations might be. Throughout this study, I provided rich information on how the findings were generated and described as fully as possible the research process and the decisions made, the characteristics of interviewees and a rich description of their experiences in the hope that all these would aid the reader decide whether the findings and their interpretations can be transposed to other contexts (Morrow, 2005).

3.8 Conclusion

In this chapter I outlined the methodology adopted for this study and the rationale for the qualitative case-study approach chosen using semi-structured interviews, documentation, training material, written accounts, reports and published histories of Royal Mail. For the discursive element of the study, I opted for a purposeful sampling procedure and focused on exploring employees’ experiences of their involuntary shareholding in the workplace. The data was collected by previously piloted questions. However, the aim was also to capture accounts not contained in the identified concepts and theories, but rich and detailed

accounts. Therefore, the semi-structured approach allowed for flexibility, and during the interview the employees were asked follow-up questions and probes.

The initial interview schedule, and main open questions, had been refined during the pilot interviews conducted before the interviews with Royal Mail employees commenced. The data collected were audio recorded, transcribed, and coded both inductively and theoretically. The data was analysed using DTA and themes were identified which, in turn, form the basis of the explanations and discussions in the chapters that follow the explanation of the particularities of the Royal Mail case study. Two of the main limitations of qualitative studies, causality and generalisability, have been presented and the ethical steps I took in this study stated.

Chapter 4: The political phase of the share issue

“When you throw a rock into the water, it will speed on the fastest course to the bottom of the water...” – Hermann Hesse

4.1 Introduction

Employees become *involuntary* shareholders in their employing organisation by receiving ‘gifts’ of shares. In the UK context, this is typically when a formerly state-owned organisation transitions into private ownership. This was true of the privatisation of Royal Mail, where a minority share allocation of 12 per cent of the created stock was given to employees. And, as I have suggested in the methods chapter, the privatisation of Royal Mail provided an ideal site to investigate the experience of involuntary shareholding for individuals and by doing so increase our understanding of the experience of employee share ownership (ESO). I started the chapter with a quote from the German/Swiss poet Hermann Hesse because it is a metaphor for the first framing of the share issue to employees, thrown like a rock into the water, and making its way very quickly to the bottom in the sense of ‘sinking without a trace’. But the metaphor of throwing a rock into water also works as a metaphor for this group of three analysis chapters, where the initial communicative act created a set of ripples going outwards from ‘the centre’ of Government and Royal Mail executives, then to middle managers, and then to employees. Each communicative ‘ripple’ forms a contributing chapter to the analysis and marks a movement from discourses working at institutional level, to those that are provided by individuals in the absence of any established discursive resources around share ownership.

However, in this first analysis chapter I look at the epicentre of the shareholding discourse. I track the official (i.e. Government and senior management of Royal Mail) discourses around the significance and purpose of the shares given to employees as experienced by Royal Mail managers. I argue that the way in which the main actors in the privatisation framed the share issue to employees to have been the product, and then the mirror, of a split within the Coalition Government regarding the privatisation. The discourse that the Government, primarily through its junior coalition partner the Liberal Democrats, used to shape the process was weakened by competing discourses that were supported by the Conservatives. And although the discourse of employee ownership, mutuality, and voice initially held in terms of the discourse used within Royal Mail, it was soon overwhelmed by

a more dominant discourse that framed employee ownership in terms of levers for behavioural change and increased performance. The discourse of partnership was always going to be a difficult one to embed given the more natural fit of the performance and control discourse with existing managerialist language tropes within the Conservative Party and the Royal Mail, and of external actors such as Ofcom (previously Postcomm). The divided discourse is, of course, reflective not only of the differing perspectives of the coalition partners but also of the academic definitions of employee ownership that show a similar division between the employee as owner and the employee as an incentivised worker.

In this chapter, I explore the positions and discourses used by the different actors in the political phase of the talk about shares, where the privatisation needed to be explained and ‘sold’ to the public, the markets, and the employees. Following Mumby and Stohl (1991) and Mumby (1988), I track the discourses of the different actors who privileged their own view of the share issue and its meaning over others. However, prior to examining the discourses used in the political phase of privatisation of the Royal Mail, it is necessary to introduce the Royal Mail via a short account of its history and commercialisation. In the second section, I look at the ‘Together for Growth’ agreement and implementation programme that put Royal Mail on the path to privatisation in relation to labour relations and the discursive framing of commercial success. I refer to this process as ‘structural naturalisation’, i.e. the promotion of an ideological schema that relies on discourse to do its communicative work. The schema was supported by the Government, consultants, and senior managers, seeking to ‘refashion’ and modernise the employees, not just the organisation. The efficiency discourse that they used contradicted the initial framing of the share issue to employees as partners and owners. In the third section, I discuss how the differing, and sometimes contradictory, discourses about the share offer to employees was viewed by senior managers *within* Royal Mail. In the final section, I track the movement of the discourse from that of partnership to the managerialist discourse of productivity and performance.

4.2 The Royal Mail

The history of Royal Mail has been a turbulent but distinguished one (for a full authorized history see Campbell-Smith, 2012). The British postal service can trace its origins back to 1512, although its letter carrying services only became available to the general public – or at least those who could afford its services – in the 1630s. Up until that point successive monarchs had tried to limit use of the service by any other individuals except Crown

representatives, but eventually a more ‘commercial’ approach was followed—which had the occasional benefit of allowing the state to scrutinise the public’s private correspondence (Campbell-Smith, 2012). The first General Post Office was established in 1660, and it was not until 1793 that uniformed postal delivery men were deployed.

The history of Royal Mail is a long and interesting one. However, for the present study only key events of the last century are of importance; most specifically events which have taken place in the last 15 years—the decade pre-privatisation and the beginning of the privatisation. Three phases can be identified in the last 100 years in the history of Royal Mail; phases related to the political intent of liberalising the sector and providing commercial freedom to state-owned organisations. The phases are: corporatisation; modernisation; and commercialisation (privatisation)—the first phase was to ensure that the latter two phases would take place. However, it is important to mention that the latter two phases did not happen in succession but in tandem. The first phase was mainly regulatory in nature and it was embodied in the Post Office Act (1969) which changed the General Post Office into a statutory corporation ending its status of a Government department. The office of Postmaster General was abolished, creating instead the roles of Chairman and Chief Executive of a new public service—a way of organising and a type of organisation well-established in private corporations, thus, an indication of the things to come at Royal Mail in the following decades (Campbell-Smith, 2012).

Most commentators might be tempted to associate the privatisation of Royal Mail with recent political initiatives and usually with either a Conservative or Liberal Democrat ideology. However, on closer inspection, the idea of commercial freedom and liberation as a necessity in the face of constantly changing external environment was first cemented in early 1960s. A clear indication of this can be found in the Labour Party General Election Manifesto of 1964 (as cited in Campbell-Smith, 2012: 438):

“In place of the cosy complacency of the past 13 years, we shall seek to evoke an active and searching frame of mind in which all of us, individuals, enterprises and trade unions are ready to re-examine our methods of work, to innovate and to modernise.”

Batstone et al’s (1984) study of Royal Mail noted that the stated intention for the continuous movement away from Government and towards private sector norms and structures was to allow the organisation to act more commercially and to exploit significant technological developments. But the explanation is not a complete one. Public services, by their very

nature, are used to achieve politically defined social goals as well as economic ones – providing basic infrastructure support and acting as part of wider Government economic plans (Batstone et al., 1984: 9). Nonetheless, the logic of commercialism:

“has tended to push state enterprises towards the market end of the spectrum by supplementing market proxies with a greater degree of market exposure, either by a relaxation of statutory monopolies, or by partial privatization.”

Fast forward three decades, Royal Mail was amongst the public services and utilities that the Conservative administration (1992-1997) wished to privatise. In preparation for this, a significant restructuring of the organisation ensued; fragmenting it along functional lines—delivery, distribution and processing (Martinez et al., 1997). A consultation paper on postal service reform in May 1994 proved too controversial to win support amongst the party’s own backbench MPs and it was shelved, leaving Royal Mail with a new structure and an inappropriate agenda meant for privatisation through fragmentation (Martinez et al., 1997). The Labour Government that took office in 1997 pledged to keep the Post Office state owned but continued with the decades-long strategy of Government to encourage more commercial freedoms and activity. The Postal Services Act 2000 made the Post Office into a public limited company, in which the Secretary of State for Trade and Industry owned 50,004 ordinary shares plus one special share, and the Treasury Solicitor held one ordinary share (BIS, 2009).

In 2006, after 350 years of tradition, Royal Mail lost its monopoly on the postal services when the regulator, Postcomm, opened up the market three years ahead of the rest of Europe (Campbell-Smith, 2012). The end of Royal Mail’s monopoly of mail delivery was a key element of its move towards privatisation. In 2009, Lord Mandelson, the Labour business secretary, launched an attempt to part-privatise the Royal Mail following the recommendations made in the Hooper Review. As with the Conservative Government’s attempt to do the same in 1994, the move failed after opposition from backbench Labour MPs, supported by lobbying by the Communication Workers’ Union (CWU) (Sparrow, 2009).

The agenda for modernisation through greater commercialisation (Gall, 2003) was primarily shaped by Government policies (Beirne, 2013b) which, in recent years, such pressures intensified creating a sense of urgency and a top-down impetus to fundamental reform in British postal services. The Labour government commissioned the Hooper Review on postal

services (Hooper et al., 2008), who reported that the universal service obligation was threatened by poor industrial relations, out-of-date practices and fire-fighting management.

In 2010, the new Conservative/Liberal Democrat coalition achieved what the former Labour secretary and Conservative governments failed to do, they started working on a privatisation programme and announced its intention to sell off the Royal Mail's delivery business but retain the Post Office network in public ownership. The new Business Secretary, Vince Cable, recommissioned Richard Hooper CBE (Hooper, 2010) to expand on the initial report and to consider the EU Directive 2008/6/EC, which asked for the postal sector to be fully open to competition by 31 December 2012.

The second review found that Royal Mail's market share was decreasing, and that the financial position of the organisation was troublesome. It proposed some 'new realities', including the 'industrial militancy' prevalent in the organisation which can only lead to delays in delivering the services to the public, while prompting business customers to switch to private operations such as DHL. The report also stated that the public seem less likely now than in the 1990s to believe that postal workers were reluctant militants (Beale, 2003). Therefore, it further suggested a fundamental change in the form and nature of industrial relations, working practices and use of technology. The modernisation of the organisation can only be achieved, according to the report, by an injection of private sector disciplines and recommended the joining of rationalism with a cultural change towards employee engagement – a combination far from novel at Royal Mail since the late 1980s, regarding the extraction of maximum value from both technology and labour. The rationalisation of Royal Mail included the closure of four mail centres and a headcount reduction of 8000 workers to which the union reacted with hostility in the autumn of 2009.

Previous (attempted) changes to the industrial relations, work processes, and structural changes were met with the same hostility and militancy either locally or nationally in which the union was never defeated outright. Giving employees a stake in the organisation and promising a 'genuine' partnership relationship with the CWU were meant to address the key concern from Hooper's reviews – the hostile and militant industrial relations at Royal Mail are the main cause of the organisation's decline and inability to compete successfully in the liberalised postal markets. When the debate is framed in terms of 'mutual gains' between management and labour such that the performance/efficiency agenda can be coupled with a social agenda, participation and partnership is reduced to questions of joint or team working and, in effect, it de-politicises the workplace (Stewart and Martinez Lucio, 2011).

One of the main outcomes of the expanded Hooper Review was the Postal Services Act 2011 passed by the Government in which it was suggested that up to 90 per cent of Royal Mail to be privatised and at least 10 per cent of the shares to be given to eligible Royal Mail employees (Parliament, 2011). In the following March, a partnership agreement was released on modernisation reaching out to CWU and promising a position of influence in change processes, unlike previous partnership agreements in the 1990s (Beale, 2003, Gall, 2005). This agreement, however, showed that executives were meeting their normative agenda successfully. As will be discussed later in this chapter, the new partnership agreement was focused on creating 'a culture of mutual interests', reconciling 'past adversarial relations' and a 'speedy introduction of new machinery'. Whilst the CWU union leadership accepted the agreement, there were cases of activist reaction, or movements of 'organic intellectuals' (Gramsci, 1971), who challenged the agreement as they did with most agreements and new management practices since the late 1980s (Stewart and Martinez Lucio, 2011).

The possible consequences and outcomes of this are still a matter of empirical enquiry. Nevertheless, some lessons can be learned from other European countries who have already gone through a modernisation programme. Flecker and Hermann (2011) have identified some 'bleak' outcomes to postal services as a result of the liberalisation of the postal markets across the EU. They looked at postal services in Austria, Belgium, Germany, Poland, and Sweden, and overall, the conclusions are that liberalisation of the postal market in these countries have led to a deterioration of employment and working conditions.

In their comparative study, post monopolies were analysed on different dimensions such as: their reactions to market and organisational changes, employment, industrial relations, work organisation and working conditions, and productivity and service quality. Post monopolies in their study have anticipated the liberalisation of the market and embarked on fundamental change programmes well ahead of the introduction of competitors in those markets. One key feature of these organisations' reaction was a focus on internationalisation, raising most of their revenue abroad. Also, the business customers usually get better, preferential treatment while ordinary customers do not. Due to their universal service obligation, these post monopolies are limited in their influence and commercial strategies, resulting in new pressures to deliver profitability by cutting costs, such as reducing headcount, lowering wages and intensifying work. Cost cutting usually involves the exploitation of new regulations to escape 'expensive' public sector collective agreements, the replacement of middle management with IT tracking systems, and outsourced ancillary distributors, e.g.

supermarkets, petrol stations, etc.; and using private haulage companies (in Sweden) and even taxi drivers (Deutsche Post in Germany) to commission deliveries.

These reactions of post monopolies resulted in changes to the nature of employment shifting from stable and certain employment to a 'gig' economy inspired type of employment characterised by deskilled workers and flexible and atypical labour power and contracts, including an increased use of self-employed contractors. Regarding industrial relations, Flecker and Hermann (2011) found that postal services' labour relations after liberalisation and privatisation were fragmented, meaning that bargaining systems became divided and coverage has become less comprehensive due to the increased number of actors involved and the growth in wage differentials. In Germany and Austria, the differences between 'old' and 'new' employees were quite noticeable. The reason for all these changes were, in part, due to the strategies of the new competitors and their practices – private competitors pay on average half as much as the former monopolies.

Whilst they found a short-term increase in productivity in the organisations studies, they attributed this increase to lowered labour costs, speeding up processes using new technology and, overall, compromising on quality. The evidence on the long-term effects of these increases is rather weak. By adopting such work practices and labour processes, former monopolies tend to have fewer staff but the work in these organisations has intensified. The introduction of new control mechanisms and extensive use of benchmarking, regarding the pace of work, unpaid overtime, night work and flexible working hours, has resulted in worse working conditions at both former monopolies and new competitors. Staff have experienced an increase in pressure by the introduction of Taylorist and Japan-style work processes through which employers transferred the risk and responsibility on teams, for example, by having to cover routes of absent colleagues.

Beirne (2013b) offered a comprehensive critique of such 'innovations' in organisations (e.g. modernisation, participation – including financial participation such as shareholding, etc.) and he highlighted the case of Royal Mail and its trajectory since the last financial crisis, arguing that change programmes, or organisational 'innovations', are just competing management ideologies and political rhetoric, not economic necessities determined by the market place.

The restructuring and modernising programmes across the globe, argued Beirne (2013b), resulted in nothing but controlling, cheapening and intensifying work through innovative,

progressive, and allegedly participatory initiatives as prescribed by some policy-making arenas such as the European Commission, who proposed that economic shock would result in organisational transformations which would deliver socially responsible management behaviour. Instead of such optimistic views, Beirne (2013b: viii-ix) stated that:

“A disempowering logic has influenced reactions to economic and financial difficulties in some of the most prominent employers [including Royal Mail] around the world.”

In his view, Royal Mail provides a good example of how competing management values and political agendas have resulted in cheapening, controlling and intensifying work. Royal Mail, after the last financial crisis, found itself in a position of increased pressure by the various government ministers to speed up long-running change programmes and deliver the needed efficiency improvements, especially in the letters operation (Beirne, 2013a, Hooper, 2010). Previously proposed partnership agreements and employee involvement initiatives meant to increase efficiencies have been obstructed by poor industrial relations dating back to the late 1980s as a result of forced changes through mechanisation and automation, changes in delivery patterns, and the rationalisation of the distribution network (Gall, 2005, Noon et al., 2000). The executives' commitment to the partnership agreements to ensure cooperative decision-making, promising the union an influential position in decision-making, proved to be weak. Thus, increasing workers' and union's feelings of insecurity and work intensification which resulted in collective resistance, including strike action, which subsequently impeded management's plans (Beale, 2003, Gall, 2003). Given the pressures created by the modernisation programme (e.g. feelings of stress and vulnerability in most occupational groups) at Royal Mail, including to managers and support functions, the author concluded that references to participation and partnership by senior managers were nothing but empty rhetoric and aggressive rationalisation.

Despite the European evidence of the consequences of liberalisation and privatisation of the postal services in various European countries, the Postal Services Act 2011 led to the merge of Postcomm into the communications regulator Ofcom which subsequently introduced a new simplified set of regulations for postal services on 27 March 2012. Also, in 2012, a crucial and necessary measure was taken to make Royal Mail an attractive investment: the Government took on the historic assets and liabilities of the Royal Mail pension scheme and split the Post Office Ltd to become independent of Royal Mail Group. The future intentions regarding the Post Office laid down in the Act also included the possibility of it becoming a mutual organisation in the future.

Royal Mail's future was sealed in 2013 by the Business Secretary at that time, Vince Cable, who announced in July of that year that Royal Mail was to be floated on the London Stock Exchange and confirmed that postal staff would be entitled to free shares. His position, endorsed by the Royal Mail's chief executive Moya Greene, was presented before the House of Commons (Rankin, 2013):

“The Government's decision on the sale is practical, it is logical, it is a commercial decision designed to put Royal Mail's future on a long-term sustainable business. It is consistent with developments elsewhere in Europe where privatised operators in Austria, Germany and Belgium produce profit margins far higher than the Royal Mail but have continued to provide high-quality and expanding services.”

However, as expected, the CWU was not as enthusiastic at the privatisation plans as the Government. In a consultative ballot in June with a 74% turnout, 96% of Royal Mail postal workers said that they were against privatisation. Billy Hayes, the CWU general secretary at that time stated to the Guardian (2013):

“Why should you buy shares in something which you already own? Surely that is an odd thing to do. The Royal Mail is currently a publicly owned company meaning that you, I and all UK citizens essentially own it.”

At that time, the Government was expected to retain between 38 and 50 per cent holding in the company (BBC, 2013b). The Business Secretary expressed the Government's intention of placing the shares “with long-term investors, we are absolutely confident that will happen.” (Neate, 2013). Following the IPO on 15 October 2013, 52.2 per cent of Royal Mail shares were sold to investors, with 10 per cent of the shares given to employees for free. An additional 7.8 per cent was sold via an over-allotment arrangement on 8 November 2013, due to the high demand for shares, leaving the Government with a 30 per cent stake in Royal Mail and raising £1.98bn from the sale (Moses and Booth, 2016). On the first day of conditional trading the share price of Royal Mail rose by 38 per cent, leading to several accusations that the company was undervalued (BBC, 2013a). Half a year later, the market price was 58 per cent higher than the sale price and peaked as high as 87 per cent. Those to make a profit from this spike in share price were large investors, such as pension funds and hedge funds who were given priority during the allocation of shares.

A report published into the privatisation by the Business, Innovation and Skills (BIS) Committee (2014: 7) stated:

“It is clear that the Government met its objectives in terms of delivering a privatised Royal Mail with an employee share scheme. However, it is not clear whether value for money was achieved and whether Ministers obtained the appropriate return to the taxpayer. We agree with the National Audit Office that the Government met its primary objective. On the basis of the performance of the share price to date, it appears that the taxpayer has missed out on significant value.”

The report concluded that the underpinning factors of “fear of failure and poor quality advice” will lead to further losses in the future to British taxpayers not least because the privatisation plan included Royal Mail’s ‘surplus’ assets as part of “the most significant privatisation in years.” The then Chancellor of the Exchequer George Osborne announced on 4 June 2015 that the Government was going to sell its remaining 30 per cent stake (BBC, 2015a). This happened in two tranches, a 15 per cent was sold in June 2015 (Kollewe and Goodley, 2015), with a further 1 per cent passed to Royal Mail employees, and a 13 per cent stake sold on 12 October 2015 and another 1 per cent given to employees, raising £3.3bn in total for the full privatisation of Royal Mail (BBC, 2015c).

Labour warned at the time that the company was being undervalued and the UK public, including the employees, would be ripped off as a result. The under-priced share value, and the high demand for Royal Mail shares, prompted Labour politicians, such as Chuka Umunna, the shadow business secretary at the time, to call for a halt of the flotation on the grounds that Royal Mail’s privatisation could get a better deal (Guardian, 2013).

One of the main contentious issues was that government’s City advisors did not ‘account’ for Royal Mail’s property portfolio which was said to be worth more than £1bn. This included some prime locations in central London, such as Paddington, Mount Pleasant in Islington and Nine Elms. Nevertheless, Royal Mail, in its sale prospectus only acknowledge 2,000 properties across the country which they evaluated at just £787m (Guardian, 2013).

Shortly after the privatisation plan was called, the risk of strike action by postal workers increased. The knock-on effect of a potential strike on the value of shares would have been significant. On 16 October 2013 a vote for strike was proposed for the day after the company would be floated on the London Stock Exchange, with a date to commence seven days after the IPO. Although the ballot that ended on 16 October 2013 supported industrial action and

a one-day stoppage planned for 4 November, the negotiations with Royal Mail continued and it was postponed. Thus, the action did not take place (Moses and Booth, 2016).

4.3 The road to privatisation

To understand the final years before the privatisation of Royal Mail, it is necessary to go back and examine the crucial period between 2010 and 2014. In this period, the new leadership of Royal Mail started the move towards privatisation by securing two key agreements with the Communications Workers' Union (CWU). The 'Together for Growth' Agreement (CWU, 2014) between Royal Mail and the CWU builds on the previously agreed 'Business Transformation 2010 and Beyond' Agreement published in March 2010 (CWU, 2010). The first agreement of 2010 was concerned with transforming Royal Mail into a modern company making it attractive to investors. The second agreement focused on growing the company within the chosen strategy to provide returns to all investors. It is important to note that both agreements were not a product of managerial initiative, but a management reaction to industrial action: the 2009 national strike and the 24-hour strike in November 2013 (Mustchin, 2016).

The purpose of the Business Transformation Agreement was to bridge the relationship between Royal Mail and CWU to meet the need of the business' challenges of modern methods of communication, competition, pension costs and a decline in volume, through a radical transformation of operations and relationships and by building "a culture of mutual interest between managers, union and employees" (p. 2). In effect, the agreement sought to modernise Royal Mail through a "joint vision to transform our approach to operational efficiency, customer focus, competitive awareness, relationships, involvement and the development of a mutual interest culture." (p. 2). In making the vision reality, the agreement stressed the importance of three key areas: company performance, working relationships, and rewarding employment. To achieve this, it required "strengthening the strategic partnership approach between Royal Mail and the CWU through the sharing of ideas to develop consensus solutions to our challenges" (p. 37), where CWU is actively involved in the success of the business and it is "meaningfully taken into account before decisions about the future are finalised" (p. 37).

The transformation strategy contained various phases and principles. It delivered a restructuring program, refocused the core business from letters to parcels, and capitalised on the opportunities the Universal Service Obligation provided. The transformation of Royal

Mail into a more modern company focused on meeting customers' needs, and with a redefined working relationship that was for the benefit of all stakeholders, also paved the way for the privatisation programme. A transformed and modern Royal Mail became an attractive investment opportunity and the Government wished to capitalise on its potential as an investment by privatising the service. Privatisation started in October 2013, three years after the Business Transformation agreement, when the first share transaction took place, and it was at this time that all eligible employees were gifted shares, receiving an equal number of free shares (as per the legislation), irrespective of their tenure or any other contingent factor.

4.3.1 Together for Growth Training

As outlined above, the two agreements between the management of Royal Mail and CWU contributed to the transformation of the company into a private, commercially viable organisation by redefining business strategy and the necessary relationship to support this. The agreement recognised that the historical antagonism between management and unions should also be 'transformed' into a relationship based on mutuality, reciprocity and collaboration. Thus, the second agreement, Together for Growth 2014, contained a training programme meant to bring together managers and CWU representatives in a friendly collaborative environment where they would redefine their relationship.

The Together for Growth Agreement starts with a statement applauding employees who "have worked extremely hard to modernise the business" (p. 2) and proposes that the next step should be to "move beyond modernisation by creating and delivering an agenda for growth in what is an increasingly competitive and rapidly evolving communications sector" (p. 2). In addition to elements of strategy, legal protection, industrial stability, pay and reward, which also figured in the previous agreement, this agreement made it clear that creating a mutual interest relationship between employees and management was no longer just a paperwork exercise but a serious ambition of the privatised Royal Mail.

The start of this process would be the Together for Growth Training Programme which accompanied the agreement, where senior managers and union representatives were brought together on a mediation program designed to transform their working relationship. This programme was meant to bring together these two groups of employees, managers and union representatives, and to convince them that the benefits from a collaborative, co-operative relationship was more beneficial than an antagonistic one. The benefits would not just be

felt in their working lives, but by all employees and customers, as the Agreement clearly states (p. 30):

“We both [Royal Mail and CWU] recognise that in an increasingly competitive world the pressure to be able to achieve continuing business success is ever greater and the needs for effective industrial relations is critical, as adversarial relationships damage the interest of both the company its customers and its employees. Our joint analysis is that the field of possibilities and positive momentum in Parcelforce has been increased through the unifying force of shared purpose, mutual interest and the ‘Table of Success’ approach.

However we wish to develop and build upon our agreed processes of professional ‘mutual interest consensus building’ and the commitments to industrial stability, by introducing the specialised skill of mediation at the appropriate levels within the business to increase the opportunity to resolve any issues related to the PFW expansion and advance plans, without the need for industrial or executive action and further develop key relationships within the ‘Table of Success Model’.

This will commence with joint accredited mediation training for the key managerial and CWU personnel as identified in the ‘Table of Success’ process. Following that the signatories to this agreement will develop and agree, with the assistance of an agreed Mediation specialist, a training programme which can be delivered jointly to all levels of the organisation both regional and local.”

The only details of the training programme made available to me during the data collection came from one of Royal Mail’s senior manager and some managers who took the training. Promotional materials, including a video clip describing the purpose of the programme and giving evidence of its scope and importance by illustrating “great stories from colleagues who have been through the programme so far” were shared with me later. The training programme was designed and delivered by a third-party organisation and therefore the original transcripts and session plans are not accessible. However, a union perspective on the Agreements and the training programme has been written (see Mustchin, 2016).

The participants in my study spoke at length about the Together for Growth Agreement and training and provided rich descriptions of the sessions giving an indication of what kind of discourse it contained. Whilst the training programme was not specifically on shareholding or shareholding plans, it is clear from senior managers’ accounts that after the training sessions, they associated shareholding and the ESOPs with the wider purpose of the

Agreement: commercial viability through a culture of mutual interests and redefined working relationships.

Nevertheless, the ‘militant’ spirit within Royal Mail had not waned. At the time of writing this thesis, Royal Mail and the CWU were in fresh ‘battle’ over pensions, pay, and working conditions. The first planned industrial action by postal workers and CWU since it was privatised took place in October 2017 (Guardian, 2017b). Royal Mail employees were considering engaging in industrial action to affect Black Friday sales and the festive season. The dispute was over proposed changes to the pension plan after Royal Mail announced to end the defined-benefit scheme on the premise that by 2018 the company would have to increase the contribution to the plan from £400m to more than £1bn a year. The scheme, which has been closed to new members in 2008, provided a guaranteed pension based on an employee’s average salary. The changes proposed would have resulted in a less generous defined-contribution scheme.

However, The Guardian Online (2017a) reported that Royal Mail obtained on 12th of October 2017 a high court injunction and halted the 48-hour strike planned for the 19th of October. Royal Mail accused the CWU for breaching the agreement of seeking mediation before organising industrial action, claiming that in the absence of a mediation process, the strike would be unlawful. CWU claimed that they have been trying for 18 months to find a solution to the dispute. Dave Ward, the CWU’s general secretary, stated that:

“The company are deluded if they believe their courtroom politics will resolve this dispute. Instead the company’s actions will have the complete opposite effect.”

Shortly afterwards, Royal Mail commissioned Lynette Harris to mediate talks between the operator and the CWU. The mediation process resulted in both parties agreeing to find a mutually beneficial solution to the dispute, although not legally binding. The CWU stated in December 2017 (Telegraph, 2017) that it was “clear [it] has successfully shifted the employer’s position and secured the basis for a far better agreement.”

4.4 The view from within

The case made by the Coalition Government (2010-2015), which privatised Royal Mail, was that the national economy and institutions should be driven by market forces—a well-used

rationale in previously privatised cases in the UK (for a discussion, see Batstone et al., 1984). The ideal – at least from the perspective of the Liberal Democrat partner in Government – was that organisations that carried out a public service should involve labour unions, employers’ unions, and governments co-operating in a social partnership model focused on reacting and being sensitive to consumer (i.e. the public) demands. As Jenkins and Poole noted (1990: 3), the trend of

“restructuring and privatization stemmed directly from these policies, with managers and employees being encouraged to take an equity stake in the emergent enterprise and to become fully committed to the market economy”.

The partnership approach has received increased attention in recent years and has been subjected to significant academic scrutiny. The appeal in this approach rests, firstly, on its emphasis on co-operative relations, on production rather than distributional issues between management and employees and their representatives. Therefore, it is viewed by policy makers as the most effective way to meeting changing business needs and achieving performance gains. Secondly, co-operative processes intrinsic to a partnership approach facilitate mutual trust and gains for all stakeholders involved. Thus, partnership signals an attempt to change the culture of employment relations from a zero-sum and adversarial relationship to a win-win co-operative relationship, beneficial to all actors involved. In the UK, the partnership approach has been promoted especially by the Labour government’s policies meant to modernise the employment relations in Britain. It has also been considered to aid trade union revitalisation and renewal.

So much as the interest in such agreements has increased over the years, that in 2005, Stuart and Martinez Lucio edited a book on the subject. The main conclusion from the studies detailed in their collection was that given the ambiguous definition of what a ‘social partnership’ is, the convergent nature of such processes emerges usually from divergent positions and interests of the stakeholders involved and, thus, it remains open to ambivalence, political reinterpretation and uses.

Gall (2005) looked at two waves of partnership arrangements at Royal Mail rolled out in the aftermath of the 1988 national strike. These initiatives, called ‘Strategic Involvement’ (SI), were one of the first kind of ‘partnership’ in the UK, established long before ‘social partnership’ became known and rhetorically adopted by managers and politicians alike. Whilst the SI bundle was initially around creating a structured relationship between union

and management (most often such arrangements disregard including employees in the agreement) in the newly decentralised organisation, the agreement would not replace collective bargaining but instead run alongside it. The partnership was welcomed by the UCW national leadership and it was meant to augment the newly devolved industrial relations structure of the New Industrial Relations Framework Agreement (NIRFA) – aimed at lower level union staff, such as lay officials. At the same time the work organisation changes alongside the lines of Total Quality Management (the Employee Agenda) instead of decreasing conflict it has increased conflict and official, as well as unofficial, industrial action since 1988. The attitudes and views of employees and their lay officials did not, however, allow mutual gains bargaining to develop as the Employee Agenda eliminated bonuses and allowances to fund an increase in basic pay in return for agreement to teamworking, which initially was resisted by both employees and the union (Martinez Lucio et al., 2000b).

Bacon and Storey (2000) looked at various organisations in the UK who adopted a form of partnership agreement, including Royal Mail and found that managers' intentions were to redesign traditional collective industrial relations. Firstly, they identified that the construction of the concept 'partnership' varied between the different groups: managers, employees, and trade union representatives. For managers, it meant by-passing unions in their adoption and implementation of specific HRM practices around performance and reward management as well as labour processes. The New Industrial Relations Framework Agreements (NIRFAs) were meant to create principles and targets at national level whilst the implementation responsibilities would have been transferred to the local level. A strategy which failed at Royal Mail because of the way the different local levels interpreted the agreement and reacted to it. Overall, such agreements highlighted the need of employees and their representatives to be committed to the 'needs of the business', revisions to traditional custom and practice, giving worker representatives access to business information and strategic plans, and giving unions a say in important operational matters.

The way in which employees, including managers, constructed the concept of partnership varied within and between groups. Some managers who were more unitarist in their views tended to feel committed to the 'New Directions' agreement, describing it as the 'joint consultation for the 1990s' (Bacon and Storey, 2000: 418). Whilst others who were more pluralist in their views were more in favour of effective partnership agreements with unions, acknowledging the role of unions in the fora to establish joint rules and procedures. However, where there is strong employee opposition to unitarist managers, conflict is most likely to happen instead of increased co-operation. In the case of Royal Mail, the initial SI

agreement ran out of steam and in 1995 the company signed a second agreement. Nevertheless, by 1996 industrial relations returned to its adversarial nature once more.

The second round of Strategic Involvement, as identified by Gall (2005), took place when the increase in industrial action embarrassed the New Labour government who asked for a compromise – Royal Mail would not be privatised if the union contains the conflict and focuses employees' attention on quality and efficiency in order to secure jobs and working conditions. The New Labour brought a new actor to the stage, they created the Postal Services Commission (Postcomm) under the Postal Services Act 2000, as a pledge to the business community: Royal Mail (and the Post Office) would be further marketised but would remain in the public sector. Postcomm was charged to increase the competition in this market through licencing powers and ability to remove operating rights from Royal Mail. However, this has only increased the propensity of workers to strike and a series of industrial action took place between 1998 and 2001 (e.g. London, Glasgow, Liverpool, and Cardiff). CWU national leadership were more enthusiastic of the SI initiative and saw it as a 'third way' in industrial relations and a necessary compromise to prevent privatisation. Postcomm's warnings about job losses if industrial action continues became effective in 2001, when industrial action fell to a negligible level as a result of the Labour government's pressure on the CWU leadership.

Nevertheless, as further restructuring programmes took effect and fresh redundancy exercises were being ordered by the Postcomm, CWU made a series of industrial action threats after 2001. If previously, the battle was at the union's grassroots' level, now the arena moved from branch to national union. By not giving into the SI, many Royal Mail employees and their lay officials have foregone any positive engagement with partnership. It can be concluded then, that previous partnership agreements at Royal Mail failed because the union leadership wanted to protect their collective bargaining power and managers wanted increased control over labour processes and labour itself. The grassroot militancy movement resulted into a culture of opposition and the creation of unofficial alliances. Union adversarialism rendered partnership redundant at Royal Mail. However, the union did not consider a counter-offensive during their mobilisation and, thus, have foregone winning bigger pay, a shorter working week, and a five-day week. Although they did prevent to some degree the introduction of new forms of work organisation and the intensification of work.

The third partnership agreement rolled out at Royal Mail was announced shortly before the coalition government privatised the organisation. However, this time, the 'mutual gains'

discourse inherent in such initiative was being delivered with a gift of shares to all eligible employees. Therefore, the assumption being that an equity stake is the only necessary condition for a social partnership approach to be established, after previously failed attempts at creating partnership agreements within Royal Mail (Gall, 2005). Nevertheless, a striking finding regarding this agreement was offered by Beirne (2013a) who noted that because the nature of this agreement was to provide a procedural basis for challenging job revisions, grassroots influence redefined the agreement as a resistance mechanism. The movement created an unusual alliance of 'bothered' managers and local representatives who jointly challenged 'the machos' and successfully forced them to consider revisions to the proposed changes. These recent local reactions to change, much more subtle and innovative than the 'wrecking practices' of the 1990s, resulted in opportunistic alliances, nationally and locally and, therefore, interpretations and reactions of the 'local' is more complex and fluid than it is often acknowledged. It is the feeling of vulnerability and work intensification which lead to a sense-making, questioning, and resisting behaviour (Beirne, 2013a).

The theoretical explanations used in previous studies on partnership agreements drew on Gramsci and Bourdieu (Martinez Lucio and Stuart, 2004, Stewart and Martinez Lucio, 2011), sources much ignored in industrial relations theory. By applying Gramsci's concept of 'hegemony' it can be assumed that unions could make use of the 'partnership' phenomenon to create a social project with aims that transcend sectional interests, meaning that unions have the opportunity to use such developments to position their ideology in the longer-term rather than mobilising employees against the employer. This is exactly the underpinning of the CWU's national leadership rhetoric in their pursuit to convince those lower down the union ranks to engage 'positively' with such developments to save the union and its ideology and projects. Indeed, this line of argumentation is provided by the 'Third Way' whose market-based social democratic discourse argues for a new politics of industrial relations mindful of the hegemony of the market and business to prevent a total marginalisation of the union and their projects and identities. Indeed, as Bacon and Storey (2000) found there seems to have been an increasing identity conflict within the CWU, and other unions, regarding whose interests should they be serving: those of the management or employees? This marginalisation, or the prevention of internal structural inertia, led union's leadership to emulate the masculine, private-sector *habitus* (Bourdieu and Wacquant, 2001) in their attempt to preserve their credibility. Therefore, as Martinez Lucio and Stuart (2004: 416-7) noted:

“By ‘talking business’, and as a consequence appearing responsible, union leaders argue that they will be taken seriously by management while at the same time being more able to deliver

for the rank and file. This ‘professionalization’ of union organization is very much tied to a view of partnership as ‘commercialization’. Partnership can be viewed as a rhetorical device for external and internal political agendas.”

Nevertheless, hegemony and partnership do not happen in a political vacuum. Either intellectual or ideological, hegemony is a complex phenomenon whose outcomes depend on many factors (Laclau and Mouffe, 1984). For example, whilst unions may use ideological leadership through a discourse of partnership, so do managers. Managers can mobilise and redefine partnership to discursively redefine ‘collectivism’ in commercial, market-oriented terms by promoting teamworking and other forms of ‘collective identities’. Moreover, hegemony is not the same as rhetoric as it redefines interests which means that the meaning of partnership is not static but dynamic and it changes as the interests of actors change, or are not met. The social dynamic between management and unions to date has been around compromising and making concessions by unions in return for guarantees of employment security and involvement in decision-making, or as Gramsci terms, a form of ‘industrial legality’. Union’s pursuit of leadership ideology through partnership has led to an increase in internal conflicts and tensions within the union itself – because, as Gramsci noted, ‘organic intellectuals’ at grassroots levels have the power to mobilise action upwards within the union to defend their own interests (Stewart and Martinez Lucio, 2011). It is worth reminding here that employees usually are not part of the agreements directly but via collective representation and, thus, most times their voices are not heard. Nevertheless, the overall evidence suggests that because of the variation in interpreting partnership within and between social actors, the reality is that because of the complex politics of partnership, such strategies may not result in benefits for the union and its members (Martinez Lucio and Stuart, 2004).

Whilst hegemony and habitus help us understand intentions and political motivations behind social actors’ actions and reactions, these two concepts do not explain the mechanics of the interaction itself. Because, as noted in the Literature Review, with gifts of shares and employee shareholding in general, it is not only the intentions that matter but also the social dynamics between the actors involved - a social-exchange (Blau, 1964) and a gift-exchange theoretical framework would generate a more feasible sense-making of the process of transfer, as well as possible ‘reactions’ (impact) of the last partnership agreement underpinned by ‘mutual gains’, which this time also includes material/financial gains for all the actors involved.

The political will behind the role of ESOP in the privatisation was obvious to those inside Royal Mail when they recalled discussions they had with Government in the political phase. The privatisation and the adoption of ESO were driven by “lots of political reasons” but primarily the needs of the Liberal Democrat Party, who were the junior partners in the Government coalition as noted by one respondent in this study:

Senior Manager 4

“Ahm, there were (...) there were lots of political reasons. Several political reasons, Ah, and, sort of tactical ones. So, ah (...) politically, or rather sort of the main open reasons were EO delivers better engagement, efficiency, and very much a Liberal Democrat policy where EO is a good thing. And, therefore, this could be a shining example of EO. 10 per cent largest ever free share, you know, gift to employees, Government privatisation, and that's what they wanted to say. And to be seen to be delivering. That was very much what they wanted to do. Ahm, if you take a step back and look at it from a political point of view ahm, it was an attempt to try and placate the unions who were very much anti-privatisation, but of course 10 per cent free shares just didn't wash at all and it was a non-issue as far as the unions was concerned; they weren't buying that.”

The political phase discourse around the adoption of the ESOP at Royal Mail reflected the stance in the Liberal-Democrat political manifesto where EO is good for individuals, companies and societies. This discourse highlighted the desire that “every employee [is] to be a part of the ownership of the company as a result of privatisation.” (Senior Manager 4). The official Government rhetoric around the gift of shares continued to be in line with the academically derived employee ownership discourse—EO is good for the business, for employees, and for society at large.

However, some Conservative politicians involved in the privatisation diverged from the official Government line and stated instead that the gift of shares was a ‘thank you’ for the hard work to transform Royal Mail into a viable commercial organisation. For example, the Chancellor at that time, George Osborne, stated to a City audience at Mansion House that because of the successful privatisation of Royal Mail to better “serve its customers” they were “going to make sure that there is a special bonus for the workforce who have done such a great job turning Royal Mail around. Thanks to them, Royal Mail’s share price has risen; so we’re going to give more of the shares to the staff” (Kollewe and Goodley, 2015). The case put forward here is that only private organisations can effectively serve customers (i.e. the public) and that employees can influence the share price. This meant that the Government discourse was split from the outset, talking about ownership by employees but

also, confusingly, blended with the ‘efficiency’ discourse which promotes that state enterprises should be liberalised to remove the political contingency blamed to create tensions and strategic indeterminacies to the detriment of the organisation’s development and growth (Batstone et al., 1984).

Thus, even in the discourse of Government at the time of transition there were tensions between social partnership messages and managerialist gestures. There was a lack of certainty about what share ownership meant at the level of the individual, with that uncertainty characterised as ‘noise’. The Government was as likely as anyone else to muddy the waters and use managerialist arguments about performance when explaining the benefits of ESO to the Royal Mail, as one senior manager stated:

Senior Manager 4

“It's very hard to understand and measure uh, this whole concept of discretionary effort and what people do differently, how they behave differently as shareholders as supposed to before they were shareholders. And of course, even if you did have a measure, how much noise is associated with that measure from other factors. [...] so it's extremely difficult to do. And even while we were going through the... whole discussion with Government about what the best thing to do was. Both Government and us sat at the table looking at each other and going - there's no golden bullet here, is there? You know, there's nobody out there done any research that tell us (..) there is a direct correlation between share ownership, engagement and efficiency. Uh, we can't prove it so, we just gonna have to go with, you know, gut feel here.”

Whilst the Liberal Democrats’ desire was to pass some ownership to all employees as part of the privatisation, there was not a settled view on how this could be achieved. Given the low disposable income of most front-line staff, selling the shares, even at a discounted price, would have not been conducive to broad-based employee share ownership that the Liberal Democrats favoured. Thus, *gifting* shares would ensure that everyone would have an equal footing on their way to becoming employee shareholders. But the decision to gift the shares further confused the official discourse choice as the notion of gifting brought with it the idea that the gift was either a ‘thank you’ gesture (as with the George Osborne speech) or an act of generosity on behalf of the company and an introduction to the benefits of shareholder capitalism. The view of one management respondent was that the gift would signal “recognition that being a shareholder and the success of the company has delivered them, you know, a dividend.”

During the political phase, Royal Mail had no power over decision making, but only the opportunity to persuade the Government regarding the size of the gift of shares. Even so, Royal Mail managers felt that their influence was minimal. A senior manager stated that after the first allocation of 10 per cent on 15 October 2013, there was no further consultations with Royal Mail, and the decision to allocate further free shares to employees was made unilaterally:

Senior Manager 4

“That was a surprise [...] because there had been no dialogue. With the 10 per cent, yeah, it was from very early on, it was all part of the business planning. [...] So, it was very much ah (...) ah, to deliver what the Government wanted regardless of what the company wanted which was secondary almost (..) to the whole process.”

Once the privatisation was underway the ownership of the naturalisation process was transferred to Royal Mail, whose own Board appeared to have split views of the purpose of share ownership. Some executives were keen to foster an ownership culture throughout the workforce, others pushed for shareholding to be used as a form of managerial incentive, and a third group were quite happy to move on without any employee shareholding. And, even had Royal Mail been inclined to continue with it, the involvement of Ofcom gave tacit permission to shift towards more managerial framing of the share issue to employees.

Ofcom’s logic was that the customer is of the utmost importance, and since front-line staff were in direct contact with the customers they would be the ones to be made accountable for any customer dissatisfaction, which would undermine the Universal Service Agreement. Thus, Ofcom’s pressure on Royal Mail to deliver ‘efficiency’ and consumer satisfaction, drove senior managers at Royal Mail to seek ways of addressing these performance issues highlighted by Ofcom through the means of ESO. Performance-based pay, which implies a line of sight between employees’ effort and individual performance and the overall wellbeing of the organisation, was one option considered. And with privatisation the burden of performance risk at organisational level has been shifted from the Government and management of Royal Mail to all employees—especially the unionised front-line staff.

After privatisation, decisions regarding employee share ownership have been heavily affected by the pressures put on Royal Mail by Ofcom regarding increasing efficiency and productivity within the organisation through a flexible workforce, ideally benchmarked against competitors’ performance and employment practices (Ofcom, 2014). Very quickly Ofcom, rather than the politicians involved and Royal Mail management, had an indirect influence

on what ESO was supposed to be and how it should be viewed and used in the organisation. Ofcom's concerns about the performance and efficiency of Royal Mail have been ongoing since its inception. Jonathan Oxley, the Ofcom Competition Director, stated in March 2017 that:

“Royal Mail still has room to improve. So we'll keep a very close eye on all aspects of the company's performance, and step in if we need to protect consumers from high prices.”

Ofcom's (2014: 8) tone regarding Royal Mail's efficiency as articulated in one of the first reviews post privatisation, was no different:

“We set out our expectation that Royal Mail would use the additional flexibility and commercial freedom within the new regulatory framework to secure the long term sustainability of the universal service in a manner that responded to its customers' needs, and noted that if it did not act as we expected it to (particularly with respect to improving its efficiency) we would, if necessary, be open to reviewing the regulatory framework within the seven year period. “

Therefore, in the case of Royal Mail's privatisation, the tensions intrinsic to state enterprises between the state's role of protecting capitalistic interests and at the same time legitimising social solidarity prevailed even after the flotation of the company. Whilst the initial political figures, and the Government in general, retreated from the control and governance of the organisation, the control was legalised and legitimised by the Government in the Postal Services Act 2011, which gave Ofcom the responsibility and powers to regulate postal services.

4.4.1 The short shelf-life of the social enterprise discourse

As has been demonstrated already, there were obvious tensions between the Liberal Democrats, who wanted to make a statement by insisting that Royal Mail's privatisation should include a form of employee ownership, and the Conservatives, who wanted the privatisation to be successful and without any incidents which could have disrupted the flotation of the company. However briefly it flourished, the partnership discourse did not disappear completely. Some of its elements survived in the discourses distributed throughout the organisation; mainly by those with the means to do so, e.g. senior and middle managers.

The accounts of senior managers started with a narrative of a new beginning for an old and struggling organisation. Privatisation was a way of modernising Royal Mail, and employee share ownership was to facilitate this strategic program. Share ownership would create mutual vested interests resulting in minimised antagonism between employees, unions, and management. Employee share ownership was understood to give a stake and a voice to employees as well as a feeling of ‘belongingness’. The free shares created an expectation that things would change between all stakeholders, and the gesture of gifting the opportunity to become shareholders meant that, in addition of it signalling care toward employees, Royal Mail created an arena governed by the norm of reciprocity. When the gift was made, and beyond, employees were given, implicitly and explicitly a set of expected behavioural instructions—a change in the mindset hoped to stimulate discretionary effort and care toward the organisation: commitment to the success of the business.

However, how exactly employees are supposed to exert discretionary effort, especially among lower grades, is not entirely clear. Also, Royal Mail’s *modus operandi* has always created a tension between flexibility and rigidity as highlighted in the previous chapter. Royal Mail’s employees have traditionally been restricted by internal rules regarding their conduct and behaviour. Such contradictions are dichotomous with the doctrine of discretionary effort and the values and principles rhetorically articulated during the marketization programme. More recent evidence (e.g., Beale and Mustchin, 2014) found that, if anything, the modernisation programme at Royal Mail in recent years has only strengthened the ‘aggressive management agenda’, and an increase in management punitive practices has been reported.

Nevertheless, senior managers and line managers were happy to reproduce the ESO-discretionary effort-rewards message to their staff, even if they demonstrated that they did not understand ESO or the adopted plans as one senior manager stated:

Senior Manager 2 - 5

“So, eh - no, I don’t think it was. (..) So we origin... so, anybody could purchase shares or submit a request about shares when it was up for flotation. Yeah. I didn’t do any at that time. And then a year after, they went to the Save As You Earn scheme. Yeah. I don’t know whether that’s the EPO though, is it?”

For managers – and for some employees – who wanted ESO to work to create a shared social enterprise (i.e. employee shareholders gaining increased involvement, participation and voice), it was important that Royal Mail and senior managers utilised the gift of shares to rebuild employees’ trust in the establishment and its leadership. The political architects of

the plan wanted to ensure a broad-based ESOP. If senior managers with an annual income of over £55,000 had previously stated that they could not afford to invest the surplus from their income in shares due to other “more important factors”, it was thought unlikely that staff earning around £25,000 would do so.

Senior Manager 2 - 3

“Uh, so I’ve never purchased any sh.. shares before. Ehm, not that I hadn’t... consciously made the decision, simply because of circumstances. Young family being brought up. Trying to buy a house and most of any surplus earnings were going in to reduce the term of a mortgage and things like that. So, it’s not really that, ehm... it’s a conscious decision not to do it, if that makes sense, because of what I consider more... ehm, more important factors that I wanted to do with... with any surplus money.”

Whilst the social enterprise discourse was the initial explanation that senior managers offered up for the share issue in interviews, this discourse was not sustained when the questions asked were structured differently. Examples of different framing included changing the topic/subject of the question from employee share ownership effects and outcomes, to what is more likely to be effective in meeting those effects. The interviews started with open-ended questions about participants’ experience of shareholding in general, and in their current employment specifically. Some of the questions asked were: “Could you talk me through what happened when Royal Mail was privatised?” and “When I say employee share ownership, what does that make you think of?” These questions generated the first discursive theme of mutual vested interests which are believed to result in increased discretionary effort, employee voice, and a feeling of belongingness. However, when participants were asked about their *personal* experience with shareholding and what they thought was most likely to generate the desired outcomes of efficiency, discretionary effort, and commitment to company success, participants turned to explanations based on management style and designed productivity-based incentives.

The social enterprise discourse that was initially presented in the interview also broke down at the point when senior managers spoke about their personal and professional experience of gifts in the workplace. Senior managers’ attitudes to gifts in the workplace was not a positive one. They were sceptical that gifting shares would work, not least because it was unlikely that there would be future gifts of shares and employees did not have the disposable income to invest in shares. Senior managers and some line managers and employees spoke about preferring a productivity reward scheme, not equally distributed gifts/rewards. In

times of change, managers reached for familiar managerial tools rather than putting their faith in gifts.

4.4.2 Productivity and performance re-assert themselves

After the political phase of the privatisation, the discourse that managers were exposed to was one that blended messages about the importance of ownership, responsibility, and mutual vested interests, but stressed to employees that the objective was not for them to become managers but to work more closely with managers and their interests – a way of reviving and cementing the last partnership agreement (Beirne, 2013). The shares acted as a symbol for shared goals and interests. The personal stories shown in the ‘Together for Growth’ training videos stressed this collective endeavour towards profitability and laid the groundwork for managerial messages of productivity:

Delivery Director

“You can do things in a different way. You can do things rather than pushing through, you can do things without being adversarial. I think Together for Growth made us realise we've got a common agenda; we've got a common goal. I think we have many more informal conversations now. We tend to run things past each other.”

Division Substitute Rep.

“It was trying to improve relationships with each other. So, we're trying to build relationships going forward. I think the impact is we are more open and we're trying to improve relationships at local level. Hopefully, going forward, the members will understand the need for change.”

CWU Rep.

“What you learnt on the day was "how are we going to go and take that back and adapt that to our office and the way our office works?" It's about a bit of give and take on both sides really. It's essential for the future of the business, isn't it?”

Once they were handed responsibility for the privatised company, the management produced and disseminated communications that built on the basic messages of ‘Together for Growth’ in which they would “tangibly and repeatedly and consistently” remind employees about the benefits of share ownership for productivity gains, and in turn for their own financial rewards from these productivity gains. Discretionary effort expectation and discourse becomes a key part of the ESOP message. Senior managers and union representatives report receiving the same standardized message about the link between share ownership and engagement and

productivity gain. This ‘fact’ of share ownership is further cemented via the training programme—individual share ownership and responsibility lead to increased firm performance which in turn generates dividends to all stakeholders, including the employees.

Senior Manager 4

“[...] tangibly and repeatedly and consistently [...] so that people get it, the link between what I do, what it means to the company, and what the outcome of that is, financially.”

Shares that were initially a commitment to a social partnership, then a goodwill gesture, were quickly transformed into just another managerial tool for performance management and reward. Whilst the espoused purpose of ESO was to develop a community, the enacted purpose of ESO was to reconcile antagonistic relationships between employees, unions and management. The construction of a shareholding employee projected by management was that of an employee who co-operates with management (vertical alignment), who shares the same interests with the organisation (increased productivity and share price), who gives back (reciprocal expectations), and who assumes responsibility for and ensures everyone is as efficient as possible (control and monitoring of shirkers). Such discourses function hegemonically to maintain the shareholder identity which systematically subordinate those who do not meet these characteristics and to promote a commercially efficient organisational structure (Mumby and Stohl, 1991).

It is no mystery that the adoption of ESO through gifted shares served to strengthen the partnership agreement and to dampen the ‘militant’ industrial relations within the organisation (Gall, 2005, Parker, 2014b). One possible explanation, at a surface level, for the shift in discourse from an inclusive one to a harder emphasis on performance and productivity may be a lack of understanding by senior managers. However, on closer inspection, it is more plausible that their intention was to initially attempt to sell the process of privatisation, which then was discarded in favour of a harder approach. The pressure put by Ofcom on the organisation and its managers to deliver performance improvements (including profitability) whilst respecting the universal service obligation may have influenced this shift in discourse, and practice.

4.5 Conclusion

In summary, whilst there were clear efforts to create and distribute a consistent discourse around the adoption of the ESOP at Royal Mail before and in the early stages of privatisation,

the discourse does not hold for long. Initially, the discourse around Royal Mail employees' involuntary shareholding was framed in an ownership and collaboration discourse more akin to employee ownership as preferred politically by the Liberal Democrats. However, their Conservative counterparts demonstrated the vulnerability of this discourse against more managerialist framings of the shares as a reward, or as a tool for productivity gains. Ofcom, whose own discourse was around improvements and modernisation, helped legitimise the managerialist perspective through the lens of consumerism and helped push the discourse of 'shares as leverage for performance' and crowded out the idea of shared ownership.

Managerial rationality was legitimated as the model of organisational experience by the end of this intensely political phase of discourse: employee-owners were expected to act in certain ways based on rationality, aligning their interests with those of the organisation because they would stand to gain from this; whereas a more emotional response from employees (i.e. resisting privatisation and the efficiency expectations) would be deemed to be inappropriate. Discourse and the rules which constitute it function to establish a particular organisational 'regime of truth' within which organisational members are simultaneously objectified (Mumby, 1988, Mumby and Stohl, 1991).

Chapter 5: Waiting for the transformation to come

“My whole life is waiting for the questions to which I have prepared answers” – Tom Stoppard

5.1 Introduction

In the last chapter I introduced the background to the adoption of ESO at Royal Mail and explored how share ownership was framed in contradictory ways by politicians. The partnership model of share ownership created little traction in the organisation and soon the narrative around share ownership reverted to one about incentives, performance, and behavioural change. In this chapter, I examine the discourse as it was experienced and reproduced by senior and middle managers. The chapter establishes that although there was an underlying feeling that share ownership would create a new working environment of reciprocity, the implicit expectation was that it was employees who were expected to change their behaviour as investor/employees in the firm. The data from the senior and middle managers presented in this chapter show them drawing on different discourses to negotiate their status and identity in relation to employee ownership. Whilst they stressed that a shareholding perspective is about community, collegiality, and common interests, through jokes and metaphors such as “taking a horse to water,” they negotiated the relationship between them and their employees. No matter the intrinsic rights in employee shareholding, employees is a class to be managed and educated, and that (naturally) is the job of a manager.

The ESO narrative in the immediate post-political phase settled into a story that the share issue to employees would lead to a redefinition/transformation of the employment relationship governed by the principle of reciprocity and based on mutual vested interests in the success of the company. It would happen. It would be so. The employer invests in employees (e.g. gifts of shares and pay increases) and in the organisation (e.g. in machinery) and, in return, employees reciprocate with investments in their employer, defined here as commitment to a company’s success—exerting discretionary effort and supporting the new strategic direction of the organisation. The transformation discourse presents ESO as the initial exchange that would trigger the reciprocal behavioural change by the employees. In this sense ESO is a *single* managerial gesture that is supposed to prompt a *continual and repeated* positive response by the employee. To do this, ESO has a difficult trick to pull off: it must

function as a transformation and monitoring mechanism, create a partnership/community, and signal care to the employees.

In the first section of the chapter I discuss the sorting and delivery centre general managers who enthusiastically embraced the idea that ESO would lead to a transformation of employee attitude and behaviour and the three employees who reproduced a similar formulation of the discourse. The managers were able to recreate the discourse of incentive and performance that is reinforced in the human resource management orthodoxy surrounding ESO. Shares signalled care, created a new partnership role, and yet placed the expectation of the behavioural shifts on the recipient of the shares. In the second part of the chapter, I look at the element of the narrative that came into play through comments such as George Osborne's about the shares being 'a gift' and a 'thank you'. The previous chapter already highlighted the ambiguous nature of the term, signalling the bestowal of a favour (joining the shareholding classes) but also suggesting gratitude on behalf of the giver. Faced with this problematic element of what is otherwise an uncontentious (at least for the managers concerned) discourse, managers preferred to shift the discourse firmly back into discussions of the managerial 'rules', where their identity and relational choices were under their control.

5.2 What were the expectations of transformation?

Employee Share Ownership, as initially presented by the Together for Growth Agreement and training programme, painted an idealised image of a Royal Mail workplace that would be governed by a sense of obligation. For all the participants who talked about share ownership as prompting a transformation, employees receiving shares (although, interestingly, this logic was never applied to their own behaviour) implicitly carried expectations regarding reciprocity. The main function of ESO, as envisaged by the discourse of transformation is that it facilitates a change in employees' mind set (from a 'public sector' mindset to a 'private sector' one) by creating a shareholding perspective in the organisation. ESO is seen to be the binding agent in aligning the interests of employees with those of the organisation through a transformation mechanism based on partnership, care, and profitability. This function is embedded in a unitarist frame of reference, assuming employees, management, and shareholding investors all share the same interests (Fox, 1974).

Managers who used this discourse in interviews, often started by outlining an idealised portrait of a 'new' Royal Mail i.e. one that is in control of its affairs for the benefit of both business and employees. In a privatised Royal Mail, profits are retained and reinvested in the

business instead of being given to the Government, and this has created a ‘common good’ for all those involved: wages are now pegged to the market, there is increased investment in technology, and there are fewer internal conflicts between unions, employees and management compared with its public sector incarnation. A conflict free organisation is a successful and efficient organisation because there are no disruptions (strikes) to operations and profits. The image of the organisation is not being compromised by industrial conflict, and it is operating for the common good.

Senior Manager 1 - 15

“[...] if you feel that you're doing a good job, or you're making money, or you're making profit, or you're making (...) you're doing things for the common good ... So, I think that was good. And I think that was also good that (..) they wanted you to be part of the (..) part of.. of the.. the destiny really, the future. 'Cause we are allowed to vote as shareholders also.”

The tensions between managerial prerogatives and employees’ and their representatives’ opposition to these have a long-standing tradition at Royal Mail (Darlington, 1993, Gall, 2005, Gall, 2003, Gall, 2001, Gall, 1995, Beirne, 2013a) as highlighted in the previous chapter. It comes as no surprise then, that middle and senior managers would show support for the values and principles laid out in the partnership agreement – commitment towards organisational business needs, the ‘common good’. Naturally, conflict is seen as pathological in a unitarist frame of reference and, of course, debilitating in delivering the marketization programme. The new shareholding identity then is meant to ‘unite’ all stakeholders in the organisation and it is believed to have the ability to end the historical antagonistic relationship between management and employees. However, the belief that shareholding would have such effect has been challenged by the industrial action attempts in 2013 and 2017.

The new focus on efficiencies based on profits and savings for the ‘common good’, naturally require major changes both in terms of ‘organisation’ and ‘organising’ to meet commercial realities. Employees were expected to ‘reciprocate’ by accepting change when required e.g. sacrificing a few via redundancies for the benefit of the majority.

Senior Manager 1 - 48

“Ah, I think a lower... in terms of, yeah, we've had new technology coming through, new machinery, and that is helping us stay in front. Where (..) pockets have been seen to be, eh, in terms of your admin, now I think that's all, you know, been shrunk, so, yeah, I mean there has been changes but with the pay deal that Royal Mail give its people, over three years, I think it's given just short of nine per cent over three years, you know, that is a huge pay rise

so it needs its money back somewhere. So, but no worries, no one's being forced to take redundancy, it's all been voluntary redundancy so, no problems.”

Whilst some of the changes might be perceived as negative – such as redundancies – *in the managers' view*, they were positive changes and necessary sacrifices. The redundancies enabled Royal Mail to utilise the savings made to invest in machinery and equipment (modernisation programme) as well as to pay higher wages "nine per cent over three years [...] is a huge pay rise, so it needs its money back somehow.” One senior manager reassures that no one should be worried about redundancies, because these were not "forced", these were "voluntary redundancy, so, no problems." In senior managers' accounts such excuses are used to justify the means through which the needed transformation is to be achieved.

And there is some evidence in the data that the privatisation did have some effect on changing *some* employees' mindsets towards the private sector.

Admin Staff 10 - 7

“Personally, it makes me a bit more mindful. I'm not as suspicious as some people are about receiving shares [...] “

Shop-floor Manager 7 - 16

“[...] some people might actually take it on board 'I need to work a bit harder' because my influence will influence it - the success of the company...”

Admin Staff 10 - 19 & 21

“[...] it told you about the influence on the matter and this is your reward for your hard work and this is the direction of the company. Now everything you do is even more important because, you know, it's share price affected and you've got a big chunk of those shares.”

Since privatisation there has been an increase in the information employees receive regarding the business, and which is explicitly linked with their shareholder status: “shareholding is about trying to make people to look at it more from a private view” (Admin Staff 8 - 30). In this sense, it is difficult to pull apart what is the effect of the discourse of transformation at the time of the privatisation and the effect of the increase in communication to them about the business. Increased communication has helped steer employees towards the redefined objectives of the private Royal Mail, especially with regard to the need to be a profitable organisation as the Government is no longer attending to potential financial gaps. Therefore, through ESO, the last partnership agreement has achieved what the previous agreements did not – to directly involve the employees, especially in providing information about the

organisation and its strategic plans, and not just involving a partnership between management and the union (Gall, 2005).

Admin Staff 8 - 30

“[...] when we were public, nobody really thought about it, no one really worried about it because the Government fund us.”

5.2.1 Transformation of the trade unions

Whilst managers' perception of the privatisation meant appropriating control over the affairs of the organisation, there was still one element hindering modernisation and growth in their eyes—the unions. The discourse of transformation was predicated on the belief that ESO would see the influence of the union replaced by the influence of shareholding. For example, because unions exist to protect employees, and employees are now shareholders, then it followed that unions should also seek to protect shareholding by supporting, and not resisting, change, growth, and development of the organisation. The expectation was one of employee inclusiveness, participation, co-operation with the organisation, not the union.

The growth plan, and the free shares, are therefore framed in the discourse as having tamed the unions. Unsurprisingly, this view was not shared by the union, whose officials argued that in negotiating the growth plan they outsmarted the Government and the Royal Mail management by gaining noticeable concessions for employees; including a pay rise of 9 per cent. The unions also felt that they had capitalised on the vulnerabilities created by the Government in their quest to create the new financialised ownership structure (Mustchin, 2016). Nevertheless, senior managers considered that unions were no longer in an antagonistic relationship with management: managers stated that unions are now considered to be business partners – however, as highlighted in the previous chapter, this may have been the case at the leadership level of the union, but most certainly not further down the ranks, as grassroots movements continued to develop and oppose managerial prerogatives and the marketization programme in general, despite the fragmentation and devolution of union activities achieved by the reorganisation of the company and how the union operates within it. These reorganisations and the split between left- and right-wing union members have resulted in an identity crisis within the CWU at the higher levels, and resentment at lower levels – who should the union be representing: management or employees?

Bridging the gap between union and management was credited to the CEO, Moya Greene, whose stated intention was not to alienate the unions but to include them at the decision-

making table. Evidence of this is found in the forging of the two agreements mentioned in the previous chapter between Royal Mail and the unions.

Unions deemed to have been transformed into business partners are seen by senior managers to care about the 'health' of the organisation—an important attribute in times of change needed for the long-term stability and growth of the organisation. By unions collaborating and not striking, the common good was protected because there was no disruption to operations or any damages to the image of the organisation which could affect the share price. If union behaviour reduced the value of employees' shares, management believed that the employees would hold the union responsible for their financial losses.

Senior Manager 2 - 19

“Oh, I can see lots of change to be perfectly honest. I think, ehm the way, eh, Moya has ehm managed the unions post-privatisation and through the flotation, I think has been incredible because she's got them into a place where they understand the commercial realities and the history of Royal Mail, of strikes here, there and everywhere and thousands of days lost to industrial action. I'm not saying it's over and done with, however, it's been... it's been more maturely and sensibly managed. You know, the time will come where there'll be another flashpoint (..) but I think we're in a more mature relationship now with the trade unions, because of the consequence that industrial action could bring. Now, in return for that, she holds the trade unions' business partners, which I don't believe they had that relationship before. So, I think the woman is in... truly an amazing individual. As tough as she is, she's changed the whole mindset of the union and managers to work better together, so we put the heart of the business, eh, everything we do.”

The discourses of the market and customer have been employed by management at Royal Mail in previous attempts at creating a 'partnership' relationship with the union. Such initiatives have been heavily criticised not just by the employees and lay officials, but also by academics (Bacon and Storey, 2000, Gall, 2005, Martinez Lucio and Stuart, 2004, Stuart and Martinez Lucio, 2005). The discourses employed by management, and the union's leadership use of these discourses have not 'redesigned' industrial relations, but have marginalised the union overall (Bacon and Storey, 2000).

5.2.2 Transformation of the employee

The basis of the expectation of behavioural change on the part of employees – as seen by middle managers – is the understanding by employees that Royal Mail *cares* for them and shows this by allowing them to participate (financially) in the organisation. The allocation of

shares (regardless of the original intentions of the Liberal Democrats) functions in this discourse as a gesture that would re-establish trust in the employee-employer relationship—putting aside any differences and historical antagonism.

Senior Manager 1 - 44

“When I say Employee Share Ownership, what does that make you think of?”

When you say to me I, I make it, makes me think of Royal Mail and how lucky we are here with this company, you know that they've invested with us. Ah, they've, they've given pay deals out in terms of pay increases and given you know (..) the recession, the competitive world of parcels and letters, you know, that's something that no other company is doing. So, for me, Royal Mail say we want to look after you but also we want you to give your best while you're here. I don't think anyone can argue with that. For me, you know, it's a win-win.”

The gesture demonstrates goodwill on the part of the company.

Senior Manager 1

“They [Royal Mail] didn't have to do it [...] in a way, it's Royal Mail looking after you as a person.”

How, then, did managers think that the employees understood exactly how that care should translate into action on their part? One senior manager thought that employees would understand what was required because it was communicated through new questions in the Employee Opinion Survey.

Senior Manager 4

“[...] in our employee opinion survey from March this year, there was a question that we specifically put in there for now and to monitor going forward, which ah the question was [...] as an employee shareholder, I am committed to the success of the company. And we've got a 64 per cent positive response to that, agree - strongly agree. Varied that score, varies quite dramatically, well, varies significantly around the country, ehm but that was the overall score. What was worrying is that we only, is that amongst very senior managers is not a lot better than 64 per cent which is a bit scary, but, you know, that's a different matter /laughing/“

Senior managers interviewed for this study were optimistic about the effectiveness of how the caring message, and the behaviour required in return was being communicated and received.

Senior Manager 1 - 34

“People do know now what, you know, three quarters of them do know now what is expected of them and what Royal Mail has to do. So yeah it's a really good thing and I think what the employee survey does, some of the questions, it ties in, you know, with eh (..) getting the best out of people and what Royal Mail strategy is, going forward. So, yeah, really good how it links in.

Shop-floor Manager 1 - 49

What would be the two best things about the SIP?

Being part of the company is one, for sure. (...) And feeling valued because of everything...

So that flows from it?

Yeah.

How does that happen? What do you mean by being part of the company?

Well, I can have a say if I (..) you know, in the company. And my actions (...) it's quite good when as a manager I can say we want to be more profitable and people say why do we want to make more profit, because we've got shareholders to pay. And they say - these shareholders (...) yeah but the shareholders are you! So, it can work quite on a positive that way. Helping people be a little bit more (...) objectively about it.”

The shares are accepted as signalling the employer's care towards its employees by providing an opportunity to all employees to join the community of shareholders, to be involved in the destiny of the company, as well as by creating a stepping stone for further investments. However, managers also felt that if employees did not understand the message that the shares carried then it was a failure on their part.

Senior Manager 1 - 28

“So, now being direct ownership, the employees feel a bit more...”

Yeah, I think they do. If they don't, that's up to them but... a business can only do so much, can't it? For the person, you know, you, you can take a horse to water but that person has got to see the differences for themselves as well.”

And, after all, the shares had been given to them as well, and they understood the gesture and how it should be reciprocated.

Senior Manager 1 - 30

“I think, in a way you're always trying hard but what you do is, I think you work harder, you know. Or not necessarily longer hours but you'll work smarter. You'll talk to people more, you'll communicate and I think in general we all have a common goal (..) eh, and it's to remain employed, to do best for business, and to do, you know, to do what's best for the individual, as well, you know. So, you do, you do, I think you do that without thinking now.”

Senior Manager 1 - 22

“[...] Really good because in a way you're getting something for nothing, really. 'Cause you chose to work here, it's your decision as a person and Royal Mail, I took it as Royal Mail were investing in me to give something back [...] Because if you've got shares you're more likely to contribute and to be involved and (..) you could see the business. You'll give ideas and you'll promote ideas, as well, with your staff.”

Such views on employee involvement and participation in the organisation are not new at Royal Mail. Thus, management is not drawing on ideas of shareholding in generating these perspectives, but from previous involvement and participation programmes rolled out at Royal Mail since the late 1980s (Beale and Mustchin, 2014, Beirne, 2013a, Jenkins et al., 1995). They merely reproduce the same rhetoric consumed within the company for the last three decades in their sense-making of their, and employees' involuntary shareholding.

5.3 The narrative characteristics of the discourse of transformation

The importance of understanding narrative practices within overarching discourses, as proposed by Potter and Wetherell (1987), is to better understand participants' own and others' actions. Given the variation in the participants' use of the discourse of transformation, the meaning of shareholding and its effects by those who deploy it can be teased out by closely observing how it takes responsibility, manages accusations, and claims credit.

The discourse of transformation constructs narrative characters in three ways: 1) the manager as leader, 2) employees that need managing, and 3) the unions that stand in the way. The first characterisation sees managers as needing to take new roles in leading a private and competitive Royal Mail. It is leaders' duty to motivate employees, to help them attain the line

of sight that their performance contributes to profitability, and to foster a culture of teamwork. The work of this narrative is done via accounts of having to ‘drill further down the chain’, and the key message that as shareholders, employees have responsibilities and duties—to self and to other shareholders.

Employees on the other hand were constructed as characters that need managing, but in a firm and strategic way (because of their current weaknesses created by a heavily unionised environment and the public servant mindset). Employees must be taught what a private Royal Mail stands for and to have the expectations of the new employment relationship explained. However, in doing this, leaders must be firm and if there is opposition, the only way forward is to cease the relationship with those individuals—“A business can only do so much [...] you can take a horse to water, but that person has got to see the differences for themselves as well.”

The third group of characters present in the reciprocal investments discourse is the union. The union is defined as a stirrer but with power to mobilise collective action; thus, it must be treated with care. ESO and the new strategy of the company, as already discussed earlier in this chapter, are deployed against this group via the partnership expectation where the gift of shares (also accepted by union representatives) is seen as an invitation into a relationship based on mutual interests and increased involvement in decision making and the running of the business. In effect, the unions are to be neutralised as the antagonistic ‘other’ by being cast as valuable business partners.

5.3.1 Managers

Senior managers understand this as a way of educating employees of commercial realities, such as competitors and the need for profit maximisation and wastage minimisation, through personal experience of shareholding. It is within this discourse that senior managers construct their self and role in supporting the strategic plan, including the privatisation and the ESO. Namely, they feel responsible to propagate the message to employees and at the same time they themselves feel accountable for their own decisions, which they perceive could have a potential negative effect on employees’ shares portfolios. ESO is seen as good for the ‘managers as leaders’ narrative within the discourse because privatisation is associated with “empowered managers”, where empowerment is seen as constructive because it comes with feelings of responsibility and ownership for the decisions they take. As one manager stated, there are a couple of positive reasons why ESO was useful for managers in demonstrating leadership:

1. It makes senior managers more conscious of decisions they make as senior leaders (to protect the business)

Senior Manager 2 - 13

“I do. And the reason why I think it’s good is that I would, for me, ehm, (..) like I said I don’t work any harder but what it does do, it makes me more conscious about the decisions I make as a senior leader. So, I need to make different decisions to protect a number of things that could affect this business.”

2. Staff can now see how they contribute to the business and to their own ‘pockets’. The role of senior leaders is to convince staff of the association between their performance and the business performance and the benefits from this association, if done properly. They are also cautious of how they tailor the message to employees because of the heavily unionised industry.

Senior Manager 2 - 13

“[...] so the messages that I give out to my people on that shop floor, I need to tailor differently. I think for those people down there, it’s a heavily unionised industry, and what I think this does, is it puts them, gives them different food for thought. Actually, if I come to work and do that, then that’s not going to contribute to this industry. But if I come to work and do this, then it will and my little pot of money might grow. So, I think... I would like to think it’s changed people’s mind sets. Even the hard-nosed militants in these plants I know have bought shares. So, I’ve worked... this is the third... the second time I’ve managed this unit, and the third... it’s the third plant I’ve managed in the UK, and I know, around the country, hard-nosed militants that were against it, have spent a fair bit of the money buying shares. Yeah, absolutely. So, I.. I think that in itself tells a story. Because even though they’re against the ‘regime,’ they still have a degree of confidence in the business. Which is positive.”

The message that they carefully design and deliver to their staff is in line with the ownership discourse and senior managers, and some line managers are keen to educate staff using rhetorical tools such as analogies and metaphors, reconfirming employees’ worth and power to influence the company’s performance and, as a result, their own remuneration package; because now they are more than just employees, they are employee shareholders. The word ‘worth’ is key here, because at this point, managers consider themselves to be very much like ‘coaches,’ helping staff to see their worth and contribution to the success of the organisation. An example of such an instance is where one senior manager provided an analogy where he perceives himself to be akin to a sports coach, valuing everyone involved in the game, not

just the players, and praising their contribution that they indirectly make toward the success of the team, and without which the team would have not performed as well. The assumption here is that as managers, they should understand that not just those players with direct effect on outcomes are important, but also those who have an indirect but potentially game-changing effect.

Senior managers produced three kinds of narrative characters in accounts: one character was developed to explain the role of management, and the other two for the actions of employees. The role of management is to be controlling, coach-like, and ruthless (letting people go) and this was depicted as natural or as requirements intrinsic to the role. The rational social agent must learn at least a veneer of control, albeit an imperfect control over employees. On the other hand, employees are constructed in senior managers' accounts as either naturally motivated or unmotivated, thus any incentive interventions are considered futile, and a more 'military' regime is preferred. Senior managers and some line managers praised the decision to allocate shares to employees and perks in general, but at the same time they condemned their 'effectiveness' in inducing motivation.

Whilst the senior managers interviewed in this study painted a rather positive construction of themselves and their managers, they critiqued at the same time other managers from the headquarters. They constructed local managers in their own image, coaches, and justified the need for change dressed as reform, redundancies and restructure through the prism of their perceived tangible natural state of affairs and human behaviour—some people deserve to be disposed of, or the goal (the end) justified the means because some people are naturally unmotivated. Headquarter managers are portrayed as removed from the 'local' and seen as strategists who do things to impress, for fun, for personal interest, or to empower themselves.

5.3.2 Employees

The expectation discourse arises from neo-liberal core beliefs in individual entrepreneurship, responsibility, ownership and less dependence on the state. Senior managers define efficiency in their accounts as “working smarter”, but not necessarily “working harder,” or “longer hours.” What they mean by ‘working smarter’ is an expectation that employee shareholders, and those non-shareholders aspiring to become shareholders, would show a strong commitment to the company’s success and to its new strategy—refocus on parcels, more so than letter delivery which has been a declining business in recent years; ironically, mostly due to the liberalisation of the market (Beale and Mustchin, 2014).

In other words, it is believed that a private Royal Mail, where employees have a stake in the business (mutual vested interests), is more efficient and the role of ESO is to secure employees' discretionary effort, suggestions for improvements, monitoring productivity losses as well as poor decisions by supervisors (monitoring upwards).

5.3.3 Unions

The unions, in senior managers' accounts, are like the 'stirrer' who are known to block progress and growth through collective action and thus are an enemy to efficiency and commercialisation (modernisation). Thinking in terms of wider ideological consequences, it is clear how this technique for making sense of collective action might protect and maintain a certain kind of status quo unchallenged. To the managers, unions don't need to be taken seriously or speculated about any further as they have no genuine motives and are completely defined by their understandable 'stirring' behaviour. They are a source of antagonism, but they too fall foul in front of temptations. As Potter and Wetherell (1987) suggested, the interviewee is like a trait theorist and the discourse analyst witnesses not a description of reality but a construction of events with particular practical consequences. In this case, senior managers have constructed an account where unions and their representatives are discredited and their ideological principles challenged—because they too received the shares and are now part of, not standing apart from, shareholder capitalism.

5.4 The problem of the gift

Within the accounts of managers there was an obvious tension as to what sort of 'gift' the shares represented. When senior managers referred to the 'gift' of shares, they understood it almost in the sense of being blessed, an experience and an encounter that created in the employee a new shareholder perspective—perceiving and understanding mutual vested interests. One received the 'gift' of shareholding in the same way as someone might talk about the 'gift' of sight being returned to them after an operation. The senior managers also understood that the fact that the shares were 'gifted' i.e. were free rather than having to be purchased, made shareholders out of employees who would not have been able to afford shares. Although it was understood that this was a political act in order to make the privatisation palatable to the public and reluctant backbenchers, the allocation of shares to individuals who would not otherwise be shareholders was a source of discomfort.

Whilst there is gratitude for the gift, managers were aware that gifts invite speculation on the intention of the giver. Given the context within which the gift was given, it comes as no surprise that even senior managers allow themselves to have a view on why the Government had chosen to allocate shares universally. Such views were usually presented towards the end of interviews.

Senior Manager 2 - 11

“I think it was a fantastic gesture. The business didn’t have to do it. But I also think, cynically, it was a way of easing in the, ehm, easing in the, eh, privatisation with the trade unions. Because actually, they got something out of it. Not just eh, a quick two hundred pound pairs. You know the, hopefully, the shares in the future will be worth more than a quick buck and people can build on that. It almost gives them a stepping stone to further investment, depending in which age category they fall in and, eh, the financial, eh, (..) situation that they’re in at the moment.”

The gift was also interpreted as a “sweetener to make the journey [privatisation] less bumpier.” But whilst managers could see that the shares acted as a sweetener for the ‘other’ i.e. the ‘ordinary’, unionised employee, they never saw it as such in relation to their own actions. They did, however, explicitly state that it was a sweetener for the union.

Gifts were difficult to accommodate in the managers’ worldview for two reasons. The first was because they were given equally to everyone and were thus seen as unfair to those *deserving* of rewards for their performance and commitment. In an ideal business world performance-related incentives and rewards are given to good performers only. Whilst universality was seen to be inclusive in terms of hierarchy, e.g. “[all employees are entitled to free shares not just] people at the top [...] it’s right that that reward is rippled down, right down to the bottom”, the stronger feeling was that if shares equalled financial reward then shares should only go to good performers. The universality of the allocation did not recognise differences between workers and their performance or loyalty. In this sense, the gift of shares has created a feeling of inequity in those who have either been with the company for a long time, and/or see themselves as worthier of a higher valued gift because of their high performance.

The second reason is because the gift was not one that would normally be valued by the population it was given to. As one senior manager explained: share ownership is discriminatory because it normally excludes certain groups of employees, mainly due to their

limited disposable income. In this sense, what is important for senior managers is to inculcate a 'shareholding perspective' in their staff, acclimatising staff to a shareholding perspective by reminding them of their new identity as shareholders and of the benefits as well as of the obligations and responsibilities intrinsic in this role.

Managers reflected the optimistic and taken-for-granted view in the ESO literature that ESO will lead to increased discretionary effort and would probably continue to do so in the absence of evidence. It has been reported that managers attribute productivity increases to ESOPs even when studies showed no support for this claim (Blasi, 1988). In that sense, managers find it hard to see past the gift, and assume that employees will conform to the obligations embedded in receiving a gift: to give, to receive, and to return (i.e. reciprocity, or indebtedness) (Schwartz, 1967). The obligation starts with the acceptance of the gift. But managers were not entirely confident that the obligation was a permanent and binding one. But one concern was what would happen once the organisation stopped gifting shares. Managers were aware that employees were only tied to their shares for five years. And that the expectation was that lower paid employees would sell their shares whenever it was possible to do so. The gift created expectations on the part of the managers. But if the gift was a single event, or the shares no longer held, would staff continue to think about the success of the company and about paying a generous return to shareholders?

In theory, the acceptance of the gift meant that a lasting partnership between management, employees and unions had been created. A notable issue with gift-exchange relationships is trust. For such relationships to grow successfully all parties involved must trust that each other will reciprocate and continue to do so (Molm et al., 2000): employees trusting that management will reward their additional effort, and managers trusting that employees will reciprocate rewards and improvements to their quality of life. Failing to reciprocate would have long-lasting damaging effects on both sides: employees could potentially and consciously put 'spanners in the works' whilst managers would increase the severity of punitive action.

So, when managers tried to accommodate the complex and ambiguous notion of 'the gift' into their narrative of the share allocation, they became uncomfortable. The conflict was between gift giving rules and norms and their (arguably stronger) sense of 'business rules'. Managers were discomfited by the idea that a gift relationship would be sufficiently long-lasting or robust enough to secure the necessary preconditions for lasting change. Instead, managers reverted to a discourse based on managerial rule accounts. Rule accounts,

according to Potter and Wetherell (1987), give discourse analysts the means to understand participants' view of the world and are important because work and organisational social life is governed by norms and rules (e.g. policies and practices). It is the conformity to rules (formal and informal) that produce cultures.

5.5 Managerial rule accounts

As has been evident in the managers' accounts to date, it is an unchallengeable business 'rule' that in a private organisation where most, if not all, employees are also shareholders, that share ownership increases discretionary effort (Oyer, 2004). Employees who own shares in the company they work in "work smarter", because they see how their behaviour and input would result in a bigger pay package. This certainty arises from two assumptions: 1) lower paid employees who hold shares would naturally be attracted to the potential of higher pay; 2) mutual vested interests create a monitoring culture where shirkers are challenged. Of course, one of the other assumptions embedded in this view is that employees can easily observe and understand their impact on firm performance and that firm performance is accurately assessed through the share price.

The incentive 'rule' rests on the premise that a viable and successful private organisation motivates employees by rewarding 'good' behaviour and punishing 'bad' behaviour. Distributing a 'gift' to everyone regardless of worth runs counter to the accepted managerial rule and in the interviews, managers sought to move the discourse around transformation away from talk of gifts, and towards talk about performance. Gifts were too fuzzy and non-discriminatory when it came to high performers because gifts – especially gifts of shares – were distributed equally. Therefore, such gifts fail to motivate high performers to sustain their performance and discourage underperformers to want to become high performers, because there is no incentive for them to behave in such a way. In other words, complacency, slacking, and the mentality of an expectation of their right to a job is least likely to change into competitive and high performing units when everyone, regardless of their productivity, receives the same rewards.

Senior Manager 1 - 72

"I think one thing we could do in terms of.. would be productivity per unit. Could we offer some, you know, 10 per cent of that share scheme in terms, could we turn it into some productivity. Where if ya at unit is high performing you know, can you get more or at a unit where it not performing you know, can it go down. So for me I think you always have people

in large companies who give more than others. But for me you should reward them who give, more. Where some people could sit on their backsides doing absolutely nothing and still get the same as a hard working person. So for me I'd like to see some sort of like productivity in there.

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I think there would be, you know (..) we do have people that eh, just want to come to work and do their hours, but you know be really efficient, but you know, we've got people who want to stay longer and have overtime, you know, we got a, a real mix of people so for me, I would going back to that I would put some productivity bonus in there, as well, for, for each unit where you are at.

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And I think in terms of Royal Mail's bottom line, I think that would only assist the company going up because (..) your lower performing ones would want to get better. So, you know it's about raising the bar.”

Senior managers also argued that the shares, although welcomed in some senses, were not needed if managers were performing well. Being a 'good' manager (again there were rules, mostly about communication and making themselves available and visible) would naturally motivate staff if employment was secure, and employees were involved in planning their work. Financial rewards could be done away with and replaced by praise and recognition. An example of this, given by senior managers, is a comparison between underperforming units and high-performing units. They see the difference to be down to the management style and to a dual communication between staff and managers.

Senior Manager 1 - 60

“Ah, my style is (..) very hands on, eh, but very coachy. I like to see people develop so we train them where we can. I like to see, I like to see tasks done to timescale eh, but I also like my managers to communicate with staff. So, that is, that is the bridge where we often fall down in terms of a large company, we don't communicate enough. [...] I've been at units where the line managers don't communicate with the staff and they generally are poor operational units. Whereas if you get, where you talk to your staff, you tell them the problems, 99 times out of 100 (..) an idea will come from one of your people out there and will solve it (..) and you put that into practice and they can see things changing. And it's their idea so, they come back again and give you another idea. That's what you got to do. I think, it's often a miss-trip, but once you get your staff engaged you know via communication (..) you can achieve anything.”

The same argument was applied to their senior managers who were blamed for being disengaged and removed from the 'local':

Senior Manager 1 - 62

"They need to come down and see managers operationally, and see the operation more and you know, not solve all our problems, because there's a problem every day.. [...] I just want to see them getting out and about with delivery office managers and, and staff. You know just being available. You know, ask them questions but also filed [sic] questions from them as well. 'Cause I think if they see ya and if you can ask them questions and they find that you're approachable they are more likely to come back and give more."

The belief that motivation could not be bought was supported by one manager by referring to his own motivation levels. In a candid moment, the senior manager suggested that the gift of shares was Royal Mail's way "to give something back to the people that contribute in such a large organisation" including managers, but managers had not personally felt incentivised to "work harder".

Senior Manager 2 - 9

"Has my... as a senior manager, has my mind set changed? Do I work harder now than I did before? Probably not. Still work hard to make sure the success of this business but..."

Having been scrutinised during the various phases of the commercialisation process, management and administrative staff have been historically targeted in delayering exercises (Jenkins et al., 1995) and, thus, would naturally reach out to justify some of the failing on the shop-floor by blaming senior management. Moreover, during such 'turbulent' times of redundancies, some unexpected opportunistic alliances form (Beirne, 2013a) when some more 'bothered' managers ally with the workforce to resist strategic changes as dictated by more senior managers.

5.6 Conclusion

The main implicit expectations of managers in respect of the allocation of shares to employees was that it would transform their behaviour, performance and attitudes. There would be a willingness on the part of the employee to change and be actively involved in the performance of the organisation through a 'private ownership mindset'. The shares were the mechanism to deliver the mindset. It is also seen as a mechanism of creating unions as

business partners, unions that understand the needs of a commercial corporation, including the need for restructure and reform in tandem with the changes in the market.

The discourse of transformation positioned actors in the narrative in three ways: the manager as leader, employees that need managing, and the unions that stand in the way. Managers are like coaches (as opposed to mentors) who have the responsibility to ensure that a shareholding culture is developed and maintained; employees are actors who must be firmly managed and taught; and unions are 'stirrers' but with power to mobilise collective action and so, must be treated with care as they are now 'insiders', partners in decision making and managing employee relations.

The managers who talked to me in terms of a discourse of transformation understood that the shares were 'gifts' but the nature of the gift shifted and was difficult to define. What was clear was that the idea of a common gift, as opposed to an individual reward, was a source of discomfort because it was not contingent on employees' performance and commitment and, in their view, rewards should go to good and loyal performers. Another problem with the gift of shares contained in senior managers' accounts was that there was no assumption that the gift obligation on the part of the employee would be interpreted as a lasting one. Managers were worried that in the absence of future gifts, staff would stop caring about the success of the company and about paying generous returns to shareholders.

Whilst the discourses used in the political phase were a confused blend of social partnership and performance narratives, senior and middle managers in the immediate post-privatisation phase were confident users of the transformation discourse. Managers understood this discourse as reflecting a management truth about the effect that achieving a 'private sector mindset' would have on the fortunes of the organisation. Once assimilated into the shareholder capitalism norm, employees would see that their interests were aligned with managers and other shareholders. What worried the managers was the unwelcome intrusion of the concept of a 'gift', where any presumed social obligations of reciprocity could not be guaranteed in the way managerial levers could be.

Chapter 6: ‘You mean like John Lewis?’

“My family is my strength and my weakness” - Aishwarya Rai Bachchan

6.1 Introduction

The previous chapter showed how senior and middle managers embraced the managerialist narrative that shareholding would transform the mindset and behaviours of employees. Managers, having had little direct experience of ESO, were happy to reproduce the transformation discourse as it fitted in neatly with their existing sense-making frames around performance. Nevertheless, their discourse needed some adjustment to be entirely congruent with the ‘rules’ on performance management. In this chapter I present the data from interviews with supervisor and administrative staff, including administrative staff who were directly responsible for maintaining the ESO scheme within Royal Mail. This discourse was created by 13 participants.

As Mumby and Stohl (1991) noted, hegemonic relationships existent in an organisation are not given or fixed but are subject to negotiation through competing meaning formations. When employees resist the discourse they also resist dominance. Because ideology is not simply ideational, it is grounded materially in day-to-day discursive processes (certain meaning systems), it is then expected that different occupational groups would be influenced by different competing meaning formations. Amongst the administrative staff and supervisors, three main discourses were in use – sometimes singly, and sometimes linked or partnered with one other. The three main discourses that were discernible in the interview data were: the John Lewis discourse, the private sector efficiency discourse, and the security discourse. Like senior managers, administrative and supervisory staff recognised ESO as an important step in the transition of the company from public to private sector, but they were uncomfortable with this being the result of employees thinking of their connection to the organisation as a financial, rather than a relational one. A sizeable proportion of respondents in this category instead looked to the UK’s best-known employee ‘owned’ organisation i.e. the High-Street retailer John Lewis Partnership, to explain what they understood ESO to be and what they believed they were now part of. Other respondents showed significant gaps in knowledge about the way that the ESO process was supposed to work.

These participants were also the most vocal anti-union participants that took part in this study. Their sympathies lied with management and their prerogative, despite the wide spread feelings of insecurity in this group of employees. However, these feelings may have been tampered by the rather high social mobility within this groups of white-collar employees. Their antipathy towards the union, when it was not fuelled by previous experiences in unionised workplaces, might have been fuelled by the industrial relations at the time of my fieldwork.

In July 2015, reported The Guardian Online (2015), before the last phase of the privatisation was announced to take place, that CWU threatened with industrial action if Royal Mail planned to change employees' terms as a result of the full privatisation and regulatory intervention regarding efficiency measures. The Union's biggest concern was Ofcom's comments around European postal companies' flexibility in workforces – as illustrated by Flecker and Herman's comparative study as atypical workers, including self-employed workers. The Union referred to the five-year agreement signed in 2013, designed to end the historical conflict and antagonism within Royal Mail and the general secretary, Dave Ward, warned that if Royal Mail do not abide by the agreement, neither will the Union in its fight not only to preserve 'decent' working conditions and pay, but also to preserve the universal service obligation.

6.2 The John Lewis Partnership model

Administrative and supervisory staff talked about employee share ownership as a way of appropriating control of the organisation. This group of employees embraces the private sector efficiency discourse. Their occupational grouping has been the subject of ongoing restructure programmes, experiencing heightened job insecurity and employment uncertainty. Unlike other groups of employees, these participants did not blame management or the privatisation for their plight but instead directed their blame to the unions and the civil service culture prevalent in the organisation prior to privatisation. The discourse of private sector efficiency afforded them a degree of control by legitimising the managerial rationality intrinsic in their roles. For them, shareholding was about shaping an identity of an *efficient* corporation, as contrasted to their previous civil service form that was characterised by inertia, wastage and red tape. However, their accounts were different from the discourses employed by senior and middle managers in that they saw the corporation as a closed one, where the only shareholders that mattered were their fellow employees, and not external or

institutional shareholders. This was an unusual reading of the ESO model given that only 12 per cent of shares were allocated to employees and alerted me to the extent that supervisory and administrative staff were drawing on their knowledge of the John Lewis model and not the one they were part of. It is possible that the use of the social partnership and mutuality discourse by the Liberal Democrats in the lead up to privatisation was one that ‘stuck’ with this group of employees, to which they added their understanding of how EO worked in the John Lewis Partnership rather than from company communication and literature.

In the ‘John Lewis’ discourse, the Royal Mail scheme is defined as part-ownership based on mutual vested interests, pride, solidarity and a spirit of community. ESO is also a way of protecting the company and ensuring its long-term success by securing shareholding within the company and not diluting it with external investors, as well as providing some financial security to employees—“we are working for us now rather than the Government” (Admin Staff 13).

Participants who presented this discourse spoke about share ownership creating a shared, social enterprise. In the ‘right’ way, ESO comes with an ownership culture defined by belongingness, influence, engagement, and strong involvement—like John Lewis. ESO, as per the JLP formula, is a scheme that provides employees with more influence and “say” over business and work matters, and it is this increased voice that results in a feeling of pride, responsibility and obligation to care more about the business. In other words, ESO effectiveness (mutual care and interest/commitment) is conditioned by a certain organisational culture (bottom-up) which facilitates employee voice and involvement.

Therefore, on its own ESO is less likely to achieve its espoused objectives. The emphasis is on employees having a say, because it is believed that this is what “could be the... difference between... something bad happening, and something good happening.”

Admin Manager 9 - 24

“What do you understand by ESO?”

You mean like John Lewis? I understand how JL work, the Partnership. uhm, I think it does make you a little bit more proud. Because you kind of influence and have a bit more of a say. And it does, how you deal with things can have an impact on the overall business and how things turn out and you probably feel a little bit more responsible [laughter] for what you do, in that way.”

The attraction of the John Lewis model was that it appealed to this group's objective of efficiency, which was delivered through a "family-like culture" where voice mattered. The elements present in this discourse are drawn from the EO ideology as practiced and promoted by JLP – "It is like John Lewis [...], it is something I've seen publicised, but I don't know that much about. [...] Like a family environment" (Admin Manager 11 - 20). Unlike those who construct ESO as an investment and compared it to previously privatised British companies such as BT, these participants understand ESO in terms of the EO discourse which emphasises elements of social justice, pride, community, and sharing.

Admin Manager 14 - 24

"You are not working for the invisible corporate man somewhere... this is our business. There is a hell lot of pride. There are some pockets of militancy, dare I say, in places. But there is a lot of pride and I think ESO has helped that."

The main point made in this discourse is that ESO gives employees more *voice* in business matters because of their right to vote. Whilst there is a degree of insecurity from the privatisation and the structural changes that came with it, including the adoption of ESO, these participants appear to take a pragmatic approach by suggesting that they now have increased opportunities to enhance their working lives through the available mechanisms of employee voice. This view has been found in other studies of privatised utility companies in the UK (e.g., Harris, 1994). Also, as shareholders, employees feel they have more control over the investment because – being internal – they are privy to information and environmental cues.

However, this discourse also came with a strong conditional element. This element of the discourse contains a strong conditional account: ESO can give employees more power and an advantage because they would be listened to, but they understood that there were challenges to Royal Mail being able to become another John Lewis. Because the adoption of ESO was not – in their view – done with sufficient cultural reshaping: there was mistrust in the chance of shareholding employees achieving a John Lewis-like voice.

Admin Manager 9 - 24

"Do you see that happening here?"

No. Not yet anyway. If it does, it would be quite interesting. Well, it's never been in the culture of Royal Mail. It's very run top down, not bottom up."

Participants considered Royal Mail as having a lower potential than John Lewis to deliver an 'ideal' of EO. Royal Mail was benchmarked against the 'ideal' of employee owned companies such as John Lewis Partnership, where employees have a strong influence and more say leading to feelings of pride, responsibility and obligation to care more about the business. In this sense, ESO success was a function of culture, size, management style and union presence. Therefore, in their construction, it is the structure of the organisation and its *organising* approach which defines the mean-end of the privatisation and the role of their shareholding.

ESO was giving further power to those groups of employees (unions and postal delivery workers) who already had strong positional bargaining power in the organisation. However, this was not the case throughout the organisation as collective action, and a culture based on a collective mentality, is not prevalent above the 'posties' level.

Admin Manager 9 - 24

"[...] the unions have quite an influence if you are a CWU, which is like the posties, um, they have a lot of persuading because they run the business essentially. If the posties don't work, you don't get your mail which is the whole point of the business. But, they have a little bit more influence probably collectively than someone like myself would. [...]"

Trade unions were characterised as stirrers, but powerful nonetheless. Trade unions could mobilise collective action as well as spread propaganda which they deemed to be counterproductive for the development and growth of the organisation. But share ownership could overcome this element, "if they could maybe drag it home a bit more: that is the purpose of it and you are an owner, and you've got something to do with it." (Admin Manager 11- 35). Therefore, ESO is framed as belongingness and care and not individual benefits and pay; but the fair distribution of these. The implication of this is that ESO is a way of operating and functioning as an organisation. It is cultural, not financial.

6.2.1 Because family matters

There was a strong desire for the shareholding to become relational, because it was felt that for ESO to be successful there had to be a "family environment". Participants were uncomfortable with the idea that financial interests alone were the prompt for behavioural change. Shareholding in the absence of other HRM practices only encourages a culture of opportunism. This can be changed through a financial (not family) education programme where a culture of ownership (not entitlement) is encouraged. Ownership here means long-

term investments – one participant suggested that shares should have been kept in trust on behalf of staff (as with John Lewis) and not given directly to staff because most of the employees were money-hungry – they would be more inclined to go for a short-term gain, instead of a long-term gain. The answer to this problem was more employee involvement in the governance and control of the company. For example, active involvement and participation of staff in the annual general meetings facilitated through paid time off, clear information given in advance, training, etc.

These participants clearly identified the objectives of the organisation as articulated by senior management and reproduced the efficiency/customer-focus discourse justifying the need for employees' discretionary effort (delivering correctly the first time), but in their reproduction, the account is given conditional on employees' understanding of not just the objectives of a private Royal Mail, but also on their understanding of their role as part-owners as these participants framed it.

Admin Staff 9 - 11

"[...] being invested in the business. People, if they understand it, will more easily do overtime when needed, such as Christmas time, will try their best to deliver correctly the first time, etc. So, I think it makes people realise that their role, even though maybe small, actually play a part in what they might get back."

Within this discourse, the participants see ESO as a way of not just aligning interests but also a way of fairly sharing the "fruit of performance." In this discourse, unlike the discourse of expectation, ESO is not necessarily seen to be conducive to increased performance but as an effective way of spreading "ownership" and ensuring efficiency and pride which are seen to be a source of competitive advantage.

Admin Manager 14 - 15

"For me, the way I would see it, to give people the ownership... we are working in a commercial environment, everything that you do, even in some small way will impact on this company's value and how it is perceived out in the world. As such, we want you to feel proud of the business, we want you to give you some ownership [...] you are not working for the invisible corporate man somewhere... this is our business."

Where there is a desire for a familial approach to ownership, management was expected to play the role of benevolent patriarch and not abuse the system. A carrot-and-stick approach would prevent the forging of a co-ownership culture.

Admin Manager 11 - 14

“[...] managers do use it with employees and say - if you were to resign there's this, and if there is a dismissal for conduct, then obviously, you'll lose your shares.”

When such a carrot-and-stick approach is taken to performance management it does not encourage employees to think like part-owners and family members but instead focuses their attention on myopic short-term gains. These participants also framed such an approach as being unethical and manipulative because most employees, unlike management, do not get many perks and benefits and, therefore, needed to be told that shares were not a financial benefit. If employees were trained to think that shares equalled money, they would fail to appreciate the power that they collectively had by owning a considerable portion (sic) of the organisation.

Admin Staff 13

“You've given me, when can I sell them? That is what, now, we get people phoning us up, I owe you x amount of pounds can I pay back when I sold my shares? You haven't even had them for three years, you want to sell them already? [laughter]”

When employees see short-term financial gains from their shareholding, they would be more inclined to sell at the first opportunity and this would lead to a diminished collective ownership; potentially leading to an immediate takeover as investors would snap up this opportunity and buy out employees' stake. This in turn, creates further feelings of uncertainty and fear of losing their jobs or the currently generous benefits package. Thus, those who resist the John Lewis identity (including adhering to the principles and values therein) are seen as potential threat.

6.3 Efficiency means survival

For many of the participants in the supervisory and administrative group, ESO was the demarcation point between a company whose identity and behaviour was that of a civil servant and its transition to an efficient private sector company. This was not – in this group – incompatible with a belief that “it's my company now” (Admin Staff 13). When participants presented this discourse, the interviews would often start with a justification/rationalisation of commercial efficiency, drawn mostly from the wider neo-liberal discourse—but from two different experience bases. Firstly, there were those who had previous experience in the private sector and who based their view that private organisations were more efficient on

that experience, and there were those who worked in other public sector organisations which have subsequently transferred to the private sector.

One example of what was considered efficiency by this group of employees was given by Admin Staff 13 who illustrated her conviction that she now feels like it is “my company” and her care towards making Royal Mail an efficient organisation by minimising wastage:

Admin Staff 13 - 17 (previous experience in other public organisations)

“There were times I said to my manager, you know that manager in that office, get him in here to sit with me for a day and watch how much money we throw away because of people like him. And he's throwing his own money away. But end of day it's your company, you've got a stake in it. That's how they should think, but they don't.”

Another participant who joint Royal Mail from the private sector, offered a mocking account regarding managers' use of the commercialisation discourse when they themselves still behave like they are still civil servants.

Admin Staff 9 - 22

“We are always reminded and having conversations - we're a commercial business now...”

This participant noticed that staff at large, including managers, "are still in the mindset that they've been here 30 years" and, therefore are stuck in their ways. She exemplified with how things are done and how much money is wasted by employees travelling the country to have meetings which could easily be done over the phone.

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“There are people that have been longer that are in that [mindset] ... it's like they get institutionalised. [...] I don't think that having shares will change that mindset ... they've been here long enough... it's natural, people get stale, but I think shares doesn't change that. Maybe it makes some people more motivated but other people it only adds to their entitlement. It's been so cushy for so long and they are like - oh, crikey, we are a real business now, got to save some money.”

For the two previous respondents, trade unionism is defined by antagonism, inefficiencies and selfish ideological pursuits (of power and survival) that do not benefit either the employees they represent or the organisation in general. Long-tenured staff and trade unions are both considered to stifle the success of the organisation and to prevent a truly employee-owned culture. Long-tenured employees are considered to have (without them feeling the

need to pull their weight) a sense of entitlement. And unions are considered to exploit the employees' feelings of entitlement as a means to achieving their own ends (agenda for survival and appropriating power).

In line with their efficiency desires, employees also supported the use of sorting and selecting devices to 'prune' long-tenured staff and destabilise the unions—if these staff leave, the union automatically weakens as their density would be considerably reduced. New staff were a minimal risk to the organisation as new staff were recruited through agencies and are given permanent Royal Mail contracts only after they have worked for the company sufficiently long enough for management to make a thorough assessment of their suitability. New staff are also less likely to be and/or become unionised and are, thus, easier to develop in tandem with the corporate strategy. Sorting and selecting employees and attracting 'talent' from the private sector is seen to be conducive to a change in mindset. The need for such drastic measures was clearly illustrated in the following excerpt.

Admin Staff 13 - 19

"They won't change their minds and it's an awful fact. They've been brought up in it. A lot of posties you'll find and a lot of managers have been here since they were 16 and gone up through ranks and they are the ones who need a kick up the jacksy. They do, they really do. We've got people here that I've said: 'has got nothing to do with me, that's not my job. Even though I can do it, I am not doing it'."

Participants also expressed concern that the share offer would create a sense of expectation around being offered 'sweeteners' in relation to major change. If every time, during a change programme, employees are incentivised to accept change by being given shares, in future change programmes when such "sweeteners" are not given, people will most likely resist change or use the union to mobilise collective action to vent their resentment at the lack of a recompense which they feel are entitled to.

Admin Staff 9 - 17

"If they said - we're having another process where people are losing their jobs, reducing head count. And they didn't offer any shares...it'd be like uproar because they already had them. Where's my sweetener? I think it makes people a little more willing and more open to change and bad news but then once you've done that and taken it away, I think they'll have a lot more problems, especially with like we're so highly industrialised, we have a lot of issues with strikes. Just things like that it increases loyalty, but it can also increase a feeling of entitlement, a bit baby-ish and think: well we've had it before, what's going to happen now?"

The way to defeat a sense of wider entitlement by employees was, in the view of those who embraced the efficiency ideal, to have managers who were both educators and paternalistic figures. It was never explained how paternalism was a part of corporate efficiency. Management in the view of these employees had the responsibility of steering communications toward a desirable outcome (creating a shareholding perspective). In these participants' views, employees need to know precisely what the direction is, to be told what to do and what to think mainly because most 'other' employees are characterised in this discourse as individuals without experience of competitive working environments—to alleviate the shock they suffered from the change, they need guidance and reassurance.

Admin Manager 14 - 15

“Some of these people that have worked for the business 30 years have never worked in a competitive environment. They never worked in a commercial business and that's a massive shock to people.”

The consequences of long tenure and the still prevailing public servant culture is framed by these participants as posing serious challenges for the success of Royal Mail as an efficient private company. Changing mindsets is not easy. Currently, staff have been habituated over a long period of time in which practice and custom were to promote people based on their tenure and to encourage a mindset of entitlement—something that the unions also contributed towards. This is in stark contrast to what the male counterparts on the shop floor said: they preferred such a culture defined by a strong internal labour market and custom and practice procedures. Why then are these employees saying otherwise?

Administrative and supervisory staff with prior experience in public organisations which were heavily unionised and which have been privatised had experienced the large redundancy programmes that had been part of the privatisation process. These participants blamed trade unions for the failings of those industries and for the loss of their previous position. Trade unions, in their experience, promote inefficiency because their ideology and actions are not conducive to increase in performance and profit: ingredients necessary to ensure business sustainability. From their previous experience, and their experience with trade unions at Royal Mail, they felt that a Royal Mail that prioritised efficiency was not just good for business but also for their own employment. This wasn't a rejection of collective voice and representation in their eyes; shareholding would be the mechanism by which they could have representation and rights, but in a 'safer' form. They felt that the possession of shares, unlike trade unions, operated exclusively in the interest and control of the employees.

6.3.1 The failure of company communication to reach this group

The participants who constructed this discourse believed that commercialisation and competition can be facilitated through ESO only if employees feel involved and engaged in the business and its affairs, in addition to minimising union's role in the employment relationship. ESO is viewed as a means of bypassing collective representation through trade unions by engaging with employees directly. ESO can facilitate a collective voice mechanism if it is not encouraged and perceived as a financial incentive. Again, it is management who has the means and the legitimacy to roll out an educational programme and provide enough relevant business information to employees, as well as encourage employees to actively participate and act on this information. One way proposed by these participants is to facilitate collective representation at the annual general meetings—providing free transport, time off work, etc., for designated employees to attend the meeting and to represent their colleagues at their respective centres. Such a mechanism would also solve one of the biggest problems with employees being given business information. Most times this information is coded in such a language that employees do not comprehend or fail to understand its relevance. The most important thing is to get people reading "but, again, it's whether people read them or not." (Admin Manager 11). By providing easy-to-read information and allowing collective representation (employee champions), then most likely the communication would improve.

In the absence of such an approach to communication, ESO and its sharing information feature can do more harm than good. The darker side of a laissez-faire approach to this element of ESO is that employees might consider that they are given information about the business, its competitors, and the state of the market for them to feel fear for not internalising the consumer discourse or the efficiency discourse as currently circulated in the organisation. Therefore, most likely, employees would feel that they are being coerced into 'caring' about the customer and/or the organisation and the involvement/engagement through ownership discourse would only be lip service.

Admin Staff 9 - 13

"I think that's why they sort of gear the share thing towards and tell you what the competitors are doing. Put a bit of fear in everybody which I don't know if that's right or not, um, to make everybody sort of care about getting the parcels there first time and not..."

In addition to the personal working experiences of these employees, the more dominant efficiency discourse appears to have been the result of their interaction with their immediate working environment. It has not been just their prior work experience, either at Royal Mail or elsewhere, but also their interaction in weekly meetings where matters of shareholding are

covered by more senior members of staff. The accounts given by these participants do not appear to resist the managerial transformation discourse. On the contrary, there is strong support for the concept of transformation. But transformation is needed by this group to secure their jobs in the future. It is their belief that this is best achieved by ensuring that the organisation becomes efficient and also develops and grows as it uses their professional expertise in identifying inert actors and wasteful behaviour.

6.4 The need for security

Within this group of respondents, the ‘shares represent security’ discourse was also present. Interviewees viewed shares as a form of financial security: a buffer, or form of insurance in case of job loss. They considered that shares in their employer is 1) more secure, and 2) it ties in with the performance of the organisation because employee-shareholders would care more about the performance of the company. The security that ESO provides is not necessarily related exclusively to financial security, but the wider share offer to the market signals to them that the *company* is thought worth investing in, and thus their jobs are probably secure.

Overconfidence in discounted and free shares schemes has been found in contexts other than those relating to privatisations (e.g., Benartzi, 2001). It is not uncommon for employees to underestimate the risk of employer share schemes in general (Benartzi et al., 2007, Rauh, 2006). However, Share Incentive Plan (SIP) schemes, especially those offering free and matched shares, present low risk to employees as the share price would have to decrease by more than 50 per cent for the employee to incur a loss. Employer matching contribution is then perceived by employees as an endorsement of low-risk and even as implicit investment advice resulting in increased investment by the employees (Duflo and Saez, 2002, Even and Macpherson, 2005). Share owning employees were found to be quite enthusiastic and optimistic about their firm’s future performance, even in the absence of accurate information.

To better understand how ESO can generate a discourse of security in Royal Mail, it is necessary to understand the context which this group of participants identified as the reason they became shareholders in their employer. As with most participants in this study, privatisation did not come as a surprise because the Government had made more than one

attempt to privatise the organisation in the past, but it did make them worried about their job security as part of a private sector company.

Admin Manager 9 - 26

“I think there's less job security. Can I justify that I'm doing this job well enough to keep this job? There's more of a turning that now. Everyone seems more sort of, we all have more conversations based around - do they really need my job? I've already experienced already them taking a job from me in this business, which is why I've moved to the job I'm currently in so it's very worrying because - well, where do I fit in. So it does give you that kind of worry, I think.”

Having experienced something similar in past employment, one manager expressed concern about the threat of a subsequent takeover. At the point of the initial public offering of shares, those respondents who had some experience with shares in previous employers understood all too well the potency of such a threat. Given these employees' attachment to Royal Mail and their desire to remain in employment with this organisation, such thoughts only increased their concern, as one manager illustrated by providing a story about her experience of a takeover in a previous employment, as well as having read about other iconic British organisations affected by the frenzy of financial capitalism in a free trade world.

Admin Manager 9 - 10

“I think at the time it was a bit of a novelty because... I've had shares before when I worked for another company, and then they were taken over and we got bought out, but it didn't matter because at that point I'd left and it didn't really mean anything. But I think when you sort of work for someone now, past 11 years here, you kind of have a bit more of an affection for the place and you have a bit more of an understanding. Also I'm much older this time [laughter], it was in my early 20s, I didn't really understand it. [Bought or gifted?] They were gifted to me as I've worked a certain amount of time for that company, they were gifted to everyone who had a milestone. So I ended up with a few shares from them and then like I say they got bought out. It's different to be working for someone, be older, and I think at that point as well I finished reading a book about Cadbury's, and how they've got taken over and you sort of... in the back of my mind and I'm thinking - oh, dear, what happened to Cadbury's [laughter] and you get a little paranoid sometimes ...”

For these employees, the only saving grace is that there is safety in numbers; which means that whilst individually they do not own enough of the company to make a difference, collectively they stand a chance of influencing any strategic decisions which could result in a takeover, or which could significantly affect the employees and their working lives.

The security discourse also saw the role that incentivising performance could play, but only for shop-floor employees and those who are not generally motivated, or who are only motivated by financial gain. This did not include themselves. These participants saw ESO and the share price as indications of individual and unit performance, unlike “Joe Bloggs on the street”, who would also happen to be a Royal Mail shareholder but not an employee.

The incentive sub-theme was framed in this discourse in terms of how employees could exert discretionary effort in ensuring customer satisfaction: “delivering right, serving the customer right.” Again, such effort is hard to monitor, and, therefore, ESO is considered to stimulate the necessary discretionary effort leading to increased customer satisfaction.

Admin Manager 12 - 10

“What does ESO make you think of?”

Employees of a company owning some shares in that company.

Is it any different compared to members of public owning shares in Royal Mail?

I guess it's a slight difference. If you are just Joe Bloggs on the street you have less a weight to influence how well the company is doing. Whereas if you are an employee you have the opportunity to influence the... like when I do the inductions, generally talking to... like yesterday I did here for 12 postmen and women so, I know the things I'm telling them and my advice for them when they are out on the streets posting the letters and everything, we talk about security and securing the mail and things like that. That influences how well the business is going to do because it's influencing the customers... we say like don't start putting parcels in people's bins if they are not there, obviously the customer will not like that. It might end up being lost somewhere and that's a bad customer perception of Royal Mail. I see that influencing the company, only in a little way but it is still something that helps towards how Royal Mail is perceived by its customers. Whereas Joe Bloggs on the street wouldn't have that opportunity to influence in that way.”

The incentive effects of shareholding from supervisors within this discourse is attributed to front line staff only; whilst front line staff who used this discourse attributed potential incentive effects of shareholding to management. Supervisors, like managers, stated that they, personally, did not need incentivising:

Admin Manager 12 - 6

“[...] I think the fact that I've got a job with the company it means that I'm invested anyway and I want to do well, 'cause I want my job and I like working for the company. I would feel the same regardless whether I had the shares or not, it's just an added bonus for me. I don't think I feel any differently because I've got some shares. [...] Some people probably would, yeah. Probably if they haven't got that sort of want for the company to do well, it might be that the shares, being a financial aspect of it might just make them think - oh, yeah, I want them to do well. But for me, I've already got that attitude.

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I like my job so I don't approach it any differently now that I have shares... but I think, some people think differently.”

Amongst the supervisory respondents who used this discourse, there were those who could not identify with needing the shares to incentivise their own effort and who saw it as potential protection against their own positions being made redundant. These participants see their jobs and units (administrative) as always being subject to reforms and restructures. Collective shareholding was an opportunity for collective action; but if it failed then the potential for takeover and further job losses was increased.

Admin Manager 9 - 30

“... I don't think people understand the implications of [selling their shares] because you are weakening your position. It's educating people to say, if you actually hold onto your shares, this might happen and you might be able to influence this a bit more, but I just think people see it as free money and just want to get rid of them because it's easy money. It would be nice if people were reassured that you have these shares and you hold on to them will make more of an effort to include you and things like that.”

These participants stressed the importance for people's need to understand "the full gravity of what having a share means in the business". Whilst 12 per cent employee share ownership is not a massive figure, collectively it was felt enough to give employees a lot of power and influence; especially to those like them, who have an emotional attachment to the company. Because such people appreciate other things, like influence, inclusivity, involvement, security, etc., it makes sense to give these 'motivating' benefits to employees, more so than just a financial incentive. Even smaller things would lead to a degree of satisfaction, such as being able to access the outcomes of AGMs and have them reported to all staff in plain language to "make us feel a little bit more involved.”

Admin Manager 9 - 28

“I think it's important to make sure that employees understand the full gravity of what having a share means in the business. And I think there's then, probably, might need to be a bit of a move towards listening to that and be more aware of how employees feel as opposed to pleasing everybody else, your big investors. We're only a small investor because we only have like ten per cent of the shares. I mean that's a lot collectively, but individually is only small numbers. I think it's reassuring people that this is- it means about having more of a say in things and perhaps asking people to have more of a say in that way. It would be sort of more open because you get an email or something every so often saying there is a meeting coming up, is there anything you want to raise? It would be nicer, if it would be easier to access the outcome of those meetings and what was discussed, because it can be a little bit hard. If you don't know it's happened, and you end up having to Google it and it can sort of take you a long time to find what you are looking for. It would be actually nice, if we had far easier access to that information. It might make us feel a little bit more involved.”

If staff do not feel involved it will also lead to people seeing the gift of shares as “free money”.

In addition to uncertainties around their roles and employment, there were also fears that private ownership could bring further governance uncertainties. These participants hoped that their collective shareholding will be able to prevent that from happening. The only problem they identified was, again, the union; as their ‘propaganda’ might prevent lower grades from understanding the potential of their collective shareholding. It was very much the case that they had faith in this group of employees, because, as they justified it, lower grades were the only ones who 1) could form a collective (unlike higher grades who are under the spell of managers), and 2) could ‘paralyse’ the business—historically, they had had more power to change things and to demand certainty and security.

A tension in this discourse is between security delivered by forming a collective block (although, again, a 12 per cent shareholding is insignificant) against company initiatives that were damaging to employees, and the security that would also be delivered by the company prospering because of efficiency *and* customer service improvements. In relation to this last point, discretionary effort was seen to be serving the customer right first time. Serving the customer right was, however, largely a matter of parcels and letters being delivered at the first attempt and not returned, stored, and redelivered. Not delivering first time was draining the organisation of resources, leading to potential further restructuring programmes.

Both groups of employees – those who came from the private sector and those from recently privatised organisations – believed a lack of customer service mentality to be intrinsic to the civil servant mentality. All were in favour of a ‘clearing’ programme. There is no hope of changing the minds of these ‘civil servants’ because of their ingrained civil servant behaviours and expectations. Making *other* people leave was also a form of security. Best to see them go. Here shares were useful in nudging people to accept redundancy packages and leave when their plans mature.

6.5 The patronising gift

Some respondents in this occupational grouping reacted strongly to the suggestion that the shares were a ‘gift’ and interpreted the label of a ‘gift’ of shares as patronising. In an employment context, gifts imply an undermining of the status of the receiver of the gift: “it’s implying that you are lucky to have them and that you should be grateful that you’ve got them [...]” The reaction to the idea of gift appears to stem from the awareness that only some in the organisation had the power to give gifts and that gifting was equated with being able to ‘afford’ gift giving in this context.

The Government and senior executives had the power to make such decisions. But because employees had not been involved in the decision to gift the shares as part of the privatisation, some employees felt disappointed and patronised.

Admin Manager 9 - 42

“It's kind of a weird word gifting, it implies that you are getting something without sort of asking for it. I suppose we didn't ask for shares, but I think we would have been upset if we hadn't had them so it's kind of like a double edge. We didn't ask for them, we had them, and now we are kind of thank you for them. There was very much a... we wanted to give you this as a present for being an employee and I think sometimes it can be a little bit patronising. So, it's implying that you are lucky to have them. Um, in a way, and you should be grateful that you've got them. I think there was an undertone that you should be grateful for all these shares and I don't think people always took that the right way. [Any other expectations other than being grateful?] No, I literally think that there was a thought that - we are giving you these shares, you should be happy! With them, and shouldn't complain about it. And I know when people were writing in to say they didn't want to there was a bit of scoffing - how dare people decide they don't want the shares, they are foolish! I know they were kind of very much looked down on and were seen as being idiots. It's a great opportunity why would you reject it?”

Indeed, as Komter (1996) and Schwartz (1967) argued, gift giving is not only governed by the principle of reciprocity but also by the principle of exclusion, and so it creates an imbalance of debt/power. If employees would have refused to accept the gift of shares, then for the giver (although in this case it was management who identified themselves closely with the political discourse) it would have been a 'declaration of war' (Mauss, 1956).

There was also discontent with the explicit expectation of accepting the gift. Those rejecting the gift got a "scoffing" from fellow peers and management: "How can anyone opt out? They are foolish!" Those who wished to reject the gift saw the share offer as a Trojan horse and considered it to be blinding and mesmerising the recipients. Being called 'idiots' by peers and managers deepened the feeling of offence. The effects of revealing character or purchase or expectations in gifts is the result of a feeling of inadequacy or indignity as reciprocity is reduced to isolated objects of exchange not gratitude (Simmel, 1950).

Not all participants reacted strongly against the idea of the gift, although there was a proportion of respondents in this group that did not feel under any obligation to reciprocate with changed behaviour. These participants acknowledged the free shares as gifts. But because they saw the gift as something for which they did not have to work or had asked for, it was something they saw as being given for free.

Admin Manager 11

"They've given you something for free. [...] It's a gift because it's something for nothing; it's something free; it's not something you worked for."

But there was some resistance to the idea that this gift required them to show appreciation in return. Participants blamed management (but not the Government) for being patronising by overtly expecting employees to show gratitude for the gift of shares. Those who failed to do so had been reprimanded despite it being widely recognised in the gift-exchange literature that in such relationships it is highly inappropriate to stipulate expectations (of reciprocity) when giving a gift (Gouldner, 1960).

6.6 Conclusion

For many participants in the administrative and supervisory grouping, ESO is a form of employee ownership that creates pride, solidarity, and a spirit of community—just like in John Lewis. In the context of Royal Mail, the adoption of the ESO was the symbol of the

shift from the company as a publicly owned civil service organisation, to a privately owned (partly by all employees) organisation. For the most part this transition was needed and would affirm their own area of professional expertise in administration, but it was not without challenges—mostly in the form of ‘other’ people, those with long tenure or who were part of unions.

The public sector incarnation of Royal Mail was characterised as having all the usual inefficiencies of public organisations, exemplified by processes and procedures which cause a considerable amount of wastage, regression, and inertia, ESO was considered a facilitator of change because, in addition to it signalling commercialisation, it could also be used as a sorting and selection device leading to a gradual replacement or re-education of long-tenured staff to adapt to the new corporate objectives and needs. ESO was also a way of replacing trade unions – who threatened job security through collective action – by creating a shareholding block that offered an alternative, business friendly form of collective representation. This kind of collective representation is more beneficial than trade unionism because it serves only the employees’ interests and not the union’s interests, and it brings employees closer to the organisation and employees have control over their involvement and engagement in their employer and in their jobs.

In this discourse of a familial endeavour, management is constructed as a paternalistic figure responsible for the facilitation of the change. For ESO to be successful some participants identified the need for an education programme. Merely giving more written information to employees was not ‘involvement’ and engagement as employees most likely will not read the information. Company communication – counter to the confidence expressed in it by managers – was considered incomprehensible and led to other people misunderstanding the information and its relevance. Ironically, most of the participants who were of this view were also confused as to how the scheme worked and over-estimated the significance of the employee shareholding. To instil a ‘shareholding perspective’ (collective voice, mutual interest identification, elimination of waste to create an efficient organisation) management needed to work together with the employees and find solutions as to how best to capitalise on the opportunity for employees to represent themselves. One example given was the facilitation of collective representation at annual general meetings where employees themselves designate a colleague (not a trustee) to attend the meeting and then to disseminate the key points discussed and the decisions made. In this way, employee shareholders would have a fair mechanism of voice in a private Royal Mail.

A 'culture of ownership' created a certain resistance to the idea that they had been 'gifted' the shares. In the absence of clear messages from management as to what the shares represented, and what 'vision' of ownership of the company they were supposed to signal, the gift was confusing. Moreover, the way in which the gift was given was heavily criticised by these participants as patronising and coercive as they felt that gratitude was demanded of them. In the absence of a discourse that the supervisors and administrative staff recognised, they filled in the blanks with their own knowledge of other employee-owned companies – although this was limited to John Lewis, and with fear-based responses that were rooted in prior experiences of privatisation that had led to redundancy. The lack of clarity about what a 12 per cent shareholding represented would mean that 'other people' would cash them in, reducing the ability for the shares to be used as a non-unionised collective safety net and voice mechanism.

This chapter has shown that the immediate reality of different grades (occupational groups) results in employees calling on different discourses to understand, and position, the idea of holding shares as employees. Employees privilege explanations of their own behaviour as rational, even if that behaviour and understanding is based in emotion and experience. For example, if participants felt that their jobs were at risk, they used discourses that stressed defensive understandings of the purpose of the shares and also used the 'incorrect' use of the shareholding to criticise groups of employees they felt were responsible for their job insecurity.

This group of employees, who were so attached to the efficiency discourse, may have also drew from the recent and immediate industrial relations context of Royal Mail to make sense of their involuntary shareholding. Immediately prior to collecting data, the UCW threatened with industrial action if workers' terms and conditions would be changed as a result of full privatisation. Considering the positive views of this group of employees regarding the need of commercialisation of Royal Mail to be able to compete in the deregulated market, it makes sense that they would be averse to those occupational groups who were stirring the waters - by creating conflict, they would create further problems which would affect all groups of employees (white and blue collar alike). This illustrates a clear delineation of occupational cultures existent at Royal Mail, a delineation that executives and senior managers are aware of and commented on when they discussed the issues they faced in adopting a culture of shareholding and ownership throughout the whole organisation.

Chapter 7: Risky business

“What's immediately profitable is the only kind of logic that capitalism understands” - Susan George

7.1 Introduction

In this chapter, I examine the discourses in use by participants who all worked in delivery and sorting centres, in supervisory grades and the lower grades and pay bands. The dominant discourse used amongst this group of employees (14 participants) was a resistant narrative, a narrative that held that shareholding was a risky financial investment and that the shareholding on offer was not ownership in any meaningful sense. The main function of the resistance to the prevalent discourses is a way of resisting dominance (Mumby and Stohl, 1991, Mumby, 1988).

I begin this chapter by explaining the form and features of this resistant discourse. ESO was also described as nothing but “money in the back pocket” (Shop-floor Staff 1 - 33). Participants attributed their disinterest in shareholding in general to their ‘insignificant worth’ and claimed ESO could only have a more meaningful purpose for them through a ‘revolution’. They had hoped the union would purchase the shares from the employees to hold as a block, and a collective defence against ‘bad’ changes or for the application of more ‘staff friendly’ HRM practices. The chapter then explores the context of the emergence and use of this discourse. I then provide my interpretations of the social functions of the discourse identified in these participants’ accounts. For these employees, the gift of shares was not a goodwill gesture or an invitation to engage in a reciprocal investment relationship with their employer; but they saw it as a bribe and a ‘sweetener’ for employees not to object or disrupt the flotation of the company.

7.2 The loss of a public service

In interviews, participants often started with strong criticism of the intention behind the adoption of the ESOP. In this discourse, the privatisation was constructed as a political tactic detrimental to the employees, the company, and the society at large. Royal Mail’s services should be public services, a social common good, and not a service meant for competitive consumption.

Shop-floor Staff 5

“Yeah. So, in the good old days we were just (..) the service kind of industry, do you know what I mean? And now, obviously, they want to make a profit.”

While the liberalisation of the market is seen to having resulted in the privatisation of the organisation and is blamed for the destruction of the social common good, the participants considered that it made sense to invest in Royal Mail because of its history, market share, low share price, and commercial capabilities and opportunities.

The fears that liberalisation and modernisation would lead to privatisation are established views amongst this group of employees and the CWU (Martinez Lucio et al., 2000b), and this has historically been the reason for workers' opposition and resistance to management's development plans such as the introduction of teamworking and Total Quality Management work processes, as well as their militant opposition to the partnership agreements signed by the union's national leadership and Royal Mail (Gall, 2005, Jenkins et al., 1995, Martinez Lucio et al., 2000a, Martinez Lucio, 1995).

Most of these participants expressed feelings of regret and loss regarding the privatisation, and fear that the removal of political protection will result in a loss of an iconic British brand, created to serve the public, not consumers. The 'hasty' flotation of the company was viewed with suspicion and, thus, for them, the intentions behind the adoption of employee ownership was equally suspicious. They associated the ownership of shares as part of a wider economic system that encouraged gambling and speculation. Therefore, share prices would not be linked to the performance of the company because the share price moves according to investor speculation on the shares market irrespective of how well, or not, the company is performing. Thus, shareholding per se was not seen as having anything to do with the employment relationship.

7.2.1 Defining ESO

All the participants drawn from this occupational grouping could define, and differentiate, Employee Share Ownership from Employee Ownership. ESO was not about ownership, it was about investing in a company. Regardless of whether they are employees of that company or not, shareholding in their employer is no different to having shares in any other company. These participants explicitly disagreed with, and challenged the appropriateness of, the word 'ownership' in relation to ESO in Royal Mail. ESO is just having some shares and nothing more—“It is not like owning your own house” (Shop-floor Manager 4).

They explicitly differentiated between ESO (risky financial investment) and EO (ownership, responsibility, pride, and influence). In response to the question, ‘What does ESO mean to you?’, they often replied ‘just shares’ or ‘an investment’. ESO was identified as an ordinary investment removed from the employment relationship. One way in which one of the participants linguistically illustrated this was by comparing ESO to a football club. A football club is owned by its supporters, yet the supporters do not have any input in the running of the club or the performance of the players (Shop-floor Manager 8). As one front line staff noted, “I feel like a very small voice, in a very small cog” (Shop-floor Staff 2 39-41.), further noting that his ESO portfolio is just ordinary shareholding with no voice, influence, or significant power in the organisation for it to make a difference to his working life. The rights derived from his shareholding are just “for show” because his position as an employee shareholder was considerably weaker compared to “big companies that invest in Royal Mail.”

The two views contrast with the partnership discourse (Gall, 2005) and opportunistic attitudes towards financial participation (Baddon et al., 1989). These participants are clearly unpacking the discourses around partnership, customer and market, and highlight the contextual meaning from their point of view and experience on the shop floor. Moreover, because of the ‘nonsensical’ idea that they ‘own’ the company, their attitudes are more opportunistic towards the gift of shares. These participants consider that an organisation in the public sector is publicly owned, including by employees, more so than a privatised organisation where employees are given a small shareholding stake. This echoes with Billy Hayes (former CWU general secretary) statement reported by The Guardian Online (2013) in October 2013 when he warned Royal Mail of impending industrial action as 96 per cent of postal workers were against privatisation.

Seeing ESO as an ordinary financial investment meant that these respondents were able to decouple share-ownership in Royal Mail from theories of performance and remuneration, although they were aware that senior managers saw the two as linked.

Admin Manager 10 - 15

“to think about what communications talk, all the work that's involved from me being in that team [...] to try to get you buy into the fact that you are part of Royal Mail and, I'm presuming the whole theory behind it that if you are part of it, if it's your money, then you are more likely to give more and you're more likely to put more into your work. Um [...] I hope it works

where it needs to work, but, you know, I've never had shares in any other companies I worked in and it's not stopped how I performed.

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I could sit here and tell you this, that, and the other, but ultimately, definitely on my team and across those teams, the fundamental thing on the shares is that - how much is going to be worth?"

When during the interview I rephrased the question, and asked participants to remove the word shares from "What does ESO make you think of," participants offered a different "reality". 'Shares' connote financial investment, gambling, risk, uncertainty, and financial manipulation—concepts that have nothing to do with the organisation, its performance and its people. Some of the examples participants drew from were companies such as Enron—a classic example of the divorce between shareholding and company survival and growth. Marks and Spencer and John Lewis Partnership were cited as good practice examples where employee ownership is defined by involvement, care, trust, and ownership. One key condition for ESO to meet these criteria, as stated by these participants, was the proportion of the company in employees' ownership which they believed to be conducive to employees' involvement in decision-making. The figure they all gave was 25 per cent ownership of the company, but could not specify why exactly this proportion would be conducive to a best practice of ESO other than "that's a good chunk of decision making" (Shop-floor Staff 7).

7.2.2 Defining EO

For the employees, as they noted, the contrast between employee ownership and ESO was based on involving your employees, creating a culture based on mutual respect and trust and giving employees influence over their work and the organisation. In this occupation grouping, ESO is misconstrued as a 'co-operative' (Shop-floor Staff 5 - 44) where profits are shared, there is a structure in place for involvement which also contains a hierarchical status-based and fair distribution of rewards based on the company's performance as one employee stated:

Shop-floor Staff 5

"If he's [director] getting 50, 60 times more than you, then you might think that's a load of crap."

To this employee, the difference between ESO and EO is the difference between a “few little shares” and a co-operative where:

“we all do us job. Every year we’re going to get two thousand quid and the firm’s going to be all right and that’s going to keep us in a job forever and a day.”

Therefore, EO is about:

“taking responsibility, taking pride in what you do [...] nothing financial at all in the ownership side of it, just purely the responsibility, and you've got ownership responsibility for set amount of duties, and personnel [...]” (Admin Manager 10 - 18).

There was a strong argument in these participants’ accounts that shareholding, irrespective of how it involves employees, does not reflect what companies are doing (e.g. Enron – Shop-floor Staff 7). Unlike some ‘serious’ incidents of employee ownership, e.g. M&S and JLP, 12 per cent employee shareholding is not significant because of the small return on the shareholding and the lack of other ‘rights’ such as involvement, which is seen to be the difference between opportunistic behaviour and care - for employees to “care more about the company; try your best” (Shop-floor Staff 7). Indeed, ESOP adoptions in the UK are partly legislated because of the political intent, but are mostly initiated by management. At Royal Mail, management did not initiate the adoption of ESO, but were left to implement and manage it. In a UK context employees’ financial participation in ESOPs is only likely to be seen as either a supplement or a substitute for a process of involvement or participation; it does not confer the right to employees to be involved in decision making (Salomon, 2000).

These definition accounts present two conditions: size of the organisation and remit. Participants did not think that EO is suitable in a large organisation where jobs and people are placed in a strict hierarchy. The working environment in large organisations such as Royal Mail was not – they considered - conducive to employees’ involvement in decision-making, not just because there are no mechanisms for this, but because employees would not feel comfortable being involved in decision-making, especially decisions beyond their immediate working environment. It is the responsibility of managers to take decisions and to be burdened with the responsibility of these decisions.

Admin Staff 12 - 39

“I don't really see me sitting with Moya Greene and all the directors, me and my 800 shares [laughter], me wanting big change, I don't know. I suppose I see myself as a minion, in a very

large organisation so, I don't think I'm the boss. I think ownership is like being the boss at times [...] if it's a small company and you had 50 per cent of the shares then... I'd feel like I'm the boss, whereas if you translate that back here I'm one in 150,000 people [laughter] and 800 shares are....”

Such accounts were offered to justify the need and status quo of continued state protection. These participants were strong advocates for the need of Royal Mail to remain in public ownership—not in employees’ or investors’ ownership. They felt it was not ‘normal’ for such public services to operate on a shareholder value maximisation model.

The difference between what ESO ought to be and what it is, is also accounted for in this discourse. The form of these accounts, however, takes more ideological and tactical nuances. Employee ownership, to these participants, should be or result in a co-operative organisational form (solidarity, profit sharing, inclusive culture and hierarchical status based on fair distribution of rewards). In large organisations such as Royal Mail, where employee ownership is not possible, ESO is used as a way of empowering managers alone, despite the rhetoric of employees “having a say” because of their shareholding.

The journey of Royal Mail employees is now no longer characterised by stability, pride, community spirit and responsibility, but by rapid unnecessary change, uncertainty, managerial prerogatives, and shareholder value maximisation. In participants’ accounts, there was a certain degree of ‘coming to terms with’ the fact that Royal Mail will continue to be a hierarchical organisation where employees are only marginally and minimally involved in the affairs of the firm, though in a much less stable private sector environment. However, employees’ resignation to their involuntary shareholding means a potential threat to investors and management if employees perceive unfair treatment. For this purpose, ESO is the means through which employees can either ‘move’ together with the shareholders if they are ‘happy’, or against the shareholders if they are ‘unhappy’. This is tactical because employees know how much it would hurt shareholders if the price of shares went down but not themselves, whose individual shareholding is considered “chicken feed” (Shop-floor Staff 5). Thus, ESO for ordinary employees can be used to threaten the new ‘movement’, by causing the share price to destabilise through various means—not least by going on strike.

Shop-floor Manager 1

“[...] we don't necessarily look at making radical change in the main, as long as we are happy with what's happening at the time. [it is] being part of a movement.”

There is a long and well-documented history of Royal Mail's employees opposing management initiatives detailed in the literature review and in Chapter Four. Not least their and union's ability to emulate managerial discourses to fulfil different functions, primarily to illustrate the 'irrationality' within management rationalism. It is important to highlight here that the 'militant' spirit (Beale and Mustchin, 2014, Beale, 2003, Darlington, 1993, Gall, 2001, Gall, 1995) of unionised employees at Royal Mail has not been curbed by more recent partnership initiatives, or the privatisation itself, as clearly highlighted by the participant quoted above that if employees are not happy, they are more than like to mobilise a 'movement' against management. The 2017 strike threat is evidence for the still prevailing militarism within the organisation.

7.3 Capitalism is creative destruction

Shareholding belongs to the doctrine of capitalism and free trade, a phenomenon characterised by serendipity, opportunism and mass consumption. This association between shareholding as investment and financial capitalism has consequences regarding employees' views of ESOPs. Because employees associated ESO with a specific nature of capitalism – ineffective and inefficient – shareholding then is also seen as ineffective and inefficient. It is not pragmatic in the sense of “the common good”. It creates inequality rather than being a creative destruction. It destroys common wealth, leaving only a few benefits. Capitalism encourages consumption and creates competition detrimental to individuals, companies, societies and the environment. Thus, in order to regulate this 'inefficient' competition, the Government plays a key role. The Government should protect the 'irrational' public because they do not have the means to rationally “calculate” their decisions.

Employees and CWU challenging management's use of the 'customer' discourse is not new at Royal Mail. It dates back to post-1988 strike when management introduced new forms of Total Quality Management, market-oriented initiatives such as the Customer First, and the Post Office Citizens' Charter by means of setting standards and delivery quality, amongst other things. Jenkins et al.,'s (1995) study illustrated vividly how the concept of customer is not a unitary concept. It is defined by conflicting interests. For example, management used it to justify the introduction of customer-supplier chain in the work process whereby everyone in the company has the same stake in the success of the organisation, and, thus attempting to promote a unitary philosophy throughout the organisation. They also used it to transfer quality and efficiency responsibility to employees and to legitimate their right in

controlling and managing employees and processes. Management also used the customer discourse to negotiate workplace change through emotive language, such as comparing competitors or the market as sharks and piranhas and emphasising the need to adapt and react quickly to external environment pressures or die; and by emphasising that past over-bureaucratic organisational structure and processes were ineffective, thus the need for innovation and change. Employees were expected to internalise this discourse through training sessions part of the Customer First initiative. However, employees and the union rearticulated the 'customer' and highlighted that her best interests cannot be guaranteed by a change to private ownership. They also questioned and challenged the 'demands of the customer' and what 'quality' is.

These employees who constructed the discourse of ESO as risky investment, situated the cause of their own 'misfortune' in this context and juxtaposed it with the experience of others (from previously privatised organisations, such as BT). The accounts expressed a fundamental political criticism of the way life is organised in modern society in which the genesis of their own experience and those of others could be understood as the product of malicious social forces.

In this discourse, the Government has got it all wrong, but 12 per cent employee ownership would not be sufficient to give employees enough power to 'take on the Government'. The participants criticised the 'efficiency' discourse put forward by the Government in which competition brings innovation and efficiencies, drives down the price of products and services, creates jobs, and boosts the economy. In the participants' view, competition is ineffective because competitors perform the same service which will then drive up the price; it means that there will be inefficiencies in the way the businesses will perform. For example, if all competitors in the industry cover the same routes, postal vans would be half empty; which is also detrimental to the environment. It creates a "ghost tax system" and the consumer pays the ultimate "increased" price at the expense of those employees who would also suffer from competition, insecurities and pressure to deliver profits.

Whilst their political and economic arguments were detailed and complex, participants omitted (consciously or otherwise) to discuss the opportunity of Royal Mail becoming a strong competitor in the market and fairly and successfully acquiring more market share through mergers and acquisitions. Other privatised British companies have done so successfully, such as BT who increased the value of the company and shared some of the gain through generous dividend pay outs to their employee shareholders on the back of some fortuitous investment decisions. And whilst some employees expect the privatisation to fail,

they see it as a long-term struggle in a world of management empowerment and shareholder value where change comes and goes but without any substantial difference to the life of employees or the performance of the organisation overall.

7.4 Shares do not increase protection or security

Because of the hostile view that many respondents in this category held, the main best-case scenario in respect of employee shareholding was that of a collective defence to the perceived threats of financial capitalism and its main premise of maximising shareholder value. The threats identified in employees' accounts were to their: employment (because of a potential takeover and of major investors' greed and speculation), professional identity (the degradation and slow death of the postman), and to the social common good because of the transformation of social services into artificial (consumerist) demands fuelled by the Government's desire to make money on the back of a failed industrial model.

As is clear from this thesis, the militant spirit intrinsic to industrial relations at Royal Mail have long been documented and debated. Also, the number of industrial actions, including strikes, which have been prevalent in this company-cum-industry is testament to the combative nature of this occupational group and their representative, despite the union's national leadership rather lenient stance to political prerogatives. Regardless how much managerial initiatives and political interventions have tried to de-politicise industrial relations at Royal Mail through restructuring and reorganisations, these participants who produced the 'risky business' discourse did not shy away from reiterating the antagonism which characterises their employment relations.

7.4.1 Conquer, take, retreat

Respondents expressed concern about the future governance of the organisation, given the current shareholding framework in the UK. The main reason for this is that the UK framework does not protect the organisation from takeovers. UK firms, unlike US firms, when going through initial public offers, not only lose shareholding but they also lose control and governance over the company, ultimately, resulting in the company either to be taken over or even to become dissolved. In the view of the resistant narrative this is a systemic, national and fundamental problem in the UK where entrepreneurship and "intelligence" gets eaten away by multi-national companies, because the system allows it to happen - "So I think share ownership in the UK is a bit twisted" (Shop-floor Manager 4 - 14).

Because the system allows for important decision making to reside with the majority shareholders, it opens a golden opportunity to investors to speculate and “gamble”. Investors do not buy shares in Royal Mail because they *care* about the company, they buy shares to speculate, to gamble, and to make a short-term profit. Royal Mail will have no protection from a financial collapse; and actions and events in one part of the world will directly impact people and events in the UK. There is a sense in these accounts that the more ownership employees have, the better prepared they will be to face any ‘aggressive’ investors and their selfish decisions detrimental to employees and the public. Investors’ pursuit of gambling and profit making equates to a struggle for employees to retain job security.

Shop-floor Staff 5

“These guys are just gambling with somebody else’s money. I see that share price /inaudible/ on the telly. One day, you go in, it’s like ‘Wahay! It’s gone up (..) three or four point,’ whatever. Ten p, fifteen p, twenty p. Next day, it’s come down. So if I knew what I was doing, I’d just sit there and wait till they come down. Sell them all - or wait till they went up and sell them all. When it comes back down buy them again. Then, next day sell them again. Buy them again, just take the margin out. You could probably make a living **out** of that. People probably do.

That’s probably how they make millions. But nothing changes. Nothing changes in here. Not as far as I can see. But I’m only a very small cog in a very large wheel. Do you know what I mean?

I don’t think they see it as a way of helping the company, of looking after the company, we’re looking after our jobs.”

From a business innovation and development perspective, it makes sense that a privatised and competitive company will better adapt to uncertain and turbulent markets. Why were these employees not content with this? They have identified a causal agent: the Government allowed the market to be opened to competition, which explained the issue as well as the consequences of this and the situation of the causal nexus: systemic inefficiency in a capitalist economy, a more acute class differentiation between different occupational groups because of empowered managers and investors, loss of a British brand, and loss of political protection against opportunist intentions of careless investors. For them, there are further issues, and these relate to their professional self, to their identity and to their relationship to the world of social action which is not in isolation from the self, but defines the ‘professional’ self. The

commercial realities model has no sensible meaning in the light of their pragmatic perspective, because the model rests on inefficiencies, exploitation, exclusion and inequality. Indeed, comparative studies in Europe have already found that those postal markets which have been liberalised have become organisations/industries with significantly poor working conditions and employment relations (Flecker and Hermann, 2011).

7.4.2 The collapse of a community pillar – the death of the postman

Thus, business circumstances have been changed by politically charged motivations/interests with “lots of implications” for everyone, including the “British public.” For these participants, when the Government owned the business, the environment felt more certain. The organisation has been serving the British public for “over 350 years”. Now the “perceived reasons why we do what we do” have changed and this has created issues of identity – ‘public servants’, or ‘customer servants’? The social identity of a postman has changed from a respected social function where “being a postman was treated as being a policeman”, an image of authority, community oriented and, overall, an established figure in the society. The role of a postman ‘public servant’ “was not just about delivering letters, there was more to that” (Shop-floor Manager 4).

Beirne (2013a) found similar results in his study on managers and employees’ experiences of the modernisation programme. The ‘bothered’ managers challenged the executives’ decisions and during the interview the majority of postal workers and support managers produced a counter-discourse which was less economic, and more service focused in which participants highlighted the commitment to community relations and the universal service. Participants’ expressed concern about being able to engage with the public and this was perceived to have an immediate impact on their orientations and personal sense of self-worth. Those who have been working for Royal Mail for more than 10 years were more likely to frame their work as being more than just economic exchange. Modernisation, however, was seen to have weakened this ethos of service.

7.4.3 The common social good

The resistant discourse ranged from the need for political protection in the management of the public services, before proceeding to a critique of the inefficiency of capitalism, and marketization. The Royal Mail privatisation was an underestimation of “the functionality of all our service offers”. In this sense, Royal Mail is not just a common good for its employees, but it is a social common good, very complex, intricate and with far-reaching consequences.

Royal Mail enables small companies to exist and to be able to operate. Thus, there is more to Royal Mail than delivering letters, it supports employment in these small firms, usually suitable to those individuals who need flexible employment.

The resistant discourse also carried a strong sense of grievance against the Government for using such schemes to ‘destroy’ British organisations, as well as professions (postmen used to have authority and be community workers not just servants to investors and customers) and to favour a select few investors and stakeholders who “made a killing.” The blame is directed at the Government for having deregulated and liberalised the market. The Government’s interest was financial, and to these employees, it showed a careless side of the political elite.

These participants reproduced the Government’s and management’s social enterprise and ownership discourse but in an overtly mocking manner. These employees were clear about their distrust of that discourse - “we are shareholders now and part of the company... but we are not.” (Shop-floor Staff 1). The accounts created in this discourse were making an appeal to the principle of retribution defined by negative reciprocity and derogations. Negative reciprocity, because management and the (neoliberal) Government deserve to be ‘injured’ due to their actions—injuring, in this sense, is for employees to act opportunistically towards the financial gains from their shareholding without giving anything back in return other than, perhaps, retaliation by suppressing good behaviour and mobilising others to do the same. And by derogations, because management’s and the (neoliberal) Government’s intrinsic qualities are not to be trusted. Their nature is to conspire against the employees and Royal Mail as a public organisation for their own benefit.

These participants dismissed the competition/efficiency discourse served by the Government and management and find it to be flawed because Royal Mail cannot compete fairly in the market due to the Universal Service Obligation (USO). Therefore, they compare the present circumstance with previous privatisations in other public services, e.g. the railways, and argue that because of the USO the competition model argument is flawed: Royal Mail is now neither public nor private, but somewhere in between. This tension regarding the role of the state enterprise has been the reason why organisations such as Royal Mail have been privatised (Batstone et al., 1984). And some commentators, including Parker (Parker, 2014a) agree with the economic rationale of privatisation – nationalisation is inefficient and costly.

7.5 Discourse as a political wish-list

The image of public services as enablers of entrepreneurship, business growth and efficiency, and ultimately increased employment put forward in this discourse also carried the implicit wish for the Government to act differently. The respondents wanted both political protection and intervention in public services—some things, which they expressed as “natural needs” like utilities, should not be left at the mercy of market forces. The contemporary market is the playground for shareholders, investors and governments who benefit through their networks, position and power, but the users of the service, the public, lose out by becoming mere consumers. Ordinary people, on the other hand, are disadvantaged and debilitated in this environment due to their irrationality caused by their lack of means to play the capitalist game to break even or gain, thus, governments should ensure that people are protected, not taken advantage of. In this sense, British governments and their trend of privatising national companies, have failed to meet this fundamental responsibility. For these participants, privatisations and the contemporary economic system defined by shareholding stemmed out of societal issues and bad national governance that allowed shareholding to become ‘organisation’ and ‘organising’. It all started when the postal market was open to competition by the Government.

When explaining the causes of the privatisation and, implicitly, their new employee shareholder status, participants did not single out any political party or government as, in their view, privatising national institutions has been “just a trend of the British Governments” on the premise that “it’s not their job to be running a post office”. But, they are not in agreement with this premise, because firstly, other countries’ governments “run all these public services and are profitable”, thus, the Government’s argument is “nonsense”. Moreover, they compare the situation with that of the NHS and said that “they [the Government] would never dream of taking that service away from people.” So, in their view, the Government showed preferential treatment for some services over others. The treatment might have been out of fear of a social revolt, which again, implies that the public are to be blamed as well, for not having stood up to defend Royal Mail.

Shop-floor Manager 4

“It was always set about it was not particularly Tory thing, Labour started the privatization of Royal Mail, but it's just a trend of the British governments. Where, on one hand they say it's not their job to be running a post office, how can this now /inaudible/ there are many, many_other examples of countries that run all these public services_and are profitable_or.. you have one that's subsidised together, you know, it's kind of like saying the NHS, you don't

see that a profitable organisation but they never dream of taking that service away from people.”

Again, the participant quoted above, in articulating the political critique, contrasted this to a “co-operative functionality of state system”, where its efficiency stands on public support, conformity and solidarity. Whilst he stated that he doesn’t like communism per se, he saw it as the only socio-politico-economic organisation which can provide such an efficiency—value for money and consumer protection. In his view, the only efficiency that a private Royal Mail will achieve is through cost cutting, sacrificing employees and their working conditions, short changing the public and eventually selling the company to whoever is prepared to offer the highest bid, thus, haemorrhaging money out of the UK. However, the same participant acknowledged that such a role for the state in the UK might not be feasible, because of the fundamental philosophies around politics and the market which have been historically shaped in the UK.

One recurring feature in this discourse was the expression of “the real world”, which raises further questions as to what kind of a world was Royal Mail part of before privatisation. And, if the real world is a world of shareholding and market competition, how can an organisation not be part of it? One explanation could be that higher powers create the ‘real’ world, as some employees suggested earlier that it is the Government who created the situation which led to the privatisation of Royal Mail. They influenced regulation and policies to open the market, and now, this is the real world: an open market with inefficient competition. This has also resulted in employees losing their civic pride, and the “body” they represented. In other words, employees have lost their identity of a unitary body of public servants and the result of this ‘divide and confuse’ tactic is a fragmentation of the strong unitary identity into many, easily manipulated, weak identities.

It was not just the identity of workers that was fragmented by the liberalisation and privatisation of the organisation, but also the collective bargaining arrangements at both company and sectoral levels (Lethbridge, 2013). As Gall (2005) noted, this has been the case at Royal Mail since the 1988 strike to prevent further mobilisation of workers by devolving collective bargaining activities to the local level, whilst influencing union strategy at the national level. Nevertheless, this has not been very effective at preventing grassroots movements to form and develop (Darlington, 1993). Royal Mail fragmentation started with the structuring of the organisation along functional lines as a strategic approach to privatisation in the 1990s (Jenkins et al., 1995) and the introduction of quality management programmes underpinned by the New Management Practice, which delivered training to all

postal workers so that they understand the market and its ‘needs’ whilst influencing union leadership to steadily soften their critique of these practices (Stewart and Martinez Lucio, 2011). Whilst the plans to privatise Royal Mail in the 1990s were dropped by the government, the organisation was left with the new structure in place (Martinez Lucio et al., 2000a) – perhaps, because the privatisation plans were never really shelved. In addition to having blurred postal workers identities, the restructuring programme also fragmented labour relations and employment conditions by dividing bargaining systems and increasing the number of actors involved; thus, collective bargaining coverage would become less comprehensive (Flecker and Hermann, 2009, 2011).

All the various accounts given by these employees form a discourse of the genesis of the privatisation and the adoption of ESO that carry a highly political image of the social world. The privatisation and the response of the company to it suggest a world of power inequality where the powerful – the Government – cannot even be questioned or spoken to. There was much more in these accounts that drew upon situations of injustice in the society. Participants locate privatisation within the Government and the features of their accounts suggest mistrust and scepticism regarding the interests and intentions of people in positions of power. Whilst this rather populist image of society influences their perception of the genesis of privatisation, does this withstand their own experience of shareholding?

7.6 Shareholder through gift, not choice

The previous section provided considerable detail around the context of the production of the ‘risky business’ discourse, as well as the political implications of this discourse beyond participants’ experience with shareholding. Within this discourse, free shares are seen by most participants as “money for nothing”, “a benefit”, “a freebee” and “a bonus”. These participants did not express a feeling of entitlement, unlike other participants. This makes sense considering their accounts about ESO; that it is removed from the performance and the operation of the company. The gift of shares is redundant because employees did not ask, want or need it—nevertheless, they can benefit from it.

The gift of shares in this discourse was not framed only as a sweetener and a redundant gift but also as a means of tax dodging. Employees are not sceptical about the gift only because of past industrial relations and the intrinsic nature of such gifts in the workplace: “you always take it with a pinch of salt; it’s too good to be true; nobody ever comes to you to give you three and a half grand, that’s a fact”. But also, because they blame the Government of rich

accounting: “there must be some sort of tax dodge somewhere... nobody’s ever gonna give you money for nothing. It’s simple as that.” (Shop-floor Manager 4).

These employees’ perception of unfairness in the adoption of ESO has, naturally, resulted in cynicism and scepticism around the intentions behind the gift. It has already been found in previous studies, that when employees’ perceive unfairness in the distribution of reward and benefits an opportunistic and negative response from employees would be most likely (Baddon et al., 1989, Beirne, 2013b, McCarthy et al., 2010). When employees see such schemes to benefit those higher up the hierarchy and when such schemes replace formal collective bargaining mechanisms, employees respond with resistance and militant behaviour, especially when the adoption of ESO coincides with restructuring programmes.

As there was no involvement on the part of employees when the decision was made to gift the shares, they see themselves as having become shareholders because “someone” made this decision, but the intention is this “someone” having transferred not ownership, but only the responsibility for employees to “look after your own jobs.” In this respect, ESO is not only having diluted employment security, but it has also created the responsibility for employees to justify their job and to tender for what is their position, their right for a job.

Because of the deferred nature of the gift, participants who produced this discourse described the free shares as a bribe to create obligations and a bait to appease the workforce and the union with regards to the privatisation. These participants chose to refer to the gift of shares as “free shares”, “bribe”, “bait”, and “sweetener”. Participants’ shareholding status came about by way of an unwanted gift and as one respondent stated:

Shop-floor Staff 6

“How it came about? Not through choice, I don't think (...) and that's it.”

Most of these participants considered the gift of shares to be a bribe and a bait to create an obligation (expectation to return a favour) and a feeling of indebtedness—mainly to placate unions and prevent collective action and to secure employees’ approval for the privatisation, including the change programs, such as restructures, associated with it:

Shop-floor Staff 11; 13

“to give free shares to staff means that there’s always something... doesn’t feel right. You don’t get anything for nothing... when they give you something, they should want something back.... You can’t really cause a strike when having Royal Mail free shares in your account.”

The expectation of a return was constructed by comparisons with other similar organisations that have been privatised, such as BT and Network Rail, and from such a comparison these participants concluded that at Royal Mail, just as at BT, the gift of shares was meant to secure employees' obedience and non-resistance to the transfer of ownership, because employees were also included in the transfer—"take these shares and go and don't bother us again!" (Shop-floor Staff 2). Moreover, the gift is also framed as a "dangling carrot" to distract employees and prevent a human capital drainage. In other words, the gift of shares also acted as a 'golden handcuff'.

7.6.1 Strings attached

The intention of making employees shareholders is perceived to be "the oldest trick in the book" by making people think they are "valued at the same level as your board and everyone else, whereas, it's not." It is a mirage. It is "not something that's going to change what people see in the day-to-day running of the business." Beside the perceived expectation of not disrupting the privatisation, the gift of shares has tied employees to the company for at least three years and this is "... a bit of a noose around some people's neck".

Shop-floor Manager 4

"But there's a lot of strings attached to it you've got to retain them for three years, five years if you don't want to occur the tax... a lot of speculation-like based on the previous phantom shares which accumulate to nothing, that would be the same thing that by the time we come to sell them they'll be worth nothing. And at the moment it's just a piece of paper. It also means that for the next three to five years they bought compliance from staff by dangling the carrot because if you get fired or leave the business for any shape, form or.. reason other than retirement, then you lose those shares, so.., it's a bit of noose around some people's necks but... it's not a massive amount of money to lose but it's still lingers in the back of people's mind when they make that decision if they want to leave the business."

One supervisor acknowledged and was aware that the gift was legislated, although not everyone is aware of this as "this [...] wasn't made aware to everyone that became shareholder". To him, this was a 'token gesture'; it was disrespectful. It only reinforced his perception of the liability and guilt of the Government: they paid employees compensation for the disruption they have caused them, whilst at the same time, buying their compliance regarding privatisation. The gift obscured other big business that took place during the Initial Public Offering (IPO) and shortly afterwards, and as one participant noted, he was:

“a little bit annoyed [...] that they back doored the latest 15 per cent to a series of investors, and they did so with the employee options as well, they sold them to certain friends of the MP.” (Shop-floor Staff 4).

These participants showed no gratitude in their accounts of the gift. Their lack of gratitude was justified by their evaluation of the context in which the gift was given: the privatisation of Royal Mail. To these participants, the gift of shares was a sweetener to secure employees’ support during the privatisation and to make the company look attractive. One participant, Shop-floor Staff 2, described this as an “unwilling gift”—the Government had to give the gift to “make this [the privatisation] look attractive,” they had to ‘bribe’ employees “to sell the idea of being privatised.” The fact that the Government gave into the strike pressure and increased wages is proof of their desperation to prevent any disturbances leading to not being able to successfully sell the company, or as he put it “to get their own way.” Criticism of this is the fact that the Government betrayed the tax payers for underselling the company, covering up for the pension deficit, and increasing wages by nine per cent.

7.6.2 A stick for managers to beat up employees into a shareholding perspective

Another perceived main function of the free shares in these participants’ accounts was that the gifted shares were a way of projecting a shareholder identity onto employees to ensure that they behave in a way conducive to increasing shareholder value (discretionary effort). However, the gift of shares is defined by these employees as an ‘unwilling gift’ to regulate the antagonistic relationship between employees, unions, and the management. The Government had to gift shares to employees to “pacify and sweeten” them. In their view, a company and management give “nothing unless you have to fight for it”, and this account was constructed based on previous experience and industrial relations when they had to strike to “get something” including employment protection and rights—“we will remember all that” (Shop-floor Staff 5).

Most of the participants who took part in this study were either uncomfortable with the idea of gifts in the workplace or considered the gift to be a bribe or a ‘sweetener’ to ease the privatisation and to undermine unionism and collective bargaining. This is not surprising considering the militant nature of industrial relations at Royal Mail. Even after the privatisation, the combative spirit has not subsided and the threats to strike continued post

2013. Previous managerial initiatives, including Total Quality Management, teamworking, and the various partnership agreements have only fuelled a feeling of mistrust in postal workers. As these participants initially perceived the gift of shares as a bribe, now after the bribe was accepted, they expect further punitive managerial interventions. Some empirical evidence of this was also reported by Beale and Mustchin (2014). ESO then, no longer is a bribe but a management tool and a way of asserting managerial prerogative, power, and legitimacy.

Re-establishing a relationship based on trust will take time and Royal Mail needs to be seen as a trustworthy party in this relationship. Employees are unsure as to what to make of the privatisation and their shareholding. Nevertheless, the lack of trust stemming from previous industrial relations has led many to see the gift of shares as just “money for nothing”; thus, for these participants the gift of shares and their involuntary shareholding are not associated with expectations and feelings of obligation.

The same social comparison constructions are identified in participants’ accounts which they used to justify their acceptance of the gift despite their strong resistance to their involuntary shareholding. For example, as one employee stated, “you can call me a hypocrite” (Shop-floor Staff 5 - 40) but if senior management and the Government took advantage of the circumstance, then it made sense for employees to do the same. There is, however, an acknowledgement that by accepting the gift of shares employees have also accepted to be ‘sweet’ and ‘pacified’ with the privatisation, but only for the five-year period of the Agreement by which the Union and employees are bound not to strike in exchange for an increase in the base wage over the period and for the gift of shares.

Shop-floor Staff 5 - 42

“I don't want to see why they've done it, but if they are going to do it ... I think it's just a pacified, a bit of a sweetener; was a bit of a publicity thing to get people on board [...] whichever you look at it, it's free money.

64

They did not have to do it, but I think it was a PR stunt for this company, tell you the truth.”

89

Nobody's going to give you millions of quid for nothing [...] they wanted to get the workers on board, pulling in the direction that they wanted to go in. Management gives you nothing unless you have to fight for it. We will remember all that.”

7.7 Opportunism in the absence of control and power

Given the lack of involvement and control over the privatisation of the company, all these participants justify their acceptance of the gift, despite the rhetoric they produced against it, by creating an account of opportunism – it is fair and moral if the Government and executives are appropriating a share of the company for themselves, that employees should also do the same – “they’d be stupid not to” (Shop-floor Manager 4). Moreover, the gift instead of (re)building employee relations, has increased employees’ cynicism and distrust in management, not least from the deferred nature of the gift but also from the new employment relationship where employees have unwillingly been placed in a position where they are affected by market forces over which they have no control – “I don’t think I’ll have a lot of say in that” (Shop-floor Staff 2 - 58) – as well as no control over the value of the gift, until they can sell the shares.

Therefore, the gift of shares is ideologically immoral, but pragmatically opportunistic. These participants considered that they would be “stupid” not to take the money. Such a view may have stemmed out of a feeling of hopelessness because the "real world" is now one in which shareholder value is salient. Whilst employees feel hopeless regarding the privatisation and the adoption of ESO, they feel in control over their behaviour and the ability to mobilise others. As one participant stated:

Shop-floor Staff 5

“I don’t think... I think they obviously want to get the workers on board, and even if they get one percent of one percent on board, it’s probably better than none. Pulling in the direction that they want to go in. But, like I say, this industry and this job, when I was younger, we was always out on the streets. Do you know what I mean? We were on strike three or four times a year. There was a lot of needle between managers and some of us older ones (..) who’ve been here - been through it (..). Do you know what I mean? We will remember all that. That they never give you nothing unless you’ve had to fight for it. Unless you had to go on strike for it. Do you know what I mean? Now, whether the company’s changing that - but I don’ think so. I think the company’s more likely to say (..) buy somebody’s opinions for as little as possible. That’s my cynical view on it and, like I say, I don’t believe that if you come in here in five years’ time and says, ‘Right, how many people in here are shareholders now?’ They’d say ‘Oh, I sold all my shares yonks ago,’ ‘Sold my shares,’ ‘Sold my shares,’ so, you know, this 10 per cent of workers will soon become one per cent and even 10 per cent won’t have changed the way this business is run. If they all stuck

theirs together, I says, you know, “Wait workers, we’ll all pool our shares. We’ll not sell them. We’ll buy more and we’ll become a big sayer in this company.”

Despite the ideological tale, in addition to having been gifted shares and becoming SAYE members, most of the employees who produced this discourse also purchased shares through the Employee Priority Offer (EPO). Their justification for this contradiction was the sound and promising investment opportunities that the privatisation of Royal Mail presented—note that if they worked for a different company that adopted an ESOP, these individuals might have not bought any shares. These employees provided several reasons why it made perfect investment sense to purchase further shares in Royal Mail, including the historical success of other privatised companies. As one line manager stated:

Shop-floor Manager 4

“Previous historic privatization of national businesses such as BT, if you had shares in the 80s you paid a pound, now it's 36 quid a day. So, the trend of privatised UK companies are such that (..) they are profit makers, because they just don't (..) /laugh/, there's a lot of money in Britain and (..) that's, that's part of it. Then there's speculation. Yeah, speculation.”

Whilst their justification for the investment might read benign at first, the accounts were made to support the earlier critique of financial capitalism—good for investors, but bad for individuals, companies and whole societies. For example, the main reasons why it made sense to invest in Royal Mail shares are: the cost-efficient and generous taxation of such schemes; the possibility for a private Royal Mail to be able to raise prices and, thus, profits; the use of “HR scams” to create a flexible workforce and achieve considerable savings; the Government appropriated the historical pension liability of the organisation and, therefore, it was also reassuring to know that “the new pension that are offered to people are rubbish [...] so there, you know, those... and, you can see that there is nonsense” (Shop-floor Manager 4). Nonsense in the respect that if “they” really acted in the best interest of the taxpayers and the employees, the tax payers should have not had to foot the pension deficit bill, and the employees’ benefits should have not been based on speculation and gambling, but on honest schemes where performance and contribution are rewarded; nevertheless, these participants appreciate that such tactics are beneficial to the share price. Instead, external investors are rewarded for their pursuit in short-term profit making regardless of its impact on the organisation.

In addition to the above-mentioned reasons there are also the opportunities technology advancements and product development strategies could bring. The investment potential of the organisation made ESO attractive to these participants who generated the risky

investment discourse. Royal Mail is a valuable organisation with unique assets and opportunities for the future. Interestingly, these opportunities are better placed in a ‘capitalist’ system, which goes against the presented ideological beliefs. Nevertheless, they see the company to have the means to evolve and prosper, not necessarily for the benefit of workers or consumers, but for its own benefit as a private organisation, and implicitly, its shareholders, but only if the leadership of the company will effectively capitalise on these opportunities. In which case, it makes sense to become a shareholder as this is the only way to benefit from the potential success of the organisation in the future, given the balance of power between employees, managers, the Government, and external investors. After all, employees and managers at Royal Mail would have stood no chance in persuading the Government not to sell the organisation, “they were going to do it anyway”, as one employee stated:

Shop-floor Staff 5

“Yeah, (..) I don’t quite understand it myself because, I mean, the Government just saw it as an opportunity to make money really. I mean, it was always like a service industry and like a lot of industries in this country probably like train infrastructure and all them kind of things that the Government just kind of decided to think well we can sell them off for whatever reason. So, I can’t understand (..) how it’s going to work and the shareholding’s all about making profit for your shareholders, innit? So, sooner or later something’s got to give. I mean, initially me, when they said they were privatising, I said I’m a bit anti-privatisation for this job and I just said well, stick your shares, you know what I mean? I mean, if they don’t give you free shares, a lot of people said ‘Oh, I’ll have something for nothing.’ But my reasoning was ‘well, I’ll tell you what. Don’t sell the company and we won’t have any shares but if you are going to sell the company and you’re going to give me free shares, I’m not going to look a gift horse in the mouth. Do you know what I mean? ‘Cause a lot of people say ‘well, if you disagree with it that much, don’t have the shares.’ But it’s going to happen anyway. That’s why I took them. So, well, I’ll tell you what then, if you don’t give me the shares, don’t sell the company. I’ll be happy with that. Do you know what I mean? They were going to do it anyway. So, we went. It’s not our decision.”

7.8 Conclusion

This final occupational grouping relationship to shareholding was reflected in a complex, and often contradictory, discourse. ESO was simultaneously not ‘real’ ownership, but not expected to be, given the size of the organisation. Shareholding was not real investment, because share ownership was a form of market and capitalist gambling and speculation. The

Government had sold the company on a false premise and with insufficient understanding of the loss it represented for the British public, but that also meant that purchasing additional shares was not hypocritical because it was all a tax dodge somewhere. The 14 participants who recreated this narrative were clear sighted in their definitions of EO and ESO, but often reproduced quite long and complex definitions of the dynamics behind it.

These participants contextualised ESO and their involuntary shareholding within a political critique. The accounts constructed and used to blame the change in the status quo were embedded in a political appraisal of the past 30 years and the general interest of British governments during this time in privatising public services. The projection of the genesis of privatisation as well as their involuntary shareholding is external to self and the organisation, highlighting a considerable imbalance in power. Whilst the employees who produced the discourses of transformation and efficiency saw the commercial transformation of state-owned organisations as a way of removing the “shackles” placed on the organisation, the participants who produced this discourse consider that the removal of political protection places the control of the organisation in the hands of a few major investors. It was these investors, and not the people who are affected by decisions, who were now the shackles. Thus, whilst senior managers and some administrative employees used the language of control to justify both the privatisation and the ESO, these employees constructed a political protection discourse to argue against the ‘theories’ put forward by both the Government and the executives at Royal Mail.

The discourse contained a contrast between what ESO ought to be and what it is. ESO distorts the idea of a co-operative where profits are shared, employees are involved in the business and there is a clear hierarchy which is based on fair distribution of rewards. In large organisations, such as Royal Mail, ESO is a managerial tool, a way of empowering managers. Shareholding in general is a gamble, a speculative exercise enshrined in risk and inequality. Therefore, ESO is not about the company and its performance; it creates more responsibilities and obligations in employees more than it gives them ownership. However, employees can turn the tables by appropriating some of that power through their means of disturbing the share price—and the share price is what Royal Mail and its main investors care most about now. What was initially a managerial tool met with resistance, it is now seen as the Achilles’ heel, a unique bargaining opportunity in times of trade union decline and political opposition.

The views of these participants on the free shares were mainly expressed through a justification for a 'revolution', a 'movement', given the circumstances under which their organisation has transitioned from a respectable British brand to a private sector firm in service for customers and profit instead of for the people, the country. They make an appeal to the principle of retribution where reciprocity is defined by them taking advantage of the circumstance. Therefore, the free shares are nothing but "free money" and no feelings of obligations have been created in staff. Another construction identified to justify their acceptance of the free shares is a social comparison account where employees are seen to have only managed to scavenge "chicken feed"—top management, who made a "killing" should be questioned on their opportunistic behaviour.

The opportunism discourse was also used by these participants to justify their acceptance of the gift of shares. In their view, the gift of shares was nothing but a "sweetener", "a bribe", and "money for nothing". Considering their definition of ESO, their attitudes to the gift come as no surprise—ESO is removed from the employment relationship. For them it seems easy to disregard any expectations of reciprocity because it was nothing but an unwilling redundant gift—the Government and Royal Mail felt that they had to give this gift, not that they wanted to, to be able to sell the organisation without much disruption. Moreover, the gift of shares and the increase in base pay negotiated by the union and Royal Mail is a clear indication to these employees that the 'giver' had no choice but to make the gift. Thus, these employees do not feel the need to reciprocate or even to show gratitude. The second reason why they see the gift of shares as a redundant gift, is because the gift was not wanted in the first place—their shareholding was not through choice and as ordinary citizens and civil servants, they have no need for shares. Nevertheless, the gift of shares was constructed as opportunism in the absence of protection, control, and power.

Chapter 8 – What can theories of gift giving offer the study of ESO?

“... Discipline is the gift that keeps on giving” – William Baldwin

8.1 Introduction

The main aim of this study was to understand context-specific meaning of employee share ownership (ESO) as constructed by the different actors involved in the adoption of such a scheme at Royal Mail. As highlighted in the introduction, during my postgraduate studies I found the economics perspective on free shares as a gift exchange interesting but unsatisfactory. This was because it assumed that, firstly, employees would consider the free shares to be a gift and feel thus compelled to reciprocate, and because they would do so on a rational basis, the benefits of reciprocation would outweigh the costs. The economics perspective suggested that free shares established a form of a reciprocal exchange relationship between the employer and the employee. The potential *social* function of free shares, in contrast, has not been explored to date. In this chapter, I discuss the gift-exchange literature before providing recommendations for using it to inform future research in this area.

The idea that shareholding, especially during privatisation programmes, is used as a means to reconcile antagonistic relationships and to create a new ‘universal’ identity between employees, their unions and employers is not new. For example, Baddon et al. (1989) discussed this at length in their study, but they did not empirically investigate it. Social exchange in organisations has been extensively studied by behavioural economists (e.g., Dur et al., 2010, Charness, 2004, Gneezy and List, 2006) as discussed in the Literature Review. To my knowledge, no research has been conducted to explore how social exchange relationships may be created and developed through gifts of shares, other than Bryson and Freeman (2014) study in which the relationship was assumed from a quantitative analysis of employee shareholders and non-shareholders. Moreover, the suggestion that involuntary ESO could have a social function to establish reciprocal exchange relationships in the workplace is not accounted for within the current theoretical perspectives of the agency theory, which is typically used as the theoretical basis for ESO schemes. Thus, my research study’s secondary aim was to examine free shares from a gift-exchange perspective, i.e.

- What are the social functions and implications of gifts of shares during privatisations?
- What can theories of gifting offer to the study of employee share ownership?

As shown in the previous analysis chapters, the Royal Mail employees' interviews in this study generated three main discourses when making sense of their involuntary shareholding. The analysis chapters, in addition to the form, structure, context and function of the discourses, also offered insights into the social functions of involuntary (gifted) shareholding as experienced by the participants in this study. The three main social functions identified are an exchange trigger, a 'perverse' incentive, and a way of projecting a new identity.

As mentioned at the beginning of this thesis, in the UK, employees become (involuntary) shareholders in their employer by receiving gifts of shares. Gifting shares to employees has also been a staple of British privatisations, of which Royal Mail's generous gift of 12 per cent ownership of the organisation given to all eligible employees is a noticeable one. This second research question was developed to expand knowledge about employee share ownership by looking at its social significance, i.e. what it does for groups of employees and the organisation. A related aim was to explore any possible less desired effects of (involuntary) shareholding for individuals and the wider social group of employees and to identify the circumstances under which these might occur. This thesis also draws attention to the possible dysfunctional consequences of (involuntary) shareholding and their implications.

8.2 An exchange trigger

This social function of gifted shares as an 'exchange trigger' was identifiable in the transformation discourse generated by managers. ESO is the initial exchange that would trigger the reciprocal behavioural change by the employees. ESO is a one-off managerial gesture supposed to prompt a continual and repeated positive responses by the employees. Thus, ESO functions as a transformation and monitoring mechanism, creates a partnership/community, and signals care to the employees, all at the same time.

The framing of gifts of shares as an exchange trigger denotes a reciprocal nature of the exchange as theorised by Mauss (1956)—gift giving implies an exchange and not just a unilateral offering. Such an exchange involving gifts is a distinctive exchange sharply contrasting with market exchange which is mediated by price and money. Unlike market exchanges defined by instantaneous behaviour and anonymity, gift exchanges require durable interactions and binding obligations. It is characterised by three fundamental components:

1) gift offerings create reciprocity and obligations, 2) gift exchange and reciprocity are separated by time delays implying prolongation and durability of the exchange, as well as infusing a measure of uncertainty (sometimes voluntarily) regarding the timing and nature of reciprocation; 3) in social relations defined by gift exchange and reciprocation, gifts act as powerful inducements, rewards and motives, maintaining, reinforcing and inducing repetition, thus locking-in the parties involved in the relationship. Thus, gifts of shares can be considered as relational gifts carrying great symbolic associations and are an invitation to partner or an expression of a social relationship (Sherry, 1983).

Claude Levi-Strauss (1969) outlined the specific nature of gift exchange as opposed to market transactions, arguing that the meaning of gift giving can only be found in the symbolic messages conveyed in the gift (the action of giving/intention) and not in the type of tangible results characteristic of economic transactions. He, and others, for example, Blau (1964) suggested that the role of gifts is varied in nature and can be either the desire to assert influence on other people, acquiring status and prestige, exerting power, or also the expression of more sympathetic emotions. Levi-Strauss argued that the motives underlying gift giving are not always conscious: important forces behind gift giving could be defined as deeper needs to gain security or to defend oneself against all kinds of risky interactions with other people. It is not surprising then to see that managers use the gift of shares to negotiate the transformation programme with the staff and the unions. Whilst the expectations intrinsic in the gift are increased discretionary effort and commitment to organisational objectives, the gift is framed by managers as Royal Mail caring for its workers.

Related to the concept of power in gift exchange, Gouldner (1960) argued that gifts are given as a relationship starter, but the reciprocity need not be equivalent, or even possible in order to dominate the receiver of gifts. Reciprocity, because it is based on strongly normative feelings and expectations, becomes a compelling force in social relations where power plays an important factor in creating strikingly asymmetrical reciprocal exchange relationships where one party feels obliged to give considerably more than the other. Because the norm obliges the first receiver to pay back the initial donor within a period of time, the donor has the confidence to part with her valuables in the thought that she will be repaid. Connecting this idea with that of the first voluntary gift, being the first to give not only initiates a relationship but also locks-in the recipient, if she accepts the gift, in a relationship where the first giver will always occupy the superior position; simply because she was the first to voluntarily give. Thus, managers expect employees to continually reciprocate the gift of shares received.

Whilst there was only one ‘gesture’ of a gift exchange between the Government and the employees of Royal Mail, the Government made three separate gifts to employees of 10 per cent, and then one per cent and one per cent respectively. The way the gifts were framed by some politicians involved in the transaction was that of a reward for having ‘transformed’ Royal Mail and made it into a sellable organisation. One interpretation of these repeated gestures is that the Government wanted Royal Mail employees to become conditioned to the idea of reciprocity (give and take) or that their intention was not to bring the ‘balance of debt’ in equilibrium, because then the gift exchange relationship would cease to exist. So, it is in the interest of the dominant groups to ‘indebt’ receivers of gifts to the point of these not being able to reciprocate (Schwartz, 1967). Therefore, leaders ensure not to fall into debt to their followers; on the contrary, they ensure that the benefits they render unto others are never fully repaid (Whyte, 1964).

Whilst these participants were grateful for being ‘taken care of’ by the organisation through their involuntary shareholding (to share the success of a transformed and efficient Royal Mail), and were comfortable about the obligations and expectations intrinsic in their involuntary shareholding, gifts were something uncomfortable for managers because gifts in the workplace do not account for employees’ effort and loyalty based on their individual performance. Although there are elements of identity projection – gifts of shares are an ‘acquired taste’ and, thus, are not appreciated by everyone – managers want to ‘remind’ employees of their shareholding/owner status but at the same time they also want to unpack the obligations and responsibilities intrinsic in this role, and in the gift, itself.

The effects of this perceived social function of involuntary shareholding is that managers preferred to shift the discourse firmly back into discussions of the managerial ‘rules’, where their identity and relational choices were under their control. The gift of shares created expectations on the part of the managers (resulting in uncomfortable feelings) to ensure that a shareholding perspective is created and maintained in the organisation. Because gifts are uncomfortable and shareholding is an ‘expensive’ luxury, managers offered managerial ‘rule’ accounts such as an incentive rule (rewarding good behaviour), the use of praise and recognition (as part of best practice management) and employee involvement.

8.3 A ‘perverse’ incentive

The second social function identified was that gifts of shares create a 'perverse' incentive. This function was identified in the last two discourses of social enterprise and risky investment. Because the gifts happen to be given shortly before a major change is implemented, employees develop an entitlement and expectation for further gifts in future change programmes. For these employees, gifts in the workplace, including shares, signal a 'bribe', a hidden interest and intention.

As expected, the effects of seeing gifts of shares as bribing are not positive because employees do not feel gratitude for the gesture. In the absence of gratitude, the gift is a 'patronising' gift because employees feel that they are expected to be thankful for the gift and accept the change. Gifts/bribes are the generators of opportunistic behaviours in pursuit of short-term gains because bribes are 'unwilling' gifts: gifts that had to be given for specific goals and objectives (in this case, to sell the organisation without disruptions from employees and the trade unions). In Simmel's (1950) view, exchange of things is the objectification of human interaction where materialism occupies a high importance and relationships between people becomes a relationship between objects. There is an understanding in his account that as long as we value objects with an abstract monetary value then, the intrinsic value of the objects become degraded: the individual in them, the 'spirit' of the object, is levelled down to the general object which is shared by everything saleable, particularly by money itself. In this way, gratitude for the gift is realised in a different 'coin', and thus injects something of the character of purchase into the exchange, which is inappropriate in principle creating a feeling of inadequacy or indignity as reciprocity is being reduced to isolated objects of exchange.

Therefore, unlike Mauss' thesis on the gift being a generic, universal phenomenon and a basic foundation of social behaviour, the finding in this study showed that there is instability and a wide spectrum of perceptions and experiences of gifts, ranging from rigorously enforced obligations to customary favours and more altruistic acts, as well as evil, negotiated and subversive gestures (Algazi et al., 2003, Bourdieu, 1996, Parry and Bloch, 1989). The darker side of gift exchange usually stems out of a feeling of unfaithfulness and unfairness and when there is a perceived inequality in reciprocities this will inject a degree of hostility in the newly-formed bond which prescribe vengeance, or at least grudge, for harm done. Gift exchanges, then, are not only governed by the norm of reciprocity but also by inequality and exclusion. Those whose circumstances do not permit them to give much are also the poorest recipients (Komter, 1996, Schwartz, 1967). There is a kind of social selection whereby people choose as their partners in gift exchange mainly those who are active participants in social

networks themselves. Reciprocity then, not only encourages inclusion, fostering community cohesion, but it also acts as a principle of exclusion creating a feeling of anxiety in those involved in such interactions, in addition perceived inequality and unfairness (Schwartz, 1967).

The importance of this strand of literature on gift exchange is two-fold: 1) gift exchanges are not only governed by the principle of reciprocity but also by the principle of exclusion, creating an imbalance of power between two, or more, parties; 2) there is an element of self-gain in gift exchanges, primarily for the first mover who, ultimately, will receive an exponentially higher gift after the initial gift has been reciprocated a few times. The main implication of this socio-anthropological approach to gift exchange for Royal Mail employees is that most employees would become excluded from the gift-exchange relationship due to their incapability to reciprocate the gift received, being trapped in an imbalanced power relationship. Evidence for this was prevalent in participants' accounts when they spoke about their (financial) inability to purchase further shares or to become/remain shareholders, their inability to participate 'politically' in the organisation, or even their inability to increase their effort or to contribute in various ways to the success of the organisation because of the rules imposed by Ofcom. The issue of the variation in the rules flexibility-rigidity mix content and form at Royal Mail have already been studied and discussed (see, for example, Martinez et al., 1997).

Therefore, if gift exchanges are meant to start and maintain social relations, then trust is an essential ingredient for relationship success (Berry, 1995), for which confidence in the exchange partner's reliability and integrity is crucial (Morgan and Hunt, 1994). Unlike negotiated, reciprocal exchanges such as gifting can produce stronger trust, affective commitment and perceptions of fairness (Molm et al., 2000), when there is perceived equality between the actors involved. Equality and perceptions of fairness can be explained through the social exchange paradigm: when the costs of a relationship exceed the benefits perceived, the theory predicts that the person will choose to leave the relationship (Bagozzi, 1974).

8.4 Projecting a new identity

The third social function of gifts of shares is that of projecting an identity on the receiver of the gifts. Managers' accounts constructed an image of an employee shareholder as someone who thinks and behaves like a shareholder. Because employees are now 'investors' in their

employer, their interests are the same as the employer's. The perceived role of managers is to 'educate' employees to what their new status means to them and the organisation. Managers are then the 'shapers' of this shareholding identity as generated by the gift of shares. It is their job to guide the employees and to ensure that continual repetitive reciprocations will take place—to ensure that the gift 'burdens' the employees into multiple reciprocations.

Conversely, the other participants, whilst a few of them also considered the gift of shares to project an identity, albeit that of a family (a relational exchange), the majority saw the creation/projection of a shareholder identity to be forced upon them through the gift of shares (it was not their choice). Their opportunistic behaviour (instead of gratitude and feelings of reciprocation), was justified by seeing the gift of shares (and the raise in wages) as compensation for the 'destruction' caused by the privatisation to their previous identity as well as employment in general. These employees see shareholding and investors as speculative individuals who relish risk and disregard the organisation in which they invest/trade. Therefore, it is immoral for Royal Mail or the Government to project such an identity on employees. The effect of this perceived immoral intent, these participants feel, is that they have no choice but to take whatever opportunity might come their way during this journey of 'transformation', including financial opportunities.

Schwartz (1967) observed that identities and personal selves are involved in our gifting behaviour. He noted that gifts could reveal aspects of the giver's identity, such as personal tastes, financial and cultural resources, and special character traits. Similarly, a gift also imposes an identity on the receiver and expresses the perception of the donor of who the receiver is, needs, likes, and wants. Thus, gifting socialises and serves as a generator of identity, it implies that gifting plays a role in status maintenance. Therefore, if someone encapsulates meaning (their perception of self and others) in their gifts and if these gifts are accepted, it could be said that the receiver accepts not only the gift but the identity newly accredited, and the implicit characteristics, desires and needs within the identity. Conversely, if the gift is rejected, then the definition of oneself is also rejected.

However, as this study has showed, acceptance of gifts does not necessarily result in accepting the identity encapsulated in the gift. Senior managers and the Government viewed the gift of shares and the gift of shareholding as a short-term gain opportunity. Employees also rejected the identity in the gift, whilst accepting and keeping the gift, and justified their behaviour through different excuses: what the employees were gifted was 'chicken feed'; the

gift was unwilling, it was a bribe; the identity encapsulated in the gift was immoral; employees were entitled to receive free shares and, thus, also entitled to reject any other function of the gift than the financial opportunism; or the gift received was not wanted or needed. Nevertheless, taking all these excuses together, it is fair to conclude that gifts of shares are inefficient gifts, because the giver has to guess the preferences of the receiver. Inefficient gifts, however, are a good way of sorting partners which can be trusted to reciprocate in future exchanges, thus, functioning as a sorting device in social exchanges (Camerer, 1988).

8.5 Gifts of shares are inefficient gifts

The intentions of 'givers', in circumstances when they gift, match, or discount equity to employees, is of great interest yet least researched. If ESO is an inefficient gift then it carries economic signals and social symbols to the actors involved (Camerer, 1988). Perhaps, more importantly, it shows that the employer values the employee and their relationship. Kerr and Tait (2008) provided some evidence that firms use ESOPs to create an identity/family. Further evidence of this as well as that managers are not looking to provide incentives as such but something more diffuse and long lasting such as creating and maintaining relationships, promoting identity and creating a 'family' have been reported in Dur (2009), Hyman et al., (1989), and Reynolds and Skoro (1996). Because gifting creates an obligation in the receiver, it is believed that matching or gifting shares to employees would make them feel obliged to reciprocate appropriately—same or higher value returned gift or favour which could be effort, commitment, loyalty or accepting managerial prerogatives. Employees, by accepting the gift of shares, signal acceptance to enter a gift/reciprocal relationship (Akerlof's utility sentiment) with the employer. The acceptance automatically leads to further exchanges and this continuance 'retains' valuable employees. At the same time, it may also send positive signals to potential new recruits.

Furthermore, gifts of shares are also believed to have incentive effects and to be able to co-exist with high-powered incentives. Evidence from economics showed that gift exchange encouraged horizontal monitoring, thus free riding would cease to be a problem and it also increased output/effort (Fehr and Gächter, 2000). However, for the full benefits to be realised, to avoid the alter-ego of gift exchange – militarism and hostility – it is important that the environment is one of trust in which information is accurately and timely provided and supervision is kept to a minimum (increasing monitoring is a sign of mistrust). Withholding information could also undermine the gift and the employment relationship in

general (Ouchi, 1980). Another aspect managers should consider is protecting the ESO from going wrong as a collapse in share price would result in a sense of grievance. There is evidence in my study that managers have appropriated this expectation and they feel the need to not just protect employees' share portfolios but also to act as 'coaches'.

According to traditional economics, rational gift-giving behaviour should be defined by efficient gifts; givers should give cash (if anything) rather than trying to guess the desires of receivers (Camerer, 1988). But gift giving is not always 'efficient' in the formal sense (Offer, 1997). The search for the 'ideal' and 'perfect' gift – incurring a cost upon ourselves by exerting the effort for looking for the ideal gift for the receiver instead of going for the easy option, cash – implies that gift giving, even from an economic perspective, signals the intention of starting or maintaining a relationship (Prendergast, 2000, Prendergast and Stole, 2001). The fact that governments, management and owners share equity at advantageous prices with minimal transaction costs to the employees plus tax breaks shows that ESO is more than just an incentive. Chaplinsky and Niehaus (1990) showed that usually there is no return for organisations from the 'investment' in setting up an ESO scheme; an analysis which questions the adoption motivations of such plans by organisations. In accounting terms, organisations incur a cost upon themselves to operate such a scheme.

Therefore, gifts are both economic signals (they have a value) but also social symbols (they have worth), projecting identity and communicating expectations and norms. Therefore, gifts of shares can be used to redefine organisational rules in the absence of a complete contract of employment. Because discretionary effort and commitment are fuzzy concepts which cannot be objectively defined, the role of ESO and the free shares are meant to open up an arena for ongoing 'negotiation' during the transformation programme. It also communicated to employees a set of implicit and explicit expectations regarding their own transformation from employees to employee shareholder (investors in their employer).

8.6 Empirical implications

This study sought to further theoretical and practical perspectives of ESO, especially in contexts of transition and involuntary shareholding (gifted shares). It examined the views of both employers and employees of the meaning and value of ESO in order to assess its function: an incentive or a gift; an alignment of interests through a market like transaction or through a social relationship. The evidence produced in this study lied in the language

used by the actors involved when taking, reporting and offering free shares. Governmental and legal language frame some ESO schemes, including the SIP studied here, as gifts. Invitations offering shares use the language of gifts and a more relational than transactional tone. There is plentiful survey evidence showing that managers are looking to provide something more diffuse than a hard incentive when gifting shares, such as to create and maintain a relationship, to create a ‘happy family’ or to project a certain identity (shareholding perspective). However, the approach taken in my study was that not just gifting motives are important but how these are framed by the receivers—a gift is a gift, just like money, if it is recognised as such by all parties involved. Therefore, I argued in this thesis that it is not enough to measure some performance output and, from there, to infer a gift exchange relationship as this will not tell us why reciprocity/gifting shares is effective and efficient, but to probe deeper into actors’ meanings, objectives, perceptions and most importantly, their intentions and the receivers’ perceptions of these.

Whilst it works in theory, in practice, in an organisational context in the UK, there are issues with gifts, not just from the perspective of employees’ experiences and perceptions of these, but also from management. Gift exchanges in a capitalist economy are not welcomed in the arena of the workplace because they are incompatible with the transactional nature of wage-effort doctrine of the efficiency rationality. Therefore, from a performance/productivity perspective, the only role of gift giving in an Anglo-Saxon context is not related to ‘material’ reciprocity, but to other kinds of expectations, such as placating antagonistic relations between different actors, asking (implicitly) for favours (e.g. accepting change), or it takes the shape of a ‘bribe’ (e.g. not striking). This raises questions about the suitability of such theoretical frameworks in explaining performance and productivity effects of free or discounted shares as proposed by Bryson and Freeman (2014).

8.7 Gifts in a capitalist society are redundant

Cheal (1988) considered gifts in a capitalist society as a ‘moral economy’, in which symbolic meanings are conveyed to significant others, making possible the extended reproduction of social relations. In such societies gifts are redundant because they are not needed, they are ‘extra’. As with Schwartz (1967), Cheal (1988) is influenced by symbolic interactionism, in particular by Goffman’s (2010) ideas about ‘tie-signs’, signs of the bond one has, or wishes to have with other people. Gifting is a system of signs in which the values assigned to other people are communicated. Whilst initiating, developing and maintaining social networks,

mutual recognition of interests is derived from a shared knowledge of social identity (Turner, 1982, Turner and Oakes, 1986). Extensive interactions between individuals and groups lead to mutual knowing which helps to achieve stability and trust (Goffman, 2010). Therefore, Royal Mail employees' understanding of shareholding interest might develop over time through their immediate interaction not just with the concept, with their new shareholding identity, but also by being exposed to information and problems typically encountered and experienced by shareholders/investors. However, as this study has found, at best, employees might accept the identity of investors in their employer, but their reciprocation can only be along the lines of purchasing further shares and/or not selling their shares too soon, rather than think and behave like an owner/investor. In other words, their involvement in this newly created relationship with their employer will only allow them to participate in an economic, but not political, way.

8.8 Recommendations for future research

This study has showed that gifts in the workplace can have both positive and negative consequences. It is, therefore, pertinent to suggest that the implications and consequences of gifts of shares in the workplace require further empirical investigation. On the face of it, receiving a gift is a pleasant experience meant to generate various (positive) responses, including reciprocity and gratitude. However, this may not be the case as gift and social exchanges happening in a historical context, can be misconstrued, and the end result is an unwanted negative response such as grudge, scepticism about the intentions hidden in the gesture, and potentially opportunism on the part of the receiver. The dysfunctional consequences of gifts of shares should be explored further in future studies, not just in context of privatisation but also in other organisational contexts. This need has already been highlighted by Benartzi (2001) who found that gifts of shares in organisations may be used to signal a 'healthy' financial position of the firm, and hence the worth of being invested into, whereas in fact the organisation may be struggling financially and, thus, endangering employees' shares portfolios by underestimating the risk involved (Benartzi et al., 2007, Rauh, 2006).

Looking through a gift exchange lens, I offered interpretations of the actors' accounts of the adoption of employee shareholding at Royal Mail and identified a number of social functions fulfilled by free shares, namely the intention to start and maintain a social exchange relationship between the employer and the employees, the communication of information

about the perceptions and intentions of adopters of such plans (in the context of privatisations), and the intention and promotion of a sense of solidarity and unity within the organisation. Whilst gift exchange may fulfil these functions, its implications in the workplace may be both positive and negative as found in this study.

On a similar note, gift exchanges have been found to be moderated by gender differences (Wagner and Garner, 1993) and cultural differences (Park, 1998, Qian et al., 2007, Joy, 2001). This strand of research also raises questions on the negative effects such as anxiety (Wooten, 2000, Sherry et al., 1993) of gift giving and receiving on the actors depending on their experience and understanding of the role of gifts in the workplace. It is not uncommon for Anglo-Saxon employees to feel uncomfortable with the idea of gifts in the employment relationship. Thus, further research should also focus on the moderating effects of gender and culture.

Chapter 9. Conclusions

This final chapter provides a summary of the thesis and to conclude the study by restating its purpose and findings. I discuss the contributions of my study in relation to previous research and provide a concise summary of my findings before showing how these findings contribute to our understanding of employee share ownership (ESO). I then explore the potential implications of these findings, consider the limitations of the study, and make recommendations for future research.

The main aim of this study was to expand our understanding of the context-specific meaning of employee share ownership (ESO). The Literature Review suggested that the employee perspective of share ownership was an under-developed area of investigation in the current literature on ESO: i.e. how do employees experience and make sense of employee share ownership. This research project directly addressed that identified gap in the literature by exploring the ways in which individuals make sense of their involuntary shareholding within their social and organisational contexts, and how the meanings ascribed to ESO by individuals shapes the outcomes of such schemes. My research was designed to bring to the fore hitherto ‘unknown’ actors in ESO research. And its setting was Royal Mail whose privatisation included an all-employee share plan whereby employees were gifted a total of 12 per cent of the ownership of the organisation between 2013 and 2015.

The main research question guiding the research process was:

- How do employees at Royal Mail experience and understand their involuntary shareholding?

9.1 The relation of this research to previous studies

The Literature Review demonstrated how research to date has paid scant attention to the employees in ESO, both in respect to their experience of share ownership and the social function of the same. However, there have been numerous case and survey-based studies which sought to measure various pre-conceptualised dimensions and factors from which to theorise the functions of ESO. These studies framed or sought to explain ESO as an *incentive* and focused mainly on effects and outcomes of shareholding such as productivity and performance measures. My study is different. It engaged with all the actors involved in the

adoption of an ESOP, especially with the employees, to explore how these actors made sense and experience shareholding. Other than Kranz et al. (2016) who reviewed a significant number of studies in this area and conducted a discourse analysis on the constructions of employees by researchers, experts in ESO, practitioners and managers, I have not been able to identify any other studies that look specifically at the discursive constructions of employees, especially in a context of delivering privatisation through involuntary shareholding. This study joins that of Kranz et al. (2016) in using a discursive analysis.

The means-ends relations identified by Kranz et al. (2016), and discussed in detail in the Literature Review, are not necessarily mutually exclusive and this is supported by the findings of this study. In a case study, one or more of a means-end explanation can surface at the same time. Why those who are responsible for introducing ESOPs separate the means from the end is probably a function of their underlying beliefs. However – especially in a context where multiple powerful actors with multiple interests are involved – the introductory agent would prefer one mean-end over another depending on the desired function or context. The same agent may reach out to different means-ends at different times. This is important because different means-ends frame the recipients of shares in different ways. If the adoption of ESO is done with specific objectives in mind, it is important to the coherence of the message that a model is used consistently to avoid confusion and speculation in plan members.

For example, as this study showed, those who were responsible for introducing ESO to Royal Mail intended to use it to reconcile antagonistic societal subgroups by attempting to create a new identity throughout the organisation which all actors can share – the shareholding identity. Whilst this was the ‘real’ reason for the adoption, the discourse generated by these actors was that of activating the employee as an entrepreneur and it was framed within an efficiency rationale. As Kranz et al (2016) identified, these competing means-ends all come with a set of prescribed values, attitudes, expectations and responsibilities. And, as demonstrated in this study, when communication is assembled from a number of different discourses, it leads to confusion and speculation – employees questioned the role of their shareholding status in the absence of a consistent and clear rationale in a context of job insecurity and uncertainty regarding their broader interests as employees. What Kranz et al. (2016) could not identify in their study was how these different modes of actor constructions play out in an organisation. Therefore, one of the main contributions of my study was to show the discursive dynamics of the different constructions between and within accounts at Royal Mail.

The findings reported in the analysis chapters regarding employees' attitudes to the privatisation and ESO are broadly in line with those of researchers such as Harris (1994) who looked specifically at the use of ESO in the privatisation of water utility companies in England and Wales. Just like the employees in the water utility companies in Harris' (1994) study, there was a difference in attitudes between managers and employees at Royal Mail. The higher up the hierarchy employees had more positive attitudes towards the privatisation and the adoption of employee shareholding. However, most employees expected the privatisation to result in a loss of job security. Such fears, however, could not be laid only at the door of privatisation, as restructuring programmes happened before Royal Mail was sold. If anything, these previous programmes were used by those employees against the unions, to mock the unions' and unionised staff's attempt at promoting false hope. Also, in line with Harris' (1994) findings, this study also showed that managers felt empowered by the privatisation and the adoption of ESO, they reported experiencing more job enrichment, more autonomy, and being able to use their initiative in decision making, in effect, it gave them more power in the employment relationship.

Where my study diverged in its findings was that Royal Mail employees' experienced ESO in a variety of ways depending on their status in the organisation, union membership, and personal circumstances. Harris found that ESO was unlikely to undermine workplace union solidarity and found no relationship between ESO and union militancy and privatisation. In this study, I found that – depending on the employees' framing of political intervention and protection of public services, as well as political participation in their organisation – there were differences in how individuals abided by the efficiency rationale or reached out to unions. At Royal Mail, management secured unions' promise not to interfere with the transformation programme by offering unions a place at the decision-making table (i.e. casting unions as business partners) and agreed to a nine per cent wage increase over the duration of the programme. It remains unclear, however, how this relationship will develop after the transformation programme has ended, considering that, as illustrated in the literature review and in Chapters Four and Five, whilst managers frame the union as a 'business partner' this may not necessarily imply any meaningful participation in decision-making other than the fact that the union now receives information about the business and its strategic plans much earlier than they used to. Despite union's interest in understanding 'customer demands and needs' and wanting to collaborate with management in meeting these demands and needs, evidence suggests (e.g., Gall, 2005) that union's suggestions on competition and business growth were not taken into consideration by management.

The intriguing approach and findings from Bryson and Freeman's (2014) study raised more questions than answers regarding the potential social function of employee shareholding and of gifts in general (when part of a reward scheme). The potential *social function* of free shares is not accounted for within the current theoretical perspectives of agency theory and human capital investments theory which are typically involved as the theoretical basis for ESO. Therefore, the review of the literature conducted also contained a review of the anthropological, sociological, economic, and marketing literature on gift giving (found in Chapter Three). There were several insights generated from this review which I found useful in my attempt at reframing the social functions and implications of ESO practices. The findings from the review on gift giving and gift exchange informed my interpretation of employees' accounts of their experience of receiving gifts of shares from their employer.

In line with the aim of this research to uncover the meanings individuals give to (involuntary) shareholding in the workplace, I adopted an inductive, exploratory approach to the analysis of employees' accounts of their experiences. Through a discursive thematic analytical process, I could gain a deeper understanding of the ways in which (involuntary) shareholding was experienced, understood and talked about not just by the employees of Royal Mail, but by all the stakeholders involved, including political figures, executives and senior managers. This has led to the identification of some tacit perceptions and beliefs that these actors hold about the role of employee shareholding in organisations, especially in organisations that transition into the private sphere. This thesis illustrates how a range of discourses come together, collide, and fight for dominance, and through their journey they recreate themselves, reflecting the objectives of those with decision making and intent and the reactions of those lower down in the organisational hierarchy. The findings show that employees make sense of their involuntary shareholding by drawing from their immediate environment, as well as by seeking explanations from beyond their organisational boundaries.

I found that the higher up the hierarchy the more likely it was that employees drew their explanations from within the organisation, with those lower down the hierarchy drawing more from the external environment. Those employees (usually managers and supervisors), who considered the role of employee shareholding as changing the subjectivity of the *employee* to try to increase organisational efficiency, saw ESO as a means to transform the employees into capitalists who have a stake and interest (as managerial rationality dictates) in the profitability of the organisation. Such 'rehearsed' manipulations of identity, argue Thompson

and McHugh (2002: 233), are ways of indirectly creating an environment in which employees can internalise certain values and attitudes “fitted to what we have to do and what we want to do”. However, whilst subjective identities are malleable and influenced both from within the individual as well as from the social environment (Thompson and McHugh, 2002), employees considered that the role of employee shareholding was to transform the *organisation*, saw ESO as a means to collectively unite against managerial prerogatives and external investors’ greed and indifference.

There was also evidence that lower grade employees’ attitudes of shareholding, especially their involuntary shareholding, were influenced by their lived experience of management-driven changes, which they associated with the liberalisation of the market and the privatisation of the company. Change programmes have been prevalent in the organisation for the past three decades and historical and traditional industrial relations and key incidents have shaped employees’ attitudes towards the ‘market’ and the ‘customer’ discourses which, in this study, were reproduced as the ‘efficiency’ discourse. In part, this may have been influenced by stakeholders’, including Ofcom, pressure on Royal Mail to increase productivity by the adoption and maintenance of performance measures.

Participants in this study drew on three main discourses. The experience of owning shares would be: 1) a transformative experience; 2) creating a family (like John Lewis); and 3) a ‘risky business’. These broad framings of the experience had sub-discourses nested within them, which employees drew from in making sense of their involuntary shareholding. The discourses were identified by following the methods suggested by Mumby (1988), Mumby and Stohl, (1991), and Potter and Wetherell (1987). I found it particularly useful to draw from both these methods of doing discourse analysis. Mumby’s approach helped frame the analysis in the wider socio-political-economic sphere, uncovering relations of power and domination in discourse construction, circulation, consumptions and re-creation. Whereas Potter and Wetherell’s method helped to unpack the more complex variation within participants’ accounts.

A discursive approach to the study of involuntary shareholding has helped to not only understand the creation, distribution and consumption of discourses within the wider society but also to make sense of how the participants created meaning to their experience. Mumby’s (1988) and Mumby and Stohl’s (1991) approach to discourse analysis was useful in analysing the social context, the individual accounts and also in interpreting the findings.

Shareholding as a concept is not only economic but also political. Therefore, it is an ideological artefact. The discursive approach taken in this study showed how meaning was revealed not just during the interviews but also during the entire duration of the study when I engaged with secondary data and the relevant literature. For example, in Chapter Four I examined the social-historical conditions under which control of the **meaning and function** of the shares prior to privatisation see-sawed between the political figures and Royal Mail executives. Discourse Analysis (DA) has helped to examine the ‘re-creation’ of a discourse informed by preceding events and experiences, as well as definable social structures, which generate and constrain action.

Institutions, such as the Government, unions, management and Ofcom (in the case of Royal Mail) delineate structures of authority through precise guidelines and prescribed practices resulting in the “crystallization of relations of domination” (Thompson, 1984, p. 135, as cited in Mumby, 1988). The crystallised relations at Royal Mail were primarily the union-management antagonism within a civil service culture (a debate which was first openly recognised in the 1960s and attempts to reconcile this debate have continued ever since). In Chapters Five, Six and Seven I examined how these institutions, as per participants’ experience, defined the lines of authority through discourse and rules meant to preserve the existing structures and ways of *organising* despite the transformation programme. Whilst ESO involved employees financially in their employer, it did not involve them politically—preserving managerial prerogatives and legitimising managerial authority.

However, whilst managerial authority was prevalent in the creation, dissemination and consumption of the various discourses, the ‘efficiency’ discourse itself may have been shaped and influenced by other stakeholders, especially Ofcom. Ofcom’s approach has been publicly criticised by Royal Mail, sometimes jointly with the CWU mainly because Ofcom’s approach to the operator’s conduct deviated from performance and efficiency and focused more on “competition for competition’s sake” as Dave Ward, CWU general secretary, stated to the BBC (2015b). Ofcom’s accusations to Royal Mail were related to an alleged breach of competition law when it proposed to increase prices for wholesale prices for bulk mail delivery services which would have resulted in higher access prices for competitors. Ofcom’s retaliation was along the lines of the ‘customer’ who deserves value for money and, thus, Royal Mail’s behaviour prevented increased competition - believed to decrease prices whilst increasing quality. Therefore, the different interpretations and uses of the ‘efficiency’ discourse, sometimes, it creates surprising alliances (Beirne, 2013a) to defend the ‘efficiency’

of the organisation in the face of increased pressure by other stakeholders around the 'efficiency' of the market for the benefit of the customer.

Both institutions and individuals do not exist in a social vacuum, but operate within defined social structures, which influence institutions' form of organisation and way of organising. Thompson and McHugh (2002) argued that contexts are important when analysing organisational behaviour, because there is an interdependent relationship between contexts and people—people are products and creators of contexts. In the US and the UK, corporations are mostly structured, maintained and reproduced through the relationship between wage-labour and capital. In the context of Royal Mail, these dynamics are quite complex. Executives and senior managers are wage-labour, but their line of reporting to 'the owners' has changed from the Government to Ofcom and the external (majority) investors. Nevertheless, senior management embody capital. They are the agents of capital. The whole structure of capitalism is built upon the premise that labour sells its skills to the owners of capital at a price less than what it is worth (Mumby, 1988). The ESO literature argues otherwise, especially those following the efficiency wage hypothesis (e.g., Akerlof, 1984, Bryson and Freeman, 2014, Blasi et al., 2011, Blasi et al., 2013). The Third Way (Weitzman, 1984) proposes that employees are also capitalists and, thus, they also stand to accumulate capital as a result of their ESOP membership. At a social structural level then, the protagonists' interaction is structured and constrained by this most fundamental relationship.

This fundamental relationship, however, creates tensions and potential conflicts because, as argued by Hosking and Morley (1991, as cited in Thompson and McHugh, 2002: 313), there are two elements to this relationship, one of assimilation (those able to change the context) and one of accommodation (those required to change themselves). Therefore, management may have more opportunities for assimilation than employees, the latter are more likely to have no choice but to accommodate themselves to the context and its continuous changes—a case of resigned acceptance and acceptance of the identity provided by the organisation more so than empowerment. However, as my study suggests, resigned acceptance and compliance with the new identity, and the values and attitudes dictated by the new identity, may also occur with a considerable level of resistance, especially amongst occupational groups which are heavily unionised.

Whilst the focus in research and theorising on barriers to change has been predominantly on employees, the issues of managerial resistance has received little attention (Thompson and McHugh, 2002). As my study has shown, there is an element of resistance in management

itself, but this is not overtly expressed. Managers interviewed in my study, in more candid moments during the interview, recognised that they themselves were resisting the values and attitudes intrinsic in shareholding and, if by accepting the gift of shares and the identity therein leads to 'being committed' to organisational objectives, these employees, despite their high wage, resisted the idea of investing their own money in Royal Mail. In effect, they resisted and rejected the idea of being an employee shareholder despite their best efforts in supporting the creation and maintenance of an employee shareholder culture as instructed by senior managers. Their focus on the financial element of employee shareholding could also be seen as a substitute for employee participation, and management's resistance to the idea of more participatory work practices, in which employees may be given more power in decision making and being more involved in managerial matters (Salamon, 2000).

In addition to the social analysis, which illustrated the relations of domination and power regarding the circulated discourses and their forms and intended, or unintended, functions, DA has also enabled me to show the connection between these relations of domination and power and the narrative form of participants' accounts. In this respect, the forms of discourse are viewed as linguistic constructions which display an articulated structure. The discourses were analysed in terms of the role they played in articulating employees' experiences of shareholding. The narratives given by the participants provided a sense of closure to discourse by delineating a moral drama (rules) which were resolved in different ways by different participants.

Transformation Discourse

As mentioned previously, the participants in this study created three main discourses in their sense making of their involuntary shareholding. These discourses were influenced by different sources and experiences depending on the role and status of the participants. Managers saw employee shareholding as a way of transforming the employees by instilling a sense of obligation and reciprocity—in a way, they were managing the subjectivity of employees invoking the need of change through informal cultural practices and formal management strategies to mobilise consent (Thompson and McHugh, 2002). ESO would be a tool that changed mind sets and created a shareholding perspective throughout the workforce. The means/end of this construction was to align the interests of employees with those of the organisation's through shares operating as a transformation mechanism based on partnership, care, and profitability.

The context in which this ‘story’ was told by the participants was that of a struggling, inefficient, Royal Mail. The privatisation and ESO, it was hoped, would result in minimised antagonistic relations. Poor management/employee relations were a chronic feature of Royal Mail and, as per the management rationality discourse, seen as pathological and debilitating because everyone **should** share the same interest in the profitability of Royal Mail. ESO and the privatisation was seen by managers, administrative staff and supervisors, as shown in Chapters Four, Five and Six, as removing the shackles of the political elite who do not know and understand management and business. In this discourse, the fact that Ofcom (Government appointed auditor) was trying to ensure that Royal Mail operated within its political intent (e.g. universal service obligation and price regulation) is muted. ESO is a mechanism of redefining and transforming the employment relationship governed by the principle of reciprocity and based on mutual vested interests for the success of the organisation. The implicit expectation in this discourse was that it is the employees who should change their behaviour as employee shareholders/investors in the firm.

The main function of the transformation discourse was to reaffirm management rationality as well as to justify the need for such rationality in relation to employee ownership. Employees are a class to be managed and educated, and that (naturally) is the job of a manager. The rules and norms present in this discourse are in line with the unitarist frame of reference—conflict is pathological (Fox, 1974). Thus, ESO and the privatisation have transformed not just the employees but also the unions into business partners.

The John Lewis discourse

The second discourse, the John Lewis discourse, looks at how participants – who lack experience of shareholding – construct a discourse around a known example of ESO, i.e. the John Lewis Partnership. Whilst for these employees ESO creates a family, the form of their discourse is like those of the managers’—it is the family members (employees) who need to transform, as well as the policies and procedures within the organisation. In this discourse, ESO is a facilitator for the transition of Royal Mail into the private sphere where employees become part-owners. Ownership carries expectations, responsibility and accountability which, crucially, demands a *relational* employment contract rather than a *transactional* one.

ESO shapes the identity of an efficient corporation where employees are directly involved in the business and in their relationship with the employer. In this discourse, trade unions are constructed as old fashioned and debilitating in an organisation such as Royal Mail—an

organisation aspiring to develop and grow in an increasingly competitive market. Unions are not the family of choice for the employer. Whilst these participants considered employee owned organisations to be like a family, they are not confident that it would work at Royal Mail. Therefore, in this discourse ESO transitions from a family enabler to a control facilitator. Nevertheless, the means-end of this discourse is rooted in a security discourse – more efficient firms are more resilient and successful, therefore, the employees’ chances of losing their jobs and livelihood would be reduced, especially when they are not just employees, but *employee shareholders*.

The context in which this discourse was embedded was not dissimilar to that in the transformation discourse. These participants followed the managerial discourse predicated on the poor performance of the organisation – thus, the need for increased efficiency. Only private organisations, who are in control of their affairs, are ‘efficient’ organisations. Unions, in this discourse, are directly blamed for the inefficient civil service culture of entitlement which has made Royal Mail an inefficient firm. In this perspective, it is, therefore, in the interest of all employees to ensure that Royal Mail becomes an efficient organisation and for this, it is required that the employees change their attitude from entitlement to responsibility and accountability—it is in their interest to think and behave like owners. In this way, employees gain a bit more security over their employment not only by ‘repairing’ the inefficiency of a public Royal Mail, but their shareholding, collectively, would shield them from the threat of restructure programmes and from any potential takeover threats.

However, as argued by Thompson and McHugh (2002), identity is a negotiated construction and individuals use their identity as a tool to present themselves in the most appropriate way based on their social, cultural and work context. As showed in this study, those employees who belong to unionised occupational groups tended to identify more to their own group or the union and not to supervisors and managers. Their association with their own group and the union provide them with points of reference and comparison not only regarding their social identity, but also who they would trust to best represent their interests, i.e. the union.

Whilst this discourse may look like the transformation discourse, what is different about the use of the John Lewis discourse is the assumptions that there will be a reciprocal feeling of family and investment in the relationship. The assumption in the transformation discourse was that the relationship will not be defined by ‘family’ but by ‘business partners’. A family implies care and mutual consideration, solidarity and pride. A business partner implies strict business investments: the employer invests in employees (by offering them shares and other

perks) and in machinery, whilst the employees reciprocate with increased discretionary effort (working smarter) and commitment to business objectives.

The function of this discourse was to legitimise the managerial rationality intrinsic in these participants' roles. The discourse they recreated strengthened the justification for managerial involvement in the education of employees and in the cultural reshaping needed to transform Royal Mail into a viable and efficient organisation—naturally, to transform Royal Mail into a private organisation well-equipped to not just survive but thrive in an increasingly competitive market.

Risky investment discourse

The third main discourse identified departs from the efficiency discourse. For the participants who experienced share ownership through this discursive framing, ESO is just 'risky business' separate from the employment relationship. ESO was a way of transforming the organisation as desired by politicians and the executives. The 'risky business' discourse is outwardly focused: respondents drew from their knowledge of other similarly placed organisations (not John Lewis) and from political and economic ideologies, mainly the 'destructive' nature of the capitalist system. The discourse functioned as a political critique and explanatory framework and laid blame at the feet of the Government who purposefully 'destroyed' – not just Royal Mail as a recognizable British brand – but also the identity and the community role of the 'postman'.

The risky business discourse was produced in a context in which external dominant actors (e.g. the Government) instead of protecting Royal Mail by ensuring security to employment, professional identity and the social common good, created an environment of threat and opportunism that was inherently 'risky' as a business strategy as well as an investment strategy. These elements are also used in this discourse to justify participants' own opportunistic attitudes towards their involuntary shareholding. The function of this last discourse was to resist the prevalent discourses, to resist dominance. The discourse offered a strong justification not only for internal control of affairs within the organisation by employees, but also for continued state protection.

Based on the evidence generated by this study and the findings of previous studies conducted on Royal Mail, the most plausible and sympathetic account is the 'risky business' discourse. All three discourses presented feature elements of the 'efficiency' discourse (market and

customer) but their reconfiguration was different, partly due to the nature of the labour process and the changes associated with the liberalisation of the market and the commercialisation of the organisation. Risk is the common denominator of these three discourses – managers see the risk to be around the militant spirit still present among the workforce, administrative staff see risk to be related to their job security, while lower grade employees see the whole concept of privatisation as a risky affair to their identity, work processes, and conditions of work. Participants’ experienced their involuntary shareholding through the prism of the privatisation – their attitudes towards privatisations were projected in their sense making of an unknown phenomenon: shareholding. Therefore, the experience of shareholding in organisations, especially those who transferred from the public to the private sector, are not devoid of political interpretations in light of the historical employment relations experienced by the employees. Considering participants’ negative attitudes towards privatisation and their reticence to having their pay and work conditions contingent on something they do not understand, or consider benefitting only those at the top, employee shareholding via a gift of shares is nothing but a financial opportunity removed from the employment relationship. Thus, the desired potential for the adoption of the ESOP at Royal Mail to increase discretionary effort, is not only dichotomous in an organisation where rules and rigid procedures prevail but, overall, it is unattainable.

9.1.1 Discursive functions

As already mentioned, the main aim of this study was to give voice to the ‘unknown’ actors, the employees in the ESO relationship to gauge how they make sense of their involuntary shareholding and, thus, develop new insights about the adoption and experience of such schemes. A discursive approach does not only require analysing how meaning was constructed by respondents during the interview, but it also highlights the importance of the analyst in the ‘re-construction’ of the meanings interpreted (Mumby, 1988). Interpretation of the construction of meaning is a creative affair. The analysis of the Royal Mail employees’ accounts involved interpreting the function of the discourses identified. At Royal Mail, there were a multiplicity of meanings offered not just between the different participants, but also within individual interviews and discourses. If the notion of shareholding is tied with the notion of ideology in the society, as the participants in this study considered to be the case, shareholding is an element of neoliberal ideology: it does not only carry ideological meaning, but it shapes organisations and their way of organising. It is meant to transform not only organisations but also employees—from employees to employee shareholders (investors in their employer).

The interpretation of the findings resulted in the identification of three key functions which help make explicit the connection between meaning and the relations of domination indicated above. The three functions of the discourses identified in this study are: 1) the representation of some groups' interests as universal; 2) the preservation of organisational rules grammar (naturalisation); 3) political control, but economic participation.

- 1) The representation of some groups' interests as universal – ESO aligns interests (the efficiency argument)

The discourses circulated in the organisation, through managers and other formal or informal communications enable social practices that further the interests of particular groups and these manifest themselves by the need to adhere to rules which the 'corporation' enforces for the benefit of all employees. The fact that the executives and senior management are also required to follow rules laid down by Ofcom and major investors (as well as from the Government, indirectly), has the effect of temporarily suspending the corporate hierarchy in which certain groups' interests are grounded. Rules, as such, are portrayed to transcend sectional interests—all employees, regardless of their status in the organisation, must follow the corporation's rules. What the story (discourse) hides is the fact that ultimately the benefits of the corporate rules are for the investors and not the employees. Evidence for this is in managers' accounts of the CEO, Moya Greene and the two agreements with the unions, showing that although she is an agent of capital, her stated aim is that she supports the rules and values that Royal Mail, as an organisation, has always stood for: collaboration; partnership; solidarity; reciprocity; etc.. In other words, the story managers, admin and supervisory staff told was a *moral* tale. It is the right thing to follow corporate's rules as there is a return on their investment if the organisation is profitable and this is for the benefit of everyone. However, the return on employees' 'investment' is proportionally insignificant compared to the return to major external investors. What employees want is employment security, better pay and working conditions not dividends, especially in times of change and transition.

- 2) The preservation of the organisational rules grammar – shareholding comes with certain expectations and responsibilities

Organisational rules do not just exist; these are created through human agency in any organisation. The function of such rules according to Mumby (1988) is to provide an

organisational grammar to be used by all actors in framing and contextualising action. Rules are directive and normative with regards to organisational structuration and they enable as well as constrain the behaviour of organisational members. As I have shown in the preceding chapters, not all employees use the organisational grammar in the same way. Some employees use the grammar in a similar fashion as the more dominant groups (e.g., politicians, management), whilst others use it to mock the grammar itself as a way of resisting its enabling and constraining function. The ideological frame used by those adhering to the organisational grammar (second discourse) cannot be read as a measure of employees' loyalty to the organisation. This is because the rule system and the process of organising are interdependent, especially in the context of a large and bureaucratic organisation such as Royal Mail which is trying to achieve its organisational goals. Through such a reification process employees 'objectify' organisational activity, as dictated by the rules, as rational. Organisational rules are meant to conceal the fundamental nature of an *organisation* – a relation system between people (Lukacs, 1971, as cited in Mumby, 1988) – thus, organisational rules and the process of organising through rules are rationalised as a necessity to enforce and follow rules *because they exist*.

The only objective 'reality' constructed (tangibly and repeatedly) at Royal Mail is that of an efficient private Royal Mail and the need for transformation (a reality constructed since the 1960s). This process of transformation-naturalisation concerns the way in which humanly constructed social relations and meaning formations are packaged, delivered and experienced as 'objective' and independent of the agents/actors who created them (Thompson and McHugh, 2002). In this way, what is 'real' becomes fixed and immutable and it morphs into a 'common sense' which tells people that this is 'the way things are'. Employees, especially those who used the risk discourse, identified actors and agents who created and enforced these 'realities' upon employees and citizens at large in the society. However, the power of the employer is too great for the employees, as individual employees or even unions, to even consider resisting the structure and system imposed upon them or to come up with alternative 'realities'. In organisations, the day-to-day experience (lost business, unprofitable letter products and services, political meddling with business objectives, etc.) limits the possibility of conceiving alternative social realities or, if such realities are articulated they are usually derided as unworkable, too radical, or against the best interest of the organisation. The efficiency rationality identified at Royal Mail reifies the need of a specific hierarchy, line of command and control, and formulated shareholding and profitability as 'natural'.

3) ESO as a means of 'political' control, but modest economic participation

Gramsci (1971) noted that the process of hegemony is most effective when subordinate groups take up the 'world view' of the ruling elite. This study has showed that in the case of Royal Mail organisational rules (the efficiency discourse) are rigorously reinforced by management and some groups of employees (admin and supervisory). In this context, the discourses offered conveyed the legitimacy and appropriateness of Royal Mail's transformation and the new organisational structure. It suggests that employees are prepared to go to extreme lengths to protect the new private Royal Mail structure. Commitment to the new system is therefore identified and equated with its legitimacy and the previous public service (civil service) structure is vilified.

The efficiency rationality formulated and delivered also included a co-partnership element with the unions to provide an illusion that employees, collectively, have political involvement in the organisation (participation in decision making). However, the discourses produced by the participants in this study showed that there is a tension between management and lower status unionised employees who find both promises (political and economic participation) unrealistic. Managers took a paternalistic view of their role and considered themselves to be like 'coaches', offering a rhetoric of economic participation (giving some asset ownership rights to employees and, thus, involving them in the running of the business). If this veneer of control (intrinsic in the gift of shares) lasts, then the gift of shares has achieved its aim – reaching out to all employees and their unions.

The analysis in this study provides an interpretation of the social functions of ESO and the Royal Mail story, demonstrating ways in which it is possible for discourses, as a social practice to reproduce the dominant meaning formations of a social structure. It also demonstrated that the meaning formation takes different shapes within and between accounts and that whilst there is adherence to the dominant discourse, there are also resisting discourses. As Mumby (1988) noted, people can be part of more meaning systems based on their membership to various groups—for example, a manager at Royal Mail may identify themselves with management in general, but also with the employees. At the same time an employee shareholder may identify herself with the employees (the collectivity) but also with the owners (investors); most likely their identification would be with the collectivity given their insignificant individual amount of shareholding. Of course, such categorisations carry different meaning formulations and implications from discrimination, especially when political and economic participation of employees in an organisation such as Royal Mail has

been largely separated by the ESOP—despite the promise of ESOP of increasing employee participation in the organisation.

Such a contradiction between capital and labour is not new but long standing and well acknowledged in the literature (e.g., Braverman, 1974, Thompson and McHugh, 2002, Edwards, 1986). This contradiction is fundamental to capitalist societies found between privatised appropriation (capital) and socialised production (labour) and is obscured by the bifurcation of the political and economic spheres. In a capitalist system (especially liberal market economies like the UK) labourers are not considered as having the same political rights in the workplace as they do in other social contexts. Therefore, management feels justified (as do some employee groups) in excluding large sections of the workforce from political participation in organisational decision making on the grounds of workers' inability—employees are not qualified to effectively participate in decision making; such participatory process would threaten efficiency and hence productivity. The exclusion, however, is driven by the labour process and the techniques of management control intrinsic within the process. Therefore, this separation of political from economic participation allows management to conceptualise organisational behaviour in terms of technical rationality and to regulate human concerns to a secondary status.

The interpretation in this study provided attempts to make explicit the link between discourse and meaning on the one hand and relations of dominance on the other. Both discourse and meaning are forged by the lived experience of the stakeholders involved and the changes in management strategies to control the labour process. The New Management Practices agenda at Royal Mail has been met with strong opposition by staff and the union in the last three decades. All previous partnership agreements which management and the government adopted in the organisation have only influenced union's national leadership but not below that level. At Royal Mail, change and management initiatives have been slow to implement and sometimes even abandoned, because of the oppositional response from employees and their representatives. The last attempt at redefining the partnership relationship between management and employees considered involving employees directly in this partnership by giving them a stake in the organisation – previous partnerships bypassed the employees and were only agreed between Royal Mail executives and senior management and union's leadership.

The interpretation presented in this study sought to clarify that the transformation of the employee into an employee shareholder (investor/owner) is not a natural transformation but

one designed and implemented by more dominant social groups and its structure take the shape of the objectives for which the ESO was adopted. Therefore, in this study the need for understanding various interest groups representing different systems of logic or mode of rationality was found to be of great importance. The main finding then, is that when the objectives are blurred and contradictory, so too are the outcomes. Nevertheless, confusion and contradiction has also been found to be a way of dominating and controlling subordinate groups (Mumby, 1988).

One conclusion is that indeed, the desired effects and outcomes from the adoption of an ESO depend on clear objectives – what the scheme was meant to achieve. In the case of Royal Mail, whilst the main objective was to change the subjectivity of employees, the objective of ESO was not well communicated and for employees it was at best contradictory. This created a state of confusion and speculation in the workforce that allowed for additional discourses about share ownership to circulate and shape experience. Employees sought clues as to what their involuntary shareholding meant and what they could do with it. They based their experience of shareholding on the history of their employment with Royal Mail or other organisations, on the communications made available to them, on external factors such as family, friends, media and other similarly placed organisations. The general feeling among the participants in this study was a sense of helplessness in the face of dominant and powerful actors. It was not just staff who felt powerless and compelled in the face of political domination over the future of their employment and their perception of self in their relationship with Royal Mail, but also the management; including senior management.

9.2 Contributions of the thesis

This research question surfaced in response to the lack of existing literature considering ESO from the perspective of the individuals involved. Prior to this study, there were significant gaps in our knowledge of ESO, particularly around the impact of free shares (involuntary shareholding) on employees and the factors that might affect their experiences of shareholding. These gaps have been left unaddressed by existing research on ESO (reviewed in Chapter Two) which has been generally based on deductive approaches testing for relationships between different variables, between EO and employee attitudes and behaviour and organisational performance. Theoretically, the existing research is mostly based on the assumption that the role of ESO in organisations can be measured in terms of its impact on

aspects of either employee behaviour and attitudes (e.g. productivity, attendance, etc.) or organisational performance measures (e.g. profitability).

In contrast to the existing body of studies, this research holds that ESO is a concept best understood through meaning systems (Mumby and Stohl, 1991), as used, distributed and consumed by the actors involved. Therefore, this research adopted an outsider-insider perspective on ESO to address the gaps in knowledge about ESO left unexplored to date. This study expands knowledge of ESO by focusing on what previously have been ignored: the meaning and interpretations, motives and intentions that are used by individuals in their everyday lives and which direct their actions. Following the interpretive DTA (Braun and Clarke, 2006, Potter and Wetherell, 1987) and Mumby (1988) and Mumby and Stohl's (1991) meaning systems approach to discourse and organisational analysis—power, experience and meaning are created, negotiated and distributed through a 'deep structure' phenomenon (i.e. deeper level meaning revealed through jokes, rituals, actions, accounts, etc.).

This meaning system shapes the way in which organisational members develop their sense of identity and structuring fragmented interests into a coherent whole, maintaining certain relations of autonomy and dependence and these are grounded materially in a day-to-day discursive practices and processes to establish an organisational 'regime of truth' within which organisational members are simultaneously objectified. This function of discourse and the rules it constitutes reveals a struggle between different interest groups to create a meaning system in which certain views of the world are privileged over others. The dominant social group (or coalition of groups) is therefore that which is best able to create an ideological meaning system which serves its own interests.

Therefore, through a discursive thematic analysis, I could draw out employees' experiences of their (involuntary) shareholding and how they made sense of these. The first major contribution of this thesis to knowledge about ESO is that employees understand their (involuntary) shareholding through the discourses that they have been subjected to. Those closer to the adopters borrowed elements from their repertoires in their sense making. For example, the managers interviewed in this study reproduced the efficiency discourse that they were exposed to. In addition, in the absence of a coherent discourse, employees tend to reach out for sources which initially are not obvious sources, such as management's reference to the agreements and the strategy of the organisation.

The employees further away from the managerial ranks reached out to their peers, family and friends, or to other similarly placed organisations, such as BT and Network Rail. Therefore, it is fair to conclude that the higher up the ranks the more ‘local’ and ‘internal’ the influence is of how employees make sense of their shareholding. These employees look out for internal signs and reasons—the organisation was struggling, there were antagonistic relations between management, unions and employees and, therefore, shareholding was the binding agent in facilitating the new commercial strategy of the organisation. In contrast, employees further down the ranks reached out for cues from their immediate life (including indifference and opportunistic attitudes) and their orientation was ‘external’ in shaping their experience—learning from other companies’ and their employees’ experiences, e.g. shareholding means gambling, loss (of identity and jobs), restructuring, etc.

Another important contribution that this study has made is that there is a degree of variation in how employees experience and make sense of (involuntary) shareholding. Whilst their status in the organisation may influence their discourse of what they understand by ESO, they may hold more than one view, but the dominant one is the one which best fit their immediate interest. For example, managers’ immediate interest was to appear as capable and able as their counterparts in the private sector, so their first ‘formal’ interpretation of ESO was offered, in a way, to save face. It was only later in the interview that they allowed themselves to have more personal opinions, or lack of, regarding shareholding.

9.3 Implications of the findings

It has been argued throughout this thesis that most research on ESO has been conducted from a positivist approach using quantitative methods which have yielded inconclusive results. The findings from my study not only contribute to understanding that different meaning systems appear at any one time and battle for dominance, but also that depending on who one asks and how the question is phrased may result in a specific account (with certain consequences to how employee-shareholders are framed). For example, it became apparent during the interviews that employees, especially managers, responded in similar ways to the question “What does ESO make you think of?” Some of the managers’ typical responses were along the lines of aligning employees’ interests to those of the organisation’s and manifested as an increase in discretionary effort and commitment. When later in the interview I asked participants what they thought increases employees’ discretionary effort, they provided different answers. Therefore, had the second question not been asked, the

findings from the study would have supported the notion that ESO is related to an increase in discretionary effort and, thus, an incentive effect would have been confirmed. This came as no surprise seeing that ‘discretionary effort’ is an elusive concept that even executives and the Government struggled to clearly define and characterise.

With regards to the constructions of the actors and the characteristics and assumptions therein, this study demonstrated that when the discourse itself is inconsistent and contradictory, so too are the experiences and understanding of employees. In other words, when employees are exposed to a discourse (e.g. ESO as a mean to activate the employee as an entrepreneur), employees then try to identify the essential characteristics required of them because, naturally, it is in their interest to do so to secure their employment. If an employee shareholder means a change from labourer to capitalist, then this needs to be clearly articulated and consistently communicated. In addition, it is not just the discourse that needs to be consistent, the policies and practices in the organisation should also reflect the characteristics intrinsic in the mode of construction. For employee shareholders to accept the ‘capitalist’ mode of construction, and behave accordingly, they would expect that in addition to economic participation in their employer, they should also be able to participate politically (in decision making), because they have a right which comes with their equity ownership. This is understandable in contexts such as Royal Mail where the ESO scheme was designed to transfer the equity to individual employees directly, instead of retaining the equity on behalf of employees in a trust, indirect share ownership.

9.4 Limitations of the study

My study has been primarily concerned with employees’ constructions of their experience and sense making of their involuntary shareholding in a specific context. Such qualitative methods of inquiry may attract criticism from scholars familiar with the positivist tradition on issues of replicability and generalisability beyond the confines of the context in which the research was conducted. Replicability is an important criterion for the evaluation of quantitative research, referring to the ability of the research to be reproduced by other scholars. This process is considered important by quantitative researchers because it provides a way of ensuring that the findings generated were unaffected by the researcher’s subjective biases, thus claiming to provide a definitive picture of the world as upheld by the natural sciences (Bryman and Bell, 2011).

However, the interpretivist approach taken in this study holds that qualitative research, by its very nature, cannot be replicated as the 'real' world is continually constructed and reconstructed by and for its subjects (Marshall and Rossman, 2014). From this perspective, all social phenomena are context-specific. Therefore, the interpretive insights presented in this thesis can only be my account (construction) of the accounts presented by participants which, in themselves, are co-constructions within a specific interactional context of the research interview. The accounts offered by the interviewees in this study on their experience and understanding of employee share ownership are just one of many possible accounts which they might have given to either myself or another researcher in another context or point in time.

In Chapter Four, and throughout this thesis I sought to make clear the rationale for the decisions made to enable the reader to evaluate the followed methods and procedures used in my construction and interpretations of the data. The aim for the analysis was not to make claims about the generalisability of the findings to other organisations or share plans beyond those described in this study, but instead to allow other researchers to decide whether the approach and findings might also apply to any other sites. In following Lincoln and Guba (1985), it is the responsibility of those who wish to transfer a set of findings to another context to do so, rather than the original researcher. The consensus around the meaning of 'generalisability' of qualitative research is that its assessment lies in the quality of the theoretical inferences made from the data (Bryman and Bell, 2011).

Of course, the data could have been analysed in many other ways. The chosen discursive thematic analysis is one possible way of making sense of the data. The analytical framework was chosen based on the data obtained—the data drove the analytical process. Whilst the data collected for this study could have been analysed using other qualitative analytical frameworks, such as thematic analysis, narrative analysis, (critical) discourse analysis, I found that discursive thematic analysis as described by Braun and Clarke (2006) to have been the most suitable analytical framework, because the analysis did not stop at the linguistic (surface) level of the data, but it involved a deeper level of analysis in making sense of employee share ownership as well as experiences of gifts in the workplace, but not as deep as, for example, a discourse analysis would have been. Moreover, a discursive thematic analytical approach to qualitative analysis is recommended to be used by junior researchers (Braun and Clarke, 2006).

Another related concern with qualitative studies is the influence of researchers' subjectivity in the process and outcomes of the research (Bryman and Bell, 2011, Denzin and Lincoln, 2009). Unlike quantitative research where objectivity drives the research process, it is pertinent to argue that in qualitative studies the subjectivity of the researcher is an unavoidable and necessary element of such methods (Fontana and Frey, 2005). Therefore, instead of ignoring the degree of subjectivity in my own study, I engaged in reflection throughout the process to acknowledge and analyse how subjective and intersubjective elements have affected the research outcomes. Indeed, I discussed my influence on the different stages of the research process by acknowledging my personal background, professional experiences and interests in Chapter One. In Chapter Four, I detailed how I engaged the process of reflection throughout the data collection and analysis phases of the study. When presenting the findings in the analysis chapters, I continued to use the personal pronoun and acknowledged that the process of coding and generating themes and discourses is an inherently interpretive act. Therefore, it is reasonable to state that the findings in this research have been influenced by my reflective analysis which may only reflect some aspects of the accounts given by the participants (Finlay, 2002).

Therefore, the story told in this thesis is just one potential story among competing stories which could have been told (Rhodes and Brown, 2005). Or, as Mumby and Stohl (1991) would argue, the function of a discourse is to create an organisational reality in a particular way in which certain views of the world are privileged over others. Validity in discourse analysis is not important (Mumby, 1988). What is important is to remember that stories lend themselves to infinite retellings which is the basis for their symbolic power.

This study could have also benefitted by understanding the perspective of the unions, especially the Communications' Workers Union (CWU). Their input would have exponentially enriched the findings in this study. However, the study's focus was the employees and less so other stakeholders. Indeed, collecting the views of unions, major investors, and senior politicians involved in the privatisation of Royal Mail would have complemented the accounts given by the employees who took part in this study. However, that might have skewed the direction of the study and its main aim: understanding the 'unknown' actors in ESO studies, the employee. Moreover, accessing union staff would have also been a considerable issue. Nevertheless, this is an important limitation of the present study which future studies should consider.

9.5 Recommendations for future research

As Kranz et al. (2016) noted, ESO constructions are of different nature between Western capitalist societies and countries with different socio-economic-political histories, such as Eastern Europe. There is also the possibility that in different versions of capitalism, actors frame ESO in different ways with potential different effects. There is an ongoing need for more qualitative cross-national comparative studies to examine the role of different discourse streams and actor constructions in different national societal arrangements and how they interrelate with different (historical) paths. The Literature Review highlighted that both the US and UK are praised for their level of ESO compared to other countries, mainly because of their generous tax-breaks and variety of schemes (Pendleton, 2011). Political endorsement and favour of such schemes, undoubtedly, has a significant impact on their incidence. It is well known that countries such as Spain, France, and Germany, for example, also encourage employee financial participation in firms, but their structure and function is of a different nature and in some cases, it is determined by law not management. How these different systems compare, and what their implications may be, remain empirical questions.

Finally, this study showed that results on actors' understanding and experience of ESO are affected by the epistemological approach taken in the investigation. Caramelli's (2011) qualitative study on large French listed companies' ESOP managers' understanding of ESO also raised this issue and concluded that largely performance and attitude outcomes from the adoption of ESO are at best blurred with regards to causality. Therefore, in-depth qualitative studies can tease out more nuanced accounts from participants than surveys. A potential promising avenue for future research would be looking at not only discursive constructions, but also longitudinal behavioural responses.

Appendices

Appendix A: Interview Protocol

Introduction: Doc Researcher; Thesis; Right to withdraw or refuse to answer; more of a conversation; audio record – anonymity and confidentiality

<p>Could you tell me about your experiences with share ownership?</p> <ul style="list-style-type: none"> - Shares in previous employer - Shares in other companies 	
<p>Could you talk me through what happened when Royal Mail was privatized?</p> <ul style="list-style-type: none"> - Why was ESOP adopted? Achieved? 	
<p>What has been your experience with the free shares/SIP scheme?</p> <ul style="list-style-type: none"> - Fair distribution? 	
<p>Tell me what it was like to be offered free shares?</p>	
<p>What did you do/think/feel?</p>	
<p>Tell me how being an employee shareholder differs from being an employee non-shareholder.</p> <ul style="list-style-type: none"> - What effect does share ownership have on employees? 	
<p>When I say ESO, what does it make you think of?</p> <ul style="list-style-type: none"> - Ask to illustrate incentive, reward, entitlement, investment, gambling, saving – or whatever the interviewee answers to previous question <p>What do you think of when I say incentive/reward/gift?</p> <ul style="list-style-type: none"> - Is the free shares offer a gift? - What is the difference between incentives and gifts <p>What has changed since the adoption of the plan?</p>	
<p>Suppose you had a relative who never had any shares and who was about to purchase some shares in her/his employer. If she/he asked you to tell her/him what ESO is like in general, what would you respond?</p>	
<p>Would you be interested to purchase further shares in RMG/other companies?</p>	
<p>What do you think influences employees to purchase shares in their employer?</p>	
<p>To what extent do you think employees would like to be involved in decision-making/governance?</p>	
<p>How would you describe the management style at Royal Mail?</p>	
<p>What do you like about the plan?</p>	
<p>What would you change about the plan?</p>	

1. Do you know the present value of your shareholding/options? (In approximate values)

Yes No

2. Do you check the share price regularly?

Yes No

If yes, how often do you check the share price?

3. How long have you worked for this company?

4. Is your role in the firm:

Managerial Non-managerial

5. Work status

Employed full-time Employed part-time

6. What is your annual gross income?

Up to 24,999 25,000 – 54,999 55,000 +

7. Age:

Under 30

30 – 55

Over 55

Would you be interested to be contacted again at a later date to have another chat?

Contact details:

Many thanks for your participation!

Appendix B: Employee Share Ownership Research Interview: questionnaire

Purpose of questionnaire:

The purpose of the study is to investigate the nature of the transfer of ownership in a company operating an employee share plan. The study is focused on exploring employers' and employees' experiences with the plan, and the value and meaning it presents to them within the specific context within which the plan has been adopted.

This questionnaire is provided to employees (including managers) who are participating in interviews. The data is collected and stored in complete confidentiality – please see the Participant Information Sheet.

Please do not include your name or the name(s) of your colleagues anywhere on the questionnaire. If you send this form completed via email, the email received will be destroyed after the data in the questionnaire has been processed.

Participation in this project is voluntary. Completion of the questionnaire indicates your consent to participate in the research. The research has ethical clearance from the University of York.

Should you have further questions or queries about the study, please contact the researcher directly at:

constantin.ciachir@york.ac.uk

01904 325021

The York Management School

University of York

Freboys Lane

York YO10 5GD

Thank you very much for your participation!

Your details:

1. Have you ever held shares in previous employers?

Yes No

2. Have you ever bought shares in other firms?

Yes No

3. If you hold share options in your firm, are you able to exercise them at any time or are they vesting periods attached to them?

Vesting period means the earliest date on which an option can be exercised.

There is a vesting period attached to some or all of my options

3 years 5 years more than 5 years

Yes, I am able to exercise my options

Other

4. Do you know the present value of your shareholding/options? (In approximate values)

Yes No

5. Do you check the share price regularly?

Yes No

If yes, how often do you check the share price?

[Click here to enter text.](#)

6. Have you ever sold any or all of your shares?

Yes, some of them

Yes, all of them

No, not sold any of my shares

7. How long have you worked for this company?

[Click here to enter text.](#)

8. Is your role in the firm:

Managerial Non-managerial

9. Work status

Employed full-time Employed part-time

10. What is your annual gross income?

Up to 24,999 25,000 – 54,999 55,000 +

11. Age:

Under 30

30 – 55

Over 55

12. Length of participation in the plan (in years)

[Click here to enter text.](#)

Thank you very much for your participation!

Appendix C: Interview Protocol Senior Management

ADOPTION	How was the plan implemented? Did employees (you) expect to be given free shares? Or was it an unexpected gesture?
OBJECTIVES	What do you think was hoped the plan to achieve?
MONITORING	How is achievement/objectives measured/monitored?
MEANING	What do you think share ownership means to employees? How do you think employees see the plan?
EXPECTATIONS	Are there any expectations from plan members? What expectations do you think employee shareholders have?
DISTRIBUTION	What do you think about how shares have been/are distributed in the company? How do you view the share plan in relation to your salary?
EFFECT	What effect do you think the plan/share ownership has on employees?
ROLE	What role/function does the plan have, or is intended to have? The language used is one of a gift giving/exchange. Do you think the free shares are a gift? Do you think employees see them as a gift? How does the gift of shares influence employees? What effect does it have? Is it different than when employees voluntarily purchase shares? Do you think employees would have preferred cash instead of shares? Were employees surprised to be given free shares?
INTENTION	What do employees (you) make of the (intention/motivation) free shares?
GIFT	
PARTICIPATION	Are these the same employees to sign up for the SAYE plan? Why do you think employees purchase additional shares?
INFLUENCE	What do you think influences these employees to become shareholders in their employer?

RIGHTS	What rights does shareholding bring to employees? (information, decision-making, voting, profit sharing/dividend)
	To what extent do you think employees/you would like to be involved in the governance of the company and in decision-making?
RETENTION	How long do you intend to keep the shares for?
DIFFICULTIES ADOPTION	What difficulties have you encountered in the adoption of the SIP/SAYE so far?
CHANGE PLAN	What would you change about the plan(s)? (2 things)
LIKE PLAN	What do you like about the plan(s)? (2 things)

Appendix D: Participant Information Sheet and Informed Consent Form



PARTICIPANT INFORMATION SHEET

PROJECT TITLE

Employee Share Ownership (ESO): Incentive, entitlement or gift? A study on employees' perceived values, meaning and objectives of ESO.

INVITATION

You are invited to take part in a research study on the meaning and value of share ownership. My name is Constantin Ciachir and I am carrying out this research in part-fulfilment of my Ph.D. at the York Management School, the University of York. The research is supervised by Professor Tony Royle and Dr Linda Perriton.

The purpose of this study is to investigate the nature of the transfer of ownership to employees in minority-owned UK firms. The study aims to generate insight into plan adoption objectives and its alignment with employees' perception and experience of share ownership.

WHAT WILL HAPPEN

In this study, you will be asked a series of questions about your participation in the share scheme. Some of the questions refer to your motivations for buying/accepting shares/free shares in your employer. Also, there will be questions asking what it means to you to be a shareholder of a company like the one you work for. Before the interview you will be asked for some details about which plan(s) you participate in and some personal details such as your age, job title, etc.

With your consent, the interview will be recorded, and then the recording is transcribed and analysed by the researcher. All collected materials will be kept securely in digital format on the University of York server. Your name will not be included in any audio recording, which only the main researcher will listen to in order to transcribe the interview.

TIME COMMITMENT

The interview will take around 60 minutes. You do not need to do anything before the interview and you do not need to bring anything with you.

YOUR RIGHTS

You may decide to withdraw from the research study without explanation within 10 days after the interview. You have the right to ask that any data you have produced up to that point be destroyed.

You have the right to omit or refuse to answer or respond to any questions that are asked of you.

You have the right to have your questions about the procedure answered (unless the answers interfere with the study's outcome). If you have any questions as a result of reading this information sheet, you should ask the researcher before the study begins.

BENEFITS AND RISKS

There are no known benefits or risks for you in this study.

COST, REIMBURSEMENT AND COMPENSATION

Your participation in this study is voluntary.

CONFIDENTIALITY/ANONYMITY

All information you provide, including personal data, will be treated with strict confidence and will be kept anonymous and confidential to the researcher. The information will be stored with the researcher (Constantin Ciachir) at the University of York, and only he and his supervisors (Linda Perriton and Barbara Bechter) will have access to it.

Any data used in reports, publications or presentations will be anonymous and will not contain any personal information about you. Anonymised data and results will be used in my Ph.D. thesis. Subsequently, the results and some of the data may be used for presentation at conferences or in future publications.

FOR FURTHER INFORMATION

The researcher, Constantin Ciachir, and the supervisors of this study will be glad to answer your questions about this study at any time. You may contact them at:

Constantin Ciachir	Professor Tony Royle	Dr Linda Perriton
The York Management School University of York Freboys Lane Heslington York YO10 5GD Tel.: +44 (0)7796 712062 constantin.ciachir@york.ac.uk	The York Management School University of York Freboys Lane Heslington York YO10 5GD Tel.: +44(0)1904 325043 Tony.royle@york.ac.uk	Stirling University Stirling FK9 4LA Tel.: +44(0)11786 477330 linda.perriton@stir.ac.uk

If you want to find out about the final results of this study, please write directly to the researcher at: constantin.ciachir@york.ac.uk.

INFORMED CONSENT FORM

(To be completed after Participant Information Sheet has been read)

PROJECT TITLE

Employee Share Ownership (ESO): Incentive, entitlement or gift? A study on employees' perceived values, meaning and objectives of ESO.

PROJECT SUMMARY

This research study is carried out with the purpose of understanding employers' and employees' experiences and perspectives of ESO. The aim is to consider employees' experiences and the meaning they attribute to the plan and to their reasons for participating whilst considering the context in which this happens.

This study is designed to further scientific knowledge and all procedures have been approved by the York University Ethical Advisory Committee.

By signing below, you are agreeing that you wish to participate in this study and that: (1) you have read and understood the Participant Information Sheet, (2) questions about your participation in this study have been answered satisfactorily, (3) you are aware of the potential risks (if any), (4) you are taking part in this research study voluntarily (without coercion), and (5) you have the right to withdraw from this study at any stage for any reason, and that you will not be required to explain the reasons for withdrawing.

I understand that all the information I provide will be treated in strict confidence and will be kept anonymous and confidential to the researcher unless it is judged (under statutory obligations) that confidentiality will have to be breached for the safety of the participant or others.

Participant's Name (Printed)*

Participant's signature*

Date

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