

ShareCo Share Plan Survey

Global Report 2014

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The views in this report are the authors' own and do not necessarily reflect those of ShareCo.

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We also gratefully acknowledge the time taken by respondents to complete the survey.

EXECUTIVE SUMMARY

The share plan survey

This report presents the results of a survey of ShareCo's employees in nine of the countries where the firm operates an employee share ownership plan, namely: Australia, Canada, Hong Kong, Germany, Ireland, New Zealand, South Africa, the United Kingdom and the USA. The aims of the survey were to investigate:

- employees' understanding of the share plan operating in their country
- levels of participation and the depth of employees' investments in the plan
- the impact of the share plan on employees' motivation and commitment to the company.

The survey was open for completion over a three-week period from 28th March to 18th April 2014 and a total of 3,819 responses were received by the survey end date. The overall response rate was 39 per cent.

Summary of survey results

Administrative data indicate that the share plan participation rate among employees is around two-fifths (42 per cent), and that it rose between 2012 and 2013 along with the ShareCo share price. There are substantial variations in participation rates across countries, however, which remain after controlling for differences in the composition of the workforce. Participation is highest in Ireland, Hong Kong and Canada, and lowest in the USA and South Africa. Plan members in the USA also tend to own fewer shares than plan members in other countries.

Employees ranked the share plan second most important overall, behind the 'Company pension', in a list of company policies and practices that also included the company's charity 'Change a Life', 'Environmental initiatives' and 'Equality and diversity initiatives'. However employees (and particularly non-members) did not always understand the basic aspects of the plan. Poor understanding of the plan was a particular feature in Australia.

Members are significantly more likely than non-members to need a substantial pay increase to persuade them to leave their Share Plan job for a similar job in a firm without a Plan. Plan members are also more likely than non-members to say that they are satisfied with their jobs, feel very loyal, share the company's values and view the company as a good place to work.

Plan members are also found to work longer beyond their contracted hours than non-members and to report lower levels of absenteeism. Furthermore, at least two-fifths of employees think that the share plan has a causal effect on their own motivation and on the motivation of other employees in the firm. This perception – that the share plan encourages productivity-enhancing behaviour – exists among members and non-members alike.

1. INTRODUCTION

1.1. Background

ShareCo is a global company employing around 14,000 employees in over 20 countries worldwide. In many of these countries, ShareCo operates one or more share ownership plans which allow employees to forego part of their salary to buy shares in the company.

In late 2013/early 2014, ShareCo commissioned Alex Bryson and John Forth to conduct a survey of ShareCo's employees in nine of the countries where share plans were operating, namely: Australia, Canada, Hong Kong, Germany, Ireland, New Zealand, South Africa, the United Kingdom and the USA. The aims of the survey were to investigate:

- employees' understanding of the share plan operating in their country
- levels of participation and the depth of employees' investments in the plan
- the impact of the share plan on employees' motivation and commitment to the company.

The survey followed similar surveys conducted in smaller groups of countries in 2007 and 2010.

This report presents the findings from the 2014 survey. It is supplemented by local reports which present headline findings for individual countries.

1.2. The ShareCo share plans

Share plans operate in each of the nine countries included in the survey sample, although the plans vary somewhat in their design, in order to tailor the offering to local financial constraints. The typical plan is open to all permanent employees, and members forego a certain amount of their salary each month, with this contribution being used by ShareCo to buy shares in the company. The average contribution is around £95 GBP per month at current exchange rates, although this varies by country, as do the minimum and maximum contribution rates. Members outside the USA receive free matching shares for every share purchased, with the total value of any matching shares that can be awarded typically capped at \$3,000 AU Dollars per annum (equivalent to £140 GBP per month).¹ A summary of the key features of the share plan in each country is provided in Appendix Section 8.1.

1.3. The survey

The survey questionnaire was designed in collaboration with Lucy Newcombe of ShareCo. The questionnaire closely followed that used in the 2010 survey, but with some small changes to improve the wording and design of certain questions, and

¹ Members in the USA can purchase shares at a 15% discount.

with the addition of new questions on members' voting behaviour at the company's Annual General Meeting. The final questionnaire included a total of 62 questions.

The questionnaire was administered electronically via Survey Monkey, with invitations to participate being sent (by ShareCo) to all employees in the nine countries that featured in the survey sample, giving a total survey population of 9,880 employees. The survey was open for completion over a three-week period from 28th March to 18th April 2014 and was completed anonymously. A total of 3,819 responses were received by the survey end date. The overall response rate was thus 39 per cent.

There were no response biases by employee gender or age. Response rates varied by country, however, being highest in South Africa (55 per cent) and lowest in Germany (23 per cent) (see Appendix Section 8.2). Comparisons with administrative data on plan membership also indicated that plan members were more likely to respond than non-members (53 per cent of respondents were plan members, compared with 42 per cent of all employees).² Accordingly the survey data was reweighted to remove these response biases. All of the survey results presented in this report are based on weighted data.

1.4. The nature of the report

As noted above, this report presents the findings from the 2014 survey. It explores differences in plan participation, understanding and impact between the nine countries that were included in the survey sample. It also explores differences across other employee characteristics (both demographic characteristics, such as gender or age, and job characteristics, such as seniority or tenure).

The report does not make explicit comparisons with the results of the earlier surveys undertaken in 2007 and 2010, choosing to focus on the variations within the 2014 survey sample. Comparisons with the previous surveys are also complicated by the fact that these earlier surveys covered only a subset of the countries covered in the 2014 survey, and by some changes in the design of the questionnaire. ShareCo has also changed as a company over the intervening period, adding new businesses and new offices (see Appendix Section **Error! Reference source not found.**), such that it is difficult to compare like-for-like with the businesses and offices that were present in 2007 or 2010. However the section of the report covering plan participation does make some comparisons of plan membership rates over time, using administrative data.

The remainder of the report proceeds as follows. Chapter 2 examines levels of plan membership between different countries, business units and types of employee, also examining trends over time at the country-level. Chapter 3 looks in more detail at the depth of members' investments in the plan (e.g. the number of shares held) and examines how the value of their investment ranks alongside their other financial

² A further 35 per cent reported that they were non-members, 4 per cent did not know whether they were members and 7 per cent did not answer the question on membership. For the purposes of weighting, we assume that these 47 per cent were all non-members.

investments. Chapter 4 then looks at factors associated with plan investment, including the role played by co-workers. Chapter 5 examines members' voting behaviour, whilst Chapter 6 investigates employees' understanding of, and attitudes towards, the share plan. Chapter 7 then examines associations between plan participation or investment and aspects of worker behaviour. Finally Chapter 8 summarises the key findings and concludes.

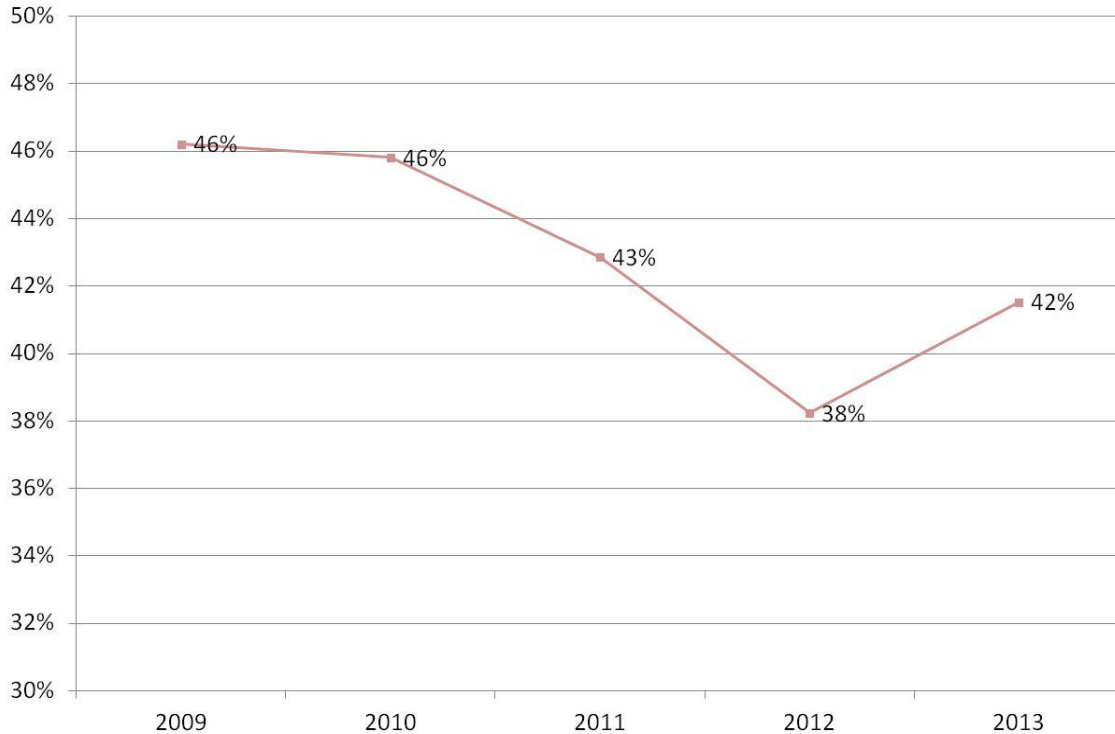
2. PARTICIPATION IN THE SHARE PLAN

2.1. Overall participation rate

The overall rate of participation in the share plan is computed from administrative data by dividing the total number of members of the plan into the total number of eligible employees. These data were provided by contacts in ShareCo's Human Resources department in each of the survey countries.

Across these nine countries, the total number of eligible employees in 2013 was 9,812 and the total number of plan members was 4075, giving an overall participation rate of 42 per cent in 2013. This represented a small increase on the rate of 38 per cent seen in 2012, but remains lower than the rate seen in 2009-2010 (Figure 2.1).

Figure 2.1: Overall plan participation rate in survey countries, 2009-2013



The U-shaped trajectory of the plan participation rate reflects the recent trajectory of the ShareCo share price to some extent, with this also having dipped in 2012 and recovered more recently. This correlation does not, in itself, confirm whether employees are responding to the share price when choosing to join or leave the plan; however, results reported in Chapter 4 (Section 4.3) indicate that the share price was a factor for some employees when deciding to sell their shares.

2.2. Participation rates by country

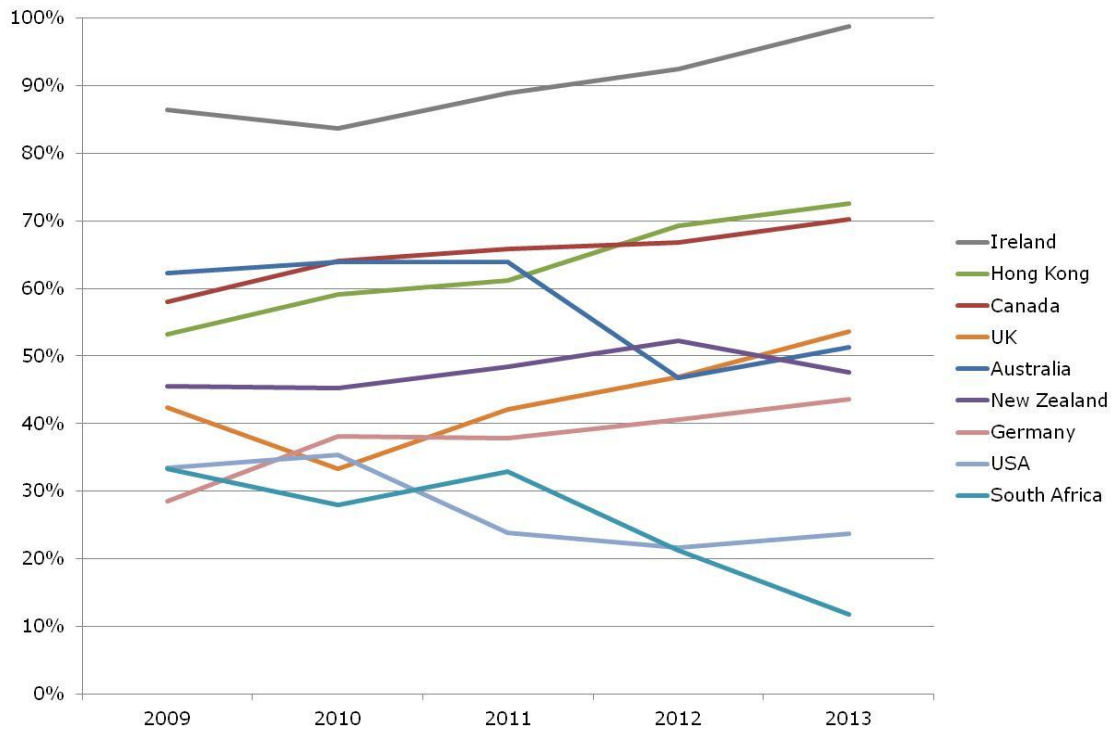
There are substantial variations in participation rates between the nine countries in the survey sample, ranging from 97 per cent in Ireland to 12 per cent in South Africa. The participation rates in Australia and the UK, which together account for around two-fifths of all eligible employees, sit in the middle of this range at 51 per cent and 54 per cent respectively. The rate for the USA, which accounts for a further two-fifths of eligible employees, is comparatively low at just 24 per cent. Whilst there are some variations between countries in the design of their share plans (see Section 1.2), these do not appear sufficient to generate such broad differences in participation. We investigate the role played by other factors – most notably differences in the composition of the workforce in each country – in Chapter 4.

Table 2.1: Plan participation rate in 2013/14, by country

Country	Participation rate
Ireland	97%
Hong Kong	73%
Canada	70%
Germany	44%
UK	54%
Australia	51%
New Zealand	48%
USA	24%
South Africa	12%

It is possible to use the administrative data on plan participation to examine trends in the participation rate by country over the period 2009-2013. Figure 2.2 shows that the participation rate has been rising in recent years in Ireland, Hong Kong, Canada, the UK and Germany, but has been falling in Australia, South Africa and the USA. New Zealand had a similar rate of participation in 2013 to that seen in 2009/10, with an upward spike in 2012 representing an anomaly in the overall series.

Figure 2.2: Plan participation rates by country, 2009-2013



2.3. Participation rates by business unit

The administrative data provided by ShareCo only permits comparisons by country. However our survey data permit us also to compare participation rates across different business units within the company. Respondents to the survey were employed across a total of 33 different business units within the company. Some of these business units employ only a handful of employees and so, to obtain reasonable sample sizes for our analysis, we group these 33 business units into 8 broad categories.

The plan participation rate was highest overall among employees belonging to CTS (Technology), where the overall rate stood at 58 per cent (Table 2.2). These employees were followed by CPM (Plan Managers), who had an overall participation rate of 52 per cent, and CIS (Registry / TA / Investor Services), who had an overall rate of 51 per cent. The participation rate was lowest among employees belonging to SLS (11 per cent), although it can be noted that this business unit is only present in the USA, where the overall level of participation was relatively low (Table 2.1) and is a relatively recent acquisition by the ShareCo Group. The interaction between business unit and country is explored further in Chapter 4.

Table 2.2: Plan participation rate in 2013/14, by business unit grouping

Business Unit Grouping	Participation rate
CTS	58%
CPM	52%
CIS	50%
CCS	40%
CSS	38%
COS	35%
SLS	11%
Other	36%

Note: 'Other' contains no single business unit that accounts for more than 100 employees.

2.4. Past participation by current non-members

The survey asked not only whether an employee was currently a member of the plan, but also whether non-members had previously participated. It is then possible to determine what share of all employees had some previous experience of the plan in their country. This figure reached at least 70 per cent in Canada, Hong Kong, Ireland and New Zealand. It was around three-fifths in Australia and the UK, around half in Germany, and around one-third in South Africa and the USA.

Comparing across business units, the proportion of all employees with some previous experience of the plan ranged from around three-fifths in CTS, CIS and CPM to just one-in-nine in SLS. The remaining four business unit groupings shown in Table 2.2 had rates of around a half.

3. DEPTH OF INVESTMENT IN THE SHARE PLAN

3.1. Introduction

This chapter of the report moves beyond plan membership to look in more detail at the depth of investment made by those employees who were currently participating in the share plan at the time of the survey. It considers a range of indicators, including the number of shares held and the amount that the employee contributed to the share plan each month. The chapter also considers how the value of the employee's investment in the share plan ranked alongside their other financial investments.

3.2. Number of shares held

The average share holding among plan members was 2,800 shares, but this mean value was pulled up considerably by a small number of employees who held a large number of shares (some holding upwards of 10,000). Indeed only 31 per cent of all plan members held at least 2,000 shares. A further third held between 500 and 1,999 shares, with another 22 per cent holding 100-499 shares and the remaining 13 per cent holding fewer than 100 shares. The median share holding was just 900 shares.³

Comparing across those four countries with at least 100 members in the survey (Australia, Canada, the UK and the USA), we find that the median shareholding is highest in Australia (1,500 shares), followed by the UK and Canada (890 and 800 respectively) and lowest in the USA (just 200 shares). The USA therefore not only has a low rate of plan membership, but each member in the USA also holds a relatively small number of shares when compared with members in other countries.

Comparing across the business unit groupings show in Table 2.2, we find that the median shareholding is highest in CTS (1,400 shares) and lowest in COS (450 shares).⁴

3.3. Amount contributed

The administrative data provided by ShareCo's local HR departments identified the average monthly contribution made to the share plan by members in that country. These figures are presented in Appendix Section 8.1 after converting the values from local currencies to GB Pounds.

The survey also asked plan members to report on the value of their monthly contribution, and these survey data allow us to go beyond the administrative data to

³ The median is the central value in a series if all values are placed in a line, in order of magnitude.

⁴ Plan members in SLS had a median shareholding of 20 shares but, as there are only 36 such members in the survey sample, this estimate should be treated with considerable caution.

identify each member's contribution as a share of their monthly gross salary.⁵ The average (mean) contribution was 5 per cent, with the median standing at 3 per cent. In other words, half of all members were contributing at least 3 per cent of their gross monthly salary to the share plan. Six per cent were contributing at least 10 per cent.

We can also look at the proportion of employees who were contributing the maximum amount (or proportion) allowed within their country.⁶ We find that, overall, 18 per cent of all plan members were making the maximum contribution allowed in their country. However there was substantial variation between countries, with the rate reaching 60 per cent in Germany and 54 per cent in the UK, but standing at just 11 per cent in Australia, 2 per cent in the USA and less than one per cent in Canada.

3.4. Monitoring of share price

A further indicator of members' investment in the share plan is the extent to which they monitor the share price of the company. One might expect those who are more engaged with the plan to check the share price more regularly. This proves to be the case.

Overall around one-third (32 per cent) of plan members checked the share price daily, a further fifth (19 per cent) did so weekly, 13 per cent checked it monthly and 25 per cent checked it less often. One in ten members said that they never checked the share price. Members with larger shareholdings were more likely to check the share price regularly: 40 per cent of those with 2,000 or more shares did so daily, compared with just 21 per cent of those with fewer than 100 shares.

Non-members were also asked how often they checked the share price, with 23 per cent doing so at least monthly. This may indicate some interest in the plan despite the employees not currently being in membership.

3.5. Ranking of share plan in employees' investments

Plan members were asked to rank the value of their holding in the ShareCo share plan relative to their other financial investments. Around one-quarter (23 per cent) of all members said that it was either their largest investment or their only investment (Table 3.1). Focusing on the four countries with at least 50 plan members in the sample, we find that this figure is highest in the UK (38 per cent) and lowest in the USA and Canada (11 per cent and 12 per cent respectively) with the rate standing at 29 per cent in Australia. Notably, the percentage of plan members who said that the share plan was their only/largest investment was no

⁵ After omitting a small number of extremely large outlying values from the survey data, we find that the mean monthly contribution in the survey is around £120 (compared with £90 in the administrative data), suggesting that members making high monthly contributions may have been more likely to participate than members making low contributions. Our weighting scheme post-stratifies only on the membership rate.

⁶ We assume, for the purposes of the calculation, that all plan members in Australia belong to the deferred plan (with their maximum contribution then being £233).

different among members holding large numbers of shares (2000+) than it was among members holding small numbers (less than 100). However those with larger numbers of shares were less likely to say that the share plan represented one of their smallest investments (11 per cent of those with 2,000+ shares gave this response, compared with 52 per cent of those with fewer than 100 shares).

Table 3.1: Ranking of share plan holding among employees' financial investments, by country

	Australia	Canada	UK	USA	All
Only investment	15	5	18	8	12
Largest investment	14	6	20	2	11
One of top investments	22	25	29	13	23
Moderate part	29	38	21	28	29
One of my smallest	20	25	12	48	24
<i>Observations</i>	<i>418</i>	<i>292</i>	<i>422</i>	<i>485</i>	<i>1784</i>

Base: Share plan members.

Note: Column percentages. Employees in Hong Kong, Germany, Ireland, New Zealand and South Africa are not shown separately, as the samples sizes in each of these countries is less than 50 employees. However they are included in the 'All members' column.

4. FACTORS ASSOCIATED WITH PLAN INVESTMENT

4.1. Introduction

This chapter adds to the discussion in Chapters 2 and 3 by examining the factors associated with plan membership and levels of investment. The chapter reports on a number of questions from the survey which sought to identify employees' own judgements of why they had joined (or chosen not to join) the share plan, why they had sold shares or how they had chosen their level of contributions. The chapter also conducts statistical analyses to identify the association between plan membership and investment and a range of personal and job characteristics.

4.2. Reasons for joining or choosing not to join

Plan members were asked what made them join the ShareCo share plan, and were presented with six possible reasons, as well as being given the opportunity to volunteer other answers. Respondents could choose more than one reason. The most popular reason for members having joined the plan was that it was thought to be a good investment (75 per cent of members cited this reason) (Table 4.1). Half (50 per cent) said that they joined in order to save, whilst 44 per cent said that it was because they felt positively about the company. Around one in six (15 per cent) said that colleagues had recommended it, but only 1 per cent of members gave this as the sole reason for joining. Recommendations from colleagues therefore operated largely to reinforce other motivations.

Table 4.1: Reasons for joining the share plan, by country

Reasons:	Australia	Canada	UK	USA	All
Good investment	74	78	84	63	75
Felt positively about company	47	45	37	48	44
Joined automatically	12	10	5	13	10
So I could save	44	56	57	52	50
Colleagues recommended it	9	24	23	8	15
Experience of plans in other companies	11	21	24	27	19
Other, not elsewhere specified	1	2	2	3	2
<i>Attracted by matching shares or discounted share price</i>	5	6	1	3	3
Observations	459	327	438	563	1,971

Base: Share plan members.

Notes:

1. Cell percentages
2. Employees in Hong Kong, Germany, Ireland, New Zealand and South Africa are not shown separately, as the samples sizes in each of these countries is less than 50 employees. However they are included in the 'All members' column.
3. Items in *italics* were not given as specific response options in the questionnaire.

Recommendations from colleagues were more commonly cited in some countries than others, with around one quarter of plan members in Canada (24 per cent) and the UK (23 per cent) citing this as one reason for joining, compared with only 9 per cent in Australia and 8 per cent in the USA.⁷ However the percentage of plan members citing recommendations from colleagues as their *sole* reason was very similar across all four of these countries.

Turning to those employees who had never been a member of the share plan, these were asked why they had never joined. Again, respondents could give more than one reason and could cite reasons beyond the eight specific reasons presented to them in the questionnaire. The most common reason was affordability, cited by 44 per cent of 'never members' (Table 4.2). One fifth (21 per cent) said that they invested elsewhere. Only a small proportion (2 per cent) said that they did not know about the plan or had never been invited to join. Affordability was a particularly common issue in South Africa, but less common in Australia, where 'never members' were more likely than those in other countries to cite a lack of understanding of the plan.⁸

Table 4.2: Reasons for never having joined the share plan, by country

Reasons:	Australia	Canada	South Africa	UK	USA	All
Cannot afford it	33	45	73	50	43	44
Don't want the risk of investing in shares	11	8	4	15	10	11
Don't intend to be with the company very long	9	8	7	13	5	8
Makes financial sense to invest outside the company where I work	3	5	3	3	12	8
Plan has features I don't like	9	8	3	2	2	4
I don't really understand the plan	24	7	14	9	16	16
I will join shortly	15	25	3	13	13	13
I invest my money elsewhere	16	30	10	17	25	21
Other, not elsewhere specified	6	6	2	5	4	5
<i>Didn't know about it / not invited</i>	5	0	0	1	2	2
<i>I am not eligible to join</i>	8	3	4	1	1	3
Observations	117	88	115	172	688	1,211

Base: Employees who had never been a member of the share plan.

Notes:

1. Cell percentages.
2. Employees in Hong Kong, Germany, Ireland and New Zealand are not shown separately, as the samples sizes in each of these countries is less than 50 employees. However they are included in the 'All members' column.
3. Items in *italics* were not given as specific response options in the questionnaire.

⁷ As in Chapter 3, we report on the responses of plan members at country level only for those four countries which had at least 50 plan members in the survey sample.

⁸ Also see Section 6.2 for indications that understanding is relatively low in Australia.

One might expect that a lack of understanding of the plan might be a particular issue among new employees and, indeed, one quarter (24 per cent) of 'never members' with less than one year of service cited this as a reason for not having joined. However, a lack of understanding was also cited by 15 per cent of those with 2-4 years of service, 13 per cent of those with 5-9 years and 8 per cent of those with 10 or more years of service.

The offer of matched or discounted shares was clearly not sufficient to have tempted never members to join the plan, but the survey asked whether they would join if the company were to offer shares at half their market price. This is effectively the same as the offer of matching shares, in those countries which have this element to their plan.⁹ However, 73 per cent of 'never members' said that they *would* join the plan under these circumstances.¹⁰ The figure was higher among those who cited a lack of understanding of the plan as a reason for never having joined: 81 per cent of this group said they would join if shares were offered at a 50 per cent discount, compared with 71 per cent of never members who gave other reasons for not having joined. This suggests that the offer of matched shares needs to be more effectively communicated to non-members.

4.3. Reasons for selling shares

Employees who had previously been a member of the share plan, but were no longer part of it, were asked why they had sold their shares. Again they could cite more than one reason. The most common reason, cited by around two-thirds (65 per cent) was that they needed the money. A further 35 per cent cited reasons focusing on the value of the investment (either that they had found a better investment, were not benefitting, or expected the share value to fall). Twelve per cent cited other reasons, none of which were sufficiently common to tabulate separately.

4.4. Reasons for choosing contribution level

Moving on from the membership decision to consider the depth of investment, plan members were asked why they had chosen their specific level of monthly contributions to the plan. They were asked to cite only one reason in this instance. The most common answer was that the employee had contributed what they could afford (37 per cent), and a further 8 per cent said that they had contributed the minimum amount, indicating that just under half of all members (45 per cent) were contributing as much as they felt able to. However 34 per cent said that their contribution had been limited by the maximum amount allowed under the plan, and 7 per cent said that they had targeted their contribution to achieve the maximum number of matching shares. This suggests that around two-fifths of current members

⁹ With the caveat that the offer of matched shares is typically capped at AU\$3,000 per annum, whereas the survey question on a discounted share price made no mention of a limit. There is no offer of matching shares in the USA, but shares are offered at a 15% discount, with a maximum discount equivalent to around AU\$3,000 per annum.

¹⁰ The figure was 70 per cent if one excludes employees from the USA, where the maximum permitted discount is 15 per cent.

might be willing to contribute more if the caps on contribution levels or matching shares were increased.

Table 4.3: Reasons for choosing contribution level

Reasons:	All
It was the minimum contribution	8
It was the maximum contribution	34
It was what I could afford	37
Other, not elsewhere specified	3
Can't remember / not answered	11
<i>Maximum contribution that the company would match</i>	7

Base: Members of the share plan.

Note: Cell percentages, based on 1,971 plan members. Items in *italics* were not given as specific response options in the questionnaire.

4.5. Characteristics associated with plan investment

In order to further investigate the characteristics associated with plan membership and depth of investment, regression analyses were conducted which sought to identify the independent association between membership/plan investment and a range of employee and job characteristics. The analysis focused on whether an employee was currently a member or not, and whether members were contributing the maximum allowed in their country. The characteristics that were investigated included: demographic characteristics, such as the gender, age, marital status or educational attainment of the employee; job characteristics, such as occupation, tenure, earnings and location; and attitudinal/behavioural items, including the employee's attitude to risk and the degree to which they engaged in other group activities (including outside work).

Membership was not associated with an employee's demographic characteristics, i.e. their gender, marital status, age or educational attainment. It was also not associated with employees' attitude to risk. However plan membership was found to be:

- More common among managers, sales and technical employees, than among those in operational/delivery or support roles
- More common among employees with longer tenure
- More common among those employees contracted to work at least 35 hours per week than among those contracted to work fewer hours
- More common among employees with a higher salary
- More common among those who engaged in a larger number of other group activities

There remained statistically significant differences in membership rates across countries after controlling for these various factors.¹¹ Taking the UK as the reference

¹¹ Statistical significance is evaluated at the five per cent level throughout the report.

category, membership was 30 percentage points higher in Ireland, 27 points higher in Hong Kong, and 8 points higher in Canada. It was 28 percentage points lower in the USA and 36 points lower in South Africa.¹² The membership rate did not differ to a statistically significant degree between the UK and either Australia, Germany or New Zealand, after controlling for other factors.

The likelihood that a plan member was contributing the maximum amount for their country was:

- More common among male employees than female employees
- More common among those employees contracted to work 35 hours per week than among those contracted to work fewer hours
- More common among employees with a higher salary
- More common among employees with a more positive attitude to risk

It was not associated with marital status, educational attainment, job tenure or the number of other group activities that the employee undertook.

Again there remained statistically significant differences across countries after controlling for these various factors. Taking the UK as the reference category, plan members in South Africa were 23 percentage points less likely to make the maximum contribution, whilst those in Hong Kong were 33 percentage points less likely, those in Australia were 43 percentage points less likely and those in Canada, Ireland, New Zealand and the USA were around 50 percentage points less likely.

4.6. The role played in the membership decision by other people

Finally in this chapter we consider the role played in the membership decision by other people within and outside the company. All employees were asked whether they had talked to five groups of people about membership of the plan: fellow workers; their supervisor; the ShareCo HR department; family or friends; and a financial or legal advisor. They were also asked whether those people had been important in the decision they had made to join or not join the plan. Inside the company, discussions with fellow workers were both more common and more influential than discussions with supervisors or the HR department: 14 per cent of employees said that fellow workers had been influential in their decision. Outside the company, discussions with family or friends were more common and more influential than discussions with financial or legal advisors.

¹² The UK is taken as the reference category as it has the highest level of membership among those countries with a large number of observations in the survey sample. The UK is then retained as the reference category through the remainder of the report when other, similar regression analyses are conducted,

Table 4.4: Discussions with other people about membership

Type of person:	Yes – important to decision	Yes – not important	No
Fellow workers	14	32	53
My supervisor	6	12	82
HR manager / department	3	8	89
Family or friends outside the company	14	16	70
Financial or legal advisor outside the company	5	6	90

Base: All employees.

Note: row percentages.

5. VOTING AT THE ANNUAL GENERAL MEETING

5.1. Introduction

It is rare for ordinary employees to have an opportunity to influence a corporation's policies and practices through its governance structures. Share Plan members' right to vote at company Annual General Meetings is one such opportunity. (Others, such as worker directors, are rare outside Germany, Scandinavia and one or two other Northern European countries). However, very little is known about whether employees exercise this right and, if they do, how they decide to vote.

5.2. Regularity of voting

Current and past members of the Share Plan were asked: "Share plan members can vote their employee share plan shares at the AGM. Do/did you: Always vote; Sometimes vote; Never vote; Didn't know you could vote".

Table 5.1: Regularity With Which Members Vote at the AGM

Regularity of voting:	Ex-member	Member	All
Always	15	21	20
Sometimes	14	18	17
Never	60	48	50
Didn't know I could vote	11	13	12

Note: column percentages. Based on 2,094 respondents of whom 193 are ex-members

Around one-in-ten members did not know they could vote at the AGM and a further half had never voted; one-fifth always did so while another one-in-six "sometimes" voted at the AGM (Table 5.1). Current members were more likely to have voted than past members. Members were more likely to vote, and more likely to vote at every AGM, the longer they had been a Share Plan member: 16 per cent of those in their first year of Plan membership had voted compared with 48 per cent among those in the Plan for at least five years. The proportion who never voted remained roughly constant with job tenure. What changed was the percentage of members who did not know they could vote. This fell from 36 per cent in employees' first year of Plan membership to 5 per cent among those in the Plan for at least five years.

The likelihood of voting, and the likelihood of always voting, rises with the number of shares held by Plan members. Those owning at least 2,000 shares were twice as likely as those owning fewer than 100 to "always" vote (28 per cent compared with 13 per cent).

Whether members and past members have voted in an AGM varies across countries (Table 5.2). The figures in Table 5.2 are the raw percentages who always or sometimes vote. For example, only one-quarter of those eligible have voted at AGM's in South Africa (23 per cent among current and past members, and 24 per cent if one confines the analysis to current members). The underlining identifies countries where voting rates are significantly different from the UK having accounted for

differences in the composition of employees (specifically their gender, age, marital status, qualifications, job type, and job tenure).¹³ Compared to the UK, current and ex-members are significantly less likely to have voted in Canada, Hong Kong and South Africa. This is also true when the analysis is confined to current members but, once we do this, we find Australian Plan members are also statistically significantly less likely to vote than those in the UK.

Table 5.2: Whether Voted By Country

	Members and ex-members	Current Members
Australia	38	<u>37</u>
Canada	<u>31</u>	<u>32</u>
Hong Kong	<u>28</u>	<u>29</u>
Germany	47	48
Ireland	41	39
New Zealand	39	57
South Africa	<u>23</u>	<u>24</u>
UK	44	45
United States	37	41
All	37	39

Note: Cell percentages. Members and ex-members N=2094. Current members N=1,901

5.3. Influences on employees' voting behaviour

Where Plan members had voted they were asked "When you vote/have voted, which of the following applies?...I make up my own mind how to vote; I always follow the Chairman's recommendation; I decide with colleagues how to vote; Other (please specify)"

Seven-in-ten current and past members (72 per cent) say they make their own minds up as to how to vote; one-quarter (26 per cent) follow the Chair's recommendation; while only 1 per cent decide with colleagues how to vote. Influences on how to vote do not vary greatly with time in the Plan or the number of shares held.

Compared with those in other countries, North Americans - those in the United States and in Canada - were significantly less likely to say they had made up their own minds when voting (62 per cent and 61 per cent respectively) and were much more likely to say they had followed the Chair's recommendation (37 per cent and 38 per cent respectively). These figures compare, for example, to 76 per cent of Plan members and ex-members in the UK who made up their own minds, and 20 per cent who followed the Chair's recommendations. These differences remained statistically significant controlling for differences in employees' characteristics.

¹³ The UK is chosen here as the country with the highest level of voting among those with a substantial number of employees in the survey sample. The UK is then retained as the reference category for similar analyses later in the report.

6. EMPLOYEES' ATTITUDES TOWARDS THE SHARE PLAN

6.1. Introduction

As well as asking employees to speculate on the impact of the Share Plan on employee attitudes and behaviour - as discussed in Chapter Seven - the survey elicits employees' attitudes towards the Share Plan in relation to their understanding of how it operates; the value they attach to it; and its importance relative to other company policies and practices.

6.2. Understanding of the share plan

Employees were asked how well they understood six different aspects of the ShareCo Share Plan (Table 6.1). They were given four response options: understanding that part of the Plan "very well", "fairly well", "not very well" or "not at all". Non-members had a "poor understanding" of the Plan - that is, they said they understood it either "not very well" or "not at all" - for a mean of 2.9 items out of six. Members had a poor understanding for a mean of 0.9 items.

Employees were most likely to say they understood how to join and who could join. They felt they had a much poorer understanding of how to sell shares and the best time to sell them: half (51 per cent) of members they could understand "the best time to sell shares" "not very well" or "not at all".

Table 6.1 Understanding of the Plan

Aspect of the Plan:	Membership status:	Very well	Not very well or not at all
How to join	M	64	5
	NM	25	42
	All	42	27
Who can join	M	65	5
	NM	32	33
	All	46	21
How much can be paid in	M	60	10
	NM	23	46
	All	39	31
The benefits of membership	M	51	13
	NM	21	49
	All	34	33
How to sell shares	M	50	22
	NM	21	54
	All	33	41
The best time to sell shares	M	29	51
	NM	15	61
	All	21	38

Note: M=member NM=non-member. Figures are cell percentages. Based on 3424 respondents

Understanding of the Plan improved with time at the company for both members and non-members. In their first year at the company non-members had a poor understanding of 3.8 of the 6 items. After 10 years this had fallen to 1.8 items. Among members poor understanding fell from 1.6 items in the first year of employment to 0.6 items after 10 years.

Understanding of the Plan differs across countries. Table 6.2 shows the mean scores for understanding the six aspects of the Plan either "not very well" or "not at all well". But these raw differences can be misleading unless we take account of differences in the composition of employees across countries. We therefore take account of the following employee attributes: gender, age, marital status, qualifications, job type and job tenure. Those differences that remain statistically significant after accounting for employee differences are underlined. They show those differences that are statistically significant relative to the level of understanding in the UK. Plan understanding is poorest in Australia and the United States: in these countries understanding is poorer among both members and non-members relative to understanding in the UK and the differences are statistically significant.¹⁴ Members in Hong Kong and Canada have a significantly poorer understanding of the Plan than members in the UK, while non-members in South Africa have a significantly poorer understanding of the Plan than non-members in the UK. All other differences are statistically non-significant.

Table 6.2 Mean "Poor Understanding" Score Across Countries

	Non-member	Member
Australia	<u>3.1</u>	<u>1.1</u>
Canada	2.1	<u>0.7</u>
Hong Kong	3.1	<u>1.2</u>
Germany	2.9	0.6
Ireland	2.0	0.4
New Zealand	2.0	1.2
South Africa	<u>2.3</u>	0.3
UK	2.0	0.6
United States	<u>3.1</u>	<u>1.4</u>
All	2.9	0.9

Note: number of times respondent says "not very well" or "not at all well" in response to the six Plan understanding questions. Underlined figures indicate statistically significantly different from the UK score having controlled for employee characteristics

6.3. Value of the share plan

Employees are asked: "Assume another firm offered you the same job that you currently hold but the firm had no Share Plan/Stock Purchase Plan, what pay difference would be necessary to take that job?" They were able to code one of the responses given in Table 6.3.

¹⁴ See Section 4.2 for further evidence on the poor understanding of the plan in Australia.

One-fifth (21 per cent) of employees would be prepared to move even if there was no pay increase, but indifferent non-members outnumber members almost two-to-one (27 per cent against 14 per cent). The percentage saying they would not move, irrespective of the pay increase, is similar between members and non-members. Members are significantly more likely to need a substantial pay increase to persuade them to leave their Share Plan job for a similar job in a firm without a Plan. The pay difference needed to leave rises with the number of shares the employee holds in the company. One-quarter (24 per cent) of those holding no shares said they would need a pay increase of at least 20 per cent. This rises only marginally to 26 per cent among those with fewer than 100 shares but then rises to 31 per cent among those with between 100 and 499 shares and to 33 per cent among those with at least 2000 shares.

Table 6.3 Pay Difference Required to Move to a Similar Job without a Share Plan

Pay difference needed:	Non-member	Member	All
No difference	27	14	21
5% increase	7	12	9
10% increase	15	17	16
15% increase	13	15	14
20% increase	12	16	14
At least 25% increase	12	15	13
I wouldn't do it	13	12	13

Note: column percentages. Based on 3,347 respondents

6.4. Ranking of the share plan compared to other corporate activities

To establish how important the Share Plan is to employees compared with other company policies and practices employees were asked: "Which of the following things ShareCo does is most important to you...Change a Life and other charity work; Company Pension e.g. superannuation, 401K retirement plan; employee share plan/stock purchase plan; environmental initiatives including Green Office; equality and diversity initiatives?" Employees were asked to rank the options in order of importance from 1 ("low") to 5 ("high").

Table 6.4 shows the percentage of employees ranking each policy as the most important ("top") or second most important ("second"). Over one-third (37 per cent) of employees ranked the company pension as the most important corporate policy, with half (49 per cent) ranking it top or second. This makes it the policy that employees think is the most important of the six identified in the question. It is the top-ranked policy among both Share Plan members and non-members. The Share Plan is second most likely to be ranked in the top two policies: 42 per cent of employees ranked it in the top two. However, environmental initiatives were a little more likely than the Share Plan to be ranked at the very top (19 per cent against 13 per cent).

Table 6.4 Rank Importance of Company Policies and Practices

Company policy/practice:	Non-member	Member	All
<i>Change-A-Life:</i>			
Top	14	14	14
Second	22	18	20
<i>Pension:</i>			
Top	39	34	37
Second	10	16	12
<i>Share Plan:</i>			
Top	12	15	13
Second	25	31	28
<i>Environmental Initiatives:</i>			
Top	18	22	19
Second	20	17	19
<i>Equality and Diversity Initiatives:</i>			
Top	16	15	15
Second	21	17	19

Note: cell percentages. Based on 2,507 respondents who provided a 1 to 5 ranking for all 5 policies/practices

Perhaps unsurprisingly members were much more likely rank the Share Plan in the top two policies than non-members (46 per cent against 37 per cent). What is perhaps more surprising is that, with the exception of pensions, the percentage of non-members rating the Share Plan in the top two was very similar to the other three policies.

6.5 Why Does ShareCo offer the Share Plan?

Employees were asked "Which of the following explain why ShareCo offers you the chance to join a company share plan? Please tick all you think apply". A final box allowed them to identify other reasons which we have back-coded to the other categories where possible or, where not, they are recorded as "Other".

Table 6.5 Why Does ShareCo Offer the Chance to Join a Share Plan?

Reason:	Non-member	Member	All
To build team spirit	30	33	31
To make me work harder	31	35	33
To keep me with the company longer	53	65	58
To make me feel part of the firm	68	74	71
As a gift	8	10	9
Because other companies do it	33	33	33
So I can vote on how the company is run	14	11	13
Other	7	6	6

Note: multi-response question. Figures are percentage of respondents giving that answer. Based on 3,236 respondents

Employees were most likely to feel the Plan was being offered to engender greater attachment to the firm (Table 6.5). Almost three-quarters (71 per cent) of employees thought the firm offered the Plan "to make me feel part of the firm" while 58 per cent said it was "to keep me with the company longer". One-third (33 per cent) saw it as an incentive "to make me work harder", with a similar percentage saying the Plan was used "to build team spirit". One-third (33 per cent) also thought the firm did it because other companies did so. A reasonable percentage of the "Other" responses also noted that the firm may have adopted the Plan because it facilitated Share Plan operations in other firms as part of its business. Relatively few saw the Plan as a gift.

It is striking that members and non-members perceive the firm's motivations in offering the Plan in similar ways. The only notable difference is that members were a little more likely than non-members to perceive the Plan as a way of engendering attachment to the firm: three-quarters (74 per cent) of members thought the firm used it "to make me feel part of the firm" compared to two-thirds (68 per cent) of non-members, while two-thirds (65 per cent) of members said it was offered "to keep me with the company longer", compared to just over half (53 per cent) of non-members.

7. PLAN PARTICIPATION AND WORKER BEHAVIOUR

7.1. Introduction

In previous reports we have identified a number of ways in which Plan participation is associated with behaviours which are potentially beneficial to the firm, including lower absence, lower quit rates, working harder and longer hours. These findings have been replicated in a new paper using the ShareCo data for the UK in 2010 and 2007 (Alex Bryson and Richard Freeman *Employee Stock Purchase Plans - Gift or Incentive? Evidence from a Multinational Company*, NIESR/LSE mimeo). Furthermore, when asked direct questions about the role of the Share Plan in motivating employees and altering their behaviours, it does seem that both Plan members and non-members attribute a causal role to Plan participation.

In this section we revisit these issues using a wider array of questions and establish what associations there are between Plan participation and attitudes and behaviours across the nine countries in the survey.

7.2. Association between Plan participation and Identification with the Company

Plan members identify more with the company than non-members. Table 7.1 shows the degree to which members and non-members agreed with three statements: "I feel very loyal to this organization"; "I find that my values and the company's values are very similar"; and "Overall, this company is a good place to work". Responses were coded on a five point scale from "Strongly agree", "Agree", "Neither agree nor disagree", "Disagree" and "Strongly disagree". The table combines responses from the strongly agree/agree categories and those from the strongly disagree/disagree categories.

Table 7.1: Identification with the Company

Indicator:	Non-member	Member	All
<i>I feel very loyal:</i>			
Strongly agree/agree	63	69	66
Strongly disagree/disagree	12	8	10
<i>My values similar to company:</i>			
Strongly agree/agree	51	55	53
Strongly disagree/disagree	16	11	14
<i>Good to place to work:</i>			
Strongly agree/agree	66	73	69
Strongly disagree/disagree	11	6	9

Note: cell percentages. Based on 3,351 respondents.

Two-thirds (66 per cent) of employees agree or strongly agree that they "feel very loyal to this organization". A similar percentage (69 per cent) either agree or strongly agree that "this company is a good place to work". A little over half (53 per cent) agree or strongly agree that "my values and the company's values are very similar". Plan members are more likely than non-members to be very loyal, share the company's values and view the company as a good place to work. These differences

are all statistically significant. Furthermore, they remain so having controlled for differences in the characteristics of Plan members and non-members (country, gender, age, marital status, qualifications, job type, and job tenure).¹⁵ The member/non-member gap in the percentage agreeing or strongly agreeing they feel very loyal to the company falls from 7 percentage points to 5 percentage points once accounting for differences between members and non-members. The member/non-member gap on sharing company values actually increases when accounting for differences in employee characteristics (from 4 to 7 percentage points), whereas the member/non-member gap in agreeing the company is a good place to work does not change when accounting for employee characteristics - the gap is 7 percentage points with and without this adjustment.

Looking at differences among members, feelings of loyalty to the company, sharing its values and finding it a good place to work were positively associated with time in the Plan and the number of shares held, but these associations were not particularly strong.

Asked "How much do you feel like a co-owner of this company?" members gave significantly higher scores than non-members. On a scale of 1 to 10 where "1" is "Not at all" and "10" is "Very much" 45 per cent of employees scored "1": this percentage was much higher among non-members than members (58 per cent versus 28 per cent). Members gave a mean score of 3.7 while non-members gave 2.6. This differential of 1.1 points on the scale is statistically significant. It falls a little to 0.9 points when accounting for differences across employees (country, gender, age, marital status, job type, job tenure) but remains statistically significant from zero.

Feelings of co-ownership seem to rise with depth of investment, such that the mean score rises from 3.0 in the first year of Plan membership to 4.0 among those in the Plan for at least five years, and rises from 3.0 for those with holding fewer than 100 shares to 4.3 for those with at least 2,000 shares.

Asked "Do you check the ShareCo share price...daily, weekly, monthly, less often, never?" one-third (32 per cent) of members said "daily" compared with only 8 per cent of non-members (as reported in Chapter 3). Only 10 per cent of Plan members "never" checked it compared to over half (55 per cent) of non-members. Perhaps unsurprisingly the frequency with which employees checked the share price rises with the number of ShareCo shares held: the percentage checking the share price daily rises two-fold from 21 per cent among those holding fewer than 100 shares to 40 per cent among those holding 2,000 shares.

¹⁵ There are marked differences in the degree to which employees identify with the company across countries having accounted for other differences in employee characteristics, including Plan membership. Compared with employees in the UK those in Germany are the most likely to agree that they are 'very loyal' to the company, followed by employees in South Africa, the USA, Canada and Australia. Employees in Hong Kong were significantly less loyal to the company than those in the UK. Compared with UK employees those in Canada and the United States were most likely to share the values of the company, followed by employees in Australia and South Africa. Again, those in Hong Kong were the least likely to share company values. Compared to UK employees those in Canada and the United States were significantly more likely to say they thought the company was a good place to work, while those in Hong Kong were significantly less likely to agree.

To test whether it is members' greater feelings of co-ownership that account for members' greater propensity to identify with the company we compare the association between Plan membership and feelings of loyalty, sharing the company's values and viewing the company as a good place to work before and after accounting for feelings of co-ownership. In all three cases there is a positive correlation between membership and these measures of company identification. However, this positive significant association disappears with the introduction of perceptions of co-ownership, supporting the idea that it is this perception that links Plan membership to company identification.

Members express greater contentment with their jobs than non-members. Asked "All things considered, how satisfied are you with your job?" employees are asked to respond on a five-point scale from "very satisfied" to "very dissatisfied". Whereas two-thirds (65 per cent) of non-members expressed themselves either "very" or "fairly" satisfied, three-quarters (75 per cent) of members did so (based on 3,351 employees answering the question). Members were also less likely to say they were either "fairly" or "very" dissatisfied with their job (11 per cent compared with 15 per cent among non-members). The member/non-member job satisfaction differential persists having accounted for differences in the characteristics of employees (country, gender, age, marital status, qualifications, job type, and job tenure).

Members were also more likely than non-members to perceive their pay as fair compared with "my ShareCo colleagues in a similar job" and "employees with similar jobs in other companies". For instance, 37 per cent of members agreed or strongly agreed that they were fairly paid relative to colleagues in a similar job compared with 32 per cent of non-members. This difference was statistically significant.

7.3. Associations between participation and worker behaviours

7.3.1. Worker Effort

Asked "How hard would you say you work?", Plan members gave the same rating as non-members (mean scores of 8.8 on a 1 to 10 scale where 10 is "very hard" and 1 is "Not very hard"). Later in the survey employees were asked "At your workplace, how hard would you say that people work?", with responses coded on the same scale as above. Again, members and non-members gave an identical mean score of 7.3.

By subtracting the hard work score employees give to their colleagues from the score they give themselves one can produce a measure of how hard workers think they work relative to their colleagues.

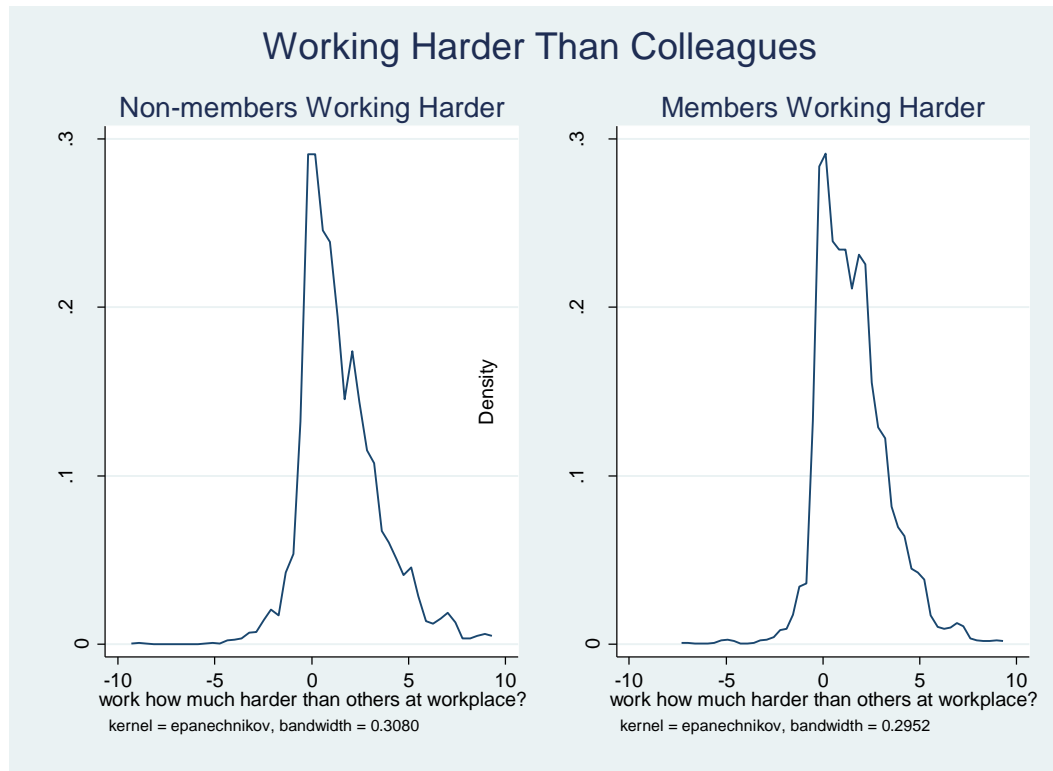
Table 7.2: How Hard I Work Relative to Colleagues

	Non-member	Member	All
Less Hard	8	5	7
Same	29	27	28
1 point harder	22	22	22
2 points harder	16	22	19
3+ points harder	25	25	25

Note: column percentages. Based on 3,412 respondents

Over one-quarter (28 per cent) of employees rate their work effort on a par to their colleagues; 7 per cent rated themselves below the hard work rating they gave to others; the remaining 65 per cent rate themselves as harder workers than their colleagues, but usually only by a point or two.

Figure 7.1: Distribution of effort scores, by plan membership



Members are a little more likely to say they work harder than colleagues compared with non-members. Forty-seven percent of members rated their effort two points higher than the rating they gave colleagues, compared to 41 percent of non-members. However, as the figure above shows, the distributions are very similar for members and non-members. The difference between members and non-members is not statistically significant having accounted for differences in employee characteristics (country, gender, age, marital status, qualifications, job type, and tenure). Separate analyses by country for the UK, USA, Canada and Australia confirmed no association between membership and working harder than colleagues.¹⁶ This is an important finding because in previous ShareCo surveys we have found members are significantly more likely than non-members to say they work harder than colleagues, having accounted for employee characteristics.

¹⁶ These are the only four countries with at least 50 members and at least 50 non-members in the survey sample. Comparisons between members and non-members in the remaining five countries will be less robust, because of the smaller sample sizes.

Asked "When was the last time you went the extra mile in your job and delivered beyond expectations?" nearly half (48 per cent) of employees responded "every day" (Table 7.3). Another quarter (25 per cent) said "this week". Plan non-members were more likely than members to say they went the extra mile every day (52 per cent compared to 42 per cent). However, there was no significant difference between members and non-members having accounted for differences across employees (country, gender, age, marital status, qualifications, job type and job tenure). Separate analyses by country for the UK, USA, Canada and Australia also found no significant difference between members and non-members at country level (although in Canada the difference was positive and almost statistically significant at the five per cent level).

Table 7.3: When Did You Last Go the "Extra Mile"?

Period:	Non-member	Member	All
Never	2	1	2
Over a month ago	4	5	4
Last month	7	8	7
Last week	12	16	14
This week	23	28	25
Every day	53	42	48

Note: column percentages. Based on 3,365 respondents

The survey asked employees what their contracted hours were "excluding any additional time worked", and their "typical hours". Typical hours "should include your standard hours plus any overtime, working at home and weekend work". Subtracting the former from the latter provides a measure of the hours worked above contractual hours. Contractual hours are very similar for members and non-members at around 35 hours per week (Table 7.4). But typical overall hours worked are higher for members (40.5 hours versus 38.6 for non-members). The gap in overtime between members and non-members of 1.5 hours per week is statistically significant and, although the difference falls to 0.5 hours per week accounting for other differences between employees (country, gender, age, marital status, qualifications, job type and tenure) it remains statistically significant. Separate analyses by country found no statistically significant difference between members and non-members in the USA, Canada and Australia, but plan members in the UK were found to work around one additional hour more than non-members after accounting for other differences between employees.

Over one-third of employees (37 per cent) do no hours above their contractual hours: this is far more prevalent among non-members than members (46 per cent compare with 27 per cent). At the other extreme one-quarter of members (24 per cent) do at least 10 hours overtime a week, compared with 17 per cent of non-members.

Table 7.4: Overtime Hours Worked

	Non-member	Member	All
Weekly typical hours	38.6	40.5	39.4

Weekly contractual hours	34.4	34.9	34.6
Overtime (paid or unpaid)	4.1	5.6	4.8

Note: cell means. Based on 3,3554 respondents

7.3.2. Co-worker Monitoring and Action to Reduce Shirking

Employees were asked: "If you were to see a fellow employee not working as hard or well as he or she should, how likely would you be to....discuss this with the employee; speak to your supervisor or manager; talk about it in a work group or team; do nothing?" Members were more likely to act than non-members: one-third (32 per cent) were "very likely" to take at least one of the three actions compared with on-quarter (26 per cent) of non-members. However, this difference is no longer significant having accounted for differences in employee characteristics (neither is it significant in country-level analyses for the UK, Canada, the USA or Australia).

7.3.3. Absence

Asked "How many days have you been absent from work in the last six months (excluding vacation/annual leave?" employees gave a mean of 2.4 days. However, plan members took less absence than non-members. Members had taken a mean of 2.1 days compared with 2.7 among non-members. This raw differential of 0.6 days is statistically significant and widens slightly to 0.7 days having accounted for differences in employee characteristics. Comparing across countries, the raw difference in absence rates between members and non-members was larger in Canada and Australia, and narrower in the UK and USA, but these within-country differences were not statistically significant, either before or after accounting for compositional differences between members and non-members in each country.

Those with a greater number of shares took less absence: those with fewer than 100 shares had taken 2.3 days absence in the last six months compared to 1.6 among those with at least 2,000 shares.

7.3.4. Job search

In order to investigate whether plan members were more or less likely to seek jobs outside the company, survey respondents were asked "How likely is it that you will actively look for a job with another organisation within the next twelve months?". Ten per cent of employees said that they were 'already looking', whilst 8 per cent said that it was 'very likely'. 17 per cent said it was 'quite likely', 41 per cent said it was 'not very likely' and 24 per cent said it was 'not at all likely'. Plan members were less likely than non-members to consider that they would be seeking another job in the next 12 months: only 14 per cent said they were either 'already looking' or thought it 'very likely' they would begin looking in the next 12 months, compared with 21 per cent of non-members. A statistically significant difference remained after accounting for differences in employee characteristics between members and non-members.

Comparing across countries, a raw difference in job search propensities between members and non-members was evident in all four of the highlighted countries

(Canada, Australia, the UK and the USA), but a statistically significant difference remained only in Australia after compositional differences between members and non-members had been accounted for.

7.4. Employees' own views about the impact of the share plan

The analyses above suggest an association between Plan participation, some attitudes (such as organizational loyalty) and behaviours that might be associated with higher productivity such as taking less absence and working longer hours. However, we do not know whether this relationship is causally linked to Plan participation: it is possible that those who join the Plan would have taken less absence and worked longer hours in any event for reasons that are not observable in the survey. We therefore asked employees whether they thought the Plan was linked to outcomes that the firm might find desirable.

Employees were asked: "To what extent do you feel that ShareCo's Share Plan/Employee Stock Purchase Plan....Increases your motivation; Reduces the chance that you will leave the firm; Reduces the chance others will leave the firm; Increases the motivation of other employees; Attracts talented people; Makes it more likely you'll recommend the company to others". Responses were recorded on a four point scale: "Not at all", "Very little", "To some extent", "To a great extent".

Table 7.5: Perceived Impact of Share Plan

Extent to which Plan:	Non-member	Member	All
<i>Increases your motivation:</i>			
Some extent	24	47	34
Great extent	3	9	6
<i>Increases motivation of other employees:</i>			
Some extent	31	43	36
Great extent	4	5	4
<i>Reduces the chance you will leave the firm:</i>			
Some extent	21	40	29
Great extent	5	11	7
<i>Reduces the chance others will leave the firm:</i>			
Some extent	29	41	34
Great extent	4	5	4
<i>Attracts talented people:</i>			
Some extent	28	35	31
Great extent	4	5	5
<i>Makes it more likely you'll recommend the company to others:</i>			
Some extent	28	46	35
Great extent	6	9	8

Note: cell percentages. Based on 3,369 respondents except responses on chance others will leave the firm where it's 3,309 respondents

Table 7.5 shows the percentage of Plan members and non-members saying the Plan had an effect to "some extent" or to a "great extent" for each of the six items. Considering all employees together, 43 per cent thought that the Plan made it more likely - either to some or a great extent - that they would recommend the company to others, 40 per cent thought that it increased their own motivation, 40 per cent thought that it increased the motivation of other employees, 38 per cent thought it reduced the chance of other employees leaving, 36 per cent thought it reduced the chance that they would personally leave the firm, and 36 per cent thought that the Plan help to attract talented people.

In every case Plan members were significantly more likely to think the Plan has an impact than non-members. The biggest gap between members' and non-members' ratings of the gap was in relation to the Plan's impact on their own motivation (a 29 percentage point gap) followed by reducing the chances the respondent will leave the firm (25 percentage points).

These differences between members and non-members remain statistically significant and the size of the differential is largely unaffected when accounting for differences in employees' characteristics (country, gender, age, marital status, qualifications, job type and tenure). A statistically significant difference is also found on each item in all four of the countries highlighted previously in this section (i.e. the UK, USA, Canada and Australia).

Table 7.6 counts the number of times employees said the Plan had an effect to "some extent" or a "great extent" (row 1) or just to a "great extent". Almost half (47

per cent) of employees did not think the Plan had an effect on any of the six items. This was the case for half (52 per cent) of non-members but only 30 per cent of members. One-sixth (19 per cent) of members said the Plan had an effect, at least to some extent, on all six items, compared to 13 per cent of non-members. It was much rarer for employees to say the Plan had an effect to a "great extent": only 11 per cent of employees said this for any item at all, and only 2 per cent said it for all six items. Although the differences between members and non-members on rating its effect as "great" are not large, they are statistically significant and remain so when accounting for differences between employees.). This was also the case in all four of the countries highlighted previously in this section (i.e. the UK, USA, Canada and Australia).

Table 7.6: Count for Times Share Plan Thought to Have an Impact

	Non-member	Member	All
<i>To some/great extent:</i>			
0 items	52	30	47
1-5 items	35	51	39
All 6 items	13	19	14
<i>To a great extent:</i>			
0 items	91	84	89
1-5 items	9	14	9
All 6 items	1	2	2

Note: column percentages. Based on 3,815 respondents answering on all 6 items

8. APPENDIX

8.1. Key features of the share plan by country

The following table shows the key features of the ShareCo share plan in each of the nine countries included in the survey sample. Financial amounts have been converted from the local currency to GB Pounds at current exchange rates, for each of comparison.

Table 8.1: Key features of share plan, by country

	Minimum monthly contribution (GBP)	Maximum monthly contribution (GBP)	Average monthly contribution (GBP)	Allowance for matching shares	Eligibility
Australia – Deferred Plan	£70.00	£233.33	£131.83	1 for 1 up to £140 per month	6 months' service
Australia – Exempt Plan	£23.33	£23.33	£23.33	1 for 1 up to the maximum contribution	6 months' service
Canada	1% of salary	15% of salary	£67.18	1 for 1 up to £140 per month	6 months' service and employees must work 20+ hours per week
Germany	£20.00	£160.00	£116.00	1 for 1 up to £160 per month	Any permanent employee who has completed their probation, and any temporary employee with 2+ years remaining on their contract
Hong Kong	£38.50	50% of salary	£154.00	1 for 1 up to £154 per month	Any permanent employee who has completed their probation
New Zealand	£63.75	50% of salary	£109.40	1 for 1 up to £128 per month	Any permanent employee
South Africa	£11.40	£142.50	£87.20	1 for 1 up to £140 per month	Any permanent employee
UK and Ireland	£10.00	£125 or 10% of salary, whichever is lower	£77.55	1 for 1 up to £125 per month	Any employee
USA	£6.00	£780.00	£75.00	Shares purchased at 15% discount up to maximum discount of £140 per month	Any employee employed for 20+ hours per week and at least 5 months of the calendar year

8.2. Variations in survey response by country

The following table shows the variations in the survey response rate across the nine countries that were included in the survey sample. It also shows how the response bias by country has been corrected through the use of survey weights.

Table 8.2: Survey response by country

	Survey population (N)	Survey respondents (n)	Response rate (n/N)	Survey population (%)	Respondents - unweighted (%)	Respondents - weighted (%)
Australia	2,342	645	28%	24%	17%	24%
Canada	1,040	475	46%	11%	12%	11%
Hong Kong	253	84	33%	3%	2%	3%
Germany	347	79	23%	4%	2%	4%
Ireland	78	36	46%	1%	1%	1%
New Zealand	62	22	35%	1%	1%	1%
South Africa	457	252	55%	5%	7%	5%
UK	1,554	669	43%	16%	18%	16%
USA	3,747	1,557	42%	38%	41%	38%
Total	9,881	3,819	39%	100%	100%	100%

