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Employee Share Ownership, Social Capital & the Motivation Paradox

- The relationship between employee financial participation & organisational social capital
- Overview of quantitative and qualitative empirical research methods
- (Co)ownership, trust, norms of reciprocity, organisational commitment & identity, justice

Compact course / Blockseminar: MES modules: ZB Wirtschaft, ZB Politik, WPM 1, WPM 6 // IBA modules: S-Modul, E-Modul

Dates / Termine: Introduction Tue 8 April 15-16h, PG 271

1st part Fri./Sat. 11.4. & 12.4. 2014: 11.00-12.30, 13.30-15.00, 15.15-16.45 Room PG 271/Grimm Library

2nd part Fri./Sat. 2.5. & 3.5. 2014, 11.00-12.30, 13.30-15.00, 15.15-16.45 Room PG 271/Grimm Library

3rd part Fri. 9.5. 2014, 11.00-12.30, 13.30-15.00, 15.15-16.45 Room PG 271

The seminar examines, if and how employee share ownership (ESO) can contribute to the building of social capital. Basis of the investigation is a discussion of organisational social capital on the one hand and the different forms of employee financial participation (EFP) on the other.

Is employee ownership associated with divergencies in organisational social capital?

With regard to the incentive effects, EFP schemes are expected to positively influence employees' motivation and commitment, to reduce internal conflicts because of the compliance of employer and employee interests, to reduce labour turnover and absenteeism, thus resulting in higher individual and company productivity. However there is an interdependency between participation as such. While financial participation may provide employees with the incentive for maximal involvement, direct participation gives them the tools to realise it.

The aim of the seminar is to critically question the advantages of ESO regarding the settings and attitudes of employees and to view them through the lens of social capital. This perspective has been rarely applied in EFP-research, although over the past decades it has gained increasing importance on the scene of economics and sociology. The question is if there are divergencies in the organisational social capital, associated with trust, norms of reciprocity, organisational commitment, organisational identity, and justice between two types of companies, i.e., those with broad-based ESO schemes, and those without such schemes.

The Motivation Paradox

The expectation that employees improve their performance when offered external, usually monetary rewards, rests on two assumptions: Firstly, „that increasing performance-contingent incentives will increase motivation and effort” and secondly, “that this increase in motivation and effort will result in improved performance”. The “motivation paradox” contradicts these assumptions. It occurs when an external reward decreases a person's motivation to perform a task: While for tasks involving only mechanical skills, i.e. manual tasks which do not require any thinking or creativity (e.g. working at an assembly line) higher bonuses lead to better performances, for tasks that require only rudimentary cognitive skills, a larger reward leads to poorer results.

Can employee share ownership schemes alleviate the motivation paradox?

Exploring differences in the organisational social capital between traditionally owned companies and companies with ESO schemes the seminar investigates the possible positive link between ESO, social capital and motivation. Against this background the question to which extent employee share ownership can mitigate the effects of the “motivation paradox” is looked upon.

Registration at kelso-professorship@europa-uni.de. **Performance test and credits:** ECTS: 3/5/6/9. Regular attendance; term paper; oral presentation; first draft of the term paper by 5 May 2014, finalized term paper by the end of the semester.

Structure and topics:

1st part

Room PG 271

Fri. 11.4.2014 11.00-12.30 Overview of democratic structures within economic organisations

Fri. 11.4.2014 13.30-15.00: Focus ESO: what are ESO schemes and are they beneficial to economies?

Fri. 11.4.2014 15.15-16.45: The role of social capital in societal settings

Jacob-und-Wilhelm-Grimm Zentrum (Geschwister-Scholl-Straße 3, 10117 Berlin) - 2nd floor 3e, 3d

Sat. 12.4.2014 11.00-12.30: The role of social capital in organisational settings

Sat. 12.4.2014 13.30-15.00: Behaviour and attitudes in the organisational culture of companies with employee ownership

Sat. 12.4.2014 15.15-16.45: The motivation paradox

2nd part - Student presentations and discussions

Room PG 271

Fri. 2.5.2014 11.00-12.30: Organisational identification in ESO companies and corporate citizenship (Student presentations?)

Fri. 2.5.2014 13.30-15.00: Organisational commitment in ESO companies

Fri. 2.5.2014 15.15-16.45: Cooperation practices in ESO companies (reciprocity, collaboration, "gift exchange", ...)

Jacob-und-Wilhelm-Grimm Zentrum (Geschwister-Scholl-Straße 3, 10117 Berlin) - 2nd floor

Sat. 3.5.2014 11.00-12.30: Motivational aspects in organisational settings

Sat. 3.5.2014 13.30-15.00: Employee satisfaction

Sat. 3.5.2014 15.15-16.45: Well-being and health in organisations

3rd part - Student presentations and discussions

Room PG 271

Fri. 9.5.2014 11.00-12.30: Interpersonal trust and justice/fairness in organisations

Fri. 9.5.2014 13.30-15.00: Corporate climate in corporate environments

Fri. 9.5.2014 15.15-16.45: Discussions