

Core Values

This section of the report attempts to organize the data presented in the prior section (*Data Charts*) into a coherent framework. The framework is described in greater detail in the *Appendix*, including articles and research. The framework includes ten major sections, each of which is described over the following 33 pages.

The introductory pages of this section, which summarize the company's scores on the Core Value issues, have been excluded from this sample.

| 1. DECISION MAKING | |
|---|--|
| Issue Definition | <p>This culture element explores the extent to which employees are able to make effective contributions to the direction of the company. It includes the Right to Voice and the Responsibility for Organizational Citizenship.</p> <p>See <i>Ownership Theory</i> for details about the ownership culture framework.</p> |
| Right to Voice | <p>Employee owners have the potential right to a degree of influence over company-wide decisions, to participate in how their work area operates, and to limited autonomy in their day-to-day work.</p> |
| Responsibility for Organizational Citizenship | <p>Employee owners have the responsibility to be active participants, willing to invest the time and energy to make good decisions. They also are also responsible decision makers, respecting other people's expertise.</p> |
| Results at OurCo | |
| <p>Rights score is 44: weak.</p> <p>Responsibilities score is 31: weak.</p> <p>Overall: rights-heavy.</p> | <div style="text-align: center;"> </div> <p style="text-align: center; font-size: small;">A score of 50 represents the average score in our database. 100 is best. 0 is worst.</p> |

Overview

OurCo’s overall scores in this area of ownership culture are below the average of the other companies that have taken the Ownership Culture Survey™. For that reason, both the Rights and the Responsibilities scores in *Decision Making* are classified as “weak.” Compared to employees at other companies, OurCo employees feel less positive about their right to have input into decisions. They also evaluate the corporate citizenship of the work force (i.e., their ability and willingness to make positive contributions to group decisions) more negatively than employee-owners at other companies do.

There are two ways of evaluating employee responses to any given OCS survey item: (1) by assessing the item score relative to the database of other employee-owned companies that have taken the OCS, and (2) objectively, as positive, neutral, or negative on a 1-to-7-point scale. Although the overall *Decision Making* Rights and Responsibilities scores are weak relative to other companies in our database, OurCo responses to a number of individual *Decision Making* items are positive in an objective sense.

Any attempt to reduce a complex issue such as decision making to a simple numerical measure inevitably masks important distinctions. The charts describing all *Decision Making* survey items are found in the *Data Charts* section of this profile. The charts

provide a more detailed picture of employee responses to each *Decision Making* survey item. The index below shows the question wording for each survey item, and its sub-right or sub-responsibility, as described on the following pages.

The *Interpretation* part of this section organizes the data into a coherent framework, which gives meaning to survey results and highlights issues that may require attention. All survey item charts are in the *Data Charts* section.

Index of Decision Making Survey Items

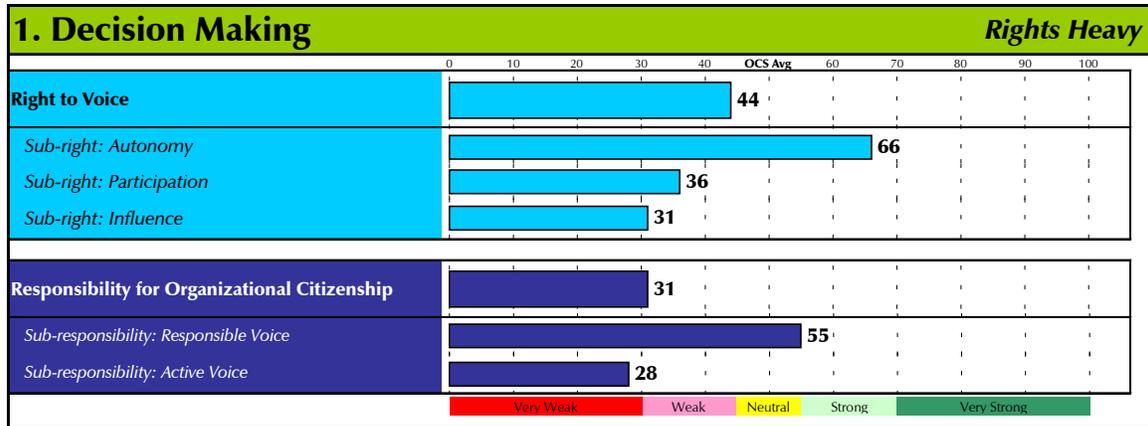
| |
|---|
| The index of items is omitted from this sample Ownership Culture Profile. |
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Interpretation—Decision Making in General

Most workplace issues in an employee-ownership company, including *Decision Making*, can be separated into **ownership rights** and **ownership responsibilities**. To believe that one is a co-owner of an enterprise means that one shares in these rights and in the corresponding responsibilities. In the *Decision Making* area of ownership culture, for example, employee-owners have the right to have a *voice* in decisions and, at the same time, they have the related obligation to use their voice responsibly and actively, which we call practicing good *organizational citizenship*. (General information about rights and responsibilities and the ownership culture framework is in the *Ownership Theory* section of the *Appendix*.)

Because the word “ownership” is so frequently associated with control, decision making is the first issue that comes to mind when many people think of employee ownership. As a result, workers and managers alike tend to have strong feelings about broad input into the decision making process. Some workers may want to influence every issue at the company. Some managers may want to maintain a high degree of control over as many decisions as possible.

As summarized in the chart below, the overall *Decision Making* rights score (the *Right to Voice*) is 44, lower than the average score in the database (represented by 50). In other words, OurCo employees give a slightly lower assessment of their decision making rights compared to employees at other surveyed companies. The *Right to Voice* consists of three sub-rights: Autonomy, Participation, and Influence.



The overall *Responsibility for Organizational Citizenship* score, a 31, is far lower than the average database score. This score consists of two sub-responsibilities: Responsible Voice and Active Voice, as shown at right.

Both the overall Right and the overall Responsibility *Decision Making* scores are classified as “weak” relative to the database average. (See the *Appendix* for details about what “neutral,” “strong,” “very weak,” etc. mean.)

The Rights score is over 10 points stronger than the Responsibilities score, indicating that OurCo has a rights-heavy cultural imbalance in the area of *Decision Making*.

Interpretation—Sub-rights and Sub-responsibilities

Because participative decision making is not a common feature of most people's lives, we have created a vocabulary to help people talk about decisions in a more exact and helpful way. The *Right to Voice* is broken down into three “sub-rights.” The *Responsibility for Organizational Citizenship* consists of two “sub-responsibilities.”¹ These sub-rights and sub-responsibilities are portrayed in the Decision Making chart on the previous page, and described in more detail below.

Sub-right: Autonomy

Autonomy measures the degree to which employees are free to exercise decision making rights in the day-to-day performance of their jobs. When they have a degree of flexibility in determining how to perform their jobs and the appropriate information, employees can make countless small decisions (speed versus quality, how to prioritize tasks, etc.) most efficiently. (Note: autonomy does not imply that employees can ignore standards and procedures in the way they perform their jobs—see the *Accountability* section of this Profile.)

At OurCo, the *Autonomy* sub-right is strong and positive. The *Autonomy* score of 66 is higher than the OCS average. This sub-right consists of items 60, 61, and 62. (See the item charts in the *Data Charts* section.) OurCo scores higher than the OCS database average on all three questions. Overall, employees feel they “*can make any reasonable changes [they] need to make in [their] immediate work environment*”(item 62). Most respondents disagreed with item 60, “*People feel that they are too closely supervised—someone is always checking up on them.*” At OurCo, employees feel a solid confidence in their autonomy in their day-to-day work lives.

Sub-right: Participation

The *Participation* sub-right refers specifically to employees having input in decisions *at a local, or workplace, level*. Examples of participation include employee meetings about cost cutting and teams determining their own work schedules.

In contrast to *Autonomy*, the OurCo *Participation* score of 36 is below average in the OCS database. This sub-right consists of three survey items, two of which are lower than the OCS average (but positive in absolute terms). The overall *Participation* score is pulled down by responses to item 28, “*Department heads resist when people try to participate in decisions.*” The OurCo average on this question is lower than the OCS database average, although, in an objective sense, the average score for this question is neutral-to-positive on the seven point scale.

¹ More information about decision making in employee-ownership companies can be found in the Fall, 1998, issue of the *Ownership Culture Reports*, in the Appendix.

Sub-right: Influence

Influence refers to employees having input on decisions *at a global, company-wide, level*. Examples might include representation on the Board of Directors or soliciting employee ideas about a change of location or introduction of a new product line. Influence is a *potential* right. Depending on their stage of development and goals, it is not always necessary or desirable for companies to automatically involve employees in strategic discussions.

The *Influence* score is 31, which is well below the database average. All three of the items in this sub-right (items 30, 33 and 52) are below the average. The most striking response is to item 30, where 43% marked the most negative or second most negative score in response to the statement, “*Employees at OurCo have real influence over the direction of the company.*” In other words, a large percent of the workforce feels strongly negative with respect to whether employees have influence over company direction. Responses were more mixed to item 33, “*This company rarely responds to employee suggestions.*” Note that there is wide variation by tenure group in this sub-right.

Sub-responsibility: Responsible Voice

If employees have a right to voice, they have a responsibility to exercise that voice prudently. The guiding principle in this case is *respecting expertise*. Employees need to know when someone else has the knowledge to make a decision that they are not qualified to make themselves. A corollary is that employees should seek to obtain decision making skills.

OurCo employees have a slightly above-average score on *Responsible Voice*, a 55. The most positive item in this sub-responsibility is survey question 32. Respondents generally agree that “*OurCo employees think that there are limits to the kinds of issues in which they should participate.*” This score was substantially higher than the typical company in the OCS database. A full 58% of respondents say employees think there are limits to the range of their participation. The responses to question 67, “*I think that, on some issues, I should leave the decision making to managers with specialized knowledge,*” is approximately the same as the OCS average, and is positive in an objective sense (on the seven-point scale).

Sub-responsibility: Active Voice

Employees who have rights to affect their company also have the responsibility to *take their rights seriously*. Employees have an obligation to invest the time and mental energy to actively and productively contribute to decision making.

Active Voice is the weakest, relative to the database average, of any of the sub-rights or sub-responsibilities in the *Decision Making* area of ownership culture at OurCo. It should be noted, however, that the OurCo *Active Voice* score of 28 is primarily due to item 31: “*People at OurCo have too little interest in company-wide issues to get involved in them.*” At a typical OCS company roughly half of the work force disagrees with this

statement. At OurCo, approximately one-third disagrees. In other words, members of the work force are more negative about their colleagues' desire to contribute to decision making.

Although item 48 is below the database average, responses are positive in an objective sense. A full 80% of respondents agree that they "*actively contribute to group problem-solving efforts in [their] work area.*" This score is encouraging, but slightly less positive than the typical OCS company.

* * * * *

Overall, OurCo employees are less likely than average to believe that the company is participatively managed.

Specifically, the company is below average in the extent to which employees feel included in daily work decisions and larger company decisions ("participation" and "influence"). The lowest score in this section is on "active voice," which measures the extent to which the work force accepts its responsibility to actively contribute to the process of making decisions in the company.

On the other hand, OurCo has above average scores for the extent to which employees feel free to make decisions in their daily work lives ("autonomy"). Its assessment of the work force's ability to recognize the limits of their decision-making expertise ("responsible voice") is also above average.

Written Questions

Three open-ended questions are included in the Ownership Culture Survey™. Respondents are free to write as much or as little as they would like for each of them.

The three written questions are:

- A. *“When I think about employee ownership at OurCo, the first thing that comes to mind is...”* page 2
- B. *“The most important thing the company could do to make me feel more like an owner is...”* page 12
- C. *“Any other comments?”* page 23

This sample *Ownership Culture Profile* includes the first three pages of the report on written questions. It illustrates how written items are categorized into themes, and includes a sample of actual written responses from an OCS client.

Written Question A

*“When I think about employee ownership in OurCo,
the first thing that comes to my mind is:”*

The complete answers to the first written question are on pages 4 to 11.

Each response has been sorted into a theme, and the responses have been grouped by these themes. The count of the number of surveys falling into each of the themes is given in the table on the following page.

Where a respondent’s answer fit into more than one category, we divided it and put each part in the appropriate theme category. In addition, not all respondents wrote answers to this question. Accordingly, the total number of responses may be greater or less than [], the total number of respondents.

The Spanish-language responses have been translated into English and included with the other responses.

Question A: *“When I think about employee ownership in OurCo, the first thing that comes to my mind is:”*

Responses by Theme

| Theme | Responses | Percent |
|---------------------------------------|------------|-------------|
| Uncertainty, Lack of Knowledge | 46 | 13% |
| Voice in Decisions | 40 | 11% |
| Sense of Community, Team Effort | 32 | 9% |
| Retirement Benefit | 30 | 8% |
| I Feel Like an Owner | 28 | 8% |
| Ownership Not Genuine | 26 | 7% |
| Responsibilities | 22 | 6% |
| Compensation and Benefits | 21 | 6% |
| Poorly Implemented | 19 | 5% |
| It’s a Good Idea | 14 | 4% |
| Job Security / Layoff Policy | 14 | 4% |
| The Success of the Company | 14 | 4% |
| Employees Need More Voice | 13 | 4% |
| Mission, Vision | 10 | 3% |
| It’s a Bad Idea | 9 | 2% |
| Recognition and Respect | 7 | 2% |
| Employees Are Not Ready | 6 | 2% |
| Communication and Information Systems | 5 | 1% |
| Miscellaneous | 7 | 2% |
| TOTAL | 363 | 100% |

Question A: *“When I think about employee ownership in OurCo, the first thing that comes to my mind is:”*

Uncertainty, Lack of Knowledge

What exactly does that mean?

Can we ever make this work? (I hope so).

What’s in it for me?

How long will it last before something goes wrong?

Why does [name] really want to do it? Will we be able to keep the company going on in a success way that it has been?

I know a little about how employee ownership works.

?

Is it a trick to make us work harder - is this real? Will I be wealthy someday as an owner? Will I be rewarded for my efforts? Someone please explain all of this to me.

In what way are the needs of employee owners distributed in [name]?

Are we really owners?

Where is my money?

People: what roads we have took and future roads to educate myself and others on what it takes to operate a business but still be employee owned.

How can the money be invested?

The company is thinking about my wellbeing. Despite having had little explanation, I know what being an employee-owner is, and I need to know more about it.

How much ownership.

Can it work?

What is employee ownership?

People owning the company. I don’t really have any suggestions at this time.

How come we as employees don’t feel like owners?

What kind of percent of profit does each employee own.

I’ve not been with this company long enough to have anything come to my mind on the subject.

... 2) Confusion as to the impact and input of the individual stockholder, employee owner.

What a confusing issue it is for most of us as employees.

For an employee to own what?

When the ownership day arrives, will I or my peers actually be qualified to carry on! I don’t really know and I am a little scared.

Responsibility, confused.

I can’t answer at this time because I really don’t know too much about it.

What is it? I’ve never been in a company with this.

Was employee ownership a wise decision or would we be better off if [name] sold the company to someone else.

Appendix

This *Appendix* includes background on ownership theory in the form of the Rights and Responsibilities framework, which is the basis for this survey. This section addresses some technical issues, such as background information to help you interpret your scores. We also discuss the number of people who completed the survey, including the number from each employee subgroup. Finally, we present some research which draws on data collected through the OCS. The seven major content areas are:

1. Ownership Theory: Ownership Identity
2. Ownership Theory: Rights and Responsibilities
3. Ownership Theory: Ownership Context
4. Interpretation of Scores
5. Response Rates
6. Negative Questions and Reverse Scoring
7. Observer Questions versus Individual Questions
8. Background Articles

1. Ownership Theory: Ownership Identity

Ownership is a universally available concept—all of us have an intuitive understanding of what it means to own something. Ownership is also rich in emotion—many people feel a bond to objects they own, and ownership of some items, like a car or a house, is a milestone in many people’s lives. The Ownership Identity section of the OCS provides a simple measure of the extent to which people feel like owners of their companies.

The Ownership Identity dimension measures the extent to which members of the organization identify themselves as genuine owners of the company. The OCS approaches this dimension from several directions. People indicate how much they *personally* feel like owners and also act as observers of the organization, reporting to what extent they believe *other members* identify themselves as owners. The survey asks directly how *important* ownership is to each person. Finally, it asks if people see themselves as having a sufficient understanding of the ESOP. As one would expect, the four items in the Ownership Identity dimension (Self as Owner, Others as Owners, Importance, and Understanding) are highly correlated with scores on rights and responsibilities.

The OCS also investigates what ownership *means* to employees. Here OCS analysis concerns the varying degrees of importance people attach to each of five possible meanings of ownership. The five meanings, or aspects, are: (1) financial payoff, (2) having a say over decisions that affect daily work (“participation”), (3) input into overall company direction (“influence”), (4) a sense of community, and (5) being treated fairly.

Measuring these aspects reveals the extent of alignment at a company about the meaning of ownership and helps in the design of ownership education efforts.

Finally, a subset of the items in this section are combined to create a measurement of cynicism. For more information about cynicism, see pages 9 to 11 of the *Core Values* section.

2. Ownership Theory: Rights and Responsibilities

Ownership is not a concept whose full scope of meaning can be captured in a concise definition. When we consider many people's perceptions of collective ownership in a business enterprise, this already complex picture quickly becomes more complex. We attempt to describe this complexity by using six major dimensions that collectively constitute an employee's sense of ownership.

1. Decision Making
2. Information and Learning
3. Organizational Fairness
4. Accountability
5. Work and Pay
6. Entrepreneurship

These six dimensions are described in more depth in the chart on page 4 of this *Appendix*.

In each of these six dimensions, a system of rights and responsibilities defines the workings of an ownership culture. And those rights and responsibilities do not end with the factual declarations of legal documents. In fact, they exist largely in the realm of perceptions by workers and managers about the ownership idea. Rights consist of the claims, or at least the perceived claims, that a member of an organization can make on the organization. Responsibilities are the claims, or perceived claims, that the organization can make on a member.

Our model contends that for each right that a member has or eventually gains in an ownership environment, he or she should accept a parallel or corresponding responsibility. If, for example, I believe I have the right to have my input considered in decision making—the right to have “voice”—then I must accept the responsibility to exercise that right responsibly: deferring to experts when necessary, giving adequate thought to issues I will help decide, etc.

As the graph on the next page implies, the decision making dimension consists of a bundle of rights and responsibilities: namely, the right to have Voice and the responsibility to practice Organizational Citizenship. Information and Learning requires both that employees are able to exercise their Right to Know and that they accept their Responsibility to Learn. Organizational Fairness and Accountability (the third and fourth dimensions of rights and responsibilities) apply to both the work force and to management. Work and Pay implies a type of social contract, whereby employees have a

right to Fair Pay and in turn agree to invest a high degree of Work Effort in their jobs. The Entrepreneurship dimension implies the right of employee-owners to a fair return on their investment in the company. In return, they should consciously accept the necessity for them to bear a fair degree of risk for the success of the company; they should also adopt an entrepreneurial ethic: displaying commitment, innovation, customer orientation, and a problem-solving outlook that will help the company perform well.

An implication of our theory, which has been supported at all companies which have taken the survey, is that rights and responsibilities are positively correlated. In other words, one good way to encourage people to accept more responsibilities is to allow them more rights. This is, of course, an oversimplification: there are countless elements specific to each company and each person that determine willingness to take on more responsibility. In addition, one should consider the *balance* between a right and its paired responsibility before acting to increase either. Although increasing rights tends to increase responsibilities, if the right is already more strongly felt than the responsibility, increasing it further is unlikely to help and may hurt by heightening the imbalance between the two.

There is one further level of detail. Some of the rights and some of the responsibilities have “sub-rights” or “sub-responsibilities.” For example, the Right to Know is composed of two distinct sub-rights: the first is the right to information about the company and its performance in the market; the second sub-right asserts that employees should receive feedback about their individual and workgroup performance. The charts at the front of each section describe the sub-rights and sub-responsibilities, if any.

The graphic on the next page describes these rights and responsibilities in more detail; then we will turn to the Ownership Context.

Rights and Responsibilities Framework

| DECISION MAKING | |
|---|--|
| Right to Voice | Responsibility for Organizational Citizenship |
| Employee owners have the potential right to a degree of influence over company-wide decisions, to participate in how their work area operates, and to limited autonomy in their day-to-day work. | Employee owners have the responsibility to be active participants, willing to invest the time and energy to make good decisions. They are also responsible decision makers, respecting other people's expertise. |

| INFORMATION and LEARNING | |
|---|--|
| Right to Know | Responsibility to Learn |
| Employee owners have the right to information about the company —such as performance and projections—and a right to information about their personal and team performance . | Employee owners have the responsibility to learn about the company and what drives its success. They teach themselves about their work group and its role in the company's success . |

| ORGANIZATIONAL FAIRNESS | |
|--|--|
| Right to Leadership Fairness | Responsibility for Workforce Fairness |
| Employee owners have the right to be treated fairly and not be subject to arbitrary rules. | Employee owners have the responsibility to respect company rules and not to take advantage of the company. |

| ACCOUNTABILITY | |
|---|--|
| Right to Leadership Accountability | Responsibility for Workforce Accountability |
| Employee owners have the right to work in a company where managers admit their mistakes and are held accountable for their decisions. | Employee owners have the responsibility to admit their own mistakes and to hold themselves and their co-workers responsible for a high level of performance. |

| WORK and PAY | |
|--|--|
| Right to Fair Pay | Responsibility for Work Effort |
| Employee owners have the right to receive fair compensation for their work; they are rewarded for extraordinary efforts for the company. | Employee owners have the responsibility to work hard at their jobs, regardless of whether they are actively supervised or not. |

| ENTREPRENEURSHIP | |
|---|--|
| Right to Ownership Rewards | Responsibility for Entrepreneurship |
| Employee owners have the right to a fair return on their ownership stake in the company; they have a right to share in the company's financial success. | Employee owners acknowledge their responsibility to bear part of the risk for poor performance. They adopt an entrepreneurial ethic (innovation, customer orientation, problem solving, commitment). |

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3. Ownership Theory: Ownership Context

The third main component of OCS analysis is the “Ownership Context.” It consists of two dimensions:

- Trust in Leadership
- Work Atmosphere

Trust in Leadership includes two broad types of questions. First, we ask about how much respondents trust different levels of managers: their immediate supervisors, middle managers, and senior managers. These three items collectively provide a measure of what we call trust-in-management. The second type of trust question revolves around ownership. Employees must have confidence that the employee ownership plan is constructed in their interest and that they will eventually benefit from it. Without this trust, the plan will not be an effective motivator. We call this trust-in-ownership.

The second dimension, *Work Atmosphere*, concerns the general climate and relations among people at an organization. The five measures composing this dimension are: satisfaction, willingness to make sacrifices, respect, commitment to the company, and the belief that change is possible.

4. Interpretation of Scores

Section 4 is omitted from this sample Ownership Culture Profile.

5. Response Rates

Section 5 is omitted from this sample Ownership Culture Profile.

6. Negative Questions and Reverse Scoring

Section 6 is omitted from this sample Ownership Culture Profile.

7. Observer Questions versus Individual Questions

Section 7 is omitted from this sample Ownership Culture Profile.

8. Additional Reading in Ownership Theory

Section 8 is omitted from this sample Ownership Culture Profile.