



## The Relationship between Workers' Financial Participation in Companies and Economic Results – Selected Aspects

**Maciej Kozłowski\***

*Department of Economics and Sociology, University of Łódź, Łódź, Poland*

\*Corresponding author: Maciej Kozłowski, Institute of Economics, University of Łódź, 41, Rewolucji 1905r. Street, Łódź, Poland, Tel: (048) 42 6331434; E-mail: [maciejka@uni.lodz.pl](mailto:maciejka@uni.lodz.pl)

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### Editorial

How to motivate people to work more efficiently?

The main area of focus in deliberations on the financial participation is a range of problems referring to the functioning of enterprises and increasing their effectiveness. This effectiveness which is a subject of many discussions and analyses has got a very broad scope, though in general it concentrates mostly on undertaking actions which lead to achieving the best possible balance between effects and costs incurred. Effectiveness is a multidimensional idea. Analyzing, it only from the economic or praxeological point of view results in limiting and disrupting the meaning of this concept. Another point worth mentioning is a humanistic and individualistic aspect of effectiveness which put the human in the spotlight, as well as his needs, teamwork and surrounding atmosphere.

In the economic and praxeological area covering such indicators as efficiency, productivity, efficacy, cost effectiveness and performance, it is definitely much easier to assess and measure so as to reach one's targets. Thinking of the effectiveness of a team from the point of view of the humanistic indicators, it seems that it is more difficult to measure, mainly due to its qualitative character, though it is, of course, possible to suggest certain indicators that to some extent will reflect the intentions of a researcher e.g. health, the nature of human relations, group cohesion, attitudes, an ability to identify oneself with the goals of the organization, job satisfaction, stability, which means lack of any internal disruptions, good relations among employees, flexibility, that is being able to react to changes easily, participation in decision-making processes, autonomy of thinking, acting and choosing one's own job etc. This is by no means a full classification because it refers only to processes within the organization which as an open system should also take into consideration relations with others, support for the organization from other entities, known as institutionalization, e.g. from the trade unions, public organizations etc.

In many cases the above-mentioned indicators are treated as a form of social work targets crucial for the individual in the organization, which if achieved, may contribute to the development of the organization, maintaining harmonious relations with others, growth and expansion etc. Multidimensional relations and dependencies in the organization present it with new challenges and make it even more difficult to reach the targets. This results in striving to find more effective ways and methods of efficient managing, which appears to be a new challenge for the management, owners and research teams who

must find the answer to the question of: how to improve effectiveness. It is assumed that everything ought to start with its individual and humanistic aspect and as a consequence effectiveness in the economic sense will get better. A common denominator for different methods enhancing the functioning of the organization is to obtain high-level effectiveness in managing. It could be problematic to define a direct cause-and-effect relation between humanistic and economic effectiveness because of difficulty in conducting statistical measurements of these relations and expressing it in a quantitative manner. Of course, it is possible to analyze qualitative relations and their impact which, however, is not always enough, though necessary if one wants to deliver high economic effectiveness of the organization. The organization which will be synonymous for the enterprise in this work and which provides effectiveness on the microeconomic level contributes to greater effectiveness on national-economy level, as a whole. Increased national income, higher competitiveness, employment stability on the one hand and labor force mobility on the other are to a great extent subject to the quality of the organization, the goals of its employees, the rules of benefit sharing, competences, types of stimuli encouraging to more effective attitudes etc.

Analyzing the enterprise as a business entity, one should take into account interdisciplinary factors such as economic, managing, legal, and sociological and others. It is extremely significant for defining multithreaded relations in the enterprise which are indispensable to measure the impact of various groups of workers, by means of different socioeconomic tools. An important role, especially in theoretical concepts, is played by the economic approach, but not only. Of great importance is also the sociological or the psychological approach which covers the causes and the methods of eradicating conflicts in the company, resulting from disagreements about the pay, participation in decision-making process, different views on the priority of long- and short-term goals etc. A different perspective means a different way of pursuing a policy in the company which, in turn, may give a raise to many conflicts weakening the effectiveness of the organization as a whole.

The problems which have been mentioned above encourage searching for mechanisms or methods that will guarantee that all employees aim at fulfilling the company's goals, a common sense of responsibility and unity of interests. Such a tool may be broadly defined participation, which refers to participation of individuals in a larger group, in this case – active affinity of employees with the organization, the company in this situation, active actions and taking responsibility. This term is also used with reference to, among others, co-operating, co-managing, co-deciding, or simply *"taking part"*. It cannot be forgotten that the meaning of participation is much wider, so right now it would be appropriate to provide only one of the more universal definitions of employee participation defined as all *"instances of exerting influence by employees on the functioning of the enterprise, on different levels of management"* [1].

It is not an easy task to specify only one theoretical framework for employee participation. It is an interdisciplinary concept studied and analyzed by i.e. economics, management sciences, finances, law, psychology, sociology. However, the economic approach plays a major role as it makes use of mechanisms allowing for grasping the relation between the active participation of employees and the economic results of the company.

There is a vast amount of literature on employee participation available. The main focus is on the influence of employee participation in the decision-making process in enterprises. A great contribution has been made by researchers from western European countries and the United States. The dominant position of western countries may stem from their high position on the global economy market and much easier access to available information. Of vital importance is also the fact that the research is conducted there in very stable and favorable economic conditions and it mostly embrace companies listed on the stock exchange. The developing economies or countries which started to grow much considerably later have become the subject of scientific studies which, as it seems, should be intensified due to their universal nature of the idea of participation.

The contemporary forms of employee participation beginning from the mid 1950's may be considered as one of the most important element of collective work relations a factor determining effective functioning of the company. The level of this participation in different countries varies and may have various forms, starting from the direct participation, in the form of autonomic groups making decisions in the workplace, followed by the indirect participation which involves representatives of different employee groups in order to make decisions on their behalf. The range of employee participation is determined by a great number of factors, among others, economic, political, legal, social, cultural ones, as well as those referring to national values, past experience, terms of employment and motivating employees and also some other factors of no less importance taken into account while choosing the best path of functioning for the good of all parties involved.

Of equal significance is also active involvement of other sides of economic life – the country, economic organizations and other social partners. Only mutual cooperation in undertaking actions may produce long term effects, both social and economic ones. The aforementioned employee participation in the decision-making process is extensively dealt with in foreign and domestic literature. Studies have been conducted all over the world in order to prove that there are strict correlations between the employee participation in management and the economic results of the enterprise. However, these relations have turned out to be ambiguous and the effects obtained not very convincing, which led to another portion of analyses, the results of which might have had a positive opinion about popularizing participation of employees in various benefits gained by the enterprise as a whole, as well as about their increasing work effectiveness. The research focused on such forms as profit-sharing, share-ownership, option schemes, savings and investment schemes, retirement schemes and others introduced, among others, to build stronger bonds between the employee and the company, assure him that how works for himself and in this way exert an impact on his involvement in the workplace. This was done i.e. as part of the so-called capital democratization or economic democracy, whose aim was to underline the disappearance of differences between the owner of the company, the manager and a regular worker.

The above-mentioned forms may be generally named as financial participation. Of course, employers frequently perceive participation programs as a kind of expense which has to be incurred in order to achieve particular benefits. These costs are usually meant to be sharing profits with employees, increased participation of employees in the company capital as a result of having stocks, and also quite often to their greater autonomy at the cost of lower authority on the side of the

management. It is, however, necessary to boost the economic results of the enterprise.

The actions undertaken by employers are hardly ever considered as a common rule because there are as many fierce proponents as there are hardened opponents of this form of participation. The need for broad-based employee financial participation in the company is indicated by some of the latest managing concepts which stress this underlying role of this form of participation in achieving a competitive advantage on the market. Moreover, financial participation also triggers a spirit of enterprise and creativity in employees, makes use of their intellectual potential and increases their involvement in entrusted duties. Another aspect which is worth mentioning is its reinforced effect resulting from combining employee participation in management with financial participation schemes.

The author is certain of the fact that one of the most crucial tasks that all the participants of economic processes have to face, especially those who express a direct interest in high effectiveness in their enterprises, is to devise such a participation model, the introduction of which would meet all those expectations. Unfortunately, it is difficult to find a universal solution and that is why specific modifications in this area might come in handy, depending on the nature of companies and external factors. One should also bear in mind that financial participation is not a cure for all problems that occur in the company. On the other hand, it ought not to be an instrument which impedes the actions undertaken by the management. There is no doubt that it offers many beneficial aspects, but at the same time it leads to some limitations and entails costs. The balance of benefits and expenses depends on the social partners in the company, their attitude and prejudice, previous experience etc. The way in which these solutions are introduced and the forms; chosen are also fundamental. Sometimes it happens that the same forms may produce completely different effects in particular enterprises.

On the basis of the above listed observations it is possible to formulate a general thesis that financial participation programs contribute to achieving better results by the company. The emphasis should not only be put on the financial results because these may only be noticed in the long run, but also on the social results of implemented schemes.

An efficient participation scheme, involving all employees should stimulate a long-term development strategy of the company; integrate the goals of the management with those of regular workers. In order to do so it is necessary to guarantee a proper structure of the program and easy to interpret indicators helping to run the company policy in a proper way. The extent of fulfilling this assumption will depend on the attitude of the parties involved to the suggested changes. The basis for such deliberations is provided by a vast range of literature, especially by foreign authors, on the employee financial participation programs. Apart from the theoretical concepts, the empirical research has also been taken into account.

The thesis presented above specifies the main purpose of the author which is to diagnose the most significant forms of financial participation schemes in selected European states in order to increase the knowledge on the subject and to show existing correlations between applied programs and the socioeconomic results in enterprises in different countries. Attempts have been made to categorize the presented forms of participation, but because of their large number, often lack of clear dividing criteria and their different interpretation by particular researchers, the results do not seem to be

fully satisfactory. Nevertheless, efforts have been focused on making this paper a kind of contribution to arouse a greater interest in the above-listed solutions.

In recent years, complex studies have been carried out considering the impact of financial participation schemes, such as employee ownership, profit sharing, or pension plans, on the economic performance of European companies. They have suggested that financial participation does have an impact on the economic performance of companies. However, the results are not as satisfying as expected. It is also officially acknowledged that EFP is in accordance with state policy (in the European Union in general) because it has positive influence on efficiency and employment and accelerates fulfilment of other goals of state policy, such as redistribution of wealth or broader participation in creating welfare and overcoming in-company conflicts [2]. The mechanism of a relationship may be as follows: Participation in shares or profits subliminally leads to increased willingness and involvement to better work performance and at the same time highly contributes to the success of the parent company. Additionally, the efficiency of work increases because there is no overtime. To some extent the employees become more connected with the company, which in turn helps raise profits.

However, gaining information and finding convincing arguments and straightforward evidence about the schemes and their effectiveness is troublesome for companies that want to implement EFP schemes [3,4]. The commonly shared belief is that through implementation of participatory solutions, companies want to motivate their staff to work better and more efficiently and to convince them to stay with the company. However, the evidence suggests that in companies operating employee participation schemes, work efficiency does not radically change [5]. Therefore, it can be assumed this is not a direct reason for their implementation and the schemes are simply part of a set of employee participation tools [6-8].

In turn, the analyses conducted in over 20 EU countries, comprising several thousand enterprises, show evidence that EFP has had a positive or at least neutral impact on efficiency. The achieved results are in favour of the higher influence of participation in profit sharing on work efficiency over the influence arising from employee share ownership [9,10]. This might be a result of the differences in conditions in which those schemes are implemented, which in turn cause trouble with measuring the absolute effects achieved in different studies in various countries.

Participation schemes based on company profits and employee share ownership are immensely popular in the European Union. In the four largest countries (France, UK, Germany, Spain), these schemes have covered around 17 million workers (19% employees from the private sector). This is due to earlier experience and traditions with blue-collar worker ownership in France and the UK, cooperatives in Spain or widespread decision-making processes in Germany as a source of EFP. The most popular financial programs are: profit sharing and share ownership in France, varieties of profit sharing in the UK and share ownership in Germany. Countries with a significant number of EFP schemes are Italy, France, Ireland, Spain and Austria; however, post-Soviet states have a less significant number [11].

It should be noted that from the national point of view only some types of EFP schemes will be preferred, mainly those which to a great extent will contribute to the achievement of macroeconomic goals. Activities promoting implementation of participatory solutions are conducted in different countries in a varied manner and with a diverse

intensity; therefore, one should bear in mind that their spread in particular countries will differ. Nevertheless, there is a constant, yet un-dynamic growth in the number of employees taking part in EFP schemes. Research conducted by specialists in the EU and US provides us with a large amount of significant information on the nature of these schemes and their achieved results [2,12-17]. In the EU there are organizations involved in EFP, such as the European Federation of Employee Share Ownership (EFES), International Association for the Economics of Participation (IAFEP) and others. Their reports and books are extremely valuable in finding new ways to implement EFP programs.

The data is obtained from, for example, surveys sent to enterprises listed on the stock exchange and to other large companies whose capital is estimated to be at least €200 million [18].

The aim of the detailed analysis is to provide an answer to the key question which, unfortunately, constitutes a gap in the existing literature on the topic, namely: What type of personnel structure exerts the most influence on employee opinions concerning the effects of EFP? Four groups of employees were included in the study: managerial, white-collar, blue-collar and administrative personnel. The predominance of one group over another yields different results according to financial effects, and raises additional questions: Does the date when participation was introduced influence employee opinion on the effects of implementing one of three forms of participation? What factors (considered either as barriers or facilitations) determined the percentage of employees covered by a participation program (making allowances for employee structure and the type of program)? The crucial factors were tax incentives, costs of social insurance, company culture, accountancy regulations, and the level of knowledge of the program.

The empirical and theoretical aspects presented by different authors are part of a broad spectrum of topics connected with financial participation. As can be seen, these issues still remain unsolved despite all the efforts made by different international research teams trying to grasp the relationships between many correlating factors related to various participation solutions used in enterprises. Both theory and practice require further steps in order to promote such solutions and provide certain benefits when implemented. Opinions of different authors on this subject vary, though a prevalent standpoint is that financial participation has a positive impact on companies' results. Ambiguities among the results of research stem from many of the above-mentioned conditions, which do make it easy to draw questionable conclusions. Nevertheless, it is assumed that benefits from the implementation of financial participation programs include: higher productivity, (Not everyone, however, supports this view. There are people who oppose the influence of financial participation on productivity [19]; better communication, fiscal incentives (when applicable), (It is difficult to say clearly whether fiscal incentives are the result variable from the implementation of a financial participation program, or maybe receiving tax relief persuades management to apply the program. There are also opinions that programs without fiscal incentives are more profitable than those which have them [20]; additional forms of remuneration for employees, reduced personnel turnover, etc. It should also be mentioned that the positive effects of participation exert impact on organizational efficiency [21]. The effects may be summarized in the following way: These might be only illusory benefits and not necessarily the result of implementing a financial participation program because not all studies have confirmed this relationship (author's note).

Participation might lead to making wiser decisions. Employees are often in possession of information which the management simply does not have. Additionally, participation allows for assuming different points of view, which, in turn, reduces the risk of 'group unanimity'.

Employees may be more willing to obey the decisions which they have helped to make and which are later imposed on them. Consequently, they will be aware, not only of what is expected of them, but also of the fact that they have contributed to this process which leads to their obedience.

Motivation often rises owing to the establishment of goals in the participation decision-making process as well as through better rewarding for achieving certain results, which are employee-dependent.

Participation may improve communication and cooperation. Employees can 'supervise' each other. Financial participation may also facilitate access to information about the organization through sharing one's experience and accelerate solving conflicts. In this case participation exerts influence over so-called 'dynamic efficiency' [21].

Financial participation contributes to better cooperation of regular workers and the management, increases effectiveness of handling problems as it reduces the amount of strife between them and improves relationships with their superiors.

Thanks to participation employees acquire new abilities and develop leadership skills.

These, of course, are not all the benefits stressed by proponents of participation, but it should be stated that employee ownership and financial participation programs may be a crucial contribution to the economic and social development of the EU. In general, they are favourable to employees, employers and the whole country as well. They offer workers benefits through providing a flexible and comprehensible remuneration program, which is based on rewarding employees' contribution to a company's management and productivity. Financial participation, in case of combining with new forms of employee organizations, delivers benefits to the economies of member states due to a higher level of productivity and competitiveness in the era of globalization. Bearing in mind the Europe 2020 strategy, the implementation of employee financial participation may help European companies, especially SMEs, to improve their competitiveness owing to a stronger loyalty and attachment of qualified workers to their company through both thick and thin. In this way employee financial participation makes its contribution to securing the company's future existence. Parts of the company's profits are locally distributed among employees, which also increases the potential of the regional spending power. Financial participation of employees could also help to overcome the demographic problems because highly desired, well-qualified employees will be offered appealing working and living conditions. It is much easier to attract and retain skilled staff in this way. Increased motivation through employee financial participation leads to higher work efficiency in a company and better company management. Employees' financial participation, depending on whether it is based on equity or outside resources, may raise the profitability of equity capital or the share of company's own capital. Consequently, this may facilitate access to outside capital and improve the company's ratings.

These opinions have been expressed by a majority of researchers and authors of publications as well as those favouring the view that there is a general tendency to increase the level of financial participation, in

spite of a large number of various schemes around the world. Financial participation has been linked to higher productivity and profits; (The role of profit sharing is stressed by: Festing et al. [22]; share ownership as an instrument for increasing efficiency is highlighted in: Blasi et al. [23]). Moreover, it seems that these effects are reinforced by the presence of other forms of employees' involvement (There are opposing arguments mentioned by other authors, which shows a decrease in this commitment [24]). In order to promote financial participation it is necessary to overcome certain problems, such as by means of providing proper legal frameworks, fiscal incentives and other financial benefits such as offering more flexible remuneration, making employees aware of a need for reducing costs, encouraging them to stay with the company and lowering risks on the part of the employee.

Benefits from employee financial participation relate to different areas, among which the following may be listed:

Improved economic results of a company. Employee participation in general and particular forms especially, may present a crucial premise to increase a company's effectiveness and competitive edge over others on the market. Participation triggers entrepreneurship and creativity in employees, and generates innovative ideas, etc. According to Japanese employers who have gained much experience in this domain, employees hide unlimited possibilities inside themselves. It is only necessary to find a way to utilize them. This may be achieved by means of certain forms of participation. In this way employees feel as if they were running their own business with all its potential risks threats and consequences. Participation also creates a good environment for workers to help them reveal their organizational talents. Growing prospects of actions give an opportunity to take more advantage of one's knowledge and abilities, and predispositions as well. This makes it easier for the management to select the most gifted individuals and invest in their further development (training, postgraduate studies, etc.).

Growing employees' commitment to their enterprise. More rights on the part of workers, which in general lead to their stronger influence over the decision-making process, are accompanied by their taking more responsibility for what they have decided. Being more responsible for certain matters makes employees feel more attached to their firm: they try to perform their duties better and seize all the opportunities and possibilities that emerge. Consequently, they are also keen on the company's matters after work and seek for solutions to problems that arise. Growing power motivates workers to perform better and stay with the company, even if there is a lucrative option to change jobs. Employees who are informed about the situation of their enterprise on a regular basis are more willing to offer a helping hand in times of crisis, to show more devotion for the good of the company (e.g. they agree to have their salaries temporarily reduced or refrain from taking bonuses). Suitable forms of participation may turn out to be decisive for integrating employees' interests with those of the company. The authors' experience shows that such integrity might not even be guaranteed by high earnings.

Establishing partner-like relations in the company. Financial participation may foster partner-like relationships between employees and the management. Certain forms of participation generally lead to empowerment of employees in the workplace reorganizing the existing relations based on subordination to partner-like ones. Emergence of such a partner may turn out beneficial for the management as they may consult with him on decisions to be made, seek advice on certain matters, engage him in solving particular problems, etc. Partner-like

relations are usually crucial for a favourable climate to appear in the workplace, avoiding protests or strikes when difficult problems have to be dealt with. Such relationships impose additional responsibility on the management and require stronger efforts. In fact, it is personal authority that determines the position of superiors, not the post they hold. The process of administering the company is transparent, which increases the management's responsibility even more.

Channelling employees' views. Channelling information is vitally important, especially when there are no trade unions in a company. Forms of financial participation may deliver effective means of communication between social partners. They are used to give signals about emerging issues in the initial stage, when there is enough time to explain them and solve everything. Executives will thus not be shocked by enormous problems being revealed out of the blue which are difficult or even impossible to resolve.

The presence of financial participation forms helps to implement new forms of work planning based on an extended autonomy. This refers mainly to the so-called team forms of work planning and the accompanying effect of synergy, which may be a vital source of a company's success. Previous experience shows that it is easier to implement them when there are already other forms of participation in a firm and also solid relations between social partners, certain procedures for resolving conflicts, etc. The existence of such patterns increases employees' involvement in solving problems in their enterprise.

While discussing the benefits for employees from financial participation, it should be stressed that taking part in these programs gives them an optional opportunity to receive an additional income complementing their remuneration which they get under a contract of employment or as a result of collective labour agreements. In this way they have a possibility of extending their financial resources easily and for a long time, which may be a complementary payment to their income when they decide to retire. Employees who may participate in the company feel that their contribution to the company's success is treated more seriously. They really feel appreciated. Owing to financial participation, workers can gain broader autonomy in the workplace and engage themselves in the process of planning the future of an enterprise. That is how they can secure their jobs in the long run. As an additional element, apart from an ordinary salary, employee financial participation can improve a financial situation and help to survive in times of crisis or periods without having a stable employment. In the context of the labour market, which is subject to a process of growing Europeanization, it ought to be made possible for employees to accept and transfer forms of financial participation to another country in a situation when an employee finds a job there. In case of a crisis or company restructuring, when the parties of a collective agreement evaluate the situation and cooperate with each other, employees who maintain their jobs and salaries and are interested in staying with their present company may temporarily support the firm.

A problem that needs to be solved relates to company succession. The European Commission has drawn attention to the fact that, as a result of the aging of European society, one-third of the EU entrepreneurs, mainly owners of family-run businesses, will withdraw from the market during the next ten years. This means that the process of transferring ownership rights will grow higher and it may cover 690,000 non-listed companies and 2.8 million jobs annually [25]. Small and medium-sized companies are the biggest employers and a crucial element of the labour market policy. Therefore, a question arises whether it will be possible to maintain firms afflicted with this

generational change and the jobs that they have provided. In a situation when more and more companies will have to face such a problem, a well-devised model of financial participation may be a way to guarantee succession in the form of selling part or the whole company to workers. This model may prove effective in SMEs and family-run firms as an instrument allowing for their further functioning (This aspect was already stressed by the Commission in recommendation 94/1069/WE on transferring ownership rights of small and medium companies, and then in a communication on transferring ownership rights of small and medium companies [26]). The most suitable ones for guaranteeing company succession seem to be the ESOP models. A fundamental characteristic of the ESOP model is that it was specially developed for non-listed companies. It encourages owners to give a company to employees instead of selling it to a third party and it also assumes that employees will gradually take over full ownership.

Enterprises may also experience financially exhausting periods. In this case a priority should be given to securing the company's existence. In special instances of a crisis or restructuring process, where parties of a collective agreement cooperate with each other, financial participation should be viable, yet it is necessary to consider its potential unwanted side effects. At the same time, a permanent solution ought to be found which will enable those workers who have maintained their jobs and salaries (accounting for Flexicurity (An approach which combines flexibility and security of employment. This term was coined as a result of joining two words: flexibility and security. The purpose of Flexicurity is to guarantee a high level of job security, that is, a possibility of finding work quickly at every stage of one's professional life and having great opportunities for personal development in the conditions of a fast-changing economy. Another purpose is also to help employees and employers to take advantage of opportunities presented by globalization) and periods of unemployment or retraining to benefit in the long run if the economic situation and the company's condition improve. If employees find their own interest in the company's results and its long-term success, then it is also beneficial for the company. Financial participation in a company in which one works at the same time may bear a double risk. Opponents of EFP point out that, in case of insolvency, not only the workplace will be threatened but also the capital invested by employees. Therefore, it is important to make a clear distinction between capital participation, which has no influence over an employee's salary (a bonus), and such a form of participation where employees' savings are invested in the company in which they work. In this situation, when liquidation or bankruptcy happens, workers' claims should take precedence over the claims of other creditors. Moreover, further steps need to be taken with regard to such solutions as combining risks or safety measures in transnational instances.

Employee financial participation is frequently connected to a certain form of corporate governance in a company. Regardless of other forms of co-deciding exerting influence over executives' decisions, financial participation of employees may, depending on its form, lead to participation in decision-making processes e.g. through stockholders' voting rights. With reference to employee share ownership, a right to vote may be executed by stockholders individually or collectively, e.g. through a shareholding company. Enterprises which issue employee stocks on a larger scale might expect a group of demanding, yet patient and loyal stockholders – their own employees. Consequently, they will be able to manage better in a situation which is now prevalent on short-term financial markets. A desired side effect of this financial participation form is having influence over the attitudes of superiors:

making decisions about the company in a balanced manner and obeying the rules of long-term company social responsibility (CSR) prevails over an excessive inclination to take a risk. Workers' participation in the form of employee share ownership is favourable for company's long-term interests. A possible consequence of this is good corporate governance, which allows for securing the future in the long run. Everyone who has a job in a given company is undeniably interested in full transparency of information about the enterprise, and also in taking part in decision making. In this way participation resulting from ownership combines with participation based on information, consulting and a right to vote.

Contrary to common concerns, encountered mainly in companies without previous experience in this field, employee financial participation does not limit the employer's autonomy, but rather provides support in the decision-making process. For a company's stockholders, a favourable situation is when they know that apart from other stockholders they also have employees on their side pursuing the same goals. A positive attitude on the part of an employee toward mutual participation as a result of having been granted ownership rights and simultaneously a sense of responsibility may contribute to stronger corporate governance in a firm, and an opportunity to share one's opinions about the company's strategy enriches the range of possible decisions to make, within the above-mentioned limits. Employee share ownership must be endowed with the same rights as share ownership by other stockholders. It should also be clearly stated that ownership rights acquired through financial participation of employees cannot in any way change rights to co-decide, acquired and valid in the member states, and the contractual relations between the employer and the employee. Financial participation does not exert any influence over these powers.

However, not all authors share these views about a positive impact of financial participation in companies. Those who are critical of financial participation claim that it may lead to many problems and conflicts in a company, and therefore lower the company's efficiency. Such effects might be expected in all types of enterprises, including traditional ones with employees' minority share or in firms which apply participation solutions. Additional obstacles could emerge when workers' ownership share will be reinforced by participation in a decision-making process. On the list of general disadvantages one of the top places is occupied by the so-called *'free-rider effect'*, where benefits are spread over a whole group of employees according to their efforts. Therefore, if each worker gets only a small part of additional income based on his/her individual work input, it might be expected that some of the employees will tend to shirk their duties; in this way another problem could occur related to monitoring the efficiency of individual workers. As a result, a drop in commitment and productivity may be expected, negatively correlated with the number of employees and additional costs spent on monitoring.

Employee ownership may also expose workers to a higher risk. Because of a physical lack of opportunity to make use of one's abilities in different sectors and enterprises (what owners can do with their capital), employees will not only be at risk of losing their jobs, but will also be threatened with losing their incomes. So, if a company goes bankrupt, employees will be deprived of their workplaces and savings [27].

However, negative opinions about financial participation are formulated relatively seldom, and their consequences are not all that serious. Apart from the above-mentioned ones, there might also be the following:

A prolonged process of making decisions (this stems from the necessity of consulting with employees, preparing a proper argumentation or justification, providing information etc.);

A higher level of bureaucracy; A risk connected with revealing classified information; and Placing the personnel's interests by their representatives above the company's interests (employment, remuneration, restructuring etc.).

As can be seen, these threats are not unique to companies that apply financial participation programs: they may be experienced in every firm, and proper organizational procedures and monitoring could help to avoid them.

Employee financial participation programs are a research area for many environments and have been of great interest for economic empiricists for several years, though the studies have varied in their intensity. The increased scholarly attention to the subject, however, is unfortunately not reflected by a substantial rise in the number of companies implementing the aforementioned solutions. This observation may not be entirely in step with opinions expressed by other people and international institutions which think that a few-percent annual increase in the number of firms with financial participation schemes will lead to changes in awareness and organizational attitude which might result in a spectacular implementation of these solutions. What fills some with optimism are the initiative, enthusiasm and the actions taken in this area, yet without more widespread and properly run promotional activities the implementation will take a long time. Studies which have been conducted on this subject are not only of a theoretical nature, but rather most are of an applicable character, and their purpose is to provide a diagnosis of the existing mechanisms for the implementation of the above-mentioned solutions, to prepare recommendations useful for further popularization of financial programs and to highlight the actual benefits.

Financial participation programs existing in particular countries differ because of the various circumstances in which they are applied, the varying range and eligibility of employees, though it is possible to find such elements that they have in common. These elements include a drastic change in workers' attitudes in the form of higher level of commitment, stronger identification with the company and, as a result, willingness to take responsibility for its future. It can be assumed that the awareness aspect plays a vital role in the way to the success of a whole company and that of the individual employees as well. Unfortunately, this is not a common condition.

Because of the lack of convincing results and the large number of existing problems hindering broad-based implementation of employee financial participation schemes, it seems necessary to conduct more profound comparative studies in the long run which will produce results displaying the situation both before the implementation of a financial program and then several years later. It is not known whether it will be a full picture of changes because of the significant number of relationships and correlations related to the functioning of companies, but at minimum it will allow for highlighting emerging trends in this area.

In order to promote financial participation, it is necessary to overcome significant obstacles, mainly through providing suitable legal regulations and fiscal incentives. It is also advisable to emphasize financial benefits from participation solutions, i.e. higher flexibility of remuneration, reduction of expenses on salaries, motivating employees toward stronger commitment, making employees aware of the

necessity of reducing costs, persuading them to stay with the company, etc.

It must be remembered that financial participation in Poland has a fairly short history; therefore, it would be improper to expect immediate effects from these solutions to the same extent as in some other countries. However, it is necessary to make efforts in order to guarantee the success of this process.

This diagnosis on the functioning of financial participation programs in selected European countries and the attempt to assess the extent of this participation in companies may be viewed both from an academic point of view and also for its applicability. This applicability, however, requires specifying direct parameters, or variables connecting financial participation to certain assumed economic indicators. These relations may be observed with the understanding that comprehensive economic analyses and statistical models based on historical data and forecasts need to be used. In any event, it is hoped that this paper may be a significant vote in the discussion on the future of financial participation.

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