

Faculty Development Committee,

I would like to apply for a \$500 Faculty-Student Showcase Grant for a project that I am working on with Nick Kreitman, a student in the Political Science Department. We have submitted an abstract for consideration to be presented at the 2008 MBAA International Conference (<http://www.mbaainternational.org/>) at the Drake Hotel in Chicago in April 2008. A copy of the abstract is attached. We have received correspondence from the track chair indicating that our paper is likely to be accepted.

Our research paper is entitled: The Influence of Employee ESOP Participation on Firm Performance Indicators .__

Nick would present the paper at the Faculty-Student Research and Performance Showcase in May 2008.

We have budgeted the following for the project:

Postage and Misc. Office Expenses:	\$50
Travel to research sites	\$50
Conference fees (2)	\$300
Travel and meals	— \$100
— Total	\$500

This project was proposed by Nick Kreitman as a result of experience he gained through an internship he did at an ESOP (Employee Stock Ownership Plan) association in Chicago. Both Nick and I are very interested in determining why ESOPs are generally not effective motivators of employees and this study attempts to find some answers to this question. I have personally been involved in establishing an ESOP at a Chicago manufacturing company and am quite familiar with ESOPs. We see this as an important area for research since ESOPs initially held such great promise to create "employee capitalists" when they were first introduced in the 1970's but have disappointed many of their early advocates since employees usually do not view themselves as owners even though they own stock in their companies.

Nick is receiving 1/2 an Honors Program credit for this course.

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The Influence of Employee ESOP Participation on Firm Performance Indicators

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The Influence of Employee ESOP Participation on Firm Performance Indicators

Abstract

There is a consensus that Employee Stock Ownership Plans (ESOP's) have not achieved their initial objective of making "every employee a capitalist." Group incentive plans in general have not motivated employees as effectively as individual incentives. Scanlon Plans have not achieved the popularity that was initially expected by proponents. Company-wide profit sharing and bonus plans are not as effective at motivating employees as are individual incentive programs. Yet in complex organizations that require cooperation, group incentive plans should be a good way to encourage employees to work together toward shared goals. Are there ways to administer ESOP's that make them more effective?

This paper describes our initial work to examine the effect of ESOP's on employee motivation. We surveyed employee attitudes toward the ESOP and determined factors that influenced their motivation to perform in a manner that affects key organizational performance variables.

The results of this initial study include a list of propositions for further research related to making ESOP's and group incentive plans in general more effective at motivating employees to perform well.