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Effects of Employee Share Ownership Plans on Organizational Performance: A Case of Safaricom Limited

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Abstract: **Employee stock ownership is widely recognized as an effective means of improving corporate performance by enabling employees to participate in the creation and sharing of wealth they create in an organization. The rationale is that Employee Stock Ownership (ESOs) aligns individual goals with corporate goals and help companies to retain staff, attract talent, motivate employees and enable them to share the long-term growth of the company. Previous empirical studies provide contradictory conclusion with some indicating that ESOs enhance company performance and others arguing that just like stock options, ESOs have a net negative effect on performance of a company in the long run. The purpose of the study was to investigate the effect of employee stock ownership on organizational performance a case of Safaricom Limited. This study was conducted through the use of a descriptive design. The population of study comprised of employees who are members of Employee Share Option Plan (ESOP) from Safaricom Limited. The study used simple random and purposive sampling techniques to sample 70 of these employees (10% of the total target population) from the company. The study used both primary and secondary data. Secondary data in this analysis covered a period of 6 years from 2011 to 2016. The study findings show that employee share ownership plans affected organizational performance. This can be show by correlation and regression results that showed positive relationship between the dependent and independent variables. As such employee stock ownership led to increase in commitment, loyalty and productivity among employees. It also led to reduction in employee turnover. This went on to bring about increased organizational perfomance. In the backdrop of the study findings, the following recommendations are made. Since employee commitment was a key determinant of organizational performance, there is need to continue increasing the value of stocks that employees could own in the company. The performance of the company should also be sustained since this would influence the value of the stocks of employees. This is important since higher returns would strengthen the commitment of employees to the organization. This would result in ripple effects such as further increase in organizational performance. Employee turnover was also shown to be influence organizational performance. All efforts should be made by the organization to reduce such turnover. This could be through control of factors that could precipitate such turnover. There should also be efforts to increase the number and value of the stocks that employees could own in the company. This could be a motivation for the company to keep employees in the company, a factor that could sustain the performance of the organization. Employees' loyalty is vital for the performance of the organization. The organization should ensure that employees were adequately rewarded through ESOP so as to enhance their performance. The company should put in place mechanisms for ensuring that employees could afford stocks in the company. This could be through discounts and loans. The organization should be active in ensuring the productivity of employees. Since stock ownership was one of the methods in which such productivity could be enhanced, all challenges hindering employees from acquiring stocks in the company should be dealt with. In this regard, the company should carry out regular surveys to identify the factors inhibiting the acquisition of such stocks and corrective measures put in place. Regarding areas of further study, there should be follow-up comparative studies in other companies. Each of the study variables could be investigated on its own through in-depth studies. Other variables that moderate the influence of the variables under investigation in this study on organizational performance should also be identified and included in the regression model for this study in follow up studies.**

Keywords: **Epmloyee Organization and Performance.**

1. INTRODUCTION

BACKGROUND OF THE STUDY:

The participation of employees in profits and enterprise results is a form of remuneration additional to an employee's wage or salary. It is usually seen in two main forms: profit-sharing or employee share ownership. Employee ownership structure is identified as a means of enhancing enterprise performance through promoting worker productivity. The theoretical basis for this rationale is generally located in agency theory. In the corporate governance context, agency theory has highlighted the corporate governance problem arising out of the separation between ownership and control. Shareholders and managers may have divergent interests and shareholders may find it difficult and expensive to monitor management, particularly where they hold small stakes in much different firms. Agency theory has also been used as a theoretical framework in studies of financial participation. It is argued that agency costs arise as a result of the divergent interests between employees and other stakeholders in the company (principally managers and owners). Managers may seek to ameliorate these agency costs through directly monitoring employees and/or through adopting incentive-based forms of remuneration. Employee share ownership is one such incentive mechanism by which to reduce costs to the company through more closely aligning the interests of employees with those of other stakeholders in the company, (Landau & O'Connell, 2007).

In relation to corporate governance, ESOs are identified as a potential defense against hostile take-over bids or as a means of rescuing companies in financial difficulties. ESOs may also be a mechanism through which employees can 'buy out' a company or a government can privatize a government enterprise. ESO may facilitate the development of an enterprise and at the macro- economic level; ESO can be seen as a means of raising capital and of dispersing ownership within capitalist societies. ESO are also recognized as a potential means of ameliorating the shortage of long term savings.

Employee Share Ownership Structure:

Employee share ownership (ESO) is a form of employee financial participation that confers on employees the right to share in the wealth of the company and, in theory at least, the right to exercise some degree of control over company affairs. The creation of the ESO is usually credited to Louis Kelso, a San Francisco attorney and investment banker. Kelso implemented for a San Francisco newspaper the first ownership transfer to employees by means of what later became known as The Kelso Plan. He collaborated with the philosopher Mortimer Adler to write The Capitalist Manifesto outlining the economic, social and political benefits that would ensue from broad based employee ownership. In the early 1970s, the concept attracted an important ally, Senator Russell Long of Louisiana, the longtime Chairman of the Senate Finance Committee. Kelso and Long claimed that employee ownership builds commitment, which leads to productivity and profits, and argued that legislation facilitating broader-based ownership would not only increase corporate performance, but also ease workplace tensions, reduce disparities of wealth, and help build a better society, (O'Driscoll, Pierce & Coghlan, 2006).

According to Dhiman (2008), ESO is a qualified retirement plan which must be accompanied by a qualified trust. He defined ESO as a defined contribution plan that is a stock bonus plan or a qualified stock bonus money purchase plan that must invest primarily in qualifying employer securities. There are two types of ESOs i.e. leveraged and unleveraged. Leveraged ESO means that the employees borrows money to acquire employer shares and the stock is kept into a trust which has full control over the shares until the debt is paid while Unleveraged ESO is where employees buy shares with money from their own sources. Both leveraged and unleveraged ESOs may be initiated by employees or by management. ESO are the results of decisions undertaken management unilaterally. ESO is a form of participation that offers employees an opportunity to participate in the ownership and also participation in decision-making as noted by Hallock et al., (2003). The ESO concept is increasingly becoming popular amongst corporations in Kenya. The reason for adoption of ESO by the Kenyan companies is largely attributed to the need to attract and retain top talent to drive the companies' long term performance and value creation. Equity based compensation is expected to reduce employee turnover and motivate workers (Odero, 2004).

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SAFARICOM LIMITED:

Safaricom Limited is the major mobile telephony and money transfer service company in Kenya (Forden, 2015). The company is listed in the Nairobi Stocks Exchange. Though established in 1997 as a private company, Safaricom became a public company with limited liabilities in May 2002. The company is listed at the Nairobi Securities Exchange (NSE) - the principal stock exchange of Kenya. The NSE began in 1954 as an overseas stock exchange while Kenya was still a British colony with permission of the London Stock Exchange. It is a member of the African Stock Exchanges Association. Nairobi Securities Exchange is Africa's fourth largest stock exchange in terms of trading volumes, and fifth in terms of market capitalization as a percentage of GDP. There are more than 61 businesses and companies listed in the NSE, (Odero, 2012). Safaricom Limited is a major player at the NSE and their stocks are some of the most sought after and traded. Although the share prices are often low, they have had been very steady.

STATEMENT OF THE PROBLEM:

There is a range of industrial relations rationales for employee share ownership. Employee share ownership is viewed by some as a potential means of enhancing industrial democracy or of bringing the employee into corporate governance. For some, ESO is a means of increasing employee knowledge on how the company for which they work operates and, more broadly, of absorbing the principles on which the economy of the country is run. According to Pugh, Oswald and Jahera (2000), ESO is seen as a means of facilitating labor-management cooperation through breaking down “them and us” mentality. Some identify ESOs as a substitute for salary or wages when business is not performing well. More recently, employee share ownership, as a means of financial participation, is identified by scholars as one practice that together constitute a high performance work system. Employee share ownership also intersects with the discourse on labor-management partnerships. ESOs have also been identified as a potential defense against hostile take-over bids or as a means of rescuing companies in financial difficulties-which can go on to contribute to enhanced organizational performance.

A number of theoretical explanations have been proffered for the precise way in which ESOs lead to increased organizational performance. First is the ‘pure incentive effect of financial involvement’ by employees as they receive some income (deferred or cash) which is directly linked to the performance of the enterprise. Second, ESOs cause the employee to identify with the firm, thus leading to reduced employee turnover and absenteeism. Finally, ESOPs may provide incentives for employee owners to share information at all levels, resulting in increased organizational efficiency (Landau et al., 2007).

Although there is a considerable amount of empirical research that attempts to assess whether the implementation of employee share ownership leads to enhanced organizational performance, studies that focus on Kenya are scanty. Many of the researches done in the area of ESOs have been done in western countries and have often failed to combine the two variables - ESOs and firm performance. Studies undertaken in Kenya such as Ongori (2007) and Odero (2004) do not focus on all the variables under investigation in this study. Ongori looked at the aspect of employee commitment whereas the study of Odero focused on equity based compensation and employee turnover. None of these studies focused on the nexus between ESO and organizational performance. There is therefore very little documentation or research in Africa in general and Kenya in particular on this subject. Even amongst those ones that exist, few researchers have focused on ESOs in a company listed at the Nairobi Securities exchange such as Safaricom Limited. In this light and without studies such as this current one, knowledge on the relationship between ESO and organizational performance in the company may remain a tall order. This necessitates this study.

SPECIFIC OBJECTIVES:

The following were the specific objectives of the study:

1. To determine the effect of employee commitment on organizational performance in Safaricom Limited.
2. To establish the effect of employee turnover on organizational performance in Safaricom Limited.
3. To examine the effect of employee loyalty on organizational performance in Safaricom Limited.
4. To ascertain the effect of employee productivity on organizational performance in Safaricom Limited.

2. LITERATURE REVIEW

AGENCY THEORY:

Much of the research into governance derives from agency theory, which posits that accountability is necessary in order to ensure that the principal-agent problem is mitigated, (Berle & Means, 1932). The agency theory was established by Jensen and Meckling in 1976. The theory models the relationship between principal (government) and the agent (public sector managers). An 'agent' is someone who performs work on behalf of another individual (i.e. the principal). In this study, the agent is the employee while the principal is the firm or the employer. The difficulty that arises from the principal-agent relationship is that it is not possible for principals to contractually define everything that the agent should do in every conceivable situation. The 'ideal' or 'complete' contract is impossible due to bounded rationality. The problems arising from the principal-agent relationship may be exacerbated by three factors: hidden information, sunk costs and opportunism, (Fama & Jensen, 1983b).

INSTITUTIONAL THEORY:

Institutional theory is a widely accepted theoretical posture that emphasizes organizations is social cultural systems and it focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines as authoritative guidelines for social behavior, (Scott, 2004). Different components of institutional theory explain how these elements are created and adapted over time.

The emphasis on institutional theory is normally viewed from the regulatory perspective. Better legal environment encourages the adoption of good governance due increased incentives to the firms and countries have different governance codes that serve as templates for practice in the concerned countries, (Stulz et al., 2004). The main idea of institutional theory is that the organizations are exposed and linked to external environment accordingly; governance should ensure that, there is a clear link between the organizations and environment based on organizations goals and objectives. Governance should have an effective influence and involvement in formalizing and identifying corporate goals. Cohen et al. (2007) suggested that, in order to formulate a compensation policy senior manager should understand all norms and traditions of the organization. However, those policies are resistant to change even in the face of major changes in job content and technology complexity.

MASLOW'S HIERARCHY OF NEEDS THEORY:

Different scholars have put forth different explanations on how motivation can be achieved within a company or an organization. Prominent amongst them is Maslow with the theory of "Maslow's Hierarchy of needs". Consequently, Maslow in 1943 reasoned that human beings have an internal need pushing them on towards self-actualization (fulfillment) and personal superiority. Maslow came up with the view that there are five different levels of needs and once we happen to satisfy a need at one stage or level of the hierarchy it has an influence on our behavior. At such level our behavior tends to diminish, we now put forth a more powerful influence on our behavior for the need at the next level up the hierarchy.

Firstly, individuals are motivated by physiological needs: According to Maslow these physiological needs form the basic need for survival and this may include food, warmth, clothing and shelter. When people are hungry, don't have shelter or clothing, they are more motivated to fulfill these need because these needs become the major influence on their behavior. But on the other hand when people don't have a deficiency in those basic needs (physiological needs), their needs tend to move to the second level where it is equally seen by Maslow as the higher order of needs.

VROOM'S EXPECTANCY THEORY:

The concept of the expectancy theory was first develop by Victor Vroom and was published in 1964.Victor Vroom offered an expectancy approach to the understanding of motivation. As a result, motivation is a product of the anticipated value to a person in an action. He perceived probability that the person's goals would be accomplished as a product of the anticipated value in an action. Thus the Vroom' model is built around the concepts of value, expectancy and force. The concept of force is on the whole equivalent to motivation and may be shown to be the algebraic sum of the products of valences and expectations. Expectancy is the probability that a particular action will lead to a required outcome. If the employee has a particular goal, some behavior has to be produced to accomplish that goal. The employee has to weigh the likelihood of various behaviors that will accomplish the desired goals and select the most successful behavior.

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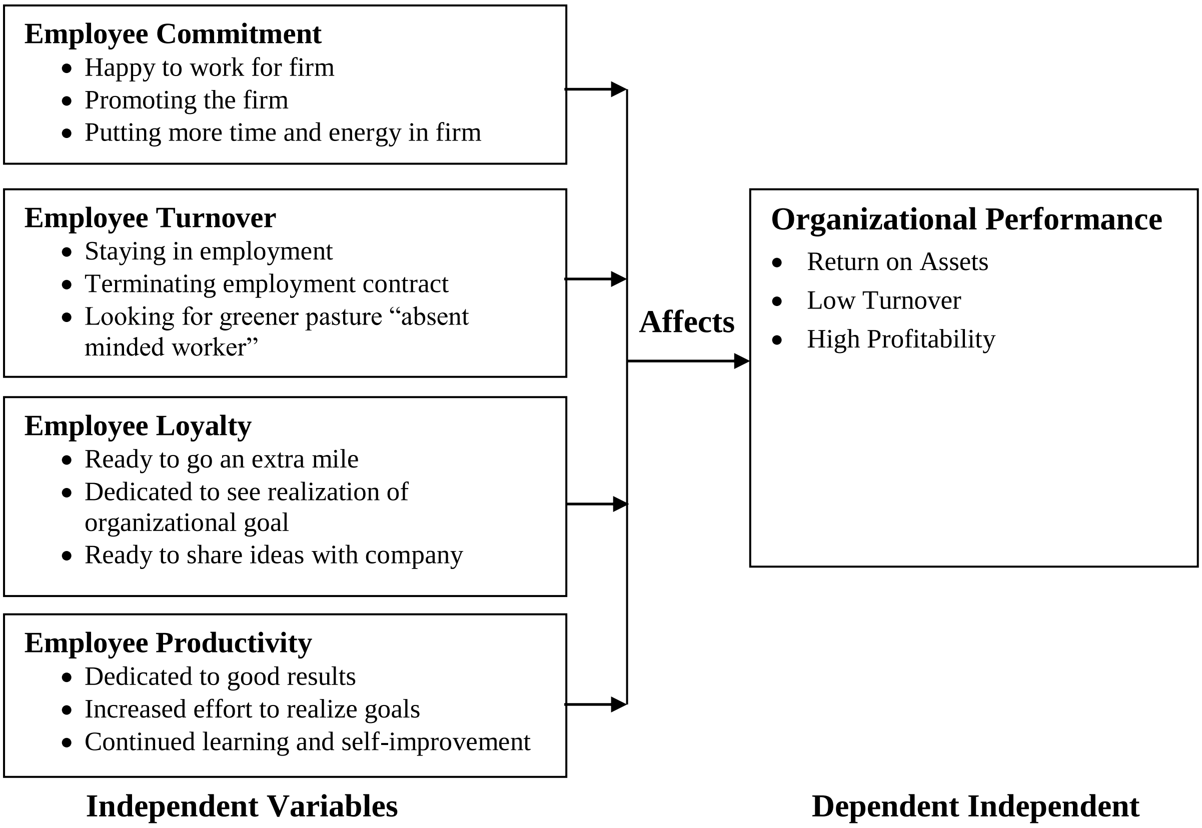


3. RESEARCH METHODOLOGY

RESEARCH DESIGN:

The study adopted a descriptive research design. The choice of the descriptive survey research design was made based on the fact that in the study, the research is interested on the state of affairs already existing in the field and no variable was manipulated. A descriptive study attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated by Cooper and Schindler (2003). Descriptive research portrays an accurate profile of persons, events, or situations, (Kothari, 2000).

TARGET POPULATION:

The unit of analysis in the study was Safaricom Limited. Cooper and

Schindler (2003) define target population as the entire group that is of interest to the researcher. The population of the study was Safaricom Limited, a company which adopted ESO in 2010 (CMA, 2015). The study population and unit of observation in this study were the employees of Safaricom working from JCC.

Study Population:

Departments of JCC	**Employees Targeted**
Management	100
Procurement	100
Customer Relations	100
Human Resources	100
Information Technology	100
Finance	100
Marketing	100
Total	**700**

There were 700 employees at JCC who have adopted ESOP by the end of 2016 (Safaricom, 2016). The study sampled 70 employees from these employees. The sample of 70 employees, which is about 10% of the total population, is informed by Kothari (2004) who points out that 10-30% of accessible population is representative of the whole population.

The formula sampling formular employed was:

n=N*10%

n=700*10%

n=70

Where:

n = sample size,

N = population size.

The results obtained from the models were presented in tables to aid in the analysis and ease with which the inferential statistics were drawn.

The model to be used in this study is represented by:

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where: Y=Organizational performance (measured by Return on Assets and units produced dividend by number of employees)

β_0=Constant Term; β1, β2, β3, β4 = Beta coefficients;

X_1=Employee Commitment (Likert Scale)

X_2=Employee turnover

X_3=Employee loyalty

X_4=Employee productivity

ε = Error term

Data from key informants was analyzed mathematically. In this case, the answers provided were analyzed based on the themes that emerge. The meaning related to the study's initial objectives, research questions and issues that arise were obtained (Miles & Huberman, 1994). These were then be used to strengthen the results obtained from the questionnaires, journals and other sources of information.

4. RESEARCH FINDINGS AND DISCUSSION

The study had sampled 70 employees from Jambo Contact Centre (JCC). Data was collected using questionnaires and interviews. The findings obtained are presented in the following section.

RESPONSE RATE:

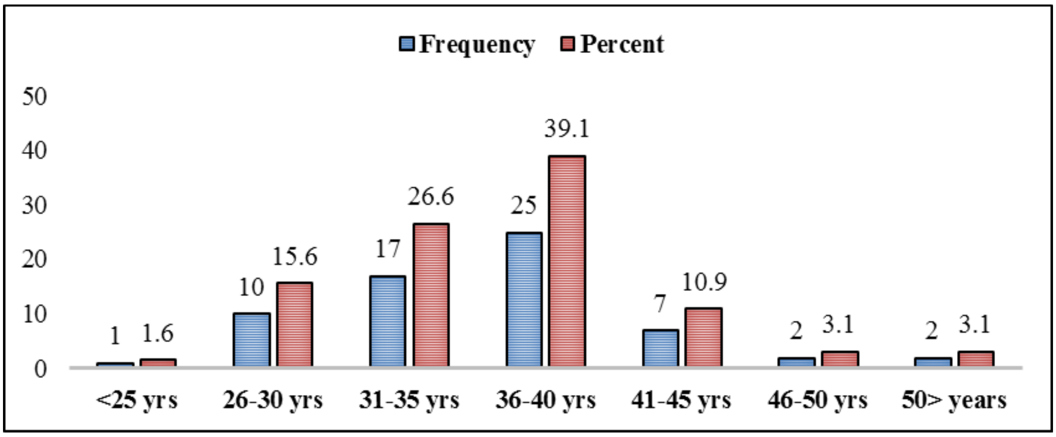
From the 70 questionnaires issued, 64 were filled and handed back. As such, the response rate for the questionnaires was 91.4%. This was considered sufficient for analysis.

GENERAL INFORMATION OF THE RESPONDENTS:

The research sought to establish the respondents' age, work duration, academic qualification, and position in the company. The findings obtained are presented in the following sections.

DISTRIBUTION BY AGE:

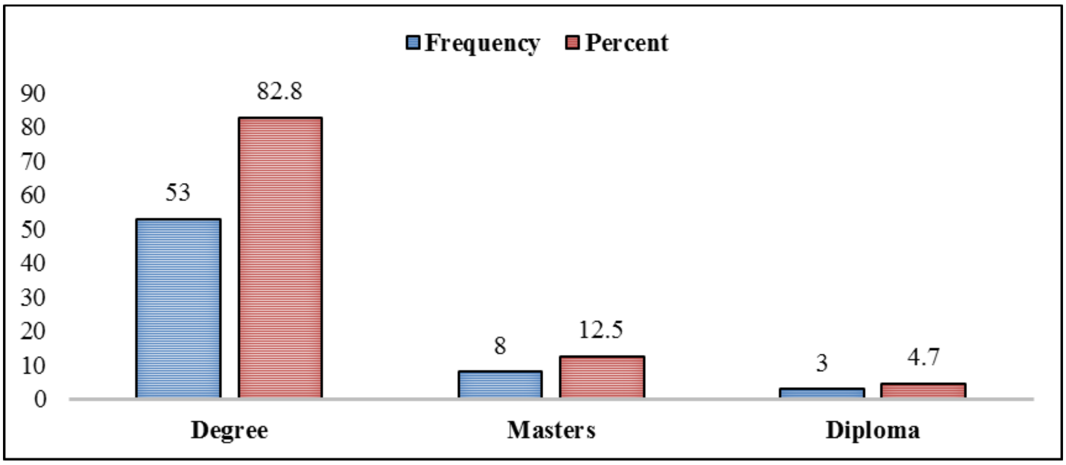
The majority of the respondents (39.1%) were aged between 36 and 40 years. These were followed by those aged 31 to 35 years (26.6%). The next were those aged between 26 and 30 years (15.6%) and those aged 41 to 45 years (10.9%). Only 1 employee was less than 25 years. Those aged over 46 years were 4. Evidently, all the different age groups were well represented in the study. This could enhance the diversity of responses obtained.



Distribution by Age:

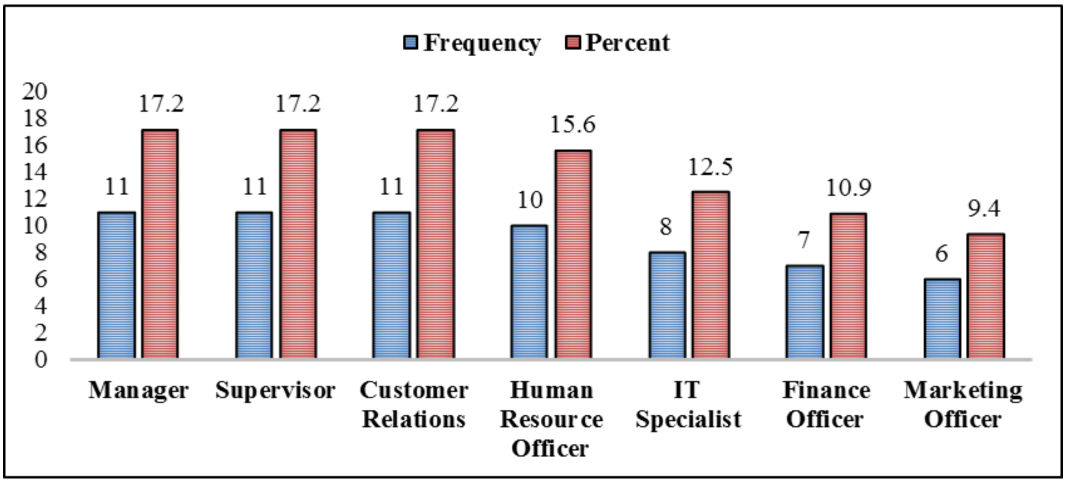
Distribution by Academic Qualification:

The findings obtained show that most of the respondents had Bachelor's Degrees (82.8%). These were followed by those with Master's Degrees (12.5%). Only 3 (4.7%) were diploma holders. It is thus evident that the respondents were well qualified to respond to the study subject.



Distribution by Position in Company:

As shown below the respondents came from different departments. The majority of the respondents were managers, supervisors and customer relations officers each at 17.2%. These were followed by human resource officers (15.6%), IT specialists (12.5%) and Finance Officers (10.9%). The least were marketing officers (9.4%). All in all, the respondents worked in various positions and this could ensure diversity of responses on the study subject.



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Distribution by Position in Company:

Employee Commitment:

The researcher assessed the level to which the respondents agreed to a number to selected statements regarding the three types of commitment (affective, continuance and normative) and their relationship to organizational performance in Safaricom Limited. The data was captured in a Likert-type scale of 1 to 5 **(**1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree). Mean that are closer to 5 show higher level of agreeability and vice versa.

The first form of commitment assessed was affective commitment. Affective commitment according to Meyer and Allen (1991) is the employee's positive emotional attachment to the organization. The researcher presented 8 items regarding affective commitment to the respondents. An average mean of 4.55 was obtained. This shows strong general agreement with most of the statements. As such the respondents pointed out that they felt emotionally attached and committed to the organization and; that they discussed the organization with people outside. This shows that they were proud of the organization. The majority also showed that they were happy to spend the rest of their career with the organization, that an employee should have a feeling of pride in his/her work and that they were willing to devote much of their time and energy to their job. The respondents also pointed out that their occupation had a special personal value to them and that they saw themselves as part of the organization. In only one statement “Are there many of your real interests outside your job?” was a score of 1.91 (disagree) obtained. This shows that the respondents did not have many real interests outside their job. It can be deduced from these findings that there was general high emotional attachment to the organization by the employees and that this could affect the productivity of the organization. These findings agree with Ongori (2007) who argues that effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization can enhance the productivity of the organization.

The study went on to assess the continuance commitment of the respondents to the organization. Meyer and Allen (1991) points out that Continuance Commitment is the “need” component of working for an organization. Simply put, it is the gains verses losses of working in an organization. From the findings obtained and with an average mean of 4.33, the respondents agreed to most the statements presented to them. In this regard the respondents pointed out that they would feel like leaving if they got a better job somewhere. This shows that better pay elsewhere would make employees move irrespective of the benefits they got from the company. The respondents however, disagreed with the statement that jumping from organization to organization does not seem at all unethical to them (disagree at 1.67). This shows that they saw jumping from organization to organization unethical. This could be due to the chances of losing key benefits if they moved.

The respondents showed that they strongly believed in the value of remaining loyal to one organization and that they were highly involved in the organization. They also believed that the organization could satisfy their most important needs, that they would feel lost without the organization and that the organization was central in their life. This further strengthens the findings of Ongori (2007) who argues that the degree of attachment employees feel towards the organization can enhance the productivity of the organization. This is due to the fact that employee who felt attached to the organization are likely to be committed to the organization and this can enhance organizational performance.

Lastly, the researcher investigated the respondents’ normative commitment. In this kind of commitment, the individual commits to and remains with an organization because of feelings of obligation (Anton, 2009). With an average mean of 4.55, the respondents agreed or strongly agreed with the statements provided to them. They agreed that they were often given the opportunity to use your skills and talents in their job and that their supervisors knew what their training needs were. Evidently, most of the employees in the organization had the same opportunities for promotion. The respondents also felt important as employees of the organization. The respondents also pointed out that they communicated openly with co-workers (agree at 4.97) and that there are training programs available in the organization to help employees improve their skills (mean of 4.95).

The respondents went on to point out that they were willing to accept any job as long as they could stay in the organization. These findings show a high level of a feeling of obligation to remain in the organization. This could go on to influence the performance of the organization. This buttresses the findings of Irefin and Mechanic (2014) who argue that employees with high commitment to an organization see themselves as an integral part of the organization and that such employees become creatively involved in the organization’s mission and values, and constantly think about ways to do their jobs better. This can go on to advance productivity in the organization. The findings are presented in Table

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Employee Commitment According to Likert-Type Statements:

Affective Continuance	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) Do you feel emotionally attached and committed to the organization	64	3.00	5.00	4.63	.52
b) Do you discuss your organization with people outside?	64	3.00	5.00	4.41	.68
c) Are you happy to spend the rest of your career with this organization?	64	1.00	5.00	4.17	.95
d) Should an employee have a feeling of pride in his/her work?	64	4.00	5.00	4.98	.13
e) Are there many of your real interests outside your job?	64	1.00	4.00	1.91	.75
f) Are you willing to devote much of your time and energy to your job?	64	5.00	5.00	5.00	.00
g) Does your occupation have special personal value to you?	64	4.00	5.00	4.92	.27
h) Do you see yourself as part of the organization?	64	5.00	5.00	5.00	.00
Average Mean				4.38	
Continuance Commitment	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) Will you feel like leaving if you got a better job somewhere?	64	3.00	5.00	4.77	.46
b) Jumping from organization to organization does not seem at all unethical to me	64	1.00	5.00	1.67	.62
c) Do you believe in the value of remaining loyal to one organization	64	4.00	5.00	4.89	.31
d) Are you highly involved in the organization	64	5.00	5.00	5.00	.00
e) Do you believe the organization can satisfy your most important needs?	64	2.00	5.00	4.52	.69
f) Will you feel lost without the organization?	64	4.00	5.00	4.91	.29
g) Is the organization central in your life?	64	4.00	5.00	4.98	.13
Average Mean				**4.33**	
Normative Continuance	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) Are you often given the opportunity to use your skills and talents in your job?	64	2.00	5.00	4.41	.75
b) Does your supervisor know what your training needs are	64	2.00	5.00	3.78	.74
c) Do all employees in the organization have the same opportunities for promotion?	64	3.00	5.00	4.02	.65
d) Do you feel important as an employee of the organization?	64	5.00	5.00	5.00	.00
e) Do your co-workers and you openly communicate with one another?	64	4.00	5.00	4.97	.18
f) Are training programs available in the organization to help employees improve their skills?	64	4.00	5.00	4.95	.21
g) Are you willing to accept any job as long as you can stay in the organization?	64	2.00	5.00	4.73	.57
Average Mean				**4.55**	

The respondents were also presented with an open ended question on the other ways in which ownership of shares enhanced their commitment to the organization's operations and wellbeing.

The findings obtained show that ownership of shares made employees want to do their best, in agreement with Irefin and Mechanic (2014). It also made them willing to learn more about the job so as to improve their working capacity. Lastly, it reduced willingness to leave the organization. This went on to enhance individual performance as well as the overall performance of the organization. It also led to reduction in wastage of human resources.

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Ways in Which Ownership of Shares Could Enhance Commitment'

Question	*Responses*	*Emergent Relevant Themes*
In which other ways does ownership of shares enhance your commitment to the organization's operations and wellbeing? Please explain	- It makes one want to do their best - It makes one willing to learn more so as to improve their working capacity - It reduces willingness to leave the organization	- It enhances individual performance - Enhances the overall performance of the organization - Reduces wastage of human resources

Employee Turnover:

The turnover of employees was assessed through six likert –type questions. With an average mean 4.84, the respondents agreed to all the statements presented to them except one. In this regard, the respondents strongly agreed that when employees leave the organization prematurely, the performance of the organization is put at stake. It was also made manifest that employees who own stocks in a firm endeavour to remain in the company and this makes the company continue performing well. The respondents went on to agree that employees who do not own shares in the company may become "absent-minded workers" being their physically but not put in their best (mean 4.34). The findings go on to show strongly that employees who have stock ownership in a firm display a form of increased emotional, physical and cognitive resources to realize the goals and objectives of the firm and often decide to remain in the organization for long periods; that employees who have ownership of working processes of the firm put more efforts to ensure that the firm performs better and do not easily quit their jobs and that employees who have ownership in a firm strive to understand the strategic direction of the firm and do their best to reach the desired goals even if it means remaining in the organization for long periods of time. These findings agree with Postlethwaite Company (2013) who opines that employee share ownership plans leads to immense benefits of organizational performance such as increased productivity, improved motivation of employees, reduced work place conflicts and reduced employee turnover. When employees feel that they are part of the organization and have ownership in it, their likelihood to leave reduces drastically. The continuance of employees in the organization could safeguard the performance of these employees and vice versa.(the spacing btwn works looks a lot)

Employee Turnover According to Likert-Type Statements:

Employee Turnover	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) When employees leave the organization prematurely, the performance of the organization is put at stake	64	2.00	5.00	4.80	.54
b) Employees who own stocks in a firm endeavour to remain in the company and this makes the company continue performing well	64	4.00	5.00	4.98	.13
c) Employees who do not own shares in the company may become "absent-minded workers" being their physically but not put in their best	64	3.00	5.00	4.34	.60
d) Employees who have stock ownership in a firm display a form of increased emotional, physical and cognitive resources to realize the goals and objectives of the firm and often decide to remain in the organization for long periods	64	4.00	5.00	4.94	.24
e) Employees who have ownership of working processes of the firm put more efforts to ensure that the firm performs better and do not easily quit their jobs	64	5.00	5.00	5.00	.00
f) Employees who have ownership in a firm strive to understand the strategic direction of the firm and do their best to reach the desired goals even if it means remaining in the organization for long periods of time	64	4.00	5.00	4.98	.13
Average Mean	64			4.84	

Furthere, the respondents were presented with an open ended question on other ways in which employees' willingness to remain in the organization affected the overall performance of the organization.

The findings, as presented in Table show that employees' willingness to remain in the organization keeps key talent in the organization. It also makes organizations reduce hiring costs and reduces training costs. This is vital since it keeps business flowing as key clientele are maintained in the organization. It enhances the quality of work (Irefin & Mechanic, 2014) and reduces wastage of resources.

Employees' Willingness to Remain in Organizations and its Effect on Performance

Question	*Responses*	*Emergent Relevant Themes*
In which other ways does employees' willingness to remain in the organization affect the overall performance of the organization	- It keeps key talent in the organization - It makes organizations reduce on hiring costs - It reduces training costs	- Keeps business flowing - Enhances quality of work - Reduces wastage of resources

Employee Loyalty:

The researcher went on to investigate how employee loyalty affects organizational performance. This was through seven Likert-type statements posed to the respondents. With an average mean of 4.97, the respondents agreed to all the statements presented to them. As such, they pointed out that loyal employees of an organization try to understand any changes in work processes, management styles, and technologies in the economy in which the organization operates and endeavor to adapt to any changes without complaining. Such employees also tend to monitor the economy and ensure that they have clear knowledge about the demands the economy. They also try to understand how the economy works by employees enables an organization to operate sustainably.

The findings go on to show that when employees are loyal, they take charge of work processes and reduce blame games when thing do not go as anticipated and this improves the performance of the organization. These employees have enhanced responsiveness to market demands of the economy and this enhances the performance of the firm. If employees have a feeling of ownership in the company, the findings also show that their loyalty increases and this contributes to organizational performance in the company. Lastly, the findings show that if the employees of a company have ownership in the company, their fervor to support the management of the firm is enhanced and this contributes to increased performance in the firm. These findings are in agreement with Landua and O'Connell (2007) who argues that ESO plans enhances employee loyalty. These employees are incentivized to remain loyal to the firm and go on to have long-term identification or loyalty between the employee and the company. They get the feeling that the well-being of the firm is their responsibility since it affects them directly. This pushes them to put in their best and contributes to the performance of the organization.

Employee Loyalty According to Likert-Type Statements:

Employee Loyalty	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) Loyal employees of an organization try to understand any changes in work processes, management styles, and technologies in the economy in which the organization operates and endeavor to adapt to any changes without complaining	64	4.00	5.00	4.92	.27
b) Loyal employees tend to monitor the economy and ensure that they have clear knowledge about the demands the economy. ?	64	5.00	5.00	5.00	.00
c) Loyal employees try to understand how the economy works by employees enables an organization to operate sustainably.	64	4.00	5.00	4.97	.18
d) When employees are loyal, they take charge of work processes and reduce blame games when thing do not go as anticipated and this improves the performance of the organization.	64	4.00	5.00	4.97	.18
e) Loyal employees have enhanced responsiveness to market demands of the economy and this enhances the performance of the firm	64	5.00	5.00	5.00	.00

f) If employees have a feeling of ownership in the company, their loyalty increases and this contributes to organizational performance in the company.	64	4.00	5.00	4.95	.21
g) If the employees of a company have ownership in the company, their fervor to support the management of the firm is enhanced and this contributes to increased performance in the firm.	64	4.00	5.00	4.97	.18
Mean				**4.97**	

The respondents were also asked to indicate other ways in which employees' loyalty affected the performance of the organization. The findings obtained as presented in Table 4.7 show that employee loyalty enhances individual output since loyal employees have the well-being of the company at heart (Landua & O'Connell, 2007. It also makes one put in their best in the organization. Furthermore, loyal employees tend to be innovative since they want to improve work processes. Loyal employees also encourage colleagues to remain in organization. This has multiplier effects on organizational performance. It enhances better quality work; leading to overall productivity in the organization. Workers tend to bring about better products through innovativeness and less likely to leave the organization.

Employee Loyalty and its Effect on Organizational Performance:

Question	*Responses*	*Emergent Relevant Themes*
In which other ways does employees' loyalty affect the performance of the organization?	- It keeps enhances individual output - It makes one put in their best in the organization - It enhances innovativeness - Encourages colleagues to remain in organization	- Enhances better quality work - Enhances overall productivity in the organization - Brings about better products - Reduces employee turnover

Employee Productivity:

The researcher went on to investigate how employees' individual productivity affected organizational performance through six Likert-type statements. The average mean of 4.45 (agree) obtained shows high level of agreement with the statements presented to the respondents except one. In this one statement, the respondents disagreed that employee productivity may not be dependent on empowerment through ownership of the firm's work processes (mean of 2.02). This shows that ownership of work processes through shares enhanced employees productivity. The respondents go on to agree strongly that there exists nexus between employee's productivity and organizational performance in organizations and that; the existence of low dedication to performance goals of the organization by employees leads to decreased productivity levels

The findings strongly show that since share ownership is one way in which the productivity of employees is enhanced, organizational performance could be ensured through increasing the level to which employees own stocks in an organization. It was also made clear that firms have to put in place mechanisms aimed at enhancing increased ownership by employees in the firm through shares and other ways and this motivates employees to be more productive. Lastly, the respondents opined that enhanced employee engagement in the work of the organization through stock ownership leads to significant contribution of such employees to the performance of the organization by being more productivity among other ways.

The findings obtained corroborate Daft and Marcic (2010) who argues that ESO this leads to increased productivity levels. This is particularly so since when employees feel that the productivity of their work will be immensely rewarded, they are likely to work hard, a factor that goes on to enhance the performance of the firm.

Employee Productivity According to Likert-Type Statements:

Employee Productivity	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) There exists nexus between employee's productivity and organizational performance in organizations	64	4.00	5.00	4.95	.21
b) The existence of low dedication to performance goals of the organization by employees leads to decreased productivity levels.	64	4.00	5.00	4.89	.31

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c) Since share ownership is one way in which the productivity of employees is enhanced, organizational performance could be ensured through increasing the level to which employees own stocks in an organization.	64	4.00	5.00	4.97	.18
d) Firms have to put in place mechanisms aimed at enhancing increased ownership by employees in the firm through shares and other ways and this motivates employees to be more productive	64	4.00	5.00	4.91	.29
e) Employee productivity may not be dependent on empowerment through ownership of the firm's work processes.	64	1.00	4.00	2.02	.63
f) Enhanced employee engagement in the work of the organization through stock ownership leads to significant contribution of such employees to the performance of the organization by being more productivity among other ways.	64	4.00	5.00	4.97	.18
Average Mean				**4.45**	

The respondents also were asked to indicate other ways in which the productivity of employees affected the performance of the organization. The findings obtained, and as presented in Table 4.9, show that employees' productivity enhances individual performance (Lockwood, 2006). It also enhances attention to set performance goals, reduces time and wastage enhances better focus on market demands. This leads to Better quality work; enhances better time management; increases profitability in the firm and; enhances the competitiveness of the firm.

Employee Productivity and its Effect on Organizational Performance:

Question	***Responses***	***Emergent Relevant Themes***
In which other ways does employees' personal productivity affect the overall performance of the organization?	- It keeps enhances individual performance - It enhances attention to set performance goals - It reduces time wastage - Enhances better focus on market demands	- Better quality work - Enhances better time management - Increases profitability in the firm - Enhances the competitiveness of the firm

Organizational Performance:

The researcher went on to investigate how stock ownership affected organizational performance. This was through five Likert-type statements. With an average mean of 4.95, the respondents highly agreed to all the statements presented to them. This shows that when employees own stock in the firm, they tend to put effort to realize service quality improvement and this increases organization's performance. It was also pointed out that as a result of employee's stock ownership; there is increase in the firm's sales, profit, and return on equity. This agrees with Sousa and Voss (2006) who points out stock ownership enhances an organization's performance in areas such as profitability. The findings also show that there is increased realization of the goals and objectives of our organization due to the presence of employee stock ownership plans in the organization. Lastly, the findings show that when employees own shares in a firm, the firm gains a better market position and that there is increased achievement of organizational market-oriented goals as well as its organizational goals due to employees' ownership of stocks in our firm (Hooley et al, 2005).

The findings obtained are presented in Table.

Organizational Performance According to Likert-Type Statements:

Organizational Performance	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
a) When employees own stock in the firm, they tend to put effort to realize service quality improvement and this increases organization's performance,	64	4.00	5.00	4.92	.27
b) As a result of employee's stock ownership, there is increase in the firm's sales, profit, and return on equity.	64	4.00	5.00	4.94	.24

c) There is increased realization of the goals and objectives of our organization due to the presence of employee stock ownership plans in the organization.	64	4.00	5.00	4.97	.18
d) When employees own shares in a firm, the firm gains a better market position	64	4.00	5.00	4.92	.27
e) There is increased achievement of organizational market-oriented goals as well as its organizational goals due to employees' ownership of stocks in our firm	64	4.00	5.00	4.98	.13
Average Mean				**4.95**	

The respondents were asked to indicate other ways in which employees' ownership of shares affect the performance of the organization. The findings shows stock ownership makes employees have goal oriented operation. Furthermore, employees tend to perform better on tasks and are more likely to remain in the organization. This keeps the company on performance track. The end result of this is increased sales and profitability. The findings also show that stock ownership also leads to better use of assets, reducing losses considerably. The findings are presented in Table

Other Ways Employee Productivity Affected Organizational Performance:

Question	*Responses*	*Emergent Relevant Themes*
Are there other ways in which employees' ownership of shares affect the performance of the organization?	- Employees have goal oriented operation - Employees tend to perform better on tasks - Enhances decision to remain and this keeps company on performance track	- Increased sales - Increased profitability - Better use of assets

The researcher collected secondary data on the financial position of Safaricom Limited for six years (2011 -2016). The income of the company dropped between 2011 and 2012 but saw a steady increase from 2012 to 2016. At the same time, the assets of the company increased for the first 5 years under investigation (2011 to 2012). They however dropped in 2016 by over 2 billion shillings. Return on Assets (ROA), which is a ratio which shows how well management is employing the company's total assets to make a profit (Needles, Belverd & Powers, 2008) dropped between 2011 and 2012. This is a result of the reduction in income recorded that year. It however increased steadily in the rest of the year to 1.27 by end of business year in 2016.

The high ROA shows that the company had continued to have increased efficient utilization of its asset base. Sales increased continuously throughout the years from 94,832,227 in 2011 to 195,685,224 in 2016. Evidently, the company faced major expenses and downsized its number of employees between 2011 and 2012 from 2,801 to 2,701. The number of employees grew steadily ever since to 4,602 in 2016. These findings show that that the company had experience immense growth rates over the years. It is thus evident that stock ownership could be a contributor to the exemplary performance. This shall be assessed through correlation and regression analysis. The findings are presented in Table

Table 4.12 Other Ways Employee Productivity Affected Organizational Performance

YEAR	INCOME	ASSETS	ROA	SALES	NO. OF EMPLOYEES
2011	13,158,973	13,446,380	0.98	94,832,227	2,801
2012	12,627,607	26,995,529	0.47	106,995,529	2701
2013	17,539,810	27,983,631	0.63	124,287,856	2,667
2014	23,017,540	28,321,468	0.81	144,672,477	4,037
2015	31,871,303	32,590,553	0.98	163,364,121	4,192
2016	38,104,290	29,940,441	1.27	195,685,224	4,602

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5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

SUMMARY OF MAJOR FINDINGS:

EMPLOYEES' COMMITMENT:

The researcher sought to determine the effect of employee commitment on organizational performance in Safaricom Limited. The researcher assessed the level to which the respondents agreed to a number to selected statement on the regarding the three types of commitment (affective, continuance and normative) and their relationship to organizational performance in Safaricom Limited. Regarding affective commitment (employee's positive emotional attachment to the organization) the findings show that the respondents felt emotionally attached and committed to the organization and this could affect the productivity of the organization.

The study went on to assess the continuance commitment (the "need" component of working for an organization) among the employees. The findings show high level of willingness to continue working for the organization. The respondents showed that they strongly believed in the value of remaining loyal to one organization and that they were highly involved in the organization. They also believed that the organization could satisfy their most important needs, that they would feel lost without the organization and that the organization was central in their life.

The researcher also investigated the respondents' normative commitment. In this kind of commitment, the individual commits to and remains with an organization because of feelings of obligation. The respondents show that they were willing to do as much as they could stay in the organization. These findings show a high level of a feeling of obligation to remain in the organization. This could go on to influence the performance of the organization.

EMPLOYEES' TURNOVER:

The researcher sought to establish the effect of employee turnover on organizational performance in Safaricom Limited. The respondents strongly agreed that when employees leave the organization prematurely, the performance of the organization is put at stake. It was also made manifest that employees who own stocks in a firm employees endeavor to remain in the company and this makes the company continue performing well. The respondents went on to point out that employees who do not own shares in the company could become "absent-minded workers" being their physically but not put in their best. The findings also show strongly that employees who have stock ownership in a firm display a form of increased emotional, physical and cognitive resources to realize the goals and objectives of the firm and often decide to remain in the organization for long periods; that employees who have ownership of working processes of the firm put more efforts to ensure that the firm performs better and do not easily quit their jobs and that; employees who have ownership in a firm strive to understand the strategic direction of the firm and do their best to reach the desired goals even if it means remaining in the organization for long periods of time. The continuance of employees in the organization could safeguard the performance of these employees and vice versa.

EMPLOYEES' LOYALTY:

The researcher went on to investigate how employee loyalty affects organizational performance. The findings show that loyal employees of an organization try to understand any changes in work processes, management styles, and technologies in the economy in which the organization operates and endeavor to adapt to any changes without complaining. Such employees also tend to monitor the economy and ensure that they have clear knowledge about the demands the economy. They also try to understand how the economy works by employees enables an organization to operate sustainably.

The findings go on to show that when employees are loyal, they take charge of work processes and reduce blame games when thing do not go as anticipated and this improves the performance of the organization. These employees have enhanced responsiveness to market demands of the economy and this enhances the performance of the firm. If employees have a feeling of ownership in the company, the findings also show that their loyalty increases and this contributes to organizational performance in the company. Lastly, the findings show that if the employees of a company have ownership in the company, their fervor to support the management of the firm is enhanced and this contributes to increased performance in the firm.

EMPLOYEES' PRODUCTIVITY:

The researcher went on to investigate how employees' individual productivity affected organizational performance. To this the findings show that employee productivity is dependent on empowerment through ownership of the firm's work processes. This shows that ownership of work processes through shares enhanced employees productivity. It was also established that there exists nexus between employee's productivity and organizational performance in organizations and that; the existence of low dedication to performance goals of the organization by employees leads to decreased productivity levels. The findings go on to strongly show that since share ownership is one way in which the productivity of employees is enhanced, organizational performance could be ensured through increasing the level to which employees own stocks in an organization. It was also made clear that firms have to put in place mechanisms aimed at enhancing increased ownership by employees in the firm through shares and other ways and this motivates employees to be more productive. Lastly, the respondents opined that enhanced employee engagement in the work of the organization through stock ownership leads to significant contribution of such employees to the performance of the organization by being more productivity among other ways.

PERFORMANCE IN SAFARICOM LIMITED:

The dependent variable for this study was organizational performance in Safaricom Limited. The researcher went on to investigate how stock ownership affected organizational performance. The respondents highly agreed to all the statements presented to them. This shows that when employees own stock in the firm, they tend to put effort to realize service quality improvement and this increases organization's performance. It was also pointed out that as a result of employee's stock ownership; there is increase in the firm's sales, profit, and return on equity. The findings also show that there is increased realization of the goals and objectives of our organization due to the presence of employee stock ownership plans in the organization. Lastly, the findings show that when employees own shares in a firm, the firm gains a better market position and that there is increased achievement of organizational market-oriented goals as well as its organizational goals due to employees' ownership of stocks in our firm

CONCLUSION:

Based on the study findings, a number of conclusions can be made. It was evident that employee share ownership plans affected organizational performance. This can be shown by correlation and regression results that showed positive relationship between the dependent and independent variables.As such employee stock ownership led to increase in commitment, loyalty and productivity among employees. It also led to reduction in employee turnover. This went on to bring about increased organizational performance. Findings show that the income of the company saw a steady increase for the last four years duration that the company has had ESOP. The high ROA shows that the company had continued to have increased efficient utilization of its asset base. Sales doubled between 2011 and 2016. All in all, the findings obtained show that that the company had experience immense growth rates over the years. It is thus evident that stock ownership is a contributor to this exemplary performance.

RECOMMENDATIONS:

In the backdrop of the study findings, the following recommendations are made. These recommendations are made based on the study variables.

EMPLOYEE COMMITMENT:

Since employee commitment was a key determinant of organizational performance, there is need to continue increasing the value of stocks that employees could own in the company. The performance of the company should also be sustained since this would influence the value of the stocks of employees. This is important since higher returns would strengthen the commitment of employees to the organization. This would result in ripple effects such as further increase in organizational performance.

EMPLOYEE TURNOVER:

Employee turnover was also shown to be influence organizational performance. All efforts should be made by the organization to reduce such turnover. This could be through control of factors that could precipitate such turnover. There should also be efforts to increase the number and value of the stocks that employees could own in the company. This could be a motivation for the company to keep employees in the company, a factor that could sustain the performance of the organization.

EMPLOYEES' LOYALTY:

Employees' loyalty is vital for the performance of the organization. The organization should ensure that employees were adequately rewarded through ESOP so as to enhance their performance. The company should put in place mechanisms for ensuring that employees could afford stocks in the company. This could be through discounts and loans.

EMPLOYEE PRODUCTIVITY:

The organization should be active in ensuring the productivity of employees. Since stock ownership was one of the methods in which such productivity could be enhanced, all challenges hindering employees from acquiring stocks in the company should be dealt with. In this regard, the company should carry out regular surveys to identify the factors inhibiting the acquisition of such stocks and corrective measures put in place.

AREAS FOR FOR FURTHER RESEACH

The purpose of the study was to determine the effects of employee share ownership plans on organizational performance. There should be follow up comparative studies in other companies. Each of the study variables could be investigated on its own through in-depth studies. A study that includes moderating variables can be included since this current research did not have such variables.

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