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Employees Can Feel Like Owners: Perk Up Attitudes, Performance, and Teamwork

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The actual legal owners of a company are highly interested in making sure the company is successful. That's because their *legal* ownership entitles them to reap the benefits from company profits, sales growth, etc. Sometimes employees can feel like owners, even though they are not legal owners, if the conditions are right. When this happens, employees feel that the success of the company is very important to them.

Employees who feel like owners have *psychological* ownership. For example, employees take ownership of their offices or workspaces by decorating and personalizing them. Employees put up pictures of loved ones, favorite places, and hobbies; or bring their coffee mugs to their personal workspace. They feel that *their* workspace is 'theirs.' Employees can also take ownership of their jobs and responsibilities. The projects they work on can been seen as "their baby." The result is that employees with psychological ownership will have better attitudes, higher work performance, more cooperation, and so forth.

Yet, there can be downsides. Too much psychological ownership leads to common pitfalls like territorial behavior, hording knowledge, and burnout. Territorial behavior occurs when employees act like something is theirs, not others', and there are boundaries between what belongs to them and what belongs to others. It sounds like someone saying this, "Your invading my space!" Hording knowledge keeping useful information to yourself. It is the opposite of sharing knowledge with others. Burnout is stress that results from feeling too much responsibility for the tasks that you "own." It occurs when employees have exhausted their emotional strength while dealing with their responsibilities. Yet, all of these pitfalls can be avoided.

In this article we explain how organizations can reap the benefits of enabling employees to feel like owners. We call this psychological ownership. We also discuss ways to avoid the pitfalls of too much psychological ownership. Fig. 1 illustrates the dynamics of successfully creating and managing psychological ownership. It shows a simple three step process: Practices, Behaviors, and Results (PBR). Step 1, Practices, requires that firms adopt well-crafted Human Resource (HR) management practices that are designed to induce managers and employees to engage in the right kinds of behaviors. These practices guide people to act like people can feel like owners. Step 2, Behaviors, are the things that people do enable psychological ownership to materialize. When managers and employees do these things, ownership feelings emerge. Step 3, Results, are the resulting benefits and possible problems of employees feeling like owners. Each of these steps is discussed in more detail below.

WELL-CRAFTED HR PRACTICES FOR FEELING LIKE OWNERS

Managers create employee psychological ownership by using carefully crafted HR practices. These practices include training and development, compensation, job design, communication, and performance management. Yet, these are not just the ordinarily run-of-the-mill HR practices. Rather each needs to be carefully designed to induce people to enable feelings of ownership to arise, as we show below.

Training and Development

Training and Development practices are designed to increase the human capital of managers and employees. While Training focus on job related knowledge, skills, and abilities; Development often goes further to cultivate individual growth and preparedness for future job opportunities.

Yet, Training and Development for ownership includes specific elements designed to teach and motivate people to feel like owners. Examples of how some people take

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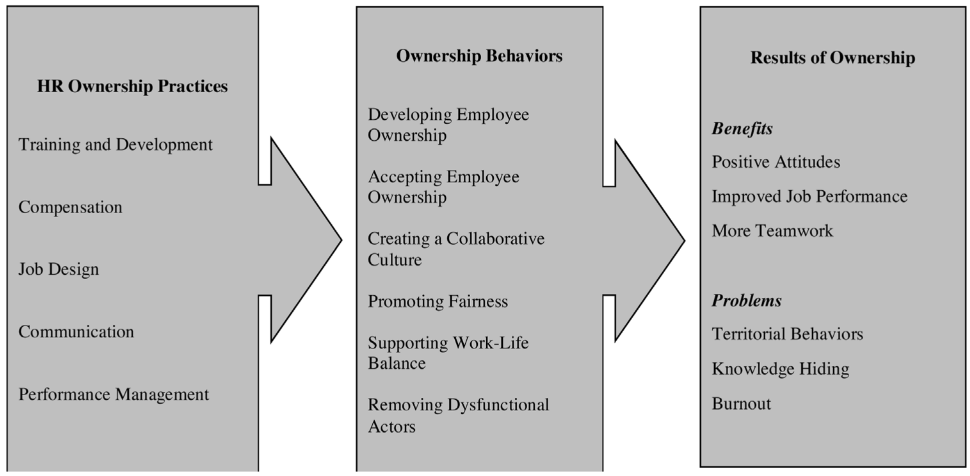

Figure 1 Practices, Behaviors, and Results for Ownership Feelings

ownership of their workspaces can be shown as the kind of things that employees can do. Employees and managers can also be taught that it is o.k. to feel like owners, and the company will support them when they do so. This can overcome a possible natural reluctance that some people might have to avoid claiming possession of the things that are in the company's domain. They can be shown the benefits of feeling like owners and inspired to do so.

Compensation

Compensation practices include short-term and long-term plans. Short-term plans reward people for performance during period of one year or less. It can include wage and salary increases, spot bonuses, or other cash bonuses. These can motivate better performance, but may be less effective in doing so through motivating feelings of ownership.

However, some long-term compensation plans are likely to increase feelings of ownership and thereby produce positive and lasting results. For example, companies can award annual bonuses to employees based on profits (i.e., profit-sharing plans), cost savings (i.e., gain-sharing plans). Moreover, long-term plans can include compensation that involve the ownership of the company's stock. Examples are the employee stock ownership plan (i.e., ESOP), employee stock purchase plan (i.e., ESPP), 401(k) plans with stock matching, stock options, etc.

Although technically these plans do provide employees with some of legal ownership of the company, albeit a small portion of the total stock of a company, the positive psychological impact can be significant. These financial incentives motivate employees to perform well as individuals and teams because they will feel like co-owners of the company. This will naturally help to align their own interests with the interests of the firm, as they are truly vested in the positive outcomes of company earnings and profits.

Job Design

Job Design practices refer to the ways that work is structured and allocated so that employees are fully engaged in their work. They include allowing people to participate decision-making and have autonomy in choosing how to do their jobs. When jobs are designed in these ways people will have enhanced feelings of ownership.

Participation in making decisions gives employees the opportunity to influence what happens at work and implies that authority is shared. For example, organizations can involve employees in decisions about changes in workflow and procedures, managing training and job rotation, setting working hours, selecting job candidates, establishing work rules, formulating policies, and choosing strategies. Participation in decision-making sends a signal to employees that they have some ownership in their organization since decision-making is often a right reserved for top management and company owners.

Similarly, jobs with more autonomy give workers independence and discretion for things like arranging how they do things, scheduling their tasks, etc. When employees have more autonomy, they invest their more of their own time and energy in their work, and exercise more control. This will enhance ownership feelings.

Communication

Communication practices include sharing information like financial results with various levels of managers and employees. For example, information about the organizations' profitability and its overall financial status can be shared, as well as data that informs managerial decision-making. Additionally, employees can be granted access to business information such as sales volumes, market shares, cost of labor, strategic plans, investment strategies, merger and acquisitions, plant closures and relocations.

Sharing this information implies that employees are entitled to the information and that they will be responsible for having it and using it. Sharing these kinds of information with employees sends a strong signal to employees that they are like owners because they are receiving the information that only owners would receive.

Performance Management

Performance Management practices include methods of evaluating employee work, and also providing feedback and motivation to workers to maintain and improve their

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performance. Certain kinds of performance management practices are particularly well suited to enhancing feelings of ownership. Performance management practices that are aligned with the goals of the business tell employees that their performance is tied to the goals of the organization. This indicates that they have the same objectives that the owners of the business have. For example, if the company's marketing goal is to garner a bigger share of sales of innovative products, sales workers performance plan should provide positive recognition for those who sell more of the innovative products.

Also, employees should know that their performance goals are supported by shareholders and top management. This can occur when managers and employees set goals that match top leadership goals, and also when executive leadership disseminates and repeats messaging to employees. For example, if a major part of a firm's strategy is to produce higher quality products than their competitors, then the performance evaluation systems at all levels of the organization should incorporate quality as a critical element. This alignment between worker goal and top leadership goals can further enhance employees feeling like their goals are aligned with shareholders.

Performance Management can also include career planning that develops workers for higher level positions within the company, When firms do this, they induce employees to think of themselves as having a long term relationship with their employer. This long-term focus brings them closer to feeling like their interests are aligned with company owners.

Ownership Behaviors

The carefully crafted HR practices outlined above can induce actions in the workplace that express feelings of ownership. They do so by allowing employees to control, learn about, and invest resources like their own time and energy into the organization. In this way, employees start to act like owners as they make the organization part of their personal identity and start feeling like owners of the organization.

This works with individual employees and also teams. Employees often work closely with others in teams who may also feel ownership of the organization. The perceived ownership of different team members can reinforce each member of the team. When employees sense their coworkers' perceived ownership, they can acknowledge each other's feelings, make the organization part of their common identity, and jointly feel like owners. This joint sense of ownership instills a desire within the workforce to benefit and nurture the organization that they feel they own.

Employers will know that this is happening when they see certain tell-tail indicators. By watching how employees and managers act, the organization will know that feelings of ownership are prevalent. We list below several examples of the behaviors to look for.

Developing Employee Ownership

When managers start to talk about and use the carefully crafted HR practices outlined above, action begins. When employees start taking control of their work, ownership can be seen playing out at work. Training can teach employees how to act like owners, and when employees use what they learn, ownership comes alive. For example, training nurses about the costs of medical supplies shows them how much these supplies cost. As a result, nurses might evaluate if opening another package of dressing material or medication is really necessary, and thus influence and control organizational costs. When you see these kinds of things happening in your organization, you'll know that people are acting like owners.

Accepting Employee Ownership

Managers need to accept employee ownership. This requires acknowledging and accepting employees when they act like owners. Then, the innate instinct that employees have to act in their own interest will be channeled into actions aligned with owner's interests. Managers can recognize ownership by observing how employees talk or write about the organization and their jobs. When employees refer to the organization as "our company" or "our firm," managers can assume that the employees experience joint ownership with their coworkers. If employees use phrases like "my workplace," "my job," or "my project" that is a good thing. Employees are feeling like owners.

To acknowledge employees' ownership feelings effectively, managers need to clarify responsibilities of individual employees. When managers draw clear boundaries that clarifies who is supposed to do what, then some problems can be avoided. The lack of boundaries could result in dysfunctional conflicts such as two employees claiming the same work as *their* job. Good boundaries will also reduce the likelihood that employees will go too far in claiming that things are theirs and not others. Also, good boundaries can reduce the problems with employee territorial behavior. This can happen when employees think that others are trying to encroach on their work, and act to stop it. In fact, some employees might anticipate that this hypothetically could happen, and spend unnecessary time and effort in defending their turf. So, managers should set good boundaries to reduce the chance that employees think this is necessary.

Creating a Collaborative Culture

Getting individual employees to feel like owners is one thing. Teams are something else. The big chalng else. The big challenge is getting work teams to act and feel like owners. Yet, managers can create a collaborative culture at work. The focus shifts from developing individual ownership to developing joint ownership. For example, managers make see this happen when they implement compensation practices that reward team performance. Cash bonuses can be based on the profit margin that a sales team generates, instead of the individual margins of each sales representative. When this is done, the group members are encouraged to work collaboratively, e.g., remind each other, to focus on selling the products with the highest margins. Then, you should people will start helping each other to succeed in a way that reflects ownership interests. Similarly, stock options, contributions to ESOPs and ESPPs can be allocated based on team or organizational performance.

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Also, jobs can be designed create collaboration. Self-managed teams supervise themselves and direct their own work. People will talk with each other, and solve problems together. Likewise, communication practices such as sharing team and organizational performance information support efforts to create a collaborative culture because everyone will talk about the same things. In this way, managers emphasize that everyone has a common goal: the organizations' success.

Likewise, trustful work environments increase employee collaboration because coworkers have confidence that others will share sharing organizational resources with each other. If organizations lack trust, coworkers engage in competition, including claiming things are only for themselves, and not others.

Promoting Fairness

Managers need to create a work environment which employees feel is fair. For example, make sure that rewards are distributed fairly, and work schedules are determined equitably across the workforce. There should be justified reasons for who gets promoted, and managers should treat all subordinates according to the same standards. Clear organizational policies support such goals. In the end, employees need to feel like they are treated fairly, and they benefit from the organization at least as much as the organization benefits from their performance.

If employees perceive the organization to be fair, they feel as if they contribute and are valued in the organization. You could hear them say things like, "In *my* job I get a fair amount of pay for the work that I do," or "*My* company treats me fairly." These are the signs that the carefully designed HR practices are having the right effect on how employees feel. When this happens, you will the practices led to the right behaviors. People start sharing resources with each other, including their own knowledge and experience.

Supporting Work-Life Balance

Managers need to support employee work-life balance. This is critically important because employees are people who see their personal identity emerging from both their work and personal lives. For some people the focus so much on their work that they suffer from work-related stress and risk suffering from burnout. To reduce employee stress, managers need to take action to provide employees with resources necessary to increase work-life balance. Such resources include flexible work hours, training in healthy workplace and life habits, and support for child and elder care.

When managers make these things available, they are acting like benevolent owners who care for their workers. Also, their workers will act more like owners. They will change their work schedule to achieve balance. They will actually change their work schedule to attend their kids' soccer games. They will take time away from work for their personal and family activities. They will go to the gym during the day. These are the indicia that feelings of ownership are having the intended positive effects.

Removing Dysfunctional Actors

Managers should remove dysfunctional actors. Dysfunctional actors include employees who do not accept clearly established responsibilities and boundaries in the organization. These employees will repeatedly engage in claiming and anticipatory defensive behaviors that threaten the ownership feelings of other employees and undermine managers. For instance, employees who hide knowledge are dysfunctional to their teams and the entire organization because they distort communication, collaboration, and trust in the organization. They may also be at a higher risk to suffer from burnout, and thus increase costs for the organization.

EFFECTS OF FEELINGS OF OWNERSHIP

When employees act like owners good and bad things can happen. The good things include positive job attitudes, improved job performance, and organizational citizenship behaviors. The bad things include problematic outcomes like territorial behaviors, knowledge hiding, and burnout.

Beneficial Effects

Positive Attitudes

When people act like owners, they have more positive attitudes. At first this may seem counterintuitive. You might think that attitudes always change behaviors. Yet the data show that behaviors also change attitudes. For example, when you force yourself to smile, usually you feel better. When you use an assertive posture, usually you feel more confident.

The same thing can happen to people who act like owners. When they start acting like owners, they will have more positive attitudes. These positive attitudes higher job satisfaction, which is the extent to which employees like their jobs or aspects of their jobs. It includes more job engagement, which is the extent to which employees are enthusiastic about and involved in their jobs. It includes higher commitment, which is the extent to which employees feel attached to their organizations. It includes organization-based self-esteem, which is the extent to which employees perceive themselves as valuable members of their organizations. It even includes intentions to stay with the organization.

Employees experience these positive job attitudes because their employer used carefully crafted HR practices that increased actions that cause ownership behaviors to emerge. Employees feel as if they have control in their lives. Their jobs and organizations become part of a positive personal identity that they want to maintain.

Moreover, instead of a vicious cycle in which one bad thing causes another bad thing, these positive attitudes cause a virtuous cycle. In a virtuous cycle, positive things reinforce themselves through a feedback loop. One good thing causes another good thing. In this case this case, the carefully crafted HR practices get people to act like owners, and increases positive attitudes. However, it doesn't stop there.

Those positive attitudes, in turn, increase feelings of ownership, ownership behaviors, and increase positive results.

Improved Job Performance

Employee job performance will increase when they act like owners. Employee feelings of ownership enhances job performance because employees want to help the organization that they own. For employees, the most direct way to benefit the organization is performing well on the job. In this way, employees contribute to job security and the organization's success, both of which allow employees to maintain their identities as owners. Strong fairness perceptions in the organization may increase employees' motivation to perform well since employees can expect that their efforts will be recognized and rewarded by the organization and its managers. If employees perform well on the job and exceed organizational expectations, they engage in organizational citizenship behaviors.

More Teamwork

Sometimes employees improve their cooperation with others by going above and beyond what they are supposed to do. Unlike employees who just do the minimal amount that is required by their own jobs, they do more because they feel like owners.

For example, employees act like owners when they take the initiative to address problems that they see in the organization, such as safety issues or product issues that are outside of their own job area. They can reach out to support other people when they see them struggling with issues at home or work. Employees who feel like owners speak positively about their organization to friends and family. These kinds of cooperative deeds that supplement their ordinary work will happen because of their feelings of ownership. Like owners, they sense a need to protect and nurture their organization.

Problematic Effects

However, the beneficial effects of employee ownership feelings can also turn into problematic effects that challenge organizations. These include territorial behaviors, knowledge hiding, and burnout. Each is discussed below.

Territorial Behaviors

As a result of ownership feelings, employees can engage in territorial behaviors at work. This can include defending their turf in anticipation that others might try to take over what they perceive is theirs.

It can also include claiming behaviors that are used by employees to show others their perceived ownership of something, and to discourage others from developing perceived ownership. Separating one's personal workspace by using furniture or signs could be an example. Other examples are claiming responsibilities and resources.

However, between and within teams, not every employee may interpret territorial behaviors in the same way and simply comply with the claims of coworkers. Employees may compare their standing to others in the organization and evaluate the fairness of coworkers' claims. They may think it is unfair when coworkers claim preferred workspaces (e.g., large desk, close to a shared printer) or highly valued resources (e.g., technological equipment, training opportunities) and react negatively to these behaviors. To avoid such experiences and to prevent others from claiming what someone else already perceives as his or hers, employees may engage in anticipatory defending behaviors. Such behaviors include, for instance, setting passwords for files and computers as well as putting locks on cabinets and doors to prevent others from access.

Knowledge Hiding

Knowledge hiding describes employees intentionally keeping and withholding knowledge that others have requested. For example, task information, ideas, know-how, and expertise can be hidden from others. This can be a very significant problem in knowledge-intensive organizations where the sharing of knowledge is very important to organization success.

Knowledge hiding results from employees ownership feelings because they define their identities through their jobs and the knowledge that is specific to their job. To protect their identities, employees need to protect their job-specific knowledge. For instance, sales representatives may have distinctive knowledge about sales techniques, services, products, and customers. To protect their identities as unique sales representatives, they may want to protect their job-specific knowledge and withhold it from others in the organization (e.g., managers, coworkers).

Employees may feel that the required sharing of job-specific knowledge is unfair since they have worked for acquiring this knowledge. Employees may be afraid of losing control over their knowledge and not getting credit for their work. To hide knowledge, employees may simply pretend that they do not know, that they will provide knowledge in the future without sincerely intending to follow through, or that the manager does not allow them to share information.

Burnout

It is also the case that employee efforts to protect ownership can be strenuous, cause stress, and negatively affect employees. As a result, employees may experience burnout. Burnout results from emotional, physical, and mental exhaustion. Employees may describe this state as feeling overwhelmed, emotionally drained, or unable to meet demands. However, burnout also affects the organization in which employees work. Some estimates place the cost of workplace stress at $125 to $190 billion a year.

Employees' perceived ownership may lead to such stress, especially in professions which are inherently exhausting, such as nursing. Burnout may be accelerated if employees perceive the work environment to be unfair. Employees may invest a high amount of physical and emotional energy into their jobs so that their jobs become part of their identity. Thus, employees feel like owners of their jobs and organizations. If employee ownership is not acknowledged by coworkers and managers, or if employees are not appropriately rewarded for their efforts, feelings of

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inefficacy and finally burnout may emerge. In response, employees may give up perceived ownership, and organizations may lose beneficial effects that come with it. To avoid such problematic effects, organizations need to manage employees ownership feelings.

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SUMMARY

Employee ownership feelings offer benefits and causes problems for organizations. However, managers can capitalize on employee ownership feelings by acknowledging and developing them. Managers can create a collaborative culture, enhance fairness, support work-life balance, and remove dysfunctional actors. When this happens, the positive effect of employees feeling like owners will lead to many good outcomes.

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