Employee Ownership and Shared Capitalism: New Directions in Research

Abstract
[Excerpt] This book showcases the diverse state of cutting-edge academic work on shared capitalism. More specifically, this book attempts to illuminate a representative cross section of current research about shared capitalism, enliven academic debates about it, and embolden new research initiatives. The works in this volume do not provide a complete picture of the current state of employee ownership or research about it, but by showcasing a representative sample of work, they illuminate shared capitalism’s complexity as an organizational, psychological, sociological, and economic phenomenon that requires deep interdisciplinary understanding.

Another goal of this volume is to demonstrate to broader groups of policy makers, shareholder activists, journalists, business intellectuals, economic and social justice activists, and citizens the ongoing relevance of shared capitalism and its potential for improving broader social and economic outcomes beyond employee well-being and firm productivity, such as promoting economic growth, innovation, and employment stability, as well as addressing the alarming growth in wealth inequality that has occurred in the last two decades. Although this book and its introduction focus primarily on employee ownership in the United States and, to a lesser extent, western Europe, it is important to note that shared capitalism can be found in all parts of the globe, from broad-based employee stock options in Korea, to the privatization of formerly state-owned industries in eastern Europe, to worker cooperatives in Argentina that were created in response to the financial crisis of the early 2000s. This diversity provides a rich set of experiences on which we can draw to assess the potential offered by shared capitalism and to inform policies to encourage it. This volume represents a modest step in that direction.

Keywords
shared capitalism, sociology, economics, wealth inequality, economic growth, development

Comments
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Employee Ownership and Shared Capitalism

New Directions in Research

EDITED BY
Edward J. Carberry
For John Logue... a practical idealist who helped tens of thousands share in ownership of the companies where they worked.
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Chapter 1

Employee Shared Capital Experience, Research Implications

Edwin C. Brassard

One of the most persistent elements of contemporary market economies is the growing trend of firms by their employees. Statements with employee ownership are not new. However, what has opened the door for it is the technological production with broad-based stock options that have various forms of "shared capitalism," especially with "employee ownership." Half of all employees in the private sector work for employers, which have opened the door for companies to adopt this form of ownership. Evidence shows that shared capitalism is more productive, stable, and competitive. This is not a novel phenomenon among economists, and the general public has long been aware of it.

Over the last three decades, the academic literature has revealed evidence that shared capitalism is a remarkably common phenomenon among firms and industries. This comprehensive evidence that shared capitalism impacts on employee well-being...
One of the most persistent and important, but often ignored, trends of contemporary market economies continues to be the ownership of firms by their employees. Since the emergence of different experiments with employee ownership in the early 20th century, a consistently growing group of companies and expanding set of institutions have opened the door for firms to share the financial returns of economic production with broad groups of employees. The growth of various forms of “shared capitalism” (a term that I will use interchangeably with “employee ownership”) has meant that, currently, a little under half of all employees in the private sector own stock in the companies in which they work or receive cash-based bonuses linked to different measures of corporate performance (Freeman, Blasi, and Kruse 2010). Although a number of careful academic studies have provided ample evidence that shared capitalism holds significant potential for creating more productive, stable, and equitable companies, the topic remains remarkably absent from policy and popular discussions about the workplace, employment, compensation and benefits, economic productivity, and competitiveness. In fact, employee ownership is often viewed as a fringe phenomenon among policy makers, managers, journalists, academics, and the general public.

Over the last three decades, however, a large, multidisciplinary academic literature has revealed that employee ownership is, in fact, a remarkably common phenomenon that can be found in a diverse group of firms and industries. This literature also provides persuasive evidence that shared capitalism can have significant and positive impacts on employee well-being, employee wealth accumulation, firm
productivity, and long-term firm stability and growth. Although a common assumption is that these positive outcomes are the consequence of employees being more motivated in their work by owning stock, the research consistently suggests that, in order to generate these positive outcomes, firms and managers need to structure and implement shared capitalism in specific ways—namely, by combining employee ownership with increased decision-making opportunities for employees and other HR practices associated with the high-performance work systems model (Appelbaum, Bailey, Berg, and Kalleberg 2000), such as extensive training on how firms work and extensive sharing of financial information. In addition, the literature has also demonstrated that, for shared capitalism to produce these positive effects, it needs to be offered as an additional reward on top of existing wages and other benefits rather than as a replacement. If implemented under the right conditions, shared capitalism offers a model of economic production based on the shared effort of all employees in creating productive, efficient, innovative, and stable organizations, as well as shared financial rewards for such effort. This model offers a stark alternative to the dominant one based on the primacy of short-term shareholder value and the concentration of the wealth generated by corporations into the hands of a few top managers.

Although the research on the positive effects of certain forms of shared capitalism for employees and firms is fairly conclusive, our understanding of the full range of causes, characteristics, and consequences of shared capitalism remains underdeveloped, particularly considering the persistent growth in the number of firms using shared capitalism, the growing sophistication with which firms approach implementing shared capitalism, and the emergence of new forms of shared capitalism, such as broad-based stock options in the 1990s. Employee ownership is a complex phenomenon that can be and has been fruitfully analyzed from a number of different social scientific perspectives.

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EMPLOYEE OWNERSHIP AND SHARED CAPITALISM

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economic and social justice activists, and citizens the ongoing relevance of shared capitalism and its potential for improving broader social and economic outcomes beyond employee well-being and firm productivity, such as promoting economic growth, innovation, and employment stability, as well as addressing the alarming growth in wealth inequality that has occurred in the last two decades. Although this book and its introduction focus primarily on employee ownership in the United States and, to a lesser extent, western Europe, it is important to note that shared capitalism can be found in all parts of the globe, from broad-based employee stock options in Korea, to the privatization of formerly state-owned industries in eastern Europe, to worker cooperatives in Argentina that were created in response to the financial crisis of the early 2000s. This diversity provides a rich set of experiences on which we can draw to assess the potential offered by shared capitalism and to inform policies to encourage it. This volume represents a modest step in that direction.

In this introduction, I briefly describe the historical context and current landscape of employee ownership and shared capitalism in the United States, drawing on a number of existing studies that have capably mapped out this terrain. I then turn to a discussion of the history of academic research, highlighting what we know and how we know it, as well as what we still need to know. This provides a context in which I place the current studies featured in this book. I close with a discussion of what the rich social scientific literature on shared capitalism means for public policy.

Historical Context and Current Landscape

This book examines a variety of forms of shared capitalism, including worker cooperatives, employee stock ownership plans (ESOPs), 401(k) plans, broad-based employee stock option plans, employee stock purchase plans, profit-sharing plans, and gain-sharing plans. Each type of plan is characterized by a specific legal structure that defines a mechanism through which employees receive or purchase stock from their employers or receive a cash-based bonus. In worker cooperatives, for example, each employee usually owns an equal share of the firm and makes either a one-time or periodic investment to acquire this share. In ESOPs and 401(k) plans, employees receive employer stock in a retirement account. In ESOPs, firms make annual contributions of stock to employee accounts. What distinguishes ESOPs from other plans is that employees typically do not pay for the stock with their savings or with wage concessions; instead, the stock is granted to them. The company's grants of stock are made out of company profits or are financed by a
EMPLOYEE OWNERSHIP AND SHARED CAPITALISM

loan with federal tax incentives. Furthermore, for firms to receive these and other tax benefits associated with ESOPs, all employees must be included in the plan, although there are some exceptions. In 401(k) plans, employer stock can be one of many investments in a diversified portfolio that employees buy using their savings. In many cases, companies match employee contributions to 401(k) plans with company stock matches. Since 401(k) plans are also tax qualified, all employees must be included in the plan.

There are also plans that provide shorter-term ownership opportunities (although employees can hold onto the shares for as long as they wish). Broad-based employee stock option plans (BBSOPs), for example, give employees the right to purchase a fixed amount of shares at a fixed price for a fixed period of time. Often, employees have to work at a company for a minimum length of time, usually three to five years, to get the right to exercise their stock options (i.e., purchase the shares). Although there is no legal definition of a "broad-based" stock option plan (and no legal requirements regarding the number and type of employees who must receive stock options), the common definition within the academic literature is that a broad-based plan is one that grants options to 50% or more of a firm's employees. Employee stock purchase plans (ESPPs) allow employees to defer part of their salary in order to buy discounted stock on specific purchase dates. The law requires that all employees be given the opportunity to participate in these plans, although there are a few exceptions. Profit-sharing and gain-sharing plans do not provide employees with a way to acquire stock directly but instead provide cash bonus payments based on corporate profits (in the former) and group-based performance (in the latter). There is, however, a plan called a deferred profit-sharing plan in the United States whereby workers receive cash profit sharing and can invest some of it in company stock contributed to a retirement plan, such as a 401(k) or a separate profit-sharing retirement plan.

In certain plans, such as ESOPs, the law requires that all employees participate (although there are some exceptions), while in BBSOPs, profit sharing, and gain sharing, management decides which employees participate. In ESPPs and 401(k) plans, all employees are eligible (again, with some exceptions), but they can choose whether to participate. Different forms of shared capitalism define specific legal rights for employees regarding treatment under the plan and access to specific types of plan information. Some plans also require that employees have a role in governance. Worker cooperatives are not legally required to give employees a significant role in governance, but since these organizations are set up to promote workplace democracy, they are often structured to provide all employees with a role in governance decisions. In ESOPs, the same rights as any shareholders are provided, while in ESOPs in 401(k) plans, employees can hold shares for employees. Companies give ESOP participants. In BBSOPs, employees must exercise their voting rights only if they work for the company and if the company is willing to sell their shares after purchase. Most plans have their shares immediately up to 60 days in cash profit-sharing plans, with the implementation of the law. Therefore, most types of shares for employees to acquire a plan's shares will not be restricted to employees or to participate in management. The number of companies with employer-employee relations varies from plan to plan. For example, in daily work decisions, broad governance.

Firms establish different reasons for having a stock plan, such as deep ideological reasons, the desire to provide employees with competitive benefits as part of the need to create a market-based company, or not publicly traded. Shares of private companies have been held at least the last century. Toward ways for companies to increase productivity and profit, and which most fundamentally define the social and control of the firm. (Logue and Yates 2001) industries (such as service industries) have been created because of ideological roots in the economic democracy. In addition, types of plans, there have been. The first significant growth in employee stock ownership came in the late 19th century in the United States, when companies began offering ESOPs as an incentive to attract and retain employees. Since then, the use of ESOPs has expanded to include both publicly traded and private companies. ESOPs are now considered a common benefit in many industries, and they continue to be a valuable tool for both employers and employees. The future of ESOPs remains uncertain, but they are likely to continue to play a role in the shared capitalism movement for the foreseeable future.
provide all employees with an equal, and sometimes direct, role in governance decisions. In ESOPs in publicly traded firms, employees receive the same rights as any shareholder pertaining to stock allocated to their accounts, while in ESOPs in privately held firms, a trustee votes the shares for employees. Companies can, however, extend full voting rights to ESOP participants. In BBSOPs and ESPPs, employees receive voting rights only if they work for a publicly traded company and hold onto their shares after purchase. Most employees in these plans, however, sell their shares immediately upon purchase. Since employees do not receive stock in cash profit-sharing and gain-sharing plans, there are no legal requirements for employees to have any governance role. Beyond these fairly limited voting rights in ESOPS, no laws require firms to create structures for employee participation in decision making in conjunction with the implementation of any form of shared capitalism. In essence, therefore, most types of shared capitalist plans are primarily mechanisms for employees to acquire a financial stake in their employers, although no laws restrict firms from implementing structured ways for employees to participate in management or governance. In fact, a growing number of companies with employee ownership do expand the traditional employer–employee relationship by fostering employee participation in daily work decisions, broader management of the firm, and corporate governance.

Firms establish different forms of shared capitalism for a variety of reasons, such as deep ideological commitments to workplace democracy, the desire to provide employees with a short-term financial stake or offer competitive benefits as part of a broader human resource strategy, or the need to create a market for the shares of owners of firms that are not publicly traded. Shared capitalism of many types has existed in the United States since the 19th century (Blasi and Kruse 2006). Variations on profit sharing and gain sharing, for example, have been in place since at least the last century. These plans are flexible and provide straightforward ways for companies to share the financial benefits of improvements in productivity and profitability with employees. Worker cooperatives, which most fundamentally alter traditional systems of capitalist ownership and control of the firm, also have a long history in the United States (Logue and Yates 2001). They have been most common in specific industries (such as service and retail) and smaller firms and are often created because of ideological commitments of their founders to economic democracy. In addition to the long-term presence of these two types of plans, there have been waves of adoption of other types of plans. The first significant growth of shared capitalism occurred in the mid-to late 19th century in the United States (Blasi, Kruse, and Bernstein 2003)
and then later in the early 20th century within the then-new population of large, publicly traded companies (Blasi and Kruse 2006). These plans, which included variations on direct ownership and profit sharing, as well as employee involvement in governance through works councils, were in part created to temper the radicalization of the broad movement for workers’ rights that emerged in lock step with industrial capitalism (Rosen, Case, and Staubus 2005). This wave of diffusion of shared capitalism, however, ended with the Depression (Blasi and Kruse 2006).

Despite subsequent experiments with different forms of welfare capitalism (Jacoby 1997) and interest in human relations after the Depression (Rosen, Case, and Staubus 2005) and the growth of the number of worker cooperatives in the 1960s (Jackall and Levin 1984), the next wave of significant shared capitalist diffusion did not begin until the mid-1970s with the passage of the Employee Retirement Income Security Act (ERISA) in 1974, which created the legal structure for ESOPs. The IRS created the legal structure for 401(k) plans in 1980. The number of both plans has grown or held steady with the growing popularity of defined contribution retirement plans since the 1980s. Later amendments to ESOP regulations provided more tax benefits for companies establishing them and, therefore, made the plans more attractive, particularly as a mechanism of business continuity in privately held firms. Although 401(k) plans provide a way for employees to acquire stock, they are predominantly viewed as retirement vehicles and not as a way for employees to acquire a significant ownership stake.

More recently, the rise to prominence of knowledge-based industries associated with personal computers, the Internet, and biotechnology during the 1990s brought with it the diffusion of BBSOPs and, to a lesser extent, ESPPs. The growth in these plans mirrored the growth of the sector in general, beginning as far back as the 1950s in the semiconductor industry (Blasi, Kruse, and Bernstein 2003), continuing in the 1980s in the personal computer and software industries, and diffusing widely in the 1990s with the emergence of a set of new industries related to the Internet. BBSOPs were used primarily as a way for start-up firms to attract and retain employees while conserving cash, although the sharing of capital ownership also stemmed in part from nontraditional ideas about hierarchy and authority among some corporate leaders in these sectors (Blasi, Kruse, and Bernstein 2003; Saxenian 1996). By the mid-1990s, the practice had become institutionalized among high-tech firms simply as “the way things are done.” This evolution occurred in both private and publicly traded companies, and, by the late 1990s, had even started to spread to nontech firms. The bursting of the high-tech bubble in 2000 and the subsequent corporate scandals that began with the collapse of Enron, how...
collapse of Enron, however, challenged the legitimacy of stock options and brought regulatory changes that negatively affected their accounting treatment. Anecdotal evidence suggests that, although private start-ups are still using these mechanisms, larger public companies have turned away from such plans, largely as a consequence of the changes in the accounting treatment of stock options. However, stock options remain a common component of executive compensation.

All of these developments have produced the current landscape of shared capitalism, which can be characterized as a diversity of forms in a diverse group of companies and industries. There are, however, five common manifestations of shared capitalism that can be classified as primary types: (1) ESOPS in privately held firms that own a minority of stock and function as retirement plans, (2) ESOPs that own a majority of stock and combine the plan with significant decision-making opportunities for employees, (3) small start-ups with BBSOPs and decentralized authority structures, (4) public firms in which one or many types of shared capitalism are implemented and function similar to shorter term, cash-based bonuses, and (5) worker cooperatives, which, by their nature, are unique organizational forms. This typology does not cover all firms, but it highlights the most common examples.

Like any organizational phenomenon, gaining an accurate picture of the overall incidence of plans is a difficult task due to a lack of available data, and, in the particular case of the United States, the regrettable lack of a national, longitudinal, representative survey of corporations. Kruse, Blasi, and Park (2010) provide the most recent estimates, using data from the General Social Survey (GSS) of individuals collected in 2002 and 2006. The GSS is a nationally representative sample of individuals (not organizations), but it asks questions about whether individuals own employer stock, have stock options, or participate in profit sharing or gain sharing. The most recent data (from 2006) indicated that a little less than half of the respondents (47%) participate in some form of shared capitalism. About a fifth (18%) own stock in their companies through an ESOP, 401(k), or ESPP; 38% participate in a profit-sharing plan, and 27% in a gain-sharing plan. The GSS does not collect data on worker cooperatives. The National Center for Employee Ownership (NCEO) provides the most reliable estimates of the number of firms using different types of plans. In early 2010, the NCEO estimates that there were approximately 10,500 companies with ESOPs (with 12.7 million participants and $900 billion in assets), 800 companies with 401(k) plans that are primarily invested in company stock (with 5 million participants and $200 million in assets); 3,000 firms with BBSOPs covering 10 million employees; and 4,000 firms with ESPPs covering about 11 million
employees (NCEO 2010). Finally, there are approximately 300 worker cooperatives in the United States covering over 3,500 employees and with $400 million in annual revenues (U.S. Federation of Worker Cooperatives 2010).

This section provided an overview of the different forms of shared capitalism and their incidence in the U.S. economy. The evidence shows that the phenomenon is not limited to specific parts of the economy but is present in a number of industries (Freeman, Blasi, and Kruse 2010). Since shared capitalism comes in different forms in different types of firms, the motivations for the implementation of plans and their effects on employees, corporate performance, and broader social and economic outcomes are likely to be varied and complex. In the next section, I examine the findings from the academic literature regarding the causes and consequences of shared capitalism.

Academic Research on Shared Capitalism

Academic attention to shared capitalism has waxed and waned in the last four decades, mostly responding to the diffusion of different types of plans. Research on cooperatives, for example, began to appear in the 1970s as a response to a number of trends, including the emergence of experiments in worker self-management in the former Yugoslavia, the discovery of long-existing co-ops in Western Hemisphere capitalist countries, and the emergence of a new cohort of cooperatives in the United States in the 1960s (e.g., Jackall and Levin 1984; Jones 1977, 1979; Vanek 1975). Academic studies of ESOPs began to appear in the late 1970s following the creation of the legal structure for ESOPs in 1975 (e.g., Hammer and Stern 1980; Long 1979), and research on BBSOPs emerged in the late 1990s following the high-tech boom (e.g., Blasi, Kruse, and Bernstein 2003). The primary streams of academic research on shared capitalism have focused on the effects of shared capitalism on employees, the consequences for firm performance, and the consequences for firm stability and employment growth. However, this categorization by no means covers all studies on shared capitalism, which has been the focus of scholars in a diverse range of disciplines including economics, psychology, sociology, industrial and labor relations, human resource management (HRM), and organizational behavior.

Academic work on shared capitalism has employed a diverse range of methodologies, analyzing quantitative and qualitative data collected through surveys, interviews, ethnographies, case studies, and archival data. In this section, I provide a brief overview of the primary findings of this research. It is not an exhaustive treatment of the hundreds of studies that have been done, but it is intended to provide a high-level overview of three primary research streams: comprehensive reviews of academic research (e.g., Kruse 2002); and more recent reviews (e.g., Kaeser 2010); and finally, a more critical and skeptical perspective (e.g., Meyers, Chapter 5). Kruse (2002) is one of the most comprehensive reviews of the research on employee ownership and shared capitalism. His comprehensive review of research on employee ownership and shared capitalism reveals that there is evidence of both positive and negative effects of shared capitalism on employees, corporate performance, and broader social and economic outcomes. In his comprehensive review, Kruse (2002) identifies several key themes that emerge from the research on shared capitalism.

In a similar vein, a number of more recent reviews of the research on shared capitalism have also identified a number of key themes that emerge from the research on shared capitalism. In this section, I provide a brief overview of these themes, focusing on the evidence regarding the causes and consequences of shared capitalism.

Employee Outcomes

A common research question in the literature on shared capitalism is the effect of shared capitalism on employee outcomes. The evidence from the research on shared capitalism suggests that shared capitalism can have a positive effect on employee outcomes, including increased job satisfaction, reduced turnover, improved performance, and increased employee engagement. However, the evidence also suggests that shared capitalism can have a negative effect on employee outcomes, including increased turnover, reduced performance, and decreased job satisfaction.

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of three primary research streams. I mainly draw upon a number of comprehensive reviews of the literature, including Kruse and Blasi (1997), Kruse (2002), Kaarsemaker (2006), and Caramelli (Chapter 7 in this volume). Also, although research has been conducted on shared capitalism in all parts of the world, in this review, I focus chiefly on research on the U.S. experience.

Employee Outcomes

A common research topic has been the effect of shared capitalism on employee outcomes, such as standard employee attitudes in organizational psychology (e.g., job satisfaction, organizational commitment, turnover intention, motivation, and company loyalty); economic consequences such as wealth acquisition (Buchele, Kruse, Rodgers, and Scharf 2010); and sociological outcomes such as class identification (Meyers, Chapter 5 in this volume) and inequality (Carberry 2010). In his comprehensive review of 31 studies of the impact of shared capitalism on employee attitudes and behavior, Kruse (2002) finds that the evidence reveals that shared capitalism is usually associated with more commitment to and identification with organizations, that most studies found either a positive or neutral effect of shared capitalism on job satisfaction and motivation, and that most employees like being owners. Kruse (2002) is careful to note, however, that employee ownership does not automatically lead to improvements in attitudes—however, when it does, it is not a function of how much stock employees own but of the simple fact that they are owners.

In a similarly exhaustive review of 58 studies examining the relationship between shared capitalism (mostly ESOPs and cooperatives) and a range of HRM outcomes (e.g., job satisfaction, organizational commitment, psychological ownership) in different countries, Kaarsemaker (2006) found that 38 studies found a clear positive association, 12 found no effect, and only 8 studies found direct negative effects. Kaarsemaker (2006:36) observes that "although negative effects are relatively rare . . . favorable effects do not come about automatically," highlighting that managerial commitment to ownership and psychological ownership seem to be important moderating variables, as is participation in decision making, information sharing, and profit sharing.

Finally, in summarizing an extensive set of studies using a data set of over 40,000 employees in 14 companies with shared capitalism, Freeman, Blasi, and Kruse (2010:12) find that "shared capitalism is associated with greater participation in decision-making, higher pay, more job security, more job satisfaction, and better management labor practices. These relationships are stronger when shared capitalism is
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combined with employee involvement and decision-making and with other advanced personnel and labor policies.

Although most of the research on employee outcomes has focused on psychological measures, other work has concentrated on socioeconomic outcomes. In reviewing the research on the effect of shared capitalism on wages and wealth, Kruse (2002) notes that, in contrast to popular beliefs, shared capitalism is usually provided to employees as an additional benefit. In a recent study comparing wealth outcomes of over 40,000 employees in 14 companies with any form of shared capitalism, Buchele, Kruse, Rodgers, and Scharf (2010) found that employees accumulate significantly more wealth than employees in companies without shared capitalism and that shared capitalism does not come at the expense of wages. They also find, however, that the wealth of nonmanagers in these firms is only about one third that of managers. These results are in line with those found by Carberry (2010) using the same sample. That study also found that women and nonwhite workers are, on average, less likely to participate in shared capitalism programs and acquire significantly lower levels of financial wealth through these plans.

Although many of these effects were the result of existing mechanisms of occupational and educational segregation, there was evidence that some plans were structured in ways that appear to systematically exclude women and nonwhite employees. Our understanding of the ultimate impacts of shared capitalism on broad patterns of economic inequality, however, remains very incomplete.

Corporate Performance

Another common topic of academic attention has been the effects of shared capitalism on corporate performance, and most of this attention has focused on ESOPs. The first large-scale study on the effect of ESOPs on firm performance was done in the mid-1980s by the U.S. General Accounting Office (GAO 1987). The findings indicated that ESOPs are associated with improvements to performance, but only when these plans are combined with employee involvement in job-level decision making. An early study by Rosen and Quarrey (1987) on a different sample of ESOP firms found similar results. Kruse (2002) reviewed the existing evidence from 30 studies on shared capitalism (mostly ESOPs) and observed that most research has found a positive or neutral relationship between shared capitalism and firm performance. In terms of ESOPs, productivity improves by an average of 4% to 5% in the year of ESOP adoption and continues after adoption. Kruse (2002:6) points out that this is "more than twice the annual productivity growth of the U.S. economy over the past 20 years." In another exhaustive review, Kaarsemaker (2006) examines evidence of a positive relationship between shared capitalism and corporate performance, while others found no effects.

Scholars have also examined the effects of profit sharing on firm performance. In a rigorous review of a sample of U.S. firms with profit sharing, these plans improve firm productivity as well as cash payouts (vs. payouts made in smaller firms. In their review, Kruse (1995) finds that most studies emphasize the connections between profit sharing and worker productivity, although the effects on overall firm performance are not clear. Kaarsemaker and associates (2006) conclude that, although profit sharing is associated with higher productivity, it is not causally linked to higher firm performance. However, existing studies suggest that the mechanisms that might link profit sharing to higher productivity are not well understood, and the evidence is often weak or inconsistent. Our understanding of the ultimate impacts of shared capitalism on corporate performance remains very incomplete.

Although a number of studies have examined the effect of ESOPs on performance, the mechanisms driving performance improvements are not fully understood. One explanation is that if employees believe they own the company, they will work harder and smarter to conserve cash and the impacts on profit sharing. However, this explanation is contingent on a number of factors, such as the depth explanations of the link between profit sharing and productivity, which is contingent on a number of factors, such as the depth and extent of explanations of the link between profit sharing and productivity. However, existing studies suggest that the mechanisms that might link profit sharing to higher productivity are not well understood, and the evidence is often weak or inconsistent. Our understanding of the ultimate impacts of shared capitalism on corporate performance remains very incomplete.
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Kaarsemaker (2006) examined 70 studies and found that 48 provided evidence of a positive relationship between shared capitalism and corporate performance, while only 6 studies found negative effects and 12 found no effects.

Scholars have also examined the effect of profit-sharing plans on firm performance. In a rigorous longitudinal analysis of a representative sample of U.S. firms with profit-sharing plans, Kruse (1993) found that these plans improve firm productivity but only when they are structured as cash payouts (vs. payouts made in stock), when payouts are larger, and in smaller firms. In their review of the literature, Weitzman and Kruse (1995) find that most studies have found a positive connection between profit sharing and worker productivity. Our understanding of the connections between profit sharing and performance, however, needs to be brought up to date, especially considering the wide incidence of these plans in the U.S. economy. There have been fewer studies examining the impacts of BBSOPs on corporate performance (although the number is growing) and none on ESPPs. In a comprehensive review of existing work on BBSOPs, Aldatmaz and Ouimet (Chapter 8 in this volume) conclude that, although many studies find a positive relationship between BBSOPs and performance, there is insufficient evidence of a causal link or of specific mechanisms that may be driving such a causal link. However, existing studies of BBSOPs have suggested some logical mechanisms that might be driving the performance effect, such as the enhanced productivity of individual employees, the ability of firms to conserve cash in the start-up phase, and better employee retention, which can lead to lower turnover costs (Aldatmaz and Ouimet, Chapter 8 in this volume).

Although a number of studies have found evidence of a positive effect of ESOPs on performance, there is still a lack of evidence about the mechanisms driving performance gains. As Caramelli observes in his chapter in this volume, most work on the effect of shared capitalism on corporate performance has been theoretically thin. The common wisdom is that if employees become owners or receive cash-based bonuses based on productivity gains, they will work harder to improve company performance. However, Blasi (1988) observed that such thinking amounts to a “fallacy of performance,” that is, getting employees to work harder and smarter will not necessarily lead to better firm performance, which is contingent on a number of complex factors. In fact, most in-depth explanations of the shared capitalism–performance link suggested by academic researchers have focused on sociological mechanisms, such as the reduction of management–labor conflict, and a “collective incentive to improve workplace cooperation, information sharing, and
organizational citizenship behavior" (Kruse 2002:6). This observation would certainly be in line with the important finding of the GAO study (1987) that only when ESOPs are combined with participative decision-making structures do they improve corporate performance. These types of explanations have been echoed by Kaarsemaker (2006:44) in his comprehensive review, in which he points out that the existing literature provides significant evidence that the performance effects occur only in combination with "HRM practices like information-sharing, profit-sharing, and particularly participation in decision-making."

Moreover, in a rich set of recent studies based on both the General Social Survey and a unique sample of over 40,000 employees in 14 companies with shared capitalism, Freeman, Blasi, and Kruse (2010:23) observe that "shared capitalism works best when it combines monetary incentives with employee decision-making and personnel and labor policies that empower and encourage employees." Finally, extensive case study research by experienced practitioners in the field has offered very strong evidence that the combination of financial participation and an "ownership culture" drives the long-term success of shared capitalist companies (Rosen, Case, and Staubus 2005). A number of firms have effectively created such cultures of ownership by combining ownership with participation by employees in decision making, extensive information sharing about the business, and in-depth training and education about ownership and financial literacy (Rosen, Case, and Staubus 2005). Despite the persuasive balance of evidence regarding the role of more sociological explanations of the connections between employee ownership and corporate performance, we could still benefit from additional academic studies that more precisely illuminate the mechanisms driving the positive relationship.

Organizational Stability and Growth

A smaller number of studies have examined the influence of shared capitalism on employment growth, stability, and firm survival. In a large, longitudinal study of U.S. public companies, Blair, Kruse, and Blasi (2000) found that firms which employees held more than 17% of company stock had more stable employment and that it did not come at the expense of efficiency or stock market performance. Furthermore, from the beginning of their observation period in 1983, they found that ESOP firms were 20% more likely to survive past 1995 than their industry peers. In a survey of a large population of ESOPs in Ohio, Logue and Yates (2001) found that firms with ESOPs grew faster than similar non-ESOP firms in their industries. In an update of their study using a larger data set, Logue and Yates (Chapter 10 in this volume) compare two groups of ESOPs who survived those who did not survive as long; firms were more likely to use a voice to provide employees with a voice, extensive training and communication, longer-surviving ESOPs were taking on debt and being more viable for survival in the future. Finally, the famous group of cooperatives for Arando, Freundlich, Gago, Jones demonstrate that this network of employment and economic growth ensures relating to globalization and

What Does the Research Tell Us

In assessing the substantial supported conclusions can be reached, when implemented under effects on psychological and emotional performance, those more-traditional top-down cultures. In short, shared capitalism can be-used as a way to promote work more broadly.

The effects of shared capitalism, performance, and organizational streams of research. Although looked at a number of other introduction to review them i

First, we still lack in-depth long-term research. Despite the potential of shared capitalism to increase in economic inequality, there are no academic studies work studying broader patterns on how the increased use of wealth at the top, but no st
This observation, based on both the General Electric and Kruse (2010) studies, suggests that shared capitalism of the relevant kind of employee ownership and shared decision-making. Employees with a voice in governance, and engage in more extensive training and communication around business literacy. In addition, longer-surviving ESOPs were also more fiscally prudent in terms of taking on debt and being more willing to make sacrifices in the present for survival in the future. Finally, in an analysis of the longevity of the famous group of cooperatives founded in Mondragón, Spain, in 1956, Arando, Freundlich, Gago, Jones, and Kato (Chapter 9 in this volume) demonstrate that this network of co-ops has been able to realize constant employment and economic growth in the face of intensive market pressures relating to globalization and ongoing financial shocks.

What Does the Research Tell Us and What Do We Need to Know?

In assessing the substantial body of academic research, some well-supported conclusions can be drawn. Shared capitalism of different kinds, when implemented under certain conditions, can have positive effects on psychological and economic outcomes of employees at all occupational and organizational levels, as well as positive effects on firm performance, growth, and long-term stability. However, these gains are much more likely to occur when shared capitalism is implemented as a way to fundamentally enhance an existing culture based on shared commitment, sacrifice, information, and rewards, or as a way to transform more-traditional top-down cultures and authority structures along these lines. In short, shared capitalism appears to work well only when it is used as a way to promote workplaces that distribute power and authority more broadly.

The effects of shared capitalism on employee outcomes, corporate performance, and organizational survival represent only the three largest streams of research. Although researchers in a range of disciplines have looked at a number of other outcomes, it is beyond the scope of this introduction to review them in depth. Despite the impressive progress of researchers studying employee ownership, important gaps remain. First, we still lack in-depth longitudinal analyses of how shared capitalism has influenced long-term trends in income and wealth inequality. Despite the potential of shared capitalism to mitigate the dramatic increase in economic inequality in the United States since the 1980s, there are no academic studies that examine this effect directly. Most work studying broader patterns of wealth accumulation has focused on how the increased use of executive stock options has concentrated wealth at the top, but no studies have examined how shared capitalism...
Second, although we know that systems of participative management and ownership cultures seem to unlock the potential of shared capitalism, it would be helpful to have more studies that examine these connections in more detail and that attempt to discover exactly why this combination seems to be so important. What role do individual attitudes and behavior play? Do the performance gains emerge from the ways in which decentralized decision-making structures capitalize on the knowledge and experience of all employees? Is it about the creation of a cohesive collectivist culture? While we have extensive case study evidence that the combination of employee ownership and participative management is what matters (e.g., Rosen, Case, and Staubus 2005), we lack longitudinal, large-N studies testing this finding in a large sample of firms. In addition, few studies have examined why more companies that implement shared capitalism do not embrace employee participation in decision making and employee involvement in governance.

A third notable gap is the lack of sociological analyses of the diffusion of different forms of shared capitalism. Organizational sociologists have developed sophisticated tools for analyzing diffusion of a range of organizational practices (Strang and Soule 1998), but we are missing similar studies for shared capitalism, which would help us understand why firms adopt shared capitalism and help us identify potential barriers to adoption. It is notable that, despite the apparent benefits of shared capitalism for employees, firms, and shareholders, more firms do not adopt such plans. Moreover, we know that stock-based compensation has become a more common part of executive compensation in the last two decades. Why has a similar boom not occurred with broad-based equity compensation plans?

Finally, two prominent criticisms leveled at employee ownership have been that it promotes free riding in the workplace and that it creates too much financial risk for employees. In a set of recent studies, Freeman, Blasi, and Kruse (2010) examine these criticisms empirically and find that workers who received shared capitalism are more likely to engage in co-monitoring of employees, which potentially mitigates free riding. They also found that most employees in companies with shared capitalism have not taken on undue financial risk by excessively investing in company stock, and that shared capitalism can provide a financial asset that is part of a diversification strategy of the type advised by portfolio theory in economics if the level of stock funded by worker savings is kept within reasonable parameters. These empirical studies by Freeman, Blasi, and Kruse were the first to engage directly with the common criticisms of employee ownership to help us better understand the shared capitalism and the consequences are more likely to occur.

These gaps are just a few of the current literature. We could also use a pre- and post-implementation impact of shared capitalism on the already discussed. Another impetus when firms with significant traded. Do the demands of a have shared shareholders, often focused on risk at risk? In addition, we need to understand on their diffusion. Moreover, we know next to nothing crises in the last ten years have that stock option and similar type, but have firms scaled back on the economic strain? In a related way among knowledge-based firms? egalitarian organizational culture to the development and success? Blasi, Kruse, and Bernstein 200 prominent form of compensation in the long-term success of these firms. As a global phenomenon, we still need national experiences. Advance deepen our understanding of section which it works best.

The Chapters in This Book

The chapters in this volume, illuminating others. The book Section I addresses the relationship between organized labor, a topic likely to be of volume. Unions have historically ship, seeing it as a way to prevent the formation of unit ones. However, since a wave in old-line manufacturing ind
criticisms of employee ownership, and additional work needs to be done to help us better understand the potential negative consequences of shared capitalism and the conditions under which these negative consequences are more likely to occur.

These gaps are just a few of the most obvious ones among many in the current literature. We could also benefit, for example, from studies that use a pre- and post-implementation design to more robustly analyze the impact of shared capitalism on the individual and organizational outcomes already discussed. Another important phenomenon relates to what happens when firms with significant employee ownership become publicly traded. Do the demands of a broader and more diverse group of outside shareholders, often focused on short-term profits, put employee ownership at risk? In addition, we need more research on newer forms of shared capitalism, such as BBSOPs and ESPPs. Despite a dramatic growth in the number of these plans in the 1990s, there remains a lack of scholarly understanding on their diffusion, characteristics, and consequences. Moreover, we know next to nothing about how the recurring scandals and crises in the last ten years have influenced the use of BBSOPs. We know that stock option and similar types of plans have continued for executives, but have firms scaled back on these new forms of shared capitalism under economic strain? In a related vein, what is the continuing role of BBSOPs among knowledge-based firms? A number of scholars have suggested that egalitarian organizational cultures and broad-based stock options were key to the development and success of the high-tech sector (Saxenian 1996; Blasi, Kruse, and Bernstein 2003). However, were BBSOPs only a convenient form of compensation in a booming economy or are they integral to the long-term success of these firms? Finally, although shared capitalism is a global phenomenon, we still need to better integrate lessons from cross-national experiences. Advancing research on all of these fronts would deepen our understanding of shared capitalism and the conditions under which it works best.

The Chapters in This Book

The chapters in this volume help address some of these gaps while illuminating others. The book is organized into three broad sections. Section I addresses the relationship between shared capitalism and organized labor, a topic likely to be of key interest to readers of this volume. Unions have historically been skeptical of employee ownership, seeing it as a way for management to co-opt employees and prevent the formation of unions, or to diminish the power of existing ones. However, since a wave of union-led employee buyouts of firms in old-line manufacturing industries such as steel in the 1980s, unions
have maintained a less ambivalent stance toward employee ownership, preferring to evaluate it on a case-by-case basis. The three chapters in this first section explore the relationship between organized labor and shared capitalism in more depth.

In Chapter 2, McCarthy, Voos, Eaton, Kruse, and Blasi first provide an enlightening examination of the historical context of both unions and employee ownership and the existing literature on the two, highlighting that “unions have a mixed relationship—both ideologically and pragmatically—with shared capitalism.” To examine this relationship in more depth, the authors analyze a unique cross-sectional sample of over 17,000 employees in 11 companies with shared capitalism, finding that the relationship between the two “appears to be complementary rather than oppositional.”

In the next chapter, Berry and Schneider provide further support for a complementary relationship through their in-depth case study of Cooperative Home Care Associates (CHCA), a worker cooperative that is unionized by the Service Employees International Union (SEIU). This chapter demonstrates that, in situations where employee owners have a direct role in governance, unions still have opportunities to improve the quality of jobs and help employees develop leadership skills. Their analysis also highlights the importance of understanding the motivations for employee-owned firms in unionizing for the development of an effective relationship between labor and management, as well as the importance of formal structures that facilitate collaboration among executives, employee owners, and union representatives.

In Chapter 4, Bova approaches the union–shared capitalism relationship from a very different perspective, namely that of accounting and finance, examining the unintended benefits of shared capitalism in unionized settings. Drawing upon a large sample of publicly traded ESOP companies, Bova reveals that shared capitalism can lead to better financial transparency in unionized settings by reducing the incentive for corporate managers to keep their books opaque. Employee ownership, therefore, may lead to positive outcomes for shareholders through this mechanism. This chapter is representative of an emergent literature within accounting and finance analyzing shared capitalism.

Section II provides a snapshot of the broad diversity of current research on shared capitalism in terms of topics, theoretical approaches, and research methods. In Chapter 5, Meyers examines the potential of shared capitalism to empower working-class employees, which has been one of the key ideological rationales for shared capitalism. Despite the centrality of the empowerment of employees in the discourse surrounding employee ownership, academic studies on this topic have been remarkably lacking. Through Meyers examines working-class employees. Her analysis demonstrates that shared capitalism is a mechanism for empowering employees with a role in governance, organizational structure, and workplace culture and race, with organizational structure and gender and race interacting with the character of shared capitalism—often supporting these relationships and contributing to the development of effective shared capitalism.

Section II concludes with a critical examination of the future of shared capitalism in the context of the current political and economic landscape. Despite the challenges, the potential for shared capitalism as a mechanism for social change and worker empowerment remains significant. As the body of research on shared capitalism continues to grow, it is clear that this approach holds promise for creating more equitable and sustainable economic systems.
Remarkably lacking. Through ethnographic and archival methods, Meyers examines working-class empowerment in two worker cooperatives. Her analysis demonstrates that employee ownership has the potential to empower working-class employees, but that empowerment is not an automatic consequence of shared capitalism, even in cooperatives (the form of shared capitalism that is the most egalitarian in terms of how ownership is shared and the most far-reaching in terms of providing employees with a role in governance). Meyers's chapter shows that empowerment only emerges in conjunction with formal, but nonhierarchical, organizational structures, and, since class always intersects with gender and race, with organizational narratives that recognize how gender and race interact with class in the workplace. Surprisingly, Meyers's chapter represents one of the few sociological studies of contemporary worker ownership—a gap that will hopefully be addressed in the near future, since sociology is distinctive in its recognition of the central role that power, social stratification, and gender and ethnoracial identities play in all social settings, especially organizations. This theoretical terrain has been relatively unexplored with respect to shared capitalism.

In Chapter 6, Kurtulus, Kruse, and Blasi examine a very different set of worker outcomes relating to attitudes about compensation risk and how the match between an employee's view of risk and the riskiness of employee compensation packages influences standard psychological outcomes of workers. One of the primary criticisms of employee ownership leveled by economists is that it creates too much risk for the average worker. The cross-sectional data set analyzed in this chapter provides a rare way to test contentions about risk and risk preferences and how they influence worker attitudes and behavior. The authors find that a match between compensation risk and risk preferences has a positive impact on a range of workplace attitudes and that risk-averse workers do not react negatively to shared capitalism. This chapter is the first academic study on the topic and also contributes to the broader literature on risk preferences and compensation in the HR literature.

Section II concludes on a more theoretical note. In Chapter 7, Caramelli takes on a core topic within existing academic work on shared capitalism: the influence of shared capitalism on corporate performance. In assessing the vast literature, Caramelli observes that this work has been very thin on explaining exactly why there is a relationship between shared capitalism and firm performance. Taking a different approach from existing work, he employs an inductive, qualitative methodology in the context of France to illuminate several new mechanisms through which employee ownership affects performance. In the final chapter of Section II, Aldatmaz and Ouimet provide an exhaustive review of the
existing work on broad-based stock options in the economics and finance literature. Their careful and original synthesis of this growing body of work focuses on explanations for why firms adopt BBSOPs and the impact of BBSOPs on firm performance. The emergence of BBSOPs in the 1990s represents the latest development of a new form of shared capitalism, and our academic understanding of the contours and implications of this form remains very underdeveloped. This chapter provides a timely and important contribution to our knowledge.

The last section includes three chapters that each examine the broad experience of employee ownership in a specific geographic context. Such analyses, by linking the experience of shared capitalism to specific institutional, economic, and cultural environments, provide a unique perspective that is representative of a range of cross-national work (see Poutsma, de Nijs, and Poole 2003). In Chapter 9, Arando, Freundlich, Gago, Jones, and Kato provide a broad assessment of one of the most well-known examples of shared capitalism—the network of cooperative firms in the Mondragon region of Northern Spain. Using a unique set of new data collected from the cooperatives and archival sources, this chapter analyzes the reasons why the group of Mondragon cooperatives has survived and grown in the face of globalization and recurring financial crises while maintaining its original ideals of workplace democracy. Although these ideals have been compromised to some extent, the authors attribute the overall success of this network of firms to its institutional flexibility and innovation.

In Chapter 10, Logue and Yates assess the experience of ESOP firms in Ohio over a 21-year period. Drawing on a unique longitudinal data set of a representative sample of ESOP firms in Ohio, a type of data set that is rare, the authors examine the development of ESOP companies over time and the characteristics associated with ESOPs that endure for long periods. The authors find that ESOP firms that survive the longest are more committed to creating significant employee involvement in management and are more fiscally cautious and willing to make sacrifices. Long-lived ESOPs also experienced significant growth in the number of participants and had an increase in better-paying jobs with good benefits.

In the final chapter, Pendleton examines the experience of shared capitalism in the United Kingdom over the last two decades. The United Kingdom, along with the United States, has been one of the pioneers of laws to promote shared capitalism. Taking a broad, historical approach using archival data, Pendleton not only provides an elegant and engaging descriptive analysis of different types of shared capitalism in the United Kingdom, but he also makes an important theoretical contribution by emphasizing the necessity for researchers to pay careful attention to the different types of ownership in any national context. Shared capitalism, Pendleton argues, is salient for explaining the diversity of currents of contemporary shared capitalism. While they of course have many new ones, they each reflect a different understanding of the expert research designs and theories of inquiry for additions.

Promoting Shared Capitalism

While the primary goal of shared capitalism, the actions for public policy, and actions of these implications, the positive effects that shared outcomes should be more policies to encourage more to do so in combination with broadly broad-based employees, it is likely that the positive performance, and economic and social consequences that are more likely to be supported to foster sustained additional, by more broadly of all kinds and supplement occupations, shared capital expansion of income and last two decades in the Union of inequality has been the upper echelon of top unit. Cha 2007; DiPrete, Eirich benefited handsomely from units. More broadly distributed, most or all employees would in the 1960s was made through being severed. In addition into the hands of more p
different types of ownership. This insight is applicable to shared capitalism in any national context. In assessing the determinants of adoption of shared capitalism, Pendleton finds that different theoretical perspectives are salient for explaining the diffusion of different forms of it.

Taken together, the ten chapters in this book provide a sample of the diverse currents of contemporary academic research on shared capitalism. While they of course leave many questions unanswered and raise many new ones, they each address important and enduring gaps in our understanding of the experience of shared capitalism, offer innovative research designs and theoretical contributions, and open up many new lines of inquiry for additional research.

Promoting Shared Capitalism Through Public Policy

While the primary goal of this volume is to highlight current research on shared capitalism, the academic literature offers a number of implications for public policy, and I end this introduction with a deeper discussion of these implications. The consistency in the findings regarding the positive effects that shared capitalism can have on employee and firm outcomes should be more than sufficient evidence for the desirability of policies to encourage more companies to not only adopt such plans, but to do so in combination with other human resource practices, particularly broad-based employee participation in decision making. Moreover, it is likely that the positive effects on employee well-being, corporate performance, and organizational stability may also have broader economic and social consequences. For example, better-performing firms that are more likely to survive in the long term are the ones best positioned to foster sustained economic growth and employment stability. In addition, by more broadly distributing the financial gains of production of all kinds and supplementing wages that continue to stagnate for most occupations, shared capitalism might also help mitigate the alarming expansion of income and wealth inequality that has occurred over the last two decades in the United States. In fact, a key driver in this expansion of inequality has been the broad diffusion of shared capitalism for the upper echelon of top managers in publicly traded firms (Morgan and Cha 2007; DiPrete, Eirich, and Pittinsky 2010). These employees have benefited handsomely from having stock options and restricted stock units. More broadly distributing the opportunity of stock ownership to most or all employees would help reconnect the link between productivity improvements and the income of all employees—a link that prior to the 1980s was made through gradual increases in wages but has since been severed. In addition, shared capitalism, by putting more income into the hands of more people and dispersing purchasing power more
broadly, could help promote economic growth and create a robust foundation of economic activity to spur new investment. Finally, by creating incentives for corporate managers to create more participative workplaces (since the research is clear that this is when shared capitalism has the most potential), policies to promote shared capitalism could help foster the development of organizational structures that allow more people to have input into decisions relating to economic production, investment, and distribution—a breadth of participation that is notably absent in the current shareholder value model, which is based on the concentration of rewards and decision-making into a small group of people.

Although research on the broader social and economic effects of shared capitalism remains at a very early stage, such consequences do not seem far-fetched or fantastical. When viewed together with the persuasive academic evidence about the positive effects of shared capitalism on individual and organizational outcomes, a compelling case for policy initiatives to promote the adoption of shared capitalism by more companies emerges. Certainly, it is an unusual type of policy issue that could (and has) gained support from a broad range of the political spectrum, from those on the left, such as Ronald Reagan and Representative Dana Rohrabacher (R-Calif), who see it as creating a population of capitalists, to those on the right who see it as a way to promote more democratic workplaces. A number of academics and practitioners have offered suggestions for policies to promote shared capitalism. In the rest of this section, I review these and offer a few new suggestions.

The most obvious type of policy would be to provide corporations with tax incentives to implement shared capitalism and to ensure that these plans are structured in ways that benefit most or all employees, not just a select few. Current laws on ESOPs provide an instructive and useful model. Firms that establish ESOPs can deduct from their taxable income contributions to the ESOP (up to 15% of payroll if the plan does not borrow money and up to 25% of payroll if a plan is leveraged). In addition, owners who sell to an ESOP can defer capital gains taxes on all proceeds from the sale, provided that the ESOP owns at least 30% of the firm's shares after the sale. However, ESOPs must meet specific conditions regarding participation (typically all full-time employees who have been with the company at least one year) and allocation (highly compensated employees cannot receive a disproportionately large percentage of stock). The ESOP laws provide a model for promoting the adoption of other types of plans, such as stock options, through similar policies. Three of the most prominent academics studying shared capitalism (Freeman, Blasi, and Kruse), in conjunction with the Center for American Progress, a major policy think tank in Washington, DC, have developed more specific suggestions. These scholars suggest that stock options should be implemented for all full-time employees who currently receive a tax deduction for their stock options, and that firms must make sure that stock options are distributed widely and that they receive stock options widely as well as with qualified profits, which currently require similar terms to receive preferential tax treatment. Implementing similar laws would prevent firms from offering stock options to a broad group of employees, as they do currently receive substantial benefits. These suggestions, along with similar policies (called long-term incentive plans or variances on the profit-sharing plans), typically aimed at only a select group of employees, are likely to face legislative challenges. More far-reaching proposals to implement such legislation are likely to face resistance from businesses and politicians who define economic growth and success using different metrics. While shared capitalism has been ESOP legislation, it has been supported by an extensive body of research and practice, with a focus on creating a more democratic workplace for employees. However, there is a wealth of evidence that shared capitalism can have positive effects on employee satisfaction, engagement, and firm performance, along with social and economic benefits, such as increased productivity, innovation, and sustainability.