# Job Quality of Employee Share Owners in the United States

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# Introduction

The focus of this report is to communicate broad findings about the quality of jobs held by American employees who participate in employee share ownership using General Social Survey data. There are four sections in this report, each comparing employees with share ownership to traditional employees without share ownership emphasizing the use of bar charts to easily communicate results. The first section focuses on wealth and wages. The second focuses on employment stability. The third focuses on employee benefits and retirement security. The fourth focuses on workplace involvement.

This report includes all forms of employee share ownership and does not break out different forms separately (e.g. ESOPs). Such analyses will be published by the Shares Lab in future reports.

## Executive Summary of Findings

1. In general, employee share owners report having levels of individual wealth that are nearly two times as large as workers without share ownership and are more likely to perceive the fixed wages they receive as higher than the market rate for workers with similar experience and job descriptions.
2. Employee share owners are more than two and a half times less likely to report being laid off in the last 12 months compared to employees without share ownership (1.9% vs 5.1%) and have tenure that is 3 years longer on average (9 yrs vs 6 yrs).
3. When compared to non-employee owners, employee share owners are more likely to report that it is very or somewhat true the fringe benefits they receive are good (86% vs. 70%). They are also more likely to report having a defined pension plan (40% vs 28%) and participate in profit sharing (92% vs 84%).
4. Employees share owners, compared to workers without share ownership, are more likely to report receiving employer sponsored training (66% vs 47%), participating in decision-making (85% vs. 76%), serving on a team, committee or task force addressing workplace issues (41% vs 27%) and being involved in a self-managed team (45% vs. 36%).

## Sources and support for these data

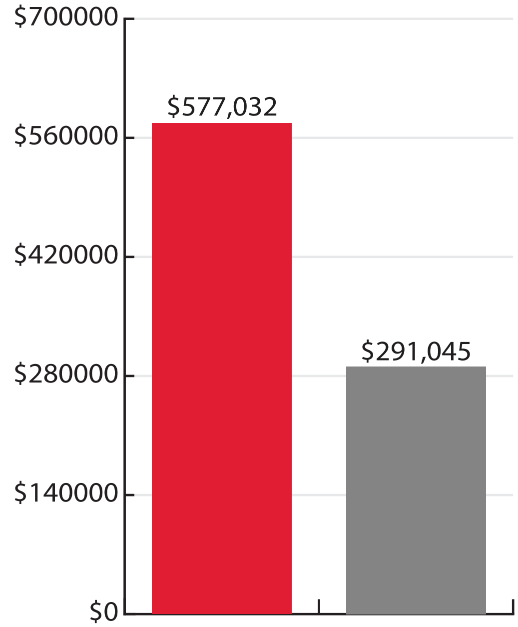
The analysis in this report is based on data from the 2002, 2006, 2010, 2014, 2018, and 2022 General Social Survey (GSS). The GSS is sponsored by the National Science Foundation and the data were collected by the National Opinion Research Center at the University of Chicago, which does a lot of contract work for the NSF and the U.S. Census. Questions dealing with equity compensation have been organized over the 2002- 2022 period by the Rutgers University Institute for the Study of Employee Ownership and Profit Sharing by applying with a research proposal every four years to the General Social Survey at National Opinion Research Center. The 2022 GSS questions were entirely supported by a gift from Google.org. Between 2002-2018, various institutions provided direct or in-kind support for the General Social Survey including the Employee Ownership Foundation, the Institute for the Study of Employee Ownership and Profit Sharing at Rutgers University, the Rockefeller Foundation, the Russell Sage Foundation, the Beyster Institute at UCSD, the Foundation for Enterprise Development, the National Center for Employee Ownership, and the Profit Sharing Research Foundation. From 2002-2022, staff of the School of Management and Labor Relations employee share ownership research team and the School's Institute for the Study of Employee Ownership and Profit Sharing offered their time to write research proposals, design research questions, analyze data, and write reports as part of their academic appointments.

# Wealth and Wages

Economic inequality is a major issue of our time, as both income and wealth inequality are at historic levels and continue to increase. Employee ownership, which often provides better paying jobs and wealth building opportunities to workers, is well positioned to help ameliorate this trend as it provides capital assets to those who would otherwise not have access to them (Bernstein, 2016). For example, a study of workers between the ages of 28-34 found that employee owners earned 33% more in wages and had 92% higher household wealth compared to traditional employees (Wiefek, 2017). A comprehensive study of all public companies that adopted some form of broad-based employee ownership found that on average, wages for employee owners increased by as much as 20% after adoption (Kim and Ouimet, 2014). Importantly, the income and wealth gains for employee owners are broadly distributed beyond highly paid workers. In one of the most comprehensive studies of ESOP companies, carried out with support from the W.K. Kellogg Foundation, researchers found that the wealth held by low to moderate income employee owners was substantially larger than national averages for the same demographic group. For example, Black women employee owners in the study sample held $55,000 in wealth while the national average for other Black women was $200 (Boguslaw and Schur, 2019). One aspect of employee share ownership is the financial stake that workers at these companies receive is generally not purchased by the employees themselves but rather is provided by the company on top of standard pay and benefits. This is true even when taking into account people of different demographic groups who work in different occupations and industries. (Kruse et al., 2022).

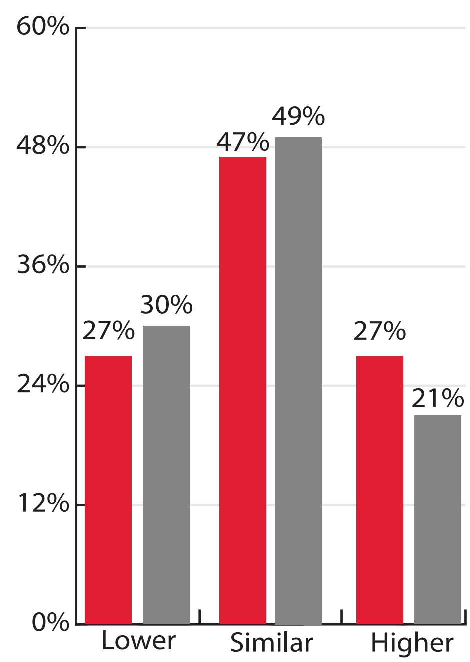
The first table compares the net worth of those who report owning stock in the company they work for, and those who do not. The mean net worth reported by employees owning company stock is nearly double that of those who do not ($577K vs. $246K). The second chart reports how individual workers perceive the pay they receive on the job. Those who hold company stock were less likely to report that their pay was lower (3 percentage points), and more likely to report their pay was higher (6 percentage points) than traditional workers. Together the two charts indicate that, on average, employee owners enjoy considerably higher levels of wealth than traditional employees and are more likely to perceive their wages as being above the market rate.


## Individual Wealth




Note: Analysis based off the question "Please estimate your total wealth". Years included in the analysis are 2006, 2014, 2018, 2022. Responses to the General Social Survey were matched with average responses to the Survey of Consumer Finances to provide more reliable estimates. Estimates are adjusted to 2022 dollars.

## Comparing Wages to Market Rate



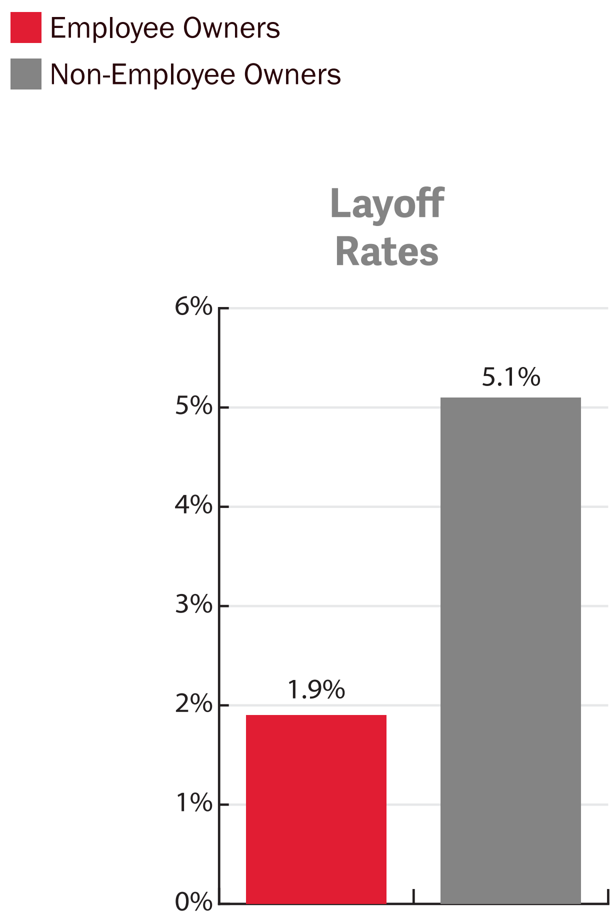

Note: Analysis based off the question "Do you believe your fixed annual wages in [the previous calendar year] were higher or lower than those of employees with similar experience and job descriptions in other companies in your region? Years included in the analysis are 2006, 2014, 2018, 2022.

# Employment Stability

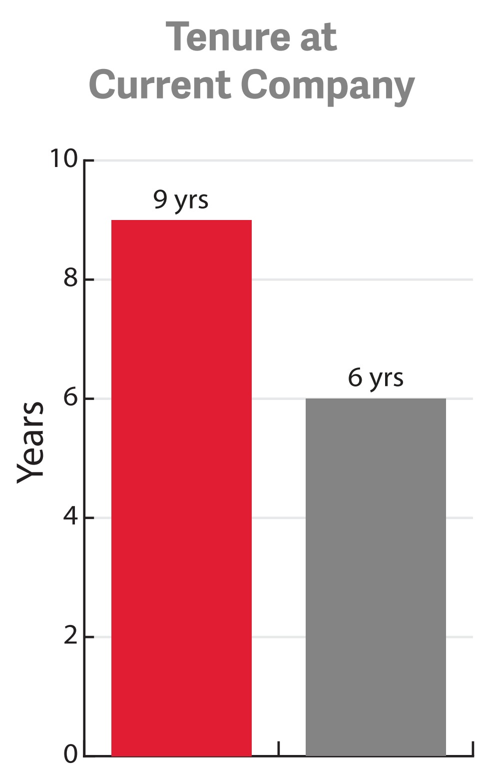
Secure employment is key to building financial security as well as family stability. After all, for most people, wages are the main source of income. Moreover, many individuals are able to access other benefits including health insurance through their workplace. As such, interruptions in employment are a key factor in explaining differentials in income and wealth and overall financial security. Research shows that employee-owned companies are less likely to layoff workers compared to traditional companies, especially during economic downturns. For example, a study that tracked all publicly traded companies with and without broad-based stock ownership programs between the years of 1991-2011 found that companies with employee ownership were less likely to shed jobs during this period as well as go out of business (Kurtulus & Kruse, 2017).

A more recent example of this dynamic at play was during the COVID-19 pandemic. One survey conducted during this period found that the layoff rate at employee-owned companies was four times smaller when compared to similar companies without employee ownership (Employee Ownership Foundation, 2020). Another found that employee-owned companies chose to reduce wages or hours instead of laying off workers (Manklang, Trenholm, Prushinskaya, 2020). The upshot is employee owners have stable employment which ensures a steady stream of income as well as consistent access to employer sponsored benefits. Thus, employee ownership acts as a bulwark against job-loss in an economic crisis that can relieve the strain placed on government programs. One study estimated that in the period of 2002-2014, which included the 2008 financial collapse, lower layoff rates of employee-owned companies saved the federal government $70 billion in unemployment insurance (Rosen, 2015).

The first chart to the right compares the layoff rates of employee share owners compared to traditional workers. While 1.9 percent of those who own stock in the company where they work report being laid off in the last year, 5.1 percent of traditional workers report this being the case. In other words, over the 20-year period of 2002 – 2022, those who own stock in the company they work for are, on average, two and a half times less likely to report being laid off than traditional employees. The next chart compares the length of tenure in number of years and shows that on average, employee owners work for a given company for 3 more years than employees at traditional companies. Put differently those who own stock in the company they work for have tenure that is 65% longer than traditional workers.




Note: Analysis is based on the question "Were you laid off your main job at any time in the last year?" Analysis was restricted to those who reported having 1 year or more of tenure with their current employer. Years included in the analysis are 2002, 2006, 2010, 2014, 2018, 2022.



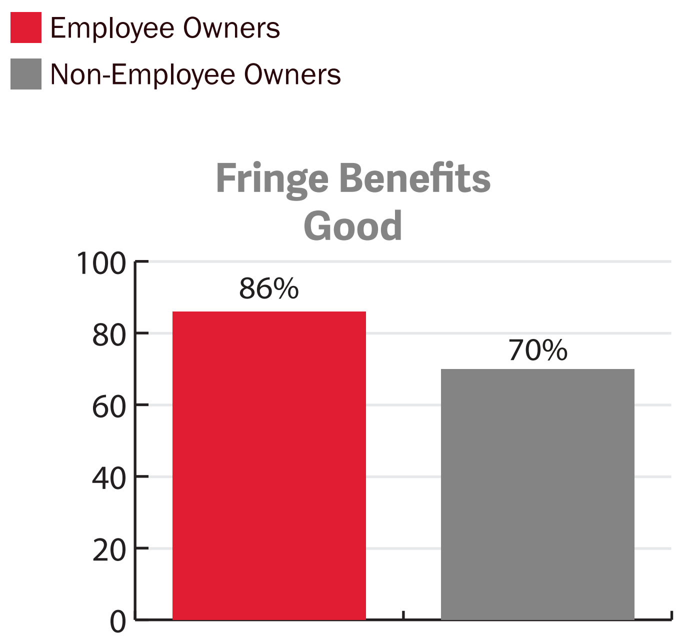

Note: Analysis is based on the question "How long have you worked in your present job for your current employer?" Years included in the analysis are 2002, 2006, 2010, 2014, 2018, 2022.

# Fringe Benefits and Retirement Security

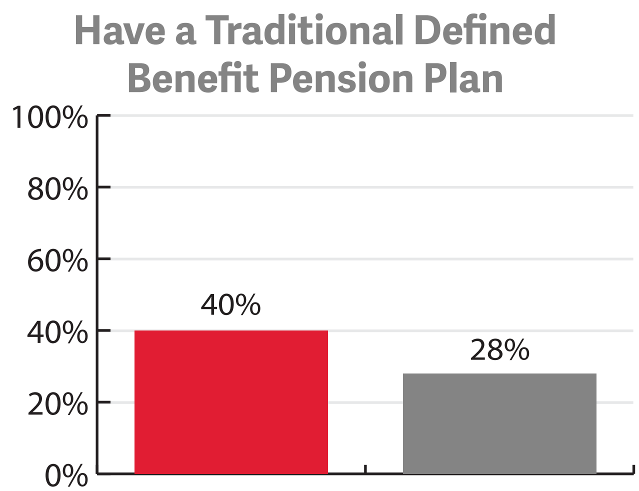
The importance of company sponsored benefits cannot be overstated. Studies have shown that fringe or "non-wage" benefits can make up nearly a third of total compensation (Sullivan et al., 2019). Benefits like health and life insurance provide workers with security against the possibility of taking on debt to pay for medical expenses or deal with other unexpected emergencies, thus acting as a wealth building tool. Employee-owned companies are more likely to provide several "non-wage" benefits. Comparing employee owners to traditional employees, Wiefek (2017) finds that employee owners are more likely to have a number of important non-wage benefits including medical insurance (97% vs 67%), life insurance (86% vs 50%) dental insurance (94% vs 60%), paid maternity or parental leave (65% vs. 31%), tuition reimbursement (62% vs. 24%), and childcare benefits (23% vs. 5%).

Retirement savings is also a pressing issue. Today in the US, 50% of households report having zero retirement savings (Morrissey, 2019). Research shows that it is often low-income individuals who lack retirement plans as they are either not offered by employers or because they do not have the discretionary income to pay into one, often making a dignified retirement out of reach. (Ghilarducci & Cook, 2023). Research strongly suggests employee ownership plays an important role in building retirement savings. A study conducted by the National Center for Employee Ownership (2021) analyzing over 300,000 qualified retirement plans compared employee owners to traditional workers with a 401(k). It found that employee-owner's retirement account balances are twice as large ($132,000 vs. $64,000). It also found that employer contributions made by employee-owned companies to individual retirement accounts are two and a half times larger than those made by traditional companies ($6,567 vs. $2,507) Moreover, 94% of the total contributions to retirement plans made were made by the company, not the employees, allowing low-income workers the ability to build retirement savings. Other studies find employee-owned companies are more likely to offer multiple company sponsored retirement plans (Rodgers, 2018, 2010; Blasi et al., 2013).

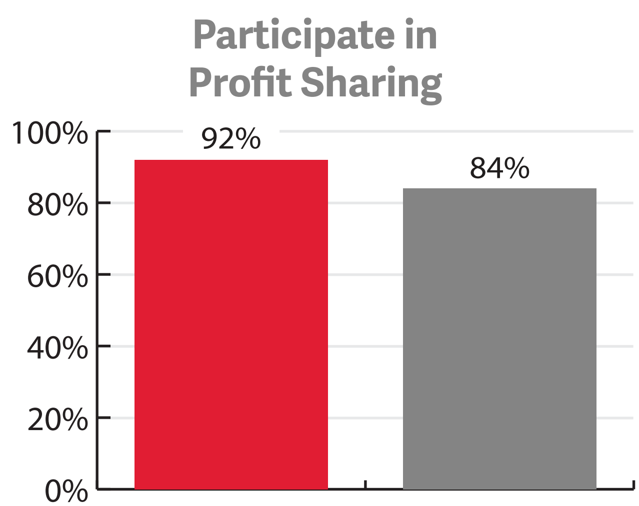
The three charts in this section provide further evidence that employee share ownership is associated with employees receiving good benefits and retirement security. The first chart shows that 86% of employee owners report it is very or somewhat true their fringe benefits are good, compared to 70% of traditional workers, a 16-percentage point difference. The second chart shows that when asked 40% of employee owners report having access to a defined benefit pension while 28% of traditional workers reported this being the case, an 11-percentage point difference. The third chart shows that 92% of employee share owners report receiving some form of profit sharing, compared to 84% of traditional workers (an 8-percentage point difference).




Note: Analysis is based off the question "My fringe benefits are good." Responses of "very true" and "somewhat true" were combined to construct the category of "good" reported in this chart. Years included in the analysis are 2002, 2006, 2010, 2014, 2018, 2022.




Note: Analysis is based off the question "Do you have a defined benefit pension plan at your company?" Years included in the analysis are 2014, 2018, 2022.




Note: Analysis based off the question "Does the size of these performance-based payments depend on company profits or performance?" Years included in the analysis are 2006, 2014, 2018, 2022.

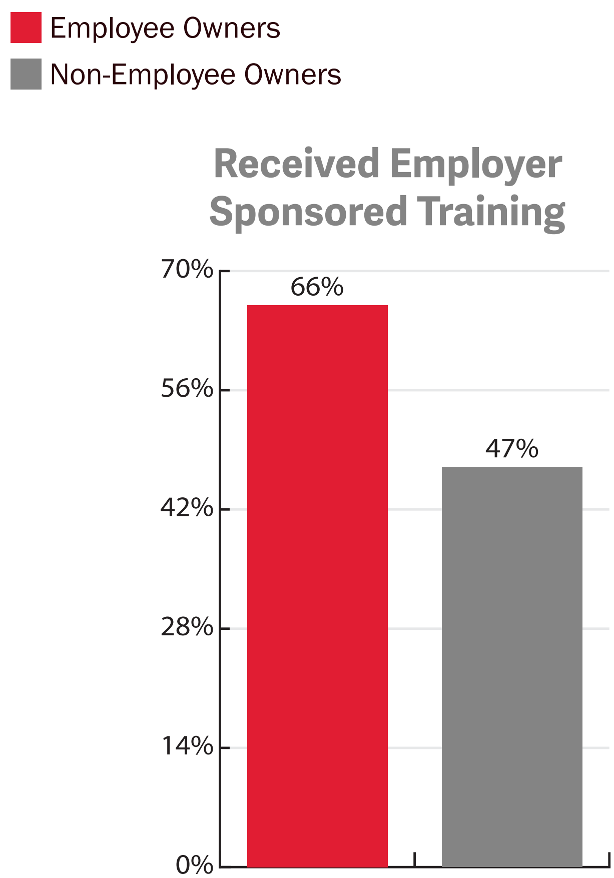
# Workplace Involvement

## Part 1

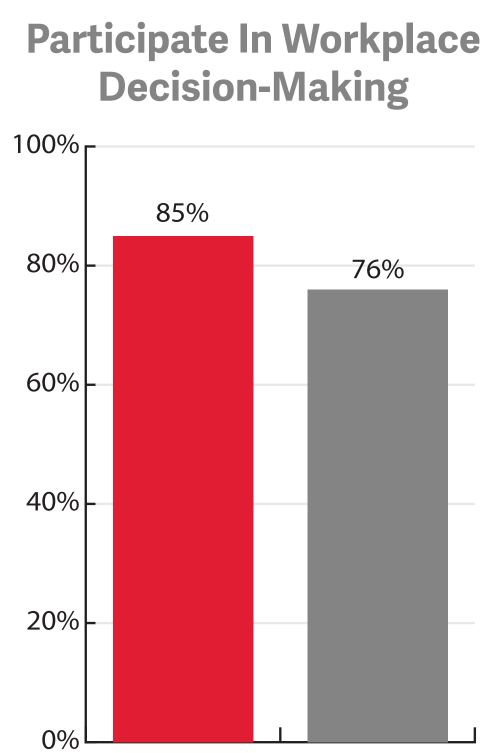
When talking about the workplace it is common to focus on the economic dimensions, and rightfully so. Workplaces are where most people generate income and wealth, as well as receive insurance and retirement benefits. However, workplaces, as sites where individuals meet and collaborate to achieve a common goal, have a social dimension too. Employee-owned firms are more likely to provide employees with meaningful ways to participate in workplace decision-making as well as offer training to employees that build the skills needed to contribute to the company effectively, both of which have been linked to increased productivity and company performance (Blasi et al., 2016; Kruse et al., 2004).

Beyond the profitability of the company, social science research shows that when workers are given a voice at work and the opportunities to develop their skills, they build up a sense of confidence, self-agency, and trust in others which can be applied outside the workplace (Verba et al., 1995). Research has found that individuals who work at more participatory companies are more likely to vote, volunteer for an organization, attend local meetings, and donate to charity (Budd et al., 2018; Summers & Timming, 2020). In this way, employee-owned companies, and the participatory cultures they develop serve as one way to reinvigorate civic life.

The four charts in this section provide examples of the ways in which owning stock within the company one works is associated with opportunities to participate in their company as well as develop skills needed to perform their job effectively. The first chart shows that 66% of employee owners reported receiving company sponsored training compared to 47% of traditional employees. The next chart shows that 85% of employee owners report being often or sometimes involved in making decisions that affect themselves while 76% of traditional employees reported the same, a 9 percentage point difference.




Note: Analysis is based off the question "In the last 12 months have you received any formal training from your current employer, such as in classes or seminars sponsored by the employer? Years included in the analysis are 2006, 2014, 2018, 2022.




Note: Analysis based off the question "In your job, how often do you take part with others in making decisions that affect you?" Responses of "often" and "sometimes" were combined to construct the category of participating in decision making. Years included in the analysis are 2002, 2006, 2010, 2014, 2018, 2022.

# Workplace Involvement

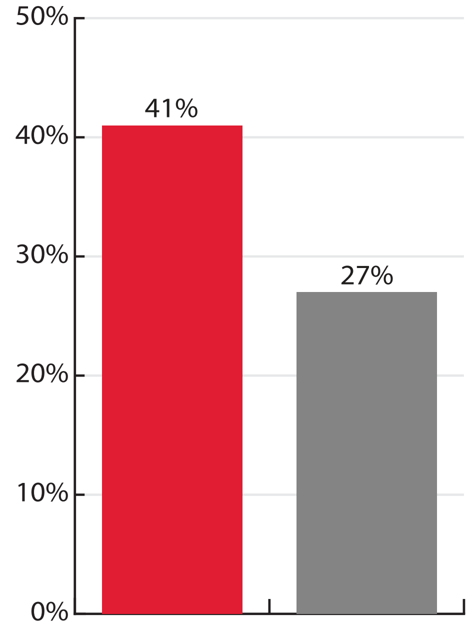
## Part 2

The next chart reports responses to the question of whether or not workers served on a team, committee, or task force that addresses workplace issues. Employee owners are more likely to report this being the case (41%) when compared to traditional workers (27%). The final chart is based on respondent's answers to the question of whether they are involved in a self-managed team. Here 45% of those who own stock in the company they work for report being involved in such a team while 36% of traditional employees report this being the case, a 9-percentage point difference.

Employee Owners

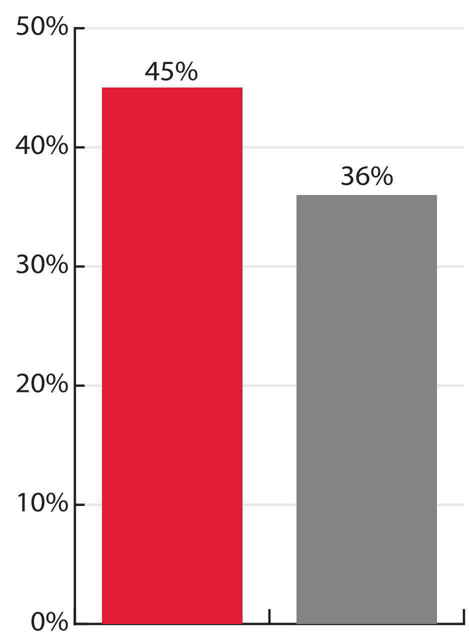
Non-Employee Owners

### Serve on Team, Committee, or Task Force




Note: Analysis is based off the question "Some companies have organized workplace decision-making in ways to get more employee input and involvement. Are you personally involved in any group, team, committee, or task force that addresses issues such as product quality, cost cutting, productivity, health and safety, or other workplace issues?" Years included in the analysis are 2006, 2014, 2018, 2022.

### Involved in Self-Managed Team




Note: Analysis based off the question "Are you currently involved in a self-managed team?" Years included in the analysis are 2006, 2018, 2022.

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