

Rutgers University
School of Management and Labor Relations
Spring 2023 – Virtual Synchronous Class – All Sessions on Video in Real Time on Zoom

Equity Compensation & Employee Ownership

For undergraduates: 37:533:324:91

For M.A. students: 38:533:618:91c.

This class is open to both undergraduates and graduate students.

This will be a small virtual seminar with guest speakers and discussions requiring class participation, supplemented with brief lectures by the professor. A live case study on video from the CEO of a firm or another expert will take place almost every week in class.

Course Time: Wednesday, 2:00-5:00 pm

Professor Joseph Blasi, J. Robert Beyster Distinguished Professor, Human Resource Management (HRM) and Distinguished Professor, Labor Studies and Employment Relations (LSER)

Professor Email: blasi@smlr.rutgers.edu (when you email Prof. Blasi with questions about assignments, copy adria.scharf@rutgers.edu)

Professor Office Phone: 848-445-5444

Resources, Information, and Course Support: Adria Scharf, PhD, Director of Education and Collaborations for the Institute for the Study of Employee Ownership and Profit Sharing and Director of the Curriculum Library for Employee Ownership

Email: adria.scharf@rutgers.edu

Phone of HRM Department for Urgent Messages: Eileen Nash, 848-445-9419, Room 216C Levin Office: Levin Building, Suite 200C (inside the Human Resource Management Department suite)

Office Hours: After class or by appointment.

Books:

The Citizen's Share: Reducing Inequality in the 21st Century. Joseph Blasi, Richard Freeman, and Douglas Kruse. (BFK) New Haven: Yale University Press, 2014. (Complimentary PDF copies will be distributed to the class at no charge. Please do not purchase this book.)

Ownership: Reinventing Companies, Capitalism, and Who Owns What. John Case and Corey Rosen, 2022. (Purchase at nceo.org or on Kindle)

Shared Entrepreneurship: A Path to Engaged Employee Ownership. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014. (Rent from Kindle or access online through Rutgers University Library)

The professor will supplement the readings with research articles, statistical reports, and working papers by scholars and experts along with case studies and materials from the Curriculum Library on Employee Ownership (CLEO) at <http://www.cleo.rutgers.edu> based at the School of Management and Labor Relations, as well as contemporary magazine articles and videos for context.

Videos

“Our Share: Employee Ownership as a Wealth Sharing Tool”

<https://www.coursera.org/learn/employee-ownership> (You will need to create a Coursera account in order to access these videos. They are free.)

“We The Owners” full-length documentary film (secure link and password will be provided)

Course Description:

This survey course explores the variety of ways that businesses can compensate employees with shares of equity and profits, and the human resource management, employment relations, organizational and individual motivational issues that such practices raise. Most classes will include a presentation by an expert guest speaker followed by discussion. Explorations of research and other material related to understanding the topic of "equity compensation and employee ownership" will make up the remainder of the course. Students are expected to arrive to class having completed and reflected upon the readings.

School of Management and Labor Relations (SMLR) Learning Objectives:

This course is designed to help students attain the following SMLR learning objectives:

I) Written & Oral Communication – Communicate effectively at a level and in modes appropriate to an entry level professional

- Communicate complex ideas effectively, in standard written English
- Analyze and synthesize information and ideas from multiple sources to generate new insights
- Produce high quality executive summaries
- Make an argument using contemporary and/or historical evidence
- Present ideas and arguments in a logical and effective way

V) Understanding Context - Evaluate the context of workplace issues, public policies, and management decisions

- Analyze a contemporary global issue in their field from a multi-disciplinary perspective
- Analyze issues related to business strategies, organizational structures, and work systems
- Analyze issues of social justice related to work across local and global contexts (LSER)
- Analyze issues related to the selection, motivation, and development of talent in a global context (HRM)

Skills:

Students will become conversant with the major types of equity sharing, profit sharing, and gain sharing plans in existence, and their history, development, incidence, mechanisms, advantages and disadvantages for the performance and welfare of firms and employees.

Students will learn the legal and financial and practical issues involved in using such plans in corporations.

Students will study the major social science questions raised about shares including their role in society and the important research questions and sources of evidence on these practices studied by scholars.

Students will become familiar with several corporations, their stories and issues, along with the principal institutions dealing with shares in the United States: regulatory bodies, stock exchanges, associations of corporations, non-profit research organizations, corporate social responsibility institutions, and the principal research centers on shares in the U.S.

Students will develop a general understanding of the differences between the approaches to employee shares of several nations and geographic areas worldwide.

Students will hear brief reports from fellow students on several research articles in the field.

Students will be presented with a number of possible careers paths in this area of study.

Students do not require an understanding of economics or finance in order to take this course and any concepts from these disciplines necessary to understanding the material of the class will be explained clearly during the lectures.

Required Course Work:

Reaction Papers with Questions:

Most weeks, you will submit a short one-page "reaction to the readings" the evening before class. This one-page summary is due at 9 PM (Eastern Time) the evening before the class session. Below the reaction paper students will write three questions, at least one of which is intended for the guest speaker.

Reading Synopsis by Students:

At the beginning of class, two students will present a synopsis of the assigned readings to start the discussion.

Mid-Term Exam:

For the mid-term, you will complete an exam that will include multiple choice questions, fill in the blank questions, and short-essay questions.

Final Paper Project:

The final paper will be an in depth paper on a question of your choosing related to the course topic, which includes a clear articulation of the question, a literature review, your analysis, and your "answer" to the question. It must reference concepts or readings from the class and include citations. On the last day of class you will make a presentation.

Participation In-Class:

Arrive at class prepared to engage actively in class discussion, and in Q&A with the speaker, having completed and reflected upon assigned readings. Twice there will be a required discussion forum. Student participation in the discussion forum will also count toward their participation grade. Regular attendance, and in class participation, are the most important parts of the participation grade. *Attendance and participation are critical to this class.*

Attendance will be taken in class and those not in attendance will lose points on the participation score. Regular attendance is required.

Active participation in class discussions is expected.

Grading:

Grades will consist of the following components of 100% of the grade:

Mid-term – 30%; Final paper – 30%; Reaction papers and accompanying presentations – 20%
Active Participation in “Live” Class Discussion (regular attendance required) – 20%

Points can be deducted for not being present in order to participate in the class, and for egregious classroom conduct (as described below). Absences reduce the participation score.

The grade range is as follows: A = 90% and above.; B+ = 85%-89%; B = 80%-84%; C+ = 75%-79%; C = 70%-74%; D= 60%-69%;F = less than 59%.

Academic Integrity:

The rights of students will be protected to insure that test scores are related to competence in the subject matter. Therefore, all examinations will be carefully proctored. If cheating is detected, it will be prosecuted to the limit allowed by University policies. An academic integrity contract is attached to this syllabus. Students must submit a signed copy of the contract before the second class they attend. ASSIGNMENTS TURNED IN BEFORE THE ACADEMIC INTEGRITY CONTRACT IS HANDED IN WILL RECEIVE A GRADE OF “0.”

Classroom Conduct:

In discussions, students are encouraged to seek understanding and insight, ask questions, make connections between ideas, and build as appropriate on others’ contributions (acknowledging classmates’ contributions). Making links to texts and videos is also encouraged. Discussions will have a tone of respect for colleagues, professor, and guest speakers.

The following will not be permitted in class: a. cell phones, pagers, and text messaging devices which should be turned off and put away and out of sight; b. engaging in social media during class time; c napping; d. studying for or doing homework for other courses; e. arriving at class late on a consistent basis; f. leaving class early on a consistent basis.; g. other behavior that disrupts the learning environment.

Video Camera

Note: This is a face-to-face video class experience. We want this virtual course to “feel” as much like an in-person seminar as possible, with a lot of discussion and even small-group break outs. Our

expectation is that you will leave your video camera on during class so that we can see one another. (You may of course blur your background or use a screen background for privacy, and if need to turn video off for a minute and then return, that is acceptable.) If there is a reason that you are unable or unwilling to turn on your video during most of class, please contact the professor to request an exemption from this expectation. We understand that there may be valid reasons for someone to request an exemption. However, our default expectation is that all students' video-cameras will remain on.

Class Schedule:

Date Topic and Reading Assignments

Jan. 18 **Introduction: Varieties of Equity Shares**

Guest Speaker Frank Guiliano from The Okonite Company (okonite.com)

No readings or assignments due on Jan. 18. Preview The Okonite Company website "About Us" section.

Jan. 25 **"Ownership" at UAL and Homeland Foods**

Guest Speaker Christopher Mackin on "Meanings of Ownership," United Airlines and Homeland Foods

Read:

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Introduction and Part I

United's Troubles Could Have Been Avoided, Forbes, 2017.

Graduate Students: Defining Employee Ownership: Four Meanings Working Paper (This reading is required for Graduate Students, optional for Undergraduate Students)

Complete:

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" (coursera.org/learn/employee-ownership) - Module 1

Feb. 1 The Employee Stock Purchase Plan as Equity Compensation

Guest Speaker Emily Cervino from Fidelity Investments

Read:

"Money Left on the Table," Bebenko and Sen (2014)

Thinking Strategically about Equity Compensation Morgan Stanley Brief

Complete:

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" (coursera.org/learn/employee-ownership) - Module 2, Lesson 1: Different Types of Employee Ownership

Feb. 8 Stock Sharing and Employee Financial Well-being

Guest Speaker: Representative from Paypal [tentative]

Read:

The Citizen's Share: Reducing Inequality in the 21st Century. Joseph Blasi, Richard Freeman, and Douglas Kruse. New Haven: Yale University Press, 2014 - Introduction and Chapter 1

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Chapter 5

"Building the Assets of Low and Moderate Income Workers and their Families: The Role of Employee Ownership," Janet Boguslaw, Lisa Schur, et al (2019)

Watch:

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" - Module 2, Lesson 2: "Roots: Historical Traditions"

Feb. 15 The Transparent Organization

Guest Speaker: Jack Stack - SRC Holdings (<https://www.srcholdings.com/>) and Great Game of Business (<https://www.greatgame.com/about/our-process>)

Read:

Shared Entrepreneurship: A Path to Engaged Employee Ownership. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014 - Chapters 1, 5, 7

Watch:

SRC Video <https://www.youtube.com/watch?v=PEQK-hlmlg>

Feb. 22 The Highly Participatory Organization

Guest Speaker - TBA

Read:

Shared Entrepreneurship: A Path to Engaged Employee Ownership. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014. - Chapter 14 WL Gore

“Do Broad-based Employee Ownership, Profit Sharing and Stock Options Help the Best Firms Do Even Better?” Blasi, Freeman, Kruse, 2015, British Journal of Industrial Relations.

Participate in Discussion Forum

March 1 Review and Prepare for Mid-Term Exam

Guest Speaker - TBA

Read:

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Chapters 6 & 7

The Citizen's Share (downloadable) - Chapters 4 & 6

March 8 The Large Diversified ESOP Manufacturer

Guest Speaker: Stephen Smith, Chairman, President and Chief Executive Officer at Amsted Industries (<https://www.amsted.com>)

Watch:

Coursera Course Module 3 ("Week 3")

No Reaction Paper Due on March 8. No student synopses.

Mid-Term Exam

March 12-19 Spring Break

March 22 Democratizing the Digital Economy: Employee Ownership for Internet Platforms

Guest Speaker: Nathan Schneider (<https://www.colorado.edu/lab/medlab/>)

Read:

"Let Users Own the Tech Companies They Help Build"

“How the Drivers Cooperative built a worker-owned alternative to Uber and Lyft”

The Drivers Coop website (Review under "About")

Graduate Students: An Internet of ownership: Democratic design for the online economy. *The Sociological Review*. 2018;66(2):320-340.

doi:10.1177/0038026118758533. Required for Graduate Students, Optional Reading for Undergraduates

Optional Reading (suggested by guest speaker): 10 Minute Primer to Gitcoin

March 29 The U.S. Home Care Cooperative

Speaker: TBA

Read:

Reinventing Companies, Capitalism, and Who Owns What - Chapter 10

Case Studies of CHCA and PT360

Watch:

Coursera Course "Our Share"- Module 4 Lesson 1

Reminder: The evening before class, submit your Final Project Question

April 5 Equity and Profit Shares in Private Equity

Speaker TBA

Read:

Reinventing Companies, Capitalism, and Who Owns What – Chapters 8. 9

KKR Executive's Push to Spread Employee Stock Ownership Begins to Gain Traction

Watch:

KKR (29 min video)

Flow Control Group: KKR's Employee Equity Strategy (4 min video)

April 12 Equity Shares (RSUs and Stock Options) Gender, Race, and Ethnicity

Speakers TBA

Read:

2022 Carta Annual Equity Report

Reinventing Companies, Capitalism, and Who Owns What – Chapters 11, 12, Conclusion

Watch:

"Equity 101" Carta videos on equity compensation.

April 19 Equity Compensation in a Multinational

Speaker TBA

Participate in Discussion Forum

No Reaction Paper Due on April 19 or 26. No student synopses.

April 26 Student Presentations of Final Paper Projects

Please see the Academic Integrity Contract on the page following which must be signed and turned in at the second class via Canvas. It is required to take this class and receive grades.

Academic Integrity Contract:

All members of the Rutgers University community are expected to behave in an ethical and moral fashion, respecting the human dignity of all members of the community and resisting behavior that may cause danger or harm to others through violence, theft, or bigotry. All members of the Rutgers University community are expected to adhere to the civil and criminal laws of the local community, state, and nation, and to regulations promulgated by the University. All members of the Rutgers University community are expected to observe established standards of scholarship and academic freedom by respecting the intellectual property of others and by honoring the right of all students to pursue their education in an environment free from harassment and intimidation. Please see <http://policies.rutgers.edu/PDF/Section10/10.2.11-current.pdf> for details regarding the Student Code of Conduct. Please see

http://academicintegrity.rutgers.edu/files/documents/AI_Policy_9_01_2011.pdf for details regarding the Academic Integrity Policy. Similarly, all students and faculty members of the academic community at the School of Management and Labor Relations should uphold high standards for personal conduct, ethical behavior, and professional integrity. In the area of academic integrity, students are expected to refrain from cheating, fabricating information, plagiarizing, inappropriately denying others access to material, and facilitating others in academic dishonesty. Please see <http://policies.rutgers.edu/PDF/Section10/10.2.11-current.pdf> (pp. 24-28) for detailed descriptions of each type of action. Any of the following acts, when committed by a student, is an act of academic dishonesty and decreases the genuine achievements of other students and scholars. Academic dishonesty includes, but is not limited to, any of the following:

Plagiarism/False Representation of Work

- Quoting directly or paraphrasing portions of someone else's work without acknowledging the source.
- Submitting the same work, or major portions thereof, including presentations, to satisfy the requirements of more than one course without permission from the instructor.

- Using data or interpretative material for a report or presentation without acknowledging the sources or the collaborators.
- Failing to acknowledge assistance from others, such as help with research, statistical analysis, or field data collection, in a paper, examination, or project report.
- Submitting purchased materials such as a term paper as your own work.
- Copying or presenting material verbatim from any source without using quotation marks.
- Copying from any source and altering a few words to avoid exact quotation, without the appropriate documentation or by using improper documentation of the source.
- Rewording the major concept found in a source but then omitting documentation or improperly citing the source.
- Submitting as one's own any work created by someone else (e.g., paper, project, speech, video, exercise, etc.) without crediting them. Large duplication of someone else's work should be avoided unless you obtain express permission from both the instructor and originator of the work.
- Fabricating or misrepresenting data or information
- Forging signatures

Cheating

- Copying work on examinations.
- Acting to facilitate copying during an exam.
- Sharing answers through technology or in written or verbal form when such interactions are prohibited
- Using prohibited materials, such as books, notes, phones, or calculators during an examination.
- Working with another student on an assignment when such collaboration is prohibited.
- Stealing or having in one's possession without permission any materials, or property belonging to or having been generated by faculty, staff, or another student for the course.
- Willfully offering to do another student's work so they may represent it as their own
- Assisting another student in cheating or plagiarizing
- Doing another student's work, excluding collaborative learning assignments or joint assignments approved by the instructor.

Engaging in any of the above behaviors can result in an F on the examination or project, an F in the course, denial of access to internships, suspension for one or more semesters, or permanent expulsion from the School of Management and Labor Relations at Rutgers University.

I, _____ understand the Policies on Academic Integrity and the Student Code of Conduct at Rutgers University and the School of Management and Labor Relations. Furthermore, I understand the consequences of unethical behavior. We all share a responsibility in creating an ethical environment. I resolve to uphold and support high standards for ethics and integrity at Rutgers University. If I see, hear, or observe violations of ethics and integrity I will report them to my instructor, Department Chair, or Dean.

Student Signature: _____ Date: _____

Student Name (Please Print): _____

Rutgers University ID: _____

END