


Chapter 3

Exploring the Benefits of Employee Share Ownership

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ABSTRACT

This chapter asks a foundational question: How and to what extent do employee shareowners benefit from holding an equity stake in their companies? Using the U.S. General Social Survey (GSS) it examines outcomes such as income, wealth, employment stability, fringe benefits, and retirement security. Additionally, it explores how likely employee shareowners are to participate in company-sponsored training, problem-solving teams, and decision-making processes. This chapter offers an update to previous studies that used GSS data. It embeds the findings within discussions of employment precarity and economic inequality, providing a framework for understanding how workplace arrangements are connected to democratic theory. To contextualize the results, the outcomes for employee shareowners are compared to those of traditional workers and union members. The chapter finds that employee share ownership offers benefits that surpass those of traditional workers and are comparable to, or greater than, those provided by union membership.

INTRODUCTION

Economic inequality and employment precarity are key features of the United States (US) economy. Economic inequality in the US is unprecedented and continues to rise (Saez & Zucman, 2016; 2020). Similarly, the number of individuals working

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in jobs that provide adequate wages and benefits has decreased over the last 40 years, while the number of those who find themselves working in precarious, low-quality employment arrangements has increased (Howell & Kalleberg, 2019; Oddo et al., 2021). A growing body of research has focused on how these two trends have contributed to increased political inequality, undermining a fundamental principle of democratic theory.

Labor unions are prominent in discussions at the intersection of workplace conditions and economic inequality. And for good reason. They provide their members with collective power that can be used to secure numerous benefits, including increased income in wages and retirement security (Department of Labor, 2023), better working conditions, and employment stability. Unions can act as an institution through which members can voice their concerns, learn leadership skills, and engage in democratic practice within the workplace and broader society (Ahlquist, 2017; Kochan et al., 2018). At a structural level, unions dampen economic inequality by creating company-level wage floors and lobbying for policies that benefit working people more broadly (Farber et al., 2021; Rosenfeld, 2014).

While a host of negative outcomes are associated with precarious employment (Macmillan & Shanahan, 2021) and heightened economic inequality (Wilkinson & Pickett, 2009), policies designed to address either of these trends have not gained traction. In a highly polarized political climate, federal legislation designed to decrease economic inequality (e.g., progressive taxation or raising the minimum wage) or increase worker's economic security (e.g., removing barriers to union organizing or providing a more robust safety net programs) rarely garner the levels of political support needed to become law.

This chapter focuses on a lesser-known workplace-based institutional arrangement that also lies at the intersection of economic inequality and working conditions – employee ownership – where workers have a financial stake within the companies they work. The reasoning for focusing on employee ownership is three-fold. First, unlike other policy proposals that strengthen workers bargaining rights and decrease economic inequality, employee ownership receives bi-partisan support from US public officials and the broader public (Kruse & Blasi, 1999; Gowan, 2019; Rodgers, 2019). Second, the US is considered home to one of the more robust employee ownership sectors in the world. Currently, over 10 million individuals actively work at companies with employee ownership, making it more common than union membership in the private sector (National Center for Employee Ownership, 2023c). Third, despite its potential to remedy economic inequality and precarious work, employee ownership is rarely discussed in national debates regarding workplace participation and asset building, including mainstream political science literature (Mazumder & Yan, 2023).

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