



Sharing is Caring: Employee Stock Ownership Plans and Employee Satisfaction in U.S. Manufacturing

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Balancing Act: HR Practices and Labor Relations in the Modern Era

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What is employee ownership?

- “[A]ny arrangement in which a company’s employees own shares in their company or the right to the value of shares in their company” (NCEO)
- Forms of EO: employee stock ownership plans (ESOP), employee ownership trusts (EOT), worker cooperatives, equity compensation plans, professional partnerships, etc.
- Employees may own 0–100% of equity
- Employees may have some direct involvement in firm governance or indirectly through a representative

Employee Stock Ownership Plans (ESOPs)

- The most common form of employee ownership in the United States
- 6,460 plans exist
- Covering 14.2 million people

Why study employee ownership?

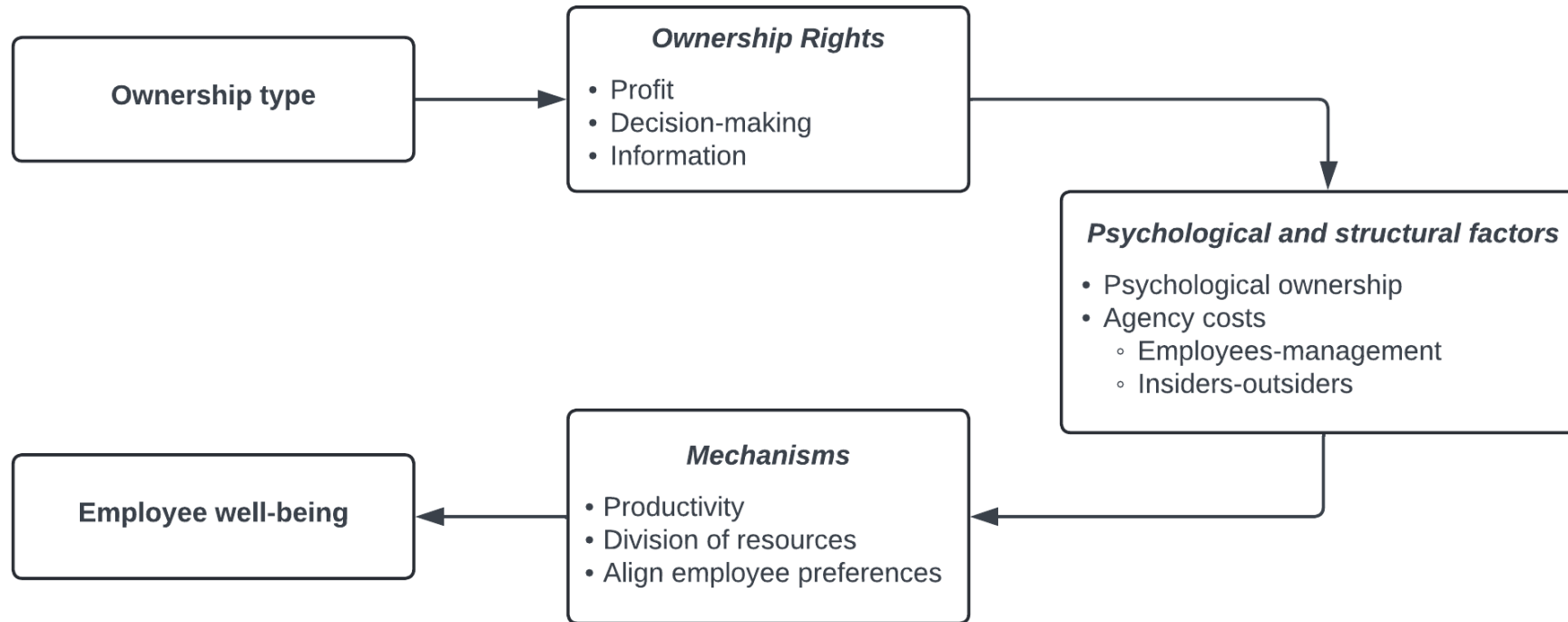
- Prior studies show positive effect of employee ownership on firm performance
- More limited peer-reviewed studies on the well-being of the primary beneficiaries (i.e. employee-owners)

Do employees fare better in ESOP firms (EOFs) than in conventional firms (CFs)?

By fare better, what we mean is...

1. Are they more satisfied with their workplace?
2. Do they perceive better job amenities, e.g., culture?


Why might employees be more satisfied in EOF?




Employee reviews from Glassdoor

Evaluate companies

It's done in no time! Your anonymous review helps other job seekers.

Pursue


Overall rating *



Are you a current or former employee?

☒ Current employee ☐ Former Employees

Employment type *

Your job title at Cornell University

Review title *

Pros*

Minimum word count: 5

Cons *

Minimum word count: 5

Advice to management

Stick to the essentials

Thank you for your contribution to the community. Your opinion helps others decide for or against certain jobs and companies.


Please respect the [Code of Conduct](#) and do not post:

- Aggressive or discriminatory language
- swear words
- Company secrets/confidential information


Thank you for helping us keep Glassdoor the most trusted source for dream jobs and company discovery. Further information can be found in the [Code of Conduct](#).

Reviews (optional)


Career opportunities




Remuneration & additional benefits




Culture & Values




Diversity & Inclusion



Management level



Work-life balance



Other data sources

Empirical specification

Sample: A review in year t from worker i employed at firm k with job title j that operates in industry $n(k)$ and location l belonging to commuting zone $z(l)$

Let EOF_k be an indicator of 1 if firm is employee-owned, 0 otherwise

$$Y_{i,j,k,l,t} = \beta \times EOF_k + \gamma X_{i,t} + \rho X_{k,l} + \lambda_{n(k),z(l)} + \lambda_{o(j)} + \lambda_t + \varepsilon_{i,j,k,l,t}$$

$X_{k,l}$: logarithm of firm's total establishments, logarithm of firm's total vacancies in location l , indicator establishment is unionized, and indicator parent firm is public.

$X_{i,t}$: worker's occupation (2-digit SOC).

Fixed effects by industry-commuting zone, by calendar month.

β : mean difference in outcome Y between employees at EOFs and those at CFs within same local labor market accounting for worker and firm characteristics.

Differences in Job Quality Between EOFs and CFs

- Workers in EOFs report **0.104** stars higher job satisfaction
- Uniformly higher satisfaction with aspects of job quality
- Sockin (2022) estimates 1-star overall rating valued at \$10,000/year → EOF satisfaction premium ~**\$1,040** in amenity value

	Overall rating	Career opportunities	Compensation & benefits	Culture & values	Senior leadership	Work-life balance
1(EOF)	0.104*** (0.030)	0.107*** (0.024)	0.053 (0.036)	0.119*** (0.035)	0.088*** (0.029)	0.127** (0.055)
Mean DV	3.48	3.30	3.57	3.34	2.97	3.33
N	199,404	174,103	174,153	173,328	172,888	173,822
Adjusted R ²	0.12	0.11	0.08	0.12	0.11	0.12

Notes: Table examines the difference in average rating between reviews from EOFs and those from CFs. Regressions include as controls: postings per establishment, establishments per firm, an indicator the firm is publicly traded, an indicator the establishment is unionized, and fixed effects for the NAICS-CZ pair, occupation, and year-quarter in which the review was submitted. Standard errors are clustered by firm. Significance levels: * 10%, ** 5%, *** 1%.

Financial participation

Glassdoor Ratings of Job Quality by Ownership Intensity to Firm Equity

	Overall rating	Career opportunities	Compensation & benefits	Culture & values	Senior leadership	Work-life balance
<i>Panel A: CFs & EOFs</i>						
Percent of plan assets to firm equity	0.033*** (0.007)	0.043*** (0.009)	0.002 (0.011)	0.039*** (0.008)	0.042*** (0.007)	0.082*** (0.020)
Mean percentage	1.45	1.45	1.45	1.45	1.45	1.45
Mean DV	3.57	3.39	3.67	3.42	3.03	3.40
N	109,446	94,604	94,646	94,199	93,940	94,461
<i>Panel B: Only EOFs</i>						
Percent of plan assets to firm equity	0.047*** (0.008)	0.045*** (0.009)	0.036*** (0.009)	0.061*** (0.012)	0.054*** (0.010)	0.084*** (0.015)
Mean percentage	1.45	1.45	1.45	1.45	1.45	1.45
Mean DV	3.68	3.50	3.77	3.53	3.11	3.47
N	43,511	37,159	37,146	36,971	36,885	37,066

Notes: Table examines the difference in average rating between reviews from EOFs and those from CFs using the ratio of plan assets to firm equity as the measure of employee ownership. Regressions include as controls: postings per establishment, establishments per firm, an indicator the firm is publicly traded, an indicator the establishment is unionized, and fixed effects for the NAICS-CZ pair, occupation, and year-quarter in which the review was submitted. Standard errors are clustered by firm. Significance levels: * 10%, ** 5%, *** 1%.

Plan assets per person

Participation in decision making

Collectively bargained EOFs show higher satisfaction

	Overall rating	Career opportunities	Compensation & benefits	Culture & values	Senior leadership	Work-life balance
1(EOF) x 1(Collective bargaining)	0.176*** (0.034)	0.187*** (0.034)	0.090** (0.046)	0.223*** (0.039)	0.166*** (0.035)	0.243*** (0.060)
1(EOF) x 1(No collective bargaining)	0.067* (0.035)	0.065** (0.026)	0.033 (0.040)	0.064 (0.039)	0.046 (0.032)	0.066 (0.069)
Mean DV	3.48	3.30	3.57	3.34	2.97	3.33
N	199,404	174,103	174,153	173,328	172,888	173,822
P-value of equality	0.008	0.001	0.218	0.001	0.004	0.034

Notes: Table examines the difference in average rating between reviews from EOFs and those from CFs when accounting for whether the firm's ESOP was established through collective bargaining. Regressions include as controls: postings per establishment, establishments per firm, an indicator the firm is publicly traded, an indicator the establishment is unionized, and fixed effects for the NAICS-CZ pair, occupation, and year-quarter in which the review was submitted. Standard errors are clustered by firm. Significance levels: * 10%, ** 5%, *** 1%.

- Observe a satisfaction premium among collectively-bargained and non-collectively-bargained EOFs.
- But the boon is significantly greater for collectively-bargained EOFs

Conclusions

- Worker well-being appears better in EOFs than in CFs, but incremental rather than transformational
 - Employees report greater employee satisfaction overall
 - Higher satisfaction with each aspect of work, especially culture and WLB
- Financial participation enhances employee satisfaction
 - Higher ownership intensity is associated with higher employee satisfaction
 - An ESOP is a financial reward that may increase employee commitment and decrease employee turnover (Katz and Kahn, 1978).
- Participation in decision making enhances employee satisfaction
 - Collectively-bargained EOFs have higher employee satisfaction
 - Worker participation in company decision-making leads to higher employee commitment (Stein, 1976).
- Why EOFs are not more common?
 - A lack of awareness and the costs to setting up an ESOP (Bernstein, 2020)
- CFs can enjoy improved employee satisfaction by sharing profits with, providing voice to, and sharing information with employees in credible ways.



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Thank you!

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