CHAPTER 8

Do Workers Gain by Sharing? Employee Outcomes under Employee Ownership, Profit Sharing, and Broad-based Stock Options

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Today, more employees than ever before have ownership stakes in their firms through ESOPs and firm-based stock ownership plans, receive stock options once limited to top executives, and are covered by profit-sharing plans. The media has publicized both the rewards and dangers of tying worker pay and wealth to company performance. The 1990's produced many stories of regular employees becoming millionaires by working in Silicon Valley firms with broad-based options that paid off handsomely. The early 2000's produced stories about Enron employees losing their retirement moneys in a 401(k) plan that was heavily concentrated in company stock. Apart from the extreme cases that get publicized, are these programs generally good or bad for workers?

This paper analyzes the relationship of shared capitalism programs to a range of employee outcomes: participation in decisions, supervision, training, company treatment of employees, pay, job security, and job satisfaction. It uses data from the 2002 and 2006 General Social Surveys (GSS), which covered 2226 persons in for-profit firms from a nationally representative sample, and data from an NBER-sponsored firm based survey of over 40,000 employees at 320 worksites in 14 companies for whom these programs are a key part of their compensation systems.

WHAT WE EXPECT

On the basis of incentive and organization theory and previous empirical work, we expect that linking employee pay to company performance will impact workers in several ways.

Employee Participation in Decision-Making

Shared capitalist compensation systems should be associated with greater freedom for workers to make decisions at their workplace. It is difficult to imagine a firm devolving decisions to workers without developing some pecuniary mechanism for motivating them to make decisions in the firm's interest, be it profit-sharing, gain-sharing, stock options or share ownership. Indeed,

one common reason for firms to institute compensation systems relating employee pay to company performance is to induce workers to make decisions that improve firm performance.[1]

Two national surveys of workers have found the expected relation. For the U.S., Dube and Freeman (2001) found a positive relation between shared capitalist compensation systems and employee decision-making in Freeman and Rogers' (1999) Workers Representation and Participation Survey, with strong results for profit-sharing but weak results for employee ownership. For the UK, Conyon and Freeman (2004) found a positive link between changes in variable pay and changes in decision-making in the Workplace Employment Relations Survey. However, firm-based studies of *employee ownership* find only a weak pattern between perceived or desired participation in decision-making and employee ownership. Half of the ten studies reviewed by Kruse and Blasi (1997) found participation levels higher with employee ownership while half found no difference in participation. None of the studies found a connection between participation in decisions and the size of one's ownership stake. Two of the studies that asked about *desired* participation found no difference between employee-owners and non-owners, while a third study found a decline in desired worker participation after an employee buyout, which the author attributes to wariness by employees about the commitment levels of new employees and trust in management (Long, 1981, 1982).

Supervision, Training, and Treatment of Workers

Any shared compensation system must overcome potential free rider problems. The larger the number of people who share in the rewards of the firm or group, the lower is the incentive for

[1] Over 60 studies indicate that profit sharing, employee ownership, and stock options are associated with better firm performance on average. However, there is a great dispersion around that average as some companies greatly outperform, and others under perform their non-sharing counterparts, for reasons that research has not yet pinned down. (Kruse and Blasi, 1997; Kruse, 2003; Blasi, Kruse, and Bernstein, 2003).

the individual to work hard and the greater the reward to shirking. In chapter 10, we find that worker monitoring of the group is an important mode for overcoming the free rider problem. Firms cannot force workers to self-monitor but they can provide supportive supervision, training, and a workplace climate that encourages group norms to sustain a self-monitoring equilibrium.

Few studies have examined the relation of shared capitalism programs to supervision, training, and workplace climate. Brown and Sessions (2003) report that employees in performance-related pay plans have more positive views about management-employee relations and how the workplace is run. Two studies have found that employee in profit-sharing plans are more likely to receive employer-provided training (Azfar and Danninger, 2001; Robinson and Zhang, 2005). Two studies have examined whether workplaces are safer under shared employee ownership. Rooney (1992) found fewer OSHA injuries in employee ownership companies with greater worker participation in decisions, but otherwise found mixed results for ownership without participation. Rhodes and Steers (1981) found that accidents were no lower in a plywood cooperative compared to a standard plywood company.

Pay and Benefits

There are two reasons for expecting shared capitalist compensation systems to be associated with higher pay and benefits.

First, shared capitalist systems could operate in part as a "gift exchange" between the worker and the firm, in which the higher pay increases worker effort, decreases turnover, and increases worker loyalty (Akerlof, 1982). By encouraging employee cooperation, shared capitalism programs could increase output, some of which would go to workers as their share of profits and some as higher base wages or benefits. The sharing system would be a key component

of a mutual-gains or high-commitment system where both workers and the firms come out ahead (Handel and Levine, 2004: 5). Second, since shared capitalism increases risk to workers, compensating differential theory predicts that workers will want higher overall compensation. Whether this compensation takes the form of fixed pay and benefits or shows up in a larger share in profits and ownership is unclear. Again, what creates the potential for higher income to workers is the higher productivity generated by the system.

Despite some well-publicized examples of wage concessions when workers buy out their companies or accept large ownership stakes (which make up a very small percentage of the employee ownership landscape), workers in employee ownership plans tend to have comparable or higher wages or compensation than other workers. Blasi et al., 1996 found that public companies with broad-based employee ownership plans had 8% higher average compensation levels than other comparable public companies, and compensation increased with the percentage of stock held by employees. Studies of pay and benefits in ESOP and non-ESOP firms in Massachusetts and Washington state also found that the levels of pay and other benefits were similar between these two types of firms, so that ESOPs appear to come on top of other worker pay and benefits (Kardas et al., 1998; Scharf and Mackin, 2000). With regard to other forms of ownership, Renaud et al. (2004) found that stock purchase plan participation was associated with subsequent pay increases for employees, and employer stock held in 401(k) plans appears to come largely on top of other pension assets (Kroumova, 2002). Seven studies from the U.S., Great Britain, and Germany find that profit-sharing firms also have generally higher average compensation than otherwise-comparable firms (Kruse, 1993: 113-114; Handel and Gittleman, 2004).

Still, it is possible that the higher pay levels associated with shared capitalist compensation reflect higher unmeasured worker quality, and that workers in fact take a cut in compensation to link their pay to company performance. But the evidence runs against these possibilities. Kruse (1998) found that average base pay levels and other benefits increase as young workers join profit-sharing firms and decrease as they leave such firms, so worker selectivity cannot dominate the cross section relation. Similarly, Azfar and Danninger (2001) found that employees in profit-sharing plans receive higher annual raises in base pay than employees in other firms, connected in part to the greater training noted earlier. Other studies find that neither wages nor total labor costs exclusive of the sharing component fall significantly in pre/post comparisons of firms that adopt profit sharing (Black et al., 2004, for wages; Cappelli and Neumark, 2004, for total labor costs). The implication is that trade-offs between base pay and shared capitalist compensation are minimal and that profit sharing may be used in conjunction with higher base pay levels as part of an efficiency wage strategy.

Another possibility is that the higher monetary compensation associated with shared capitalist systems may come at the cost of greater effort, stress, workplace danger, or other disamenities at work. Some analysts view the systems as a bit of a sham, designed to elicit greater worker effort and to shift risk to workers, without increasing the pay or quality of jobs. This is "'management by stress' … which believes that [employee involvement] is simply a method of sweating the workforce and curbing worker power and influence" (Handel and Levine, 2004: 6).

Our data allows us to compare compensation for workers covered and not covered by the shared capitalist compensation and to compare compensation for workers by the intensity of their shared compensation arrangements.

Job security

Traditional analysis of labor-run firms predicts that they have lower employment than in management-run firms, and respond perversely to demand shocks, lowering employment when output prices increase (reviewed in Bonin and Putterman, 1987). Most analyses show that employee ownership firms tend to have more stable employment than other firms, but do not respond perversely to demand shocks (Craig and Pencavel, 1992, 1993; Blair et al., 2000). Two studies report that employment grew faster in firms following the adoption of ESOPs, particularly if they have greater employee participation in decision-making (Quarrey and Rosen, 1993; Winther and Marens, 1997). In addition, public firms with substantial employee ownership are more likely than other comparable firms to survive over time (Blair et al., 2000; Park et al., 2004). French worker cooperatives also have high rates of survival (Estrin and Jones, 1992).

Profit sharing, in contrast, should create excess demand for employment and thus provide substantial job security (Weitzman, 1984). Nineteen studies have examined Weitzman's predictions that profit sharing should stabilize firm employment (Kruse, 1998: 109-113). A majority found that firms view profit sharing differently from fixed wages in making employment decisions. Of the twelve studies directly examining employment stability, six found greater employment stability under profit sharing; four showed greater stability in some but not all samples; while two have little or no support for the stabilizing effects of profit sharing.

Job satisfaction

If shared capitalism is associated with greater participation and decision-making at the workplace, better supervision, more training, more job security and higher total compensation, these modes of pay ought to raise job satisfaction. But the 12 existing studies on job satisfaction

under employee ownership yield no clear generalization.[2] Several studies show higher satisfaction; several show no relationship; and one study shows lower satisfaction among employee-owners where the union had lost a bitter strike the year before.[3] Participation in decisions seems to be important: one longitudinal study found that satisfaction went up only among those who perceived increased participation in decisions after an employee buyout (Long, 1982). Our data provide the largest sample for assessing these inconclusive findings.

In sum, prior research on employee outcomes under shared capitalism has yielded generally positive results, though there is sufficient variability in some results to suggest that they depend on the context in which they are implemented. By addressing all of the employee outcomes with the GSS and the NBER data sets, and providing more robust measures of the employment context inside these firms, we should be better able to provide a more consistent generalization than the existing work.

DATA AND ANALYSIS

The NBER Shared Capitalism Research Project uses two data sets to analyze how shared capitalist arrangements affect workers. The first is the 2002 and 2006 General Social Surveys (GSS), on which we placed several questions on shared capitalism programs. The 2002 GSS has a representative sample of 1,145 employees, and the 2006 GSS has a sample of 1,081 employees, in for-profit companies. The second is a data set of employee surveys in 14 companies with one or more shared capitalism programs, which we conducted over the 2001-2006 period. We selected

[2] This is based on nine studies on job satisfaction in Kruse and Blasi (1997), plus Pendleton et al. (1998), Keef (1998), and Bakan et al. (2004). The studies were selected if they used systematic data collection from representative samples of employees, and used statistical techniques to rule out sampling error. Many used multivariate analysis to hold constant the effect of other factors on employee attitudes or behavior.

these companies to vary in company size, industry, and type of shared capitalism program. Even so, our sample is non-representative, first because many firms refused our requests to run the survey; and second because two of the firms were bought out by others who refused to proceed with the planned survey. Each company in the sample agreed to have our research group administer a survey to all or a random sample of employees. The survey included core questions common across all companies, and some questions of special interest or relevance to that company. Six company surveys were conducted entirely by web, seven company surveys were done on paper, and one survey was done using both the web and paper surveys. The company response rates ranged from 11% to 80%, with an average of 53% across the 14 companies. A total of 41,206 respondents provided usable surveys. Appendix A describes the variables used in this analysis.

The overall prevalence of shared capitalist compensation was presented in Tables 1 and 4 of Chapter 1. For our purposes here the most important result is that 45% of the for-profit private sector employees in the GSS sample report participating in some kind of shared capitalism program (36% in profit sharing, 25% in gainsharing, 19% in employee ownership, and 11% in stock options), which gives us good variation for examining the relation of these programs to worker outcomes. The prevalence is of course higher in the NBER sample, since these firms were selected on the basis of having these programs.

As a first step in assessing the relation of shared capitalism to employee outcomes, we constructed a thermometer-style index of shared capitalism, which assigns points based on coverage by shared capitalism programs and the size of the financial stakes. This index is

[3] Reminders by management that the strike would hurt ESOP account values brought the response "We don't vote; we don't control the company; we don't care" (Kruse, 1984).

described in Appendix B. We also present results breaking out the different forms of shared capitalism types and intensities using the NBER data.

Turning to employee outcomes, we have organized responses to questions in eight areas: participation in decisions, company treatment of employees, supervision, training, pay and benefits, co-worker relations, job security, and job satisfaction. These outcomes are related to each other—e.g., training generally leads to higher pay; participation in decisions, training, job security, and supervision are likely to affect perceptions of how the company treats employees; and so on. We lack instruments to identify causality, so we do not try to tease out possible causal links among the outcomes. Rather, we first test for the reduced form relationship between shared capitalism and each of the individual outcomes conditional on demographic and job characteristics, and in some cases on other outcomes as well—e.g., since company training is likely to affect pay, we examine whether shared capitalism is related to pay both before and after controlling for training.

EMPIRICAL RESULTS

We first use the shared capitalist index to predict each of the outcomes (Table 1), and then probe the impact of different types and intensities of shared capitalist compensation (Tables B-1 to B-5). We estimate OLS regressions when outcomes are numeric and use ordered probits when the outcomes have three or four values with a natural ordering (e.g., "not at all true, not very true, somewhat true, and very true"). The regression predicting hours of training use a Tobit specification, to account for the censoring at zero. Most of the regressions using the NBER dataset include company fixed effects so that coefficients reflect *within-company differences* rather than cross-company differences that might be due to unmeasured differences among the companies. At the bottom of Tables B-1 to B-5, some ESOP coefficients are reported where company fixed

effects are not used. Federal ERISA law imposes strict requirements on coverage so that most or all employees are covered by an ESOP within a firm; the small number of excluded employees are thus likely to differ in some particular way from other employees in the same firm. Because of this the ESOP effects are better determined by comparing otherwise-similar ESOP and non-ESOP workers *across firms* in the specifications without fixed effects.

Table 1 summarizes our empirical results in terms of the coefficients on the shared capitalism summated rating index variable for the seven outcomes under study. In most cases, we examine more than one outcome under the specified domain.

1. Employee participation in decisions

Almost all of the measures of participation in decision-making in Table 1 are positively and significantly related to the shared capitalism index. There are two exceptions in the NBER data -- the relationships with participation in company decisions and satisfaction with participation in the NBER data, but only after controlling for other outcomes (employee involvement team, training, and job security). This indicates that shared capitalism is strongly correlated with these policies, and the package of these policies may be the most important determinant (which we examine in Table 2).

When the shared capitalism policies are broken out in Appendix Table B-1, the most consistent result is that profit sharing intensity (measured using the most recent bonus as a percent of pay) is linked to greater participation in decisions and greater satisfaction with participation (cols. 1-5). The small negative coefficients on profit sharing eligibility (cols. 2, 3, and 5) indicate that very low profit sharing bonuses are associated with lower participation and satisfaction—an effect that is erased as the bonus size increases. In addition, while employee ownership is linked to

greater participation in decisions (cols. 1-4) but satisfaction with participation is linked to employee-owned stock as a percent of pay (col. 5).

Examining the different types of employee ownership, the data show some significant associations but no strong patterns. 401(k) stock intensity is associated with greater involvement in job and department decisions (cols. 1-2), while involvement in company decisions is highest among those with any 401(k) employer stock or those who retain stock from exercised options (col. 3). These latter two groups are also more likely to be in EI teams (col. 4), while satisfaction with participation is highest among those holding open market stock or with large ESOP or 401(k) stakes (col. 5). As noted earlier, given the ERISA rules about coverage within a company, it is more sensible to make inferences about the effects of ESOPs by comparing workers between companies with and without ESOPs, which requires elimination of company fixed effects in the calculations. When this is done at the bottom of Table B-1, the estimates show that ESOP participants are more likely to be involved in job, department, and company decisions (cols. 1-3), but are much less likely to be satisfied with their participation (col. 5). This latter result, which is consistent with the within-company comparison, suggests that the simple membership in ESOPs in these companies may have raised the desire for participation more than they raised actual participation (or alternatively, that the additional participation itself raised desires for more participation in ESOP companies). The impact of an ESOP on worker outcomes may be more closely tied to the ESOP value as a percent of pay -- i.e. ownership intensity in relationship to one's economic situation – rather than simply membership in an EOSP plan.

2. Company treatment of employees

Both the GSS and the NBER company survey asked a variety of quality of work life questions. Item 2 in Table 1 contains results for ten of those measures.[4]

The national survey data give generally positive results. Shared capitalism employees are more likely to say that they are treated with respect, management-employee relations are good, promotions are handled fairly, and worker safety is a high priority with management. A measure that reflects directly on the "management by stress" theories is the employee's perception of stress at work, which is not significantly related to the shared capitalism index. In additional calculations not presented here, we examined the positive worker safety result using breakdowns by type of shared capitalism program. In contrast to studies that found no consistent relationship between employee ownership and worker safety (Rooney, 1992; Rhodes and Steers, 1981), our data show that employee-owners as well as profit-sharers are more likely to report that worker safety is a high priority with management.

The NBER data, in contrast, show consistently positive results for shared capitalism and company treatment. Shared capitalism is positively linked to perceptions that the company shares success with employees and is fair to employees, and to grades workers give to the company on sharing information, trustworthiness, and employee relations. These positive associations become smaller in magnitude but remain positive and highly significant when controlling for several human resource policies (being in an EI team, training, and job security). Disaggregating by type of shared capitalism program in Table B-2, profit sharing and gainsharing eligibility are strongly linked to perceptions that the company shares and is fair to employees (cols. 1-2), while

[4] The GSS contains other quality of work life measures which we also analyzed. The results (available on request) were broadly similar across these measures, generally showing positive relationships to profit sharing but not to the other shared capitalism measures.

profit sharing intensity is strongly associated with all three of the grades (cols. 3-5). Employee-owners are also more likely to say the company shares with employees (col. 1), while the size of the ownership stake is a strong predictor of each of the five measures.

Comparisons among employee ownership types show an interesting disparity. Having more employer stock in a 401(k) plan is positively linked to each of the measures, while ESOP membership and stake are positively associated with perceptions that the company shares with employees, but ESOP membership is negatively associated with the other four perceptions of company treatment both with and without company fixed effects. This is consistent with the finding that ESOP members are less likely to be satisfied with their participation in decisions.

3. Supervision

Since incentive programs are one way to reduce the principal-agent problem when supervision is difficult or costly, we expect less supervision in shared capitalist environments. In addition, we expect supervisors to be more concerned with maintaining a cooperative atmosphere that helps solve the free rider problem than with watching workers work.

The GSS asked respondents for views of their supervisors, while the NBER survey asked about the degree of supervision. As seen in item 3 of Table 1, shared capitalism employees are more likely to see their supervisors as helpful and caring, while they are less likely to report that they are closely supervised both before and after controlling for other HR policies. When broken out by type of shared capitalism program in Table B-3, the strongly significant result is that ESOP members have greater freedom from supervision (col. 1). Most of the coefficients on other programs are positive, which indicates that each program contributes to the strongly positive shared capitalism coefficient in Table 2.

4. Training

The national GSS data in Table 2 show that shared capitalism employees are more likely to say they have the training opportunities they need. The NBER data show that they report a higher likelihood of formal job training in the past year, greater hours of training, and higher levels of informal job training from fellow workers, with and without controls for participation in an EI team and job security. The breakdowns by plan in Table B-3 show that both training and hours of training are higher among workers with profit sharing and employee owners, and are also positively linked to size of gain sharing bonus and employee ownership stake. But training is negatively related to the size of stock option value from future potential profits (cols. 2-3). Among the types of employee ownership, training and training hours are highest among ESOP participants and those with 401(k) employer stock.

The pattern of coefficients is quite different for informal job training from coworkers, which suggests that informal job training often substitutes for formal training. Both stock option holding and the size of the stake are positively linked to informal training (Table B-3, col. 4). Also, while ESOP members are more likely to get formal training, they are less likely to get informal training. Gainsharing is positively associated with informal training, as is the size of a workers' higher profit-sharing stake. The broad range of associations between shared capitalism and formal and informal training suggest that training is complementary with shared capitalism.

5. Pay and benefits

Table 1 shows that pay tends to be higher among employees with greater shared capitalist forms of pay in both the national and NBER company data. Employees in the NBER company data set with greater shared capitalism are more likely to say that their fixed pay is as at least equal to market and rate their total compensation as higher than market and to rate their company as higher on wages than others. Employees in the national shared capitalism survey are more likely

to feel they are paid what they deserve. Employees with greater shared capitalism in both datasets rate their companies as better on fringe benefits. The NBER results are not affected by the inclusion of several human resource policies. When the shared capitalism programs are broken out in Table B-4, most of the shared capitalism types are associated with higher fixed pay, though the gainsharing bonus intensity and employee ownership stake are inversely related to pay. There are few associations with the employee's rating of fixed pay relative to market (col. 2), but total compensation relative to market is higher among gainsharers and those with higher profit sharing benefits when they receive profit sharing, have bigger profit sharing bonuses, and are employee-owners through ESPP's and 401(k) plans (cols. 4-5). The pay and benefit results indicate that shared capitalism does not generally substitute for fixed pay or other benefits. This rejects a simple compensating differences story of shared capitalist modes of pay, although the higher pay may help compensate for greater effort or other forms of costly behavior.

6. Co-worker Relations

Does shared capitalism help or hurt relations with fellow workers? Employees with greater shared capitalism in the GSS dataset are more likely to report that their co-workers can be relied on for help when needed, and that their co-workers take a personal interest in them. Such helpfulness and interest presumably make work more pleasant and increase employee welfare directly, but may also lay the foundation for cooperation among employees that can increase workplace performance (explored in Chapters 7 and 10).

6. Job Security

Shared capitalism is associated with greater job security. Employees higher in the shared capitalist index report a lower likelihood of losing their jobs, and in the national data they report a lower likelihood of being laid off in the past year. The NBER results are maintained when

controlling for participation in an EI team and receipt of training. When broken out by shared capitalism policy, both profit sharing eligibility and the size of the profit share are linked to greater job security (Table B-5, col. 1). Owning employer stock, and the size of the ownership stake and stock option value, are also positively associated with job security. The breakdowns by type of employee ownership indicate that job security is highest among ESOP participants and those holding 401(k) employer stock, and those with greater holdings in both of those plans. The findings that job security is greater for employee-owners than for other workers is consistent with prior research on the employment stability and company survival of employee ownership firms (Blair et al., 2000, Park et al., 2004).

7. Job satisfaction

Job satisfaction is positively linked to the shared capitalism index in both the national and NBER company data, but the result is statistically significant only in the NBER data. This NBER result disappears, however, when controlling for the human resource policies. The strong association between shared capitalism and these human resource policies indicates that there may be important complementarities, which we explore in Table 2. When the policies are broken out in Table B-5, job satisfaction is positively associated with the size of the profit sharing and gainsharing bonuses, and with participation in an ESOP when company fixed effects are removed (col. 2). The positive ESOP result on job satisfaction presumably reflects the positive effects of ESOP membership on training, freedom from supervision, rating of benefits, and job security overpowering ESOP participants' lower satisfaction with participation in decisions (Table B-1) and their lower ratings for the company on several measures (Table B-2).

Complementarities

Both theory and evidence support the idea that there may be important complementarities among human resource policies in affecting workplace performance (e.g., Levine and Tyson, 1990; Huselid, 1995; Ichniowski et al., 1996). These complementarities may also affect employee outcomes: for example, job satisfaction may be increased more by combining shared capitalism with employee involvement and training than by the sum of the policies in isolation.

Measurement of high-performance human resource policies varies among studies. One analysis divides them into seven broad categories: group incentive pay, teamwork/employee involvement, training, employment security, information sharing, flexible job assignment, and recruitment and selection (Ichniowski et al., 1997). The NBER surveys contain measures of each of these, but not for every company.[5] For our investigation of complementarities, we created a human resource policy index that gives one point each for being in an employee involvement team, receiving formal training in the past 12 months, and having high job security, and we then interact this index with the shared capitalism index.[6]

Shared capitalism may also interact with supervision in affecting employee outcomes. Shared capitalist policies may, as noted, help substitute for close supervision of workers by providing greater incentives for workers to work hard and monitor their co-workers. The finding that shared capitalism is associated with greater freedom from supervision lends support to this idea (Table 1). When shared capitalist policies are combined with close supervision, however, the results may be negative. If workers are not given much latitude in how they do their work, shared

[5] Flexible job assignment was measured as job rotation at six companies, and rigorous selection was measured at one large company.

[6] We also experimented with indices using measures of information sharing, job rotation, and rigorous selection, producing a similar pattern of results. Here we use the index based only on employee involvement, training, and job security since the sample sizes are smaller for job rotation and rigorous selection, and the grade of the company on sharing information reflects an employee evaluation of the policy's success (highly correlated with evaluations of the company on other dimensions), rather than the existence of a policy.

capitalist policies may serve mainly to shift financial risk to workers, resulting in more negative worker behaviour and attitudes. At a minimum, combining shared capitalism with close supervision sends a mixed message to employees: "We want you to work harder and be more committed to the company because of your (profit share/employer stock/stock options), but we're still going to keep a close eye on you." Workers may not respond well to this mixed message.

Table 2 assesses interactions between the shared capitalism index and other workplace policies to assess possible complementarities in effects on employee attitudes. The statistical analysis shows that shared capitalism interacts with high performance policies and supervision in affecting a number of employee outcomes.[7] The interaction with high performance policies shows that employees are especially likely to have high participation, and to be satisfied with their participation, when they are covered by both shared capitalist and high performance policies (col. 3). The interaction is also positive with informal training and overall job satisfaction. The interaction is negative, however, on perceptions of company sharing, fairness, and benefits; the coefficients indicate that shared capitalism has a positive effect both for those with and without high performance policies, but has a more positive effect for those who are not also covered by high performance policies.

The pattern is more straightforward with respect to supervision: the combination of shared capitalism with close supervision produces a more negative outcome in almost every case (col. 5). The main effect of close supervision is generally positive (col. 4), indicating that in the absence of shared capitalism, having close supervision may often be a good thing (e.g., giving workers a

[7] When the high performance index included the outcome being predicted, that item was deleted from the high performance index (e.g., employee involvement was deleted from the high performance index in predicting participation in an employee involvement team).

better sense of what they are supposed to do). But the main effect is counteracted in most cases, however, by the negative shared capitalism interaction—e.g., the predicted overall effect of increased supervision on perceptions of company fairness is negative whenever the shared capitalism index is 2 or greater.

The contingent effects of shared capitalism on job satisfaction are illustrated in Figure 1, which uses the regression results from Table 2. When workers are covered by high performance policies and have low or average levels of supervision, the effects of increased shared capitalism are positive (top two lines). When they are not covered by high-performance policies, and/or are very closely supervised, the effects of shared capitalism are slightly or very negative (bottom four lines). While the overall relationship between shared capitalism and job satisfaction is close to zero after controlling for other policies (Table 1), these results illustrate that the other policies can greatly condition the effects of shared capitalism.

CONCLUSION

Do workers gain by sharing? The evidence generally supports an answer of "yes", with some caveats. Both the national and NBER company data indicate that shared capitalism is positively linked to participation in decisions, evaluations of company climate and employee treatment, perceptions of helpfulness by supervisors, lower levels of supervision, and higher levels of training, pay and benefits, job security, and job satisfaction. Almost all of these relationships remain strong when controlling for other human resource policies. This rejects the "management by stress" theories of work innovation.

When broken out by type of shared capitalist program, profit sharing was most consistently linked to the positive outcomes, although gainsharing, stock options, and employee ownership also

affect some outcomes positively. In many cases the positive effect was tied to simply being covered by a policy (e.g., being eligible for profit sharing, or being an employee-owner), but there were also many cases in which the effect was tied to the size of the financial stake involved (size of most recent bonus, or value of employer stock or stock options).

Estimated negative relations between some aspects of shared capitalism and some outcomes are also informative about how this form of financial sharing operates. In particular, while being a member of an ESOP was linked to a number of positive outcomes (participation in decisions, perception that the company shares, freedom from supervision, formal training, pay and benefit levels, job security, and job satisfaction), ESOP members also had lower satisfaction with participation in decisions and lower ratings of the company on fairness, trustworthiness, and employee relations. One possible reason is that employee-owners may be frustrated by unfulfilled desires for greater participation in decisions (above the higher levels they already have). Another possible reason is that some ESOP accounts have too little stock to be meaningful and some employees may have negative attitudes when they are called owners but have very little ownership. The importance of the ownership stake is highlighted by the finding that satisfaction with participation rises with the value of employee-owned stock as a percent of pay. The dynamics of employee ownership may work differently for ESOPs than for other forms of ownership: it is the only form where all eligible workers are automatically enrolled and called owners even with miniscule accounts.

Finally, our data reveals potentially important complementarities of shared capitalism with other workplace policies, particularly with high performance work policies and closeness of supervision. Those who are covered by the combination of high-performance policies with shared capitalism are most likely to report high participation in decisions, satisfaction with participation,

and overall job satisfaction. The combination of close supervision with shared capitalism, however, has negative effects on almost every outcome.

Overall, our findings are consistent with theories that stress the linkage between group incentive pay systems and other labor and personnel relations policies. Taken as a package, a high performance work system involves greater participation, higher quality of supervision, more formal training, better wages and benefits, higher job satisfaction, and better job security. Employers who are concerned about company performance, and workers who are concerned about the quality of their working life, have reasons to be interested in this package. Our findings that shared capitalist programs are often associated with these policies and outcomes indicate that there is good potential for workers to gain through sharing.

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TABLE 1: Relation of Eight Employee Outcomes to Shared Capitalist Compensation

Each row represents results of separate regression.

Dependent variables	Coeff. (s.e.) of shared capitalism Index			Job and demog.	EI team	Training	Job security	N
1. PARTICIPATION IN DECISIONS								
National data								
Lot of say about what happens on job (1-4 scale)	**0.064**	***	(0.014)	x				1677
Take part with others in making decisions (1-4 scale)	**0.100**	***	(0.015)	x				1680
Participate with others in setting way things are done (1-4 scale)	**0.084**	***	(0.015)	x				1679
Lot of freedom to decide how to do work (1-4 scale)	**0.053**	***	(0.015)	x				1680
NBER company data								
Part. in job decisions (1-4 scale)(ordered probit)	**0.039**	***	(0.004)	x				39117
	0.019	***	(0.005)	x	x	x	x	35596
Part. in group/dept. goals (1-4 scale)(ordered probit)	**0.020**	***	(0.004)	x				38997
	0.004	**	(0.004)	x	x	x	x	35501
Part. in company decisions (1-4 scale)(ordered probit)	**0.012**	***	(0.004)	x				38942
	-0.002		(0.004)	x	x	x	x	35462
In employee involvement team (0-1)(linear prob.)	**0.020**	***	(0.002)	x				38576
	0.017	***	(0.002)	x		x	x	35838
Satisfaction with participation (1-4 scale)(ordered probit)	**0.016**	***	(0.004)	x				38964
	-0.002		(0.004)	x	x	x	x	35494
2. COMPANY TREATMENT OF EMPLOYEES								
National data								
Am treated with respect at work (1-4 scale)(ordered probit)	0.029	*	(0.015)	x				1679
Mgt-employee relations (1-4 scale)(ordered probit)	**0.036**	***	(0.014)	x				1677
Promotions are handled fairly (1-4 scale)(ordered probit)	**0.042**	***	(0.014)	x				1610
Worker safety is high priority with mgt. (1-4 scale)(ordered probit)	**0.067**	***	(0.015)	x				1671
Lack of stress at work (1-4 scale)(ordered probit)	0.008		(0.013)	x				1681
NBER company data								
When co. does well, ees. share benefits (1-7 scale)(OLS)	**0.126**	***	(0.006)	x				39065

	0.104	***	(0.006)	x	x	x	x	35592
Co. is fair to ees. (1-7 scale)(OLS)	**0.063**	***	(0.006)	x				39030
	0.038	***	(0.006)	x	x	x	x	35548
Grade of co. on sharing info (0-4 scale)(OLS)	**0.023**	***	(0.004)	x				38932
	0.008	**	(0.004)	x	x	x	x	35452
Grade of co. on trustworthiness (0-4 scale)(OLS)	**0.029**	***	(0.004)	x				38821
	0.012	***	(0.004)	x	x	x	x	35394
Grade of co. on employee relations (0-4 scale)(OLS)	**0.023**	***	(0.004)	x				38884
	0.008	**	(0.004)	x	x	x	x	35420
3. SUPERVISION								
National data								
Supervisor is helpful to me (1-4 scale)(ordered probit)	**0.038**	***	(0.015)	x				1675
Supervisor cares about welfare of those under him or her (1-4 scale)(ordered probit)	**0.055**	***	(0.015)	x				1667
NBER company data								
Freedom from close supervision (0-10 scale)(OLS)	**0.039**	***	(0.009)	x				39488
	0.034	***	(0.009)	x	x	x	x	35838
4. TRAINING								
National data								
Have training opportunities I need	**0.045**	***	(0.016)	x				1678
NBER company data								
Formal job training in past 12 mos. (0-1)(OLS)	**0.019**	***	(0.002)	x				38863
	0.015	***	(0.002)	x	x		x	35838
Hours of training in past 12 mos. (Tobit)	**2.289**	***	(0.226)	x				37905
	1.838	***	(0.236)	x	x		x	34974
Informal job training from co-workers (1-4 scale)(ordered probit)	**0.022**	***	(0.004)	x				39033
	0.009	***	(0.004)	x	x	x	x	35597
5. PAY AND BENEFITS								
National data								
Yearly earnings (natural logarithm)(OLS)	**0.092**	***	(0.009)	x				1681
Paid what you deserve (1-5 scale)(ordered probit)	**0.059**	***	(0.013)	x				1841
Fringe benefits are good (1-4 scale)(ordered probit)	**0.117**	***	(0.014)	x				1860

NBER company data								
Fixed pay (natural logarithm)(OLS)	**0.023**	***	(0.002)	x				30122
	0.024	***	(0.002)	x	x	x	x	28324
Fixed pay % diff. from market (OLS)	0.094		(0.067)	x				30782
	0.051		(0.070)	x	x	x	x	28152
Total compensation % diff. from market (OLS)	**0.511**	***	(0.072)	x				29569
	0.468	***	(0.075)	x	x	x	x	27199
Grade of co. on wages (0-4 scale)(OLS)	**0.025**	***	(0.004)	x				39068
	0.018	***	(0.004)	x	x	x	x	35564
Grade of co. on benefits (0-4 scale)(OLS)	**0.034**	***	(0.004)	x				39011
	0.024	***	(0.004)	x	x	x	x	35519
6. CO-WORKER RELATIONS								
National data								
Co-workers can be relied on for help	**0.030**	**	(0.015)	x				1680
Co-workers take personal interest in me	**0.047**	***	(0.015)	x				1675
7. JOB SECURITY								
National data								
Job security (1-4 scale)(ordered probit)	**0.047**	***	(0.015)	x				1676
Not laid off in past year (0-1 dummy)	**0.012**	***	(0.003)	x				1681
NBER company data								
Job security (1-4 scale)(ordered probit)	**0.054**	***	(0.004)	x				37052
	0.051	***	(0.004)	x	x	x		35838
8. JOB SATISFACTION								
National data								
Job satisfaction (1-4 scale)(ordered probit)	0.022		(0.018)	x				1262
NBER company data								
Job satisfaction (1-7 scale)(OLS)	**0.015**	***	(0.005)	x				39192
	-0.004		(0.005)	x	x	x	x	35685

* p<.10 ** p<.05 *** p<.01 Coefficients in bold are significant at p<.05

See Appendix A for variable definitions and descriptive statistics

Job and demographic controls include age, sex, race, tenure, occupation, earnings, full-time status, and ease of seeing co-workers for all regressions, plus work in a team for national regressions, and management level, supervisory status, disability status, closeness of supervision, payment on an hourly rate, and company fixed effects for the NBER company regressions. Earnings controls include ln(yearly earnings) for the national data and ln(base pay) for the NBER company regressions.

TABLE 2: Complementarities of Shared Capitalist Compensation in Affecting Employee Outcomes

Each row represents results of a separate regression, with standard errors in parentheses underneath.

Dependent variables	Shared capitalism base effect (1)		High performance policies: Base effect (2)		High performance policies: Shared cap. Interaction (3)		Closely supervised: Base effect (4)		Closely supervised: Shared cap. interaction (5)	
PARTICIPATION IN DECISIONS										
Part. in job decisions (1-4 scale)(ordered probit)	0.056	***	0.212	***	0.009	***	-0.037	***	-0.015	***
	(0.008)		(0.013)		(0.003)		(0.004)		(0.001)	
Part. in group/dept. goals (1-4 scale)(ordered probit)	0.017	**	0.238	***	0.013	***	0.008	*	-0.011	***
	(0.007)		(0.013)		(0.003)		(0.004)		(0.001)	
Part. in company decisions (1-4 scale)(ordered probit)	-0.020	**	0.211	***	0.021	***	0.030	***	-0.007	***
	(0.008)		(0.013)		(0.003)		(0.004)		(0.001)	
In employee involvement team (0-1)(linear prob.)	0.011	***	0.070	***	0.006	***	0.002		-0.001	
	(0.003)		(0.007)		(0.002)		(0.002)		(0.000)	
Satisfaction with participation (1-4 scale)(ordered probit)	-0.010		0.251	***	0.024	***	0.019	***	-0.010	***
	(0.007)		(0.013)		(0.003)		(0.004)		(0.001)	
COMPANY TREATMENT OF EMPLOYEES										
When co. does well, ees. share benefits (1-7 scale)(OLS)	0.187	***	0.396	***	-0.031	***	0.013	**	-0.008	***
	(0.011)		(0.018)		(0.004)		(0.006)		(0.001)	
Co. is fair to ees. (1-7 scale)(OLS)	0.090	***	0.422	***	-0.010	***	0.017	***	-0.010	***
	(0.010)		(0.017)		(0.004)		(0.006)		(0.001)	
Grade of co. on sharing info (0-4 scale)(OLS)	0.043	***	0.272	***	-0.002		0.029	***	-0.010	***
	(0.007)		(0.012)		(0.003)		(0.004)		(0.001)	
Grade of co. on trustworthiness (0-4 scale)(OLS)	0.050	***	0.287	***	-0.004		0.028	***	-0.010	***
	(0.007)		(0.012)		(0.003)		(0.004)		(0.001)	
Grade of co. on employee relations (0-4 scale)(OLS)	0.043	***	0.257	***	0.000		0.029	***	-0.011	***
	(0.007)		(0.011)		(0.002)		(0.004)		(0.001)	
SUPERVISION										
Freedom from close supervision (0-10 scale)(OLS)	0.017		0.031		0.012					
	(0.014)		(0.027)		(0.006)					
TRAINING										
Formal job training in past 12 mos. (0-1)(OLS)	0.015	***	0.092	***	0.001		0.005	***	0.000	

	(0.003)		(0.007)		(0.002)		(0.002)		(0.000)	
Hours of training in past 12 mos. (Tobit)	2.047	***	11.048	***	0.076		0.344		-0.106	*
	(0.398)		(1.002)		(0.209)		(0.239)		(0.055)	
Informal job training from co-workers (1-4 scale)(ordered probit)	0.005		0.188	***	0.008	***	0.030	***	-0.004	***
	(0.007)		(0.012)		(0.003)		(0.004)		(0.001)	
PAY AND BENEFITS										
Fixed pay (natural logarithm)(OLS)	0.028	***	0.017	***	-0.001		-0.009	***	-0.001	*
	(0.003)		(0.005)		(0.001)		(0.002)		(0.000)	
Fixed pay % diff. from market (OLS)	0.249	**	0.870	***	0.012		0.297	***	-0.073	***
	(0.124)		(0.218)		(0.047)		(0.071)		(0.016)	
Total compensation % diff. from market (OLS)	0.558	***	0.771	***	0.094	*	0.184	**	-0.084	***
	(0.134)		(0.239)		(0.050)		(0.078)		(0.018)	
Grade of co. on wages (0-4 scale)(OLS)	0.041	***	0.141	***	-0.002		0.007	**	-0.006	***
	(0.007)		(0.011)		(0.003)		(0.004)		(0.001)	
Grade of co. on benefits (0-4 scale)(OLS)	0.057	***	0.187	***	-0.008	***	0.007	*	-0.006	***
	(0.007)		(0.011)		(0.002)		(0.004)		(0.001)	
JOB SECURITY										
Job security (1-4 scale)(ordered probit)	0.065	***	0.098	***	0.002		-0.029	***	-0.005	***
	(0.006)		(0.015)		(0.003)		(0.004)		(0.001)	
JOB SATISFACTION										
Job satisfaction (1-7 scale)(OLS)	-0.007		0.264	***	0.019	***	0.001		-0.009	***
	(0.008)		(0.014)		(0.003)		(0.004)		(0.001)	

* p<.10 ** p<.05 *** p<.01

See Appendix A for variable definitions and descriptive statistics

Based on NBER company data. Job and demographic controls include age, sex, race, tenure, occupation, earnings, full-time status, management level, supervisory status, disability status, closeness of supervision, ease of seeing workers, payment on an hourly rate, and company fixed effects.

Table B-1: Participation in Decisions by Type of Shared Capitalism Plan

Dep var.:	Involved in job decs. (1-4 scale) oprobit (1)			Involved in dept. goals (1-4 scale) oprobit (2)			Involved in co. decs. (1-4 scale) oprobit (3)			In EI team (0-1 dummy) OLS (4)			Satisfied w/ participation (1-4 scale) oprobit (5)		
Bonuses															
Profit sharing	0.016	(0.022)		-0.067	(0.021)	***	-0.101	(0.022)	***	0.046	(0.008)	***	-0.048	(0.021)	**
Profit sharing bonus as % of base pay	0.269	(0.115)	**	0.547	(0.098)	***	0.389	(0.097)	***	0.087	(0.039)	**	0.321	(0.096)	***
Gainsharing	-0.052	(0.030)	*	-0.071	(0.027)	***	-0.002	(0.028)		0.013	(0.011)		0.028	(0.026)	
Gainsharing bonus as % of base pay	0.188	(0.133)		0.149	(0.111)		0.129	(0.107)		0.074	(0.043)	*	0.040	(0.106)	
Individual bonus	0.096	(0.028)	***	0.123	(0.025)	***	0.093	(0.027)	***	0.005	(0.010)		0.040	(0.025)	
Indiv. bonus as % of base pay	0.280	(0.135)	**	-0.044	(0.112)		-0.174	(0.111)		-0.036	(0.044)		0.207	(0.110)	*
Stock options															
Stock option holding	-0.002	(0.045)		0.052	(0.039)		0.033	(0.038)		-0.052	(0.015)	***	-0.054	(0.037)	
Stock option value as % of base pay	0.007	(0.007)		0.017	(0.006)	***	0.011	(0.005)	**	0.008	(0.002)	***	0.015	(0.005)	***
Employee ownership															
Any employee ownership	0.043	(0.020)	**	0.039	(0.019)	**	0.043	(0.021)	**	0.032	(0.008)	***	-0.016	(0.019)	
Employee-owned stock as % of pay	0.018	(0.010)	*	0.016	(0.009)	*	0.007	(0.009)		0.002	(0.004)		0.026	(0.009)	***
n	34439			34347			34309			34671			34337		
(pseudo) R-sq.	0.125			0.117			0.086			0.123			0.074		
Cut point 1	0.149	(0.292)		1.958	(0.256)		2.617	(0.262)					0.132	(0.252)	
Cut point 2	0.937	(0.292)		2.709	(0.256)		3.541	(0.262)					1.194	(0.252)	
Cut point 3	2.026	(0.292)		3.911	(0.256)		4.631	(0.263)					2.743	(0.252)	
Breakdowns by type of employee ownership															
ESOP	0.071	(0.056)		-0.008	(0.054)		-0.040	(0.056)		0.055	(0.022)	**	-0.253	(0.053)	***

ESOP stock as % of pay	0.029	(0.022)		0.048	(0.021)	**	0.029	(0.020)		0.002	(0.008)		0.052	(0.020)	***
ESPP	0.027	(0.044)		0.065	(0.039)	*	0.038	(0.040)		-0.006	(0.016)		0.057	(0.038)	
ESPP stock as % of pay	-0.031	(0.036)		-0.032	(0.031)		-0.003	(0.030)		0.003	(0.012)		-0.035	(0.030)	
401(k) stock	0.031	(0.018)		0.016	(0.018)		0.032	(0.019)	*	0.042	(0.007)	***	0.021	(0.018)	
401(k) stock as % of pay	0.046	(0.017)	***	0.030	(0.015)	**	0.011	(0.016)		-0.007	(0.006)		0.028	(0.015)	*
Stock from options	-0.067	(0.043)		0.044	(0.038)		0.089	(0.037)	**	0.039	(0.015)	***	-0.009	(0.037)	
Stock from options as % of pay	0.029	(0.025)		-0.012	(0.021)		-0.030	(0.020)		-0.009	(0.008)		0.025	(0.020)	
Open mkt. stock	-0.046	(0.032)		0.014	(0.028)		0.027	(0.029)		0.002	(0.011)		0.069	(0.028)	***
Open mkt. stock as % of pay	-0.072	(0.053)		-0.046	(0.045)		0.000	(0.044)		0.061	(0.018)	***	-0.044	(0.045)	
ESOP coefficients without fixed effects															
ESOP	0.126	(0.035)	***	0.227	(0.033)	***	0.252	(0.034)	***	0.014	(0.013)		-0.103	(0.032)	***
ESOP stock as % of pay	0.007	(0.021)		0.047	(0.019)	***	0.003	(0.018)		-0.001	(0.007)		0.015	(0.018)	

* p<.10 ** p<.05 *** p<.01 (s.e. in parentheses)

^ All regressions include the control variables from table 2.

Table B-2: Company Treatment of Employees by Type of Shared Capitalism Plan

Dep var.:	Ees. share when co. does well (1-7 scale) OLS (1)			Co. fair to ees. (1-7 scale) OLS (2)			Co. grade: sharing info (0-4 scale) OLS (3)			Co. grade: trustworthy (0-4 scale) OLS (4)			Co. grade: ee. relations (0-4 scale) OLS (5)		
Bonuses															
Profit sharing	0.481	(0.030)	***	0.126	(0.029)	***	-0.003	(0.019)		-0.018	(0.019)		-0.031	(0.018)	*
Profit sharing bonus as % of base pay	0.089	(0.136)		0.188	(0.131)		0.258	(0.087)	***	0.261	(0.089)	***	0.397	(0.083)	***
Gainsharing	0.106	(0.038)	***	0.136	(0.037)	***	0.021	(0.024)		0.037	(0.025)		0.021	(0.023)	
Gainsharing bonus as % of base pay	-0.079	(0.151)		-0.167	(0.146)		0.074	(0.097)		0.005	(0.099)		0.107	(0.092)	
Individual bonus	0.047	(0.036)		0.023	(0.035)		0.074	(0.023)	***	0.105	(0.024)	***	0.082	(0.022)	***
Indiv. bonus as % of base pay	0.475	(0.156)	***	0.398	(0.151)	***	0.030	(0.100)		0.142	(0.102)		-0.022	(0.095)	
Stock options															
Stock option holding	-0.078	(0.054)		-0.061	(0.052)		0.033	(0.034)		0.059	(0.035)	*	0.035	(0.033)	
Stock option value as % of base pay	0.006	(0.008)		0.004	(0.007)		0.003	(0.005)		0.000	(0.005)		0.003	(0.005)	
Employee ownership															
Any employee ownership	0.116	(0.028)	***	0.005	(0.027)		-0.016	(0.018)		-0.008	(0.018)		-0.013	(0.017)	
Employee-owned stock as % of pay	0.041	(0.013)	***	0.027	(0.012)	**	0.027	(0.008)	***	0.022	(0.008)	***	0.016	(0.008)	**
n	34433			34395			34303			34242			34271		
(pseudo) R-sq.	0.196			0.203			0.164			0.205			0.179		
Breakdowns by type of employee ownership															
ESOP	-0.021	(0.077)		-0.207	(0.074)	***	-0.242	(0.049)	***	-0.158	(0.050)	***	-0.197	(0.047)	***
ESOP stock as % of pay	0.027	(0.028)		0.026	(0.027)		0.035	(0.018)	*	0.027	(0.018)		0.023	(0.017)	
ESPP	0.120	(0.055)	**	0.075	(0.053)		-0.009	(0.035)		0.028	(0.036)		0.006	(0.034)	
ESPP stock as % of pay	0.006	(0.042)		-0.001	(0.041)		-0.016	(0.027)		0.010	(0.028)		0.002	(0.026)	

401(k) stock	0.161	(0.025)	***	0.037	(0.025)		0.019	(0.016)		0.024	(0.017)		0.020	(0.016)	
401(k) stock as % of pay	0.065	(0.022)	***	0.066	(0.021)	***	0.067	(0.014)	***	0.048	(0.014)	***	0.042	(0.013)	***
Stock from options	0.042	(0.053)		0.001	(0.051)		-0.088	(0.034)	***	-0.068	(0.034)	**	-0.050	(0.032)	
Stock from options as % of pay	0.008	(0.028)		0.031	(0.027)		0.024	(0.018)		0.027	(0.019)		0.016	(0.017)	
Open mkt. stock	0.010	(0.040)		0.055	(0.039)		0.056	(0.026)	**	0.062	(0.026)	**	0.030	(0.024)	
Open mkt. stock as % of pay	0.013	(0.064)		-0.010	(0.062)		-0.029	(0.041)		-0.071	(0.041)	*	-0.025	(0.039)	
ESOP coefficients without fixed effects															
ESOP	0.231	(0.047)	***	-0.119	(0.045)	***	-0.042	(0.030)		-0.103	(0.030)	***	-0.047	(0.028)	*
ESOP stock as % of pay	0.102	(0.026)	***	0.033	(0.025)		0.050	(0.017)	***	0.024	(0.017)		0.017	(0.016)	

* p<.10 ** p<.05 *** p<.01 (s.e. in parentheses)

^ All regressions include the control variables from table 2.

Table B-3: Supervision and Training by Type of Shared Capitalism Plan

Dep var.:	Free from supervision (0-10 scale) OLS (1)			Formal training (0-1 scale) OLS (2)			Training hours Tobit (3)			Informal training (1-4 scale) oprobit (4)		
Bonuses												
Profit sharing	0.068	(0.044)		0.021	(0.009)	**	2.487	(1.192)	**	-0.014	(0.021)	
Profit sharing bonus as % of base pay	0.175	(0.203)		0.067	(0.039)	*	6.948	(5.084)		0.190	(0.095)	**
Gainsharing	-0.106	(0.057)	*	-0.010	(0.011)		-0.081	(1.470)		0.081	(0.026)	***
Gainsharing bonus as % of base pay	0.174	(0.225)		0.125	(0.044)	***	24.545	(5.652)	***	0.036	(0.105)	
Individual bonus	0.029	(0.054)		0.050	(0.011)	***	3.718	(1.403)	***	0.035	(0.025)	
Indiv. bonus as % of base pay	0.344	(0.233)		-0.138	(0.045)	***	-20.235	(5.823)	***	-0.023	(0.109)	
Stock options												
Stock option holding	-0.014	(0.080)		0.006	(0.016)		-1.398	(2.053)		0.096	(0.037)	***
Stock option value as % of base pay	0.017	(0.011)		-0.009	(0.002)	***	-1.010	(0.280)	***	0.016	(0.005)	***
Employee ownership												
Any employee ownership	0.034	(0.041)		0.045	(0.008)	***	5.437	(1.133)	***	-0.047	(0.019)	**
Employee-owned stock as % of pay	0.025	(0.019)		0.011	(0.004)	***	1.041	(0.493)	**	-0.005	(0.009)	
n	34671			34671			33834			34437		
(pseudo) R-sq.	0.177			0.148			0.024			0.031		
Cut point 1										-1.497	(0.252)	
Cut point 2										-0.598	(0.252)	
Cut point 3										0.786	(0.252)	
Breakdowns by type of employee ownership												
ESOP	0.402	(0.114)	***	0.054	(0.022)	**	7.987	(3.198)	**	-0.099	(0.054)	*
ESOP stock as % of pay	0.056	(0.042)		-0.002	(0.008)		0.205	(1.090)		-0.019	(0.019)	

ESPP	0.051	(0.082)		0.011	(0.016)		2.352	(2.120)		0.024	(0.038)	
ESPP stock as % of pay	-0.005	(0.063)		0.015	(0.012)		0.986	(1.595)		-0.012	(0.030)	
401(k) stock	0.057	(0.038)		0.050	(0.007)	***	6.971	(1.056)	***	-0.007	(0.018)	
401(k) stock as % of pay	0.016	(0.032)		0.022	(0.006)	***	1.973	(0.835)	**	0.012	(0.015)	
Stock from options	-0.006	(0.078)		0.028	(0.015)	*	1.093	(1.974)		-0.015	(0.037)	
Stock from options as % of pay	-0.018	(0.042)		-0.007	(0.008)		-0.086	(1.068)		-0.003	(0.020)	
Open mkt. stock	-0.027	(0.060)		-0.004	(0.012)		0.584	(1.507)		-0.028	(0.028)	
Open mkt. stock as % of pay	0.046	(0.095)		0.003	(0.018)		-0.268	(2.357)		-0.012	(0.044)	
ESOP coefficients without fixed effects												
ESOP	0.403	(0.067)	***	0.169	(0.014)	***	15.145	(1.857)	***	-0.087	(0.032)	***
ESOP stock as % of pay	0.121	(0.040)	***	0.018	(0.008)	***	2.043	(1.000)	**	-0.012	(0.018)	

* p<.10 ** p<.05 *** p<.01 (s.e. in parentheses)

^ All regressions include the control variables from table 2.

Table B-4: Pay and Benefits by Type of Shared Capitalism Plan

Dep var.:	Fixed pay (natural log)			Fixed pay (% diff. from mkt.)			Total comp. (% diff. from mkt.)			Grade of co. on Wages (0-4 scale)			Benefits (0-4 scale)		
	OLS			OLS			OLS			OLS			OLS		
	(1)			(2)			(3)			(4)			(5)		
Bonuses															
Profit sharing	0.015	(0.007)	**	0.222	(0.340)		-0.051	(0.362)		0.069	(0.018)	***	0.068	(0.018)	***
Profit sharing bonus as % of base pay	0.168	(0.032)	***	1.057	(1.490)		8.130	(1.587)	***	0.194	(0.085)	**	0.329	(0.084)	***
Gainsharing	0.028	(0.009)	***	0.374	(0.439)		1.544	(0.456)	***	0.033	(0.024)		0.026	(0.024)	
Gainsharing bonus as % of base pay	-0.079	(0.035)	**	-0.664	(1.668)		-3.522	(1.765)	*	0.059	(0.095)		0.021	(0.094)	
Individual bonus	0.007	(0.008)		-0.725	(0.423)	*	-0.607	(0.444)		0.023	(0.023)		0.089	(0.022)	***
Indiv. bonus as % of base pay	0.039	(0.036)		4.148	(1.712)	**	12.875	(1.832)	***	0.193	(0.098)	**	-0.119	(0.097)	
Stock options															
Stock option holding	0.160	(0.013)	***	0.594	(0.629)		1.013	(0.666)		-0.002	(0.033)		0.024	(0.033)	
Stock option value as % of base pay	0.012	(0.002)	***	0.282	(0.081)	***	0.601	(0.088)	***	0.007	(0.005)		0.002	(0.005)	
Employee ownership															
Any employee ownership	0.066	(0.007)	***	0.012	(0.308)		0.251	(0.331)		-0.008	(0.016)		0.040	(0.016)	**
Employee-owned stock as % of pay	-0.009	(0.003)	***	-0.127	(0.158)		0.244	(0.158)		0.000	(0.008)		0.002	(0.008)	
n	27359			27320			26401			34408			34363		
(pseudo) R-sq.	0.765			0.063			0.137			0.108			0.164		
(continued)															

Breakdowns by type of employee ownership														
ESOP	0.144	(0.020)	***	-0.168	(1.020)		0.751	(1.331)		-0.051	(0.048)		0.031	(0.047)	
ESOP stock as % of pay	-0.006	(0.007)		-0.414	(0.360)		0.949	(0.401)	**	-0.008	(0.018)		0.018	(0.017)	
ESPP	0.051	(0.013)	***	0.943	(0.651)		1.629	(0.698)	**	0.037	(0.034)		0.060	(0.034)	*
ESPP stock as % of pay	-0.086	(0.010)	***	0.079	(0.488)		-0.041	(0.532)		0.002	(0.027)		-0.008	(0.026)	
401(k) stock	0.042	(0.007)	***	-0.188	(0.307)		0.219	(0.323)		-0.004	(0.016)		0.029	(0.016)	*
401(k) stock as % of pay	-0.006	(0.005)		-0.270	(0.309)		-0.079	(0.252)		0.011	(0.014)		-0.008	(0.013)	
Stock from options	0.012	(0.012)		1.354	(0.580)	**	1.503	(0.620)	**	-0.003	(0.033)		-0.035	(0.033)	
Stock from options as % of pay	0.005	(0.007)		-0.233	(0.306)		-0.126	(0.332)		0.007	(0.018)		0.017	(0.018)	
Open mkt. stock	0.072	(0.010)	***	0.833	(0.434)	*	0.956	(0.463)	**	0.003	(0.025)		0.011	(0.025)	
Open mkt. stock as % of pay	-0.018	(0.015)		-1.548	(0.684)	**	-1.006	(0.743)		-0.058	(0.040)		-0.034	(0.039)	
ESOP coefficients without fixed effects														
ESOP	0.193	(0.017)	***	0.834	(0.555)		-0.674	(0.665)		0.006	(0.028)		0.299	(0.027)	***
ESOP stock as % of pay	0.037	(0.010)	***	-0.766	(0.388)	**	1.643	(0.379)	***	-0.063	(0.017)	***	-0.010	(0.016)	

* p<.10 ** p<.05 *** p<.01 (s.e. in parentheses)

^ All regressions include the control variables from table 2.

Table B-5: Job Security and Satisfaction by Type of Shared Capitalism Plan

Dep var.:	Job security (1-4 scale) oprobit (1)			Job satisfaction (1-7 scale) OLS (2)		
Bonuses						
Profit sharing	0.102	(0.021)	***	-0.063	(0.023)	***
Profit sharing bonus as % of base pay	0.486	(0.098)	***	0.255	(0.105)	**
Gainsharing	0.068	(0.027)	***	0.025	(0.029)	
Gainsharing bonus as % of base pay	-0.021	(0.109)		0.270	(0.117)	**
Individual bonus	0.057	(0.026)	**	0.023	(0.028)	
Indiv. bonus as % of base pay	-0.046	(0.112)		0.168	(0.121)	
Stock options						
Stock option holding	0.040	(0.039)		-0.008	(0.041)	
Stock option value as % of base pay	0.011	(0.005)	**	0.007	(0.006)	
Employee ownership						
Any employee ownership	0.082	(0.020)	***	-0.006	(0.021)	
Employee-owned stock as % of pay	0.018	(0.009)	**	0.001	(0.010)	
n	34671			34525		
(pseudo) R-sq.	0.042			0.107		
Cut point 1	-1.917	(0.259)				
Cut point 2	-1.175	(0.259)				
Cut point 3	0.476	(0.259)				
Breakdowns by type of employee ownership						
ESOP	-0.001	(0.056)		-0.038	(0.059)	
ESOP stock as % of pay	0.042	(0.021)	**	-0.002	(0.022)	
ESPP	-0.058	(0.040)		-0.027	(0.042)	
ESPP stock as % of pay	-0.005	(0.031)		-0.001	(0.033)	

401(k) stock	0.096	(0.018)	***	-0.001	(0.020)	
401(k) stock as % of pay	0.054	(0.015)	***	0.018	(0.017)	
Stock from options	-0.089	(0.038)	**	-0.006	(0.041)	
Stock from options as % of pay	0.013	(0.020)		-0.003	(0.022)	
Open mkt. stock as % of pay	0.038	(0.046)		-0.033	(0.049)	
Open mkt. stock	0.008	(0.029)		0.005	(0.031)	
ESOP coefficients without fixed effects						
ESOP	0.299	(0.034)	***	0.090	(0.036)	***
ESOP stock as % of pay	0.043	(0.020)	**	-0.029	(0.020)	

* p<.10 ** p<.05 *** p<.01 (s.e. in parentheses)

^ All regressions include the control variables from Table 2.

Figure 1: The Contingent Effects of Shared Capitalism on Job Satisfaction