

Majority Employee Owned Enterprises in the U.S.: A Profile

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I. Introduction

Cooperative and employee-owned businesses are increasingly being proposed as economic development strategies, and a number of new initiatives have been undertaken to foster them.¹ But one of the primary difficulties when considering the relative merits of a cooperative or employee-owned businesses model is that the actual characteristics, behavior, and experiences of these firms are not well-documented, especially in the U.S. context. This paper presents some of the findings of a recently-initiated research project focusing on employee-owned enterprises in the U.S., the first phase of which involves documenting the prevalence and basic characteristics of firms that are majority employee-owned (MEO) through an employee stock ownership plan (ESOP) or similar plan.

There are several reasons that MEO-ESOPs are the focus of this research. The emphasis on *majority* ownership is because the effects of employee ownership are likely to depend strongly on the degree of ownership. For example, Meade (1972) dismisses the idea that a business owned and operated by its employees is likely to realize productivity advantages over conventional capitalist firms because of what has come to be called the ‘ $1/n$ problem’. Briefly stated, because the individual worker bears the entire cost (in disutility) of increased work effort while receiving only a $1/n$ share (where n is the number of members of the cooperative) of the benefit that their increased work effort produces, then the incentive afforded by making the workers also the recipients of the profits of the enterprise is declining in n . The implication is that this incentive is likely to be insignificant in anything but the smallest firms. Without conceding the validity of Meade’s argument here, I would like to note that this problem is potentially even more significant when employees own only a portion of the claims on the profits of the firm. When employees own m percent of the equity of the firm, the ‘ $1/n$ problem’ becomes the ‘ m/n problem’. In this case the incentive afforded by the worker’s claim on profits is declining in n and increasing in m , and it is only equivalent to the case Meade had in mind when formulating his critique of employee ownership when $m = 1$.

Consider also the effect of the degree of employee ownership on the location choice of the firm. Some recent advocates for employee ownership argue that it is preferable to conventional ownership because it ties businesses more closely to the communities where they are located. The location choice of the firm is determined by the advantage it conveys to the owners of the firm, and firms have become increasingly mobile in search of advantages, with serious detrimental consequences for the communities they have left behind. Firms use both relocation and the threat of relocation to improve their bargaining power vis-à-vis their workers in order to shift the distribution of income from labor to capital (Olsen 2010) and also to secure incentives from local, state and national governments. Employee ownership could significantly reduce the capital-bias in the location choice, and significantly reduce the threat of relocation as a bargaining tool, but this is also likely to require a majority ownership position by the employees.

Research that aims to draw generalized inferences about issues like the ‘1/n problem’, or the advantages that employee ownership provides for place-based development, by studying ESOPs could be aided by an emphasis on MEO firms. But this depends on first identifying them, and thus far only limited progress has been made in doing this. Worker ownership is not at all rare in the U.S., but majority employee-ownership is relatively uncommon, and separating the MEO firms from the non-MEO firms is not easy to do.

The emphasis that this research project places on *ESOPs* is simply a consequence of the current status of employee ownership in the U.S. Worker cooperatives provide the most comprehensive model of employee ownership because the members of a cooperative have both a claim on a share of the profits of the firm (residual claimancy) as well as a right to participation in management (control rights). But at present there are too few worker cooperatives in the U.S., and they are too highly concentrated in the retail and entertainment sectors, to provide a significant reference population.² The ESOP is currently the primary vehicle for employee ownership in the U.S., but in most companies that have ESOPs the plan owns a minority stake, with a median holding estimated to be roughly one-third of the equity of the firm.³ This means that research on employee-ownership that takes U.S. ESOPs as its reference population needs

to be sensitive to the fact that it is likely looking at employee ownership in the context of a relatively small share of equity ownership. Given these issues an objective of this paper is to demonstrate that there does exist a set of MEO-ESOP firms that is both large and diverse enough to provide insights that can be considered fairly general, and consists of firms with a degree of employee ownership that is high enough that the effects on firms and individuals can readily be observed.

This work is currently ongoing, and hence this paper represents a status report of the findings to date. The results will improve as the research progresses, but there are sufficient results at this point to circulate them for review and comment.

II. The MEO Database

II.1 Development of the Database

The initial source for the MEO enterprise data was the National Center for Employee Ownership (NCEO) list of majority employee-owned companies, which contained 1,073 entries. Criteria for inclusion in the list is that at least 50% of the equity of the firm must be owned by an ESOP or similar type of plan (e.g. profit-sharing plan, 401k plan that invests in company stock, other ‘prototype’ plans, or some combination thereof) that is open to all, or almost all, of the full-time employees of the firm. This excludes, for example, proprietorships, partnerships and similar arrangements because, while a majority of the equity of the firm may be owned by employees, this equity is not broadly available to employees. Only 35 of the entries in the NCEO list involved plans other than an ESOP, so the initial database consisted almost exclusively of companies with ESOPs. For this reason the companies in the database will all be referred to here as MEO-ESOPs even though, strictly speaking, there are some small number of non-ESOP companies included in the data as well.

The NCEO list was screened to eliminate firms that no longer meet the criteria for inclusion, and the company information (employment, address, etc.) for those entries retained was updated. Of the 1,073 initial entries 149 (13.9%) were removed because they were confirmed to have ceased operations, were acquired by a company that is not MEO, or were duplicate entries, and 45 (4.2%) were removed because they were confirmed to have been improperly included on the NCEO list. The remaining 879 (81.9%) entries were either confirmed as both still in operation and MEO (496 or 46.2%), or still in existence and still employee-owned but unable to confirm MEO status (383 or 35.7%). The firms whose MEO status could not be confirmed are retained in the database and are the subject of ongoing research, but since relatively few non-MEO firms have been found to be erroneously included in the database, it seems reasonable to assume that most of these will ultimately be confirmed.

This research was done by researchers at the UMKC Department of Economics almost exclusively through electronic searches of public information (company websites, trade publications, etc.) using internet search engines and LexisNexis. Data about the characteristics of firms came primarily from commercial company databases (Dun and Bradstreet or ReferenceUSA) or from company websites, and confirmation of the existence of an ESOP or similar plan was done by checking IRS Form 5500 “Annual Return/Report of Employee Benefit Plan” filings. Some telephone calling was done in cases where it was unclear from online sources whether a company still existed or not.

Once the NCEO list was cleaned and updated we searched for new MEO firms to add to the database using the same research methods. The search for new MEO firms focused on those that are mentioned in the publicly-available information provided by the professional associations, state employee ownership centers, research centers, or consulting firms actively involved with employee ownership (e.g. The ESOP Association, The Employee Ownership Foundation, The Ohio Employee Ownership Center, The Vermont Employee Ownership Center, the Massachusetts Office for Employee Involvement and Ownership, Ownership Associates, The Foundation for Enterprise Development, etc.). This resulted in an additional 410 confirmed observations being added to the database. Of these 410 enterprises, 386 are majority ESOP companies and 24 are worker cooperatives. The MEO database is still the subject of

ongoing research, but for the purposes of this paper it contained 1,289 entries, of which 906 are confirmed MEO companies and 383 were identified as MEO by the NCEO but have yet to be confirmed.

II.2 Characteristics of U.S. MEO Firms

Ownership Share

The share of ownership by the firms in the MEO database is listed in Table 1. Both the median and modal equity holding is 100%, with over half of the companies in the database having this level of ownership by their ESOP or similar plan. In many cases, however, it was not possible to identify the ownership share beyond confirming that the plan did indeed own a majority of the equity of the firm. Firms that disclosed that they are majority employee-owned but did not specify an ownership share are listed as having “50+” % ownership. The reason for the lack of specificity on this point is that we relied on information that had been publicly disclosed by the firms rather than a survey. For firms that met the criteria for inclusion in the database it was common for them to disclose either that they are 100 percent employee-owned or majority employee-owned, but it was not common for them to disclose a specific ownership percentage other than 100 percent. Consequently less than 10% of the firms in the database have an ownership share specified other than 100%.

INSERT TABLE 1 ABOUT HERE

ESOP Plan Start

Table 2 describes the age profile of the plans in the MEO database. In most cases this information is taken from the firm’s Form 5500 filings, which specifically ask for the “Effective date of plan”. It should be noted here that since many, perhaps even most, of the firms in the database progressed from minority to majority ownership, the effective date of the plan is not the date when a firm became majority employee-owned. It was not possible to identify the date when a firm achieved MEO status for most of

the firms in the database, and hence the information in Table 2 pertains only to when a plan was initially put in place. But if it is assumed that the firms in the database progressed to MEO status over some regular schedule, then this information should provide a rough proxy for the length of time that firms have been majority-owned.

Each of the decades from the 1980s – 2000s contain between 23 – 33 percent of the firms in the database, and the median effective date of plan for firms in the dataset is 1994. There is a split between 1975-1979 and the years prior to 1975 to distinguish those firms that had employee-ownership plans in place prior to the passage of the Employee Retirement Income Security Act of 1974 (ERISA), which provided the legal structure and tax incentives for the creation of ESOPs. It is notable that there are 85 firms in the database that have plans that predate ERISA. These are among the oldest and most established MEO companies in the U.S., and represent a non-trivial percentage of those companies whose commitment to employee-ownership predates ERISA.⁴

INSERT TABLE 2 ABOUT HERE

Enterprise Size (Employment)

The size profile of the firms in the MEO database, as measured by total employment, is described by Table 3. Columns (1) and (2) list the number and relative frequency of the MEO companies in the database classified by size. The median size of a company in the database is 135 employees, which is significantly larger than the median size of a U.S. corporation (in the 1-4 range), and a significant percentage (18.45%) of the MEO-ESOP companies are large, with more than 500 employees. The average size of a company in the MEO database is 767, and the total employment in all MEO companies (not shown in Table 3) is 927,733 persons.

Columns (3) and (4) list the number and relative frequency by size classification of all U.S. corporations. The furthest right column in Table 2 shows the ratio of relative frequencies for companies in the MEO database and all U.S. corporations for each size classification in the table. This ratio is useful

to compare the characteristics of a subpopulation with a comparator or reference population, which in this case is the MEO database and the comparator population of all U.S. corporations. The value of the relative frequency ratio can range from 0 to infinity, with the critical value being one. If the value of the ratio is less than one it indicates that the subpopulation is less concentrated in this class than the reference population as a whole, with smaller values corresponding to lower concentrations; if this ratio is greater than one it indicates that the population is more concentrated in this classification than the reference population as a whole, with higher values representing a higher concentration than the reference population.

What these relative frequency ratios indicate in this case is that there are significantly more MEO corporations in the database in all cohorts except the smallest (0-19 employees). In other words, the scale profile of companies in the MEO database indicates that they are typically much larger than other U.S. corporations. This finding should not be surprising given that the costs associated with establishing and maintaining an ESOP or similar plan may be prohibitive for smaller corporations. Table 3 also indicates that MEO companies in the database also tend to be much larger than worker cooperatives in the U.S. or the E.U., which average 11 and 28 workers, respectively.⁵

INSERT TABLE 3 ABOUT HERE

Industry Distribution of MEO Companies

The distribution across industries of companies in the MEO database is described by Table 4. Columns (1) and (2) list the number of observations and the relative frequency for each industrial division (SIC basis). Columns (3) and (4) provide the same information for all U.S. corporations, and column (5) lists the relative frequency ratio of MEO companies and U.S. corporations.

The companies in the MEO database are most numerous in Manufacturing and Services, and together these two sectors contain more than half of all the MEO companies. But when compared with the population of all U.S. corporations some distinct differences can be observed. The MEO companies

are more than five times more concentrated in Manufacturing, and twice as concentrated in Wholesale, than U.S. companies as a whole. The Services sector, which contains a significant number of MEO companies, actually contains a relatively smaller share of the MEO population than the national industrial profile. The Agriculture, Forestry and Fishing sector also shows a higher concentration of MEO firms than the national industrial profile of corporations, but the relatively small number of companies in this sector in both the database and the national population makes it difficult to draw strong inferences from this.

Another notable feature about the industrial distribution of firms in the MEO database is that they are also significantly different U.S. cooperatives. Deller et al (2009, 11) find that 36% of U.S. worker cooperatives are in the Retail sector and 33% in Entertainment (a part of the Service sector in the SIC classification). Retail enterprises account for only 8.28% of the MEO database, and while the Service sector contains 25.58% of the MEO database, only four of the companies in this sector could be classified as entertainment.

INSERT TABLE 4 ABOUT HERE

The Geography of MEO Companies

The geographical profile of companies in the MEO database is given by Table 5. Columns (1) and (2) list the number of enterprises and relative frequency of companies in the database in each of the four regions. There are significant numbers of MEO companies in each region, and a distinct concentration exists in the Midwest region, which contains 37.99% of all companies in the database. Columns (3) and (4) list the number and relative frequency of all U.S. enterprises in the four regions, and the fifth column in the table presents the relative frequency ratio. The relative frequency ratios indicate the companies in the MEO database are somewhat more concentrated in the Midwest region than are U.S. enterprises overall, and they are somewhat less concentrated in each of the remaining three regions.

INSERT TABLE 5 ABOUT HERE

III. Conclusions and Implications for Future Research

There are several conclusions that follow from the data presented in section II. The first is that the proposition that there exists a reasonably large and diverse population of MEO-ESOP companies in the U.S. is confirmed. The MEO database currently contains 1,289 firms, with a total employment of 927,733 employees, and a median employee ownership share of 100%. These firms are typically relatively large and they are geographically dispersed—the database includes companies from all 50 states and the District of Columbia—though somewhat more common in the midwest than in other regions of the country. The age profile of the firms in the database is fairly uniform, with no single decade since the enactment of ERISA commanding an unusually large share of the data.

There are some noticeable differences between the companies in the MEO-ESOP database when compared with either U.S. corporations overall or U.S. worker cooperatives. The MEO-ESOP companies tend to be larger than either other U.S. corporations or worker cooperatives, and they are significantly more concentrated in manufacturing and wholesale trade. More research is needed to establish other similarities or differences between these groups.

Unfortunately it is not possible to determine whether the MEO database is representative of the universe of MEO companies in the U.S. because there is no reliable source for data on even the number that exist, let alone their characteristics. The total number of ESOPs or similar plans that exist can be determined from the Form 5500 filings, but the percentage of these that are MEO cannot be determined from the form data. The NCEO (2011a) estimates that there are 3,000 MEO-ESOP companies in the U.S., but this estimate should be considered to have a wide margin of error given the lack of good information on which to base such an estimate. Many surveys of existing ESOP companies (see The ESOP Association 2010, and Logue and Yates 2001 for examples) show very high percentages of

majority ownership, but these are recognized to be unrepresentative due to the unusually high response rates from MEO-ESOP companies, which tend to be the strongest supporters of employee ownership and therefore respond to ESOP surveys at a much higher rate than other ESOP companies. My own subjective estimate of how many MEO-ESOP companies exist would be closer to 2,000 than 3,000 because it seems highly unlikely that the considerable efforts that have gone into developing the current MEO database have identified less than half of the existing MEO-ESOP companies. Total employment in MEO-ESOP companies is almost certainly more than one million workers, and may range as high as one and one-half million workers. It needs to be emphasized here that these are subjective estimates, but the ranges of 2,000 – 3,000 firms and between one and one and one-half million workers seem to be reasonable order-of-magnitude estimates of the number of MEO-ESOPs firms and employment in the U.S.

The primary purpose for developing the MEO database is to provide a basis for future research, and I would like to consider this briefly here. Several of the advantages of cooperative and employee-owned businesses proposed by advocates run counter to many widely-accepted theorems in economic theory. Alchian and Demsetz (1972), for example, argue that the “classical capitalist firm”, in which the owner of capital purchases labor services rather than the other way around, emerged and endures because only the owners of capital have the appropriate incentive to provide the optimal monitoring effort to efficiently prevent shirking. By implication employee-owned enterprises should be at a competitive disadvantage with firms owned and operated either by a single entrepreneur or by an agent whose compensation effectively makes them a residual claimant (profit recipient) of the firm. When combined with the ‘1/n problem’ discussed in the introduction, Alchian and Demsetz’s argument about monitoring problems in employee owned firms has long been held to provide a satisfactory explanation for why these kinds of businesses are rare.⁶ Most economists seem content with these explanations, and the scarcity of MEO enterprises seems to provide at least *prima facie* evidence that this type of firm is at a competitive disadvantage relative to firms in which the rights of ownership belong to the owners of capital rather than labor.⁷

But not all economists have been satisfied so easily, and indeed a relatively rich literature exists in economics exploring these issues theoretically and, to a lesser extent, empirically. Recent contributions to this literature, notably Kruse, Freeman and Blasi (2010), contain more robust empirical investigations than have been possible in the past, and indicate that the debate over the merits of employee ownership, which has proven impossible to resolve theoretically, may be resolved empirically. Two important earlier contributions to the literature on employee ownership (which considered only worker cooperatives, and not employee ownership more generally), reached this same conclusion several decades ago (see Bonin, Jones, and Putterman 1993, 1315, and Craig and Pencavel 1992, 1103-1104). But a significant problem impeded the kind of empirical research on worker cooperatives called for by these writers. The problem is that while worker cooperatives are more prevalent in the continental E.U. countries⁸, the opportunities for research on worker cooperatives in the U.S. are extremely limited.

This difficulty can, however, be overcome by looking to a more diverse set of institutional forms for evidence of worker and firm behavior under various structures of ownership and participation, and the results contained in this paper indicate that there is a significant population of MEO-ESOPs in which the effects of employee ownership can be observed. The ESOP provides an interesting case for research on the impact of employee ownership because under existing U.S. law the two things that are combined in both the “classical capitalist firm” and the worker cooperative—residual claimancy and control rights—need not be combined in an ESOP company. In an ESOP the equity of the firm is owned by a trust, which may also ultimately retain the control rights of the firm even if all of the equity in the trust has been allocated to employees. Control rights *may* belong to employee-shareholders via pass-through voting rights, but this seems to be very rare.⁹ But it should be noted here that Meade’s ‘*1/n* problem’ involves the incentive of residual claimancy rather than control rights. Furthermore, Alchian and Demsetz’s argument that the monitor must be residual claimant is not about the effect of different allocations of control rights on performance, rather it is a claim about the impact of residual claimancy on the effective exercise of these rights. Neither of these critiques of employee ownership presumes that workers receive utility from control rights, i.e. they assume no intrinsic benefit from self-management or

employee participation, and hence empirical research on these central theoretical questions need not involve firms in which employees have both residual claimancy and control rights.

The next phase of my own research on employee ownership is intended to use the MEO database to explore these questions empirically. It is a robust finding by many researchers over several decades that employee-owned enterprises have higher productivity than their conventionally-owned counterparts (Kramer 2010; Kruse, Freeman and Blasi 2010), but the source of these productivity gains has never been clearly identified. A conjecture is that the ‘1/n problem’ is simply a fallacy and employee-owners do increase work intensity when they have a claim to a share of the profit that their increased work intensity produces. But there is an alternative explanation that has never been explored in the context of employee ownership. The inputs into the production process in a capitalist enterprise include labor for supervising and disciplining workers (Bowles 1985). These are the costs required by the agency problem that arises when enterprises contract for labor. Gordon (1990, 1994, 1996) pioneered a simple but effective empirical technique for estimating the magnitude of these inputs by comparing the structure of firms under different regimes of labor-management relations. He showed that firms in the U.S. and the U.K. have much higher ratios of supervisory and other non-production employees to production workers than is found in other developed countries. He proposes that while the function of these additional supervisory and non-production workers is to overcome the agency problem, this is not the only way to do so. Firms can overcome it either through the ‘stick’ of intense supervision and discipline or through the ‘carrot’ of sharing the gains from productivity increases. Firms in the U.S. and U.K., he argues, more often opt for the stick strategy to increase productivity over the carrot strategy of shared reward that dominates in other developed countries, and consequently the employment structure of these firms is different. In order to execute a stick strategy firms in the U.S. and U.K. must employ far more “stick wielders” than firms in countries that tend to emphasize a rewards-based strategy, and this difference is both empirically observable and significant.

Gordon does international comparisons because he assumes that there is insufficient institutional difference among firms within the U.S. to do a comparison of the structure of stick vs. carrot enterprises

within the country (1996, 84). But the existence of a significant MEO-ESOP sector may provide the institutional variation necessary for this type of study without doing international comparisons. If the ratio of supervisory and non-production employees to production workers can be shown to be significantly lower in MEO-ESOP companies than in conventionally-owned companies in a matched-pair sample, this is evidence that the productivity advantages observed in MEO-ESOPs result not from workers increasing their work intensity under the same supervisory conditions that prevail in their conventionally-owned twin, but rather that workers in the MEO-ESOP firms work at an intensity comparable to that of other firms, but they do so with a reduced need for supervision and discipline.

My objective in pursuing this line of inquiry is not to refute the argument that the '1/n problem' is a fallacy, but rather to pursue something perhaps even more profound. If the agency problems inherent in capital contracting for labor results in significant inputs of nonproduction and supervisor labor that would not be necessary under conditions of employee ownership, then this institutional arrangement reduces the productive efficiency of the firm and capital hiring labor is pareto inferior to labor hiring capital. The transition from conventional ownership to employee ownership is potentially pareto improving because the same level of productivity could be achieved with fewer inputs of nonproduction and supervisory labor, and a concomitant reduction in production cost. In other words, and in contrast to the argument of Alchian and Demsetz, it indicates that the "classical capitalist firm" is a pareto inferior institution to an MEO firm and the many policies and initiatives designed to foster employee ownership could result in important benefits that have yet to be recognized.

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¹ See, for example, Alperovitz, Howard and Dubb 2009, United Steelworkers 2009, Indiana Office of the Treasurer 2008, International Labor Organization 2002, European Commission 2004, and United Nations 2010.

² A recent census of cooperatives in the U.S. by Deller et al found only 223 worker cooperatives with a total of 2,380 (fte) employees (2009, Table 2-2). They also find that these worker cooperatives are also highly concentrated in what they call “Commercial Sales and Marketing”, with 80% of all worker cooperatives in this sector. Indeed their data shows that fully 69% of all U.S. worker cooperatives are in just two industries, Retail Trade and Entertainment.

³ According to the estimates in NCEO (2011a and 2011b), the median ownership by ESOPs in privately-held companies is somewhere between 30 – 40%, though most likely at the low end of that range. The median ownership in publicly-traded companies, which account for only 5% of ESOPs, is in the 0 – 10% range.

⁴ Logue and Yates (2010, 13) note that prior to the passage of ERISA only a few hundred ESOPs existed in U.S. companies.

⁵ The data in Deller et al (2009) indicates that the average employment of a U.S. worker cooperative is 11 workers, while that presented in Fakhfakh, Pérotin and Gago (2009) indicate that the average size of a worker cooperative in France is 21 employees. The European Confederation of Worker’s Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP 2011) reports that their

membership includes 25 national federations in 16 EU countries, representing 50,000 enterprises that employ 1.4 million workers. This suggests an average employment of 28 workers per cooperative business in the E.U.

⁶ Dow and Putterman (2000) provide a more comprehensive discussion of the reasons that have been offered in economic theory for why capital hires labor.

⁷ Of course there are some well-known examples of worker-owned and controlled enterprises. The plywood cooperatives in the Pacific Northwest of the U.S., the John Lewis Partnership in the U.K., the Mondragon Corporation federation of worker cooperatives in the Basque region, worker self-managed and organizations of associated labor in the former Yugoslavia, and the active cooperative sector in some present-day European and Latin American countries all offer notable examples of various types of worker-owned and/or controlled enterprises that have existed in developed market economies. But the novelty of these examples serves to underscore the relative rarity of this type of enterprise, especially in the U.S. and the U.K.

⁸ See Fakhfakh, Pérotin and Gago (2009, 6-7) for an estimate of the size of the worker cooperative sector in France and Pencavel, Pistaferri and Schivardi (2006) for data on the size of the worker cooperative sector in Italy.

⁹ The ESOP Association survey of its membership (TEA 2010, 19) finds that only 5% give full pass-through voting rights to plan participants, and also that the adoption of an ESOP has relatively little affect on how a company is managed (34). It should be noted that they obtained these results from a set of 460 respondent companies whose ESOPs owned an average of 77% of the equity of these firms. Likewise in their study of Ohio ESOP companies Logue and Yates (2001, chapter 3) find only a relatively modest increase in employee participation in management as a result of the adoption of an ESOP (table 3.2).

TABLE 1: ESOP ONERSHIP SHARE

MEO-ESOP (*n* = 1,208)

	(1)	(2)
100%	641	53.06%
75 – 99%	55	4.55%
51 – 74%	72	5.96%
“50+”%	440	36.42%

Median share: 100%

Source: UMKC MEO Database

TABLE 2: ESOP PLAN START

MEO-ESOP (*n* = 1,142)

	(1)	(2)
2000 - 2010	326	28.55%
1990 - 1999	379	33.19%
1980 - 1989	268	23.47%
1975 - 1979	84	7.36%
Prior to 1975	85	7.44%

Median year: 1994

Source: UMKC MEO Database

TABLE 3: ENTERPRISE SIZE

Employees:	MEO-ESOP (<i>n</i> = 1,203)		U.S. Corporations (<i>n</i> = 3,935,045)		Relative Frequency Ratio
	(1)	(2)	(3)	(4)	(2)/(4)
0-19	44	3.66%	3,457,853	87.65%	0.04
20-99	436	36.24%	395,220	10.02%	3.62
100-499	501	41.65%	66,006	1.67%	24.89
500+	222	18.45%	15,966	0.40%	45.60
1000+	127	10.56%	NA	NA	NA

Median firm size: MEO-ESOP 135; U.S. Corporations 1-4.

Sources: UMKC MEO Database; U.S. Census Bureau, *Statistics of U.S. Businesses*, 2007 annual data.

TABLE 4: INDUSTRY DISTRIBUTION OF ENTERPRISES

Division:	MEO-ESOP (<i>n</i> = 1,209)		U.S. Corporations (<i>n</i> = 3,981,175)		Relative Frequency Ratio
	(1)	(2)	(3)	(4)	(2)/(4)
Ag, For, Fish	15	1.24%	13,665	0.34%	3.62
Mining	4	0.33%	15,152	0.38%	0.87
Construction	132	10.93%	566,532	14.23%	0.77
Manufacturing	357	29.55%	229,434	5.76%	5.13
Transport, Util	39	3.23%	130,690	3.28%	0.98
Wholesale	187	15.48%	288,737	7.25%	2.13
Retail	100	8.28%	497,286	12.49%	0.66
FIRE	66	5.46%	361,826	9.09%	0.60
Services	309	25.58%	1,877,853	47.17%	0.54

Sources: UMKC MEO Database; U.S. Census Bureau, *Statistics of U.S. Businesses*, 2007 annual data.

TABLE 5: GEOGRAPHIC DISTRIBUTION

Region:	MEO-ESOP ($n = 1,211$)		U.S. Enterprises ($n = 6,232,205$)		Relative Frequency Ratio
	(1)	(2)	(3)	(4)	(2)/(4)
Northeast	218	18.00%	1,231,188	19.76%	0.91
Midwest	460	37.99%	1,350,887	21.68%	1.75
South	277	22.87%	2,140,122	34.34%	0.67
West	256	21.14%	1,510,008	24.23%	0.87

Northeast: CT, MA, ME, NH, NJ, NY, PA, RI, VT.

Midwest: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI.

South: AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV.

West: AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY.

Sources: UMKC MEO Database; U.S. Census Bureau, *Statistics of U.S. Businesses*, 2007 annual data.