

Rutgers University  
School of Management and Labor Relations  
Spring 2022 – Virtual Synchronous Class – All Sessions on Video in Real Time on Zoom

## Equity Compensation & Employee Ownership

For undergraduates: 37:533:325:01 Index 19330

For M.A. students: 38:533:618:01 Index 19331

Note: This class is open to both undergraduates and graduate students. This will be a small seminar with a lot of discussion and class participation and few brief lectures by the professor. A live case study on video from the CEO of a firm will take place almost every week on Zoom.

Course Time: Wednesday, 1:40-4:40 pm

Professor Adria Scharf, PhD Beyster Fellow and Director of the Curriculum Library for Employee Ownership

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Phone: 804-241-3680 (cell phone)

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Office Hours: By appointment.

### Books:

*Shared Entrepreneurship: A Path to Engaged Employee Ownership*. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014. (Buy the Kindle Edition Only)

*Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*. William Foote Whyte and Kathleen King Whyte. Ithaca: Cornell University Press, 1991.

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

The professor will supplement the readings with research articles, statistical reports, and working papers by scholars and experts along with case studies and materials from the Curriculum Library on Employee Ownership (CLEO) at <http://www.cleo.rutgers.edu> based at the School of Management and Labor Relations, as well as contemporary magazine articles and videos for context. Each student will present a brief written and verbal presentation on one of these articles during the course to their class team.

Supplemental Readings from:

*The Wall Street Journal, The New York Times*

Note: You will be provided articles from or referred to pertinent articles on the web sites of these publications.

Course Description:

This is a survey course that explores the variety of ways that businesses can compensate employees with shares of equity, profits, or gains, and the human resource management, employment relations, organizational and individual motivational issues that such practices raise.

The class will use the Harvard Business School case study method, where each class will be based in reading and discussing a case study. Explorations of research and other material related to understanding the case study will make up the rest of the class.

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

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

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

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

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

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

Skills:

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

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

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

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

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

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

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

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

#### Required Work:

Students are required to prepare in advance and bring to class eight questions based on the readings of the current week.

#### Attendance:

*Participation in class meetings is critical to the class both in terms of being present in class and fully participating.*

Attendance will be taken in class and those not participating will lose points on the participation score. A student missing more than 3 classes will not receive credit for this course. Each student will have one excused absence that will count towards these three classes. This excused absence can be used for any reason and does not require a note, so it can be used for an absence related to an illness, for example. There will be two extra points on top of the entire grade for perfect attendance, meaning the excused absence is also not used. Active participation in class discussions is expected and required.

#### Grading:

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

Mid-term book report – 30%; Final paper – 30%; Active Participation in Class Discussion – 20%; Participation: Attendance - 20%

Points can be deducted for not being present in order to participate in the class and for egregious classroom conduct (as described below). One class absence reduces the participation score by 2 points.

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

#### Academic Integrity:

The rights of students will be protected to insure that test scores are related to competence in the subject matter. Therefore, all examinations will be carefully proctored. If cheating is detected, it will

be prosecuted to the limit allowed by University policies. An academic integrity contract is attached to this syllabus. Students must submit a signed copy of the contract before the second class they attend. ASSIGNMENTS TURNED IN BEFORE THE ACADEMIC INTEGRITY CONTRACT IS HANDED IN WILL RECEIVE A GRADE OF "0."

### Classroom Conduct:

It is important for a serious learning experience to have a quiet and respectful environment in the classroom.

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

When you do any of these things it is hard to argue you are participating in class and points will be deducted from your participation score.

Participation points will automatically be deducted for these behaviors. It is required that you be at all classes and have your video on during the class. This is a face-to-face video class experience.

### Class Schedule:

<u>Date</u>	<u>Topic and Reading Assignments</u>
Jan. 19	Introduction: Varieties of Shares and Research Questions Speaker from The Okonite Company
Jan. 26	Case: Equity Compensation in a Multinational Speaker from Unilever Read: Unilever < <a href="http://www.shareinourfuture.com">www.shareinourfuture.com</a> > (including video) The Citizen's Share, Introduction and Ch. 1 A Detailed Overview of Employee Ownership Plan Alternatives (NCEO) < <a href="http://www.nceo.org/articles/comprehensive-overview-employee-ownership">www.nceo.org/articles/comprehensive-overview-employee-ownership</a> >
Feb. 2	Case: The Employee Stock Purchase Plan as Equity Compensation Speaker from Fidelity Investments Read:

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

“Thinking Strategically about Equity Compensation,” Morgan Stanley Brief

Watch video: We the Owners (first half)

Feb. 9 Employee Share Ownership in Retailing: Homeland, Publix Supermarket, Winco

Speaker involved in Homeland Foods transaction

Read:

NCEO <nceo.org> (Selections)

Watch video: We the Owners (second half)

Watch company videos (linked from Canvas)

The Citizen’s Share Ch. 2

Feb. 16 The Large Diversified ESOP Manufacturer

Speaker: CEO of Amsted Industries

Read:

ESCA <esca.us> (Selections)

The Citizen’s Share, Ch. 4

Whyte, Ch. 1

Feb. 23 The Worker Cooperative Conglomerate

Speaker from Mondragon University

Read:

“Mondragon of the Basque Region of Spain”, Roche, Freundlich, Shipper, Manz (2018)

Whyte, Ch. 6, 8, 11

March 2 Employee Ownership for Internet Platform Companies

Speaker from Democracy at Work Institute

Read:

<www.UpandGo.coop> (Links to an external site.)

“An Internet of ownership: Democratic design for the online economy,” Nathan Schneider

Whyte, Ch. 21

March 9 Mid-Term Book Report Presentations

March 13-20 Spring Break

March 23 The Highly Participatory Organization

SRC in Missouri

Read:

Shipper, Ch. 5, 6, 7, 14

Watch Videos

March 30 The Employee Ownership Trust

The John Lewis Partnership in the UK

Read:

Shipper: John Lewis Case Study

The Citizen’s Share, Ch. 5 & 6

April 6 Equity and Profit Shares in Private Equity

Case to be Announced

April 13 Stock Sharing and Financial Well-being: Paypal

Speaker: Representative from Paypal

Read:

“Creating Mutual Gains to Leverage a Racially Diverse Workforce,” Joo Hun Han, et al (2020)

“Employee Ownership and Job Quality” (Introduction) (on [cleo.rutgers.edu](http://cleo.rutgers.edu))

April 20 A Large Stock Market Company's Shares

Read:

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

April 27 Presentation of Final Paper Projects

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

Academic Integrity Contract:

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

[http://academicintegrity.rutgers.edu/files/documents/AI\\_Policy\\_9\\_01\\_2011.pdf](http://academicintegrity.rutgers.edu/files/documents/AI_Policy_9_01_2011.pdf) for details regarding the Academic Integrity Policy. Similarly, all students and faculty members of the academic community at the School of Management and Labor Relations should uphold high standards for personal conduct, ethical behavior, and professional integrity. In the area of academic integrity, students are expected to refrain from cheating, fabricating information, plagiarizing, inappropriately denying others access to material, and facilitating others in academic dishonesty. Please see <http://policies.rutgers.edu/PDF/Section10/10.2.11-current.pdf> (pp. 24-28) for detailed descriptions of each type of action. Any of the following acts, when committed by a student, is an act of academic dishonesty and decreases the genuine achievements of other students and scholars.

Academic dishonesty includes, but is not limited to, any of the following:

Plagiarism/False Representation of Work

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

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

#### Cheating

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

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



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

Student Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Student Name (Please Print): \_\_\_\_\_

Rutgers University ID: \_\_\_\_\_

END