

Rutgers University
School of Management and Labor Relations
Fall 2023 – Virtual Synchronous Class – All Sessions on Video in Real Time on Zoom

Equity Compensation & Employee Ownership

This will be a small virtual seminar with guest speakers and discussions, supplemented with brief lectures by the professor. A live case study presented by the CEO of a firm, or another expert, will take place almost every week in class.

Course Time: Tuesday, 2:00-5:00 pm

Professor Adria Scharf, PhD Associate Director of Education and Collaborations, Institute for the Study of Employee Ownership and Profit Sharing at School of Management and Labor Relations

Professor Email: adria.scharf@rutgers.edu

Phone of HRM Department for Urgent Messages: Eileen Nash, 848-445-9419, Room 216C Levin Office: Levin Building, Suite 200C (inside the Human Resource Management Department suite)

Office Hours: After class and by appointment.

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 most weeks on Zoom.

Books:

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.)

Ownership: Reinventing Companies, Capitalism, and Who Owns What. John Case and Corey Rosen, 2022. (Purchase at nceo.org or on Kindle)

Shared Entrepreneurship: A Path to Engaged Employee Ownership. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014. (Rent from Kindle or access online through Rutgers University Library)

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.

Required Videos include:

“Our Share: Employee Ownership as a Wealth Sharing Tool”
<https://www.coursera.org/learn/employee-ownership> (You will need to create a Coursera account in order to access these videos. They are free.)

“We The Owners” full-length documentary film (secure link and password will be provided)

Course Description:

This survey course explores the variety of ways that businesses can compensate employees with shares of equity and profits, and the human resource management, employment relations, organizational and individual motivational issues that such practices raise. Most classes will include a presentation by an expert guest speaker followed by discussion. Explorations of research and other material related to understanding the topic of "equity compensation and employee ownership" will make up the remainder of the course. Students are expected to arrive to class having completed and reflected upon the readings.

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

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

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

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 such firms and their 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 Course Work:

Synopses

At the beginning of each class, two students will present a synopsis of that week's assigned readings to start the discussion.

Short Quizzes

Periodically there will be short quizzes to assess learning.

Mid-Term Exam

For the mid-term, you will complete an exam that will include multiple choice questions, fill in the blank questions, and short-essay questions.

Final Paper Project

The final paper will be an in depth paper on a question of your choosing related to the course topic, which includes a clear articulation of the question, a literature review, your analysis, and your "answer" to the question. It must reference concepts or readings from the class and include citations. On the last day of class you will make a presentation.

Participation In-Class

Arrive at class prepared to engage actively in class discussion, and in Q&A with the speaker, having completed and reflected upon assigned readings. Twice there will be a required discussion forum. Student participation in the discussion forum will also count toward their participation grade. Regular attendance, and in class participation, are the most important parts of the participation grade. *Attendance and participation are critical to this class.* Regular attendance is required. *Active participation in class discussion is expected.*

Grading:

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

Mid-term – 30%; Final project – 30%; Quizzes and Short Assignments – 20%; Active Participation in “Live” Class Discussion (regular attendance required) – 20%

Points can be deducted for not being present in order to participate in the class, and for egregious classroom conduct (as described below). Absences reduce the participation score.

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.

Classroom Conduct:

In discussions, students are encouraged to seek understanding and insight, ask questions, make connections between ideas, and build as appropriate on others' contributions (acknowledging classmates' contributions). Making links to texts and videos is also encouraged. Discussions will have a tone of respect for colleagues, professor, and guest speakers.

The following will not be permitted in class: a. engaging in social media during class time; b napping; c. studying for or doing homework for other courses; d. arriving at class late on a consistent basis; e. leaving class early on a consistent basis.; f. other behavior that disrupts the learning environment.

Video Camera

Note: This is a face-to-face video class experience. We want this virtual course to “feel” as much like an in-person seminar as possible, with a lot of discussion and even small-group break outs. Our expectation is that you will leave your video camera on during class so that we can see one another. (You may of course blur your background or use a screen background for privacy, and if need to turn video off for a minute and then return, that is acceptable.) If there is a reason that you are unable or unwilling to turn on your video during most of class, please contact the professor to request an exemption from this expectation. We understand that there may be valid reasons for someone to request an exemption. However, our default expectation is that all students' video-cameras will remain on.

Class Schedule

Date Topic and Reading Assignments

Sept. 5 **Introduction: Varieties of Equity Shares**

Welcome & Backdrop

No readings or assignments due.

Sep. 12 **The Employee Stock Ownership Plan (ESOP) Company**

Guest Speaker: George Pattee, CEO of Parksite, Inc.

Read:

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Introduction and Part I

“Here You Earn It: Employee Ownership at Parksite, Inc.” (Case Study)

Sept. 19 **ESOPs in Context**

Guest Speaker Leslie Kass (at 2:30pm)

Read:

The Citizen’s Share: Reducing Inequality in the 21st Century. Joseph Blasi, Richard Freeman, and Douglas Kruse. New Haven: Yale University Press, 2014 - Introduction and Chapter 1

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Chapter 5

Sept. 26 **Highly Transparent & Participatory Firms**

Read:

Shared Entrepreneurship: A Path to Engaged Employee Ownership. Edited by Frank Shipper. New York: Palgrave Macmillan, 2014 – Chapters: 1, 5, 7, 14

Watch:

Videos of SRC and W.L. Gore

Participate in Discussion Forum

Oct. 3 **Buying Shares: How the “Employee Stock Purchase Plan” (ESPP) Works**

Guest Speaker Emily Cervino from Fidelity Investments

Read:

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

Thinking Strategically about Equity Compensation Morgan Stanley Brief

Oct. 10 Stock Options & Restricted Stock Units

Guest Speaker: Christina Cheledinas, Carta

Read:

Ownership: Reinventing Companies, Capitalism, and Who Owns What - Chapters 6 & 7

Watch:

"Equity 101" Carta videos on equity compensation (first 5 videos are required).

2022 Carta Annual Equity Report [skim]

Oct. 17 Who Gets Equity by Gender, Race, and Ethnicity

Guest Speaker: TBA

“Building the Assets of Low and Moderate Income Workers and their Families: The Role of Employee Ownership,” Janet Boguslaw, Lisa Schur, et al (2019)

“Employee Ownership: Structuring Opportunities for Racial Wealth Building and Family Well-Being, Janet Boguslaw and Tanya Smith Brice (2021)

Oct 24 Review and Prepare for Mid-Term Exam

Review Mid-term Practice Questions.

Watch and Complete:

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" (coursera.org/learn/employee-ownership) - Module 1

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" (coursera.org/learn/employee-ownership) - Module 2, Lesson 1: Different Types of Employee Ownership

Coursera Course "Our Share: Employee Ownership as a Wealth Sharing Tool" - Module 2, Lesson 2: "Roots: Historical Traditions"

Mid-Term Exam

Oct. 31 **Equity Compensation in a Multinational**

Guest Speaker: TBA

Read:

Reinventing Companies, Capitalism, and Who Owns What – Chapters 11, 12, Conclusion

Nov. 7 **Equity and Profit Shares in Private Equity**

Speaker: Alberto Del Pilar, Butcher Joseph and Mosaic Capital

Read:

Reinventing Companies, Capitalism, and Who Owns What – Chapters 8. 9

Watch:

KKR (29 min video)

Flow Control Group: KKR's Employee Equity Strategy (4 min video)

Reminder: Before the next class, submit your proposed Final Project Question

Nov. 14 **Experiments in Cooperative Forms of Ownership in the U.S.**

Speaker: Aaron Dawson, Industrial Commons

Reading:

Reinventing Companies, Capitalism, and Who Owns What - Chapter 10

Case Studies of CHCA and PT360

Rooting Economic Change: Value Chain Networks

Watch:

Coursera Course "Our Share"- Module 4 Lesson 1

Nov. 21 Asynchronous Class (holiday week)

Complete draft first section of final paper
Participate in Discussion Forum

Nov. 28 Equity Compensation Internationally

Guest Speaker: TBA

Read:

Employee Ownership in China

Employee Ownership in South Africa

Employee Ownership in the U.K.

Mondragon Overview: *New York Times*

Dec. 5 Student Presentations of Final Paper Projects

Dec. 12 Student Presentations of Final Paper Projects

Final Papers Due December 19th, 5pm