

RESEARCH BRIEF

Institute for the Study of
Employee Ownership and Profit Sharing

ESOPs and Employee Involvement in Workplace Decision Making

Question: How does the involvement of employee owners in ESOP companies in making various workplace decisions compare to employee involvement in non-ESOP companies?

Answer: Comparing ESOP vs non-ESOP workers, ESOP workers showed greater involvement in work organization, scheduling, and safety, but lower involvement in setting pay/benefits compared with the non-ESOP workers.

However, ESOP companies tend to take employee suggestions more seriously and make substantial changes based on employee inputs.

Overall, ESOP workers were satisfied with their level of influence on workplace decision making.

ESOP workers enjoy higher work autonomy, are more satisfied, and feel less futility with their participation in workplace decision making than non-ESOP workers.



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This report is based on the National ESOP Survey administered in 2019-2021 to 1000 current ESOP workers, and the Amazon Mechanical Turk Survey given to many non-ESOP workers, both supported by the Employee Ownership Foundation. The ESOP survey is a non-representative sample of 9 ESOP firms that offers insights on certain issues of interest.

ESOP workers have greater involvement in organizing work, schedules, and safety than non-ESOP workers, but lower in pay and benefits.

Participation in Workplace Decision Making Questions.

“Below are the statements about your involvement in different decisions on the job. How much direct involvement and influence do YOU have in:”

Question 1

- Deciding HOW to do your job and organize the work

Question 2

- Deciding what TRAINING is needed for people in your work group or department

Question 3

- Setting work SCHEDULES, including breaks, overtime and time off

Question 4

- Deciding how much of a RAISE in pay the people in your work group should get

Question 5

- Setting GOALS for your work group or department

Question 6

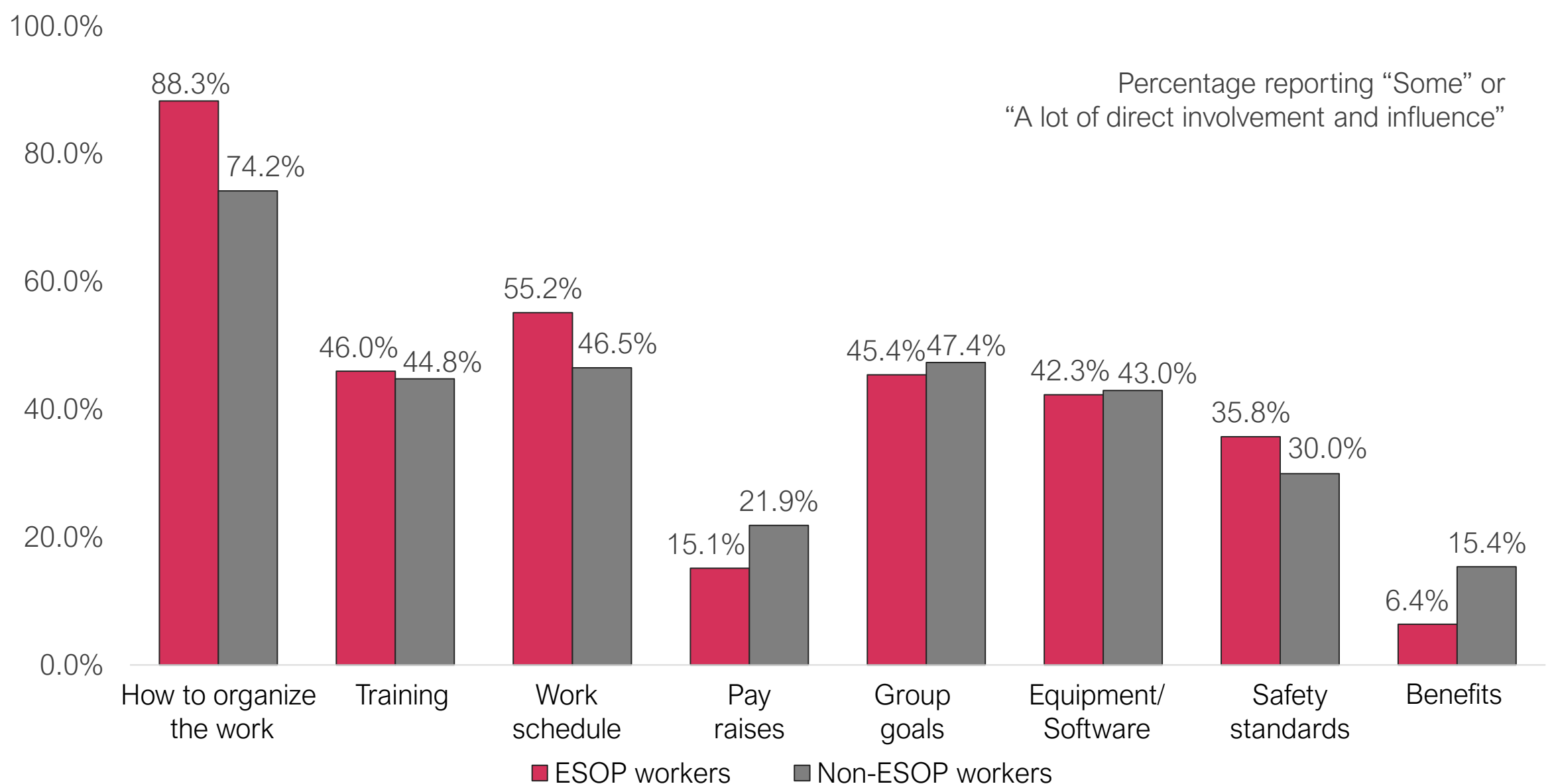
- Deciding how to work with new EQUIPMENT OR SOFTWARE, if that's ever been needed

Question 7

- Setting SAFETY standards and practices

Question 8

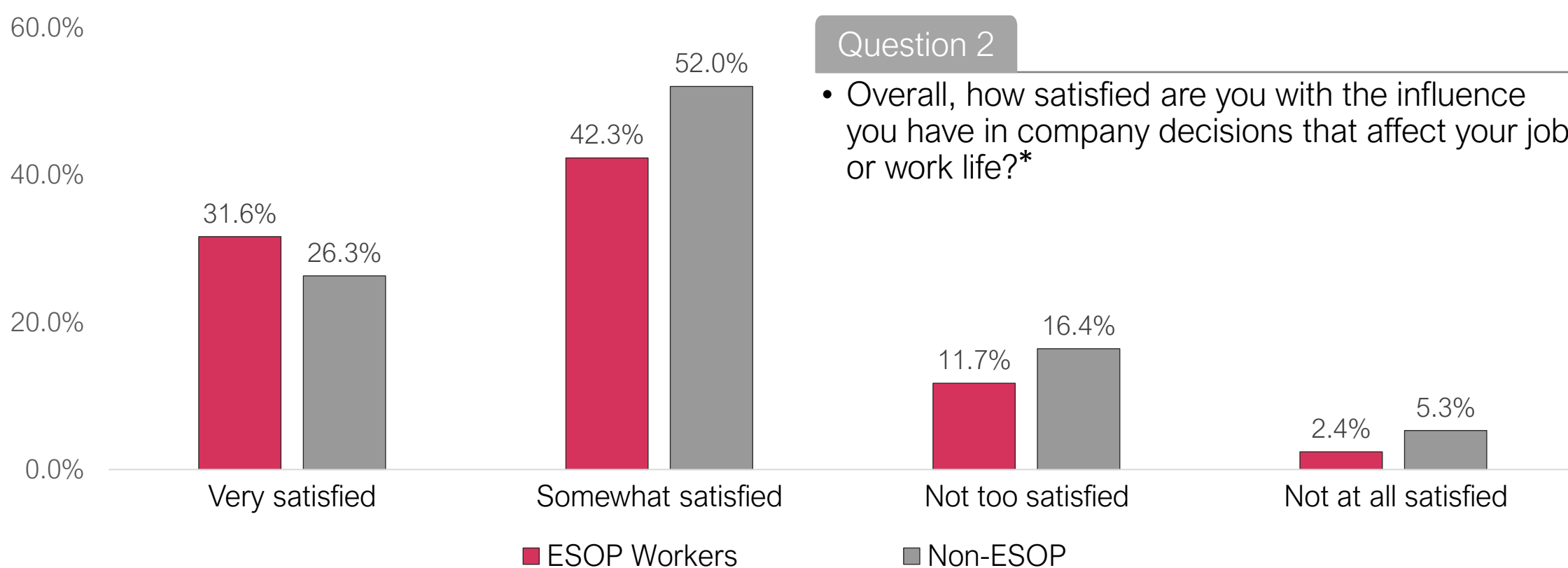
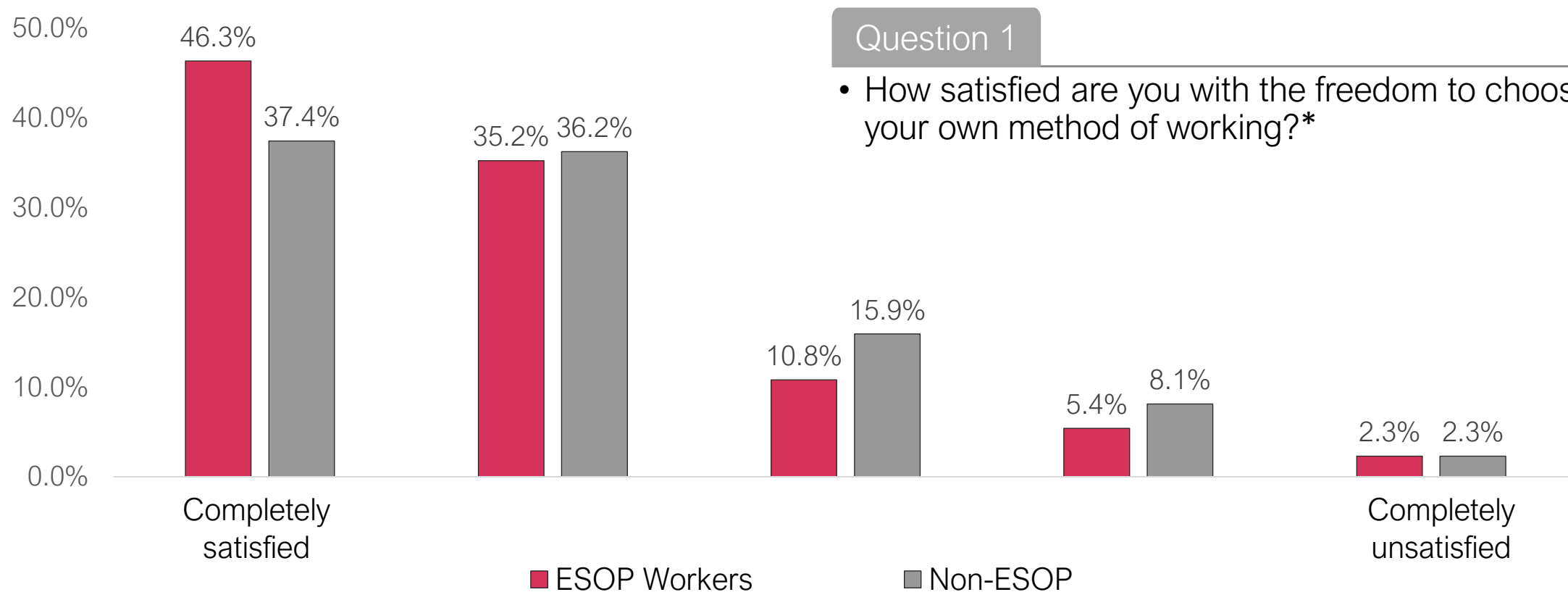
- Deciding what kinds of BENEFITS are offered to employees



ESOP workers are more satisfied with work autonomy and the amount of influence they have on work decisions than non-ESOP workers.

- ❑ ESOP workers have greater involvement in making decisions on work processes than non-ESOP workers, while they are lower in some other decisions such as pay raises and benefits.
- ❑ ESOP workers were more satisfied with the freedom to choose the work methods and the influence they have over company decisions.
- ❑ 46% of ESOP workers reported being “completely satisfied” with the freedom to choose the work methods, compared to 37% among non-ESOP workers.
- ❑ 32% of ESOP workers were “very satisfied” with the influence they have over the company decisions, compared to 26% among non-ESOP workers.

Employee Satisfaction with Participation in Workplace Decision Making



* Difference is statistically significant

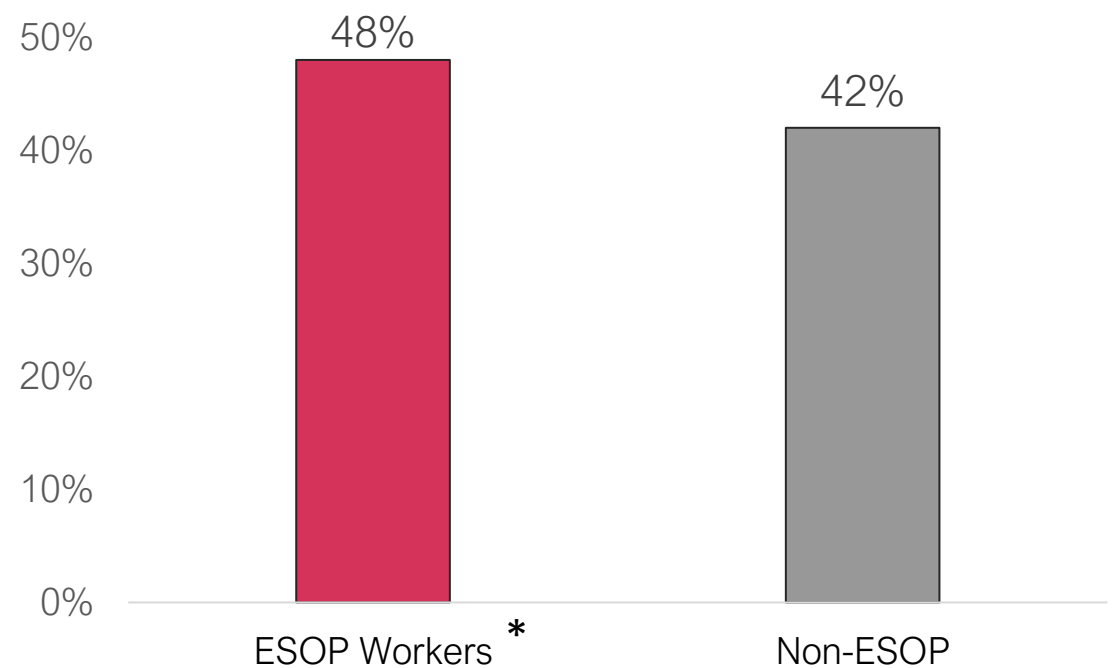
In ESOP companies, suggestions are more likely to be accepted and changes made according, while ESOP workers feel less futility about voice.

- ❑ ESOP employees were more likely to respond that the company has made a change in work processes based on employee suggestions recently.
- ❑ The results indicate that the surveyed ESOP companies are more open to employee suggestions and making substantial changes according to employee input than non-ESOP companies.
- ❑ ESOP workers showed a lower level of the futility of speaking up than non-ESOP workers.
- ❑ ESOP workers believe that speaking up and making suggestions “work” in their company. They believe that it is useful to speak up, and things actually change when they do.

Participation in Workplace Decision Making

In the last 4 months, the company has made a change in how work is completed in my department based on the suggestion(s) of an associate or group of employees.

Percentage of “Yes”



Questions on Futility of Speaking Up:

Question 1

- Trying to improve things around here by speaking up is a waste of time.

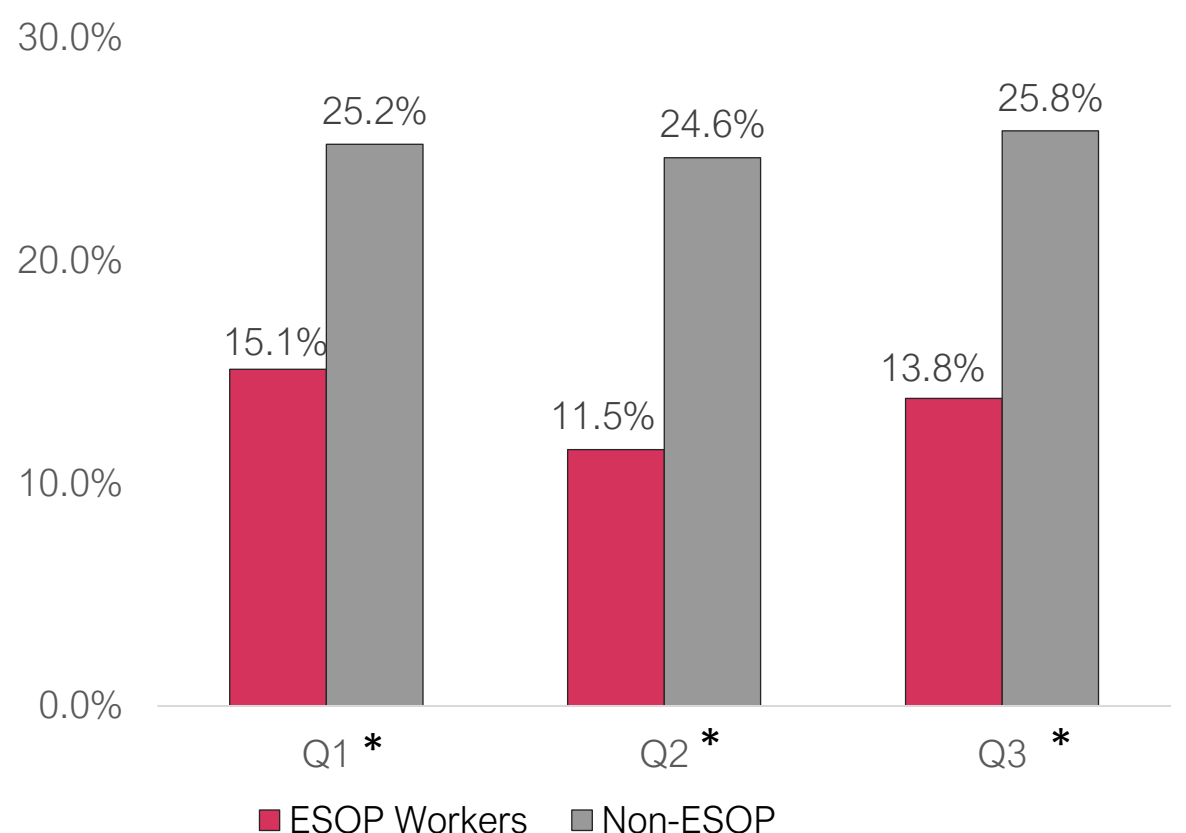
Question 2

- It is useless for me to suggest new ways of doing things here.

Question 3

- Nothing changes even if I speak up to managers.

Percentage of “Agree” and “Strongly agree”



* Difference is statistically significant

Conclusions

This is the first picture of the extent of employee participation in ESOP companies.

ESOP workers have greater involvement in making decisions on work processes in the areas of how to organize the work, work scheduling, and setting safety standards compared to non-ESOP workers. But non-ESOP workers have more involvement in pay/benefits.

More ESOP employees (46.3%) were completely satisfied with the freedom to choose their own method of working than non-ESOP workers (37.4%). Almost half (48%) of employees responded that the company has made a change in work processes based on employee suggestions recently, compared to 42% of non-ESOP workers. This suggests that ESOP companies are more open to employee suggestions and making real changes according to employee input than non-ESOP companies.

ESOP workers showed a lower level of futility in speaking up than did non-ESOP workers. For example, only 15.1% of ESOP workers agreed that "trying to improve things by speaking up is a waste of time," whereas 25.2% of non-ESOP employees agreed with this statement.

Overall, ESOP workers were more satisfied with the freedom to choose their own method of working. Also, they were more satisfied with the influence they have in company decisions that affect their job or work life. But they want more say about pay and benefits.
