

EXECUTIVE SUMMARY

Ownership Beyond Borders: New Research on S ESOPs with International Workers

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AUTHORS:

Douglas L. Kruse, Ph.D., *J. Robert Beyster Professor of Employee Ownership*

Matthew Mazewski, Ph.D., *Research Associate*

Adria Scharf, Ph.D., *Associate Director and Director of Curriculum Library for Employee Ownership*



RUTGERS-NEW BRUNSWICK

**Institute for the Study of Employee
Ownership and Profit Sharing**

School of Management and Labor Relations

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The Institute for the Study of Employee Ownership and Profit Sharing conducts research on all forms of employee ownership. For more information see: smlr.rutgers.edu/Instituteoo.

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The Employee Stock Ownership Plan (ESOP) is a uniquely American structure that allows employees to own a stake in the company where they work. With more than 10 million participants in more than six thousand U.S. corporations, ESOPs are the most prevalent form of broad-based employee ownership in the United States.

We know that ESOPs benefit U.S. employees. Research shows they can deliver considerable financial wealth to workers over time and are associated with increased benefits, training, and employee participation. We also know that ESOPs can strengthen the American companies that adopt them, especially when firms combine employee ownership with a supportive “ownership culture,” or an environment in which workers have a voice and come to think of themselves as true partners in the business.

In today’s globalizing economy, many U.S. ESOP companies are multinational corporations with global workforces and operations. This report takes an unprecedented look at the benefits and challenges of employee ownership for such multinational ESOP firms. Drawing on interviews with executives at seven successful S ESOPs and other leading experts, it presents careful analysis and detailed case studies to explore what a culture of ownership can look like for ESOP companies with international workforces.

This research was guided by three broad questions:

1. How do international employees benefit from working for U.S. ESOP companies?
2. Do ESOP companies include international employees in equity ownership or ownership-like opportunities?
3. How do multinational ESOP companies themselves benefit from extending their ownership cultures globally?

KEY FINDINGS

- International employees benefit in a variety of ways from working for U.S. ESOP companies, including through increased financial security and increased engagement at work. In at least one instance described in the report, employee ownership proves “life-saving,” providing workers fleeing geopolitical turmoil with the resources they needed to establish themselves in a new home.
- Multinational ESOP companies appear to derive competitive advantages in international markets from being employee-owned. Executives report numerous benefits in terms of employee productivity, recruitment and retention, corporate reputation, and customer loyalty.
- Legal, regulatory and cultural barriers make it challenging to include non-U.S. workers in an ESOP directly. In companies where only U.S. employees are covered, however, executives find a multitude of other means to ensure that non-U.S. employees have opportunities to benefit financially from company success—for example through grants of synthetic equity or profit sharing.
- Profiled ESOP companies display strong commitments to building company-wide cultures of ownership and excellence that transcend borders and include non-U.S. workers. Many develop and implement programs and initiatives designed to promote a spirit of collaboration and cultivate an “ownership mindset” globally.

In sum, this novel research suggests that U.S. ESOP companies with non-U.S. employees can and do integrate their global workforces into their ownership practices and cultures, and that doing so positively impacts both the employees and the companies themselves. ESOP firms with international employees overcome unique challenges in order to build cultures of ownership that extend across borders. Our interviews indicate that this can be well worth the effort for all involved.

With the employee ownership movement growing, and ESOPs increasingly seen as a major tool for strengthening business and driving growth that has bipartisan appeal, the analysis and case studies of multinational ESOP firms presented in this report offer new insights and models for today’s globalizing economy.