



University of Southern Denmark

How Did Employee Ownership Firms Weather the Last Two Recessions? Employee Ownership, Employment Stability, and Firm Survival: 1999–2011, by Fidan AnaKurtulus and Douglas L.Kruse. W. E. Upjohn Institute for Employment Research, Kalamazoo, MI, 2017, 167 pp., ISBN: 978-0880995252, \$18.00, paperback.

Fietze, Simon

Published in:
British Journal of Industrial Relations

DOI:
10.1111/bjir.12301

Publication date:
2018

Document version:
Accepted manuscript

Citation for pulished version (APA):
Fietze, S. (2018). How Did Employee Ownership Firms Weather the Last Two Recessions? Employee Ownership, Employment Stability, and Firm Survival: 1999–2011, by Fidan AnaKurtulus and Douglas L.Kruse. W. E. Upjohn Institute for Employment Research, Kalamazoo, MI, 2017, 167 pp., ISBN: 978-0880995252, \$18.00, paperback. *British Journal of Industrial Relations*, 56(2), 456-458. <https://doi.org/10.1111/bjir.12301>

Go to publication entry in University of Southern Denmark's Research Portal

Terms of use

This work is brought to you by the University of Southern Denmark.
Unless otherwise specified it has been shared according to the terms for self-archiving.
If no other license is stated, these terms apply:

- You may download this work for personal use only.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying this open access version

If you believe that this document breaches copyright please contact us providing details and we will investigate your claim.
Please direct all enquiries to puresupport@bib.sdu.dk

How Did Employee Ownership Firms Weather the Last Two Recessions?: Employee Ownership, Employment Stability, and Firm Survival: 1999-2011

Journal:	<i>British Journal of Industrial Relations</i>
Manuscript ID	Draft
Wiley - Manuscript type:	Book Review
Keywords:	
Abstract:	

SCHOLARONE™
Manuscripts

Review Only

Book Review

How Did Employee Ownership Firms Weather the Last Two Recessions? Employee Ownership, Employment Stability, and Firm Survival: 1999-2011, written by Fidan Ana Kurtulus and Douglas L. Kruse. W. E. Upjohn Institute for Employment Research, Kalamazoo, MI, 167 pp., ISBN: 978-0880995252, Price £XX.XX, paperback.

How Did Employee Ownership Firms Weather the Last Two Recessions? is an attempt to answer one of the fundamental questions in the field of employee financial participation: Does employee ownership enhance firm survival and employment stability? Are companies that are fully or partly owned by their employees better off? The authors' short answer to this question is that 'at a macroeconomic level, employee ownership may play a role in decreasing unemployment and helping to stabilize the economy under recessionary pressures' (p. 138). Even if this conclusion is not new, the studies in the reviewed book provide new evidence using large-scale data from the United States economy. With this new evidence advocates of sharing ownership and profits – like Douglas L. Kruse – gain additional evidence to support their cause of 'putting ownership back into democracy' and to 'develop a road map to increase the citizen's share of our economy' (Blasi, Freeman, & Kruse, 2013, p. 15).

Before the authors present their results to the primary source of interest, 'the stability and survival of employee-ownership firms' (p. 4), they first give a brief introduction to what employee ownership is and what prior research has shown. The last section of the book's first chapter provides a robust and conscientious overview over previous empirical research related to well-known topics in the field of employee ownership like economic performance, job security and firm survival, pay and benefits, reduced labour conflict and higher quality of working life and the two principal concerns: the free rider problem and financial risk. Fidan Ana Kurtulus and Douglas L. Kruse open each subsection with results from the General Social Survey (GSS) to illustrate the relationship between employee ownership and the related area of interest. This structure gives especially the scholarly readers new to employee financial participation an excellent and concise overview and introduction.

The second chapter is also an introductory part of the primary studies of the book. It gives an overview of both the historical roots and the current prevalence of employee ownership in the United States. The reader interested in a broader and more in-depth historical analysis is referred to Joseph R. Blasi, Richard B. Freeman and Douglas L. Kruse's book 'The Citizen's Share' from 2013, which amongst others traces the development of profit sharing and employee ownership in US history. To show the current prevalence of employee ownership in the US, the authors use the GSS again and also the US Department of Labor Form 5500 census database which includes firm pension records and several types of employee ownership plans. The presented results are purely descriptive and illustrative in nature. The chapter ends with a short and rather incomplete summary of employee ownership in other countries ('abroad'). Especially the diversity in Europe could have been covered in a more detailed way, e. g. Germany as one of the most important economies in Europe has not been mentioned explicitly (Bellmann & Möller, 2016) nor the different development of employee financial participation in the East European economies (e. g. Vokic, Klindzic, & Braje, 2016).

The headings of the following three chapters are framed as questions, and each of these chapters tries to answer the question: How does employee ownership affect employment stability? Do employee ownership firms survive recession better than other firms? Moreover, why do employee ownership firms have greater stability and survival? For all three analysis, Fidan Ana Kurtulus and Douglas L. Kruse match Standard and Poor's Industrial Computstat database with the Form 5500 pension plan data creating a unique longitudinal

dataset covering the time from 1999 to 2011. The first two chapters are structured like an academic journal paper with an introduction, providing a theoretical framework, literature review of previous empirical research, data and methodology, analysis, discussion and conclusion. Especially between the chapters about employment stability and recession are some unnecessary redundancies and the reader gets the impression that the authors just have put two or three journal manuscripts together to have two to three additional chapters for the book. However, it is still possible to see the overall leitmotif provided through the books title, introduction and the concluding chapter.

In their analysis, the authors present a detailed and conscientious review of the questions using their unique matched dataset. However, in some parts the reader might want for more reflection, e. g. in the chapter about employment stability where the authors present six different measures of employee ownership within firms (any employee ownership, ESOP, employee ownership stock value per employee at the firm, percentage of company owned by employees, employee owners as a percentage of employees and ESOP participants as a percentage of employees). While every single measure might have its objective and raison d'être it stays unclear, why Fidan Ana Kurtulus and Douglas L. Kruse chose these six measures.

Subsequently, it does not surprise that the authors do find any effects and can conclude that their 'finding highlight the role that employee ownership may play in stabilizing employment, particularly during recession' (p. 68). However, this conclusion is not different from the introductory 'Why do we care?' (p. 1). Also, not surprising are the 'Policy Recommendations' (p. 143f.) which are in line with the book 'The Citizen's Share'. From this political perspective, employee ownership seems to be the Swiss army knife solution to societies economic problems and uneven wealth distribution. In a similar vein Fidan Ana Kurtulus and Douglas L. Kruse conclude at the end of their book that the benefits of employee ownership (increased worker performance and commitment, higher pay, wealth, and productivity, greater employment stability, and firm survival) 'can provide a clear justification for wide-spread government support to broaden employee ownership programs' (p. 147). A visionary perspective but without any topical or conceptual advancement. *How Did Employee Ownership Firms Weather the Last Two Recessions?* is unfortunately only a repetition of familiar arguments dressed in a new unique dataset.

References

- Bellmann, L., & Möller, I. (2016). Are firms with financial participation of employees better off in a crisis? Evidence from the IAB Establishment Panel Survey. *Management Revue - Socio-Economic Studies*, 27(4), 304–320. <https://doi.org/10.5771/0935-9915-2016-4-304>
- Blasi, Joseph R; Freeman, Richard B.; Kruse, D. L. (2013). *The Citizen's Share: Putting Ownership Back Into Democracy*. New Haven, London: Yale University Press.
- Vokic, Nina Poloski; Klindzic, Maja; Braje, I. N. (2016). Determinants of financial participation - two decades of Croatian practice. In S. Fietze & W. Matiaske (Eds.), *Dimensions and Perspectives on Financial Participation in Europe* (pp. 425–458). Baden-Baden: Nomos Verlagsgesellschaft.