



Ohio conference makes the case that employee ownership is a better way of doing business

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www.community-wealth.org, April 2012

We are not interested in a third way – we are interested in employee ownership being the way,” declared Bill McIntyre, Director of the Ohio Employee Ownership Center, on opening the organization’s 26th annual conference, attended by over 300 employee-owners from across the state. “Employee ownership is not a panacea,” McIntyre warned. “If the year is 1910 and you are making buggy whips, there is this new innovation called automobiles and employee ownership probably won’t help you.” But, McIntyre added, “Employee ownership combined with an ownership culture results in improved process. With more success comes more wealth creation. The beauty of employee ownership is that everyone shares in that success.”

The 26th annual conference of the Ohio Employee Ownership Center, with the theme of “Employee Ownership: A Better Way of Doing Business,” was marked by big goals, driven in part by the Occupy movement. “What are the Occupy people demonstrating against?” McIntyre rhetorically asked. “They are demonstrating against and alarmed about the concentration of wealth of the 1% and the corresponding reduction in wealth in Main Street where the 99% live ... we can change America so that the majority of companies are employee-owned.”

Ohio State Representative Kathleen Clyde reinforced McIntyre’s remarks: “It is a time in our country when wealth has shifted – 1% of our country controls 50% of wealth. I am interested in proposals that include employees and help to combat that shift. A lot of what employee-owned businesses do will help us turn our economy around and be a more equal and employee-centered, worker-centered economy.”

Following the initial addresses (and videotaped comments from both of Ohio senators Rob Portman (R) and Sherrod Brown (D)), a number of Ohio employee-owned companies were recognized for the longevity of employee ownership at their companies (all of the honored companies had maintained their ESOPs for at least 25 years). For example, GBS Corporation in North Canton, a document management business, formed its ESOP in 1987 and by 2000 was 100-percent employee owned. Today, the company has 350 employee-owners: an employee hired in 1987 now has an employee stock ownership plan account balance of \$402,000. Additional employee-owned businesses receiving recognition included Reuther Mold & Manufacturing Company, a mold manufacturer in Cuyahoga Falls employing 65 worker-owners; Star Leasing Company of Bedford Heights, a trailer company with over \$50 million in annual revenue; S.G. Morris Company of Cleveland, a full service industrial equipment stocking distributor; and the Ruhlin Company, a construction management firm with 90 employee-owners.

An additional high point of the conference was the lunch keynote address, delivered by Joseph Blasi, the J. Robert Beyster Professor of Employee Ownership at Rutgers University. Blasi noted that the roots of employee ownership in the United States go deep. For example, for over 100 years prior to the American Revolution, cod profits were shared between owners and fishermen. A law passed by the first post-constitutional convention congress insisted that this practice be maintained, with 60% of the profits distributed 40% to the team leaders. As Blasi noted, profit sharing of this kind was “one of the only issues that Hamilton and Jefferson agreed upon.”

Blasi noted that even in today’s economy, employee ownership is increasingly common. “18% of U.S. citizens own company stock” in the companies they work for, a practice that Blasi labeled a “thin layer of worker ownership.” Among research findings are fair pay and fair benefits are more common in worker-owned firms and that in ESOPs, in addition to their employee stock ownership plan benefit, ESOP employee-owners are more likely to have a second diversified defined contribution plan or even a defined benefit plan than workers without any ESOP.

Blasi noted that the benefits of employee ownership have shown to hold, regardless of whether the data involved case studies or large quantitative studies. Regarding the latter, Blasi noted that he and his colleagues at Rutgers had recently analyzed data from the 800 companies that apply to the Great Place to Work Institute to compete to be listed in its annual 100 best companies to work for list. The data set involved 400,000 worker and management surveys, the largest assessment ever done by researchers in the United States.

The larger data set, Blasi said, confirmed earlier findings: namely, that employee ownership, provided that is combined with participatory management practices, is successful in raising company performance. “It appears that worker-owned companies are more generous,” Blasi observed. “Part of the reason is that if they are more productive, they can afford to be more generous.”

For more information on the Ohio Employee Ownership Center, see: <http://oeockent.org>