

Kruse, Douglas L. *Profit sharing: does it make a difference?: the productivity and stability effects of employee profit-sharing plans*. Kalamazoo, MI.: W.E. Upjohn Institute for Employment Research. 1993. 289 pp. ISBN: 978-0-88099-138-4

There are two dominant theories on the economic benefits of profit sharing: the “productivity theory,” which states that it can improve company performance by encouraging worker effort, cooperation, and the exchange of ideas and information, and the “stability theory,” which says that profit sharing can lead to fewer layoffs and greater employment and output stability for companies as well as for the macro economy, by changing employer incentives to hire and retain employees. Using new data from a survey of 500 United States public companies (half with profit sharing plans, half without), Kruse concludes that profit sharing boosts corporate productivity and profitability. However, he cautions that the study has not identified company characteristics that insure the success of profit sharing, and points out that a myriad of other influences on productivity may contribute to the positive shift.