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The Incidence and Nature of Employee Profit Sharing and Share Ownership in Canada

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Résumé de l'article

Même s'il est clair que les régimes de participation aux bénéfices (PB) et de participation à la propriété (PP) ont vu leur nombre s'accroître considérablement au cours de la dernière décennie aux États-Unis et en Grande- Bretagne, il n'est pas moins incertain qu'un tel phénomène se soit également produit au Canada. En conséquence, cet article pose deux questions d'importance: quelle est l'étendue relative de l'implantation des régimes de participation des employés aux bénéfices et à la propriété au Canada et quelles sont les caractéristiques spécifiques de ces régimes? Ces deux questions furent posées aux directeurs généraux d'un échantillon représentatif de 626 firmes canadiennes et ce, à l'occasion d'entrevues téléphoniques menées entre mai 1989 et juin 1990.

Le cadre de l'étude suppose une définition rigoureuse de la participation aux bénéfices et à la propriété; les régimes largement étendus furent d'ailleurs les seuls considérés. Dans l'ensemble, 22,4 % des entreprises offraient à la fois ou séparément des régimes de PB et de PP en 1989-1990. Cette proportion varie significativement, pour l'ensemble des secteurs industriels, de 47 % (secteur primaire) à 14 % (secteur des services commerciaux). Les régimes de partage des bénéfices semblaient plus populaires que ceux de partage de la propriété alors que les entreprises les offraient suivant des proportions de 17,3 % et de 7,5 % respectivement. Une faible proportion (2,4 %) bénéficiait des deux régimes en question.

Les régimes de participation aux bénéfices et à la propriété étaient davantage concentrés au sein des entreprises publiques que privées. La majorité des premières (56,7 %) possédaient des programmes de PB et de PP alors que les secondes faisaient de même dans une proportion de 18,2 %. Les sociétés en commandites et autres entreprises affichaient des taux moindres (6,7 %). La marge différentielle était particulièrement accentuée dans le cas des régimes de PP alors que 37,3 % des entreprises publiques en offraient comparativement à 3,8 % chez celles du secteur privé.

La majorité des programmes de participation aux bénéfices (60 %) ont été implantés au cours des années 1980 et plus particulièrement au cours de la dernière moitié de la décennie, alors que leur nombre augmenta de 54 %. Il en fut de même pour la plupart des régimes de participation à la propriété (63 %), qui ont vu leur nombre augmenter de 85 %. Environ 11 % des entreprises n'offrant pas actuellement de programme de PB (56 entreprises) projettent d'en implanter un d'ici les deux prochaines années et 34 entreprises (environ 6 %) feront de même à l'endroit des programmes de PP. Si ces plans trouvaient leur aboutissement à l'intérieur d'une durée de deux ans, le nombre d'entreprises possédant des régimes de PB et de PP croîtrait de 52 % et de 72 % respectivement.

Le choix de l'une de ces deux orientations n'est pas sans lien avec le type d'entreprise considéré. Au delà de 11 % des entreprises privées prévoient l'introduction de la PB alors que seulement 4,3 % des entreprises publiques en feraient autant. Inversement, les entreprises publiques semblent favoriser davantage l'introduction de la PP que celles du secteur privé et ce, dans une proportion tout aussi éloquente de 14,3 % versus 5,5 %. Un certain nombre d'entreprises ont déjà tenté l'expérience de la participation aux bénéfices ou à la propriété pour ensuite l'abandonner. Dans l'ensemble, cela fut le cas de la PB dans 35 entreprises (5,6 %) et celui de la PP dans 18 autres (2,9%).

L'enquête montre que 81 des 108 programmes de PB (75 %) se fondaient sur un système de paiement par versements automatiques. Plus de la moitié (55 %) des régimes de redistribution étaient basés sur un pourcentage fixe – le plus souvent de 10 % - des profits annuels. En guise de critère d'allocation, le niveau des salaires était utilisé dans 30 % des cas alors que le principe de l'ancienneté et une combinaison de ces deux critères l'étaient, respectivement, dans 13% et 17% des cas. Cinq entreprises (4,6 %) distribuaient également les versements à l'ensemble des employés participants. Les entreprises restantes (35 %) faisaient usage d'autres méthodes de redistribution, la plus importante d'entre elles envisageant de relier le système d'allocation à la performance individuelle.

Des 47 programmes de participation à la propriété, six (13 %) constituaient des régimes d'octroi d'actions où celles-ci sont accordées aux employés sans toutefois représenter des débours pour eux. Les autres programmes ressemblent davantage aux régimes d'achat d'actions. Dans 27 entreprises (57 %), ces dernières étaient vendues à un prix moindre que celui offert par le marché et ce, par l'entremise d'un système d'escompte ou de coûts partagés. De nombreuses entreprises défrayaient les services de courtage ou encore offraient l'opportunité de bénéficier de taux d'intérêt d'emprunt avantageux. Quelques-unes autorisaient l'achat d'actions via une déduction salariale à la source tandis qu'une minorité se contentait d'offrir des actions au prix courant. Dans l'ensemble, il appert que le Canada participe effectivement à cette tendance d'origine américaine qui atteignit la Grande-Bretagne à l'orée des années 1980. Mais alors qu'elle a été le fait de la législation tant aux États-Unis (PP) qu'en Grande-Bretagne (PP et PB), on ne peut en dire autant de la situation canadienne. Les entreprises canadiennes ont apparemment adopté ces régimes dans une perspective de reconnaissance du mérite plutôt que de recherche d'avantages fiscaux. Un des effets de l'absence relative du support législatif au Canada se retrouve dans la diversité apparente des programmes de PP et de PB qui y ont été librement développés, n'ayant pas eu à subir les contraintes d'ordre légal. Bien que certains observateurs aient avancé que les régimes pluriels canadiens soient davantage en mesure de générer des effets bénéfiques que ceux d'autres types, de tels effets ne sauraient être bien identifiés sans l'apport de recherches appliquées. D'autres études pourraient également combler un besoin de connaissance des mécanismes sous-jacents à la croissance de ces nouveaux régimes au Canada ainsi que des facteurs en jeu dans les processus préliminaires de la prise de décision relative à l'implantation de tels régimes.

The Incidence and Nature of Employee Profit Sharing and Share Ownership in Canada

Richard J. Long

This paper describes the incidence and general nature of employee profit sharing and share ownership in Canada, based on telephone interviews with chief executive officers of 626 Canadian firms conducted during 1989/90. The results indicated that there has been a dramatic growth in both of these during the past decade, despite the absence of strong legislative support, and that this growth will likely continue for some time.

In recent years, both profit sharing and employee ownership have experienced a dramatic resurgence of interest in most western countries, for various reasons. At the micro level, advocates of these concepts argue that they have the potential to bring about significant benefits for those firms implementing them, including increased employee commitment and motivation, improved ability to attract and retain good employees, and improved industrial relations (Bell and Hanson 1987; Poole and Jenkins 1990; Rosen 1991).

At the macro level, Weitzman (1984) has argued that implementation of these concepts, especially profit sharing, would be good for the economy as a whole, by reducing unemployment levels and employment fluctuations over the business cycle. This will occur, he argues, because the substitution of flexible wages for fixed wages will

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enable firms to react to downturns in product demand without reducing employment as much as would otherwise be necessary. There is some evidence to support his contention (Kruse 1991).

While it has not been conclusively proven that these plans, on average, improve company performance, there is ample evidence that they can do so.[1] As companies have attempted to find ways of dealing with difficult economic circumstances and increased global competition, they have become increasingly receptive to these concepts. Numerous governments – most notably in the United States and Britain – passed supportive legislation in the 1970s and 1980s to support these concepts (Florkowski 1991; Rosen 1991). In Canada, two provincial governments (Ontario and British Columbia) have recently passed legislation supporting employee ownership, and the federal government revised its income tax legislation in 1990 to make employee share ownership more attractive when used in the context of a deferred profit sharing plan.

Of course, these plans are not without their critics, most notably from organized labour. For example, many labour unions have historically opposed profit sharing plans, arguing that they substitute variable wages for fixed wages, and by tying employee pay to company performance, they impose an additional burden of risk on employees (Katz and Meltz 1991). Employee ownership is also opposed by some unions, based on the view that these plans could weaken member loyalty and confuse the role of the union, although these attitudes may be changing (McElrath and Rowan 1992).

It is clear that both profit sharing (PS) and employee ownership (EO) have grown dramatically in both the United States (Coates 1991; Conte and Lawrence 1991) and Britain (Poole 1989) during the past decade. However, it is not clear whether this has also occurred in Canada. Virtually no recent empirical evidence on the extent of PS/EO in Canada is available, with just two exceptions. In late 1985, the Economic Council of Canada (ECC) included, in its survey of workplace automation in Canada, a question simply asking whether or not the firms in its sample had profit sharing (Betcherman and McMullen 1986). And in late 1986, the Toronto Stock Exchange (TSE) surveyed its members to determine whether they had employee share ownership plans (Toronto Stock Exchange 1987). However, the TSE study is obviously not a representative sample, while the ECC study, which did utilize a more representative sample, touched on profit sharing only in passing.

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1 See Weitzman and Kruse (1990) and Conte and Svejnar (1990) for excellent reviews of the impact of profit sharing and employee ownership, respectively, on company performance.

Given this lack of research, it is not surprising that there is also a void in our knowledge of the nature and characteristics of PS/EO plans, which can vary dramatically across companies. For employee ownership, the only source of such information is the TSE study. For profit sharing, Hewitt Associates (1990) conducted a detailed survey in 1990, but focused only on large firms. Earlier, Booth (1987) examined a variety of incentive plans, including PS/EO plans, but again focused only on large firms.

Therefore, the purpose of this paper is to address two main questions. First, to what extent have profit sharing and employee share ownership been implemented in Canada? And second, what are the specific characteristics of these plans? These two questions will be addressed using data collected through telephone interviews of a representative sample of 626 Canadian firms conducted between May, 1989 and June, 1990.

BACKGROUND ON PROFIT SHARING AND SHARE OWNERSHIP

Although both profit sharing and share ownership are similar in that they provide economic rewards to employees based on company performance, they are really quite distinct in many respects. To help put the study results in context, this section will briefly define each concept, describe their key components, and outline the Canadian legislative framework for each.

Profit Sharing

Definition and General Features

Profit sharing can be defined as "any arrangement whereby an employer shares with a designated group of employees a portion of the profits derived from the business" (Nightingale and Long 1984: 7). Profit sharing plans may take one of three forms: (a) the current distribution plan; (b) the deferred payout plan; and (c) the combination plan. The current distribution plan (also called a "cash plan") pays a share of company profits to employee in cash or occasionally in company stock. (When stock is used, it is of course also a type of employee ownership plan). In most firms the distribution is made annually, but it can be made more frequently than that. Under a deferred payout plan, an employee's share of company profits is placed in a trust fund to be distributed at a future date, usually upon the employee's retirement or termination of employment.

A combination plan provides both cash (or stock) and a deferred payout. The objective here is usually to take advantage of the provisions for tax deferral in the federal tax legislation, but also to provide a more visible incentive to employees. Cash based plans are usually thought to provide a better incentive to employees, since the connection between company performance and employee rewards is more obvious (Nightingale and Long 1984).

Profit sharing plans can vary significantly in structure. Important structural variables include nature of plan (e.g. cash, deferred, stock), basis for the payout (fixed proportion of profits, variable), eligibility of employees (all employees, specified groups only), and formula for allocation of the payout across employees (according to salary, seniority, other).

Legislative Framework

In Canada, there are two kinds of government sanctioned profit sharing plans: the Deferred Profit Sharing Plan (DPSP), and the Employee Profit Sharing Plan (EPSP). The DPSP is a tax-deferred plan. Both the employer contributions and the annual earnings of the trust are exempt from taxation until the employee actually receives the benefit. Because of this feature, DPSPs have often been used as a form of pension plan, especially in many small to medium-sized companies where no other pension plan exists. However, the attractiveness of the DPSP was reduced in 1983 by tying the maximum tax deduction to the unused portion of the employee's Registered Retirement Savings Plan contribution. Another amendment made that year eliminated tax protection for "top hat" plans (those in which only senior management is eligible), by excluding "significant shareholders" from participating, and requiring wide employee eligibility.

Additional changes to DPSP legislation occurred in 1990. Although a number of changes were made, including a slight reduction in contribution limits, a key feature was one that made it more attractive for the DPSP to invest in shares of the employer by providing certain income tax advantages to the employee on withdrawl from the plan (whether at retirement or not). Instead of being taxed on the full market value of the shares at the time of withdrawl, the employee is taxed only on the original value of the shares when they were placed in the plan. When the shares are sold, the difference between the original value and the selling price is considered a capital gain rather than as income. Furthermore, the portion of the appreciation that occurs after withdrawl from the plan is eligible for the capital gains exemption. These are significant advantages.

The *EPSP* is not a tax-deferred plan. However, both employer and employee contributions to the trust can be made without limits. These plans are really a type of unsheltered company supported savings/investment plan, and their main purpose is to provide a vehicle to accumulate savings after the tax-deferred approaches have been exhausted. They are rarely used.

Employee Share Ownership

Definition and General Features

An employee share ownership plan is defined here as any type of arrangement in which a broad cross-section of employees (both managers and nonmanagers) have the opportunity to acquire shares in their employer. This definition covers an enormous variety of possibilities, and some plans may result in complete employee ownership of a firm, with ownership shared among all employees, while others result in employee ownership of only a minuscule portion of a company, with only a few employees participating. Companies can be categorized by their degree of employee ownership, ranging from less than 50 percent of the voting shares owned by employees (partial employee ownership), to greater than 50 percent (majority employee ownership), to complete (100 percent) employee ownership.

Partially employee owned firms tend to primarily be publicly traded firms, which implement employee ownership to increase employee identification with the company. For example, the Toronto Stock Exchange (1987) found that 23 percent of its members had broad based employee ownership programs. However, in recent years, a number of corporations have also acquired partial employee ownership in the process of being privatized by the federal or provincial governments. Prominent examples of this include Air Canada, the Potash Corporation of Saskatchewan, and Petro Canada. Other prominent Canadian firms with significant employee ownership programs include the Royal Bank of Canada, Canadian Tire, Stelco, Dynomar Energy, and Supreme Aluminum.

Firms with *majority employee ownership* are rare in Canada, and tend to be those where employees own the great majority of shares, but there are still some non-employees who are shareholders. This may occur, for example, when employee owners leaving the firm are allowed to retain their shares.

Completely employee owned firms may be either private corporations or worker cooperatives. There are two main ways in which completely employee owned firms may come about – through

conversion of existing firms or through new starts. Conversions usually occur due to the impending closure of the firm, but can also result from sale by a retiring owner. A number of the smaller privatizations have also resulted in completely employee owned firms. Examples of averted closures include Lamford Forest Products (British Columbia), and Great Western Breweries (Saskatchewan), and examples of privatization include Nechako North Coast Construction Services (formerly British Columbia highway repairs), and Printco Graphics (formerly the Saskatchewan government printing office). In general, the legal structure of these firms follows the private corporation model.

In contrast, new starts tend to follow the cooperative model, in which all workers normally own equal shares and have equal votes. Several hundred new worker cooperatives have been initiated in the last few years. Statistics from the Cooperative Secretariat indicated that there were 393 worker cooperatives at the end of 1987 (Roy 1988). Although they can be found in every province, the majority (70 percent) were located in Québec, where the provincial government has been especially receptive. Of these, by far the largest group consisted of forestry cooperatives. Overall, however, about 50 percent of Canadian worker cooperatives were in the service sector, with the remainder in production activities (including the forestry coops).

Currently, the worker cooperative movement appears to be gaining some momentum, with the inaugural meeting of a national federation of worker cooperatives held in Ottawa in February, 1991, and new-found support from the Canadian Cooperative Association. Québec already has two federations of worker cooperatives, one for the forestry cooperatives, and one for the others. In addition, a quarterly magazine, *Worker Co-ops,* has now entered its tenth year of publication.[2]

Structural variables pertaining to employee ownership plans include the eligibility of employees, purchase price, sales limits, type of shares to be issued, rights associated with the shares, and procedures for selling shares. In a private corporation, these issues are complicated by the fact that no public market exists for the shares, and one must be artificially created.

Legislative Framework

Compared to the United States and Britain, direct federal support for employee ownership is minimal, consisting primarily of legislation surrounding "Deferred Profit Sharing Plans". One of the allowable

2 For a more detailed account of worker cooperatives in Canada, see Quarter and Melnyk (1989).

investments for the DPSP trust fund is shares of the employer. If the company opts to invest these funds in its own shares, the normal provision requiring diversification of pension trust funds is waived. As discussed earlier, the federal government made income tax changes in 1990 to encourage more DPSPs to invest in employer shares.

The only other possible avenue of federal support for employee ownership is through a "Labour Sponsored Venture Capital Fund" (LSVCF), wherein any bona fide labour or employee group may establish a fund that can invest in qualified Canadian businesses. Employees investing through this vehicle are entitled to a deduction from their personal income taxes of 20 percent of the value of shares purchased, to a specified maximum value (currently $700). A LSVCF can be structured to allow members of the fund to invest in shares of their employer, if their employer qualifies. As with DPSPs, however, these vehicles have rarely been used for employee ownership.

Although the federal government provides minimal support, the governments of Ontario and British Columbia passed legislation in the late 1980s providing for direct financial support for employee ownership. At the time of this writing, the province of Manitoba was also poised to do so.

However, the first province to provide a legislative framework that can be used to support employee ownership was Québec, first through the "Québec Stock Savings Program" launched in the late 1970s, through the "Fonds de solidarité" set up by the Québec Federation of Labour, through the "Régime d'épargne du Québec" (REAQ) created in the early 1980s, and the "Société de placements dans l'entreprise québécoise" (SPEQ) created in the mid eighties. Although none of these programs was designed specifically to encourage employee ownership, they can be used as vehicles for employee ownership.

In January 1988 the Province of Ontario enacted legislation (Bill 20) which provides a 15 percent cash grant – up to $300 per annum – to employees who purchase shares in an employee ownership plan registered under the Act. The program also provides for sharing of the costs of developing an EO plan that qualifies under the Act. But for a variety of reasons, including the small size of the incentive, complicated registration procedures, and lack of promotion, this program has met with little success, with just eight registrations in its first three years. However, in June 1991, the Ontario Provincial Treasurer released a statement of intent to upgrade the program, and consultations to do so were under way at the time of this writing.

The Province of British Columbia enacted the "Employee Investment Act" in 1989. It has two main components: (a) Employee Stock Ownership Plans (ESOPs); and (b) Employee Venture Capital

Corporations (EVCCs). An ESOP provides a vehicle for employees to purchase shares directly in their employer, with a 20 percent income tax credit (maximum of $2,000 a year).

An EVCC may be of two types. A "single investment" EVCC provides a vehicle for employees to purchase all or a major part of their employer. A "multi-investment" EVCC provides a defined employee or labour group with a vehicle through which they can invest in a number of eligible companies. In both of these cases, a 20 percent provincial tax credit is available, which may be coupled with a 20 percent federal tax credit (maximum $700 per year) available through the labour sponsored venture capital program.

Cost sharing is also available on the costs of implementing or investigating the feasibility of an ESOP or EVCC. In addition, there has been a vigorous promotion and educational component to the program. Although it is too early to draw conclusions about the ultimate impact of this legislation, it has already been more successful than the Ontario program.

The most recent initiative in employee ownership is taking place in Manitoba. Spearheaded by the Manitoba Federation of Labour, with financial support from the provincial government, a plan has been developed to utilize the federal Labour Sponsored Venture Capital Fund as a vehicle to establish a fund for the purposes of promoting worker ownership and control. The fund is envisaged to serve both as an equity partner in employee acquisitions, and as a lender. The intention is to utilize a specially developed legal instrument that will be similar to the U.S. Employee Stock Ownership Trust, and create worker equity without worker out-of-pocket investment.

Although mainly concerned with consumer and agricultural cooperatives, each province also supports, to a greater or lesser extent, the creation of worker cooperatives. Two provinces, Québec and Manitoba, stand out in this regard. In addition, the federal government has provided funding for various co-op support groups in a number of provinces, as well as funding a major study by the Canadian Cooperative Association to examine ways of encouraging worker cooperatives (Canadian Cooperative Association 1991).

METHODOLOGY

Data Collection

A key issue for this study was to obtain a representative sample of Canadian business firms. To do so, a list of 1,485 Canadian companies was generated for this study by Dun and Bradstreet. This list included

only "for profit" enterprises which had at least twenty employees. This sample was designed to include a broad mix of industrial sectors, types of firms, sizes, and regions, and to be representative of Canadian business in general. The list included company name, industrial sector, company size, and name and telephone number of the chief executive officer.

The chief executive officer (CEO) of each company first received a letter explaining the purpose of the study, and requesting their cooperation for a telephone interview. This was followed by a telephone call to the CEO, during which a structured interview format was used. After solicitation of some general information about the company, respondents were asked whether or not their company had profit sharing, employee ownership, or both. If it did, they were questioned about the nature of their plan(s). If it did not, they were asked whether they were planning to introduce either in the next two years. They were also asked whether the company had ever had profit sharing or employee ownership, and, if so, why it had been discontinued.

All interviews took place between May, 1989 and June, 1990, and were successfully conducted at 626 companies, a response rate of 42.2 percent. Considering that over 81 percent of the respondents were indeed CEOs, this was regarded as a very satisfactory response rate.

A brief comment is in order about the data collection procedure used here, which obviously was not the easiest way of obtaining data. A mail questionnaire would have been much less laborious, but was ruled out for several reasons. First, response rate is notoriously low with mail questionnaires, with ten percent usually being deemed a good response rate. Second, there is the problem of response bias, as firms with neither PS nor EO might be less likely to bother responding to a thick questionnaire dealing mainly with something not germane to them. Third, the quality of response can be doubtful, since completion of mail questionnaires is often delegated to low level organization members. The interview approach minimized these problems.

But why focus on chief executive officers, who obviously are more difficult to contact than other company officials? The answer revolves around information quality. For example, the CEO is in the best position to know whether or not there are intentions to introduce PS/EO in the near future. They are also the most likely to know the reasons why a PS/EO plan has been discontinued. In addition, many of the questions solicited somewhat sensitive information (for example, about ownership structure), which less senior company officials might not have had the authority to divulge.

Overall, it is hoped that the effort expended in collecting the data for this study has resulted in a data base of an unusually high quality.

Characteristics of the Sample

Table 1 shows the characteristics of the sample. As can be seen, the respondents were well distributed across industrial sectors. The regional distribution mirrored the total Canadian economy fairly well, although not perfectly. Both the Prairie and the Atlantic regions had representation virtually identical to their share of Canadian employment, but Ontario was slightly over-represented, and British Columbia was considerably over-represented. Québec was considerably under-represented, possibly because interviews were conducted in English, and numerous CEOs were not comfortable responding in English.

TABLE 1

Characteristics of Sample

		Number of Firms	*% of Firms*
A.	*Industrial Sector*		
	– Primary	23	3.7%
	– Construction	58	9.3%
	– Manufacturing	179	28.6%
	– Transportation/Communications/Utilities	28	4.5%
	– Wholesale Trade	52	8.3%
	– Retail Trade	116	18.5%
	– Finance/Insurance/Real Estate	58	9.3%
	– Business Services	50	8.0%
	– Other Services	62	9.9%
B.	*Region*		
	– Atlantic	36	5.8%
	– Québec	90	14.4%
	– Ontario	304	48.6%
	– Prairies	106	16.9%
	– British Columbia	90	14.4%
C.	*Number of Employees*		
	– 50 or less	187	30.1%
	– 51 to 100	138	22.2%
	– 101 to 500	194	31.1%
	– 501 to 1000	41	6.6%
	– More than 1000	62	10.0%
D.	*Unionized*		
	– Yes	196	32.4%
	– No	409	67.9%
E.	*Legal Structure*		
	– Proprietorship/Partnership	30	4.8%
	– Cooperative	9	1.4%
	– Private Corporation	517	83.0%
	– Public Corporation	67	10.8%
F.	*Ownership*		
	– Local	475	77.4%
	– Remote – Canadian	56	9.1%
	– Remote – Foreign	83	13.5%

Median firm size was 100 employees. The great majority (83 percent) of firms were private corporations. Most (77.4 percent) were independently owned units, and not subsidiaries of larger firms. Just under one-third were unionized. In all, the firms in this sample employed over 421,000 persons.

Definitions of Profit Sharing and Employee Ownership

The definitions of profit sharing and employee share ownership used in this study were stringent. First, a firm that had a PS/EO plan that was not broad based were not deemed to have PS/EO. For example, if a firm had a PS or EO plan that extended only to managerial employees, it was *not* considered to have PS/EO. Plans which limited participation to designated employees were considered broad based only if these plans included at least some nonmanagerial employees. In defining profit sharing, informal bonus programs or incentive payments (such as commissions), were not included. To qualify as having profit sharing, a firm must have had a formal program in which payments are made to a wide cross-section of employees, on a regular basis, based on the overall profitability of the firm. For employee ownership, a program must have been in place that provides a wide cross-section of employees in the firm with an opportunity to acquire shares in their firm.

RESULTS

Incidence of Profit Sharing and Share Ownership

Current Incidence

Table 2 shows the incidence of PS/EO, both overall and by industrial sector. Overall, 22.4 percent of the firms had either profit sharing, employee ownership, or both. This ranged significantly across sectors, from 47.8 percent in the primary (resources) sector to 14 percent in the business services sector. Profit sharing was much more common than employee ownership, with 17.3 percent of firms having it, compared to 7.5 percent who had EO. Some 2.4 percent of firms had both.

This picture changes quite dramatically when the type of firm is taken into account, as PS/EO plans were concentrated much more heavily in public corporations than private corporations. As Table 3 shows, the majority of public corporations (56.7 percent) had employee profit sharing, share ownership, or both, compared to 18.2 percent of the private corporations, and 6.7 percent of the proprietorships/partnerships.

TABLE 2

Presence of Profit Sharing and Employee Ownership By Industrial Sector

	All Firms (n=626)	*Primary* (n=23)	*Construc-tion* (n=58)	*Manu-facturing* (n=179)	*Trans-Comm-Utilities* (n=28)	*Wholesale Trade* (n=52)	*Retail Trade* (n=116)	*Finance Insur. Real Est.* (n=58)	*Business Services* (n=50)	*Other Services* (n=62)
Profit Sharing Only	14.9%	17.4%	13.8%	16.8%	28.6%	13.5%	12.1%	17.2%	10.0%	11.3%
Employer Ownership Only	5.1%	17.4%	3.4%	6.1%	—	1.9%	3.4%	12.1%	4.0%	1.6%
Both Profit Sharing & EO	2.4%	13.3%	1.7%	3.4%	—	—	1.7%	1.7%	—	3.2%
Neither PS Nor EO	77.6%	52.2%	81.0%	73.7%	71.4%	84.6%	82.8%	69.0%	86.0%	83.9%

Note: "n" indicates the number of firms in each category.

This difference is particularly pronounced in regard to employee ownership, which 37.3 percent of the public corporations had, in comparison to 3.8 percent of the private corporations, and none of the proprietorships/partnerships.

The oldest profit sharing plan had been implemented in 1937, and the newest in 1990. The majority of plans (60 percent) had been implemented during the 1980s, with the number of implementations increasing toward the end of the decade. During the period 1986 to 1990, the number of PS plans increased by 54 percent. In 59 percent of the cases, profit sharing had been personally initiated by the current CEO, and in another 13 percent by the previous CEO. Six percent of the plans were initiated by a parent company, and the remaining 22 percent by someone else.

The oldest employee ownership plan had been implemented in 1948, and the newest in 1990. The majority (63 percent) had been implemented since 1980, with the second half of the decade seeing the most rapid growth. During the period 1986 to 1990, the number of plans increased by 85 percent. In about 20 percent of the firms, employee ownership had been personally initiated by the current CEO of the firm, in eleven percent by a previous CEO, in 24 percent by a parent company, and in 46 percent by someone else.

Intended Implementations

If a firm did *not* currently have either PS or EO, respondents were asked whether they intended to implement one of these within the next two years. As Table 4 indicates, about eleven percent of firms currently without profit sharing (56 firms) were intending to implement it in the next two years, and about six percent of those without employee share ownership (34 firms) were planning to implement it within two years. If all of these firms were to follow through, this would increase the number of companies with profit sharing plans by 52 percent, and the number with employee ownership plans by 72 percent, within a two year span.

As can also be seen, the type of firm had a major impact on the nature of these intentions. Over eleven percent of private corporations intended to introduce profit sharing, but only 4.3 percent of public corporations. On the other hand, 14.3 percent of public corporations intended to introduce employee ownership, compared to 5.5 percent of private corporations.

TABLE 3

Presence of Profit Sharing and Employee Ownership by Type of Company

Currently Have	*Proprietorship/ Partnership*		*Cooperative*		*Private Corporation*		*Public Corporation*	
	# firms	*%*	*# firms*	*%*	*# firms*	*%*	*# firms*	*%*
– Profit Sharing Only	2	6.7%	4	44.4%	74	14.3%	13	19.4%
– Employee Ownership Only	–	–	1	11.1%	12	2.3%	18	26.9%
– Both PS and EO	–	–	–	–	8	1.5%	7	10.4%
– Neither PS nor EO	28	93.3%	4	44.4%	423	81.8%	29	43.3%
Totals	30	100%	9	100%	517	100%	67	100%

TABLE 4

Intention to Introduce Profit Sharing or Employee Ownership By Type of Company

Planning to Introduce	*Proprietorship/ Partnership*		*Cooperative*		*Private Corporation*		*Public Corporation*	
	# firms	*%*	*# firms*	*%*	*# firms*	*%*	*# firms*	*%*
1. Profit Sharing								
– Yes	3	10.7%	1	20.0%	50	11.5%	2	4.35%
– No	25	89.3%	4	80.0%	383	88.5%	45	95.7%
Totals	28	100%	5	100%	433	100%	47	100%
2. Employee Ownership								
– Yes	1	3.3%	–	–	27	5.5%	6	14.3%
– No	29	96.7%	8	100%	468	94.5%	36	85.7%
Totals	30	100%	8	100%	495	100%	42	100%

Discontinued Plans

A number of firms at one time had had either PS or EO, but had discontinued it. Overall, 35 firms (5.6 percent) had discontinued profit sharing, and 18 firms (2.9 percent) had discontinued employee ownership. Of those firms that had discontinued PS, ten (30 percent) said they might consider implementing it again. Of those that had discontinued EO, nine (50 percent) said that they might consider implementing it again.

The profit sharing plans that had been dropped ranged in age from one to 37 years, with the average about nine years. Most of the dropped plans (69 percent) had been introduced prior to 1980. The majority (72 percent) of the discontinuations occurred in the eighties, especially during 1987-89. The employee ownership plans that had been dropped ranged in age from one to over 20 years, with most in effect for ten or more years at the time they were dropped. Most of the dropped plans (62 percent) had been implemented prior to 1980. Most of the discontinuations (79 percent) occurred during the 1980s, especially during the second half of the decade.

A variety of reasons were given for discontinuing profit sharing. The most common reason, cited by seven companies, was a period of profitlessness, which made the plan irrelevant at best or a source of frustration at worst. Five companies that had had DPSPs dropped them as a result of the change in the tax legislation in 1983, and rolled them over to Registered Retirement Savings Plans. Four plans were dropped when the company was sold or restructured. Four firms dropped PS because they believed that it did not really motivate employees, and two others cited lack of employee interest. In at least two cases, profit sharing was replaced by more focused incentive plans.

The primary reason for dropping employee ownership was restructuring or purchase by another firm, cited in six cases. Two discontinued plans were one-shot purchase opportunities and had never been intended to be ongoing. In another case, the owner ended the plan when employees reached 25 percent ownership, as he did not want to give up more. In one case the plan was discontinued due to morale problems caused by a decline in share price.

Characteristics of Plans

Profit Sharing Plans

The great majority (75 percent) of the 108 profit sharing plans were cash based plans. Another 15 percent were Deferred Profit Sharing

Plans, while six firms (5.6 percent) combined cash and DPSP. Two firms paid the profit sharing bonus in a combination of cash and company stock, and one paid out only in company stock. More than half (55 percent) of the plans based the payout on a fixed percentage of annual profits, which ranged from one to 33 percent of profits. The median was ten percent.

The most common basis for allocating the payout across employees was according to salary level, used in 30 percent of the firms. Seniority was used in 13 percent of the firms, while 17 percent used a combination of seniority and salary. Five firms (4.6 percent) allocated the payout equally to all participating employees. Over a third of the firms (35 percent) used some other method for allocating the payout. The most important of these other methods was some attempt to link the payout to individual performance, with better performers getting a higher share of the payout.

In the majority of cases (73 percent) all full-time employees were eligible to participate in profit sharing, and in 39 percent of the firms this also included part-time employees. In 7.5 percent of the firms profit sharing applied only to nonunion employees, while in 16 percent of the firms profit sharing was applied to designated employees only. Most firms (72 percent) had a minimum length of service for eligibility, ranging from three months to five years, with the most common period being twelve months.

Employee Ownership Plans

Of the 47 employee ownership plans, six (13 percent) were share bonus plans, where shares were provided to employees at no cost to them. (Somewhat surprisingly, only one firm provided shares through a profit sharing plan.) The remainder of the plans were employee share purchase plans. In 27 firms (57 percent), shares were sold for less than the market price, via some type of discount or matching system. Several firms paid the brokerage costs or provided low interest loans. Some also made a payroll deduction opportunity available to employees. A few firms simply made shares available at market price.

The great majority of firms (83 percent) issued common voting shares to employees. Two firms issued common non-voting shares, while the remaining six firms issued a special class of shares to employees. In eight of the firms (17 percent) employees were *required* to sell their shares on termination of employment. For those who simply wished to sell their shares, eleven firms (26 percent) imposed a waiting period, ranging from one month (in the case of two firms) to 36 months (in the

case of one firm). The usual waiting period among firms having a waiting period was twelve months.

The amount of the company owned by employees ranged from one percent or less (six companies) to 100 percent (three companies), with a median of six percent. However, this varied greatly between public and private corporations, as the highest proportion of a public corporation owned by employees was 22 percent, while three private corporations had 100 percent employee ownership, and another three had 45, 67, and 70 percent employee ownership. The cooperative had 20 percent EO. Median ownership by employees at public corporations was five percent, and at private corporations eleven percent, and the means were 5.7 percent and 31 percent, respectively.

In the great majority of firms (81 percent), all full-time employees were eligible to participate in the employee share ownership plan. In 36 percent of firms, this also included part-time employees. At three firms (6 percent), eligibility was restricted to white collar workers, and at another firm unionized employees were excluded. Five firms (11 percent) restricted participation to specifically designated employees. Most firms (66 percent) had a minimum length of service for eligibility. This usually ranged from three to twelve months, although two firms required 24 months of service.

Most firms (81 percent) also had a limit on how many shares employees were eligible to purchase. In most of these cases (61 percent) this amount was based on a proportion of employee earnings. One company based the purchase limit on seniority, while another used a combination of seniority and salary. Eleven firms based their limits on other criteria, and two companies had fixed equal purchase limits for all employees.

Overall, the actual participation rate among managerial personnel ranged from five percent to 100 percent, and for nonmanagers from zero to 100 percent. As Table 5 shows, managerial employees were much more likely to participate in share ownership than nonmanagers. Only a third (32 percent) of the firms had at least half of their nonmanagers participating in share ownership, while at least half of the managerial employees were owners at 72 percent of the firms. Indeed, in eleven companies (30 percent), less than 20 percent of the nonmanagers participated in ownership. The median participation rate by managers was 75 percent, compared to 30 percent for nonmanagers. In seven firms (15 percent) all managers participated in ownership, compared to three firms (6 percent) in which all nonmanagers were owners.

Interestingly, the mean participation rate did *not* vary significantly between public and private corporations, with about 41 percent of

nonmanagers participating in ownership at public corporations, and 39 percent in private corporations. The range was from zero (one company) to 100 percent (two companies) in public corporations, and two percent (one company) to 100 percent (three companies) in private corporations.

TABLE 5

Proportions of Managers and Non-Managers Participating in Employee Ownership at Each Firm

	Participation by			
	Managers		*Non-managers*	
Participation rate	*# firms*	*%*	*# firms*	*%*
Less than 10%	1	2.6%	7	18.9%
10 to 19%	2	5.1%	4	10.8%
20 to 29%	2	5.1%	3	8.1%
30 to 39%	4	10.3%	8	21.6%
40 to 49%	2	5.1%	3	8.1%
50 to 59%	5	12.8%	3	8.1%
60 to 69%	2	5.1%	2	5.4%
70 to 79%	3	7.7%	–	–
80 to 89%	7	17.9%	3	8.1%
90 to 99%	4	10.3%	1	2.7%
100%	7	17.9%	3	8.1%
Totals	39	100%	37	100%

Four companies had nonmanagerial employee owners on their boards of directors – three private corporations and the cooperative.

DISCUSSION

How do these results compare with those of previous Canadian studies? In regard to profit sharing, the Economic Council study had found that 22.2 percent of firms said that they had some type of plan in place as of 1985 (Long 1989). The findings here suggest that that figure was somewhat high for that time. This is not surprising since the ECC figures likely included numerous plans that would not qualify as profit sharing as defined here.

In terms of characteristics of profit sharing, the pattern uncovered here was similar to that of the Hewitt Associates (1990) study. That is, cash based plans were the most common, followed by DPSPs, followed by combination plans. But the magnitudes of each type varied considerably between the two studies. Our study found that cash based plans constituted 75 percent of the total, compared to 45 percent in the Hewitt sample. In our sample, DPSPs comprised only 15 percent, and

combination plans 5.6 percent, compared to 30 percent and 16 percent, respectively, in the Hewitt sample. This apparent discrepancy is likely due to differences between the two samples, with the Hewitt study focusing on large firms.

In regard to employee ownership, the Toronto Stock Exchange (1987) found that 23 percent of its members had broad based EO plans in 1986. Our study found that 37.3 percent of the public corporations in our sample had EO, in 1989/90. The percentage of publicly traded firms with employee ownership in our sample in 1986 (22.4 percent) was virtually identical to that of the TSE study, thus supporting the credibility of both studies.

How does Canada compare to the U.S. and Britain? In the United States, Coates (1991) found that about 16 percent of employees in medium and large businesses participated in profit sharing in 1989. In comparison, our study found that 17.3 percent of firms had PS in 1989/90. In the U.S. some 41 percent of all PS plans had been introduced during the past ten years, and during 1984-1989 the number of plans had increased by 18 percent. In Canada, 60 percent of PS plans had been introduced during the previous ten years, and during 1984-1989 the number of Canadian PS plans had increased by 65 percent. What these figures may indicate is that while the movement towards profit sharing started earlier in the U.S. than in Canada, a very rapid growth in Canada during the late 1980s may have caught us up to the United States.

In Britain, Poole (1989) found that 13 percent of firms had broad based profit sharing in 1985 (compared to eleven percent in Canada at that time according to our study). Over 90 percent of these plans had been introduced since 1978, when the first supportive British legislation was implemented. Thus, in Britain profit sharing may have lagged behind the U.S. and Canada until the late 1970s, when supportive legislation caused an explosion in growth.

Although the incidence of profit sharing in Canada may now be on a par with the U.S. and Britain, the nature of profit sharing differs dramatically in Canada. In the U.S. the overwhelming majority of PS employees (81 percent) were in deferred plans, while 12.5 percent of PS employees were in combination plans, and just 6.3 percent were in cash plans (Coates 1991). In Britain, 62 percent of the plans were deferred plans, and 38 percent cash plans (Poole 1989). In Canada, this was reversed, with cash profit sharing being far more popular than deferred plans. This is likely because the tax benefits surrounding deferred plans in Canada have not been very attractive.

Canadian PS plans also differed from U.S. plans in another way. For nearly two thirds of U.S. employees, the size of their individual share of the profit sharing bonus was based strictly on their individual pay (Coates 1991). In Canada, only about 30 percent of plans based the allocation of the profit sharing bonus strictly on employee pay, and firms were much more likely to try to link the allocation of the bonus to employee performance.

Turning to employee ownership, Conte and Lawrence (1991) concluded that in 1988 just under seven percent of the U.S. labour force was covered by formal Employee Stock Ownership Plans (ESOPs), in which the law requires a majority of employees to be eligible.[3] During the period 1980 to 1988, the number of U.S. companies with ESOPs (the primary impetus for which was federal legislation passed in 1974) increased by 78 percent. In Canada, 7.5 percent of firms had EO in 1989/90, an increase of 170 percent since 1980.

In Britain, Poole (1989) concluded that 10 percent of firms had broad based EO plans in 1985. Approximately 92 percent of these plans had been introduced since 1978, when the first supportive British legislation was passed. These figures seem to suggest that Britain has experienced the most rapid increase in employee ownership in recent years, primarily because the level of EO was so low prior to 1978. Canada has grown more rapidly than the United States, probably also due to a later start. Overall, it appears that Canada may now be on a par with the U.S. and somewhat behind Britain.

In Britain, where most EO plans require an employee contribution and are voluntary, it was found that the average rate of participation in ownership among eligible employees, both management and nonmanagement, was about 30 percent. In the United States, since most ESOP plans do not require any contribution on the part of employees, the participation rate is limited only by the provisions of the plan, and is much higher, probably in the 80-90 percent range. In Canada, where EO plans are mainly contributory and voluntary, the participation rate was substantially higher than in Britain, averaging about 40 percent among nonmanagers, and much higher among managers.

As we have seen, like U.S. and British firms, Canadian firms have been embracing PS/EO enthusiastically, despite lack of a strong legislative stimulus in Canada. Why? A variety of explanations are possible. For example, there may simply be a kind of spillover effect from

3 In addition to the employee ownership plans registered under the ESOP legislation, it should be noted that a number of U.S. firms have unregistered plans. It is not known how large this number is, but since the tax advantages of ESOPs are so strong, unregistered plans are not likely of major significance.

the United States and Britain, with Canadian companies following the lead of their competitors.

It could also be part of an effort to replace fixed wages with "flexible" or "variable" pay (Booth 1990). Or, it may be, as Long and Warner (1987) have argued, that socio-economic changes have occurred in western industrial societies that call for a new type of relationship between management and employees, and that implementation of PS/EO is a manifestation of this recognition by management. They suggest that the economic recession of the early 1980s was a major trigger for this recognition.

This latter argument is consistent with the results of the 1985 Economic Council study (Long 1989), which found that all types of workplace innovations had shown a dramatic increase in popularity during the first half of the 1980s. Long (1989) also noted that there had been considerable activity by the federal and Ontario governments, during the late 1970s and early 1980s, in support of a new relationship between management and employees, under the "Quality of Working Life" label. For example, the Nightingale and Long (1984) monograph promoting profit sharing and share ownership was published by Labour Canada under the auspices of that program.

In addition, a number of private organizations, most notably the Profit Sharing Council of Canada, have worked actively to promote profit sharing and employee ownership. The Toronto Stock Exchange has actively promoted employee ownership since the mid-eighties, and its 1987 report claimed a strong link between employee ownership and corporate performance. Although the causality of this linkage may be the reverse of that implied in the report (LeLouarn and Gauthier 1990), the report did receive wide publicity.

CONCLUSION

Overall, the results indicated that well over a fifth (22.4 percent) of Canadian firms employing at least twenty persons had broad based profit sharing, employee ownership, or both, in 1989/90. This reflects a remarkable growth during the 1980s, particularly during the second half of the decade, which appears likely to continue into the 1990s. Of the two concepts, profit sharing (in place at 17.3 percent of firms) was much more common than employee ownership (in place in 7.5 percent of firms), but EO appeared to be growing more rapidly. Given the increasing support for employee ownership by the federal and provincial governments, this trend is likely to continue, but given its greater

simplicity, profit sharing will likely remain more common for the foreseeable future, especially for private corporations.

Thus, it appears that Canada is indeed participating in a trend that started in the U.S. in the 1970s and hit Britain during the early 1980s. But while the trends toward employee ownership in the United States, and toward both EO and profit sharing in Britain, have been driven by legislation, this has not been the case in Canada. Canadian firms are apparently adopting these plans based on their perceived merits, and not tax advantages.

One side effect of the relative lack of legislative support in Canada is that profit sharing and employee ownership have been free to develop in "natural ways", and Canadian PS/EO plans are very different from those in countries where their shape has been dictated by legislative constraints. For example, most Canadian PS plans are cash based (unlike in the U.S. and Britain), and most Canadian EO plans are contributory and voluntary (unlike the U.S.). The effects of these differences remain to be seen, but some observers (e.g. Nightingale and Long 1984) have argued that plans like these are more likely to lead to beneficial consequences than other types.

What are some of the key research issues? Most obviously, a key need is to uncover the reasons for the growth in popularity of profit sharing and share ownership in Canada. What is it that firms are trying to accomplish by introducing these plans? What factors cause firms to implement or not to implement these plans? How do firms decide between profit sharing and employee ownership? Are there different motives behind each?

Equally important, what is the impact of these plans? Do they achieve their stated objectives? What are the consequences for employees and for unions? How do the specific structural characteristics of PS/EO plans affect the nature of the consequences that will arise? There has been almost no research within the Canadian context on any of these important questions.

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Le développement de la participation des employés aux bénéfices et à la propriété au Canada

Même s'il est clair que les régimes de participation aux bénéfices (PB) et de participation à la propriété (PP) ont vu leur nombre s'accoître considérablement au cours de la dernière décennie aux États-Unis et en Grande-Bretagne, il n'est pas moins incertain qu'un tel phénomène se soit également produit au Canada. En conséquence, cet article pose deux questions d'importance: quelle est l'étendue relative de l'implantation des régimes de participation des employés aux bénéfices et à la propriété au Canada et quelles sont les caractéristiques spécifiques de ces régimes? Ces deux questions furent posées aux directeurs généraux d'un échantillon représentatif de 626 firmes canadiennes et ce, à l'occasion d'entrevues téléphoniques menées entre mai 1989 et juin 1990.

Le cadre de l'étude suppose une définition rigoureuse de la participation aux bénéfices et à la propriété; les régimes largement étendus furent d'ailleurs les seuls considérés. Dans l'ensemble, 22,4 % des entreprises offraient à la fois ou séparément des régimes de PB et de PP en 1989-1990. Cette proportion varie significativement, pour l'ensemble des secteurs industriels, de 47 % (secteur primaire) à 14 % (secteur des services commerciaux). Les régimes de partage des bénéfices semblaient plus populaires que ceux de partage de la propriété alors que les entreprises les offraient suivant des proportions de 17,3 % et de 7,5 % respectivement. Une faible proportion (2,4 %) bénéficiait des deux régimes en question.

Les régimes de participation aux bénéfices et à la propriété étaient davantage concentrés au sein des entreprises publiques que privées. La majorité des premières (56,7 %) possédaient des programmes de PB et de PP alors que les secondes faisaient de même dans une proportion de 18,2 %. Les sociétés en commandites et autres entreprises affichaient des taux moindres (6,7 %). La marge différentielle était particulièrement accentuée dans le cas des régimes de PP alors que 37,3 % des entreprises publiques en offraient comparativement à 3,8 % chez celles du secteur privé.

La majorité des programmes de participation aux bénéfices (60 %) ont été implantés au cours des années 1980 et plus particulièrement au cours de la dernière moitié de la décennie, alors que leur nombre augmenta de 54 %. Il en fut de même pour la plupart des régimes de participation à la propriété (63 %), qui ont vu leur nombre augmenter de 85 %.

Environ 11 % des entreprises n'offrant pas actuellement de programme de PB (56 entreprises) projettent d'en implanter un d'ici les deux prochaines années et 34 entreprises (environ 6 %) feront de même à l'endroit des programmes de PP. Si ces plans trouvaient leur aboutissement à l'intérieur d'une durée de deux ans, le nombre d'entreprises possédant des régimes de PB et de PP croîtrait de 52 % et de 72 % respectivement.

Le choix de l'une de ces deux orientations n'est pas sans lien avec le type d'entreprise considéré. Au delà de 11 % des entreprises privées prévoient l'introduction de la PB alors que seulement 4,3 % des entreprises publiques en feraient autant. Inversement, les entreprises publiques semblent favoriser davantage l'introduction de la PP que celles du secteur privé et ce, dans une proportion tout aussi éloquente de 14,3 % versus 5,5 %.

Un certain nombre d'entreprises ont déjà tenté l'expérience de la participation aux bénéfices ou à la propriété pour ensuite l'abandonner. Dans l'ensemble, cela fut le cas de la PB dans 35 entreprises (5,6 %) et celui de la PP dans 18 autres (2,9 %).

L'enquête montre que 81 des 108 programmes de PB (75 %) se fondaient sur un système de paiement par versements automatiques. Plus de la moitié (55 %) des régimes de redistribution étaient basés sur un pourcentage fixe – le plus souvent de 10 % – des profits annuels. En guise de critère d'allocation, le niveau des salaires était utilisé dans 30 % des cas alors que le principe de l'ancienneté et une combinaison de ces deux critères l'étaient, respectivement, dans 13% et 17% des cas. Cinq entreprises (4,6 %) distribuaient également les versements à l'ensemble des employés participants. Les entreprises restantes (35 %) faisaient usage d'autres méthodes de redistribution, la plus importante d'entre elles envisageant de relier le système d'allocation à la performance individuelle.

Des 47 programmes de participation à la propriété, six (13 %) constituaient des régimes d'octroi d'actions où celles-ci sont accordées aux employés sans toutefois représenter des débours pour eux. Les autres programmes ressemblent davantage aux régimes d'achat d'actions. Dans 27 entreprises (57 %), ces dernières étaient vendues à un prix moindre que celui offert par le marché et ce, par l'entremise d'un système d'escompte ou de coûts partagés. De nombreuses entreprises défrayaient les services de courtage ou encore offraient l'opportunité de bénéficier de taux d'intérêt d'emprunt avantageux. Quelques-unes autorisaient l'achat d'actions via une déduction salariale à la source tandis qu'une minorité se contentait d'offrir des actions au prix courant.

Dans l'ensemble, il appert que le Canada participe effectivement à cette tendance d'origine américaine qui atteignit la Grande-Bretagne à l'orée des années 1980. Mais alors qu'elle a été le fait de la législation tant aux États-Unis (PP) qu'en Grande-Bretagne (PP et PB), on ne peut en dire autant de la situation

canadienne. Les entreprises canadiennes ont apparemment adopté ces régimes dans une perspective de reconnaissance du mérite plutôt que de recherche d'avantages fiscaux. Un des effets de l'absence relative du support législatif au Canada se retrouve dans la diversité apparente des programmes de PP et de PB qui y ont été librement développés, n'ayant pas eu à subir les contraintes d'ordre légal. Bien que certains observateurs aient avancé que les régimes pluriels canadiens soient davantage en mesure de générer des effets bénéfiques que ceux d'autres types, de tels effets ne sauraient être bien identifiés sans l'apport de recherches appliquées. D'autres études pourraient également combler un besoin de connaissance des mécanismes sous-jacents à la croissance de ces nouveaux régimes au Canada ainsi que des facteurs en jeu dans les processus préliminaires de la prise de décision relative à l'implantation de tels régimes.