

# *Making your Workers Your Partners*

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There is an inherent conflict between owners and managers of companies. The former want, for instance, to minimize costs - the latter to draw huge salaries as long as they are in power.

In publicly traded companies, the former wish to maximize the value of the stocks (short term), the latter might have a longer term view of things. In the USA, shareholders place emphasis on the appreciation of the stocks (the result of quarterly and annual profit figures). This leaves little room for technological innovation, investment in research and development and in infrastructure. The theory is that workers who also own stocks avoid these cancerous conflicts which, at times, bring companies to ruin and, in many cases, dilapidate them financially and technologically. Whether reality lives up to theory, is an altogether different question.

A stock option is the right to purchase (or sell - but this is not applicable in our case) a stock at a specified price (=strike price) on or before a given date. Stock options are either not traded (in the case of private firms) or traded in a stock exchange (in the case of public firms whose shares are also traded in a stock exchange).