



**Recent research from the NCEO** presents some of the first in-depth analysis of the relationship between employee ownership and the economic well-being of individual workers. The findings show a strong link between employee ownership and better financial well-being.

This data, from the Bureau of Labor Statistics, follows a cohort currently aged 28 to 34. It allowed us to look at the difference employee ownership makes in the economic well-being of employee-owners over time and from different demographic groups, such as:

- Low-wage workers
- Workers of color
- Non-college graduates
- Parents
- Workers in different industries

The striking relationships between employee ownership and improved economic outcomes for individuals persist over time and when controlling for demographic factors.

This report draws from the National Longitudinal Surveys (NLS), nationally representative surveys that follow the same sample of individuals (975 employee-owners and 4,529 non-employee-owners) over time. We will continue to study this data to expand on these findings.

	MEDIAN	Non-employee-owners	Employee-owners
	WAGES	\$30,000	\$40,000
	WEALTH*	\$14,831	\$28,500
	JOB STABILITY	3.4 years	5.2 years
<b>BENEFITS:</b> Employee-owners were more likely to receive benefits at work such as...			
	MEDICAL & DENTAL INSURANCE	64%	96%
	MATERNITY/PATERNITY LEAVE	31%	61%
	TUITION REIMBURSEMENT	24%	62%
	FLEXIBLE WORK SCHEDULE	34%	52%

\*Household wealth is respondent's asset holdings (real estate, businesses, vehicles, etc.) and amount of debt owed to create a net worth amount. This amount does not include any assets in a retirement plan.



# The Current State of ESOPs

The most common form of employee ownership in the United States is the employee stock ownership plan, or ESOP. ESOPs hold company shares in a trust on behalf of employees, and employees receive the cash value of their shares when they retire or leave the company.

- There are now nearly 7,000 ESOPs, with a total of 13.5 million participants and \$1.1 trillion in assets. Forty percent of plans have been around for 20 years or more.
- ESOPs range in size from a few dozen employee-owners to well over 100,000, with the vast majority having fewer than 500.
- More than 4,000 local communities have at least one ESOP company.

## ESOP Companies Outperform Their Peers

- ESOP companies generate 2.5% more new jobs per year than these same companies would have generated if they did not have an ESOP.
- Employee-owners lose their jobs at one-third to one-fourth the rate of non-employee owners, according to the General Social Survey.
- ESOP companies default on their loans at a rate of 0.2% per year.
- Companies with ESOPs were 25% less likely to go out of business, according to research looking at the last two recessions.



## Who Will Own America's Businesses?

**Selling a business to its employees can provide a fair price for the owner, added retirement benefits and an ownership stake for the workers, tax advantages for the business, and economic stability for the surrounding community.**

Right now, 1.6 million American firms have owners who are 55 years or older. Their upcoming retirement will create the largest wave of business ownership transitions in US history. Because too few business owners know that employee ownership is an option for them, many businesses will close permanently or sell to an outsider, putting them at risk of downsizing, relocation, or liquidation.

Region	Number of firms with owner 55 years or older
Northeast	294,746
Midwest	346,389
South	539,021
West	369,985

Source: Public Use Microdata Sample (PUMS) file created for the US Census, 2007 Survey of Business Owners (SBO)