

Employee (Shared) Ownership

Employee owners—share in the risks and rewards of ownership

The models vary and, in some cases, can be combined:

- **Cooperatives**
- **Employee Stock Ownership Plans (ESOPs)**
- **Employee Trusts**
- **Profit Sharing**
- **Other employee wealth-share models**

The types and structures of businesses vary

- **Privately Owned**
- **Publicly Owned/Traded**
- **Cooperatively Owned**
- **Non-Profit**
- **Private Equity**
- **Union Organized**

**For most employee ownership models,
employee owners incur no out-of-pocket expense to acquire shares in the company.**

Employee Ownership Builds Wealth Inclusively

Equity comes on top of, not in place of, other compensation

Builds Wealth

Employee Ownership is already widespread (Rutgers Study/[Kruse](#))

- 47 percent of private sector employees (59 million) have some form of ownership or profit shares where they work.
- The average worker who holds company stock has \$75,205 in shares. Average annual profit sharing and gain sharing bonuses are just over \$13,000.
- Close to 20 percent of all blue collar, clerical, and sales workers own some company stock.

Employee Ownership realizes greater levels of wealth for their employees (NCEO Millennials Study/[Wiefek](#))

- Median household net worth is 92% higher, 79% higher for employee owners of color and 17% higher for low-income owners.

Low-Income Women and People of color in ESOPs fare better than their counterparts (Rutgers Study/[Boguslaw & Shur](#))

- Latina ESOP Workers had a combined median 401(k) balance and ESOP wealth averaging \$243,500 compared to \$100 nationally
- Black female ESOP workers averaged \$55,000 in their similar accounts compared to \$200 nationally.

Employee Ownership Resources

WHAT IS EMPLOYEE OWNERSHIP? <https://www.nceo.org/what-is-employee-ownership>

[Employee ownership provides a market](#) for the shares of departing owners of successful companies and offers opportunities to increase [retirement security, enhance family budgets and well-being, motivate and reward employees](#) or [borrow money for acquiring new assets in pretax dollars](#).

IMPACT: Employee-owned companies report dramatically lower rates of turnover. They protect jobs in communities and offer [more opportunities](#) for equity participation and wealth creation. Employee ownership [creates](#) job stability, [builds skills and mobility opportunities](#) and contributes to family economic security by offering greater protection from layoffs. There is [real untapped potential](#) for employee ownership to narrow gender and racial wealth gaps.

Employee-owned companies also realize much greater levels of wealth for their employees. A national [study](#) of millennials by the National Center for Employee Ownership shows median household net worth is 92% higher for employee owners overall, 79% higher for employee owners of color and 17% higher for low-income owners. A [Rutgers University](#) study finds women and people of color at ESOPs fared much better than their counterparts. [Structuring ownership](#) opportunities for [racial wealth building and family stability](#) in this context is critical.

COVID and RECESSIONS: In the era of COVID-19, [women](#) and [workers of color](#) have been [hit much harder](#) by job losses, yet [ESOP](#) firms [dramatically outperformed](#) other firms in [securing employees'](#) jobs and maintaining work hours, salary, and workplace health and safety. [Worker cooperatives were also able](#) to pivot quickly and were likely to redistribute or use reserve funds to pay workers and implement temporary furloughs rather than layoffs. Strategies to link employee ownership to a resilient Covid recovery center on creating an enabling environment for [private capital to be directed for public well-being](#). [Research shows](#) that in comparing the performance of employee ownership firms with that of otherwise similar firms during the last two recessions (1999, 2011), employee ownership tended to decrease unemployment and stabilize the economy.

FEDERAL/STATE POLICIES

- U.S. Department of Labor (DOL): The existing incumbent worker training infrastructure operating out of the DOL under the Workforce Innovation and Opportunity Act could include incumbent worker training for ownership. The [goals of workforce development](#) might be achieved by investing in workers as not only employees but also owners.
- A proposed [Employee Equity Loan Act](#) (EELA) that features loan guarantees to employees buying the business, would encourage private banks to step up their activity in this market.
- Funding the [Main Street Employee Ownership Act](#) (MSEO) of 2018, which directs the SBA to support employee ownership with a focus on underserved businesses and employees, would enable broad awareness about ownership opportunities and help structure them locally.
- State legislatures can (and do) establish [Employee Ownership Centers](#) to provide advice to business owners about ownership models, as well as to connect them to local approved advisors.