



**For Immediate Release:** September 13, 2010

**For More Information:** Amy Gwiazdowski, 202/293-2971, [amy@esopassociation.org](mailto:amy@esopassociation.org)

## **ESOP Companies Hit by Great Recession in 2009 but Track Record Remains Positive**

**September 13, 2010 (Washington, DC)** -- Results from the Employee Ownership Foundation's 19<sup>th</sup> Annual Economic Performance Survey of ESOP (employee stock ownership plan) companies that are members of The ESOP Association show that ESOPs are not immune to economic developments beyond their control. The Survey also evidences, however, that despite the most severe economic downturn since the Great Depression, ESOP companies on the whole continue to have increased share value, better productivity, and overwhelming support among leaders of the companies.

For example, as has been the case in all 19 years the survey has been conducted, a very large majority, 91% of survey respondents, reported that creating employee ownership through an ESOP was "a good business decision that has helped the company." This number demonstrates that even though ESOPs were not immune to impacts of the Great Recession, leaders of ESOP companies still feel strongly that the company is better off than their non-ESOP counterparts. In addition, 63% of respondents indicated the ESOP positively affected the overall productivity of the employees. In terms of profitability and revenue, as expected, both were down from previous years --- 63% of respondents reported that profitability decreased and 71% of respondents noted that revenue decreased. On the other hand, for a majority of respondents (59%), the company's stock value increased as determined by outside independent valuations, 37% of the respondents did report a decline in share value, and 4% reported no change. Of those who did report a decreased share value, 87.3% reported the decline was less than 30% from prior years.

"Despite a downturn in the economy that has no comparison since the Great Depression, this survey shows overwhelmingly ESOP companies that responded still felt the ESOP made their companies competitive and productive," said J. Michael Keeling, president of the Employee Ownership Foundation. "At no time has the ESOP community ever claimed that an employee-owned company was immune to economic trials and tribulations, or the risks of ownership in a free enterprise economy. Evidence clearly shows that for many employee owners their share price decreased, but not at the levels we saw in the public stock market. While a free enterprise system never guarantees full economic security, the numbers in this survey do justify the need to promote policies that will expand ownership of productive, connected assets, such as employer securities."

The survey asked companies to indicate their performance in 2008 relative to 2009:

- 33.5% indicated a better performance; 54.3% indicated a worse performance; and 12.2% indicated a nearly identical performance to the previous year
- 29% indicated revenue increased; 71% indicated revenue decreased
- 37% indicated profitability increased; 63% indicated profitability decreased
- 61% of companies indicated they have created an ESOP education program or ESOP

advisory committee since establishing the ESOP

The 2010 Economic Performance Survey was distributed to The ESOP Association's over 1,400 members in May 2010. The results are based on 418 responses, a 30% response rate.

For additional information about the survey, please visit The ESOP Association's website at [www.esopassociation.org](http://www.esopassociation.org).

The Employee Ownership Foundation is The ESOP Association's affiliated 501 (c)(3) organization dedicated to promoting employee ownership.

Founded in 1978, The ESOP Association represents over 1,400 ESOP companies who believe that employee ownership will improve American competitiveness, increase productivity through greater employee participation and strengthen our free enterprise economy.

###