



For Immediate Release: February 8, 2012

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Employee Owners' Jobs More Stable in a Nervous Economy

February 8, 2012 (Washington, DC) – The Employee Ownership Foundation today focused on convincing evidence from the most prestigious social survey in the U.S., the General Social Survey (GSS), that showed employees in the U.S. who had employee stock ownership were *four times less likely to be laid off during the Great Recession than employees without employee stock ownership.*

Specifically, the 2010 GSS, funded primarily by the National Science Foundation and conducted by the National Opinion Research Center at the University of Chicago, found that 3% of employees with employee stock ownership, which include the ESOP model and other forms of employee ownership, were laid off in 2009-2010 compared to a 12% rate for employees without employee stock ownership.

In addition, the 2010 GSS data indicated that 13% of the employees with employee stock ownership intended to leave their companies in the coming months whereas the rate was 24% for employees without employee stock ownership. This indicates significantly lower expected turnover for workers with employee stock ownership.

“These numbers confirm what observers of employee stock ownership have been saying for years,” said J. Michael Keeling, president of the Employee Ownership Foundation. “Employees with employee stock ownership, including those with ESOPs, in general, have more sustainable employment. Too bad we had to suffer a Great Recession to have the objective data to shed more light on these claims,” he added.

Additionally, the survey found that employee ownership rates remained stable since 2006 with 17.4% of individuals reporting they owned company stock. About 19 million U.S. citizens own stock in the companies in which they work.

The Employee Ownership Foundation provided significant funding for the supplemental series of questions on shared capitalism in the survey. Shared capitalism is defined as broad-based employee, current or deferred, stock compensation programs, such as ESOPs (employee stock ownership plans), stock purchases, stock options, gain sharing, profit sharing, and bonus programs. The shared capitalism series of questions were developed and analyzed by well-known employee ownership researchers, Professor Joseph Blasi and Professor Douglas Kruse (School of Management and Labor Relations at Rutgers

University) who submitted an application for their inclusion in the GSS. The researchers are continuing to analyze these and other related data from the Survey to shed light on the role of employee stock ownership in the U.S. economy.

“We need policies that are job sustainers, not just policies that are job creators,” Keeling said. “Hopefully our national leaders, including the current group of those running for President, of both parties, will take note of this evidence, and understand that national policies to encourage employee stock ownership, and new policies to increase ownership among more working Americans, need to be considered as an effective way to ensure our national employment rate is where we all want it to be.”

The Employee Ownership Foundation is The ESOP Association’s affiliated 501 (c)(3) organization dedicated to promoting employee ownership. More information: www.employeeownershipfoundation.org.

Founded in 1978, The ESOP Association is the national trade association for companies with employee stock ownership plans and the leading voice for employee ownership in America. The ESOP Association represents over 1,400 ESOP companies. More information: www.esopassociation.org and www.esopassociationblog.org.

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