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ESOP Companies Report Economic Growth in 2013

September 15, 2014 (Washington, DC) – Results from the Employee Ownership Foundation’s 23rd Annual Economic Performance Survey of ESOP (employee stock ownership plan) companies show that ESOPs continue to see increased economic growth. Additionally, ESOP companies continue to have increased share value, report high productivity among employee owners, and have overwhelming support for the ESOP among leaders of the companies, according to the results of this 2014 survey which was conducted among members of The ESOP Association in the summer of 2014.

Since the Employee Ownership Foundation’s annual economic survey began 23 years ago, a very high percentage, 93% of survey respondents, have consistently agreed that creating employee ownership through an ESOP was “a good business decision that has helped the company.” It should be noted that this figure has been over 85% for the last 14 years the survey has been conducted. In addition, 76% of respondents indicated the ESOP positively affected the overall productivity of the employee owners. In terms of revenue and profitability --- 70% of respondents noted that revenue increased and 64% of respondents reported that profitability increased. In terms of stock value, the majority of respondents, 80%, stated the company’s stock value increased as determined by outside independent valuations; 18% of the respondents reported a decline in share value; 2% reported no change. The survey also asked respondents what year the ESOP was established. Among those responding to this survey, the average age of the ESOP was 16 years with the average year for establishment being 1998.

“As we’ve said before, research proves that ESOPs, and companies with other forms of broad-based employee ownership, provide more sustainable employment for U.S. workers,” said Employee Ownership Foundation President, J. Michael Keeling. “Our national leaders need to take note, step up, and encourage broad-based inclusive capitalism and increase employee ownership to ensure sustainable employment and more income for average pay employee owners. It’s the best jobs policy we have in this country.”

The survey asked companies to indicate their performance in 2013 relative to 2012:

- 65% indicated a better performance; 21% indicated a worse performance; and 14% indicated a nearly identical performance to the previous year
- 70% indicated revenue increased; 30% indicated revenue decreased
- 64% indicated profitability increased; 36% indicated profitability decreased
- 64% of companies have created an ESOP education program or ESOP advisory committee since establishing the ESOP

The 2014 Economic Performance Survey was distributed by the Employee Ownership Foundation to The ESOP Association’s 1,500+ members in June 2014. The results are based on 503 responses, a 34% response rate.

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

The ESOP Association is the national trade association for companies with employee stock ownership plans (ESOPs) and the leading voice in America for employee ownership. The core cause of The ESOP Association is the belief that employee ownership will improve American competitiveness, increase productivity through greater employee participation, and strengthen our free enterprise economy. More information: website - www.esopassociation.org and blog – www.esopassociationblog.org.