



For Immediate Release:
June 18, 2008

For More Information:
Amy Gwiazdowski
202/293-2971
amy@esopassociation.org

New Research Confirms Majority-Owned ESOPs More Productive Than Non-ESOP Counterparts

June 18, 2008 (Washington, DC) – Recent research by Brent Kramer, a doctoral candidate at the City University of New York, “provides strong evidence that majority employee-owned businesses have a significant advantage over comparable traditionally-owned businesses in sales per employee.” The average advantage, \$44,500, means that a typical 200 person ESOP firm could be expected to have an almost \$9 million annual sales advantage over its non-ESOP counterpart. Sales per employee is the total of a company’s sales divided by the number of employees, and is a commonly used measure of a company’s productivity.

A few highlights of the study:

- Using standard statistical methods, it was found that the average sales advantage for the ESOP firms in the study was \$44,500, or an average of an 8.8% sales per employee advantage over their non-ESOP counterparts in the same industry and of the same size.
- It was found that firms that ask for non-management employee input into innovation in work processes have a greater employee-owned advantage in sales per employee.
- Kramer’s research indicates the sales per employee advantage for the 50% plus ESOP companies compared to non-ESOP companies is less for larger employers.

“What is important about this study is that it substantiates what we have been saying about ESOP companies being more productive for the past 30 years. When matched along side non-ESOP firms, employee owned companies are more productive as defined by the traditional productivity measure of sales per employee,” said J. Michael Keeling, President of The ESOP Association.

The study, *Employee Ownership and Participation Effects on Firm Outcomes*, was conducted by Brent Kramer, an economics doctoral candidate at the time of the study and now a Ph.D. The Employee Ownership Foundation, the 501(c)(3) affiliated foundation of The ESOP Association provided funding for the research and The ESOP Association

contributed membership information for the study. A total of 328 ESOP firms and over 2,000 matching non-ESOP firms were included in the study.

The Employee Ownership Foundation is The ESOP Association's affiliated 501 (c)(3) organization dedicated to promoting employee ownership. The ESOP Association is the national trade association for companies with employee stock ownership plans.

###