

# Employee Ownership and ESOPs

## What We Know from Recent Research

Joseph Blasi and Douglas Kruse, April 2025

### Introduction

---

Employee share ownership has a long and important tradition in the US. As of 2022, approximately 18% of employees or about 25 million workers across our nation have some form of ownership stake in the company where they work and 8% of employees have employee stock options. Employees participating in ownership in the US do so through a variety of means, including employee stock ownership plans (ESOPs), equity compensation programs, worker-owned cooperatives, and employee-owned trusts. About 11 million active employees participate in ESOPs, while another 4.2 million additional retired ESOP employees are still receiving ESOP benefits from their ownership. An estimated 14 million employees participate in different other combinations of equity compensation plans, including grants of restricted stock, employee stock options, and employee stock purchase plans. Estimates show that approximately 10,000 workers are employed in between 900 and 1,000 worker-owned cooperatives, with a growing number of employees in Employee Ownership Trusts (EOTs).

In this short brief, we provide some updated statistics and analysis regarding workers' involvement in employee share ownership plans and the wealth and job quality benefits those workers realize from their participation. ESOPs are the most common form of broad-based employee share ownership in the US, and, likely for that reason, there are more robust data related to ESOPs. For these reasons, this brief focuses primarily on workers who participate in ESOPs.

### What Is an ESOP?

---

An ESOP is a retirement plan where employees typically receive grants of company stock without buying the stock with their wages or savings. Typically, when an ESOP is used to buy out a retiring business owner, a company sets up an ESOP, and credit is used to finance the buyout of shares of the retiring business owner with tax incentives. The company (typically, not the individual employees) provides collateral and promises to repay the loan out of the income generated by all employees through company operations over several years. As the loan is repaid, shares are granted to individual employee accounts in the ESOP. Employees earn their shares in ESOPs through their work. Employees then receive market value for the shares upon retirement or departure from the firm. Sometimes cash contributions to an ESOP to buy company stock over a multiyear period are used to increase the percentage of employee ownership in these plans. ESOPs are retirement plans regulated under the Employee Retirement Income Security Act of 1974 (ERISA) to be fair and to generally include all employees. That is not true for non-ESOP equity compensation plans.

## ESOPs, Equity Compensation Plans, and Employee Wealth Creation

---

An important benefit of employee share ownership is the potential to help employees build wealth. Data for ESOPs and equity compensation plans show:

- The 10.8 million employees in the 6,257 corporations with ESOPs have total overall assets of \$1.8 trillion.
- ESOPs are large and represent significant ownership among closely held corporations. About 2.4 million employees participating in ESOP plans are employed in 5,854 closely held or private corporations. These ESOPs taken together have \$477 billion in total assets, or an average of \$164,000 in wealth per employee. About 3,400 of these closely held or private companies are estimated to be majority or 100% ESOP owned.
- ESOPs in publicly traded firms typically only own less than 2% of the shares outstanding. Approximately 8.5 million active employees in ESOPs are employed in 403 publicly traded corporations with \$1.3 trillion in total assets. In 304 of these 403, the ESOPs are integrated with 401(k) plans and called KSOPs. The average assets per employee overall are about \$134,000 with average employer stock and property per employee of \$18,000 in KSOPs. However, 99 of these 403 ESOPs are stand-alone ESOPs that have 196,000 employees with substantial ownership stakes worth \$32 billion in assets, or an average of \$125,000 per employee in assets.
- According to a national survey, employees who are 55 years or older, or who have been with their ESOP employer 10 years or longer, have an average of about \$315,000 in wealth through their ESOP.
- All equity compensation plans (that are not ESOPs) have an average employee share ownership value of about \$91,000. These plans, however, are much less likely to include all workers and offer broad-based ownership. They are also not obliged to abide by federal fairness standards, which are required by ERISA for ESOPs.

## The Job Quality of Employees in ESOP Companies

---

In addition to wealth building opportunities, employee-owned companies often have better employee outcomes than non-employee-owned companies on a range of measures related to employees' job quality.

- In a nationally representative survey of employees in ESOP companies, over two-thirds of ESOP employees reported that their wages are equal to the market wage or higher than the market wage for their job in their area of the country.
- Using data from a 2008-2018 federal survey, there is no evidence that ESOP employees are paid less than their comparable peer employees.
- Using data from a 2008-2018 federal survey, ESOP participants have about double the retirement wealth of otherwise similar non-ESOP individuals, even after taking into account pre-retirement earnings and their demographic characteristics. The ESOP individuals have greater wealth in every ten percent grouping of the US population, and that wealth is more equally distributed among ESOP versus non-ESOP employees.

- Data from the Occupational Safety and Health Administration (OSHA) indicates that establishments which already have an ESOP tend to have fewer workplace safety incidents – across industry, size, unionization status. Establishments which adopt an ESOP show statistically significant reduction in workplace injuries and illnesses around two years after the adoption of an ESOP.
- In a survey of S corporation ESOP companies, researchers found a majority of companies offered other benefits in addition to the ESOP. All the companies surveyed reported that they provided medical insurance, and 97% provided dental benefits. Of the responding companies, 87% provided on-the-job training, 77% offered an additional 401(k) plan, 74% offered tuition reimbursement, 59% provided flexible work schedules, and 56% had paid maternity or paternity leave.
- A study following 5,000 women and men from birth to 2013, when they were 28-34 years old, found those working in employee-owned companies had significantly higher wages, more household wealth, higher job tenure, and a greater incidence of healthcare, education, and other benefits.
- 71% of ESOP employees report that they receive profit sharing, compared to 34% of non-ESOP employees in the economy.
- 53% of ESOP employees report that they receive gain-sharing, compared to 26% of non-ESOP employees, twice as likely.
- 62% of all ESOP companies have a diversified 401(k) retirement plan in addition to the ESOP.
- 46% of ESOP employees report that they have a defined benefit pension plan in addition to the ESOP, compared to 29% of non-ESOP employees.
- 70% of ESOP employees report receiving training in the last year, compared to 47% of non-ESOP employees in the economy.
- 38% of ESOP employees report having employee involvement teams, compared to 27% of employees without any employee share ownership in the economy.
- 0% of ESOP employees report being laid off in the past year compared to 6% of non-ESOP employees, suggesting that ESOP employees have greater job security.

## Employee Ownership and the Impact of Workplace Culture

---

Employee ownership firms are known for having workplaces and organizational cultures that foster high levels of employee engagement. Studies show several benefits when these cultures are combined with employee share ownership, including:

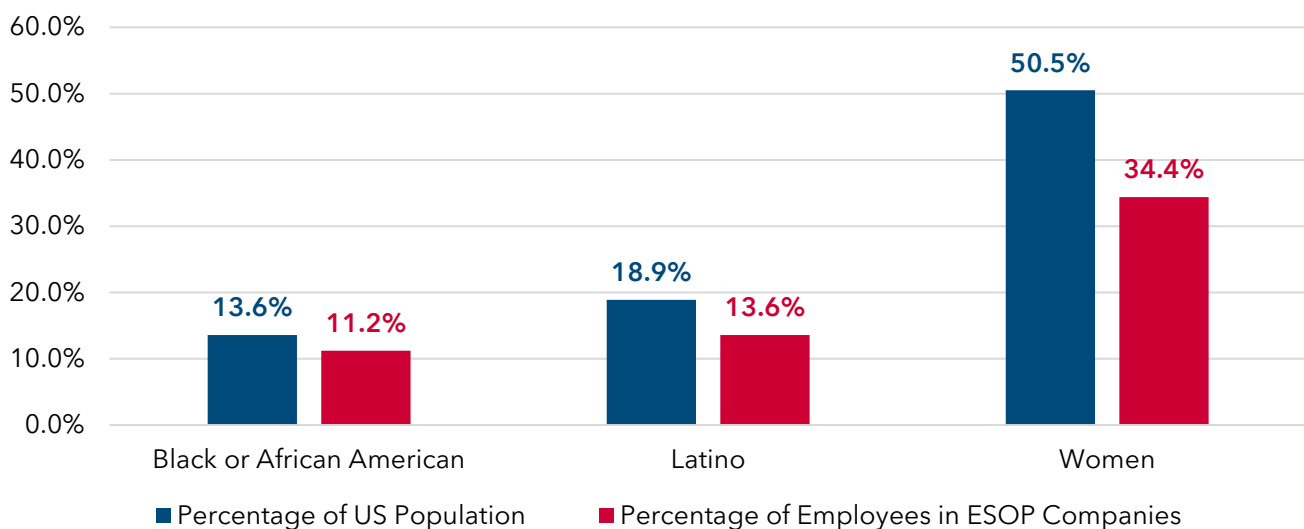
- Cooperation among employees is higher in companies when broad-based employee ownership is combined with a supportive culture (as indicated by factors such as employee training, job security, and structures for employee participation).
- Turnover is substantially lower in companies that combine broad-based employee ownership with a supportive and empowering culture. Annual voluntary employee turnover decreases from about 13% per year to about 2% per year when these two strategies are implemented together.

## ESOPs and Race and Gender Diversity

The job quality and wealth-building opportunities provided through employee share ownership have potential to help to provide more wealth to a larger group of middle-class workers. For example, a study sponsored by the W.K. Kellogg Foundation found that ESOPs significantly improved Black wealth as a result of ESOPs. Recent estimates, however, show that both women and Hispanic workers are significantly underrepresented among employers with an ESOP compared to their role in the US population.

Lower representation of women in ESOPs may be reflective of the industry mix and larger challenges that have limited women's employment in industries in which ESOPs are concentrated, such as manufacturing, construction, professional services, and wholesale trade.

**Employment in ESOP Companies by Race and Gender**



## Acknowledgments

The authors appreciate the thought partnership and editorial suggestion of their Aspen Institute colleagues, Maureen Conway and Matt Helmer, which contributed substantially to the framing and organization of the research in this publication, and they are grateful to the Aspen Institute's communications team for copyediting, design, and distribution.

## About the Authors

Joseph Blasi is the J. Robert Beyster Distinguished Professor at Rutgers' School of Management and Labor Relations, and he is the director of the Rutgers Institute for the Study of Employee Ownership and Profit Sharing.

Douglas Kruse is a Distinguished Professor at Rutgers' School of Management and Labor Relations, and also Research Director of the Rutgers Institute for the Study of Employee Ownership and Profit Sharing. He has been appointed the J. Robert Beyster Distinguished Professor effective on July 1, 2025.

## Learn More

We are pleased to present this brief as part of the Employee Ownership Ideas Forum, a two-day convening bringing together leading policymakers, practitioners, experts, and the media for a robust discussion on how we can grow employee ownership for the shared benefit of American workers and businesses. The Forum is co-hosted by the Aspen Institute Economic Opportunities Program and the Institute for the Study of Employee Ownership and Profit Sharing at Rutgers University. Learn more at [as.pn/eoforum25](https://as.pn/eoforum25).



The Institute for the Study of Employee Ownership and Profit Sharing is at: <https://smlr.rutgers.edu/EmployeeOwnershipInstitute>

The Employee Ownership Ideas Forum is made possible through the generous support of the Ford Foundation, JPMorgan Chase & Co. and Prudential Financial. Rutgers University also appreciates the support of the Sorenson Impact Foundation for its support of this convening and other events in 2025.

## Sources

### Introduction

The overall number of employees owning stock based is on the 2022 General Social Survey (GSS), National Opinion Research Center, University of Chicago, with analysis by Rutgers University's Institute for the Study of Employee Ownership and Profit Sharing in June 2023. The 2022 data collection on employee share ownership questions was made possible by Google.org. The GSS has been mainly funded by the US National Science Foundation. Data collection for employee share ownership questions was made possible by Google.org in 2022 and by the Employee Ownership Foundation for 2014 and 2018.

The number of ESOPs is based on the 2022 retirement plan filings of the US Department of Labor (Form 5500), with analysis by the Institute for the Study of Employee Ownership and Profit Sharing of Rutgers University in March of 2025. The analysis of stock market companies is by Douglas Kruse of Rutgers University, who matched COMPUSTAT to the US Department of Labor's Form 5500 to identify stock market corporations. The percentage of ESOPs that are majority- or 100%- owned is a joint estimate by NCEO's Founder, Dr. Corey Rosen and Research Director, Dr. Nancy Wiefek. The estimate is that 20% of C Corp ESOPs and 80% of S Corp ESOPs are majority - or 100%- owned by the ESOP. For a similar general overview of ESOPs by the numbers, see NCEO's data at <https://www.nceo.org/research/employee-ownership-by-the-numbers>

The average employee share ownership dollar value numbers for equity compensation plans are based on the combined 2014, 2018, and 2022 General Social Survey, National Opinion Research Center, University of Chicago, with analysis by Rutgers University's Institute for the Study of Employee Ownership and Profit Sharing in June 2023.

The estimates on worker cooperatives are provided through analysis by the Democracy at Work Institute. Verified worked-owned cooperatives can be found at the 2021 *Worker Cooperative State of the Sector Report* at <https://institute.coop/resources/2021-worker-cooperative-state-sector-report>.

The numbers for employee ownership trusts (EOTs) are from *Purpose Trusts in the United States* and were assembled by Rutgers Institute Fellow Mark Hand of the Dedman College Interdisciplinary Institute at Southern Methodist University. Data are available at: <https://dataverse.harvard.edu/file.xhtml?fileId=6697043&version=3.0>.

### ESOPs, Equity Compensation Plans and Employee Wealth Creation

Average ESOP dollar values are based on the 2022 retirement plan filings of the US Department of Labor (Form 5500) and the computation of the averages by Douglas Kruse and Joseph Blasi of Rutgers in March 2025.

The average for ESOP employees over 55 years of age or with 10 years of tenure is based on a combined ESOP samples from the 2014, 2018, and 2022 General Social Survey, as noted above.

For equity compensation plans dollar values, average and median dollar values are based on the 2014, 2018, and 2022 General Social Survey.

### The Job Quality of Employees in ESOP Companies

The results on comparative retiree wealth are from a Rutgers Institute study of 2008-2018 data, “ESOPs and Retiree Wealth: Evidence from the Health and Retirement Study,” available at: [https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute\\_Employee\\_Ownership/ResearchBriefs/January2024\\_RB\\_ESOPs\\_Retiree\\_Wealth.pdf](https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute_Employee_Ownership/ResearchBriefs/January2024_RB_ESOPs_Retiree_Wealth.pdf)

The results comparing the wages of ESOP versus non-ESOP workers are from “Do ESOPs Substitute for Cash Compensation? Preliminary Evidence from the 2008-2020 Federal Health and Retirement Study,” by Matt Mazewski available at: [https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute\\_Employee\\_Ownership/ResearchBriefs/October2024\\_Research\\_Brief\\_Wage\\_Substitution\\_Mazewski.pdf](https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute_Employee_Ownership/ResearchBriefs/October2024_Research_Brief_Wage_Substitution_Mazewski.pdf)

The results on safety are from OSHA's Injury Tracking Application, an annual reporting requirement for nearly 250,000 establishments across the United States of America. Injury and illness data were matched to ESOP data from the U.S. Department of Labor's Form 5500 Research Files for the years 2016 thru 2019. The report by Austin Palin and Douglas Kruse is available at: [https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute\\_Employee\\_Ownership/ResearchBriefs/January2024\\_RB\\_ESOPs\\_Workplace\\_Safety.pdf](https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute_Employee_Ownership/ResearchBriefs/January2024_RB_ESOPs_Workplace_Safety.pdf)

The results for ESOP employees compared to other employees in the economy regarding wages, training, employee involvement teams, profit sharing, defined benefit plans, and layoffs are based on a combined ESOP sample from the 2014, 2018, and 2022 General Social Survey. The layoff results are based on three years of data in 2013, 2017, and 2021. The percentage of ESOPs with 401k retirement plans is from the 2020 Department of Labor's Form 5500 annual report, analyzed by Douglas Kruse of Rutgers University. If 401k plans where an ESOP is also used to provide mostly matching shares in the 401k, then 77% of all ESOPs have a 401k plan, namely, 75% of closely-held company ESOPs and 93% of publicly-traded company ESOPs. For data on benefits other than the ESOP, see *S Corporation ESOPs and Retirement Security* by Nancy Wiefek and Nathan Nicholson (Oakland, Ca.: National Center for Employee Ownership, March 2018, p. 12), available at <https://www.nceo.org/assets/pdf/articles/NCEO-S-ESOPs-Retirement-2018.pdf>. The impact of ESOPs on young people is based on *Employee Ownership and Economic Well-Being: Household Wealth, Job Stability, and Employment Quality among Employee-Owners Age 28 to 34* by Dr. Nancy Wiefek. (Oakland, Ca.: National Center for Employee Ownership, May 15, 2017) and is available at <https://www.ownershipeconomy.org/>. See the 2018 update at <https://www.ownershipeconomy.org/research/2018-update/>.

### Employee Ownership and the Impact of Workplace Culture

The research on mutual cooperation is based on employee surveys of over 40,000 employees in 14 companies of the National Bureau for Economic Research (NBER) Shared Capitalism Research Project funded by the Rockefeller Foundation and the Russell Sage Foundation and co-directed by Richard Freeman of Harvard University and Douglas Kruse and Joseph Blasi of Rutgers University.

NBER working papers summarizing the results were first published by NBER at <https://www.nber.org/search?page=1&perPage=50&q=shared%20capitalism>. The final book published by the University of Chicago Press and NBER was in 2010. A copy of the entire book on the NBER website is at <https://www.nber.org/books-and-chapters/shared-capitalism-work-employee-ownership-profit-and-gain-sharing-and-broad-based-stock-options>. The book is available from the University of Chicago Press at <https://press.uchicago.edu/ucp/books/book/chicago/S/bo8056093.html>. A national control group with comparison data for the NBER research was made possible by the Employee Ownership Foundation's support of the General Social Survey in 2002 and 2006.

For a recent summary of the history of employee share ownership and research, see Chapters 1 and 4 in *The Citizen's Share* by Joseph Blasi, Richard Freeman, and Douglas Kruse (New Haven: Yale University Press, 2014).

The research on turnover is based on the analysis of 230,465 employee surveys in 780 companies with six million employees who applied to the 100 Best Company to Work For competition of Fortune magazine from 2005 and 2007. The Great Place to Work Institute did a random survey of their employees, and the Institute for the Study of Employee Ownership and Profit Sharing at Rutgers analyzed some of the data under a confidentiality agreement. This was published as: “Do Broad-based Employee Ownership, Profit Sharing and Stock Options Help the Best Firms Do Even Better?” Joseph Blasi, Richard Freeman, and Douglas Kruse, *British Journal of Industrial Relations*, Volume 54, Issue 1, March 2016, 55-82.

### ESOPs and Race and Gender

For the W.K. Kellogg Foundation study, carried out by Rutgers University, see: <https://smlr.rutgers.edu/news-events/news-releases/study-employee-ownership-narrows-gender-and-racial-wealth-gaps> & [https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute\\_Employee\\_Ownership/rutgerskelloggreport\\_april2019.pdf](https://smlr.rutgers.edu/sites/default/files/Documents/Centers/Institute_Employee_Ownership/rutgerskelloggreport_april2019.pdf)

The proportion of different ethnic groups in the US population in 2021 is from the US Census at <https://www.census.gov/quickfacts/fact/table/US/PST045222>.

The proportion of employees who are of different ethnic groups among ESOP versus non-ESOP employees is from the 2014, 2018, and 2022 combined General Social Survey. These are preliminary estimates because of smaller sample sizes. For industries where ESOPs are concentrated, see <https://www.nceo.org/articles/employee-ownership-by-the-numbers>, Figure 1: Industries of Privately Held ESOP Companies.

### Challenges to Growing and Diversifying ESOPs

For the annual growth of closely held ESOPs in recent years, see the National Center for Employee Ownership at <https://www.nceo.org/articles/employee-ownership-by-the-numbers>. The statistics for 2015-2021 are from the Rutgers Institute for the Study of Employee Ownership and Profit Sharing's analysis of DOL Form 5500 Data in March of 2024.