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ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

Employee-owners fared better in 2020

Oh what a year we had! How did it work out for ESOPs in general? Last October, Rutgers University took a closer look at how employee-owners in the U. S. fared in the first nine months of the COVID-19 global pandemic. They found that employee-owners in the ESOP firms studied did well, comparatively speaking.

More jobs retained in employee-owned companies

Employee-owned businesses tended to retain more jobs compared to companies that do not share ownership with employees. While many ESOPs had to reduce hours and cut jobs, as a group they retained more jobs than non-ESOPs.

ESOPs retained jobs at a rate of 4 to 1

ESOPs reported different reasons for job retention

When asked why they chose to retain jobs, the employee-owned companies were likely to say it was to preserve valuable employee skills, keep ties to customers and clients, sustain a culture of teamwork and retain a sense of ownership.

Focus on workplace health and safety

The study revealed that ESOPs have been more proactive about ensuring the safety of employees during the pandemic. A higher proportion of ESOPs, 98.3%, took measures to protect employees at work compared to 88.9% of non-ESOPs. The employee-owned companies were also faster to act with most of them taking protective action in the first quarter of 2020.