Employee Ownership & Economic Well-Being

Household Wealth, Job Stability, and Employment Quality among Employee-Owners Age 28 to 34

MAY 15, 2017



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Support

This project was funded by the W.K. Kellogg Foundation, as part of a $200,000 grant covering the period from May 1, 2015, to March 31, 2017.

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Employee Ownership

—employees owning stock in the companies where they work—is a major aspect of the U.S. economy. But until now, little research has explored its impact on individual workers.

This report presents some of the first in-depth analysis of the relationship between employee ownership and workers' economic well-being. The findings of this research, based on analysis of survey data of younger workers from the Bureau of Labor Statistics, are remarkable.

> Among the sampled workers, all ages 28 to 34, workers who are employee-owners have
>
> - 92% higher median household wealth
> - 33% higher income from wages
> - 53% longer median job tenure
>
> relative to workers who are not employee-owners.

The striking relationships between employee ownership and improved economic outcomes for workers persist over time and when controlling for demographic factors.

Summary

Observers from the political left and right agree that the U.S. economy no longer provides the upward mobility for which it was once known. Both sides also agree that the causes of these difficulties are complex and interrelated, but they disagree about policy approaches. Some focus on wealth inequality, which is large and increasing—recent data shows the top 10% of families holding 76% of total wealth.[1] Others point to the role of the government in regulation and corporate taxes, while still others focus on deep economic trends, such as globalization, the disconnection between productivity and wage growth, and shifts in production and information technology.

One policy solution that appeals to the core values of liberals, moderates, and conservatives is encouraging employee ownership.[2] Employee ownership is a market-friendly, anti-inequality policy that improves outcomes for companies and provides workers with higher wages, more generous benefits, and greater job stability.

Though often overlooked, employee ownership is a highly scalable tool that has immense untapped potential.



The primary form of employee ownership in the United States is the employee stock ownership plan, or ESOP. Congress designed ESOPs in the 1970s to encourage owners of private companies to transfer ownership to employees at no cost to the employees themselves; instead, the owners are paid the full value of their shares by the ESOP, which borrows the money if necessary and repays the loan from company earnings.

Today, at 6,500 American companies, 10.5 million workers partially or wholly own their employers through this mechanism. Quantitative and qualitative research at the company level has shown that ESOP companies tend to grow faster and provide greater job stability than similar non-ESOP companies,[3] making ESOPs an effective tool to create and save jobs in vulnerable communities. Because workers at ESOP companies share in the success of their companies, ESOPs should directly address the crises of mobility, wealth inequality, and stagnating wages.

Until now, however, there was little data that allowed for directly testing this hypothesis. This report describes the first quantitative and robust evidence of the association between employee ownership and positive outcomes at the level of individual workers. The underlying data source is large and credible. It is designed with a sample that allows for examining young workers, along with smaller groups such as workers of color, families with young children, and people with low income.

The results, covered in more depth in the research report starting on page 7, span a range of measures and demographic groups:

- Median household net wealth among respondents is 92% higher for employee-owners than for non-employee-owners. This disparity holds true for the great majority of subgroups analyzed, including single women, parents raising young children, non-college graduates, and workers of color.

- Employee-owners in this dataset have 33% higher median income from wages overall. This holds true at all wage levels, ranging from a difference of $3,160 in annual wages for the lowest-paid employee-owners to an extra $5,000 for higher-wage workers.

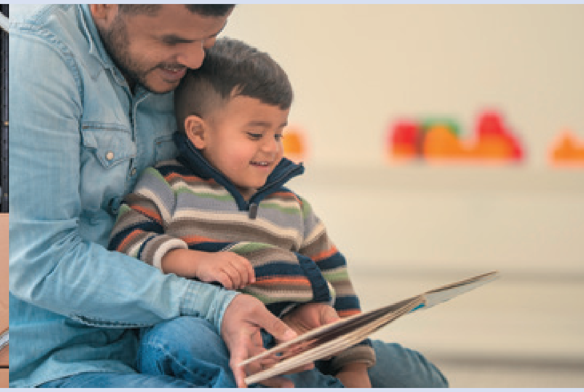
- Employee-owners are much more likely to have access to an array of benefits at work, including flexible work schedules, retirement plans, parental leave, and tuition reimbursement. For example, 23% of employee-owners have access to childcare benefits, compared to 5% of non-employee-owners.

- Employee-owners in this dataset have substantially more job stability than non-employee-owners: their median tenure with their current employer is 5.2 years, compared to 3.4 years for the non-employee-owners.

- In 2013, the median employee-owner had household income equal to 378% of the poverty line, compared with 293% of the poverty line for non-employee-owners. Most of this difference emerged over a period of years—the two groups had nearly the same median income-to-poverty ratios in 1997.

- For families with children ages 0 to 8 in their household, the employee-ownership advantage translates into median household net worth nearly twice that of those without employee ownership, nearly one full year of increased job stability, and $10,000 more in annual wages.

- Employee-owners of color in this data have 30% higher income from wages, 79% greater net household wealth, and median tenure in their current job 36% over non-employee-owners of color.


These relationships persist across demographic groups and over time, and in statistical models that control for other demographic factors. Over-time analysis demonstrates that the two groups start out at the same modest level of wealth. Multivariate regression analysis shows that employee ownership is significantly related to higher wages after controlling for other strong predictors, including education, race, gender, and marital status. Employee ownership is strongly predictive of longer job tenure controlling for these factors and wages. Longer job tenure is in turn strongly predictive of household wealth.[4]

The research report, which follows, describes the data source, methods, and results in detail, showing specific results for many different groups of young workers in tables, figures, and text.

REFERENCES

[1] See, for example, *Trends in Family Wealth, 1989 to 2013* (Congressional Budget Office, August 2016), https://www.cbo.gov/publication/51846

[2] A 2016 paper by Jared Bernstein, former chief economist for former Vice President Joseph Biden, finds strong reason to believe that more ESOPs could translate into less inequality both in wealth and wages. See Jared Bernstein, "Employee Ownership, ESOPs, Wealth, and Wages" January 2016 (http://esca.us/wp-content/uploads/2016/01/ESOP-Study-Final.pdf). From the other side of the spectrum, Alex Brill, a research fellow at the American Enterprise Institute, concludes that increased rates of owners selling to ESOPs would benefit the economy. See Alex Brill, "Employee Stock Ownership Plans as an Exit Strategy for Private Business Owners," March 2017 (http://esca.us/wp-content/uploads/2017/03/ESCA_ExitStrategy_Final.pdf).

[3] For policy-oriented research, see *Economic Growth Through Employee Ownership*, the National Center for Employee Ownership and Employee-Owned S Corporations of America, September 1, 2016 (www.nceo.org/assets/pdf/Economic_Growth_Through_EO.pdf). For recent academic work, see Kurtulus, Fidan Ana and Douglas L. Kruse, 2017, *How Did Employee Ownership Firms Weather the Last Two Recessions?: Employee Ownership, Employment Stability, and Firm Survival in the United States: 1999-2011*, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. http://dx.doi.org/10.17848/9780880995276. For an overview, see NCEO, *Research on Employee Ownership, Corporate Performance, and Employee Compensation*, https://www.nceo.org/articles/research-employee-ownership-corporate-performance.

[4] Regression analysis SPSS output is in the appendix. Details on the analysis will be in a forthcoming publication and are available from the NCEO.

RESEARCH REPORT: Employee Ownership & Economic Well-Being

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Research Report Contents

TABLES AND FIGURES

Data and Methods

The National Longitudinal Surveys (NLS), sponsored by the U.S. Bureau of Labor Statistics, are nationally representative surveys that follow the same sample of individuals from specific birth cohorts over time. The content of the survey covers nearly every aspect of the labor market experience of workers, including wages, income, wealth, and benefits. The data are described in more detail in the appendix.[1]

This report uses data from a sample of 5,504 women and men, including an oversample of African Americans and Latinos, first interviewed in 1997. All the respondents were ages 28 to 34 when interviewed most recently in 2013. See Table 15 in the appendix for details about the characteristics of the sample.

The analysis examines the characteristics of workers with employee ownership at their workplace (employee-owners) compared to workers without such benefits (non-employee-owners). Most of the analysis focuses on currently employed people. The main method is to compare outcomes across comparable groups. For example, Table 6 shows that the median household net wealth of single women who are employee-owners is $9,089, while the median household net wealth of single women who are not employee-owners is $6,000.

Definition of "Employee-Owners"

In this report, employee-owners are defined by their response to one question in a battery of items about the benefits made available by their employers. Employee-owners are those who said that "Employee Stock Ownership Plan(s)" is a benefit available to them. Non-employee-owners did not select that benefit as available to them. The full question is included in Table 16 in the appendix.

Because this is self-reported data, it is possible that some non-ESOP participants misinterpreted the question.[2] The number of non-ESOP participants identified in this study as employee-owners is likely to be small, both because the question wording asks specifically about "employee stock ownership plans" and because the other types of plans are not retirement plans, and the question is part of a question battery that includes "retirement benefits" as a separate category.

In sum, the definition of employee-owner is unlikely to be perfect, but it is also unlikely to be vulnerable to substantial error.

Limitations of the Data

The data provide detailed insight into the association of employee ownership with measures of quality of life, but the data do have some limitations of which readers should be aware.

First, as with any data collected outside of a controlled experiment, these results are not proof of a causal relationship. These two groups were not randomly assigned. Still, we employ many methods for testing whether associations are robust and not simply coincidental. This includes the very powerful panel nature of the survey, which allows for tracking the same respondent from year to year.

Second, the data at this point do not represent the entire work force. Instead they focus on young people. Since ESOPs are retirement plans, their impact is expected to be largest among those approaching retirement. This analysis may underestimate the impact of employee ownership on the entire age-range of the work force.

Third, as with any survey data, the data is self-reported. Although there is no reason to expect that people would misrepresent their status as an employee-owner, it is possible. It is also possible that they misrepresent their actual conditions on questions about income, wealth, benefits, and other issues.

An alternate hypothesis that would also explain the apparent employee-ownership advantage is that employee-ownership does not actually create the beneficial outcomes, but instead, employee-owned companies have an advantage in hiring people who are more likely to succeed for unrelated reasons, such as the region of the country or the individual's education,

[1] Thank you to Charles R. Pierret, Senior Research Economist at the Bureau of Labor Statistics, and Rosella Gardecki at the Center for Human Resource Research at the Ohio State University for their help and guidance with these data.

[2] Some of these respondents may actually participate in a plan that is not an ESOP, such as a similar sounding employee stock purchase plan (ESPP) or some kind of equity grant, such as a stock option grant or a grant of restricted stock. It is reasonable to categorize these respondents as employee-owners because these plans are likely to be broad-based rather than just available to a company managers or executives. It is also possible that some respondents actually participate in a 401(k) plan, since 401(k) plans may allow for purchasing employer stock.

parental status, or marital status. The two tables at right indicate this is unlikely to be the case, because employee-owners and non-employee-owners are very similar on the characteristics the NLS measures.

Those with employee ownership are nearly identical in broad regional terms compared to the group without such benefit. The factor in these two tables most likely to explain some of the difference in outcome is that employee-owners are more likely to live in urban settings, possibly giving them an employability advantage.

There are substantial differences in the rate of employee ownership from industry to industry as shown in Table 3. This sample of workers ages 28 to 34 tends to work in education, health, and social services (predominantly within elementary and secondary schools). This is not the case for the employee ownership group of workers, who are more likely to be working in retail trade.

This difference in distribution across industries does not entirely explain the employee ownership advantage, however. Tables 5 and 7 include a breakdown of income and household wealth by industry, showing that the employee-owners fare better economically in nearly all industries.

TABLE 1

DEMOGRAPHIC PROFILE	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
% college graduate	33%	31%
% parent(s) college graduate	32%	31%
% married	46%	42%
% with any biological children	58%	61%
% with 0-8 child in household	56%	49%
Median household size	3	3
Median age	31	31

TABLE 2

REGION	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Northeast	14%	16%
North Central	22%	21%
South	41%	40%
West	23%	22%
Rural	13%	16%
Urban	87%	83%

TABLE 3

INDUSTRY OF EMPLOYERS	ALL	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Educational, health, and social services	24%	9%	27%
Professional and related services	11%	10%	11%
Retail trade	10%	18%	8%
Entertainment, accommodations, and food services	9%	5%	10%
Manufacturing	7%	12%	6%
Finance insurance and real estate	6%	13%	5%
Construction	5%	2%	6%
Public administration	5%	2%	5%
Transportation and warehousing	4%	6%	3%
Other services, e.g., car repair and nail salons	4%	1%	4%
Wholesale trade	2%	3%	2%
Information and communication	2%	5%	2%
Agriculture forestry and fisheries	1%	0%	1%
Mining	1%	1%	1%
Utilities	1%	2%	1%
Missing/uncodable	9%	13%	9%

Wages

Across the board, having employee ownership at work is associated with higher wages. The median employee-owner in this sample has income of $40,000, compared with $30,000 for the median non-employee-owner. Controlling for gender, race, and education, employee ownership is associated with higher income from wages (see appendix for multivariate regression models).

TABLE 4

MEDIAN WAGES FROM INCOME	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Overall	$40,000	$30,000
Single women	$31,000	$25,000
Single women of color	$28,000	$24,000
Workers of color	$35,000	$27,000
Child 0-8 in household	$40,000	$30,000
Families of color with young child	$35,000	$26,000
All parents	$39,000	$30,000
All single parents	$33,000	$23,000
Single mothers	$28,000	$21,000
Non-college graduates	$35,000	$25,000
Under 50k income from wages	$30,000	$25,000
Under 30k income from wages	$22,000	$18,000
Under 25k income from wages	$17,160	$14,000

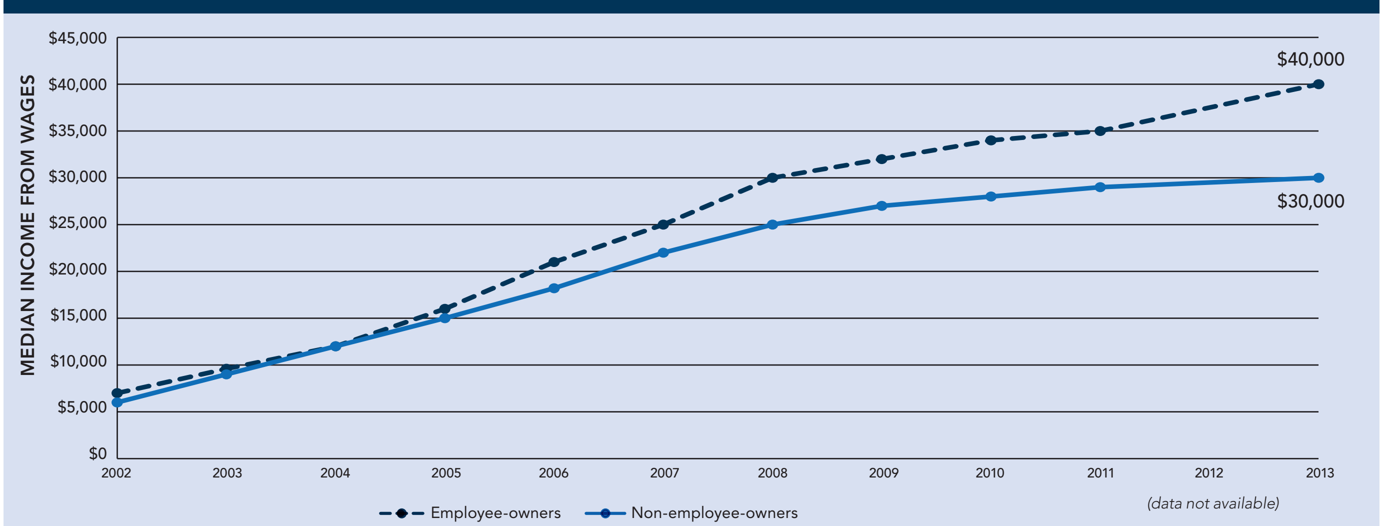
Notably, the two groups of workers start out at the same modest wages. In other words, the differences between employee-owners and non-employee-owners are not entirely the result of employee-owned companies hiring workers who can demand a higher wage. Instead, the difference emerges as workers continue to work for employee-owned companies.

TABLE 5

MEDIAN WAGES BY INDUSTRY	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Agriculture, forestry, and fisheries	--	$36,000
Mining	--	$65,000
Utilities	$43,000	$40,500
Construction	$37,500	$35,000
Manufacturing	$48,000	$32,000
Wholesale trade	$47,000	$30,000
Retail trade	$28,000	$23,000
Transportation and warehousing	$40,000	$33,000
Information and communication	$39,500	$40,000
Finance, insurance, and real estate	$43,500	$38,000
Professional and related services	$50,000	$32,000
Educational, health, and social services	$40,000	$32,000
Entertainment, accommodations, and food services	$34,000	$20,000
Other services, e.g., car repair and nail salons	--	$27,000
Public administration	$46,000	$44,000
Missing/uncodable	$43,500	$32,000

FIGURE 1

EMPLOYEE OWNERSHIP AND WAGE INCOME OVER TIME



Household Wealth

More to the point, these data provide clear evidence that working for a company with employee ownership matters to workers' financial fortunes. The household wealth of the median employee-owner in the sample is 92% higher than the household wealth for the median non-employee-owner ($28,500 versus $14,831). With the exception of single mothers, employee ownership at work is associated with higher household wealth.[3]

TABLE 6

MEDIAN HOUSEHOLD NET WORTH	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Overall	$28,500	$14,831
Single women	$9,089	$6,000
Single women of color	$7,000	$5,000
Workers of color	$16,450	$9,175
Child 0-8 in household	$33,450	$17,500
Families of color with young child	$20,650	$10,250
All parents	$28,650	$15,300
All single parents	$10,500	$7,500
Single mothers	$4,520	$5,900
Non-college graduates	$22,450	$12,250
More than 50k income from wages	$73,100	$55,500
Under 50k income from wages	$16,250	$11,000
Under 30k income from wages	$8,750	$7,500

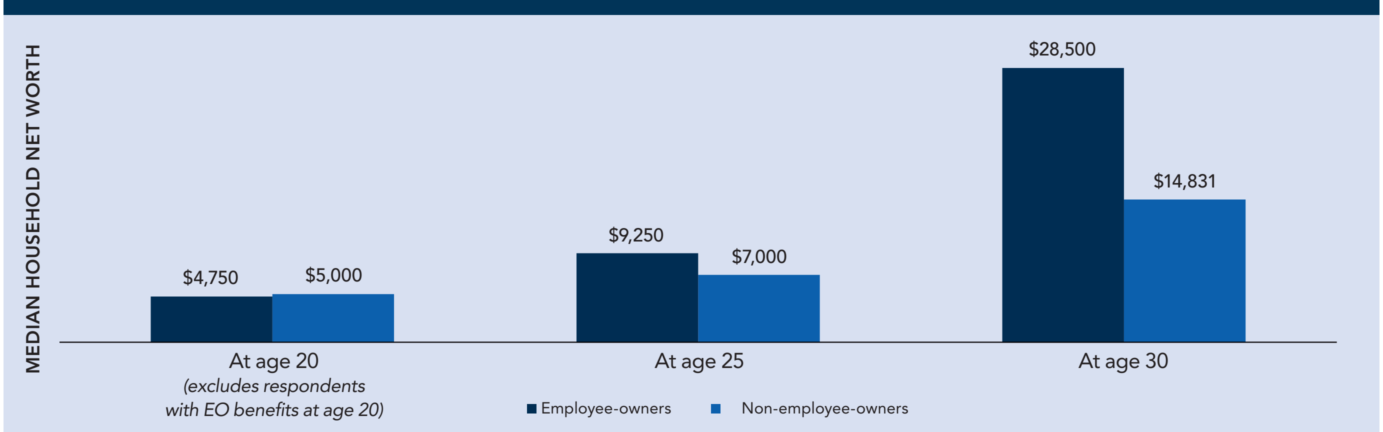
TABLE 7

MEDIAN HOUSEHOLD WEALTH BY INDUSTRY	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Agriculture forestry and fisheries	--	$32,000
Mining	--	$37,700
Utilities	$43,935	$29,000
Construction	$89,000	$20,350
Manufacturing	$41,250	$14,076
Wholesale trade	$52,500	$19,500
Retail trade	$17,850	$13,500
Transportation and warehousing	$33,000	$12,500
Information and communication	$36,250	$18,000
Finance insurance and real estate	$30,120	$36,500
Professional and related services	$48,410	$17,244
Educational, health, and social services	$14,000	$15,500
Entertainment, accommodations, and food services	$12,900	$7,550
Other services, e.g., car repair and nail salons	--	$15,000
Public administration	--	$25,472
Missing/uncodable	$47,500	$12,144

Figure 2 shows that there are no large pre-existing differences in wealth. As with income, the employee ownership advantage with household wealth emerges over time.

FIGURE 2

MEDIAN HOUSEHOLD NET WORTH OVER TIME



[3] Household wealth is respondent's asset holdings (real estate, businesses, vehicles, etc.) and amount of debt owed to create a net worth amount. This amount does not include any assets in a retirement plan.

Benefits

Looking beyond cash compensation, employee ownership is associated with a much greater incidence of benefits at work, from flexible work schedules to medical, dental, and life insurance.

TABLE 8

BENEFITS AT WORK	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
A flexible work schedule	52%	34%
Medical, surgical or hospitalization insurance which covers injuries or major illnesses off the job	97%	67%
Life insurance that would cover your death for reasons not connected with your job	86%	50%
Dental benefits	94%	60%
Paid maternity or paternity leave	65%	31%
Unpaid maternity or paternity leave which would allow you to return to the same job, or one similar to it	56%	30%
A retirement plan other than Social Security	89%	53%
Tuition reimbursement for certain types of schooling	62%	24%
Company provided or subsidized childcare	23%	5%
Employee Stock Ownership Plan(s)[4]	100%	0%
n	975	3,931

[4] For those respondents with ESOPs available at their employers, enrollment is automatic.

Importantly, looking at the comparison among just those workers with lower-wage jobs shows this pattern is not entirely a function of higher wages at companies offering employee ownership. The table below highlights that low-wage workers and families with young children with employee ownership are much more likely to receive tuition reimbursement that could provide them with vital, long-lasting job skills.

TABLE 9

BENEFITS BY WAGES AND CHILDREN IN HOUSEHOLD	BELOW $30K FROM WAGES		AT LEAST ONE CHILD 0-8 IN HOUSEHOLD	
	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
A flexible work schedule	46%	32%	50%	33%
Medical, surgical, or hospitalization insurance which covers injuries or major illnesses off the job	96%	53%	97%	68%
Life insurance that would cover your death for reasons not connected with your job	80%	34%	86%	52%
Dental benefits	91%	45%	94%	60%
Paid maternity or paternity leave	58%	21%	64%	33%
Unpaid maternity or paternity leave which would allow you to return to the same job, or one similar to it	50%	21%	60%	34%
A retirement plan other than Social Security	83%	34%	90%	53%
Tuition reimbursement for certain types of schooling	50%	14%	62%	26%
Company provided or subsidized childcare	19%	4%	22%	6%
Employee Stock Ownership Plan(s)	100%	0%	100%	0%
n	268	1,454	471	1,961

Job Tenure

One key link between employee ownership and economic security is job stability. Before this study, there had been scant evidence at the individual level to demonstrate findings from other research at the company level: employee-owned companies (predominantly ESOPs) are less likely to lay off workers and are more successful more broadly. The data below reporting on how long respondents have been working at their current jobs provide strong support for the role of job stability. Further, in a model controlling for wages, longer job tenure is still associated with higher household wealth (see appendix for analysis).

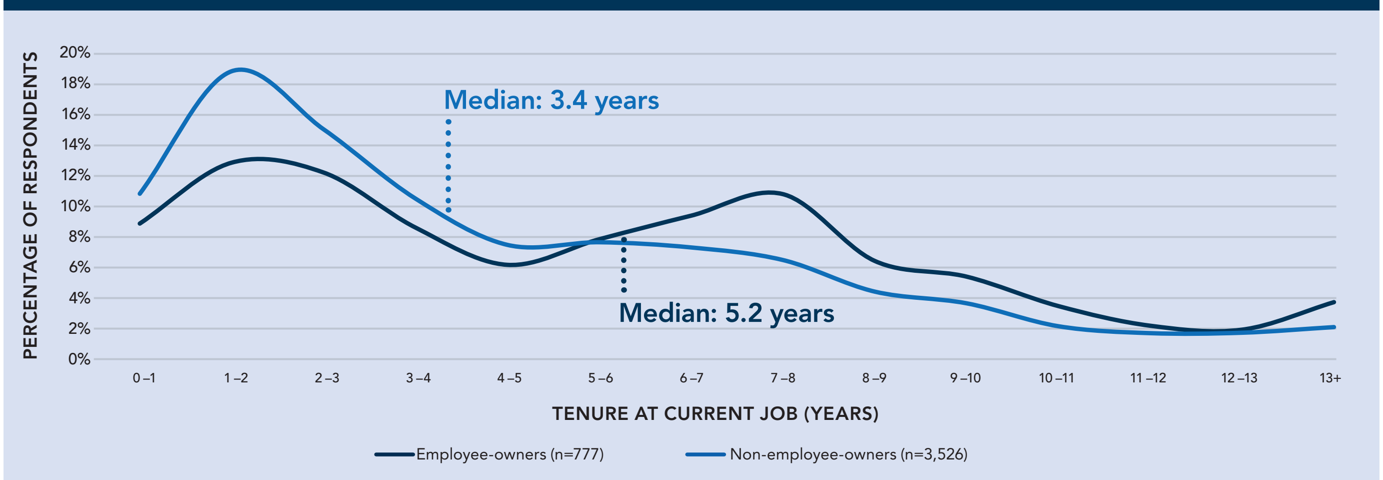
The difference between a median job tenure of 5.2 years for employee ownership workers and 3.4 years for those in the comparison group is remarkable. This is particularly notable since these are all workers ages 28 to 34. This financial foothold at the start of their careers has the potential for long-lasting impacts throughout their lives.

TABLE 10

JOB TENURE IN YEARS BY PERCENTILES	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Average	5.4	4.5
10th percentile	1.1	1.0
25th percentile	2.3	1.7
Median	5.2	3.4
75th percentile	7.8	6.6
90th percentile	10.4	9.3
n	777	3,526

FIGURE 3

JOB TENURE AT CURRENT JOB IN YEARS



Across the board, workers with employee ownership have steadier employment compared to similar workers without such benefit, including the most vulnerable groups of workers. In a regression analysis controlling for wages, employee ownership remains associated with longer job tenure (see appendix for model).

TABLE 11

JOB TENURE AT CURRENT JOB IN YEARS BY DEMOGRAPHIC CHARACTERISTICS	EMPLOYEE-OWNERS		NON-EMPLOYEE-OWNERS	
	AVERAGE	MEDIAN	AVERAGE	MEDIAN
Overall	5.5	5.2	4.5	3.42
Single women	5.0	4.4	4.0	3.09
Single women of color	4.8	4.2	4.0	3.1
Workers of color	5.2	4.5	4.3	3.3
Young child (0-8) in household	5.4	5.2	4.6	3.6
Families of color with young child	5.1	4.2	4.2	3.2
All parents	5.5	5.2	4.5	3.4
All single parents	4.9	3.4	3.9	2.7
Single mothers	4.6	3.3	3.8	2.8
Single mothers of color	4.6	3.7	3.7	2.7
Non-college graduates	5.5	4.7	4.5	3.3
Under 50k income from wages	5.1	4.4	4.4	3.3
Under 30k income from wages	4.3	3.1	3.8	2.8
Under 25k income from wages	4.0	2.8	3.5	2.3

Note: All respondents are ages 28 to 34.

Poverty

The Census Bureau expresses depth of poverty in an income-to-poverty ratio, which measures how close a family's or individual's income is to their poverty threshold. The ratio compares household income to the federal poverty level, accounting for household size. Table 12 presents these ratios broken out by demographic categories and comparing employee ownership workers to those without.

For example, single mothers who are employee-owners have a median ratio of 2.40 times their poverty threshold in 2013. This represents a sizable improvement compared to their circumstances when the survey started in 1997: they were just 1.71 times the threshold at that time. Single mothers in the non-employee-ownership comparison group slid slightly downward during that same time period.

TABLE 12

MEDIAN HOUSEHOLD POVERTY RATIOS OVER TIME	EMPLOYEE-OWNERS		NON-EMPLOYEE-OWNERS	
	1997	2013	1997	2013
Overall	2.49	3.78	2.32	2.93
Single women	2.16	3.14	1.94	2.13
Single women of color	1.67	2.69	1.37	1.72
Workers of color	1.71	3.16	1.43	2.31
Young child (0-8) in household	2.29	3.25	2.18	2.54
Families of color with young child	1.67	2.52	1.34	2.00
All parents	2.23	3.25	2.04	2.46
All single parents	1.78	2.77	1.59	1.70
Single mothers (any biological children)	1.71	2.40	1.55	1.50
Single mothers of color	1.45	2.10	1.14	1.34
Non-college graduates	1.98	3.22	1.87	2.34
Under 50k income from wages	2.20	2.95	2.16	2.51
Under 30k income from wages	1.76	2.26	1.87	1.79
Under 25k income from wages	1.93	1.93	1.82	1.53

Families with Young Children

In Table 13, the characteristics of families in the sample that have children up to 8 years old are fairly similar, although the non-employee-owners are more likely to be female and slightly more likely to be unmarried.

Table 14 presents a summary of the positive impacts associated with employee ownership as measured in this survey on families with young children.

TABLE 13

DEMOGRAPHIC PROFILE OF HOUSEHOLDS WITH AT LEAST ONE CHILD 0-8 YEARS OLD	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
% female	47%	59%
% single	37%	42%
% of color	49%	51%
% college graduate	30%	26%
% parent(s) college graduate	29%	26%
Median household size	4	4
Median age	31	31
% with at least one child 0-8 in household	100%	100%
n	471	2,222

TABLE 14

SUMMARY OF FINDINGS FOR HOUSEHOLDS WITH CHILDREN	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Median gross family income	$75,240	$60,000
Median income from wages	$40,000	$30,000
Median poverty ratio in 2013	3.25	2.54
Median household net worth	$33,450	$17,500
% with childcare benefits	22%	6%
Median job tenure in years	5.38	4.63
n	471	2,222

Conclusion

The National Longitudinal Surveys (NLS) provide a rich and diverse source of panel data to follow young workers through their life changes and labor market experiences. These data have limitations, outlined above, and there is work to be done to refine and expand upon the research. Still, the findings make a strong case for a positive link between employee ownership and workers' financial well-being. The number of ESOPs in the U.S. has not nearly reached its upward bound. Their potential as a vehicle for positive change for workers, including vulnerable groups of workers, deserves a place in the economic policy discussion.

Appendix

The National Longitudinal Surveys (NLS), sponsored by the U.S. Bureau of Labor Statistics, consists of a number of cohorts. The "NLSY97" cohort is comprised of 8,984 individuals who were ages 13 to 17 when they were initially interviewed in round 1 (1997). They were re-interviewed annually, with the latest interview in 2013. Almost 80 percent (7,141) of the round 1 sample were interviewed in round 16. It is composed of two subsamples:

- A cross-sectional sample of 6,748 respondents designed to be representative of people living in the United States during the initial survey round and born between January 1, 1980, and December 31, 1984.
- A supplemental sample of 2,236 respondents designed to oversample Hispanic or Latino and African American people living in the United States during the initial survey round and born during the same period as the cross-sectional sample. Oversampling involves selecting more people from a subgroup than would be done if everyone in the sample had an equal chance of being selected.

Both the cross-sectional and supplemental samples were selected by standard area probability sampling methods.

Government agencies and academic institutions regularly use the NLS data and findings of these longitudinal surveys in their recommendations to and testimony before Congress. Most recently, researchers from the Urban Institute and Brookings Institutions used the NLS to study how policy interventions affect inequality across the life course of children born into poverty.[5] A 2016 Center for American Progress report used the NLS to track the child care cost burden for low-wage families and its impact on their wages over time.[6]

The NLS is an ideal and underused data source because of its design and content. It is a large sample of men and women. Its oversample of people of color makes it a unique source for examining a population that is rarely large enough to study in most nationally representative samples. Because longitudinal surveys, such as the NLSY, track the same individuals over time, the NLSY gives a more in-depth and complete picture of the labor market and provides unique, important insight into the experiences of adolescents as they enter the job market for the first time and follow them as they enter or leave a job with employee ownership.

Characteristics of the Respondents

The table below describes the characteristics of the respondents analyzed with these data. The table demonstrates the ability of these data to allow for breaking out groups in a way that is rarely possible with nationally representative samples.

TABLE 15

NUMBER OF RESPONDENTS	EMPLOYEE-OWNERS	NON-EMPLOYEE-OWNERS
Total	975	4,529
Men	544	2,229
Women	431	2,300
African Americans	255	1,190
Latinos	216	961
All workers of color	476	2,195
Women of color	222	1,151
FAMILY STATUS		
Children 0-8 in household	471	2,222
All parents	565	2,745
Single parents	234	1,323
Single mothers	121	762
Single women	242	1,302
Single women of color	155	786
Single mothers of color	92	530
EDUCATION		
Non-college graduates	647	3,106
Non-college men	380	1,659
Non-college women	267	1,447
INCOME		
Below 50k income from wages	553	2,925
Below 30k income from wages	268	1,742
Below 25k income from wages	173	1,330

[5] Acs, Gregory P., Steven Martin, Jonathan A. Schwabish and Isabel V. Sawhill. "The Social Genome Model: Estimating How Policies Affect Outcomes, Mobility and Inequality across the Life Course." *Journal of Social Issues* 72,4 (December 2016): 656-675.

[6] Madowitz, Peter, Alex Rowell and Katie Hamm. "Calculating the Hidden Cost of Interrupting a Career for Child Care." Report, Center for American Progress, June 21, 2016.

TABLE 16

SURVEY WORDING
I'm going to refer to a list of benefits which employers sometimes make available to their employees. [At this time/At the time you left], which of the benefits on this list would it [be/have been] possible for you to receive as part of your [{job_assignment}] [as/with] [employer name]([(loop)])? (SELECT ALL THAT APPLY.)
UNIVERSE: R >= 14 has valid employer; not military; employer stopdate >= 16; job last 13+ weeks; job last 2+ weeks since DLI; not self-employed
RESPONSE CHOICES: ☐ A flexible work schedule ☐ Medical, surgical or hospitalization insurance which covers injuries or major illnesses off the job ☐ Life insurance that would cover your death for reasons not connected with your job ☐ Dental benefits ☐ Paid maternity or paternity leave ☐ Unpaid maternity or paternity leave which would allow you to return to the same job, or one similar to it ☐ A retirement plan other than Social Security ☐ Tuition reimbursement for certain types of schooling ☐ Company provided or subsidized childcare ☐ Employee Stock Ownership Plan(s)

There are many factors at play simultaneously shaping the financial well-being of workers. The next several tables lay out statistical models designed to check the robustness of the strong findings presented above. There will be more of this analysis to follow in parsing out these complex relationships with this and future cohorts.

Table 17 shows the results of an OLS regression model predicting income from wages measured as a continuous variable (mean=$38,579). This model holds constant factors commonly associated with wages with a series of dummy variables. As expected, all of the demographic variables are strongly associated with wages, particularly education. Still, the dummy variable coded 1 if the respondent has an ESOP at work remains positively associated with wages controlling for these other factors.

TABLE 17

REGRESSION MODEL PREDICTING INCOME FROM WAGES	UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS		
	B	STD. ERROR	BETA	T-VALUE	P-VALUE
(Constant)	$18,570	$796.94		23.302	0.000
Sex (male=1, female=0)	$11,400	$790.60	0.193	14.42	0.000
Race (white=1, of color=0)	$3,860	$814.85	0.065	4.738	0.000
Marital status (married=1, unmarried=0)	$8,419	$803.35	0.142	10.48	0.000
Education (college graduate=1, non-college=0)	$19,426	$856.84	0.31	22.671	0.000
Employee-owner (has ESOP =1, does not=0)	$9,634	$1,003.38	0.127	9.602	0.000

Adj. R^2 = .185

n = 4,659

Job stability is a key piece of being able to build wealth. Table 18 presents a model predicting respondents' length of time at their current job in years (average = 4.23 years). These respondents are all between the ages of 28 and 34. Employee ownership remains significantly linked to longer job tenure after controlling for demographic factors associated with job quality, although more factors will be controlled for in future models. The negative relationship between being a college graduate and job tenure is likely due to the age of the respondents in this sample.

TABLE 18

REGRESSION MODEL PREDICTING LENGTH OF JOB TENURE IN YEARS	UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS		
	B	STD. ERROR	BETA	T-VALUE	P-VALUE
(Constant)	3.196	0.108		29.701	0.000
Sex (male=1, female=0)	-0.361	0.103	-0.052	-3.496	0.000
Race (white=1, of color=0)	0.111	0.104	0.016	1.061	0.289
Marital status (married=1, unmarried=0)	0.650	0.104	0.093	6.258	0.000
Education (college graduate=1, non-college=0)	-0.556	0.115	-0.075	-4.820	0.000
Income from wages	0.000	0.000	0.207	13.086	0.000
Employee-owner (has ESOP =1, does not=0)	0.538	0.129	0.060	4.161	0.000

Adj. R^2 = .058

n = 4,608

Finally, the table below turns to household wealth (average =$50,699). As expected, job tenure is positively associated with wealth after controlling for other demographic factors. Employee ownership seems to be working through job tenure since it drops from the model once tenure is included. This will be explored in future modeling.

TABLE 19

REGRESSION MODEL PREDICTING HOUSEHOLD WEALTH	UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS		
	B	STD. ERROR	BETA	T-VALUE	P-VALUE
(Constant)	-$25,891.52	$4,864.79		-5.322	0.000
Sex (male=1, female=0)	-$1,396.75	$4,339.28	-0.005	-0.322	0.748
Race (white=1, of color=0)	$20,782.15	$4,357.70	0.077	4.769	0.000
Marital status (married=1, unmarried=0)	$32,157.08	$4,364.69	0.119	7.368	0.000
Education (college graduate=1, non-college=0)	$5,488.52	$4,881.49	0.019	1.124	0.261
Income from wages	$1.02	$0.08	0.235	13.447	0.000
Job tenure in years	$2,317.77	$594.15	0.062	3.901	0.000

Adj. R^2 = .110

n = 3,680

About the NCEO

The NCEO is a nonprofit membership and research organization, established in 1981, whose mission is to provide practical resources and objective, reliable information about employee ownership to businesses, employees, and the public. Today, we have over 3,000 members, ranging from employee ownership companies to consultants to academics.

We are the main publisher in the field, with over 50 titles ranging from issue briefs to lengthy books. We conduct weekly webinars and hold in-person meetings around the U.S., plus a large annual conference. We provide training, speaking, and introductory consulting, conduct surveys and other research, and have extensive contacts with the press, where we are regularly quoted.

We are primarily supported through membership fees and our activities.

We maintain extensive public information on our main website, www.nceo.org, and a companion website with more generally accessible information, such as infographics, interactive maps, and videos, at www.esopinfo.org.

This document is available at www.ownershipeconomy.org, which also has stories of some individuals behind these statistics. As further phases of this project produce results, we will make them available on that site as well.

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