

# Can Employee-Owned Companies Help You Reach Your Diverse Spending Goals?

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Current documents permanently available at [www.nceo.org/certifications](http://www.nceo.org/certifications)

Employee-owned companies have a five-decade track record of creating economic well-being for working people and being excellent vendors. In April 2025, the National Center for Employee Ownership launched a certification to help purchasers identify employee-owned businesses that can help them reach diverse-spend targets.

## **What are the certifications?**

Through the NCEO Registry, [the National Center for Employee Ownership](http://www.nceo.org), a nonprofit organization with over 3000 members, announced in April 2025 that it would offer three types of certifications: Majority Minority Employee-Owned (MMEO), Majority Women Employee-Owned (MWEO), and Socially and Economically Disadvantaged Employee-Owned (SEDEO).

The certification is based on the idea that employee ownership provides workers in every demographic category of the US workforce an opportunity to build economic well-being via an ownership stake in the companies where they work. See the [NCEO main research page](#) and [this video from the employee-owned company Lewis Services](#), the first company to receive an NCEO Registry Certification).

To become certified, a company must demonstrate that it is 100% employee owned via an employee stock ownership plan (ESOP) or as a worker cooperative. In addition, at least 51% of shares must be held by people in demographic groups, defined in alignment with existing certifications.

## **What are the advantages of the NCEO Registry Certifications?**

### **Advantage 1: Broad, deep impact**

Employee-ownership ensures that the wealth-building impact of owning company shares are distributed among scores, hundreds, or thousands of working people. Employee-owned companies tend to be better employers: they not only create new jobs and preserve existing jobs, they are also more likely to offer parental leave, tuition reimbursement, health insurance, and other benefits. [Read more.](#)

## **Advantage 2: Better business partners**

Employee-owned companies are stable employers and they are less likely to go out of business. Each employee-owner has an ownership incentive to make every contract and every transaction a success, and that shows up in higher satisfaction scores (see, for example, [this study](#) that includes contract performance ratings of ESOP companies by the Department of Defense). Employee-owned companies also offer many of the products and services used by purchasers: thousands of employee-owned companies are in every state and in nearly every sector of the economy. [Read more.](#)

## **Advantage 3: Trust**

In order to remain employee-owned, ESOP companies must meet rigorous federal requirements and file extensive annual reporting. The interests of the employee-owners are protected by a trustee, whose duty is solely to the employee-owners and who is held to the highest fiduciary standards available under federal law. Worker cooperatives are inherently worker owned and controlled, and in order to receive an NCEO Registry Certification, companies must submit a set of 13 documents that includes federal filings, supplemental attestations, and a rigorous, independent analysis of the demographics of their employee-owners. The full list of required documentation can be found in [the NCEO Registry Certification Overview](#).

## **What is the status of these employee ownership certifications?**

The NCEO Registry Certification issued its first certificate at the end of 2024 as part of a testing process, and in April 2025 it publicly launched the certification. We are actively seeking companies interested in certification. The NCEO is in pilot testing mode as it builds the infrastructure to support widespread adoption, and expects to begin full operation in August 2025.

As it works on the certification process, the NCEO is also consulting with potential purchasers, groups of purchasers and other organizations about these certifications. The NCEO aspires to have each of these entities accept the certification as part of their diverse spend initiatives. Six purchasers so far have agreed to accept the NCEO Registry Certification.

## **What is the National Center for Employee Ownership?**

Formed in 1981, the NCEO is a charitable 501(c)(3) organization dedicated to making employee ownership thrive through research, education, community-building, and advocacy. It serves over 3,000 members interested in creating or expanding employee ownership. It also makes information available to the general public in order to reach workers, business owners, policy makers, economic developers, and others.

The NCEO welcomes input as we continue to refine this certification pathway. Please contact the NCEO's Executive Director Loren Rodgers ([LRodgers@nceo.org](mailto:LRodgers@nceo.org)) and Communications Director Timothy Garbinsky ([TGarbinsky@nceo.org](mailto:TGarbinsky@nceo.org)) with feedback.