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PEPPER IV:
Latest trends in employee financial participation

Who is included and who is not
Percentage of firms offering broad-based FP to employees

Figure 1. Incidence of broad based profit-sharing and employee share ownership schemes in European countries, 1999 and 2005

Sources: CRANET data and own survey (Croatia, Lithuania, Poland, Portugal, Romania).
Percentage of employees covered

Figure 2. Coverage of employees by profit-sharing and employee share ownership, 1999 and 2005

Source: CRANET data and own survey (Croatia, Lithuania, Poland, Portugal, Romania).
Percentage of employees participating in FP schemes

Figure 8. Profit-sharing and employee share ownership 2000-2005

Source: EWCS.
Percentage of employees participating in profit sharing schemes with pre-defined formulas on a regular, ongoing basis

Figure 9. Profit-sharing in 2005: A closer look

Source: EWCS.
Summing up: Growth …

• Evidence shows conclusively that Europe has seen extensive growth of employee financial participation in recent years.

• This is true for both profit sharing and employee share ownership, although profit sharing is more widespread than employee ownership (although evidence suggests that the difference between the two may diminish or even disappear if we adopt a very strict definition of profit sharing).
… and regional differentiation …

• Statements about EFP in individual countries on basis of data presented here are risky, but we can identify what seem to be some regional trends

• Regions that seem to be less advanced in the dissemination of EFP than others are the Iberian peninsula, the Baltic states, and the southeastern corner of Europe (including Greece, Turkey and Cyprus)

• However, no evidence of a West-East divide (i.e., significant differences between 15 EU member states prior to May 2004 on one hand and 10 post-Communist states that have joined the EU since 2004); there seems to be much more variation within those two groups than between them
… but …

• On the other hand, it seems that EFP has extended to a significant proportion of the working population in only a handful of countries
• Part-time, temporary and self employment represents over 40% of employment in Europe, and these are people who are de facto excluded from financial participation (and these categories of employment are on the rise)
• Unemployed are also labor market participants who are excluded from financial participation
• When we add public sector employees who by definition also cannot participate financially, we see that clearly a majority of the labor market is excluded from EFP
• It is therefore clear that, while much has been accomplished, much remains to be done