

History and background

Employee share ownership

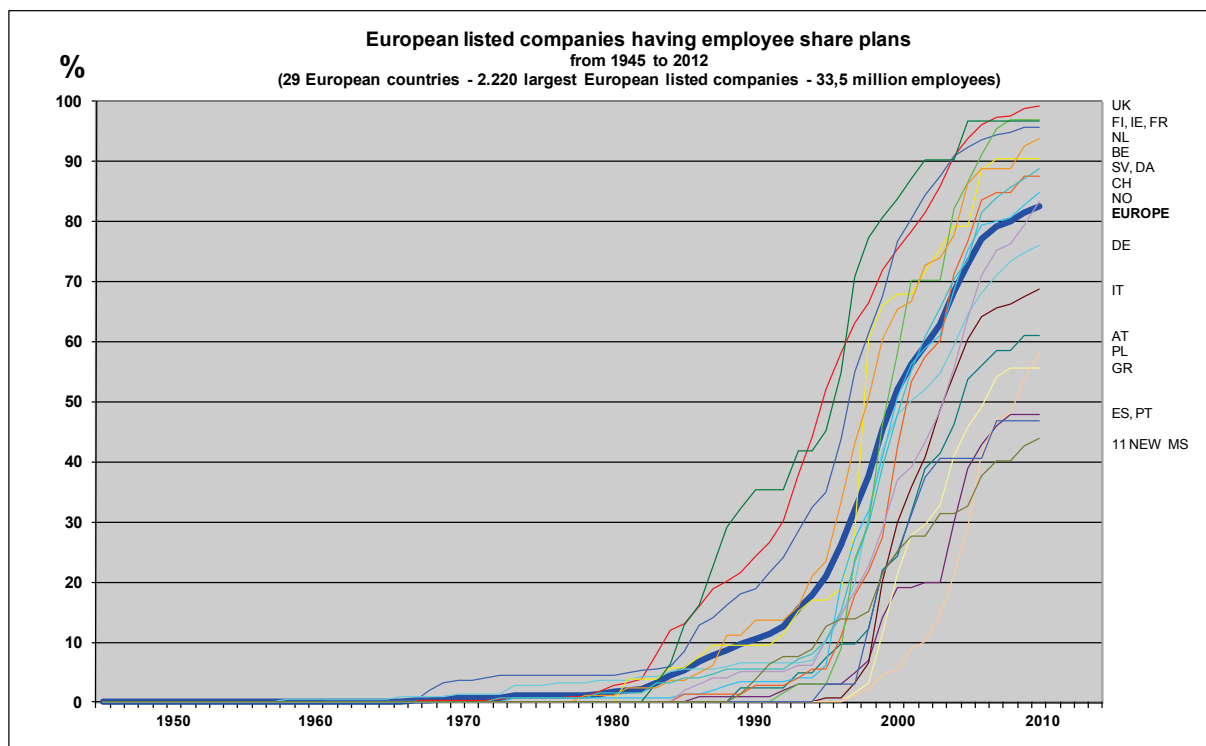
In short, employee share ownership means that employees own shares in their company, so they are more than just employees, they are also co-owners of the company. Research and observation has proven that this conjunction leads to improved behaviours, better motivation, better quality of work, higher productivity, increases of performance and spreads wealth for all.

It also, however, spreads risk: Through their share ownership, employees are directly exposed to the risk of the enterprise. In the long term, though, this is generally a win-win “game” for both the company and the employee. However, enterprise risks can be dangerous, therefore adequate ways have to be found for keeping them under control for employee owners.

Employee share ownership has developed strongly across Europe during the last 20 years (see graph below).

Ten million employee shareholders in 2012 chose to share enterprise-risks, most of them for a long time, sometimes for up to 50 years.

Graph: Evolution of employee share plans in various EU countries (listed companies)



When we consider this persuasive development of employee share ownership, we must state that Europe is not the only reference in the field. Such development began earlier in the USA and evolved as a strong feature of the US and other economies, e.g. Australia.

Europe counted 10 million employee shareholders in 2012, compared to 8 million in 2007. (Source: Database of employee ownership in European companies, see hereafter).

Employee share ownership in Europe is to be found mostly in listed companies, with 9 million employee shareholders. In non-listed companies, employee share ownership is mainly linked to specific legal forms of companies, like workers' co-operatives, the Spanish *sociedades laborales*, employee-trust-owned companies. Together with common non-listed companies, these particular forms account for approximately one million employee shareholders.

So roughly considered, Europe counts 9 million employee shareholders in large companies and 1 million in SMEs.

This is a strong difference compared to the USA. Listed companies in the USA count some 18 million employee shareholders, while some 10 million additional shareholders are employed in SMEs. (Source: National Center for Employee Ownership – NCEO).

This strong development of employee share ownership in SMEs in the US is due to the fact that, in addition to workers' co-operatives, the USA developed a new approach 40 years ago, the "ESOP company", with the aim of handing over family-owned businesses to employees by offering them the purchase of a large portion or even 100% of ownership under favourable repayment terms.

Globally the ESOP company can be considered as the most effective way for spreading employee share ownership in SMEs. It brought many benefits to the US economy, among others it diffused entrepreneurship spirit and managerial knowledge among the employees and the population at large. Unfortunately the American ESOP company still has no equivalent in Europe.

<u>In short:</u>	Employee owners in	Europe	USA
	Listed companies	9 million	18 million
	Non-listed companies (SMEs)	1 million	10 million
	Total	10 million	28 million

The European employee ownership community

We express the vision of the European employee ownership community and we aim its further development.

The European Federation of Employee Share Ownership (EFES) consists essentially in a large pool of practitioners in employee ownership organizations, companies, unions, together with committed experts, researchers and academics in the field.

The EFES represents practically all organizations promoting employee share ownership in Europe (see Table 1 hereafter).

The setting up of EFES was encouraged and co-funded by the European Commission through two dedicated European projects in 1998-2000 (European Commission SOC 98 100325, SOC 98 101398).

From its establishment the aim has always been to gather all people interested in the promotion of employee ownership across Europe: Among them employee shareholders, companies, organizations, unions, experts, researchers, institutions.

It has taken a long time, though, for so many people and organizations to understand their similarities and connectedness, and despite of some differences they realized that:

- It makes sense in large companies to spread capital to many people, through listing and quotation on stock exchanges, and it makes sense also for employees to get or to buy shares in the employer company, even if it is a small stake.
- It makes sense in SMEs to keep the share capital concentrated. Usually employee ownership in SMEs takes specific legal forms in such companies (workers' co-operatives, Spanish so-

ciudades laborales, ESOP companies in the USA), with a large stake, up to even 100%, being held by the employees.¹

Europe counts some 60 business organizations promoting employee ownership in various forms (see Table 1). Each organization has its own specialized form and activity due to history and local needs. We find a wide range of activities, business specifics and specializations can be observed:

Range of activities

Information-gathering – Promotion – Lobbying – Advice – Consultancy – Service-provision (training – HR management – CSR management – tax management – finance – accounting – etc)

Range of businesses

Starting companies – SMEs – Business transfers – Rescuing plans - Listed companies (large companies)

Range of specializations

Starting cooperatives – Workers Cooperatives – *Sociedades laborales* - Employee-owned sector – Employee shareholders – SMEs – Listed companies – Employee share plans – Profit-sharing – ESOP companies – Employee savings

Information tool

The first objective of the EFES was to organize a shared pool of information. This was achieved through the project funded by the European Commission under the title "Organizing the international exchanges of information on employee ownership and participation" (European Commission VS/2000/0549).

The efforts resulted in completing a comprehensive information tool:

An Internet site in 5 languages (English, French, Spanish, German, Italian), identifying all relevant players in the field, and with links to all involved organizations; a monthly electronic newsletter with press reviews (in 5 languages to 200.000 addressees, including all Parliaments and Governments in Europe, all social partners, all large companies, all specialized organizations, experts and academics). Later the establishment of a database and an annual survey followed.

Education tool

The information gathered has been used for education. Specifications for education about employee share ownership and participation were defined through a project funded by the European Commission as the EOLE Program (for Employee Ownership Learning & Education) for "Defining European education and training programs, framework and specifications for employee share ownership and participation" (European Commission VP/2004/002).

Database and annual surveys

The next development step was developing a precise tool for describing and evaluating the evolution of employee share ownership across Europe. This was achieved by setting up a database on employee ownership in European companies. This achievement has to be thanked to a project funded by the European Commission "The European Employee Ownership Top 100 – Identifying, ranking, analysing all large European employee ownership companies", results of which was first presented during the Sixth European Meeting of Employee Ownership, on 14-16 December 2006 (European Commission VS/2006/0150).

¹ In short: It is pertinent to spread capital in large companies over many people, it is pertinent to keep capital in SMEs concentrated (even concentrated in employees' hands as a whole).

This database was later annually updated and it was used for the publication of the "Annual Economic Survey of Employee Ownership in European Countries" and was extensively used for producing the quantitative data included in Pepper IV Report.

The database contains all kinds of information regarding employee share plans and employee share ownership in European listed companies and in all largest employee-owned non-listed companies.

As for listed companies, the database covers 24% of all listed companies in Europe (2.220 companies in 2012, close to the numbers in other reference databases, such as Datastream or Europafinance), which represent 97% of the whole capitalization and 94% of the whole employment in European listed companies (excluding asset management, investment funds and real estate funds).¹

As for employee-owned non-listed companies (workers' co-operatives, the Spanish *sociedades laborales*, employee-trust-owned and others) the database gathers information about employee ownership in all companies employing 100 people or more.

Adequate legislation

The need for adequate legislation in each Member State had long been discussed in the European employee ownership community with the conclusion of publishing "The Political Roadmap for Employee Ownership in Europe" in the framework of the French Presidency of the EU in 2008. In 2009 this was turned into a Manifesto for the European Parliament election and received personal support from 154 MEPs from all political party-families.

The Roadmap was supported also by the Belgian Presidency of the EU in 2010 through the conference "Ten years of public policies for employee ownership in Europe – past, present, future" on 26 November 2010 in Brussels, with the following content:

For large companies, an adequate legislation for employee share ownership would mean a simple, basic supportive legal scheme to be made available in each Member State, operating beside the more sophisticated legislations available in some countries like France and the UK. The image of the Logan Model by Renault or the T Model by Ford was used to depict this simple model in each country. Belgian Minister of Finance Didier Reynders, as representing the Belgian Presidency of the EU, described it as "*un modèle supplétif*" (in French). This was based on the idea of a "building block approach" of the legislation for employee share ownership. Legislations in France and the UK contain many additional building blocks developed over fifty years. The first block, the common base for all legislation, was defined as: An Employee Share Purchase Plan (ESPP), with a 20% discount free of tax and social contribution, up to 5.000 Euro annually. This idea was the origin of which was later developed in a more complex vision as a "28th regime".

For small and medium sized companies, adequate legislations for promoting employee share ownership would particularly promote business transmission to employees and employee buyouts for the rescue of failing companies. Workers cooperatives, Spanish *sociedades laborales*, trust-owned companies are successful examples in this field. However the American ESOP model seems to be the most comprehensive way, regarding the development of employee share ownership in SMEs.

Corporate governance

Corporate governance in relation to employee share ownership is a new, emerging theme in Europe. The EFES - together with several of its member organizations - was partner in two projects in the field funded by the European Commission (under VS/2009/545): "Exercising employee shareholders' rights

¹ The main other source for quantitative data in Pepper IV Report was the Cranet Survey on International HRM. However, Cranet survey was only made approximately every 4 or 5 years. Pepper IV Report used Cranet 2005 data which was based on 7.914 companies on which 16% (1.266 companies) answered the postal survey, with no indication about the type of company.

in European companies" and "Employee financial participation for corporate governance and social dialogue".

Based on these projects it can be stated: While the stake held by employees in European companies is growing, there are still open questions regarding corporate governance in listed companies. We found a number of remarkable cases of majority employee-owned companies in Europe with rich and successful experience regarding employee involvement and corporate governance not only in SMEs (e.g. Spanish *sociedades laborales*) but also in large companies (e.g. John Lewis Partnership, Mondragon Corporation, etc).

Employee financial participation

The first "Pepper" Report was published by the European Commission in 1991 for the "Promotion of Employee Participation in Profits and Enterprise Results" based on the work of a brilliant team of academic researchers, including Professor Mario Nuti, who became later a founding member of the European Federation of Employee Share Ownership (EFES).

Mario Nuti was the inventor of the "Pepper" acronym, with the intention to put some "pepper" in European industrial relations, through the implementation of the concept of "employee financial participation". In his concept employee financial participation had two major branches:

- Employee share ownership (ESO)
- Profit-sharing (PS).

It is a fact that both employee share ownership and profit-sharing developed strongly in European companies during the recent twenty years, taking their own ways through distinct legislations in the various member states, and distinct themes, strategies and practices in companies.

Public Hearing in the European Parliament

The EFES was the initiator and the organizer of the Public Hearing in the European Parliament on March 22, 2012 and the EFES drafted the final report of the event.

The Hearing was about "employee ownership and participation", where "participation" went far beyond employee shares and profit-sharing, and included elements of corporate governance and management.

The Public Hearing also stated explicitly that questions of the present and of the future are about "employee share ownership" and not about "employee financial participation". Nobody in the Hearing talked about simple profit-sharing arrangements. All practitioners, organizations and companies were discussing and proposing employee share ownership for the development in the future.

This is why the Public Hearing resulted in proposing the setting up of "an Employee Ownership Centre and Program in each member state, delivering information, education and promoting employee ownership practices". Employee financial participation and profit-sharing were not even mentioned in this regard.

This proposal of the Public Hearing supported by the Members of the Parliament was then taking the form of an amendment to the 2013 EU Budget for funding the organization of a European Pilot Project.

In 2012 EFES decided to set up a dedicated European platform for the implementation of such a pilot project. All organizations promoting employee share ownership in various specialized ways in Europe were invited to join the ECEO Platform (ECEO - European Centers for Employee Ownership), which then was set up and registered as a not-for-profit association under Belgian law.

Together with the EFES member organizations, the dedicated ECEO Platform gathers nearly all organizations promoting employee share ownership in Europe: In fact, 58 organizations out of the existing 64 (90%), including the most interested academic centers (see Table 1).

The ECEO Platform not only attracted all organizations promoting ESO in Europe, but also companies, unions, experts and others. The full list of members can be found in Table 4.

A center for employee ownership in each Member State

The pilot project voted by the European Parliament aims "at setting up a European Center for Employee Ownership in each Member State, to deliver information, training and advice to employees, enterprises and the public in order to facilitate the promotion and implementation of appropriate legislation for better development of employee ownership and participation in the Union".

Strategic continuity

The pilot project and its preliminary study have to be considered in continuity with former strategies, both from the European Institutions and from the European employee ownership community.

Step 1: The European Commission encouraged the setting up of the European Federation of Employee Share Ownership (EFES) through two dedicated European projects in 1998-2000 (European Commission SOC 98 100325, SOC 98 101398). The aim was to gather all people interested in the promotion of employee ownership across Europe: Employee shareholders, companies, organizations, unions, experts, researchers, institutions.

Step 2: The first objective of the EFES after it was set up was to organize a common information tool. This was done through the project funded by the European Commission for "Organizing the international exchanges of information on employee ownership and participation" (European Commission VS/2000/0549). This led to a complete information tool: Internet site in 5 languages (English, French, Spanish, German, Italian), identification and links to all involved organizations, monthly newsletter and press review, and later database and annual survey).

Step 3: After information, the next step was about education. Specifications for education about employee share ownership and participation were defined through the project funded by the European Commission as the EOLE Program (for Employee Ownership Learning & Education) for "Defining European education and training programs, framework and specifications for employee share ownership and participation" (European Commission VP/2004/002).

Step 4: The next step was to have a precise tool to describe and to evaluate the evolution of employee share ownership across Europe. This was done through the setting up of the database of employee ownership in European companies thanks to the project funded by the European Commission as "The European Employee Ownership Top 100 – Identifying, ranking, analyzing all largest European employee ownership companies" (European Commission VS/2006/0150).

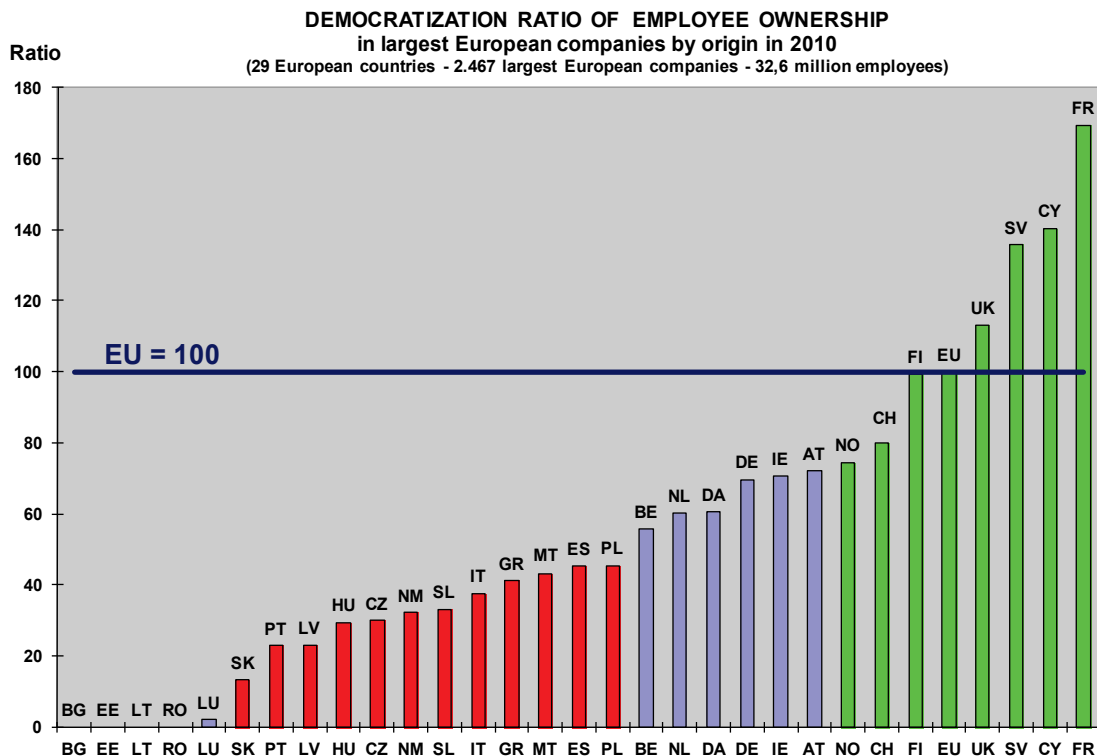
Step 5: The key point of an adequate legislation in each Member State was discussed for long in the European employee ownership community. This led to "The Political Roadmap for Employee Ownership in Europe" designing adequate legislation models for both large companies and for SMEs, with the support of the Belgian Presidency 2010 of the EU.

Step 6: The Public Hearing "for employee ownership and participation" in the European Parliament on March 22, 2012 led to the vote of a budget heading for a pilot project aiming "at setting up a European Center for Employee Ownership in each Member State".

The European employee ownership community was progressing during the last 15 years, in connection with the development of employee share ownership in European listed companies, and its strategic development was promoted in connection with the European Institutions.

It is time now for information, education and promotion in each Member State. Until now, we developed European tools, at EU level, in a centralized way. It is now time for decentralized action, in a harmonized way. This is the pertinent step now. This is the present strategic indication from the European employee ownership community.

As a matter of fact, what can be observed until now is a movement to higher inequalities amongst European countries, North/Western countries going ahead while South/Eastern countries didn't. This is what appeared in the Hearing in the Parliament from the following Graph of the democratization of employee ownership in various European countries:



A website or platform or center at EU level

A website or a platform or a center, would be the support for a centralized vision.

The EFES exists as a European website/platform/center since 1998. It was recently completed through the setting up of the enlarged ECEO Platform.

The EFES' website and information tool are widely recognized as the reference in Europe as well as by EO organizations in the rest of the world. This is why the EFES was recently invited to be a founding member of the "International Network for Centers for Employee Ownership" together with the National Center for Employee Ownership in the USA and organizations from Australia, South Africa, Canada, and South-Korea.

The EFES has proven its sustainability as a European platform and website for a long time, being daily updated ¹, in the framework of the EFES' communication strategy.

¹ By contrast, a European platform for EFP was launched in 2011, in the framework of the "Information and Communication Project –Promoting Employee Financial Participation in the EU27" - The Week of Employee Financial Participation (European Commission VP/2010/013/0084). This platform was set up through a website on www.proefp.org. It can be observed that it didn't get any update or addition since the final conference of the project in October 2011.

Preparatory work, for a harmonized way

A center for employee ownership in each Member State will be the support for both central and decentralized visions. This is the way chosen by the European employee ownership at this stage.

In the perspective of this pilot project, the EFES already worked on the preparation of CCEOs (Country Centers for Employee Ownership), through a steering group including existing organizations, companies, unions, experts and academics.

Preparatory works include list, mapping, analyse of all organizations promoting ESO in the EU and abroad, leading to a template for the ideal country center.

Compared to all existing specialized organizations across Europe, the pilot project brings the chance of a harmonized way for a CCEO, bringing information not only about a specialized field but about employee ownership in all possible ways, large companies as well as SMEs and specialized types (workers' coops, etc).

Quantitative data about employee share ownership in European companies

ESO in listed and in non-listed companies have to be considered distinctly

Employee share ownership in Europe is mostly prevalent in listed companies, with altogether 9 million employee shareholders. In non-listed companies, employee share ownership is mainly linked to specific legal forms of companies: Workers' co-operatives, Spanish *sociudades laborales*, besides trust-owned companies and other forms. Together with common non-listed companies, these particular forms account for approximately one million employee shareholders.

Listed companies

Regarding European listed companies, the situation is well known through the EFES' database of employee share ownership in European companies.

The database was set up through the project funded by the European Commission as "The European Employee Ownership Top 100 – Identifying, ranking, analysing all largest European employee ownership companies", which was first presented during the Sixth European Meeting of Employee Ownership, on 14-16 December 2006 (European Commission VS/2006/0150).

Later this database was updated annually and it was used for the publication of the "Annual Economic Survey of Employee Ownership in European Countries" by the EFES. It was also used for all quantitative data included in Pepper IV Report.

The database gathers all information regarding employee share plans and employee share ownership in European listed companies and in all the largest employee-owned non-listed companies. This high quality information is based on companies' financial reports and due to the generalization of IFRS 2 – Share-based payments since 2005.

As for listed ESO companies we cover 24% of all listed companies in Europe, (2.220 companies in 2012, close to the numbers in other reference databases such as Datastream or Europafinance), representing 97% of the whole capitalization and 94% of the whole employment in European listed companies, excluding asset management, investment funds and real estate funds. (Sources: Each of all European listed company with a capitalization of 200 million Euro or more, Euroland.com, World Federation of Exchanges, Quoted Companies Alliance, Federation of European Securities Exchanges)¹.

¹ The main other source for quantitative data in Pepper IV Report was the Cranet Survey on International HRM. However, Cranet survey was only made approximately every 4 or 5 years. Pepper IV Report used Cranet 2005 data which was based on 7.914 companies, 16% of which (1.266 companies) answered the postal survey, with no indication about the type of company.

Non-listed companies

It is pertinent to keep capital in SMEs concentrated (even concentrated in employees' hands collectively). This is why employee share ownership in non-listed companies was usually developed through dedicated legal forms of companies (workers co-operatives, *sociudades laborales* in Spain, ESOP companies in the USA) and employee-trust-owned companies.

In this view, the EFES' database gathers all information regarding employee-owned non-listed companies (workers' co-operatives, *sociudades laborales*, trust-owned companies and others) employing 100 employees or more. In addition, information about smaller workers' co-operatives and *sociudades laborales* are available through specific national organizations.

Finally, gathering information is more difficult on the "others" category – where all "common" non-listed companies belong. Reliable information about employee share ownership in such common SMEs is still rare.

The EFES' database is a useful tool for it also gathers information on employee-owned SMEs in Europe employing 100 people or more, including all largest European employee-trust-owned companies.

Regarding smaller common SMEs (under 100 employees) there are several options to choose from:

Beside the EFES' database the Pepper IV Report used data from Cranet postal enquiries. Cranet approached 7.914 companies in 32 countries employing 200 employees or more, and achieved a response rate of 16%. This way there are 1.266 companies (probably most of them being listed companies) compared to 2.220 listed companies and 280 non-listed in the EFES' database. Therefore, it is doubtful that Cranet could bring reliable information about common SMEs.

The Pepper IV Report also used data from ECS (or EWCS) Survey. The ECS Survey conducted by the European Foundation in 2009 can probably not be considered as a reliable source of information regarding employee share ownership in European companies, because ECS 2009 uses establishment-related data, while ownership is not about establishments but companies. It was based on 27.160 telephone interviews with a response rate of 31%, which leads to some 8.400 responses. Its conclusions about employee share ownership in European countries are somewhat doubtful, the least to say: Both practical experience and exact data from listed companies show that, in contradiction with the ECS' conclusion, Denmark, Belgium, Romania and Sweden cannot be considered as countries showing the most widespread employee share ownership, and that France and the UK don't fit under the description as: "in all other countries, share-ownership schemes are rare" (Source: ECS 2009 Overview, page 41)¹.

Combined information about ESO in listed companies from the annually updated EFES database, and the ECS Survey (conducted every 4 years) could be a good source of information on non-listed companies, especially if a few additional questions are asked by the latter.

Obstacles and facilitation of employee share ownership in Europe

The following list describes how obstacles were considered by the [European Commission in its Communication of 2002](#):

- Lack of co-ordination of taxation policies and the different treatment by the Member States of the financial benefits from the various schemes.
- Lack of legal clarity on the payments of social security contributions on any income from membership of financial participation arrangements.

¹ The same conclusion can also be made about EWCS 2010.

- Legal differences between the Member States in, for example, securities laws (in relation to share ownership plans) and employment legislation (in relation to termination of contracts and severance pay).
- Cultural differences, national traditions and the attitudes of employees towards financial participation schemes.
- The general lack of information about existing schemes or policies towards financial participation.

Later in 2003, the Report of the High Level Group of independent experts to the European Commission – titled “On cross-border obstacles to financial participation of employees for companies having a transnational dimension” (December 2003, published on 17.9.2004) identified six broad categories of barriers to cross-border spread of Employee Financial Participation (EFP) schemes:

- Diversity of the legal, fiscal and social framework in force in the various countries.
- Variety of rules laid down by the stock exchange authorities of each of the Member States.
- Different ways in which labour law takes account of financial participation.
- Different conceptions of the governance of enterprises.
- Variety of systems of industrial relations and of the cultural conceptions underpinning them.
- Costs of implementing the participation plans, especially for SMEs.

In addition, the Report on "[Financial participation for SMEs: Barriers and potential solutions](#)" by the Dublin Foundation in 2004 was specifically dedicated to obstacles for SMEs.

A combined view about obstacles

A combined view about obstacles to the development of employee share ownership across Europe, in listed companies and SMEs as well, led to the following ranking (EFES, 2005):

Obstacle Nr 1: Un-information, dis-information, ignorance, skepticism

Obstacle Nr 2: Newness, ideologies

Obstacle Nr 3: Risky, brings higher risk, contradicts unions' protective basic function

Obstacle Nr 4: Time: Long implementation, long maturation before bringing impacts

Obstacle Nr 5: Education, maturation

Obstacle Nr 6: Transnational obstacles

Obstacle Nr 7: Need for adequate legislation in each country

This led to the practical conclusions that the need for information should be met through information centers and there is a need for adequate legislation in each Member State.

However, conceptual obstacles have to be faced and resolved in the first line.

Conceptual obstacle Nr 1:

Employee share ownership endorses many different models in large companies or SMEs, and this results in many different promoting organizations, each specializing in a particular model. There is a tendency that each particular model or organization considers itself as the only "true" employee ownership model, leading to inefficiency.

Conceptual obstacle Nr 2:

It is pertinent to spread capital in large companies to many people, as it is pertinent to keep capital in SMEs concentrated (even concentrated in employees' hands as a whole). The legislators tend to apply the same principles and same legislation for all categories, leading to inefficiency.

Globally speaking, only a few countries have developed specific policies regarding employee share ownership in SMEs.

The first such case is the USA with the dedicated ESOP model since 1984.

The second case to be mentioned is Spain with the *sociedades laborales* model with the first piece of legislation in 1986.

The UK emerged very recently as a third case, with an employee ownership policy aimed at developing the "employee-owned business sector".

Spanish *Sociedades Laborales* as a particular case of employee share ownership

As it is pertinent to spread capital in large companies to many people, it is also pertinent to keep capital in SMEs concentrated (even concentrated in employees' hands as a whole).

Considering the issue globally, it can be seen that the most effective way for employee share ownership in non-listed companies (or SMEs) is linked to dedicated legal forms of companies: Workers' co-operatives, the Spanish *sociedades laborales*, ESOP companies in the USA.

Spanish *sociedades laborales* (in English "employee-owned companies", in French "*Sociétés de Travailleurs Associés*") are the only experience on such a large scale in Europe, with some 20.000 companies employing 120.000 persons at the time when the Pepper IV Report was written. This specific model began in the 1960's. It was later formalized through a first dedicated legislation in 1986.

The Spanish *sociedades laborales* phenomenon appears to be a unique case in the world at such a large scale, regarding employee share ownership in very small enterprises (6 employees on average) and regarding employee share ownership in starting companies.

Workers' co-operatives as a particular case of employee share ownership

Workers' co-operatives were surprisingly not present in Pepper IV Report.

On the other hand, Mondragon Corporation with its 80.000 employees is generally considered as one of the most inspiring examples of employee share ownership in the world.

The information provided in Pepper IV has to be made comprehensive on this point.

Employee share ownership and corporate governance

In order to get employees as shareholders involved in corporate governance, they have to obtain a stake in the company first.

It is a fact that employee share ownership developed strongly in European listed companies during the last twenty years. The number and value of shares held by employees in European companies is growing, questions about corporate governance are emerging in listed companies.

Among the 2.220 largest European listed companies in 2012, employee shareholders in 404 (18,2%) such companies were in a strategic, determining or controlling position (holding 6% or bigger stake). In terms of corporate governance remarkable ESO company cases can be seen in many European countries, especially in France and the UK, the most advanced ones in this area, so questions about employee share ownership and corporate governance are more studied in these two countries.

Among questions raised about collective forms for ESO (FCPE in France, trusts in the UK) one of the most important: What role and what representation employee shareholders should have with what control on voting rights, and questions about representation on Boards are on the political agenda in France today. There is also a growing dispute about the representation of employee shareholders versus unions' representation in France, leading to higher level of sophistication, - employee shareholders emerge as a new voice in the company, along with traditional employees' representation channels as unions or work councils.

Representation through shareholders' associations received an encouragement also in Italy recently.

On the other hand, Europe has a long tradition of employee share ownership in workers cooperatives, the Spanish *sociedades laborales* and employee-trust-owned companies. Many of these companies have a long experience regarding employee involvement in corporate governance, including large companies (both John Lewis Partnership and Mondragon Corporation employing each some 80.000 people).

However, the general participation level in corporate governance is still quite low, and ESO is seen as an emerging new feature in the field. Research and literature - still quite rare on the theme – will be re-visited in this WP.

Finally, a main reason to consider ESO and profit-sharing distinctly rather than through the single concept of EFP is the fact that ESO can have an impact on corporate governance. Contradictory, we can remember the fact that profit-sharing schemes were extensively promoted in the former USSR, precisely because they didn't lead to any involvement of workers in corporate governance.

Even regarding ESO in itself, distinctions have also to be done, especially considering that various types of shares exist, with or without voting rights, or with multiple rights to the benefit or to the detriment of employee shareholders. In addition, ESO has also to be considered in the context of monistic or dualistic board structures.

Table 1: All organizations promoting employee share ownership in Europe

Countries	Partners	Total	Website	ECEO
		64		58
AT	ÖPWZ - Österreichisches Produktivitäts- und Wirtschaftlichkeits-Zentrum	1	www.opwz.com	1
AT	Voestalpine Mitarbeiterbeteiligung Privatstiftung	1	www.voestalpine.com	1
BE	Daphnias	1	Daphnias	1
BE	Employee Shareholders Association of ING	1	www.employee-ownership.be/ING	1
BE	employee-ownership.be	1	www.employee-ownership.be	1
BE	L'Associatif Financier, Agence Conseil en Economie Sociale	1	www.associatifinancier.be	1
BG				
CY				
CZ	KSLP - Czech Society for Self Management Enterprise	1	www.kslp.wz.cz	1
DA	Dansk Center for Medarbejdereje	1	www.123hjemmeside.dk/DCEO/	1
DA	Kooperationen Denmark	1	www.kooperationen.dk	1
DE	AGP – Arbeitsgemeinschaft Partnerschaft in der Wirtschaft	1	www.agpdev.de	1
DE	IBU - Institut für Beteiligungsbasierte Unternehmensaufolge	1	www.ibu-nachfolgemanagement.de/	1
DE	Mit-Unternehmer.com Beratungs	1	www.mit-unternehmer.com	1
DE	Inter-University Centre Split/Berlin	1	www.intercentar.de	
EE	Estonian Employee Ownership Center	1		1
ES	CONFESAL - Confederacion de Sociedades Laborales	1	www.confesal.es	1
ES	ASLE - Agrupación de Sociedades Laborales de Euskadi	1	www.asle.es	1
ES	ACEL - Qgrupacion de Empresas Laborals de Cantabria	1	www.acelcantabria.com	1
ES	AELIB - Associacio d'Empreses Laborals de les Illes Balears	1	www.aelib.org	1
ES	AEMTA - Organización de Sociedades Laborales de Castilla-León	1	www.aemta.es	1
ES	AESGAL - Agrupación Empresarial de Sociedades Laborals de Galicia	1	www.aesgal.org	1
ES	AEXEL - Agrupación extremeña de Empresas Laborales	1	www.aexel.es	1
ES	AMUSAL - Asociación de Empresas de Economía Social de la Región de Murcia	1	extranet.amusal.es	1
ES	AREL - Agrupación riojana de Empresas Laborales	1	www.arel.es	1
ES	ASALMA - Agrupación de Sociedades Laborales de Madrid	1	www.asalma.org	1
ES	ASATA - Agrupación de Sociedades asturianas de trabajo asociado	1	www.asata.info	1
ES	ASES - Asociación argonesa de Sociedades Laborales	1	www.asesaragon.org	1
ES	ASESCAN - Asociación de Empresas de Economía Social de Canarias	1	www.asescan.com	1
ES	FEANSAL - Federación empresarial andaluza de Sociedades Laborales	1	www.feansal.es	1
ES	FECMES - Federación empresarial de Economía Social de Castilla-LaMancha	1	www.fecmes.es	1
ES	FESALC - Federación de Sociedades Laborales de Cataluña	1	www.fesalc.es	1
ES	FEVES - Federación Empresas valencianas de Economía Social	1	www.feves.es	1
ES	COCETA Confederación Española de Cooperativas de Trabajo Asociado	1	www.coceta.com	1
ES	Mondragon Innovation & Knowledge	1	www.mik.es	1
ES	Partem, Foro para la Participación	1	www.ekaicenter.eu	1
EU	Diesis	1	www.diesis.coop	1
EU	EFES - European Federation of Employee Share Ownership	1	www.efesonline.org	1
EU	FAST - Federation of Associations of Staff shareholders Thales	1	www.fast-thales.net	1
FI	Cooperative Sataosaajat	1	www.sataosaajat.fi	1
FI	Finnish Association of Personnel Funds	1	www.henkilostorahastot.fi	
FR	CGSCOP - Confédération Générale des SCOP	1	www.scop.coop	1
FR	FAS – Fédération Française des Associations d'Actionnaires Salariés	1	www.fas.asso.fr	1
FR	Fondact	1	www.fondact.org	1
FR	Karente	1	www.karente.com	1
GR				
HR				
HU	Share Participation Foundation	1	www.iridium.hu/mrp	1
IE	IPSA - Irish ProShare Association	1	www.ipsa.ie	1
IT	Conapa	1	www.conapa.it	1
IT	Cooperazione Finanza Impresa	1	www.cfi.it	1
IT	ANCPL - Legacoop	1	www.ancpl.legacoop.it	1
IT	FEDERLAVORO - Confcooperative	1	www.federlavoro.confcooperative.it	
IT	DirCredito	1	www.dircredito.eu	1
IT	Universita Ca' Foscari Venezia	1	www.unive.it	1
LT				
LU				
LV				
MT	University of Malta - Cooperative Center	1	www.um.edu.mt	1
NL	SNPI – Stichting Nederlands Participatie Instituut	1	www.snpi.nl	1
NL	Radbout Universiteit Nijmegen	1	www.fm.ru.nl	1
NO	Aksjenorge	1	www.aksjenorge.no	1
PL	Unia Wlasnosci Pracowniczej - Polish EO Association	1	www.uwp.pl	1
PT				
RO				
SK				
SL	DEZAP - Slovene Association for Employee Share Ownership	1	www.dezap.si	1
SV	Coompanion	1	www.coompanion.se	1
UK	Co-operative Education Trust Scotland	1	www.cets.coop	1
UK	ifs ProShare	1	www.ifsproshare.org	1
UK	Employee Ownership Association	1	www.employeeownership.co.uk	
UK	ESOP Centre	1	www.mhcc.co.uk/esop	
UK	Baxi Partnership	1	www.baxipartnership.co.uk	
UK	IPA – Involvement and Participation Association	1	www.ipa-involve.com	1
UK	Just Solutions Network	1	www.justsolutionsnetwork.com	1
UK	Leeds University Business School	1	www.lubs.leeds.ac.uk	1

Table 2:**The EFES was the project leader of several European projects funded by the European Commission:**

SOC 98 100325	"First European Meeting of Employee Shareholders", 7-8 May 1998.
SOC 98 101398	"First European Workshop for Employee Ownership and Participation", European Parliament, Brussels, on 30 April 1999
VS/2000/0549	"Organizing the international exchanges of information on employee ownership and participation".
VS/2001/0132	"Development of a Central and Eastern European Network for promoting financial participation of workers".
VS/2001/0541	"The Presidency of the European Union supports employee ownership and participation".
VS/2002/0187	"Strengthening the Central and Eastern European Employee Ownership Network".
VS/2002/0679	"Bilbao Mondragon 2002 – Fourth European Meeting of Employee Ownership".
VP/2004/002	"Defining European education and training programs, framework and specifications for employee share ownership and participation" (EOLE program).
VS/2006/0150	"The European Employee Ownership Top 100 – Identifying, ranking, analyzing all largest European employee ownership companies", Sixth European Meeting of Employee Ownership, 14-16 December 2006

The EFES was the partner of several European projects funded by the European Commission:

Phare – BSP-2 2002/031.568	"Strengthen Cooperative and Participative Enterprises in Eastern Europe" (SCOPE project).
VP/2006/001	"Assessing and Benchmarking Financial Participation in the EU25" (Pepper IV Report)
VP/2008/017	"Employee financial participation for corporate governance and social dialogue".
VS/2009/545	"Exercising employee shareholders' rights in European companies".
VP/2010/013/0084	"Information and Communication Project –Promoting Employee Financial Participation in the EU27" (The Week of Employee Financial Participation).
VS/2010/0721	"Financial Participation of Employees: Towards initiatives in social dialogue" (CEEP project).
VP/2012/001/0050	"Social Dialogue to Enhance Economic Democracy in the frame of the 2020 Strategy and New Skills for New Jobs Agenda".

The EFES was the leader of the project funded by the Belgian Presidency of the EU:

AR 29.12.2010	"Ten years of public policies for employee ownership in Europe – past, present, future", conference of 26 November 2010.
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Table 3:**EFES' Reports funded by the European Commission and other EU institutions:**

- "First European Meeting of Employee Shareholders", 7-8 May 1998 (European Commission SOC 98 100325).
- "European Action Program for Employee Ownership and Participation", as the conclusion of the First European Workshop for Employee Ownership and Participation, European Parliament, Brussels, 30 April 1999 (European Commission SOC 98 101398).
- "Organizing the international exchanges of information on employee ownership and participation" (European Commission VS/2000/0549).
- "The Presidency of the European Union supports employee ownership and participation" (European Commission VS/2001/0541).
- "Bilbao Mondragon 2002 – Fourth European Meeting of Employee Ownership", 21-23 November 2002 (European Commission VS/2002/0679).
- European Economic and Social Committee Opinion SOC 115 of 23 April 2003, on the Communication from the Commission on a framework for the promotion of employee financial participation (Marc Mathieu as expert for Group III).
- "EOLE Program - Defining European education and training programs, framework and specifications for employee share ownership and participation" (European Commission VP/2004/002).
- "The European Employee Ownership Top 100 – Identifying, ranking, analyzing all largest European employee ownership companies" (European Commission VS/2006/0150).
- "Exercising employee shareholders' rights in European companies" (With DirCredito, European Commission VS/2009/545).
- Own-initiative Opinion of the European Economic and Social Committee SOC/371 on Employee Financial Participation of 21 October 2010 (Marc Mathieu as expert for Group III).
- "Ten years of public policies for employee ownership in Europe – past, present, future", 26 November 2010 (Belgian Presidency of the EU AR 29.12.2010).
- "A European Policy for Employee Ownership and Participation", Public Hearing in the European Parliament on 22 March 2012.

Others:

- Political Roadmap for Employee Ownership in Europe (in the framework of the French Presidency of the EU 2008).
- Manifesto on employee ownership for the 2009 European Parliament election.
- Monthly press review and electronic newsletter of the EFES (since year 2005).
- Database of employee ownership in European companies (since year 2006).
- Annual Economic Survey of Employee Ownership in European Countries (annual issues since year 2007).

Table 4.1:**Members of the ECEO Platform and the EFES**

Countries	Members of the ECEO Platform / EFES	Total	Website
		99	
AT	ÖPWZ - Österreichisches Produktivitäts- und Wirtschaftlichkeits-Zentrum	1	www.opwz.com
AT	Voestalpine Mitarbeiterbeteiligung Privatstiftung	1	www.voestalpine.com
BE	Allen & Overy	1	www.allenoverly.com
BE	Cultures Plurielles	1	
BE	Daphnias	1	
BE	Employee Shareholders Association of ING	1	www.employee-ownership.be/ING
BE	employee-ownership.be	1	www.employee-ownership.be
BE	L'Associatif Financier, Agence Conseil en Economie Sociale	1	www.associatiffinancier.be
BE	Université de Louvain - Cridis	1	www.uclouvain.be/cridis.html
BG	Bulgarian Industrial Association	1	www.bia-bg.com/
BG	eXentix	1	
CY			
CZ	KSLP - Czech Society for Self Management Enterprise	1	www.kslp.wz.cz
DA	Computershare A/S	1	www.computershare.dk
DA	Dansk Center for Medarbejdereje	1	www.123hjemmeside.dk/DCEO/
DA	Kooperationen Denmark	1	www.kooperationen.dk
DE	AGP – Arbeitsgemeinschaft Partnerschaft in der Wirtschaft	1	www.agpdev.de
DE	Ecofin Verbund	1	www.zit.tu-darmstadt.de
DE	Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft	1	www.de.ey.com
DE	IBU - Institut für Beteiligungsbasierte Unternehmensnachfolge	1	www.ibu-nachfolgemanagement.de/
DE	Mit-Unternehmer.com Beratungs	1	www.mit-unternehmer.com
EE	Estonian Employee Ownership Center	1	
EE	Estonian Women's Studies and Resource Centre	1	www.enut.ee
ES	CONFESAL - Confederacion de Sociedades Laborales	1	www.confesal.es
ES	ASLE - Agrupacion de Sociedades Laborales de Euskadi	1	www.asle.es
ES	ACEL - Qgrupacion de Empresas Laborals de Cantabria	1	www.ancelcantabria.com
ES	AELIB - Associacio d'Empreses Laborals de les Illes Balears	1	www.aelib.org
ES	AEMTA - Organización de Sociedades Laborales de Castilla-León	1	www.aemta.es
ES	AESGAL - Agrupación Empresarial de Sociedades Laborais de Galicia	1	www.aesgal.org
ES	AEXEL - Agrupación extremeña de Empresas Laborales	1	www.aexel.es
ES	AMUSAL - Asociación de Empresas de Economía Social de la Región de Murc	1	extranet.amusal.es
ES	AREL - Agrupación riojana de Empresas Laborales	1	www.arel.es
ES	ASALMA - Agrupación de Sociedades Laborales de Madrid	1	www.asalma.org
ES	ASATA - Agrupación de Sociedades asturianas de trabajo asociado	1	www.asata.info
ES	ASES - Asociación argonesa de Sociedades Laborales	1	www.asesaraqon.org
ES	ADESCAN - Asociación de Empresas de Economía Social de Canarias	1	www.asescan.com
ES	FEANSAL - Federación empresarial andaluza de Sociedades Laborales	1	www.feansal.es
ES	FECMES - Federación empresarial de Economía Social de Castilla-LaMancha	1	www.fecmes.es
ES	FESALC - Federación de Sociedades Laborales de Cataluña	1	www.fesalc.es
ES	FEVES - Federación Empresas valencianas de Economía Social	1	www.feves.es
ES	COCETA Confederación Española de Cooperativas de Trabajo Asociado	1	www.coceta.com
ES	Ekai Center	1	www.ekaicenter.eu
ES	Mondragon Innovation & Knowledge	1	www.mik.es
ES	Partem, Foro para la Participación	1	www.ekaicenter.eu
EU	Diesis	1	www.diesis.coop
EU	EFES - European Federation of Employee Share Ownership	1	www.efesonline.org
EU	EuroFinUse	1	www.eurofinuse.eu
EU	FAST - Federation of Associations of Staff shareholders Thales	1	www.fast-thales.net
FI	Alexander Finance Oy	1	www.alexander.fi
FI	Cooperative Sataosaajat	1	www.sataosaajat.fi

Table 4.2:

Members of the ECEO Platform and the EFES

Countries	Members of the ECEO Platform / EFES	Total	Website
FR	Amundi	1	www.amundi.com
FR	Assembly Conseil	1	www.assembly-conseil.com
FR	Association Assact du Groupe Société Générale	1	www.assact.org/
FR	CGSCOP - Confédération Générale des SCOP	1	www.scop.coop
FR	Compagnie de Saint-Gobain	1	www.saint-gobain.com
FR	Debory	1	www.debory.com
FR	EDF	1	www.edf.fr
FR	Equalis Capital	1	www.equaliscapital.com
FR	ESSEC Business School	1	www.essec.fr
FR	Essilor	1	www.essilor.fr
FR	FAS – Fédération Française des Associations d'Actionnaires Salariés	1	www.fas.asso.fr
FR	Fondact	1	www.fondact.org
FR	France Telecom	1	www.1010.francetelecom.fr
FR	GDF Suez	1	www.gdfsuez.com
FR	Karente	1	www.karente.com
FR	Shearman & Sterling	1	www.shearman.com
FR	Total	1	www.total.com
FR	Vivendi	1	www.vivendi.com
GR			
HR	Dalekovod	1	Dalekovod
HU	MSZOSZ - National Confederation of Hungarian Trade Unions	1	www.mszosz.hu
HU	Share Participation Foundation	1	
IE	ICTU - Irish Congress of Trade Unions	1	www.ictu.ie
IE	Communications Workers Union	1	www.cwu.ie
IE	ICC ESOP Trustee Ltd - Bank of Scotland (Ireland)	1	
IE	IPSA - Irish ProShare Association	1	www.ipsa.ie
IT	Conapa	1	www.conapa.it
IT	Cooperazione Finanza Impresa	1	www.cfi.it
IT	ANCPL - Legacoop	1	www.ancpl.legacoop.it
IT	DirCredito	1	www.dircredito.eu
IT	Universita Roma Tre	1	www.uniroma3.it
IT	Universita Ca' Foscari Venezia	1	www.unive.it
LT	LPSK - Lithuanian Trade Union Confederation	1	www.lpsk.lt
LU			
LV			
MT	University of Malta - Cooperative Center	1	www.um.edu.mt
NL	Monidee Finance	1	www.monidee.com
NL	NPI – Nederlands Participatie Instituut	1	www.snpi.nl
NL	Radbout Universiteit Nijmegen	1	www.fm.ru.nl
NO	Accurate Equity	1	www.accurateequity.com
NO	Aksjenorge	1	www.aksjenorge.no
PL	Unia Wlasnosci Pracowniczej - Polish EO Association	1	www.uwp.pl
PL	University of Lodz - Dept. of Institutional Economics	1	www.uni.lodz.pl
PL	Wojtyla Institute Research Foundation	1	www.wojtylainstitute.org
PT	Sima - Sindicato das Indústrias Metalúrgicas e Afins	1	www.sima.org.pt
RO			
SK	Utopia	1	www.utopia.sk
SK	Lubos Blaha, Chair of Slovak Parliament European Committee	1	
SL	DEZAP - Slovene Association for Employee Share Ownership	1	www.dezap.si
SV	Coompanion	1	www.coompanion.se
UK	Co-operative Education Trust Scotland	1	www.cets.coop
UK	Equiniti	1	www.equiniti.com
UK	ifs ProShare	1	www.ifsproshare.org
UK	IPA – Involvement and Participation Association	1	www.ipa-involve.com
UK	Just Solutions Network	1	www.justsolutionsnetwork.com
UK	Leeds University Business School	1	www.lubs.leeds.ac.uk
UK	Pinsent Masons	1	www.pinsentmasons.com
UK	University of Edinburgh	1	www.hw.ac.uk
US	Employee Ownership Foundation	1	www.esopassociation.org
US	ESOP Advisors	1	www.esopadvisors.com
US	NCEO - The National Center for Employee Ownership	1	www.nceo.org
AU	The Centre for Business Transformation	1	