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EUROPEJSKA FEDERACJA AKCJONARIATU PRACOWNICZEGO

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**EMPLOYEE SHARE OWNERSHIP  
FOR POLAND AND FOR EUROPE**

**International Conference  
Warsaw, 16th November 2009**

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## **ANNUAL ECONOMIC SURVEY OF EMPLOYEE OWNERSHIP IN EUROPEAN COUNTRIES IN 2008**

### **INTRODUCTION TO COUNTRY FILES**

Employee ownership is progressing faster and stronger across Europe than anyone could expect. This is a quick and recent new development in most European countries. However, some countries began earlier while others dawdled on the way (see [Graph 1](#)). The new Annual Survey for year 2008 shows that employee ownership declined a bit on the threshold of the financial crisis, from 283.3 to 240.2 billion Euro (-15.2%). However, this was still much more than the 206.2 billion one year before. As a percentage, employees' share stabilized on 2.63% in the capital ownership structure. Considering recent trends, employee ownership is going to double within the next 5-10 years, from 9.1 million employee owners now to 16 millions, from 28.2% of all employees in large European companies now to 40-50%, and capitalisation held by employees going to raise from 2.63% now to 4-5%. This is the main conclusion of the economic survey of employee ownership in the European countries in year 2008. This survey is based on information about each of all large European companies – which also means a similar information for each of all European countries. Furthermore, it is based on information given by companies themselves in Annual Reports – which means a quick information and a high quality. The full version of this Annual Survey is available at the European Federation of Employee Share Ownership.

### **POLAND (PL)**

Compared to other European countries, employee ownership in large companies is extremely low in Poland and the dynamics is low too.

Considering the global percentage of capital held by employees, Poland seems satisfactory with 3.00% compared to 2.63% in Europe ([Graph 2](#)). However, this is mainly due to one single privatisation case; this case being excluded, Poland decreases to 1.94% (mainly held by some top executives).

Only 40% of large Polish companies have some employee share ownership – compared to 85.1% in Europe and 100% in Ireland or Finland ([Graph 3](#)).

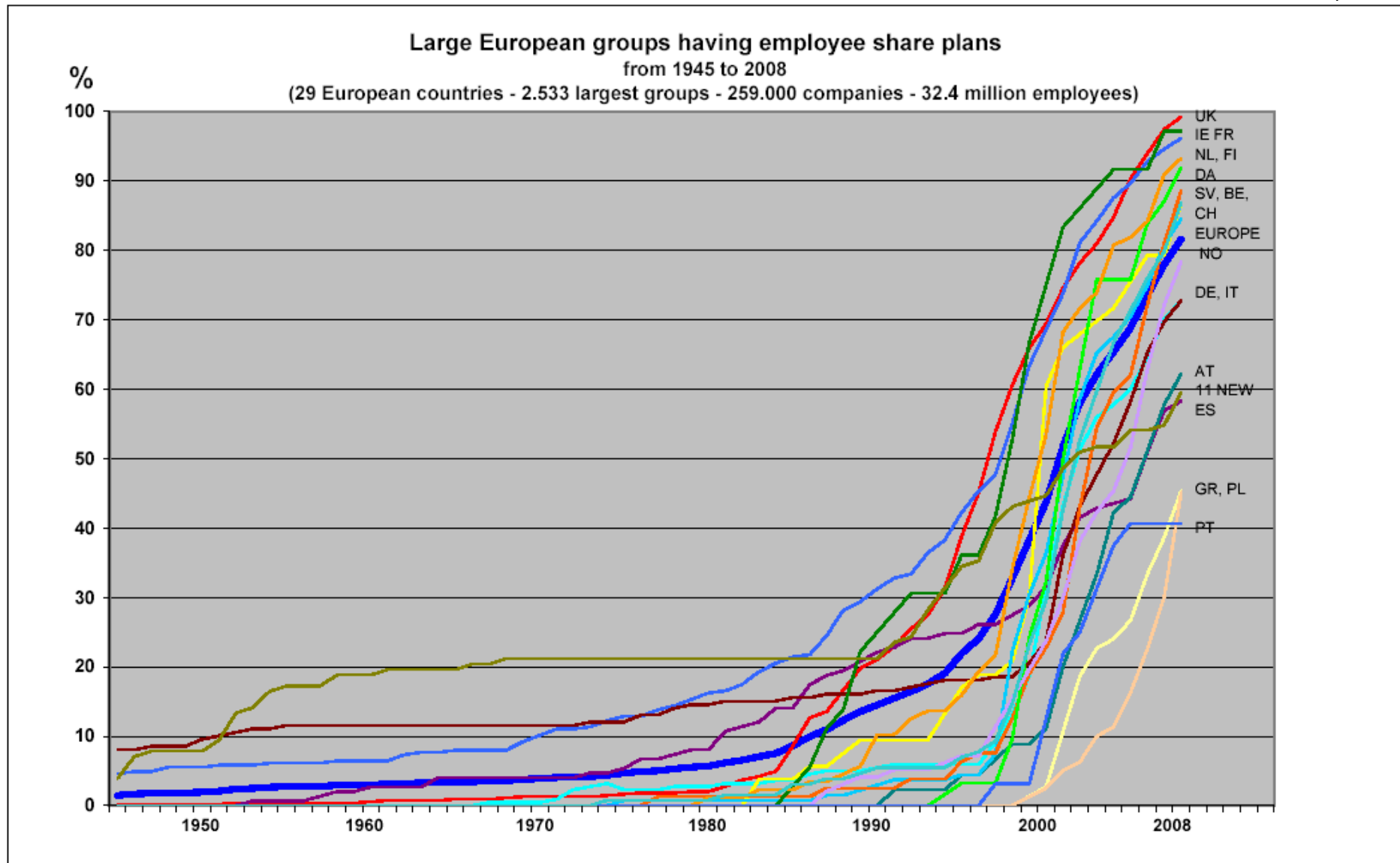
Only 5% of large Polish companies have "broad-based" employee share plans (all-employee plans) - compared to 51.9% in Europe and 86% in France ([Graph 4](#)).

Low dynamics: (even being one of the best compared to other new Member States of the European Union): 21% of large Polish companies launched new employee share plans in 2007/8 – compared with 36.6% in Europe and 53% in Belgium or 52% in Denmark ([Graph 5](#)).

When they exist, employee share plans appear to be very recent compared to most other European countries. Large Irish companies launched their first employee share plan in 1995 on average – it was only in 2004 in Poland ([Graph 6](#)).

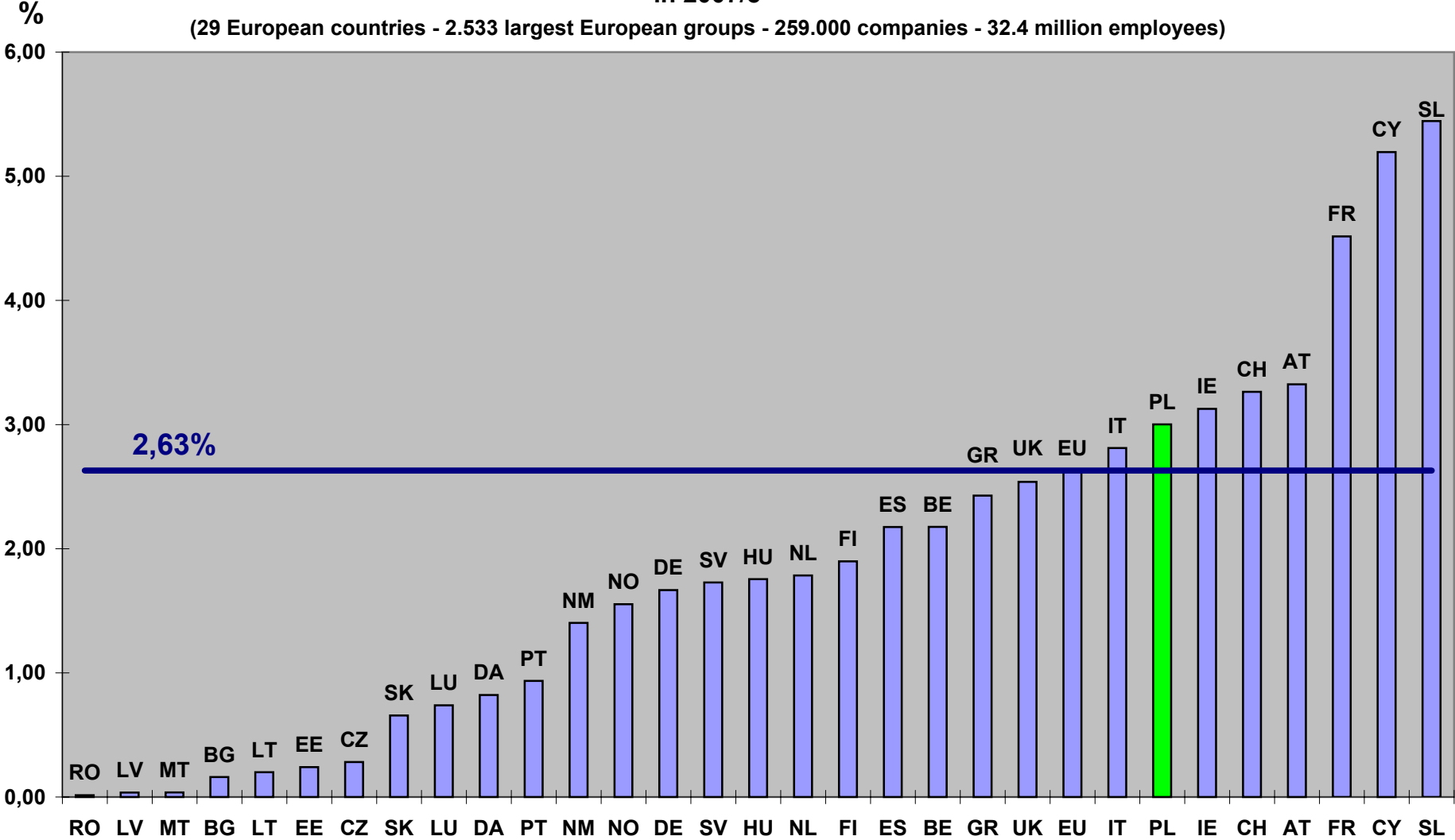
Poland is also low (but increasing) when it comes to stock options. 37% of large Polish companies have stock option plans – compared with 64.6% in Europe and 97% in Ireland ([Graph 7](#)).

Finally, the proportion of employee owners amongst all employees in large companies is very low ([Graph 8](#)), while companies having significant employee ownership are still in small number, with 27% compared to 53.9% in Europe and 75% in France ([Graph 9](#)).



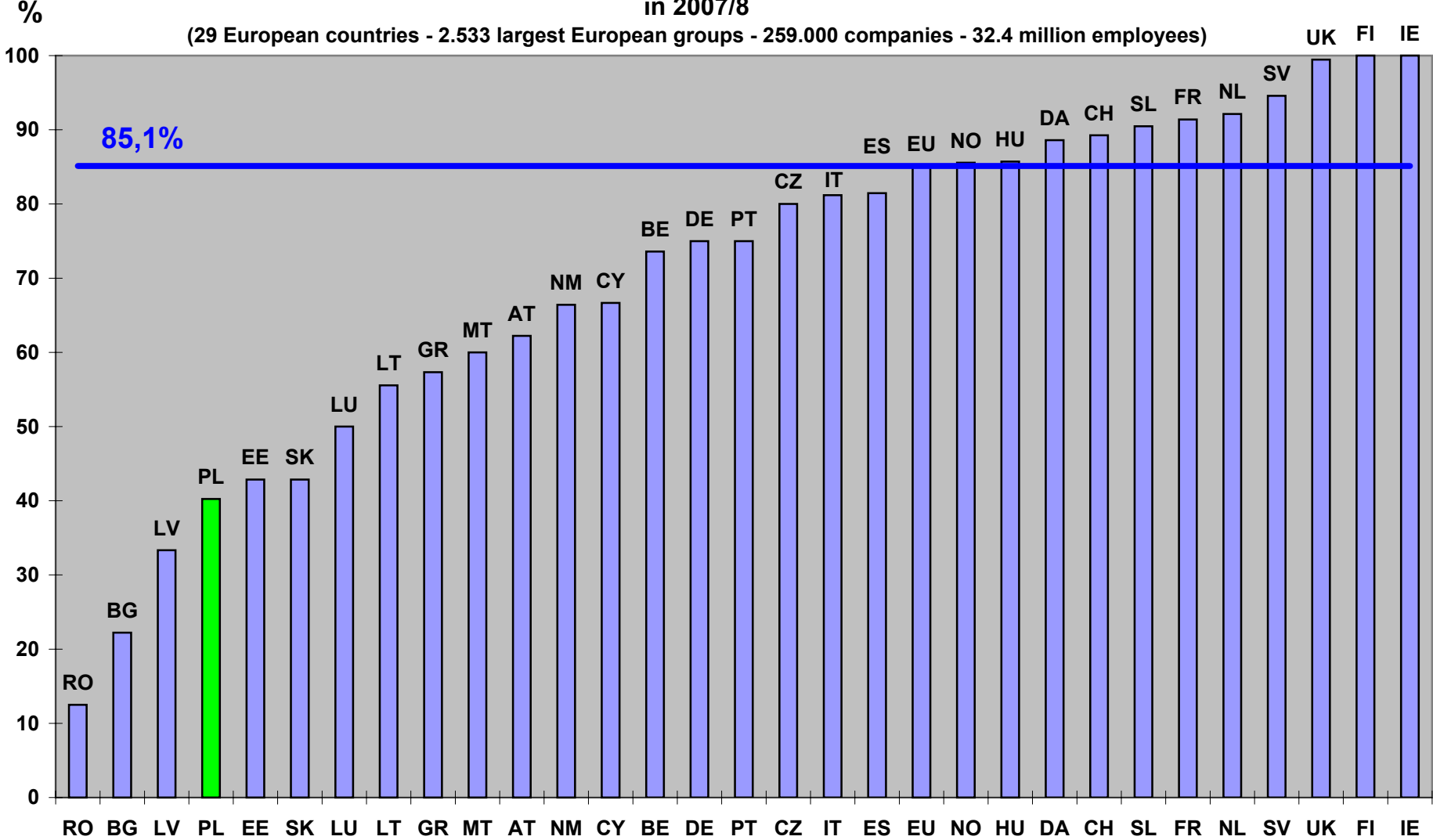
### % CAPITAL HELD BY EMPLOYEES IN EUROPEAN COMPANIES in 2007/8

(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



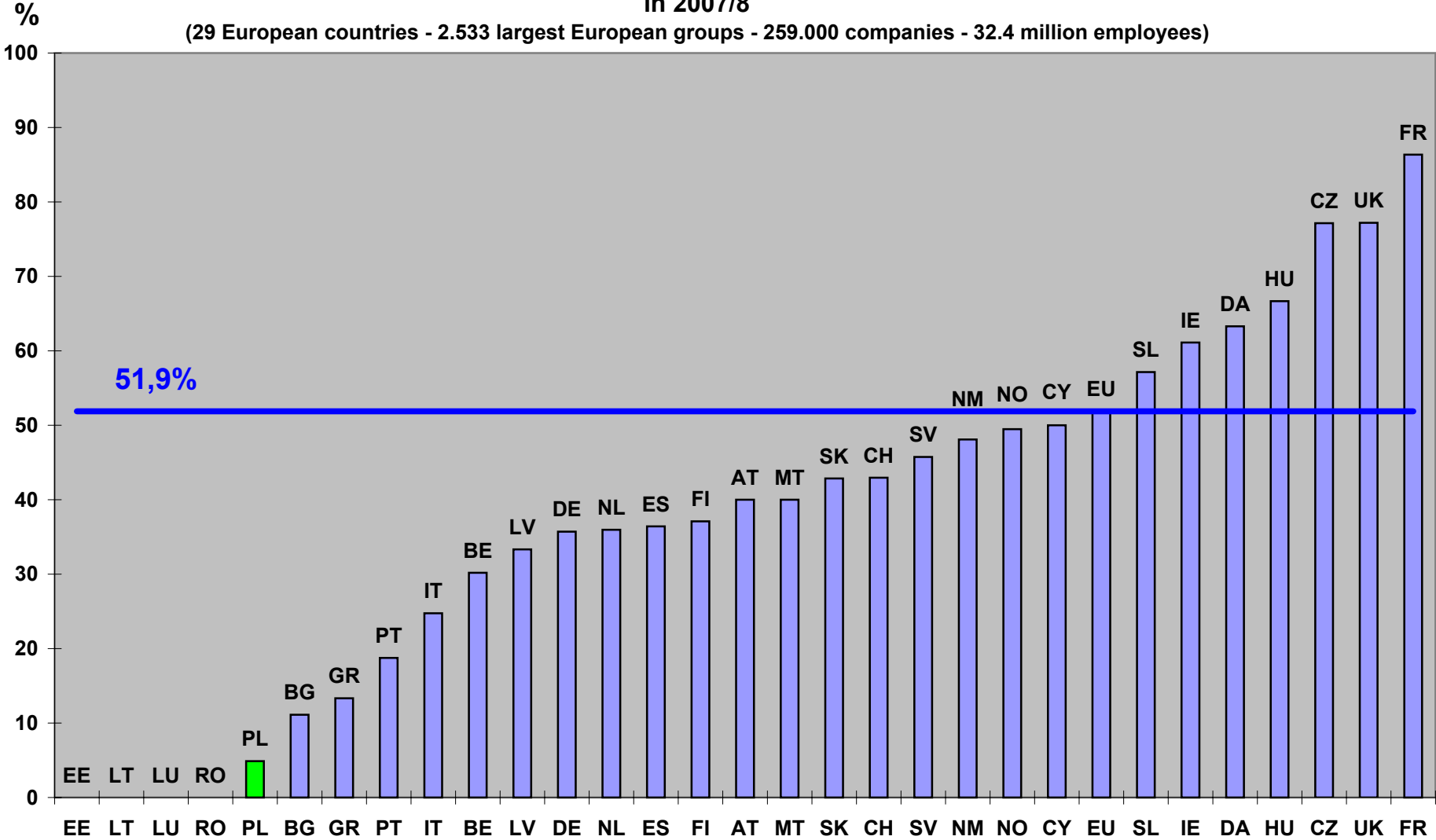
### % EUROPEAN GROUPS HAVING EMPLOYEE OWNERSHIP in 2007/8

(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



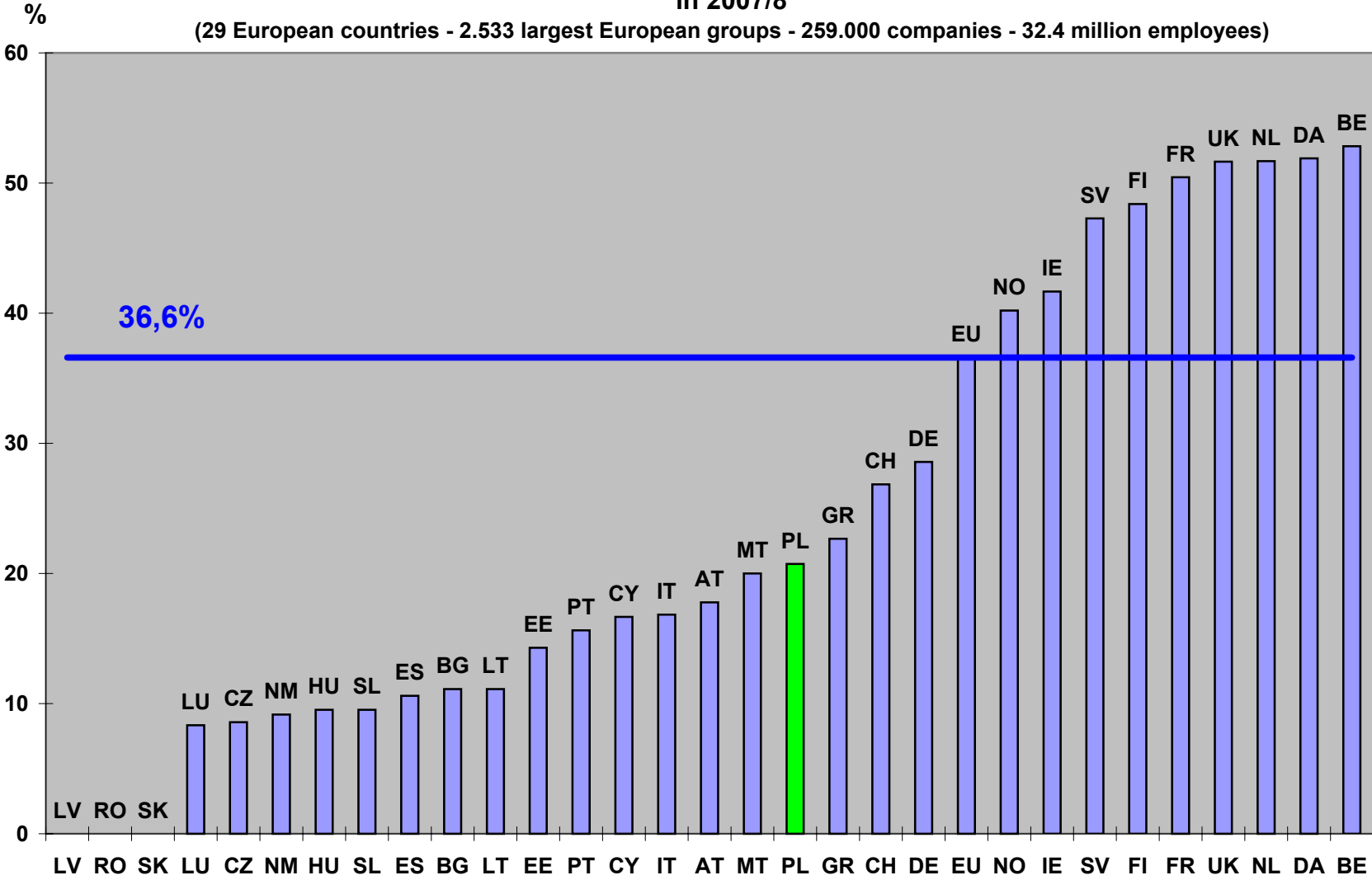
### % EUROPEAN GROUPS HAVING BROAD-BASED EMPLOYEE SHARE PLANS in 2007/8

(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



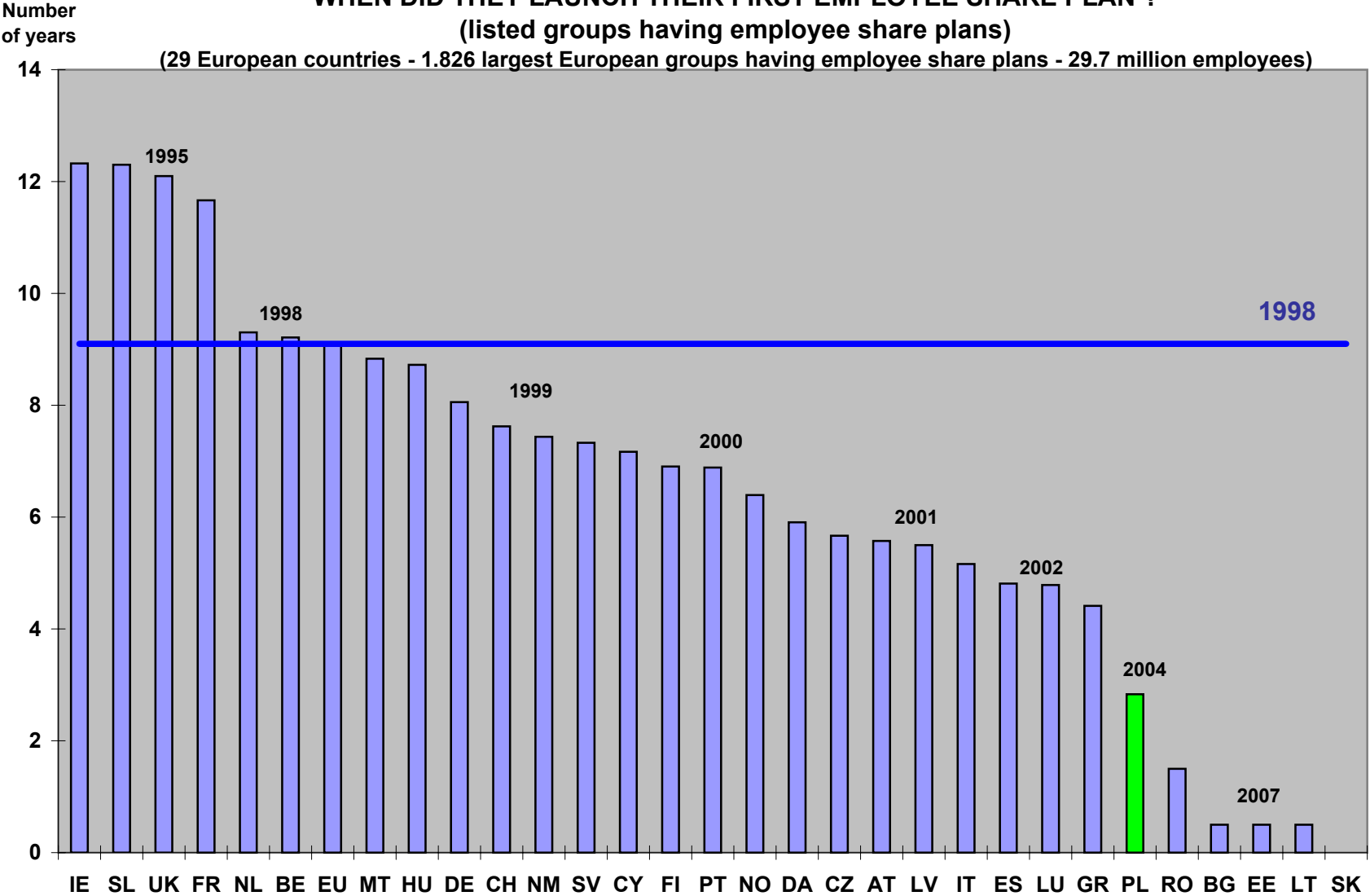
### % EUROPEAN GROUPS HAVING LAUNCHED NEW EMPLOYEE SHARE PLANS in 2007/8

(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



### WHEN DID THEY LAUNCH THEIR FIRST EMPLOYEE SHARE PLAN ? (listed groups having employee share plans)

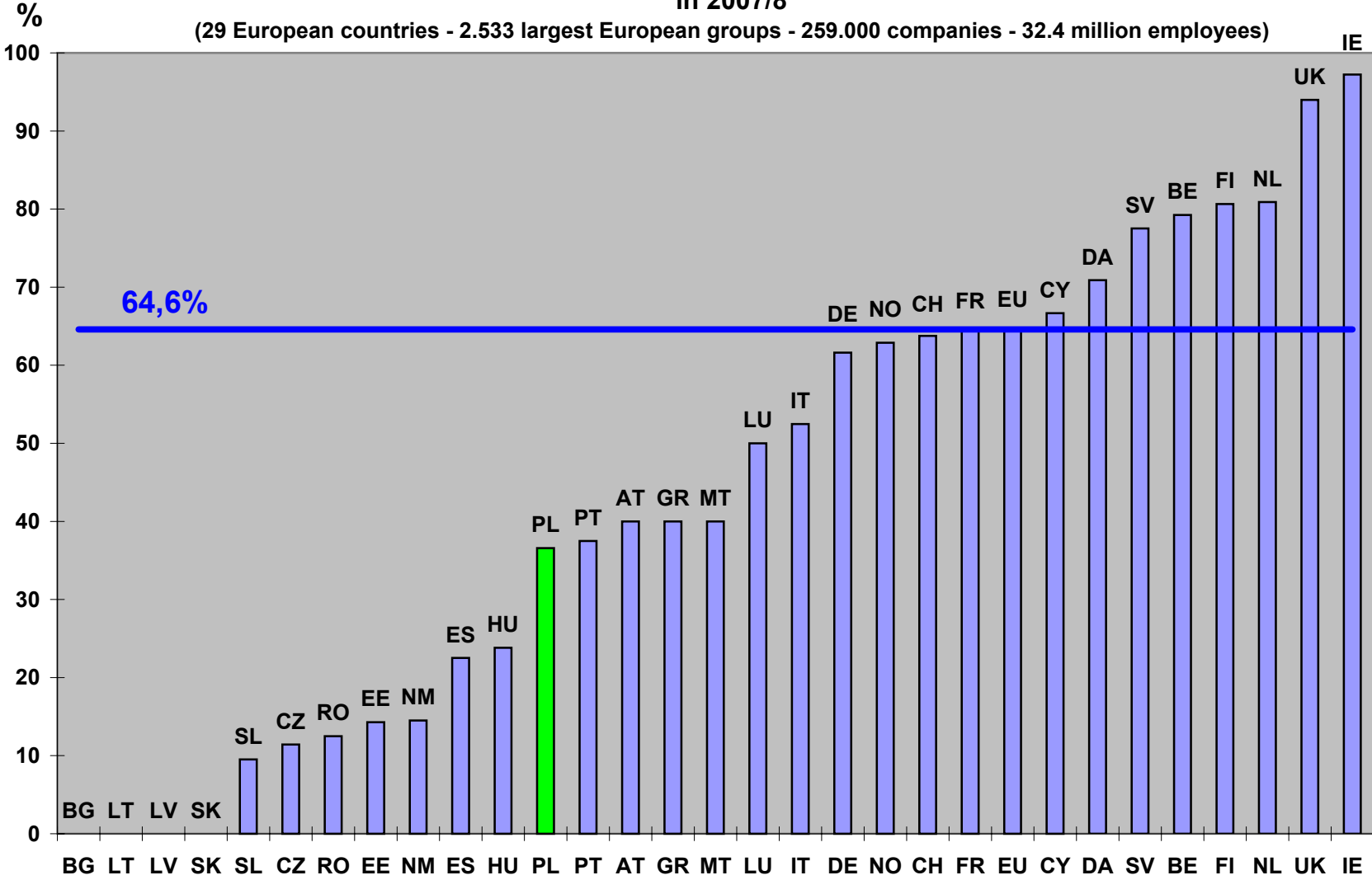
(29 European countries - 1.826 largest European groups having employee share plans - 29.7 million employees)





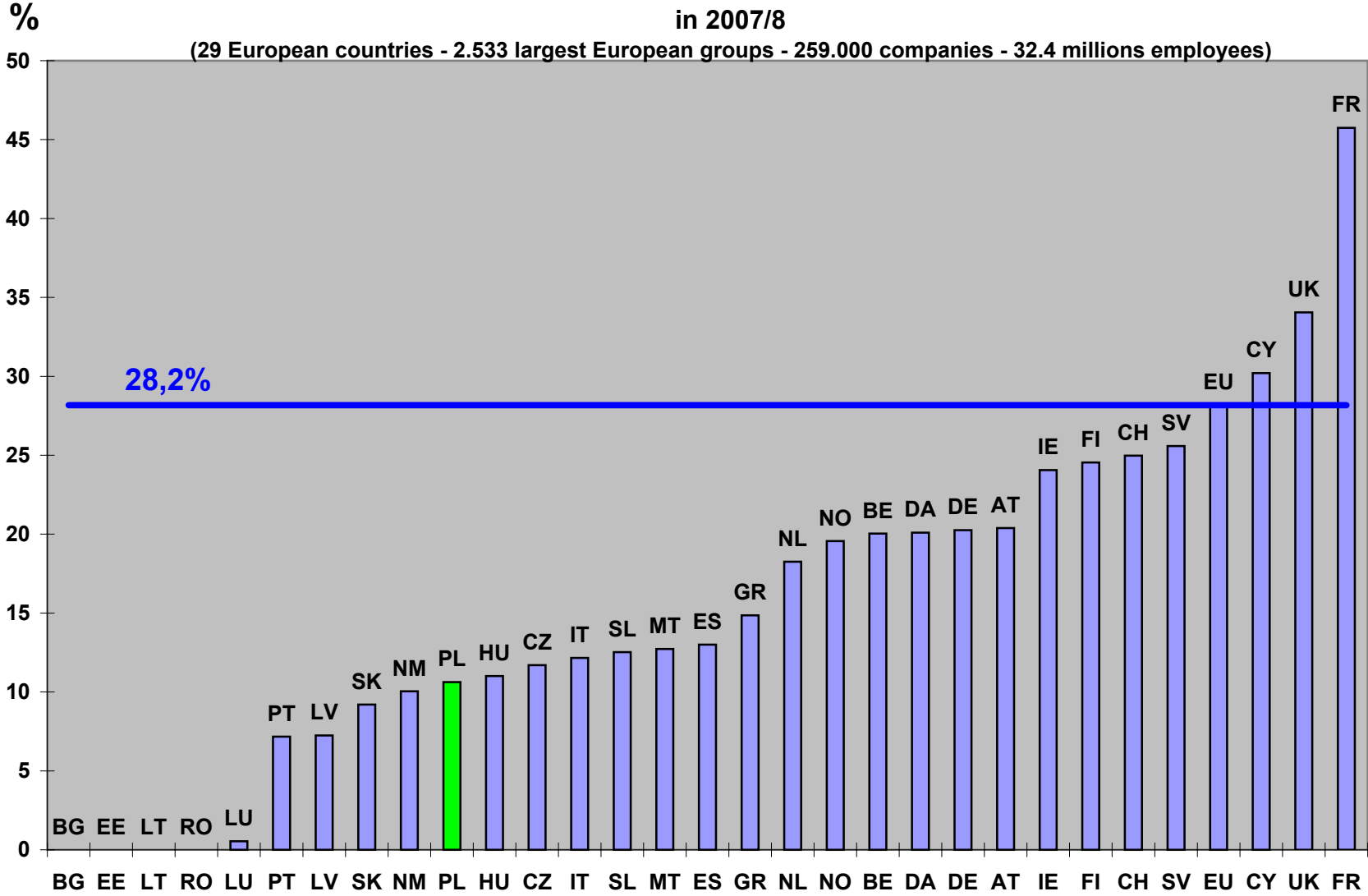
### % EUROPEAN GROUPS HAVING STOCK OPTION PLANS in 2007/8

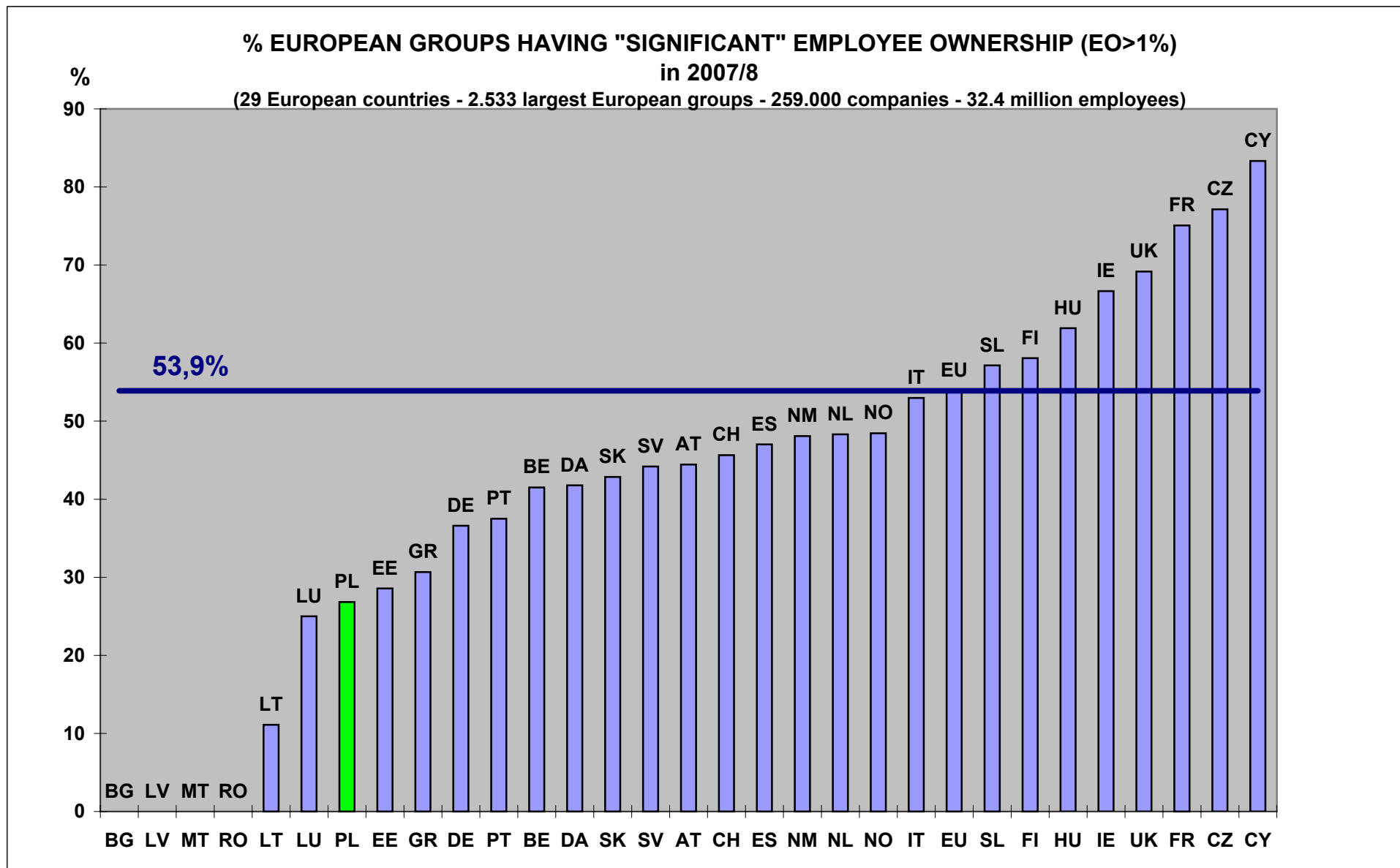
(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



### % EMPLOYEE OWNERS AMONGST ALL EMPLOYEES in 2007/8

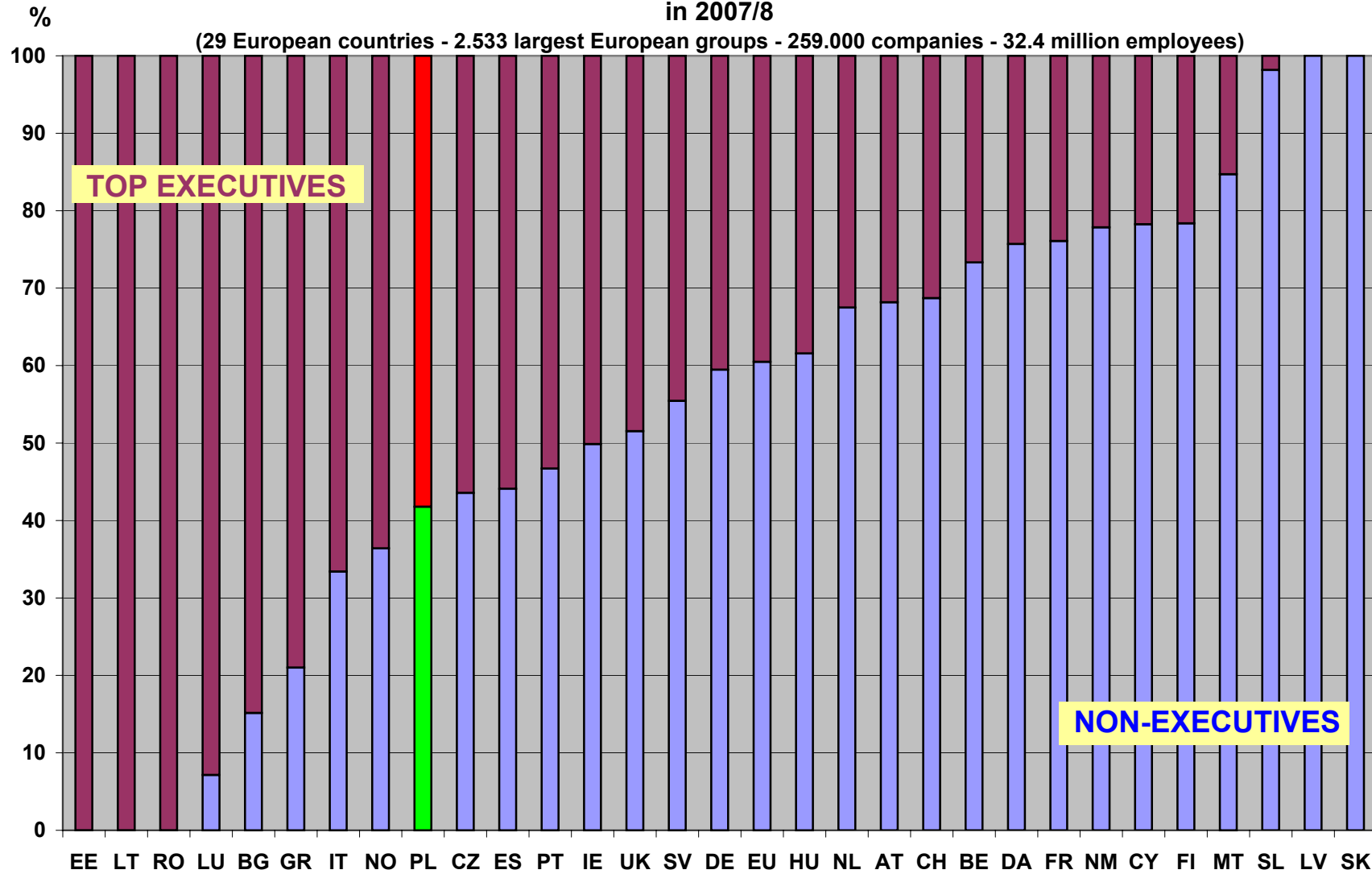
(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 millions employees)





**CAPITAL HELD BY EMPLOYEES: EXECUTIVES' AND NON-EXECUTIVES' SHARES**  
in 2007/8

(29 European countries - 2.533 largest European groups - 259.000 companies - 32.4 million employees)



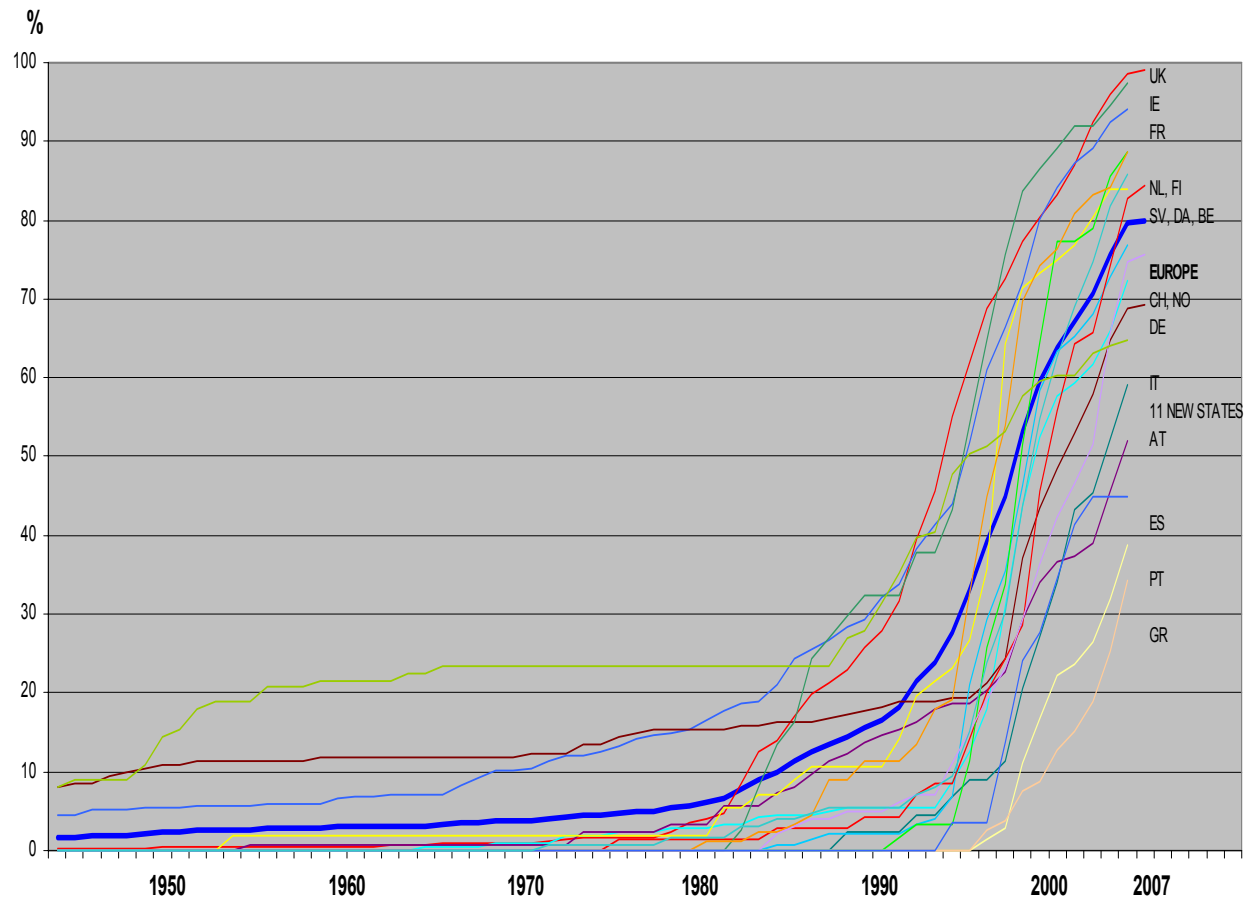
## A political roadmap for employee ownership in Europe

What should be done at European level to promote the development of transnational employee share plans across Europe? Should we set up a European model for employee financial participation?

These are the questions answered by Marc Mathieu, Secretary General of the European Federation of Employee Share Ownership, within the framework of the French Presidency of the European Union, organised by the MEDEF in Paris on October 17.

The answer can be seen as a roadmap for employee ownership in Europe on the threshold of 2009.

Let's first and beforehand have a look at the picture of the development of employee share plans in large European companies. This is highly fascinating. It is a general movement, involving all large companies in all countries. A strong, quick and sudden movement. 10% of all large European companies had employee share plans in 1986, 20% in 1994, 40% in 1999, 80% in 2006... When considering recent trends, we can predict that employee ownership is likely to double within the next few years.



Based on this observation, our answer rests on 6 points, Marc Mathieu said.

1. Question number one: Europe must be given competence in the matter. But it is not the case so far. As we can see it all large companies are going in the same direction, in all countries. However, when considering the states, it is still everyone for himself. This general trend does not get any political accompaniment. In a number of states you do have legislations but even there, such legislations and share schemes are of unequal quality. Giving Europe competence means giving Europe a policy, a budget, an administrative body... This the heart of the matter !!! The development of employee ownership has to be encouraged. Employee ownership should more effectively be associated to the governance and management of European companies.

2. Do we need what you call a "European model"? Yes we do. But let's be quite clear about it. France has now a 50-year-old excellent legislation. The United Kingdom has now a 30-year-old excellent legislation. Is France going to put its excellent legislation aside? Are French companies going to abandon their schemes for a new model, even a European one? Of course not. French companies will continue to work first with their basic schemes, those being available for most employees at their main location, and thereafter extrapolate and translate to their other locations in other countries. And this is precisely the place for a common model. Instead of translating in 26 other ways we should have a single, complementary model, available in all countries.

3. Of course, neither the UK nor France would give up decades of excellent legislation. Nevertheless, at the same time, France and UK are the first countries concerned as they host 40% of all large European companies! So the third pillar of my answer is the following one: Reciprocity and mutual recognition. French companies should be allowed to implement their own schemes in the UK, while British companies should be allowed to implement their schemes in France. France and the UK should work hand in hand to that end. You are the parties principally involved, you also both have the most complex and excellent legislations, which you would not give up. I think it is essential that the main parties concerned should develop ways of mutual recognition.

4. What should the above mentioned single European model be like? We can draw our inspiration from the Renault "Logan" model. It is rustic, robust, all-purpose, cheap... This is what we need in Europe. You cannot transfer 50 years of good legislations overnight. Trying to do so would generate monsters. You have to work block by block as in a "building block" approach, with simple blocks. What would be the "Logan" model for employee ownership, the simple, basic block? It should be possible for an employee in each European country to purchase shares in his company, up to 5.000 €, every year, with a 20% discount free of tax and social security. This is the simple model that should be available in all countries. This could be a big step forward for Europe.

5. Let's compare several European countries with respect to this basic 5.000 € block with a 20% discount free of tax. This is far below France or the UK. On such scale, you can see France with 22.000 €, the UK with 12.000 € while many countries have no legislation at all and others are far below: Norway 950 €, Austria 2.500 €... Here is why we urge the European states to take action, with some good success: Slovenia, for example, voted a legislation in February 2008. Until now, Germany was at 650 € (compared to the 5.000 € we are discussing here). It will move to 1.800 € in 2009. It may seem low but it is really a good step forward. Austria will probably move from 2.500 to 5.000 € in the near future. Now it is time for Italy and Spain to wake up !!!

6. My sixth point deals with the SMEs. The USA had a stroke of genius 35 years ago when adopting the ESOP (employee stock ownership plan). This model applies mainly to the transmission of businesses to employees (transmission of family-owned business, rescue of failing businesses). Of course, it can also be implemented in other cases, but this is the biggest part. In this way, in 35 years, the USA were able to develop a strong employee ownership culture, combining information, spirit, finance and management on a wide scale.

There is nothing like this in European countries. Here, we are still on free, open field, all European states being even. This could make things easier.

Of course, you can transfer employee financial participation schemes from large companies to small and medium sized ones (for example the French "intéressement"); it could probably do no harm but this is not the right issue. The needs, the key issues of SMEs are not the same as of the ones of large companies. Schemes, employee participation plans, legislation are totally different. Of course, you can try to transpose, but it is not the right issue, you need something else. This is what the USA did and this is what we lack in Europe. Therefore, here also, there is a space for a European model. We encourage Europe to promote a "European ESOP". For the rebuilding that will follow the present crisis, it will be an extraordinary asset for the USA. We need that too.



## EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP

### Proposal to the new European Parliament

After 10 years of (no) European policy, time has come to assess the situation and to relaunch a dynamic policy for developing employee ownership across Europe.

150 Members of the European Parliament and leaders from all political parties expressed their support to the Employee Ownership Manifesto for the 2009 European elections. Healthier economy, sustainability, better governance are the key points in most supporting messages from all parties.

Let's quote MEP Frédérique Ries : *"I commit myself with my colleagues of the ADLE to convincing the European Parliament that the issue of the development of employee ownership in the European Union should be a priority for the first year of the new legislature."*

The most supportive statements came from the European Liberals and Democrats, from the Greens and from the Group of European Socialists, as well as from the European People's Party and others.

After 10 years of (no) European policy, time has come to assess the situation and to relaunch a dynamic policy. This is a perfect role for the European Parliament. Elements of this assessment:

- 10 years ago, the European Federation of Employee Share Ownership organized a first Conference of the Belgian Presidency of the EU on employee ownership (on the 23.11/2001 at the Egmont Palace). At the same time, Guy Verhofstadt had convinced the Lisbon Summit to ask the European Commission for a communication and an action plan. This plan has never come into being.
- For 10 years the Parliament has voted a (sub-) budget line for the promotion of employee financial participation in Europe. The Parliament counted on an annual budget of one to 2 million euros. Actually, in ten years the Commission has only granted 3 million euros for projects to that end.
- A High Level Experts Group was set up by the Commission. It put forward seven concrete proposals in 2004. In his Report to the French Parliament, Deputy François Guillaume wrote down in September 2006: *"Nevertheless on the date of the drawing up of this report, the implementation of these proposals has not even been initiated"*. Since then nothing has moved.
- Very recently, MEP Ieke van den Burg has put a series of written questions to the Commission. The answers received are distressing. In conclusion Mrs van den Burg says that *"Hopefully DG Employment & Social Affairs will have a new and more ambitious Commissioner after the elections"*.
- Paradoxically, in spite of the do-nothing community attitude, employee share plans have rapidly developed in huge numbers in European companies, but in bad conditions and with multiple discriminations. This wide gap between the dynamics in the companies and the community do-nothing attitude has generated a strong feeling of frustration towards Brussels and Europe.

Among the proposals put forward to break with this acknowledgment of do-nothing attitude, one of them seems of the utmost importance. We need a permanent community body to ensure the promotion and development of employee ownership in Europe on a regular basis.

Within the European Parliament, such permanent body could be an "Interparliamentary group for employee ownership".

At the Commission level, it could be an "European Ownership Forum", following the example of the Forum on Remunerations, the Forum on Restructuring and others. Light structures, but permanent structures ensuring a follow-up.

## WHAT IS THE EFES?

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### *Mission statement*

The EFES is the *European Federation of Employee Share Ownership*.

The main aim of the EFES is to promote the development of employee ownership over Europe, as a mean of progress and productivity for companies, a mean of economic and social performances, and a mean of employment enhancement.

The EFES is an open organisation acting as the umbrella organization of employee owners, companies and all persons, trade unions, experts, researchers, institutions looking to promote employee ownership and participation in Europe.

The EFES was recognized by the European Commission (DG Enterprises & Industry) as European Business Representative Organisation in the field.

### *Structure*

The EFES is a European organisation located in Brussels, with the statute of an international not-for-profit association.

It gathers organisations, companies and individuals in all countries of the European Union.

Its Board of Directors consists of representatives of organisations and companies from 14 countries.

It also works in partnership with similar organizations in all other regions of the world (including USA, Australia, Asia, Africa and others).

### *Members and partners*

- Almost all organizations promoting employee share ownership, associations and federations of employee owners in European countries.
- Top companies like British Telecom, EADS, Voestalpine, France Telecom, Vivendi, Mondragon Corporacion Cooperativa, ... as well as small and medium sized ones.
- Trade unions and representatives of workers' unions (CISL, CFTC, CGT, CGSLB, UGL, etc.)
- Experts and consultants.
- Almost all researchers and university centres working in the issue.



# **EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP**

## **EFES MISSION (PREAMBLE TO THE STATUTES)**

Employee ownership and participation make a significant contribution to economic and social progress. They combine excellence in labour productivity and business performance with a broad, constructive social contribution. They are growing all over the world.

Employee owners, as neither just employees nor just shareholders but co-entrepreneurs, are taking on a new voice and seeking to make it heard at its rightful level: they are new social partners.

They have a new and important contribution to make to the debate and policy on the objectives of growth, competitiveness and employment in Europe.

Employee ownership is not a matter for employee owners alone. It is also a way of achieving better results for everybody: employee owners and others, employees and self-employed staff, managers, businesses and the population generally.

All major studies show that employee ownership provides competitive advantage to companies in terms of growth, profitability, productivity, efficiency, if employee ownership is combined with participative methods of management (to inform and involve employees in decision-making on job, group and company level ; empowering them in cooperating and in taking responsibility ; coaching and training for enabling them in group-work, feedback, communication, etc). EFES will promote wide-spread wealth, business excellence and humanity – in the workplace and in its environment – to go hand in hand.

That is why EFES wants to be an open federation. Open not only to employee owners, but to all those individuals, organisations, institutions and businesses which are looking to promote employee ownership and participation, in order to form as representative a federation as possible in all the countries of Europe.

One of EFES's foremost aims is to make employee owners' voices heard in the social and political dialogue at the European level.

EFES aims to be an open, democratic and participatory European organisation, founded on shared values of openness to other points of view, dialogue and mutual respect.

EFES seeks to make it easier for employees and their employer companies to establish sustainable employee ownership and participation, by promoting throughout Europe developments in legislation and in financial and organisational structures.

EFES aims especially to promote the sharing of information and dialogue among countries, companies, workers' organisations and other social partners about good practice in the fields of employee ownership and participation.