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Employee share ownership in Europe in 2022

The European Federation of Employee Share Ownership (EFES) releases the new "Annual Economic Survey of Employee Share Ownership in European Countries in 2022".

Employee share ownership continues its slow erosion in Europe. This is evidenced by all significant indicators. Only three are exceptions: the percentage of employees' ownership stake and capital held, as well as the number of companies with employee share plans.

The share held by employees has risen to 3.26% and 447 billion Euro in 2022, new record figures. **Great news for those who have been able to benefit from employee share plans!** However, top executive managers take the lion's share (1.63% and 224 billion for 9,600 people), while ordinary employees stall (1.63% and 223 billion for 6.8 million employees). As a result, the imbalance between the share held by top executive managers and that of ordinary employees, the democratic employee share ownership, continues to grow. In European listed companies, the share held by executive directors now clearly exceeds that of ordinary employees, whereas 15 years ago executives together held only 1.06%, compared with 1.60% for ordinary employees. A group of 9,600 managers (on average four in each company) now owns more than the 34 million employees of large European companies. That's more than 20 million euros on average for each executive, and 33,000 for each ordinary employee shareholder. Overall, the share held by ordinary employees is now at the same level as it was fifteen years ago.

An increasing number of large European companies are setting up employee share plans. In 2022, 95% of large companies had employee share ownership, 88% had plans of all kinds, while 57% had plans for all and 54% had stock option plans.

Thus the past year has once again confirmed the fact: employee share ownership is beneficial for those who have access to it and is desired by companies.

Yet democratic employee share ownership peaked in 2011 in large European companies and has been steadily declining ever since. Here are the main indicators of this deterioration: The share held by ordinary employees is declining, as we have seen above. The number of employee shareholders is decreasing. This is the case in all European countries (with the notable exception of Great Britain). A decrease is also apparent in the number of large companies where employees hold a significant share. Moreover, there has been a sharp decline in the democratisation rate of employee share ownership over the last ten years. This confirms once again that **employee share ownership is in danger in Europe. It is becoming less and less democratic.**

The number of employee shareholders decreased again last year. It is lower today than it was ten years ago. There are currently 6.8 million employee shareholders in large companies. If we add one million employee shareholders in SMEs, the total number in Europe is only 7.8 million, compared to 8.3 million in 2011. The decrease in the number of employee shareholders affects all European countries, with the exception of Great Britain.

There has been a sharp decline in the democratisation rate of employee share ownership over the last ten years. This is particularly pronounced in France. In France, employment has risen sharply in large companies, but the number of employee shareholders has not kept pace. As a proportion of the number of employees, the percentage of employee shareholders in large French listed companies was 41.5% in 2010. It is only 32% in 2022, and just 19% in Europe. If the rate of democratisation could have been maintained, France would have 3.5 million employee shareholders today instead of the 2.8 million recorded. Thus, in terms of democratisation, France is down 25% over ten years.

Why this falling off? It is a sign that employee share ownership plans are becoming less and less effective. The national fiscal policies that support them have reached their limits.

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Indeed, promoting democratic employee share ownership is a political choice, and is generally supported by tax incentives. Without support, the average employee cannot afford to invest financially in their company. Few countries do this effectively.

On the contrary, there is no lack of resources for executive directors. Have public policies to support employee share ownership, where they exist, been poorly calibrated and misused by managers? No, this is not the case. In fact, we observe that in the 1.63% held by top executives, the share resulting from the exercise of stock options and other employee share plans is microscopic, representing only 0.05%.

Why are employee share plans and policies less and less effective in large companies? Because they remain national, while the employees of large companies are increasingly based outside their home country. This is the well-known phenomenon of job relocation.

Thus, the share of employees who can benefit from the plans and policies is getting smaller and smaller. Sixteen years ago in large European companies, almost one out of every two employees was still located in the home country, where they could benefit from the political incentives of their country. Today, this is only true for a third of employees, the other two-thirds working outside the home country.

Thus, overall, employee share ownership policies, because they remained national, have lost 30% of their effectiveness in a few years. This explains why recent legislative efforts in several countries (Pacte Law in France, fourfold increase of tax incentives in Germany) have not had any significant impact on employee share ownership in large companies.

This observation sanctions **the failure of Europe to promote a democratic employee share ownership policy**, while on the contrary it is satisfied with the growing influence of executive directors.

The new Annual Survey will be available from March 30 on the EFES website on <https://www.efesonline.org/>. The detailed publication can be [downloaded here](#).

Notes to editors:

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The European Federation of Employee Share Ownership (EFES) is an international not for profit organization. EFES is the voice of employee share ownership in Europe. It was established in 1998 as the umbrella organisation of employee shareholders, companies and all persons, trade unions, experts, institutions looking to promote the development of employee share ownership in Europe.

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