

EMPLOYEE OWNERSHIP AND FINANCIAL PARTICIPATION

March 6, 2012

BUDGET PROPOSAL

A new budget heading 04.03.03.04 should be introduced in the EU budget, with 2.5 million Euro going annually for setting up and funding an Employee Ownership Centre and Program in each member state, delivering information, education and promoting employee ownership practices. This is our proposal as the European Federation of Employee Share Ownership (EFES).

WHY?

- 1. Information and education are clearly the key points in this matter.**
It is a fact that employee share ownership developed strongly among European companies during the last decade. 83% of all large companies have employee share plans now, compared to only 40% ten years ago. In most cases, such plans are now designed for all employees rather than just for a small number. This way, employee ownership is now in a strategic, determining or controlling position in more than 27% of all largest European companies. However, the brakes and obstacles are still strong and they are sources of discrimination and poor governance in companies. Some countries remain reluctant, lacking of information and of appropriate legislation. This is particularly true in the South of Europe and in Central and Eastern European countries. As a consequence, the democratization ratio of employee ownership appears to be more and more divergent between European countries (see graph in appendix).
- 2. The European Economic and Social Committee had a deep discussion** about employee financial participation, leading to its Own-Initiative Opinion SOC 371 on Employee Financial Participation in Europe, on October 21, 2010. In its opinion, the EESC calls on the European institutions and governments for a renewed initiative in this matter **"supported by the EU budget through a dedicated budget heading"**.
- 3. A first decision was already taken in this sense in 1999.**
At this time, the Parliament decided to add a third sub-program for employee financial participation (EFP), beside the sub-programs dedicated to Social Dialogue and to Industrial Relations within budget line B3-4000. During the discussions within the Parliament, it was said that some 2 million Euro should go to this new sub-program annually. In addition, a fourth sub-program appeared in 2000, for Corporate Social Responsibility. The sub-program for EFP was later moved from heading B3-4000 to headings 04.04.01.03 and later again to 04.03.03.01.
The fact is that sub-program EFP was continuously discriminated compared to other ones and the 2 million Euro were never duly allocated (see table in appendix).
- 4. A well dedicated budget heading in place of just a sub-program** will express the will to pay higher attention and transparency to employee ownership and financial participation.

Marc Mathieu
Secretary General
EFES - European Federation of Employee Share Ownership
Avenue Voltaire 135, B-1030 Brussels
Tel/fax: +32 (0)2 242 64 30
E-mail: efes@efesonline.org
Web site: www.efesonline.org

The EFES' objective is to act 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.



