

5. Employee Share Ownership in the EU-28 – Evidence & Potential

The total population (Universe) of European companies covered by the ECS is approximately 3 million out of which around 2.5 million are private ones. These 2.5 million companies all have more than 10 employees and cover roughly 7% of all European companies.¹

The ECS 2009 sample contained of 24,640 companies of which 20,828 are private firms. This was a representative sample, selected by applying appropriate statistical techniques.

20% of the private firms surveyed in the 2009 ECS dataset, practised a form of employee financial participation (EFP) (figure 1). 3% of these companies indicated to have a combination of Employee Share Ownership (ESO) and Profit Sharing (PS). Of those companies that indicated to have PS, 16% also implemented an ESO scheme. Vice versa 39% of the companies indicating to have ESO also implemented PS.

In the 2009 ECS sample 1,388 of 20,828 companies (6.7%) indicated to have ESO implemented (figure 2); out of these more than half implemented the scheme in a broad sense, meaning to all employees. In absolute figures this would account for approximately **167,000 companies that already have ESO in the whole European population.**

The **potential for the introduction of ESO** among European firms is estimated, using propensity score matching technique based on *observable characteristics*, to be around 38% of all firms (figure 3). This potential is calculated by matching the observable characteristics of firms having ESO with those that do not have such a scheme implemented at present.

In absolute numbers this 38% **would be approximately 933,000 companies** in Europe. Even if we apply an error margin of up to 50% (because not all characteristics are observable) we still arrive at 466,500 firms.

Practice of ESO in small firms (<50 employees) is less frequent than in larger firms (figure 4). This corresponds with the general trend in implementing EFP over different size classes. We assume one of the main obstacles is the cost of implementing such schemes.

The **incidence of ESO in small firms** (10 to 50 employees) is lower than that of medium and large firms, i.e., 548 out of 11,706 (approx. 4.6% compared to 7% for medium and 12% for large firms), which across the whole population of the 1,4

million small firms corresponds in absolute numbers to over **64,000 firms that already have ESO in the EU-28.**

Again, using the propensity score matching technique, the **potential for the introduction** of ESO among these firms is estimated at around 16% (i.e., around 1,888 of 11,706 firms are likely to offer an ESO scheme to their employees). This amounts to roughly **225,000 firms with in the whole population of small firms across the EU.**

Again, given that not all characteristics are observable, if we apply an error margin of 50%, there are still 112,500 firms, with the potential of implementing an ESO scheme.

Fig.1: EFP (ESO or PS)

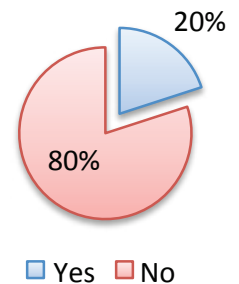


Fig.2: ESO

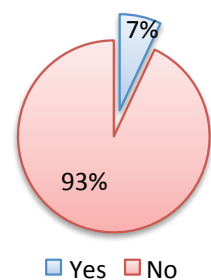


Fig.3: Potential for ESO

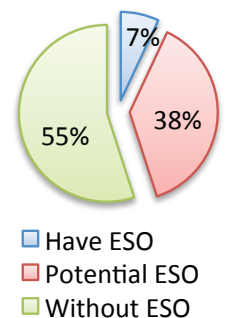
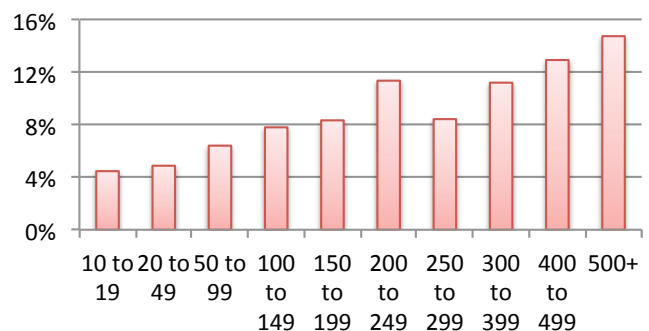


Fig.4: ESO and firm size



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¹ European firms within the characteristics of the ECS dataset; the other 93% are firms with less than 10 employees.

