



OWNERSHIP INFORMATION SHEET

Employee Participation in Ownership

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There are many millions of employees throughout the world who have a direct ownership stake in the business that employs them. Research shows that employees generally welcome participating in such ownership.

Employee ownership schemes are specially established to allow employees to assume ownership of up to 100% of an enterprise. They are created to engage, involve and reward employees in a way that is different to that of other employees. They can also be used as a structured method to transfer ownership from the current owner.

The businesses themselves claim many advantages from being employee owned, such as:

- Increased employee motivation and commitment; teamwork and cooperation; communication at all levels; and an improved ability to retain a talented workforce;
- Reduced labour-management conflict; staff turnover; absenteeism; and strikes.
- Changes to create more flexible and adaptive management styles and organisation; and
- Additional sources of equity capital.

From the employee's point of view, the advantages of employee ownership can be:

- The financial benefits of ownership - sharing in the success of a business can be substantial, with employees receiving additional income from dividends and greater wealth through capital appreciation;
- Quality of life is enhanced as the feeling of 'ownership' provides greater job satisfaction and reward for individual and collective effort;
- Better company performance can result in improved job security and employee-owners will have more control of their own destinies;
- As shareholders, employee-owners receive more information about the business as they take on the role of partners who contribute to its financial success; and
- Changes in management style and organisational structure can create a fairer workplace, with greater investment in staff development, training and OH&S and greater scrutiny of management recruitment and remuneration.

Ownership and the right to vote as a shareholder bring responsibilities of being informed and actively maintaining participation.

Ownership also brings the realities of shares. Share prices can go up as well as down. In a small private business, the employee may not be able to dispose of shares until specific times when the internal market created with the ownership scheme operates.

Employees should always seek the help of professional advisors to understand what the offer of participating in employee ownership will mean for them. The decision to participate in an ownership scheme is solely up to each individual employee.