# Employees that own their company help small businesses through crises

## Description

In this blog post, we delve into the pivotal role of employee participation or the impact of employee ownership in shaping successful companies, especially in times of economic uncertainty. Extensive research, spanning decades and various economic crises, consistently demonstrates that companies offering co-ownership opportunities are more resilient. Studies from America emphasize the positive impact of participation plans on sales, productivity, and social performance, affirming the value of inclusive approaches in weathering economic storms.

**Employee participation** is certainly one of the factors that make a company great. From the bottom to the top, itâ??s in all of our interests to have involved and invested employees. And this has been proven time and time againâ??especially when it comes to the question of business continuity.

A company that offers its employees the opportunity to become co-owner is more resilient in times of crisis. This is not the conclusion of a recent study, but the result of research that has been conducted for decades around times of crisis. Weâ??re talking about the 80s, 90s, and around â??08. We saw the latest blow being dealt by the coronavirus pandemic.

## How positive impact of employee participation

Most research into the impact of employee participation on the performance and resilience of companies in difficult times comes from America. There (due to good legislation) a significantly larger group of employees is co-owner of the company they work for. In an interesting article on the website of the National Center of Employee Ownership (NCEO) some research results from â??86 , â??87, â??96, â??00, â??08, â??10, â??12 and â??14 are bound together to provide a clear overview of the (positive) influence of employee participation plans on the performance of a company. This shows that companies with participation plans:

- Quickly show 2% better sales and employment;

- Show approximately 4-5% increase in productivity per year; and
- Quickly score 52% better on their social performance (measured in Europe).
- Ultimately, the Upjohn Institute study â??How Did Employee Ownership Firms Weather the Last Two Recessions?â?? shows the positive influence of employee participation on the survival of a crisis. Companies with an employee participation plan had the fewest layoffs in both 1999 and 2009 and they were up to 20% less likely to go out of business. It also showed that companies whose employees are co-owners showed much greater social cohesion. A kind of corporate nationalism, which ensures that its community (however small) stands up for each other, so that harder economic blows can be absorbed.

*How?*

## Collaboration is everything

What about that direct blow to the economy from the coronavirus pandemic? Ultimately, it is easy to explain why our financial engine stalls during the outbreak of an unstoppable, violent flu wave. When people can no longer work together, can no longer form a group and have to continue alone, a company loses all the strength it has as an â??organismâ??. A society where everyone works together has the tremendous effect that the whole is worth more than the sum of its parts. Literally: Two individuals will not get further than themselves.

When two people work together, this quickly has the effect of three. In larger groups, 100 people working well together can produce more than 100 people working on something individual at the same time. This also means that more value can circulate in a group where everyone works together and is in contact with each other than in an equally large group where this is not the case. Now that everyone is at home due to the pandemic, that powerful economic device is stalling. People no longer work together, no longer produce together and are left to their own devices.

## Research EFEO and EP

Furthermore, the European Federation of Employee Ownership and the European Parliament have conducted several studies on the influence of employee participation plans and published the very positive results. The interest of the European Parliament is not only based on interest in business operations. This is also fueled by self-interest. Unsurprisingly, an entire communityâ??s economy is more resilient to financial slump when there are more employee participation plans and employee owners in the community. It makes companies more resilient, and thus the economy as a whole more stable.

## *Fewer â??ownersâ?? and thus less resilient?*

â??Is the opposite also true?â?•, one can wonder. Are economies with a central group of â??ownersâ??, â??richâ??, less unruly? Indeed, it turns out that the more centrally capital is governed â?? and the more centralized ownership is â?? the harder an economic blow can hit. Unfortunately, not every country in Europe has already put this on the agenda so well that the legislation has been adjusted accordingly.

As explained in previous articles, there are still many administrative hurdles to overcome before an employee can be made a co-owner. But with small steps â?? and especially through digitization â?? we always come a bit closer to the ideal situation where everyone co-owns the company they work for.

## Through the heavy weather

These are exciting times. We are preparing for a significant economic storm. In addition, we like to work hard for SMEâ??s. Have you also thought about making all your employees co-owners and going through the heavy weather with them? Are you suffering from hard liquidity blows?

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Read more like this at the Share Council. Do you want to dive deeper into employee ownership and sustainability business practices? Visit https://sharecouncil.co for more information.

The Share Council helps businesses of all sizes set up employee ownership structures, that are legally sound, easy to manage, and truly meaningful. Learn more about the solutions. The goal is to turn employees into co-owners, so everyone shares in the success they help create. This has many benefits. You can also check out the latest blog posts for more in-depth reading.

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