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Employee share ownership in Europe in 2023

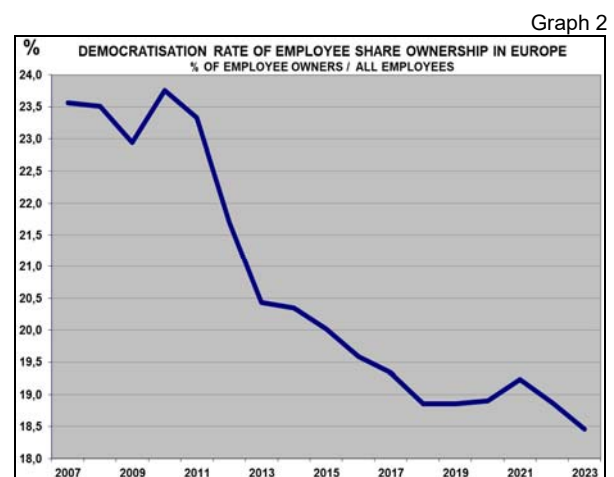
The European Federation of Employee Share Ownership (EFES) releases the new "Annual Economic Survey of Employee Share Ownership in European Countries in 2023".

Recent data on employee share ownership in Europe confirms the major trends noted over the last ten years. Employee share ownership in large European companies is deteriorating. The main factor in this deterioration has now been clearly identified. On the other hand, the dynamics of employee share ownership in Europe are shifting towards SMEs. In just a few years, the UK has established itself as Europe's number one country for employee ownership in small and medium-sized companies.

In large companies, the number of employee shareholders is stagnating and has not managed to return to the level reached in 2011 ([Graph 1](#)). It is lower today than it was ten years ago, with 6.85 million employee shareholders now counted in large companies. If we add a million employee owners in SMEs, the total number in Europe is 7.9 million, compared with 8.2 million in 2011.

The rate of democratisation of employee share ownership continues to fall ([Graph 2](#)), employee share ownership is becoming less and less democratic in Europe. One employee in five is still a shareholder in their company today, compared with one in four previously. The fall was particularly drastic in France. Employment has risen sharply in large French companies, but the number of employee shareholders has not kept pace. If the rate of democratisation had been maintained, large French companies would have 3.7 million employee shareholders today instead of the 2.9 million recorded.

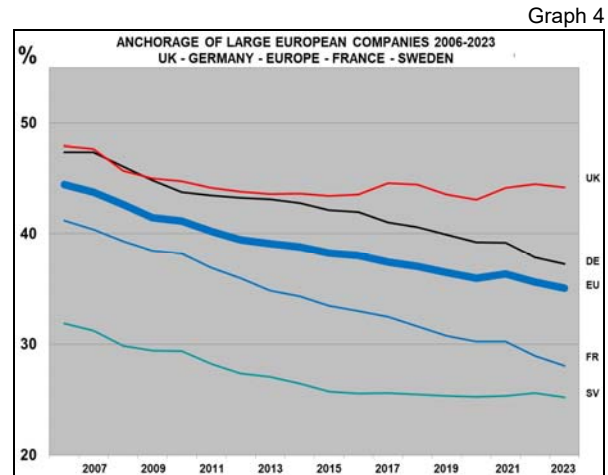
Finally, the third indicator of employee share ownership in Europe is that the proportion of employees in the capital of large European companies has stopped growing. It will be just 3.01% in 2023, compared with 3.10% in 2013 ([Graph 3](#)). The proportion of ordinary employees (excluding executive directors) fell to 1.60%, its lowest level since 2007.



On the positive side, an increasing number of large European companies are introducing employee share ownership schemes and seeing a greater uptake in employee share ownership. In 2023, 95% of large companies had employee share ownership and 58% had democratic plans for all their employees, while 32% had launched new plans, a percentage that tends to increase from year to year.

As for employees, the trend is still towards growth in the capital they hold in their company shares, amounting to €441 billion in 2023. Millions of employees benefit from the scheme, which represents an average of €34,400 for each employee shareholder (excluding executive directors). All the figures show that employee shareholders in large companies are committed to the long term, seeing that the balance of risks and rewards is clearly in their favour.

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As a result, employee share ownership continues to be popular with both companies and employees who have access to it. So why is there a downturn in employee share ownership in large European companies?

Because employee share plans and policies are becoming less and less effective in large companies. Because policies remain national, while the employees of large companies are increasingly based outside their home country. This is the well-known phenomenon of job relocation (Graph 4).

Without support, employees generally do not have the means to invest financially in their company. Promoting democratic employee share ownership is a political choice, generally supported by tax incentives. Today, only 35% of the employees of major European companies are still based in their home country. As a result, only a small minority of them are able to benefit from the tax incentives for employee share ownership set out in national legislation.

Employee share ownership policies, for example, have lost 30% of their effectiveness in just a few years because they remained national in scope. This explains why recent legislative efforts in several countries (Loi Pacte in France, fourfold increase in tax incentives in Germany) have had no significant impact on employee share ownership in large companies.

This reflects Europe's failure to promote a democratic employee ownership policy.

The new Annual Survey will be available from April 4 on the EFES website on <https://www.efesonline.org/>

The detailed publication can be downloaded here:

<https://www.efesonline.org/Annual%20Economic%20Survey/2023/Survey%202023.pdf>

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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