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According to a survey employee share ownership is more common in Austria than originally expected

A survey conducted by the University of Applied sciences of Wiener Neustadt yields the first comprehensive results on the distribution and design of employee share ownership in Austria. 1.752 Enterprises – out of a sample of 10.000 - and 905 works councils answered 29 structured questions regarding a wide range of indicators – many of them coinciding with indicators as proposed in McCartney(2004). Areas of interest were the level of usage, the nature of schemes and therein realized principles, e.g. voluntary participation, range of participating employees, risk reducing measures, regularity of the scheme, employee participation and consultation, retention period, distinction between wages and salaries and income from financial participation. Further indicators not as emphasized in McCartney (2004) were obstacles to and room for improvement related to the legal framework for employee share ownership schemes. Empirical data mentioned below refers to enterprise data if not otherwise indicated.

As regards the distribution of financial participation of employees 67% of the surveyed enterprises do not have any form of financial participation. In 25% of the enterprises some form of profit-sharing can be found. Employee share ownership schemes are applied by 8% of the enterprises, 22% of the large companies with 250+ employees did so. Compared to Mayhofer et al. (1999) who found employee stock owner ship schemes in 6,5% of all enterprises with more than 200 employees this represents a high figure.

In the late nineties – coinciding with the introduction of tax allowances for shares transferred to employees – the introduction of share employee ownership schemes had been on relatively strong rise until short after the turn of the millennium. Having asked the enterprises for whether they have repeated the transfer of shares to the employees 74% of them confirmed – indicating the endurability of the schemes. The control question whether they would be willing to repeat the scheme in the future was affirmed by 83% of the enterprises.

14% of all enterprises not having a scheme confirmed to have a strong interest in establishing a share employee ownership scheme and 44% were possibly interested in doing so. Hence, less than two thirds of the enterprises show some form of interest. This question was also controlled by the importance of this topic for the enterprises. 16% postulated that they would introduce a scheme in the future and 55% would do so if the regulatory framework improved.

The motives for enterprises to introduce employee share ownership schemes in Austria are well in line with empirical findings for other EU member states (compare interfiled EC, 1991; Poutsma, 2001). The strongest motives are a change in attitudes among the workers, increase in the productivity of the firm and gaining tax advantages. The table below assigns marks to the respective motives (within a range of "1" to "5" being "1" most important).

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Motive for the introduction of an Employee stocks ownership scheme	**Marks**
Change in the attitude of the employee	1,63
A more entrepreneurial view of the employee	1,82
Increase of the commitment of the employee	1,91
Increase of the firm productivity	2,42
Provision of additional employee benefits	2,73
Gaining tax advantages	3,01
Other than financial participation	3,18
Increase the equity capital	3,35
Dividends instead of profit sharing	3,69
Risk sharing between the firms and employees	4,13

With respect to the nature of schemes several features were examined: In 92% of the enterprises the decision to participate in a scheme is left to the employee. Thus, broadly the principle of voluntary participation is acknowledged. A further central feature of the schemes is the possibility of access. Less of two thirds – 58% of the enterprises – are extending the benefits of financial participation to all employees. 37% restricted the schemes to managers.

The retention periods of shares also poses a central issue for share employee ownerships schemes, since on the one hand longer retention periods help to establish an appropriate incentive structure and on the other hand additional financial risks for employees may be induced. In order to have access to tax benefits in Austria shares have to be retained for five years. According to the survey 64% of the enterprises retain shares up to 5 years and 36% respectively retain the shares over a period of more than 5 years.

In the literature (inter-field Elsik, 2007) states the necessity of combining financial participation with complementary tools such as communication and participation. Austrian enterprises seem to be aware of these necessities. 91% of the enterprises inform their employees on a regular basis about the economic situation of the firm.

Another crucial feature for the success of a share employee ownership scheme is the involvement of employees and their representatives in choosing and developing the financial participation scheme. In 54% of the cases workers councils were incorporated at the setup of the scheme. 62% of the enterprises have granted voting rights to the employees.

75% of enterprises actively take or advise steps for minimising risks to the employees. Most common as a measure is the reduction of the share price. Other mentioned measures were that losses were not transferred to the employees, employees can acquire a limited number of shares only, enterprises are obliged to repurchase the shares of the employees. Interestingly of little importance is the use of subsidised capital guarantees on shares (2%). 70% of the enterprises informed their employees about the economic risks of participating at the schemes.

Although the dispersion of schemes has risen in the past it is still relatively low in comparison to other countries, e.g. United Kingdom, Ireland and the Netherlands. Therefore, the enterprises were consulted the barriers to the application of share employee ownership schemes. In order of importance the most cited hurdles were too few known advantages (2,12), lack of information (2,23), too few consulting services (2,54), tax treatment is perceived as non satisfactory (2,64), development and setting up a scheme is too time consuming (2,66).

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