

## Rectification about the European Parliament's Study on "Employee Financial Participation and Companies' Proceeds"

The European Parliament – Directorate-General for Internal Policies – Policy Department A: Economic & Scientific Policy published a study named "Employee Financial Participation and Companies' Proceeds" in September 2012 (ref. PE 475.098). ([Download](#)).

The study published by the European Parliament was quoted by the European Commission as the most recent element of the "European background", in its call for tender MARKT/2013/019/F for the implementation of the Pilot Project for the Promotion of Employee Ownership and Participation.

Authors of the study are a consortium made of ECORIS Nederland BV and CASE - Center for Social and Economic Research (Poland), represented by professors Jens Lowitzsch and Iraj Hashi.

For many years, the European Federation of Employee Share Ownership (EFES) set up a database of employee ownership in European companies. The database is annually updated since year 2006.

As for listed companies, the database covers 24% of all listed companies in Europe (2.220 companies in 2012, close to the numbers in other reference databases, such as Datastream or Europafinance), which represent 97% of the whole capitalization and 94% of the whole employment in European listed companies (excluding asset management, investment funds and real estate funds). As for employee-owned non-listed companies (workers' co-operatives, the Spanish sociedades laborales, employee-trust-owned and others) the database gathers information about employee ownership in all companies employing 100 people or more.

It appears from the Parliament's study that the EFES database was used through its 2007 and 2010 versions. The use of the EFES database is mentioned with numerous comments on pages 14, 21, 28-30, 37, 48-49 and 117 of the report.

On this point, the EFES wishes to state that:

The EFES was not informed, the EFES was not asked for and the EFES did not authorize the use of its database for this study.

In addition, data were handled and used incorrectly, leading to wrong conclusions. All information and figures being given in the study as from the EFES and its database are inaccurate.

In fact, here is how the information and data are presented in the study, compared to the exact figures:

P 21 "The EFES data shows the proportion of **large, listed European firms** with broad-based employee share plans increasing with the weighted average rising by 2.6 percentage points (from 28.18 to 30.77 per cent) between 2007 and 2010 while the share of employees participating in these schemes was 14.7 per cent in 2007 and 14.5 per cent in 2010, a marginal decline of 0.2 percentage points."

Real figures are:

Proportion of large listed European companies with broad-based employee share plans (in %):

2012	2011	2010	2009	2008	2007	2006
48,4	47,9	46,7	46,1	44,5	42,1	38,2

Proportion of employees participating in these schemes (in %):

2012	2011	2010	2009	2008	2007	2006
39,1	40,8	40,1	37,5	37,9	37,1	nc

P 29 "As far as the take-up of ESO schemes by employees of large firms is concerned, Figure 5 provides information on the number of employee owners as a percentage of the total number of employees in companies included in the EFES database. For the entire sample, the weighted average of the proportion of employees in broad-based ESO schemes was 14.7 per cent in 2007 and 14.5 per cent in 2010, a marginal decline of 0.2 percentage points."

Real figures are:

Proportion of employees participating in these schemes (in %):

2012	2011	2010	2009	2008	2007	2006
39,1	40,8	40,1	37,5	37,9	37,1	nc

P 29 "Unlike other sources of data, the EFES dataset also provides information on the share of capital of companies owned by employees. Here the weighted average for all countries with broad-based ESO schemes is around 1 per cent (with the 2010 average being 0.1 percentage points below the 2007 average, from 1.05 to 0.95)."

Real figures are:

Share of capital of companies owned by employees (in %):

2012	2011	2010	2009	2008	2007	2006
2,36	2,45	2,38	2,52	2,40	2,36	2,16

P 37 "**In spite of the financial crisis** both the offer and take-up of employee share schemes (EWCS and CRANET data) have continued to grow. A stagnation or decline in capitalisation held by employees (EFES data) seems not to be due to a lack of confidence in the employer company. The explanation might simply be employees' lack of capital."

Real figures are:

Capitalisation held by employees (billion Euro):

2012	2011	2010	2009	2008	2007	2006
153,8	182,6	151,7	126,4	193,3	229,1	166,9

Changes in stock exchanges quotations are clearly the main explanation.

P48-49 "According to the EFES data, despite the financial crisis, the number of employee owners in large listed companies is still rising across Europe: the number of employee owners was nearly 9.5 million out of 32.6 million employees in 2010 (8.4 million in 2007). However, for the entire sample, the weighted average of the proportion of employees in broad-based ESO schemes was 14.7 per cent in 2007 and 14.5 per cent in 2010, a marginal decline (see Figure 5 above)."

Real figures are:

Number of employee owners (million persons):

2012	2011	2010	2009	2008	2007	2006
8,8	8,9	8,6	8,3	8,1	7,5	nc

Proportion of employees participating in broad-based schemes (in %):

2012	2011	2010	2009	2008	2007	2006
39,1	40,8	40,1	37,5	37,9	37,1	nc

P 49 "The picture is also somewhat mixed if we look at the companies offering employee share schemes. In 2010, the proportion of large listed companies with broad

based employee ownership was 31 per cent, an increase over the 28 per cent in 2007. In terms of the proportion of shares of large listed companies held by employees, for the first time in many years there was a slight decline in 2010 from 1.05 to 0.95 per cent (see above Figure 6). However, while the "common" employees saw their share shrink during this period, the shareholdings of executives in large listed firms actually increased (Mathieu, 2010)."

Real figures are:

Proportion of large listed European companies with broad-based employee share plans (in %):

2012	2011	2010	2009	2008	2007	2006
48,4	47,9	46,7	46,1	44,5	42,1	38,2

Proportion of shares of large listed companies held by employees (in %):

2012	2011	2010	2009	2008	2007	2006
2,50	2,58	2,47	2,52	2,47	2,48	2,2

This rectification was requested by the European Federation of Employee Share Ownership (EFES), where all additional information can also be obtained.

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