Beat: Business

Business Support for Ownership Works: The Drivers of a Win-Win Initiative

Ownership Works Initiative

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USPA NEWS - A non-profit has taken it upon itself to advocate for a work movement that is aiming to create at least $20 billion in wealth for working families through employee ownership programs. A multitude of prestigious companies, investment houses, foundations and non-profits have signed up to the scheme. Not all are new converts to the approach…

Perceptions of social inequality and an unequal distribution of wealth are common issues in Western societies built upon free market capitalism. Many marginalised groups, including salaried employees in both the public and private sector often feel they have gotten the raw end of the stick, that the profits generated by their efforts and input merely serve to enrich those further up the ladder.

This problem is real, and so one initiative has decided to tackle it head-on. Owernship Works have created a wealth distribution model based on employee ownership programs whereby employees and investors are able to generate accessible wealth at work. The idea is designed to "create meaningful wealth-building opportunities for employees, uplift families, reinvigorate corporate cultures, and improve business performance." The initiative's central tenet is that everyone can become a winner, and no stakeholders get left behind as workers' access to and participation in wealth creation is increased. "This movement is about working in concert to create a future of work where employers and employees can win together," said Anna-Lisa Miller, Executive Director of Ownership Works. "We believe broad-based employee ownership should be an important pillar of stakeholder capitalism and of an inclusive, equitable and resilient economy. We're grateful to our partners for helping us create new models of shared ownership that can generate superior financial returns for businesses, investors and employees alike."

Recalibrating the employer-employee dynamic

The shifting dynamics in the employer-employee relationship in an increasingly digitalised market has become an important vector in judging and planning future business strategies and ethical commitments at the workplace. Broad ownership is something that can become the norm, according to Pete Stavros, who runs the non-profit.

"It's going to take a mindset change in corporate America, where people decide ownership belongs in more hands than just the top one or two layers of an organization. I think there is also going to need to be some IP development around how you administer broad programs of ownership, and how you communicate them. And lastly, broad ownership needs to become accepted enough and common enough that leaders do not feel like they are taking a huge risk by sharing ownership with all employees. Additionally, employees have to believe this is real; there is a lot of mistrust between workers and management in corporate America today," he said in an interview with Mckinsey.

In order to address this ongoing mistrust, Owernship Works also pays special attention to financial literacy, education, data sharing and employee engagement. For the model to work, employees and stakeholders must play an active role, and reap the benefits in turn. "Employee ownership can create huge value for workers and investors alike and, if combined with amplifying worker voice, information sharing, and financial education, I think it has a chance for this to really catch fire and have a big impact on all stakeholders," said Stavros.

A multitude of partners

Of course, the basic idea behind the scheme is not new, with some firms have long emphasised the importance of employees' financial inclusion. French investment house Ardian is one good example. "This is another step in our commitment to implement value sharing within our portfolio companies. We are honored to be the first European partner of Ownership Works. Value sharing helps us to deliver positive social outcomes in line with our sustainability commitments and the United Nations' Sustainable Development Goal 10, which seeks to reduce inequality. This shared ownership program will allow us to reward our portfolio company employees,

recognize their work and daily efforts, and express Ardian's culture and values," said Candice Brenet, Head of Sustainability and Managing Director at Ardian, following the firm's adhesion to the initiative. Ardian was the first European firm to sign up to Ownership Works but has a long history of employee ownership and value sharing. Ardian is majority-owned by its employees and places great emphasis on developing its people and fostering a collaborative culture based on collective intelligence.

The model proposed by Ownership Works has proven popular across a number of different sectors, from the financial services and investment sector to public companies, foundations and labour services. All are attracted by the idea of changing the way we approach ownership and employment, the building of a new movement that "creates great places to work and generates superior financial returns for businesses, investors, and employees alike." These different stakeholders are attracted to the initiative for different reasons and contribute in different ways: Financial services firms and pension funds are elevating shared ownership as a leading ESG strategy; public companies with employee ownership are sharing their knowledge and expertise; labor advocates are advancing shared ownership as one core pillar of a quality job; and nineteen investment firms are co-creating replicable models of shared ownership for implementation at over 50 companies by the end of 2023.

Some struggling firms are turning to the idea of employee ownership as a way to raise money. UK firm John Lewis, for example, is famous for having deployed the model following the introduction of employee ownership trusts by the UK government in 2014, and many UK businesses are keen to follow suit. "We've built the business around a culture of friendship, trust and alignment. Core to that has been employee ownership, the gravity that pulls us all together," said David Howden, CEO of UK firm and international insurer Howden Group Holdings. "Having people who are motivated and passionate about their work, not only because of the financial rewards but because they feel part of something, drives engagement, performance and productivity. Our results are a testament to this model."

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