



EUROPA-UNIVERSITÄT  
VIADRINA  
FRANKFURT (ODER)

## About the Project Platform

The **Kelso Professorship of Comparative Law, East European Business Law and European Legal Policy** with a focus on employee financial participation is the project platform.

Prof. Dr iur. Jens Lowitzsch and his research assistant Dipl. iur. Stefan Hanisch have a varied experience in the conception and implementation of several projects regarding employee participation and related topics. Those are mainly the project supported by the European Commission (1) *Promotion of Employee Participation in Profits and Enterprise Results in the New Member and Candidate Countries of the European Union* (2005 - 2007), from which the PEPPER-III-report was the result, (2) *A European Platform for Financial Participation of Employees* (2006 - 2008), from which the book *Financial Participation for a New Social Europe* was the outcome, (3) *Assessing and Benchmarking Financial Participation of Employees in the EU-27* (2007 - 2009), from which the PEPPER-IV-report followed, and (4) *Information and Communication Project – Promoting Employee Financial Participation in the EU-27* (2010-2012).

Currently the Kelso-Professorship carries out the following projects: (1) *Mitarbeiterkapitalbeteiligung und Mitbestimmung – Defizite und Lösungsansätze (Employee Capital Participation and codetermination – deficits and possible approaches)* (Hans-Böckler-Stiftung, 2010-2012), (2) *Entwicklung eines deutschen und eines polnischen Mitarbeiterkapitalbeteiligungskonzeptes für KMU auf Grundlage des ESOP Konzeptes (Development of a German and Polish concept of employee financial participation for SMEs on the basis of the ESOP concept)* (Deutsch-Polnische Wissenschaftsstiftung, 2011-2013).

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## Project partners

**national and transnational**

Verein zur Förderung der Kooperation von Wissenschaft und Arbeitswelt e.V. (KOWA) | Deutscher Gewerkschaftsbund (DGB) Bezirk Berlin-Brandenburg | Ministry of Economics of the Republic of Poland | Basque Regional Government (Gobierno Vasco, Eusko Jaurlaritzza) | Allerhand-Institute, Krakow | Mondragon University | Opole University

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# Employee financial participation in small and medium enterprises

**A strategy for labour market policy and regional business development**

A project of the European University Viadrina Frankfurt (Oder)

LAND  
BRANDENBURG  
Ministerium für Arbeit, Soziales,  
Frauen und Familie

EUROPÄISCHE UNION  
Europäischer Sozialfonds

## An investment in your future

This project is supported by the Ministry of Labour, Social Affairs, Women and Family Affairs with funds from the European Social Fund and the land Brandenburg.

# The project

## Objective

### Transfer of best practices

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The aim of the project is the **implementation of best practices of employee financial participation in SMEs, which connect labour market policy and regional business development.**

This transfer process should be **horizontal** (among the social partners) as well as **vertical** (between social partners and political decision makers). In this way recommendations, both for social partners as well as at the policy level can be developed.

Focal point is the design of a concept that enables employees to become co-owners as shareholders of their company. This concept refers to the legal form of a German GmbH, a Spanish limitada or a Polish Sp.z o.o..

Such entities of employee owned companies already exist in Poland and Spain, namely the mentioned *Spółki Pracownicze* and *Sociedades Laborales*.

Both types of employee (co-)owned enterprises are prevalent among SMEs but they take different approaches:

- The average *Sociedad Laboral* is a small/micro enterprise (average size of 4 employees) while the *Spółki Pracownicze* are mainly medium sized corporations (average size of 150 employees).
- *Sociedades Laborales* are referred to as part of the social economy and do thus relate to other actions regarding the promotion of employment.
- The *Spółki Pracownicze* emerged from a specific privatisation method as the government was searching for private successors for formerly state-owned enterprises at the beginning of the nineties.

## Challenge

### “Ich-AGs“ (Me PLCs) and business succession

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Currently, there is no specific programme for employee participation targeting SMEs or micro enterprises in Germany. At the same time:

- On the one hand the labour-market policy concept of the *Ich-AG* did not prove itself in practice. In this context the Spanish *Sociedades Laborales* are a possible alternative.
- On the other hand succession planning among SMEs is becoming a pressing problem; although recent voices suggest employees as successors, a conclusive approach is still lacking. In this context the Polish *Spółki Pracownicze* as successors to the former state owner may serve as best practice.

## Exchange of Experience

### between Germany, Poland and Spain to promote the implementation of an employee participation concept for SMEs

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Based on the broad experiences of the Kelso Professorship this project aims to develop an employee financial participation model for SMEs taking into account already existing participation mechanisms. The project makes proposals for regional support programmes as well as for the reform of the German *Mitarbeiterkapitalbeteiligungsgesetz*. It thus offers solutions to deficits that emerge in practice (vertical transfer).

## Background

### The concept of employee financial participation

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With the **German *Mitarbeiterkapitalbeteiligungsgesetz*** (employee capital participation act) of 7 March 2009 and the *Credit and Guaranty Programme to Promote the Spółki Pracownicze (employee companies)* issued by the Polish Ministry of Economics at the end of 2009 the topic of employee financial participation appeared almost simultaneously on the political agenda in Germany and Poland. Both initiatives – although diverging in substance – were aimed at small and medium enterprises, although with limited success.

Unlike Germany, **Poland** continued the initiative, the reform of the mentioned support programme is now in process. In this context it is important to mention that a stable number of employee companies which emerged from the privatisation process exists and keeps up with its conventional competitors. In 2010 there existed 860 of such corporations with a total of 131,000 employees and an average size of 150 workers. Concerning the reform of the support programme in particular the - up to now rather restrictive - conditions for participation are subject of examination.

At the same time, largely unnoticed by the European public, an innovative model of employee financial participation among small and micro enterprises – the *Sociedades Laborales* exists in **Spain**. This programme reactivates unemployed from redundancy by enabling them to become (co-)owners. They can capitalise their out-of-work benefits for the period of up to two years paid out as a lump sum to set up an SL or buy into an existing one. At the end of 2011 there were 13,465 *Sociedades Laborales* in Spain employing 74,438 workers. The average size was 4,6 employees per corporation.