EXECUTIVE SUMMARY

IN4BTE
Information, consultation and participation rights as a factor of success for the business transfer to employees in SMES
DISCLAIMER

The information, documentation and figures in this document are written by the In4BTE project consortium (Grant Agreement No. VS/2019/0044) and do not necessarily reflect the views of the European Commission. The European Commission is not liable for any use that may be made of the information contained herein.

This short report has been prepared based on the final report in the framework of the In4BTE project (2019-2021), coordinated by Asociación Empresarial (ASLE).

Edited by: ASLE
Design and layout: Christian Deligia
Proofreading: Étymon Solutions, S.L.L.

Acknowledgements
For their committed participation in the In4BTE project, ASLE thanks for all project partners and external experts.

Published by:
DIESIS Coop scr-l-fs
Boulevard Charlemagne 74.
1000 Brussels, Belgium
Tel: +32 2 543 1043 diesis@diesis.coop
© DIESIS, 2021

Please see DIESIS’s other publications at: http://www.diesis.coop/
Reproduction is authorised provided that the source is acknowledged.
The full final report, this publication and the 14 case studies can be downloaded from: www.in4bte.eu

More info and contact: asle@asle.es
I. EUROPEAN LEGISLATION ON EMPLOYEE INVOLVEMENT, INFORMATION AND CONSULTATION RIGHTS AND ITS ROLE IN THE INDUSTRIAL RELATIONS DURING MOMENT OF CRISIS AND NO CRISIS

1. BACKGROUND
1.1 Introduction

The European economy is widely promoting the concept of social market economy enshrined in the EU Treaty. In this context information and consultation rights play a relevant role, particularly in the context of transfer of enterprises to employees, which save every year thousands of enterprises and hundreds of thousands of jobs. Strategies and tools for workers’ involvement are considered a crucial step of business transfer to employees and will be analysed and developed in the framework of a common European strategy so that they could better respond to the societal challenges that the EU is trying to face through the EU2020 strategy and the Small Business Act, the new Social Agenda and New Skills and New Jobs, and most of all the completion of the Single Market including the cross-border provision of services. So far, there are many successful examples of enterprises transferring to employees, in particular, in Italy, France, Spain and the UK.

The current situation with the pandemic Covid-19 has brought to surface the need of a more sustainable actions and has reshaped the focus even stronger towards the local needs, local production, local response and local community life. It is expected that after this pandemic, the financial effects will be even higher than the once from the crisis in 2008.

2. EU POLICY CONTEXT

Information, consultation and participation rights in general

Employee involvement is information, consultation and participation rights of workers and commonly referred as ICP rights. The right of workers to information, consultation and participation has been on the agenda in European debate since the first Social Action Programme was adopted in 1974.

Workers buyout and ICP rights

Worker buyouts are emerging during economic crisis as an alternative tool to maintain employment and production. It is an economic and social phenomenon that has developed worldwide since the beginning of the 2008 financial and economic crisis and is still growing.

1 https://www.researchgate.net/publication/317663285_Workers'_buyout_the_Italian_experience_1986-2016
II.

THE IMPORTANCE OF THE GOVERNANCE MODEL AND THE PRINCIPLES OF TRANSPARENCY TO PROMOTE EMPLOYEE PARTICIPATION AS A COMPETITIVE ELEMENT

1. Generating contexts in Europe that influence how governance and relationships within the company are understood.

2. Governance from a participation standpoint

3. Governance, participation and competitiveness in businesses

4. Creating trusted environments

5. Governance and employee representative bodies
III.

COUNTRY INSIGHTS > BULGARIA
1. NATIONAL POLICIES

1.1 State policy in favor of employee involvement in restructuring

The Right to Information and Consultation
The workers shall have the right to timely, reliable and understandable information about the economic and financial status of the employer, which is of significance for their labour rights and obligations. Via collective agreement, the employer and the workers’ representatives may also negotiate practical information and consultation measures, beyond the ones specified by law.

1.2 Social and solidarity-based economy in Bulgaria

Political and Legislative Framework
The Social and Solidarity-based Enterprises Act, SG. 91 of 02.11.2018, provides for public relations connected to social and solidarity economy, the types of subjects and the measures for the promotion and the conditions and procedures of the activity of social enterprises.

The Act stipulates a distinctive Certification brand “PRODUCT OF A SOCIAL ENTERPRISE” for registered in the Register of Social Enterprises in the Republic of Bulgaria. Social and Solidarity-based Enterprises Act added Value In the field of: employment; social cohesion; the development of democracy; social innovation and local development.

Cooperatives Act (1999)
Important legal recognition of cooperatives as a type of social enterprise is contained in the Cooperatives Act, which was developed with the active involvement of National cooperative unions.

2. THE ROLE OF WORKER REPRESENTATIVES

Labour Code, (Article 123) covers different business transfers, including the transfer of assets.

3. SITUATIONS OF CRISIS SOLVED WITH ACTIVE INVOLVEMENT

Bulgarian agriculture in the transition to the new economic and social order
During the period of socialism (1944-1989) Bulgaria had very high and recognized achievements in agricultural and animal production, placed on a scientific basis. Cooperative agricultural farms were created, the land was being cooperated and cultivated with advanced machinery. Modern poultry farms, cow complexes, pig complexes, inter-cooperative calf-fattening complexes were built – for over 14 million animals. There was extensive hydro-mелиoration construction of large scale: 638 dams were built, making Bulgaria the third largest country in the world after the USA and Japan in terms of share of irrigated land.

4. CASE STUDIES

4.1 Niva-93

COMPANY PROFILE
Kind of process
Arises in the process of restructuring of relations and property in agriculture in Bulgaria - the liquidation of agricultural farms and agro-industrial complexes existing during the time of socialism.

Allocation
Professor Ishirkovo Village, Silistra Region (North-East Bulgaria)

Previous activity
Agriculture, arboriculture and other agricultural production in the legal form of the economic unit existing during socialism.

Current activity
Production and sale of crops (wheat, maize, sunflower), seed production, cultivation of perennial crops (apricots, plums, peaches, cherries), essential oil crops, beekeeping, trade on local, national and international markets

Date of establishment
09.01.1993

Number of partners at the time of establishment
184 founders, owners of land, inventory and share capital and 396 members

Legal form
Agricultural cooperative

Turnover (Dec.2019)
N/A

Website
The cooperative has no website (e-mail: zk_niva93@abv.bg)

Contact person
Velika Stoilkova

Number of employees at the time of establishment
29 full-time employees, with 184 founders

Number of employees now
130 jobs - 30 in trade and the remaining 100 in agriculture

4.2 December 16th

COMPANY PROFILE

Kind of process
Inheritance, restructuring

Allocation
Garvan Village, Sitovo Municipality

Previous activity
Agriculture in other legal form and forms of ownership

Current activity
Agricultural production, wheat, maize, orchard, operation of grain storage facilities, dryers, etc.

Date of establishment
16.12.1992

Number of employees at the time of establishment
450 cooperative members

Number of employees (2019)
629 cooperative members

Number of partners at the time of establishment
450

Legal form
Agricultural cooperative

Turnover (Dec. 2019)
n/a

Website
www.zk-16dekemvri.com

Contact person
Ivan Dobrev
III. COUNTRY INSIGHTS > FRANCE
1. NATIONAL POLICIES

The national legislation creates a supportive environment for worker cooperatives. The French law on the Social and Solidarity Economy (SSE) which was adopted in 2014 aims to help business acquisitions and to provide a tool for employees undertaking a company takeover.

2. THE ROLE OF WORKER REPRESENTATIVES

French trade unions have welcomed the initiative Social and Solidarity Economy (SSE) law and took part in dialogue for the bill's development and implementation. Trade unions in general are supportive when it comes to creation of new cooperatives, particularly at the regional level. Trade unions have played a crucial role in many cases (e.g., the Helio Corbeil cooperative or Fontanille). In both cases, trade unions (CGT and CFDT) have supervised worker takeovers of bankrupted enterprises.

3. BUSINESS TRANSFER MECHANISMS

3.1 Ecosystem towards business transfer

In France, Société cooperative et participative (SCOP) is the worker cooperative model. A SCOP is a cooperative enterprise in which the employees own majority of the capital (min. 51 %) and have the decision-making power. Employees elect the management team, actively participate in decision-making, manage the company, and share its profits, in accordance with the democratic economic principles of cooperatives.

The co-operative sector plays a key role in France, counting on 23,000 enterprises employing one million people. These have a joint turnover of €320bn.

3.2 Actors involved in business succession processes

In France the WBOs are either motivated by company crisis or business succession issues. It could be either conversion of associations or other types of co-ops into employee-owned businesses or take-over when employees take over enterprises with financial difficulties. In France, WBOs tend to take place as negotiated employee buyouts between workers and their representatives and existing owners, the cooperative sector, and local authorities or bankruptcy courts.

4. PATH & FINANCIAL MECHANISMS

The French Law on the Social and Solidarity Economy (SSE) provides a regulatory framework to support traditional SSE organizations and new social enterprises. The law also makes possible to overcome on the difficulties that lack of capital impose on workers. The provisions for the creation of transition cooperatives (“SCOP d’amorçage”). France’s employee buyout underutilized mutual fund the “FCPE de reprise” helps WBO formation.

5. KEY ELEMENTS & BARRIERS

5.1 Key elements

- support ecosystem seems as a must
- rigorous long-term planning
- readiness of financial sources
- dedicated people in the process
- training

5.2 Key barriers

- information missing about WBOs as real alternative
- lack of financial sources
- lack of long-term dedication of people
- set of minds from employee to owners

6. RISKS

- information missing about WBOs as real alternative
- lack of financial sources
- lack of long-term dedication of people
- set of minds from employee to owners
7. CASE STUDIES
7.1 Quonex Alsatel

COMPANY PROFILE
Kind of process
Take-over (after liquidation)

Allocation
France

Previous activity
Enterprise telecommunication solutions and unified communication

Current activity
same

Date of constitution
2018 (the company originally was founded in 1947)

Previous Nº of employees
120

Nº of employees at the constitution
47

Current Nº of employees
66

Nº of employee partners at the constitution
37

Current Nº of partners
4 (before constitution, finally 1)

Legal form
SCOP

Turnover
7M Euros in 2019 and 7,4 M Euros in 2020

Website
https://www.quonex.fr/

Contact person
Enis Muslic
III.

COUNTRY INSIGHTS > GERMANY
1. NATIONAL POLICIES

In the few cases where a company was continued by the majority of employees and the employees had the majority of voting rights, legal solutions were developed based on the individual case.

2. THE ROLE OF WORKER’S REPRESENTATIVES

2.1 Works councils

With their knowledge, work councils are the first step for a transfer of the business to the employees.

2.2 Trade unions

If a business transfers to a new owner, how planned to make a certain amount of the workers unemployed the trade union can demand a balance of interests through which leads to a redundancy package.

3. BUSINESS TRANSFER MECHANISMS

The first step

Information and kick-off in the work council if there is one.

The second step

In Germany, there have been mainly 3 causes: company succession, company crises or threatened company closures or the sale of companies to financial investors.

The third step:

This double construction is intended to create tax clarity between the salary and a possible distribution of profits. However, if the second company that primarily runs the business needs additional or growing equity, another owner may step in and the employee-owned company loses control.

4. FINANCIAL MECHANISMS

- There is financial support for employee share ownership plans (ESOPs).
- A state bonus (asset formation).

5. KEY ELEMENTS & BARRIERS

5.1 Key Elements

A key element for successful transfers to workers are works councils.

5.2 Key barriers

The lack of legal regulation for this form of enterprise.

6. RISKS

Restructuration processes in enterprises need time and are very risky.

7. CASE STUDIES

7.1 ITERATEC

COMPANY PROFILE
Kind of process
gradual company succession by employees, Employee-Buy-out

Allocation
München, also Frankfurt, Hamburg, Stuttgart, Düsseldorf, Wien, Wroclaw

Previous activity
development and implementation of individual software solutions

Current activity
the same

Date of constitution
1st July 1996 (GmbH)
13th December 2018 (co-operative)

Previous Nº of employees
N/A

Nº of employees at the constitution
N/A

Nº of employees
365

Nº of employee partners at the constitution
215

Current Nº of employee partners
N/A
7.2 Wigwam eG

**COMPANY PROFILE**

**Kind of process**
Business transfer to employees who became members of a cooperative, merger of the former GmbH into the cooperative (thus dissolution of the GmbH)

**Allocation**
Berlin

**Previous activity**
communication services and consulting for eco-social purposes

**Current activity**
the same and expands conception of websites, campaigns and platforms as well as classic media and design.

**Date of constitution**
22.06.2016

**Previous Nº of employees**
18

** Nº of employees at the constitution**
18

**Current Nº of employees**
28

** Nº of employee partners at the constitution**
N/A

**Current Nº of employee partners**
28

**Legal form**
Workers co-operative with employees owning it

**Turnover (Dec. 2019)**
approx 1,2 Mio Euros

**Website**
https://wigwam.im

**Contact person**
Eugen Friesen
COUNTRY INSIGHTS > ITALY
1. NATIONAL POLICIES
1.1 Information and consultation rights

The right to information and consultation plays an important role in the timing of an WBO. Trade unionists, in fact, during ordinary consultations could capture the real long-term intentions of the company and, well in advance of the final declaration of a crisis, raise awareness and organize and direct workers towards a possible recourse to an WBO.

1.2 The regulatory system which supports WBOs

In Italy, we have a mature and well-structured regulatory framework in support of WBOs.

- Law 49/1985 and subsequent amendments (the so-called Marcora Law).
- Decree Law no. 145 of 23 December 2013.
- Legislative Decree no. 22 of 4 March 2015.

2. THE ROLE OF WORKERS’ REPRESENTATIVES

We can identify three moments in which trade unionists cover different roles.

- Possible corporate crisis.
- Corporate crises and WBO promotion.
- Conclusion of a WBO.

3. BUSINESS TRANSFER MECHANISMS
3.1 The cooperative system in Italy

The Italian cooperative system is well organized and plays an important role in the economy, and is responsible for 8% of the national GDP.

3.2 Main mechanisms behind business transfer

Together with the classic cases of business crisis due to economic problems of the company or lack of succession of the entrepreneur, in Italy there are also companies that can be seized and confiscated from organized crime by the judicial authorities. Each of these reasons implies very different procedures and timing.

- Corporate crises or lack of succession
- Companies that have been seized and confiscated from organized crime

3.3 The players in the system

A WBO involves not only company employees, but also others whose synergistic action facilitates the success of the initiative.

4. FINANCIAL MECHANISMS

Workers can only gain access to financing when they have formed a cooperative and have drawn up their Industrial Plan.

5. KEY ELEMENTS

In order for a WBO to be successful, certain external and internal characteristics of the company in question must be taken into consideration.

5.1 Internal elements

- The timing
- Presence of key actors from the original company.
- A united, motivated and determined group
- A mediating figure

5.2 External elements

- Vocational training
- Local and national social dialogue
- A well-structured legislative support apparatus
- A strong cooperative system.
- The promotion

6. BARRIERS AND RISKS

Delays and slowness - even in decision-making processes - and the technical time required to implement a WBO entail risks for the recovered company: gradual obsolescence of machinery, loss of customers, exit from the product’s market and de-motivation of workers.

Training as well as mediators (e.g. trade unionists) could play a crucial role in reducing risks related to the new work organisation.

The quality of the product and its intrinsic value should make it competitive and encourage consumers to choose a more expensive but more ethical product.

The possible bankruptcy of a company in judicial administration generates a widespread culture in areas where mafia infiltration is significant: organized crime guarantees work while, on the contrary, the State is incapable and provokes the loss of workers’ jobs. This is a cultural problem that must not be underestimated.

A consolidated system of controls and actions could raise the awareness of the “healthy” part of the economy, which could reduce boycotting.
7. CASE STUDIES
7.1 WBO ITALCABLES

COMPANY PROFILE
Kind of process
restructuring/closure

Allocation
Industriale Area of Caivano (Napoli)

Previous activity
Mechanical Engineering Factory (Steel). Produces steel strands and wires for large infrastructures (viaducts, bridges, industrial warehouses, railway sleepers for high speed lines in Italy and abroad, pipes for large pipelines, blades for wind power plants, etc.).

Current activity
same

Date of constitution
2015

Previous Nº of employees
65

 Nº of employees at the constitution
0

Current Nº of employees
2

 Nº of worker members of the cooperative at the constitution
51

Current Nº of worker members of the cooperative
53

Legal form
cooperative

Turnover (Dec. 2018)
24,000,000.00 euros (Dec. 2019)

Website
www.wboitalcables.it

Contact person
Matteo Potenzieri (cooperative president)

7.2 PIRINOLI

COMPANY PROFILE
Kind of process
restructuring/closure

Allocation
Roccavione (Cuneo)

Previous activity
Paper mill - specialized in the production of coated cardboard for recycled fibre cartons, which is only used for food packaging.

Current activity
same

Date of constitution
March 2015

Previous Nº of employees
154

 Nº of employees at the constitution
---

Current Nº of employees
14

 Nº of worker members of the cooperative at the constitution
70

Legal form
cooperative
7.3 ARBIZZI

COMPANY PROFILE
Kind of process
lack of successors

Allocation
Corte Tegge (Reggio Emilia)

Previous activity
commerce of products and materials for industrial packaging and carries out exclusively commercial activities, focusing primarily on the choice of innovative and eco-sustainable products

Current activity
same

Date of constitution
26 June 2014

Previous Nº of employees
18

Nº of employees at the constitution
2

Current Nº of employees
9

Nº of worker members of the cooperative at the constitution
16

Current Nº of worker members of the cooperative
14

Legal form
cooperative

Turnover (Dec. 2018)
10,118,504.00 Euros – (Dec. 2019)
9,870,049.00 Euros – (Dec. 2018)

Website
www.arbizzi.it

Contact person
Simone Vallieri (cooperative president)

7.4 CALCESTRUZZI ERICINA LIBERA

COMPANY PROFILE
Kind of process
confiscated from organised crime

Allocation
Trapani

Previous activity
exclusively cement mix production

Current activity
production of cement mix and homogenized recovery of building waste from C&D (construction and demolition). Sector construction.

Date of constitution
2008

Previous Nº of employees
15

Nº of employees at the constitution
0

Current Nº of employees
4

Nº of worker members of the cooperative at the constitution
6

Current Nº of worker members of the cooperative
8

Legal form
cooperative

Turnover (Dec. 2019)
1,136,00.00 Euros

Website
www.calcestruzziericina.it

Contact person
Giacomo Messina (cooperative president)
III.

COUNTRY INSIGHTS > SPAIN
1. NATIONAL POLICIES

There are isolated legal and financial instruments which, if used in coordination, can increase the possibilities of a successful handover in these circumstances. Spain does have a regulatory framework for commercial companies held in their majority by the workers or Labour Society, through Spanish Act 44/2015 on Labour Societies and Investee Companies. This legal framework is ideal for the implementation of processes involving business restructuring and succession in favour of the company’s workers.

2. THE ROLE OF WORKER’S REPRESENTATIVES

These bodies have privileged information about the company and are therefore key and essential agents for early detection of a business restructuring process resulting from an economic or financial situation. They may even take on a very significant role in the detection of a future company handover due to the upcoming retirement of the company’s owner(s). However, this role is not regulated or defined in current labour or commercial regulations, which suggests that the leadership role that these individuals may take on in these processes will depend on their willingness to seek solutions based on the participation of company workers. In Spain there are currently two workers’ unions (Comisiones Obreras –CC.OO- and Unión General de Trabajadores –UGT-) that have voluntarily underwritten a Collaboration Agreement with the Association of Labour Societies and Investee Companies in Spain to cooperate in developing Company Restructuring and Succession processes in favour of employees and to contribute to greater stability and quality in employment and economic development that is more socially inclined. (Collaboration Agreement dated 17 March 2014).

3. BUSINESS TRANSFER MECHANISMS

3.1 Ecosystem towards business transfer

As regards the pertinent context in Spain, there are certain autonomous regions and territories, such as Gipuzkoa, where a new form of public-private collaboration has arisen. Generally speaking, this tends to foster the participation and shared responsibility of all the players affected by public action and/or intervention, oriented toward encouraging territorial consolidation of these processes, among others. Another role that ought to be highlighted is that of financial institutions, as regards their capacity to detect a situation of crisis in a company or to anticipate a process of succession due to retirement. Spain does not have stable agreements in place with financial institutions in favour of processes of company transfer to employees.

3.2 Path

• Phase 1: Business Feasibility.
• Phase 2: Tax and financial analysis and search for financing.
• Phase 3: Presenting the plan to the employees.
• Phase 4: Executing the plan.
• Phase 5: Consolidation of the new project.

4. FINANCIAL MECHANISMS

• One-off payment of unemployment benefits.
• FOGASA capitalisation.
• Tax incentives for participation.

5. KEY ELEMENTS & BARRIERS

5.1 Key elements

• Sufficient time in advance to address the process successfully.
• Knowledge and support from the agents.
• Internal leadership
• Adopting the economic and labour-related measures
• Training of worker shareholders

5.2 Key barriers

• Absence of an entrepreneurial spirit and internal leadership.
• Limitation of financial resources
• Not being able to offer corporate guarantees

6. RISKS

• Necessary economic and financial resources.
• Acknowledgement of and respect for the new organisational chart.
• To establish a professional status for the company’s management bodies.
• To acknowledge and respect the new dual role of shareholders and workers.
7. CASE STUDIES
7.1 K1 Ekopaisaia

COMPANY PROFILE
Kind of process
restructuration

Allocation
Azpeitia Gipuzkoa Spain

Previous activity
N/A

Current activity
landscaping, gardening, training, innovation, research and development of activities associated with the environment

Date of constitution
18 June 2014

Previous Nº of employees
N/A

Nº of employees at the constitution
N/A

Current Nº of employees
23

Nº of employee partners at the constitution
N/A

Current Nº of employee partners
19 (all employees with indefinite term contracts)

Legal form
limited liability labour society

Turnover (Dec. 2019)
1.700.000 Euros

Website
www.kimubat.eus

Contact person
Iker Goikoetxea Arana

7.2 Metalher, S.L.L.

COMPANY PROFILE
Kind of process
succession

Allocation
Hernani Gipuzkoa Spain

Previous activity
metallurgy

Current activity
construction and assembly of metal structures

Date of constitution
1985

Previous Nº of employees
15

Nº of employees at the constitution
15

Current Nº of employees
16

Nº of employee partners at the constitution
9

Current Nº of employee partners
9

Legal figure
limited liability labour society

Turnover (Dec. 2019)
1.700.000 Euros

Website
http://metalhersl.com/

Contact person
Juan Mari García Carrera
III.

COUNTRY INSIGHTS > NORTH MACEDONIA
1. NATIONAL POLICIES
1.1 Historical background

The history of business succession and restructuring in North Macedonia is closely linked to the Yugolav model of socialism, the privatization and transformation processes that started at the time of Yugoslav Federation, continued after the country gained its independence in 1991. The Law on Transformation of the Enterprises with Social capital was adopted in 1993, with the main goal to intensify the process of privatization.

Today, beside the Yugoslav legacy, this type of response is not new, but hasn’t acquired a new relevance in the new context.

1.2 EU integration process

The process toward EU membership requires that North Macedonia fulfils alignment of its legislation with the acquis communautaire. The acquis in the social field includes in the medium term the achievement of minimum standards in the areas of labor law, equality, health and safety at work and anti-discrimination. It also includes the General Information and Consultation Directive that establishes a framework for informing and consulting employees at enterprise level.

1.3 National policy development in favor of employee involvement in business succession or restructuration

Although the existing regulatory framework in North Macedonia recognizes and promotes employees’ consultations and participation, the practice remains underdeveloped.

2. THE ROLE OF WORKERS’ REPRESENTATIVES

Tools like the Spanish “pago único” or the Italian Legge Marcora revealed to be a useful support to employees who wanted to buy out their enterprises. There also other newer financial instruments, like agreements with mutual guarantee companies or new tax legislation that promotes business transfers to employees, for example in Gipuzkoa (Spain), that should be explored as long as they promote and support these kind of operations.

3. CASE STUDIES

3.1 Getaldus

COMPANY PROFILE

Kind of process
Getaldus JSC Skopje underwent a process of succession.

Allocation
The company functioned as a workers organization within Getaldus from Zagreb (Croatia), that functioned in then Yugoslavia. After the country fell apart, the employees became shareholders of the Macedonian company, and Getaluds JSC Skopje started to function as a joint stock company.

Current activity
Manufacture, repairmen, supply and sales of all kinds of diopter glasses for correction of vision, contact lenses and sunglasses from different manufacturers. Within the same company, since 1996, private health care ordination, a specialist ophthalmology office has been operating, providing complete customer service.

Previous activity
Manufacture, repair and supply of all kinds of diopter glasses for correction of vision, contact lenses and sunglasses from different manufacturers.

Date of constitution
17.03.1983
III.

COUNTRY INSIGHTS > UNITED KINGDOM
1. NATIONAL POLICIES
1.1 Government attitude to employee ownership

Owners selling 50 per cent or more of their company to an Employee Ownership Trust (EOT) were exempted from capital gains tax on the growth in value, whilst firms with at least 50 per cent ownership by a trust became able to award profit shares to employees that are exempt from income tax up to a value of £3,600 each year.

1.2 State/regional policies

In England, support for business is primarily delivered through local partnerships centred around local government and key stakeholders, usually through growth hubs established to engage with business.

2. THE ROLE OF WORKERS’ REPRESENTATIVES

Many employees owned businesses recognise unions and some have significant union membership; others employ few or no union members. There’s nothing about employee-owned companies that rules out a union role5.

3. BUSINESS TRANSFER MECHANISMS
3.1 Routes to employee ownership, key drivers

The most common trigger for employee ownership is business succession.

4. FINANCIAL MECHANISMS

Banks and other financiers’ lack of awareness and understanding of EO often made them unwilling to invest in employee owned businesses.

5. KEY ELEMENTS & BARRIERS
5.1 Key elements

Key elements – steps - of successful business transfers to employees are:

- to check if buy-out is a realistic option
- if yes, develop a detailed plan
- negotiation process
- process to complete the deal

5.2 Key barriers

The main barriers to employee ownership in the UK are awareness and understandings, as well as, organisational readiness.

6. RISKS

There is a need to build employee ownership culture into the company to guard against this.

7. CASE STUDIES
7.1 CWMNI DA

COMPANY PROFILE
Kind of process succession
Allocation Caernarfon, UK
Previous activity television production company
Current activity television production company
Date of constitution December 2018
Previous Nº of employees 50
Nº of employees at the constitution 50
Current Nº of employees 50
 Nº of worker members of the cooperative at the constitution 0
Current Nº of worker members of the cooperative 0

---

5 https://employeeownership.co.uk/faqs/
7.2 ITEC

**COMPANY PROFILE**

**Type of process**
succession

**Allocation**
Cardiff, UK (operational throughout Wales and England)

**Previous activity**
training programmes and apprenticeships

**Current activity**
training programmes and apprenticeships

**Date of constitution**
February 2019

**Previous Nº of employees**
35 (2007)

**Nº of employees at the constitution**
140

**Current Nº of employees**
150

**Nº of worker members of the cooperative at the constitution**
0

**Current Nº of worker members of the cooperative**
0

---

**Legal form**
private limited company

**Turnover (Dec. 2019)**
£13million

**Website**
itecskills.co.uk

**Contact person**
Steve Doyle

---

**CONCLUSIONS**

As can be seen, successful worker buyout (WBO) procedures cannot happen without certain key elements, and properly exercised information, consultation and participation (ICP) rights are part of every success story.

The In4BTE project started before the Covid crisis began. Most of the cases in the in4bte project were already drawn up when the economic consequences of the Covid outbreak reached the companies. We cannot draw general conclusions on company crises and ICP rights, but it is obvious that a number of companies were thrown into crisis and at the same time WBO processes, especially in countries like Spain, were speeded up.

It has also been observed that the national governments in the affected countries tried to overcome the crisis and help companies in some way. At company level, well exercised information and consultation rights, as well as participation rights, are generally looked upon as something that adds to a company or group’s success and constitutes a basic element of democracy at work. In this sense, transparent communication and management makes successfully fulfilling a WBO process much more achievable. Moreover, the right to information and consultation in general not only plays an important role in the WBO, but also has an effect on its timing.

Social partners, particularly trade unionists, in fact, during ordinary consultations could capture the real long-term intentions of the company and, well in advance of the final declaration of a crisis, or the prospect of a succession process, could raise awareness and organise and direct workers towards a possible recourse to a WBO.

Third parties and tools offered by legal, tax and financial frameworks are also crucial for a successful company take over.