

MELTDOWN, RECESSION & CASINO CAPITALISM - PERFECT TIMING FOR EMPLOYEE OWNERSHIP?

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**“You never want a
serious crisis to go to
waste”**

Rahm Emmanuel , November 2008

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- How is employee ownership a response to our times?
 - What is the case for employee ownership?
 - What might the future hold?

Current crises

1. The Banking Crisis:
 - De-mutualisation; pursuit of shareholder value; failure of accountability
2. The Competitiveness Crisis
 - Short-termism; productivity deficit; shrunk financial services
3. The Fiscal Crisis
 - Deficit reduction; public sector innovation; privatisation
4. The Moral Crisis
 - Inequality; winner-take-all economy; declining well-being

What is a firm anyway?

A firm is a network of intangible assets – human capital, social capital, brand, ethical reputation, repeat customers, suppliers intellectual property, tacit knowledge, equity investors, creditors – that is coordinated by a governance structure, in order to deliver a product or service.

The case for employee ownership

- **‘Social’ benefits:** better employee relations, less absenteeism, better corporate social responsibility, lower levels of internal inequality, lower levels of stress, higher sense of employee responsibility.
- **‘Economic’ benefits:** higher levels of firm performance, better long-term investment decisions, decentralised information and innovation-sharing.

The future: the intellectual agenda

- **More research:** the EOA are crying out for more hard evidence on the size and performance of the sector in the UK. Please help!
- **New metrics of value:** the case for employee ownership is socio-economic in nature. What would *you* measure, to demonstrate what works?
- **A new political economy:** Policy-makers need to understand, communicate and nurture the benefits of the sector. What do you want to hear from them?
- **A new 'common sense':** Business Schools, accountants and lawyers must grasp this. What is it they don't get?

The future: the business agenda

- **Reinventing capital:** additional new forms of equity investment; new types of community banking; stretching the time horizons of private equity; financing new business. How might this work?
- **Reinventing management:** managing an employee-owned firm is different; working in one is different. What lessons do you have?
- **Identifying sectors:** potential for employee-owned professional services and knowledge-intensive industries; public services; retail – but what else?
- **The economic reality:** How would the sector cope with a sluggish economy and restrained credit markets in the medium or long term?



Thankyou

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