Role of employee financial participation in creating jobs and reactivating the unemployed

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The European Parliament adopted, by 589 votes to 39 with 10 abstentions, a resolution on the role of employee financial participation in creating jobs and reactivating the unemployed.

Background: Members recalled that according to data from the 2013 European Company Survey, employee financial participation (EFP) schemes can **vary greatly according to company characteristics**: 62% of European establishments use some form of variable pay, with profit sharing accounting for 30% and pay linked to group performance 25%. Share-ownership schemes are used by 5% of establishments.

EFP schemes involving workers in consultation and **decision-making have proven benefits for both employees and the company**. It can improve the organisational performance and quality of life of employees and can serve as a tool for innovation in the workplace to promote a sense of ownership, improve the flow of information within the company and the level of trust between employers and employees.

Stimulating the development of EFP in Europe: Parliament invited the Commission to consider recommendations to encourage Member States and companies, in particular SMEs, to develop and offer EFP schemes for the benefit and in the interest of both employees and companies. These schemes should:

- protect workers' income safety,
- not exploit workers in a crisis situation,
- not shift entrepreneurial risk to workers,
- guarantee a high level of protection for workers' investments.

Members proposed a number of necessary measures for the EFP scheme that could be taken at EU level, such as:

- provide **non-mandatory incentives**, including tax incentives that do not override national taxation rules, in line with best practice principles, when promoting employee ownership schemes among companies and employees;
- **raise awareness** and encourage the cross-border transferability of best practices between Member States;
- provide **dedicated websites** that would include model profit-sharing agreements for SMEs and VSEs for ease of implementation;
- **assist companies** which show an interest in EFP with solutions and specific support measures to avoid excessive administrative and development costs associated with implementing EFP, especially in SMEs;
- **promote financial education** in order to empower EU citizens and raise awareness about the implications of EFP;
- **engage with social partners**, employee ownership organisations and other stakeholders at the beginning of the process in order to design the most appropriate EFP frameworks;
- **negotiate employee savings schemes and tools at a branch-by-branch level** in order to provide SMEs and VSEs with standard agreements that can be implemented directly and conveniently by these companies.

Characteristics of the EFP: Parliament recalled that the decision to join EFP schemes should be totally **voluntary**, meaning no action should be taken against employees if they decide not to join. When they agree, their participation should be based on appropriate training and the informed consent of the employee.

The resolution also stressed that the EFP:

- should be open to all employees on a **non-discriminatory** basis, regardless of age, gender, nationality, full-time / part-time work arrangements;
- should **not be used to replace normal basic pay** or other forms of remuneration or contributions to pension schemes such as social security contributions, but should be complementary to all social and contractual rights.

The Commission is invited to (i) implement the '**five-point action plan**' included in the final report of the pilot project for the promotion of employee ownership and participation of 2014; (ii) continue collecting data on the use and spread of financial participation schemes.