

Introduction

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The purpose of this book is to provide a vision of shared prosperity attained through employee ownership. This volume was inspired by companies and entrepreneurs that have implemented employee share ownership, by non-profit organizations working on this field and, lastly, informed by our own experience & research. We credit the authors who contributed to this volume as they further our understanding of the field in meaningful ways.

In her foreword, Mary Ann Beyster, managing director of the Beyster Foundation for Enterprise Development, shares her perspective on the benefits of employee power when they are involved in the direction of organizations, whether multinational or small businesses. This joint power exercised by employees and executives, in employee-owned firms, results in more productive enterprises, the creation of conditions that improve people's lives, and a fairer and more prosperous economy by providing a mechanism to address wage inequality in many countries. In Mary Ann's journey through the employee-owned corporation, Science Applications International Corporation, she highlights the dynamic aspect of employee ownership, and the importance of setting an ownership culture. She argues that to the extent that workers act like owners and are empowered to make decisions, their behavior will be aligned with the organization's mission. The expectation is that everyone will fulfill that creed or mission since by achieving success everyone will share the gains or rewards.

Michael Palmieri and Chris Cooper remind us that employee ownership has existed at least since the mid-nineteenth century, even though they have not become as well known in the large-scale economy, and that there are many myths and misconceptions about what employee ownership is, and what it can achieve. Through increasing research, it addresses misconceptions and demonstrate that employee-owned companies are organizations

that achieve higher levels of productivity and profitability; manage to survive and grow in a highly competitive market; are less likely to fail in the face of financial crises and provide higher levels of economic well-being for their employees compared to traditional businesses. Palmieri and Cooper shed light to the diversity of employee ownership models that exist in the world, synthesize the benefits, and disadvantages of each of them, and provide a basis from which to explore and put into practice. As Palmieri and Cooper indicate, “Wealth inequality is one of the most pressing issues of our time and employee ownership—by broadening access to and ownership of productive assets—can address it at a fundamental level.”

The chapter developed by Joseph Blasi, Douglas Kruse and Dan Weltmann contemplates the history of employee ownership in the United States, including current statistics of their incidence. It synthesizes the discoveries and conclusions of the academic research carried out in the field. Finally, it summarizes the lessons learned throughout the evolution of employee ownership over many decades in the United States. These lessons learned cover various aspects: political, ideological, economic, strategic, and communicational that include interesting reflections on the relationship of employee share ownership models and tax incentive policies. Previous books written by Blasi and Kruse inspired this book and the creation of *capital-incluyente.org* to increase the prevalence, reach, and impact of employee ownership.

In line with the lessons learned around these models, Bill Nobles and Frank Shipper codify their more than 60 years of experience with Freedom-Based Employee Ownership (FBEO), a management system that requires no hierarchical control and provides employees full responsibility, full authority, and full accountability (freedom in the workplace), in addition to a stake in the financial success of the enterprise (Nobles & Staley, 2017). Nobles was a manager who developed a version of FBEO inside a large hierarchical organization, whereas Shipper has consulted, studied, and taught about FBEO. Both ensure that there is no single practice but a set of actions that lead to sustainable success, and that it is not easy to create and maintain. Their chapter guides you through ten practices and examples of how numerous employee-owned companies implement them: leadership; culture; recruitment and selection; training and development; planning for succession and leadership development; taking risks and learning from mistakes; combining employee development with risk taking; open communications; employees

sharing property rights to company resources; and avoiding layoffs unless company survival is at risk.

The Mondragon Corporation, an example of employee ownership from outside the Americas, has achieved great recognition due to a combination of its size, diversification, long history, and its “intercooperation,” Mondragon’s interconnected network of companies and support institutions. Fred Freundlich, Ion Lezeta, Aitzol Loyola, and Maite Legarra describe the story of Mondragon, one of the most successful cooperative groups in the world, the challenges it has faced over the years and some that currently faces, and how Mondragon has tackled them, including expanding shared ownership to employees in its international operations. In addition, the authors place special emphasis on Soraluece, one of Mondragon’s member companies, their business model and the initiatives Mondragon carries out to strengthen the culture of shared ownership within its companies.

Latin America, and especially Peru, have a series of contextual limitations towards the implementation of financial mechanisms, such as employee share ownership (ESO), Employee Stock Purchase Plans, or as it is known in Peru: Stock Incentive Programs (in Spanish: Programa de Incentivos en Acciones). In their chapter, Nicolas Aubert and Miguel Cordova describe how the business culture in Latin America has created conditions that prevent ESO mechanisms from being developed. Aubert and Cordova analyze the case of Peru, which is characterized by rooted social inequality systems, exploring the difficulties that local companies face in adopting ESO programs, and denote how multinationals represent an opportunity to change course by leading the development of ESO mechanisms in the Peruvian financial market. Even in the absence of incentives from tax policies, many foreign companies offer their Peruvian employees the possibility of investing in their shares, as is the case of companies from the United States and France. In a local context that resists the distribution of power, the development of ESO programs represents a financial alternative to overcome the effects of the crisis produced by COVID-19.

The study presented by Gonzalo Hernández explores the world of B-Corps, “corporations with purpose,” and employee-owned companies as alternatives to solve the serious socioeconomic problems that arise in Mexico. In addition, it analyzes relevant research & studies covering the social & solidarity economy & shared capitalism. The study reveals that the employees of these

organizations manage to fulfill their purpose in different ways and to varying degrees. Furthermore, Hernández highlights the challenge companies face for workers to understand the true meaning of what it means to be a B-Corp. In a context of systemic crisis, this chapter contributes a new perspective in the pursuit of innovative business solutions.

Rolando Roncancio and Diógenes Lagos deliberate whether employee ownership can drive towards a stakeholder primacy, pursuing society's well-being or if, in the contrary, under this form of ownership it is still considered that the main purpose of the company is to maximize the profit for its shareholders, known as shareholder primacy. To this end, the characteristics of the rule of shareholder primacy are contrasted with employee ownership based on three elements: who owns and controls the company; how are stakeholder interests prioritized; to whom do fiduciary duties extend; and what is the scope are these fiduciary duties.

Mariana Comellini, who rests in peace, and Verónica Cortiñas, of the Factorial labor cooperative, describe how Argentinian worker cooperatives operate. Comellini and Cortiñas unravel how workers are part of the capital of their cooperatives, whilst sharing the challenges and responsibilities that arise in this model of shared ownership. They narrate Factorial's experience developing cooperative networks in Argentina, signaling how these networks can be useful to face challenges in the management of companies of the social, solidarity, and popular economy.

To quote José Bayardo, the challenge is to develop better strategies to move from surviving to living. In this chapter, he recovers ideas that come from different eras and contexts that, although they may sound very “philosophical,” resonate with what happens in contemporary daily life.

Moving from surviving to living is the synthetic description of the modern ideal of human existence. Returning to John Locke, living is understood not as mere conservation but as improvement of oneself and the world. Modern utopia considers improvement as an essential characteristic and private property as a crucial part of it. It is labor that entitles someone to property and introduces the difference in value among things. Property is posed as the scope of realization of man's ideal: utility, improvement, security, freedom, satisfaction, legality. The improvement produced by human intervention configures property as a medium, and as a transcendental experience. Property is the utility and provides a sense of value. It is the authentic utopia of utopias.

In closing, this book is an academic dissemination effort of a model that can contribute to counteract inequality, and an invitation to academics in the Americas to pursue further research in this field.¹ *Employee Ownership in the Americas: A Path to Shared Prosperity* attempts to bring employee-owned companies and their best practices, closer to scholars and entrepreneurs.

With this book, we seek to encourage a movement towards a more inclusive and balanced economy. A movement that stimulates growth, strengthens businesses, contributes to improving wages and savings for workers, dignifies and empowers workers, all whilst building shared prosperity in the Americas.

To the authors, I dedicate a few words:

May your voice pass through walls with the bravery of a raised fist. May you reach an eager ear to bring about hope.

May your words bear fruit. May that fruit be sweet & nourish someone's soul while bringing about change.

May your ideas take root, may they grow and flourish while they spread like wildfire fueled by empathy, by love, by thirst for justice.

1. The above with special emphasis on Latin America given the paucity of research on the subject. We have no doubt that the chapters that follow will inspire research questions.