IAFP and Associations Round Table on
Employee Ownership in Central & Eastern Europe

4th April, 2024   **Online event on Zoom**   **14.00-17.25 Paris time**

Welcome and Opening Remarks

Malcoln Hurlston, ESOP Centre, UK:

- Robert Scallon introduced and welcomed Malcolm Hurlston, who referred to the history of employee participation. This round table focus on Eastern Europe. Review of the history in some of these countries of privatization and cooperatives. Looking into the differences between large multinationals and smaller companies with ESOP models and how they handle participation. Creating an ownership mentality to retain the talents.

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Presentations

Company: Institute for Economic Democracy, Slovenia, Tej Gonza, Director:

- Presented the European ESOP that is being promoted in Slovenia. Standardised model that can be replicated around European countries. Taken the best parts of other ESOP models. Cooperative holding the shares of the employees. Seller paid out over time. Implemented in Slovenian businesses. Between 9 and 110 employees in the companies. Mostly seller financed. Tax advantages for seller and shareholders. Adapted by the state in 2023. Minimum 85% of employees must be members of cooperative. Addressing succession challenges. Keys for success are tax advantages, technical assistance, communication and financing.

Company: INEA, Slovenia, Domen Kacin Vodičar, Marketing Manager:

- Largest company owned by an ESOP in Slovenia. Today 115 employees. 100% employee owned since 2021. Generational change as founders retired. Transition from limited company to the European ESOP model. Every employee can become an owner and all are already or are in process of becoming an owner. Record revenues and profits in this period. Record happiness and motivation.

Investor: Capital Genetics, Slovenia, Andraž Grahek, Managing Partner:

- Unsolved succession issues. Half of SME founders are preparing for retirement. Capital needs to work closer with labour to find solutions. Need for financial education of employees. Structured process of setting up an ESOP structure. Build an end to end platform. Needs to be scale able.

Lawyer: Toncheva and Partners Law Firm & BESCO, Bulgaria,
Katerina Bachvarova, lawyer:

- ESOP was only regulated in 2023 in Bulgaria. The general meeting can establish the right for employees to acquire shares. Max 15% of all shares can be employee shares. Explanation of vesting period and its impacts. Practical example of a transaction.

Association: Employee Share Ownership Development Foundation, Poland,
Krzysztof Ludwiniak, Director:

- Reviewing the progress of programs across Europe and the dynamics. Statistics show that the employee participation is stagnating across countries. Based on a lack of strategic approach which was there is the eighties. Need more political support.

Company: Pontifical University of John Paul II, Poland,
Prof Ryszard Stocki, Faculty of Philosophy:

- Viewing the employee participation from a psychological point of view. What domains of expertise are needed in order to succeed. Combining with the level of expertise of each. The generations also impact the process. Generation Z is very good at time management.

Academic: Pan-European University, Czechia,
Ilona Švihlikova, Dean, VŠO Faculty:

- Long history of cooperatives in Czech Republic. Failure of the privatization method via vouchers. Concentration of the wealth got centralized very quickly. Efforts to introduce ESOP have been limited. Mainly for start-ups. Focus on top management and not on all employees. Not on the political agenda.

Panel discussion and Q&A, moderated by Gregory Miroux
Association Française de la Gestion Financière, France

Final words and farewell, Gregory Miroux, (AfG) :

- Thanking all the speakers for their contributions. Employee ownership seen as a pillar for employee retention across Europe. Looking for common approach and regulations across the European Union. Been very interesting to see the differences and the approaches presented by the speakers.