

# Employee Ownership In Britain: Size and Character

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### Definition of employee ownership

The information presented is based on a unique data source developed by Professor's Andrew Robinson and Andrew Pendleton. The data is based on information collected from companies house, media, survey work and employee ownership practitioners. In this report employee ownership relates to British firms where 25 per cent or more of the ownership of the company is broadly held by all or most employees (or on their behalf by a trust).

### Size and Growth of Employee Ownership Sector

The information is based on the latest, most up to date information on the EO sector. Up to early June 2019 we had recorded nearly 370 employee-owned firms in Britain.

There is an increasing upward trend in the take up of employee ownership with year on year increases in the number of firms becoming employee owned (see figures 1 & 2). 2018 was the best year yet with the largest number of firms recorded as becoming employee owned.

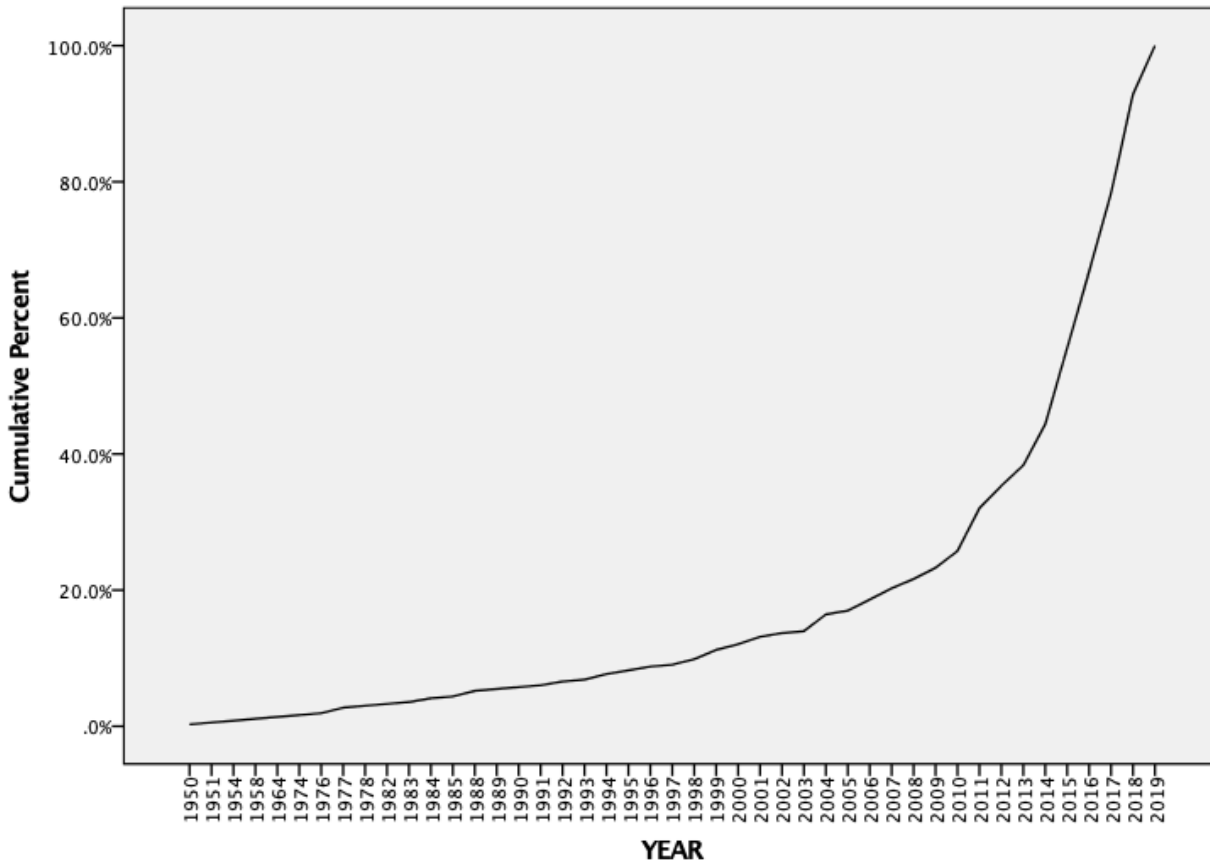
Over 60% of the companies in the database have become employee owned since 2014 (including 2014). In 2017 the number of EO firms increased by 17.2% and by 18.5% in 2018.

### Figure 1: Conversions to employee ownership (up to June 2019)

Date of ownership conversion	Proportion of companies (%)
1950s	1.1
1960s	0.3
1970s	1.6
1980s	2.5
1990s	5.7
2000s	12.1
2010 – 13	15.1
2014 onwards	61.6

N=369

**Figure 2. Profile of Employee Owned Companies in Britain**

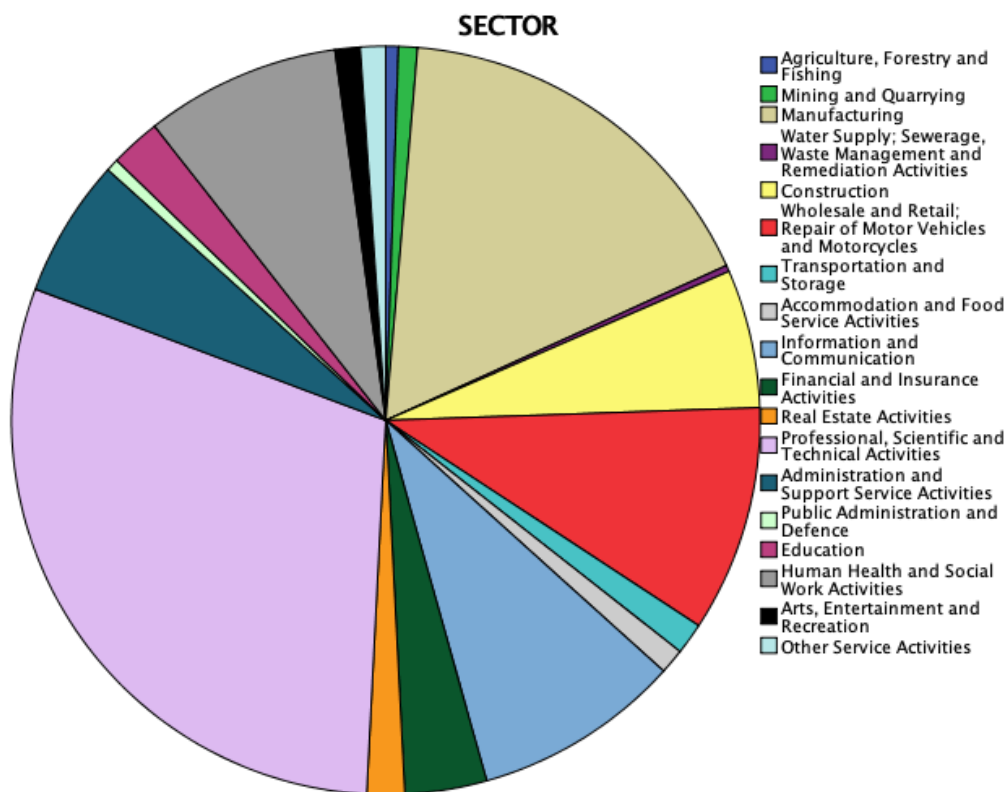


### **Employee Ownership Industrial Classification**

The largest single group of employee-owned firms can be found in the Professional, technical, and scientific sector (see Figure 3, group 12): around 30% of our respondents are found in this sector alone. Of particular significance in this sector are architects, engineering and design consultancies, and management consultancies. When other similar activities are included such as information and communications, real estate, and finance and insurance, it can be seen that around 50 per cent of employee-owned companies are in activities where the mode of production is primarily human-capital based. Other substantial areas of activity include manufacturing (17%) with 'wholesale and retail' and 'health and social work' 'construction' and 'admin and support services' marking other significant clusters of activity.

**Figure 3: Sectoral Decomposition of EO firms**

Sector		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture, Forestry and Fishing	2	.5	.5	.5
	Mining and Quarrying	3	.8	.8	1.4
	Manufacturing	62	16.8	16.8	18.2
	Water Supply; Sewerage, Waste Management and Remediation Activities	1	.3	.3	18.5
	Construction	22	6.0	6.0	24.5
	Wholesale and Retail; Repair of Motor Vehicles and Motorcycles	36	9.8	9.8	34.2
	Transportation and Storage	5	1.4	1.4	35.6
	Accommodation and Food Service Activities	4	1.1	1.1	36.7
	Information and Communication	33	8.9	9.0	45.7
	Financial and Insurance Activities	13	3.5	3.5	49.2
	Real Estate Activities	6	1.6	1.6	50.8
	Professional, Scientific and Technical Activities	110	29.8	29.9	80.7
	Administration and Support Service Activities	22	6.0	6.0	86.7
	Public Administration and Defence	2	.5	.5	87.2
	Education	8	2.2	2.2	89.4
	Human Health and Social Work Activities	31	8.4	8.4	97.8
	Arts, Entertainment and Recreation	4	1.1	1.1	98.9
Other Service Activities	4	1.1	1.1	100.0	
Total		368	99.7	100.0	
Missing	System	1	.3		
Total		369	100.0		



## Regional Breakdown of EO Companies

Region is captured according to where the registered office of the organisation is situated. We use The Nomenclature of Territorial Units for Statistics (NUTS) coding for referencing the subdivisions of the United Kingdom of Great Britain and Northern Ireland (see Figure 4).

All regions show good coverage with the London and Scotland regions showing particularly strong clusters of EO firms. Given the level of economic activity concentrated in London and the South East of England this former result is perhaps expected, but the level of ownership in Scotland is noteworthy.

**Figure 4: Regional Breakdown of EO firms**

	NUTS Region	Frequency	Percent	Valid Percent	Cumulative Frequency
Valid	East Midlands (England)	14	3.8	3.8	3.8
	East of England	29	7.9	7.9	11.7
	London	91	24.7	24.7	36.3
	North East (England)	10	2.7	2.7	39.0
	North West (England)	32	8.7	8.7	47.7
	Scotland	61	16.5	16.5	64.2
	South East (England)	41	11.1	11.1	75.3
	South West (England)	28	7.6	7.6	82.9
	Wales	14	3.8	3.8	86.7
	West Midlands (England)	21	5.7	5.7	92.4
	Yorkshire and The Humber	28	7.6	7.6	100.0
	Total	369	100.0	100.0	

