Chapter 1
Towards a New Paradigm of Ownership:
Employee Share Ownership as a Tool for Governance and CSR

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ABSTRACT

Employee Share Ownership (ESO) is emerging as a model redefining corporate ownership and labor relations, within the broader context of "shared capitalism." Despite growing research, gaps remain in understanding its relationship with corporate governance and Corporate Social Responsibility (CSR). This chapter explores how ESO aligns employee interests with organizational goals, enhances governance, and fosters sustainable business models. It examines the theoretical foundations of ESO, its impact on governance, and its role in promoting CSR, addressing both benefits and challenges. The chapter also considers how ESO redefines capitalism and property rights, pushing towards more inclusive economic models. Finally, it discusses the integration of ESO with governance and CSR, and future research directions, highlighting its potential to create more equitable and

DOI: 10.4018/979-8-3693-7031-5.ch001

responsible organizations.

INTRODUCTION

In an ever-evolving economic landscape in which factors other than firm financial performance have begun to take on increasing importance, employee share ownership (ESO) is emerging as a promising model, redefining traditional notions of corporate ownership and labor relations. This phenomenon is part of the broader concept of "shared capitalism," which encompasses various forms of employee participation in company ownership and profits. Recent statistics attest to the growing importance of employee share ownership on a global scale:

- In the United States, according to the National Center for Employee Ownership (2021), over 25 million employees participate in employee share ownership plans in various forms, and total contributions to ESOP accounts exceeded $101 billion.[1]
- In Europe, the European Federation of Employee Share Ownership (2021) reports that over 7 million employees own shares in their companies, with a total value exceeding 400 billion Euros.[2]
- In Japan, about 90% of publicly listed companies offer employee share ownership plans (Tokyo Stock Exchange, 2020).[3]
- In emerging countries, employee share ownership is gaining ground, with for example over 12 million participants in India (ESOP Association India, 2020)[4].

These figures illustrate the scale of the phenomenon and its potential to transform the global economic landscape, justifying the proliferation of academic research, both empirical and theoretical, in this area. However, despite the growing body of research on Employee Share Ownership (ESO), there remains a significant gap in our understanding of how ESO interacts with and influences corporate governance and Corporate Social Responsibility (CSR) practices. While studies have examined these elements separately, there is a lack of comprehensive research that integrates all three aspects - ESO, governance, and CSR - and explores their synergies and potential conflicts. This gap is particularly pronounced in the context of fundamental management theories, which have not been sufficiently leveraged to understand this new paradigm of shared ownership.

These theories originated in Western contexts, where economic conditions, cultural values, conceptions of the corporation, and organizational design emphasize competition, the primacy of shareholders' interests, and individualism. These