


Chapter 5

Influence of Employee Ownership on Environmental and Social Sustainability

P. Selvakumar

 <https://orcid.org/0000-0002-3650-4548>
*Department of Science and Humanities,
Nehru Institute of Technology,
Coimbatore, India*

Sudhanshu Chandra

*Maulana Azad National Urdu
University, India*

Saumyaa Pandey

*Maulana Azad National Urdu
University, India*

Krishna Charan J.

*Vel Tech Rangarajan Dr. Sagunthala
R&D Institute of Science and
Technology University, India*

Nitika Malik

Maharshi Dayanand University, India

Rishi Chaudhry

Maharshi Dayanand University, India

ABSTRACT

Employee ownership represents a strategic approach that aligns the interests of employees with those of the organization through direct or indirect ownership stakes. This ownership can manifest in various forms, including employee stock ownership plans (ESOPs), stock options, and worker cooperatives, each offering unique benefits and implications for both employees and the organization. The fundamental idea behind employee ownership is to foster a deeper sense of commitment and responsibility among employees, leveraging their stake in the company's success to drive higher productivity, innovation, and job satisfaction. An ESOP is a prevalent model where employees are granted shares of the company, typically through a trust

DOI: 10.4018/979-8-3693-7031-5.ch005

fund, which holds the shares on behalf of employees until they retire or leave the company. ESOPs can serve as both an employee benefit and a financial strategy for companies, providing a mechanism for business owners to sell their stake while retaining employee engagement and continuity.

10. INTRODUCTION TO EMPLOYEE OWNERSHIP: CONCEPTS AND MODELS

Worker cooperatives represent a more extensive form of employee ownership where the workers not only hold shares but also have a significant say in the company's governance. In a cooperative, employees typically elect a board of directors and participate in key decisions, reflecting a democratic approach to business management. This model promotes equity and can enhance collective decision-making, potentially leading to greater innovation and alignment with employee interests. Cooperatives can be particularly effective in creating sustainable and resilient organizations, as they align the goals of the business with the well-being of its workers. Each of these models comes with its own set of advantages and challenges. For example, while ESOPs can be beneficial for both employees and employers, they may also lead to a lack of liquidity for the company if not managed properly. Stock options can motivate employees but might create challenges in terms of dilution of ownership and can sometimes lead to short-term thinking if employees are focused solely on share price fluctuations. Worker cooperatives, while fostering a high level of engagement and satisfaction, may face difficulties in achieving the same level of efficiency and scalability as traditional hierarchical companies (Henseler, J., et al., 2015). Understanding the various concepts and models of employee ownership is crucial for organizations considering this strategy. It involves assessing the company's goals, financial structure, and the desired level of employee involvement and empowerment. By carefully selecting and implementing the appropriate model, organizations can create a more motivated and aligned workforce, potentially leading to improved performance, retention, and long-term success. Employee ownership, when implemented effectively, can transform the dynamics within a company, contributing to a more collaborative and committed organizational culture.

10.1. Environmental Sustainability: The Role of Employee Ownership

Environmental sustainability is increasingly recognized as a crucial element for modern businesses, and employee ownership can play a significant role in advancing this agenda. When employees hold a stake in their company, they are more likely to be

22 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/influence-of-employee-ownership-on-environmental-and-social-sustainability/368023

Related Content

Digital Transformation and Change Management at Organizations in the Textile Industry

Carmen De-Pablos-Heredero (2020). *Management and Inter/Intra Organizational Relationships in the Textile and Apparel Industry* (pp. 144-174).

www.irma-international.org/chapter/digital-transformation-and-change-management-at-organizations-in-the-textile-industry/245135

Cash Holdings and Corporate Governance: Evidence From Turkey

Elif Akben-Selcukand Pinar Sener (2020). *Corporate Governance Models and Applications in Developing Economies* (pp. 133-161).

www.irma-international.org/chapter/cash-holdings-and-corporate-governance/236314

"More Than a University": The Impact of CSR Initiatives on Business Students' Perceptions as Future Managers

Marilena Antoniadou (2019). *Cases on Corporate Social Responsibility and Contemporary Issues in Organizations* (pp. 110-130).

www.irma-international.org/chapter/more-than-a-university/221825

Assessing the Impact of CSR on Corporate Development and Sustainability in the Context of Climate Change

Sohaib Aqib, Mehdi Serajand Huseyin Ozdeser (2024). *Strategies and Approaches of Corporate Social Responsibility Toward Multinational Enterprises* (pp. 297-315).

www.irma-international.org/chapter/assessing-the-impact-of-csr-on-corporate-development-and-sustainability-in-the-context-of-climate-change/336332

The Role of CSR Reporting Instruments in Increasing the Organization's Management Performance

Nicoleta Cristache, Daniel Constantin Diaconu, Razvan Catalin Dobrea, Cristina Dima, Cristian Constantin Draghiciand Daniel Peptenatu (2022). *Research Anthology on Developing Socially Responsible Businesses* (pp. 821-843).

www.irma-international.org/chapter/the-role-of-csr-reporting-instruments-in-increasing-the-organizations-management-performance/302300