

Chapter 12

Challenges and Opportunities for Sharing the Ownership in Peru

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ABSTRACT

The world has been living its processes so fast that when it looks back over its shoulder, it realizes that there are many changes needed to fix the flaws and tensions created due to speeding, to include everyone in the promise of progressive growth and prosperity within the current economic system. This issue is more evident in emerging markets, where institutional weaknesses, informal economies, and insufficient resources are considerable. Hence, our chapter explores how feasible the implementation of mechanisms of shared capitalism, specifically Employee Ownership initiatives, could be achieved in Peru. The result of our discussion proposes that traditional companies would suffer from an enormous inertia towards more inclusive and participatory business models because of what they have been doing to overcome the local institutional voids, contrary to new social businesses that could represent the start point of the diffusion of Employee Ownership practices in the Peruvian business community.

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INTRODUCTION

“The only true and sustainable prosperity is shared prosperity”

(Joseph E. Stiglitz)

The capitalist system that we have been developing for decades needs important adjustments to truly become an inclusive free trade as well as collaborative mechanism to promote the wellbeing for all. Big companies have raised industry entry barriers, reduced the competition, took over emerging entrepreneurs, and concentrated economic and political power, becoming highly diversified and extended profit-driven machines (Stiglitz, 2019; Tepper & Hearn, 2023). However, besides the already-known traditional schemes and mainly economically driven orientations in the current global economic system, the trend of Shared Capitalism has stated new avenues for a fairer economic development worldwide. Among those new alternatives, Employee Ownership (EO) mechanisms provide a comprehensive and fresh proposal on how firms could include their employees into their profit structure as well as into their governance one, giving them part of the ownership that they would naturally deserve by their work and affiliation (Blasi et al., 2013) while these companies would be perceiving the benefits of a more motivated and productive workforce at the same time (O’Boyle et al., 2016).

Nevertheless, following those novel paths would demand not only new resources and the abandonment of traditional hierarchies from companies (Aubert & Cordova, 2020), but also important structural changes in the local business environments they operate in. Hence, how nations shape their domestic regulations, institutional contexts, and local economic advantages for firms would determine how companies can adopt and adapt those Shared Capitalism’s initiatives (Peng et al., 2009). Moreover, this would be particularly tough for companies located in emerging markets, where institutional voids are prevalent, outlining specific conditions for firms’ survival (Gao et al., 2017).

Latin America has been the focus of vast research due to its socioeconomic characteristics for doing business and for its turbulent business context (Ugaz, 2020; Vassolo et al., 2011), as well as for its hierarchical governance structures (Schneider, 2013). Furthermore, each Latin American country has its own peculiarities in terms of business culture, institutional strength, and trust among economic actors (Khanna, 2018) and companies in the region must find a way to work around those institutional constraints to thrive and grow (Dávila, 2013; Khana & Palepu, 2011). Hence, even though some Latin American countries have experienced successful cases in using specific EO mechanisms such as the implementation of Employee Stock Purchase Plans (ESPP) led by multinationals’ subsidiaries (Aubert et al., 2024), aiming for a comprehensive inclusion in the ownership structure and control of firms through other EO options such as Employee Stock Ownership Plans (ESOP) would still be

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