

The benefits of being an EOT for both staff and customers

Otto Simon is an independent engineering consultancy and project delivery organisation based in Manchester. We have more than 140 years of company history and in 2019, we became an Employee Owned Trust. Since then, we've seen a number of benefits for both our employees and our clients, and we're not alone.

Employee ownership in the UK has seen unprecedented growth in the past 18 months. According to the Employee Ownership Association (EOA), the number of employee owned businesses in the UK increased from 470 in June 2020 to 730 in June 2021. The North West saw a 10% increase in employee ownership during this time, with Professional Services (40%), Manufacturing (13%) and Construction (11%) now comprising the top 3 sectors. Employee ownership is particularly popular with SMEs with a total of 567 employee owned SMEs across the UK.

What is Employee Ownership?

'Employee-owned' businesses include companies that are totally or significantly owned by their employees. There are many forms of employee ownership including:

- Direct employee ownership – where employees become registered individual shareholders of a majority of shares in the company;
- Indirect employee ownership – where shares are held collectively on behalf of employees through an employee trust; or
- Combined – a combination of individual and collective share ownership.

What are the Benefits?

Surveys show that employee owned businesses achieve higher productivity, improved innovation, and better resilience to economic turbulence, and that their workforces are more engaged, more fulfilled, and less stressed.

Social Responsibility

The White Rose Centre for Employee Ownership (WRCEO), a consortium between the Universities of Leeds, Sheffield

and York, conducted a survey of employee owned businesses and found that 70% saw employee ownership as the socially responsible thing to do, and 77% of companies had 'making a positive contribution to society and environment' written into their purpose.

Improved productivity

Ownership of the shares brings with it ownership of the operations. Staff members are more likely to be invested in delivering great services to the clients because they have a personal stake in the company's success. Productivity

is also enhanced by the company culture created through collective employee ownership.

Company culture

By giving employees a stake and a voice in how the business is run, employee ownership helps to promote the general wellbeing of employees. 'All of Our Business: Why Britain needs more private sector employee ownership', a report

commissioned by the EOA in 2011 talks about 'wellbeing as a business value'. With the growing recognition of the importance of mental health, many businesses now realise the positive link between a healthy, happy workforce and productivity.

Not only does improved wellbeing promote increased productivity, but it also reduces staff turnover.

Staff continuity and knowledge retention

Employee ownership provides an incentive to stay with the same company for a longer period of time because there is more opportunity to benefit from the company's success. A lower staff turnover means the knowledge and experience of the employees stays within the company, enables long running relationships with clients and encourages repeat business.

Economic resilience

Research suggests that employee-owned businesses have more patient business models, focussing on the longevity of the company rather than short-term profit gains. These more sustainable business models are rooted in long term business growth, investment and promote job stability, which suggests employee-owned businesses should have greater economic resilience.



EOT Employee Council