The purpose-driven Bristol researcher advocating for employee ownership

Dr Malu Villela Garcia is developing a blueprint to put workforces in charge and make companies more inclusive, sustainable and accountable.

Employee ownership is growing in popularity. According to the Employee Ownership Association, more than 370 UK companies are now wholly or significantly owned, directly or indirectly, by their workforce. In 2018 alone, the number of employee-owned businesses in the UK grew by more than 18%. Each year more start-up, spin-out and buy-outs follow pioneers such as the John Lewis Partnership to pursue the benefits of employee ownership, such as higher productivity, resilience against economic shocks, and more fulfilled, less stressed workforces.

Transferring ownership to employees is also an increasingly favoured exit strategy among prominent entrepreneurs. In 2019, founder of the audio-visual equipment retailer, Richer Sounds, Julian Richer handed-over 60 per cent of his stake in the company to an employee ownership trust (EOT). EOTs own a controlling stake of a business on behalf of employees. As indirect owners of a company, these employees receive benefits, such as dividends on profits. They also influence the company’s direction, through an elected council of employees and employee director who sits on the board.

“Entrepreneurs have traditionally had two options to exit their business; pass on to family or sell. If managed poorly, both can harm a business’s long term-survival, put jobs at risk and damage a founder’s legacy,” argues Dr Malu Villela Garcia, Vice Chancellor’s Fellow at the University of Bristol’s School of Economics, Finance and Management. “EOTs offer an attractive alternative succession plan for those who want to ensure the long-term sustainability of their company in the hands of the people most invested in its success.”

An expert in purpose-driven organisations, Malu began her research career investigating B Corps in her native Brazil. “These organisations are certified by global non-profit B Lab for high standards of social and environmental performance, public transparency and legal accountability to balance profit and purpose”, she explains. “Working with them, it became clear employee ownership can act as a
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