

COLLABORATING WITH BUSINESS

by academics in Arts, Humanities and Social Sciences

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

catalyst to make companies accountable to all stakeholders, from local communities to the environment.”

Since 2018, Malu has studied local alternative travel consultancy, Sawday’s, shift to an EOT. “Employee ownership cannot be as simple as giving employees shares and access to dividends”, she says. “Our research has shown the only way to make it work is by giving workforces a significant and meaningful stake in running a company.”

Malu’s partnership with the company began when colleague Martin Parker, Professor of Organisational Studies at Bristol introduced her to Chris Budd, a finance entrepreneur who successfully transferred his business to an EOT and now acts as a consultant to guide other companies through the process. “Martin knew Chris through his work as lead for the Inclusive Economy Initiative at Bristol. We explained we wanted to study a company’s journey to employee ownership, and Chris immediately suggested Sawday’s”, she recalls. “As soon as he explained their interesting identity and culture, based on a purpose to pioneer non-exploitative travel, we saw an opportunity to help shape employee ownership transition processes to encourage a new type of sustainable, accountable purpose-driven business.”

The University of Bristol’s Research and Enterprise Development team helped Malu and Martin secure funding for a small research project with Sawday’s, which enabled them to appoint research associate Samuel Rogers. “Without the additional support this would not have been possible”, Malu says. “Samuel gave us valuable additional capacity and insights and helped us build a creative environment that delivered more than we could have achieved alone.”

The team worked with Sawday’s managing director, Mike Bevens, to survey and interview Sawday’s employees to assess the workforce’s attitudes toward and understanding of the EOT transition process. “While the company’s staff were broadly positive about the process, there was a lack of understanding about what the trust would do. Many also expressed concerns about the speed of change”, Malu explains. “Overall, the responses confirmed the vital importance of two-way communication to ensure employees are engaged with the transfer of ownership and have the information they need to play an active role in shaping the company’s future.”

Malu believes the impact of the work is just beginning. “There is a real opportunity to share best practices between companies becoming EOTs”, she suggests. “However, many are reluctant to share their experience as they feel it is privileged information.”

Malu plans to take a proposal for a UK-wide support network to connect businesses on the journey to employee ownership to the Employee Ownership Association. She feels these engagements are vital to her academic development. “The more we work with non-academic organisations, the more we learn the limits of our knowledge”, she reflects. “We can talk about theories on employee ownership, identify gaps in the literature, but there is no substitute for getting in touch with the people experiencing it in the real world.”



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