

Legal Issues of Employee Share Ownership in European Union

Marta Ābula, Inna Dovladbekova, Anželika Berķe-Berga

*Rīga Stradiņš University, Department of Business
and Regional Economics, Latvia*

Introduction. The article examines legal issues concerning employee share ownership in the European Union (EU) and the latest achievements in the field by the European Commission. The author argues that different national laws in EU member states regulating employee financial participation is an important obstacle for international companies to implement employee share ownership schemes in cross-board situations. As for today, the EU Commission: Promotion of Employee Ownership and Participation is considered to be a step towards more harmonised regulation of employee financial participation in the European Union.

Aim, Material and Methods. The aim of the report was to present insights that will serve as a basis for discussion for further developments. Research tasks are to analyse literature about the issues mentioned above and the latest EU Commission: Promotion of Employee Ownership and Participation. At the end of 2014, the EU Commission initiated new Promotion of Employee Ownership and Participation where it offers legislative proposal creating uniform rules for employee financial participation schemes. In this article the new proposal, its critiques and impact on companies in EU member states has been discussed.

Results. In result of fragmentation of regulations of employee share ownership in EU member states makes it demanding for international companies to use employee share ownership plans in cross-border situations without causing inequality between employees of different EU member states. International companies are faced with difficulties of applying different national law to implement employee share ownership schemes in cross border situations, thus making the application more complex and expensive. Principle of equality is one of the ground principles of the EU, and it means that the goal of EU wide employee share ownership regime would be to offer a regime applicable in all EU member states. That must be done taking into consideration that tax laws and labor laws are not in competence of the EU. The “Common European Regime” proposed by European Commission would offer employers and employees a choice between two alternative employee financial participation regimes one originating in national legislation, the other in European legislation. That could be considered to be a great step towards solution of cross-border situations when international companies are obliged to apply different national laws when implementing employee share ownership schemes, thus causing inequality between employees from different EU member states.

Conclusions. There is no common legal definition of employee share ownership and employee financial participation across EU member states. It has been proved that financial participation can deliver real benefits for employees, enterprises and national economies. However, despite this potential, it remains little used in most EU Member States, and is very unevenly distributed across the EU. Depending on the historical development and attitude towards employee share ownership, regulation in EU member states varies greatly in all areas including labor laws, tax laws, company laws and other laws concerning the issue. It is argued that the best way to implement common EU wide regime on employee share ownership would be a regulation apart from recommendation or directive, thus avoiding most common transposition problems and offering a simple and uniform regulation for companies to choose in EU internal market.



The paper was developed in the framework of EKOSOC-LV – State research programm 5.2.

VIII