Alan Greig

[REDACTED]

12th September, 2025

Submission to the Productivity Commission – Creating a more dynamic and resilient economy

On the topic of employee ownership and productivity, you and your colleagues might be interested in the evidence arising from these research reports on the benefits of employee ownership, particularly in relation to productivity, wages and ESG.

Regarding the rapid growth in numbers of employee owned business in the UK and their success in business, check out the latest data from the White Rose Employee Ownership Research Centre (lead by [REDACTED]) which was released on Employee Ownership (EO) Day (Friday, 20th June, 2025) in the UK.

The theme for EO Day 2025 in the UK highlighted the far-reaching impact of EO: boosting wellbeing and productivity, driving innovation, and delivering stronger outcomes for people, places, and the planet.

EO Day Sector Snapshot

With the sector now topping 2,470 businesses employing approximately 358,000 people, there has been a growth rate of over 1,600% since the 2014 legislation supporting employee ownership was put in place in the UK. It is a growth path Employee Ownership Australia is also looking to replicate in Australia in coming years. Since 2014, the surge in the EO sector in the UK has been driven largely by small businesses, which make up 65% of the EO total.

Employee ownership continues to anchor jobs in the UK economy for the longer term, offering a resilient and inclusive model for productivity and growth. In 2025 alone, 118 businesses have transitioned to EO up to June (with more expected as reporting catches up and the year progresses). This follows a record 560 transitions in 2024.

Top EO sectors include professional services (28%), manufacturing (15%), construction (14%), admin/support (14%), and wholesale/retail (11%).

Employee owned businesses also perform in a range of social and environmental areas - not just economic - as you can see from some earlier data now available – see that attached below.

The Productivity Commission might also be interested in Employee Ownership Australia's related topic **Submission to the Federal Parliamentary Inquiry into promoting economic dynamism, competition and business formation**
Download and read the submission here, July, 2023.
Download and read the attachment to the submission here, July 2023.

Hope you find these links useful to your research and development work towards creating a more dynamic economy.

Alan Greig

Membership Secretary

Attachment:

NEW DATA SHOWS EMPLOYEE OWNED BUSINESSES DELIVER AN 8 TO 12% PRODUCTIVITY BOOST.

November 4, 2023

The most positive and wide-ranging benefits of employee ownership have been confirmed in a landmark UK report released in October, 2023.

The new research suggests that the fast-growing UK employee ownership sector is markedly outperforming the UK's national productivity trend while simultaneously contributing to employee well-being, fair pay, community resilience and commitment to net zero. The report noted that the number of employee-owned businesses in the UK also increased by 30% over the last year. Commenting on the report's findings, Fieldfisher partner Graeme Nuttall OBE (and author of the "Sharing Success: The Nuttall Review of Employee Ownership" for the UK Government) said:

"These findings confirm what practitioners in this area have long seen as the key benefits of employee ownership – a business model that is now rapidly being recognised as a force for social and environmental good.

For example, an 8-12% productivity premium was just the start, with the study also revealing employee ownership's wider economic benefits to the UK economy at a time when fresh thinking and positive practical options are very much needed.

This large scale, comparative, deep-dive research has been conducted to a very high standard and is one which every policy-maker should be taking note of.

If you wish to reduce inequality, raise productivity, boost growth, create a healthier, happier and skilled workforce and a fairer, resilient and more community-based economy, then all the policy levers you can pull to grow employee ownership in our country are indicated in this report."

You can see the report **'PEOPLE POWERED GROWTH 2023 - The rapid and impactful rise of employee and worker ownership in the UK'** at https://ownershipatwork.org/wp-content/uploads/2023/10/People-Powered-Growth.pdf. A summary/breakdown of the findings can be seen from page 10 through to page 13.

In this most ambitious study, independent researchers surveyed over 9% (152) of the UK's then 1,650 Employee Owned Businesses (EOBs) and compared results to a control group of 285 non-EOBs. They found that EOBs are 8-12% more productive based on Gross Value Added (GVA) per employee.

The study linked this productivity uplift to a range of powerful findings, including that EOBs:

- pay twice as much in bonuses and dividends to employees
- were five times less likely to make people redundant in the last three years
- tend to pay higher minimum annual wages by roughly £2,900
- provide greater access to private health care, mental health resources and flexible working
- invest on average 12% per annum (£38,000) more in on-the-job training and skills development

EOBs also reported increased employee motivation since adopting an EO model and 73% reported increased job satisfaction.

Also, you can see the following results from the report, page 13:

1. EOB's are doing more to get the UK to Net Zero

EOB's regardless of their size are more likely to have a Net-Zero or carbon management strategy in place (54%) than non-EOBs (30%).

2. A greener economy

EOB's are more likely to be prioritizising management time and focus on helping to achieve UK Net Zero targets and ensuring they have positive wider planetary impact.

3. EOB's pay more attention to improving their wider environmental sustainability

EOB's are also more likely to have 'environmental sustainability' accreditation (35%) than non-EOB's (16%) such as Planet Mark, B-Corp or ISO Standards