

Employee Ownership in Public Markets: Practical Considerations for Long-Term Value Creation

Project Brief

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Across many economies, the link between labor and capital has weakened. While employees contribute directly to company growth and innovation, relatively few employees of publicly listed companies have the opportunity to share in the value they help create.

Employee ownership, in concept, is well accepted as a way to strengthen alignment between companies, their employees, and their shareholders. Still, in practice, it has not achieved its promise of building wealth and driving productivity. When implemented effectively, employee ownership may support long-term value creation by improving retention, strengthening engagement, and aligning employees with shareholder outcomes.

Prior FCLTGlobal research in [The People Factor: How Investing in Employees Pays Off](#) found that companies that commit to and follow through on investing in their workforce are associated with four percent higher return on invested capital over three years and eight percent lower annual turnover. While that research examined workforce investments broadly rather than employee ownership specifically, it highlights the potential value of practices that strengthen alignment between companies and employees.

Furthermore, as companies increasingly adopt AI, employee ownership could provide a mechanism for sharing some of the gains from these innovations.

Despite this potential, implementation can come with hurdles. Employee share ownership remains uneven across public markets, is often concentrated among senior executives, and can increase the risk profile of employees by concentrating both their income and wealth in a single company. Companies and investors, therefore, face important questions about when employee ownership programs are most effective, how they should be structured, and what barriers may limit broader adoption.

This project explores how employee ownership is currently used in public companies and seeks to identify practical considerations for companies and investors evaluating these approaches, including ways to overcome barriers to broader adoption.

Objectives

- Assess how widespread employee ownership practices are across global public markets.
- Identify the conditions under which employee ownership can align employee and shareholder interests and support long-term value creation.
- Examine when employee ownership programs work well in practice and what barriers may limit broader adoption.
- Develop practical guidance for boards, executives, and investors on structuring high-impact employee ownership programs.

Key Questions

This project will explore the following questions:

For Companies

- Under what conditions does employee ownership meaningfully improve employee engagement, retention, and long-term company performance?
- What forms of employee ownership (e.g., ESOPs, share purchase plans, stock grants) are most effective for public companies?
- What design choices (e.g., eligibility, vesting periods, or ownership scale) most influence whether employee ownership programs succeed?
- What level of ownership or participation is needed for employee ownership programs to meaningfully influence employee behavior and company outcomes?
- What common pitfalls have companies encountered when implementing employee ownership programs?
- What practical barriers make employee ownership difficult to implement or scale—such as regulatory constraints, governance concerns, or cost—and what approaches have companies used to overcome them?

For Investors

- How do investors assess whether employee ownership contributes to long-term company performance and value creation?
- When engaging with portfolio companies, how often do investors discuss employee ownership or workforce alignment?
- What signals indicate that employee ownership programs are working effectively?
- What concerns do investors have about broader employee ownership, and how can companies design programs that address those concerns?

For Employees

- Under what conditions does employee ownership meaningfully improve employee long-term wealth?
- What common pitfalls have employees encountered when participating in employee ownership programs?
- Why do employees choose or not choose to participate in employee ownership?

Potential Outputs

- Practical considerations for companies evaluating or expanding employee ownership programs
- Implementation guidance for structuring broad-based employee ownership in public companies
- Investor discussion guide on employee ownership and long-term value creation
- Case examples highlighting different approaches to employee ownership in public markets across regions
- Scenarios for the interaction of workforce changes due to AI and the potential value of employee ownership