

EMPLOYEE OWNERSHIP IRELAND

Employee Ownership via an Employee Ownership Trust (EOT)

1. What an EOT is (and what it is not)

An Employee Ownership Trust (EOT) is a long-term ownership structure where a trust holds a controlling interest in the company for the benefit of all employees.

It is not:

- A co-operative where everyone votes on day-to-day decisions
- A model where managers lose authority
- A guarantee of higher pay or job security regardless of performance

It is:

- A structure that aligns ownership with the workforce as a whole
- A mechanism to support long-term stewardship, stability, and engagement
- A framework that encourages participation, transparency, and fairness

2. What stays the same

From an HR and operational perspective, much more stays the same than changes.

Employment fundamentals

- Contracts of employment remain in force
- Employees still have defined roles, responsibilities, and objectives
- Performance management, disciplinary procedures, and capability processes continue as before

- Pay, benefits, working hours, and holiday entitlements do not automatically change

Management and leadership

- The executive team continues to manage the business
- Managers still set priorities, allocate work, and hold people accountable
- Strategic decisions remain with the board (subject to the EOT's role as controlling shareholder)

Key message for employees:

"Employee ownership does not remove management – it strengthens the purpose behind it."

3. What changes (in practice, not theory)

The most meaningful changes are cultural and relational, not procedural.

(i) A shift in mindset

Employees are no longer working *for distant shareholders* but for:

- The long-term success of the business
- Each other
- The sustainability of their own workplace

This often leads to:

- Greater interest in how the business performs
- More questions about strategy, finances, and decisions
- A stronger sense of fairness and shared responsibility

(ii) More transparency (done well)

High-performing EOT companies typically:

- Share more information about performance and direction
- Explain decisions rather than simply announce them
- Are honest about challenges as well as successes

This does not mean:

- Full disclosure of confidential data
- Consultation on every operational decision

It means:

- Treating employees like adults with a legitimate interest in outcomes

4. What does *not* change: accountability and standards

One of the most important HR messages to land clearly is this:

Employee ownership does not dilute standards.

- People are still expected to perform
- Underperformance is still addressed
- Difficult conversations still happen
- Not everyone automatically “wins” all the time

In fact, many EOT companies find:

- Peer accountability increases
- Poor behaviour is less tolerated
- Managers feel more justified in addressing issues because decisions are “for the benefit of all”

5. The role of the EOT Trustee – and what employees need to understand

Employees often misunderstand the trustee role unless HR helps frame it properly.

Trustees:

- Act in the collective best interests of employees
- Focus on long-term sustainability, not short-term gain
- Do not manage the business
- Do not intervene in individual employment matters

Helpful framing for employees:

“The trustee’s role is to protect the future of the business for everyone, not to replace management or HR.”

6. How excellent EOT companies engage employees

The strongest EOT businesses tend to do three things consistently well.

(i) They communicate *early, honestly, and repeatedly*

- They explain *why* the company chose employee ownership
- They acknowledge uncertainty where it exists
- They repeat messages often and in different formats

One-off announcements are not enough.

(ii) They create *structured* voice, not open chaos

Good examples include:

- Employee forums or councils
- Elected employee representatives
- Regular Q&A sessions with leadership

Poor examples:

- Open-ended suggestion boxes with no feedback
- Promising influence without defining boundaries

Clarity matters more than breadth.

(iii) They link ownership to behaviours, not slogans

Ownership is reinforced through:

- Values-based performance frameworks
- Recognition of collaborative behaviours
- Clear expectations about professionalism and contribution

7. The HR function becomes more important, not less

In an EOT company, HR typically plays a central cultural role.

Key HR responsibilities often expand to include:

- Supporting employee understanding of ownership
- Ensuring fairness and consistency in people decisions
- Helping managers navigate engagement without losing authority
- Designing reward, bonus, and recognition frameworks that align with ownership

HR is often the bridge between:

- Board and workforce
- Ownership principles and day-to-day reality

8. Common employee questions HR should be ready for

HR will often be the first port of call. Typical questions include:

- “Do I own shares?”
- “Can I sell my stake?”
- “Does this mean job security?”
- “Will my pay increase?”
- “Do we vote on decisions?”

Clear, consistent answers matter more than perfect detail.

Unanswered questions quickly turn into myths.

9. What success looks like (from an HR lens)

Successful EOT transitions usually show:

- Stronger engagement scores over time
- Lower regretted attrition
- Improved trust in leadership
- Managers who are confident, not defensive
- Employees who care more *because* expectations remain high

10. Final message HR should help reinforce

Employee ownership is not about giving away control.

It is about aligning purpose, responsibility, and reward so that the business can thrive long-term.

HR's role is critical in ensuring that message is understood, lived, and sustained.