

# CONTENTS

Foreword by Sir John Harvey-Jones	7
Acknowledgements	9
Introduction	11
<b>1 Capital as an Incentive</b>	<b>13</b>
How new capital is built	15
The sharing of capital growth	19
<b>2 Winning Practices in Financial Participation</b>	<b>25</b>
UK approved employee share plans	27
Other relevant UK legislation	33
US employee share plans	35
Employee share ownership in other countries	40
<b>3 The Amounts of Shares Involved</b>	<b>55</b>
Tax neutrality	56
Employee share ownership as a back-up to pension schemes	57
Encouraging employees to stay	58
The control of the company	59
Share ownership and performance	60
<b>4 Motivational Systems for Using Employee Shares Effectively</b>	<b>65</b>
Shares for all	68
Variations on the profit-sharing theme	74
Employee savings to finance shares	75
Private company internal market	79
Two-way motivation for better profitability	85
Linking options to profit-share	87
A resting place for shares	88

<b>5 How Much Profit Should Be Shared – And How?</b>	<b>101</b>
Basis of profit-sharing	102
Generalised version of the Ashtead Group profit-sharing scheme	103
Technical note 1	106
Technical note 2	111
<b>6 The Impact of Employee Share Ownership on Internal Communication</b>	<b>115</b>
Improved communication	115
Profitability in Employee Share Ownership in National Freight Company	117
Employee rights to information	125
Submission of the Wider Share Ownership Council on the European Company Statute	125
<b>7 Installing an Employee Share Plan</b>	<b>135</b>
Considerations before installing an employee share plan	135
The administration of an employee share plan	136
Checklist on the design of employee share ownership plans	138
<b>8 Wider Ownership, Inflation and the Future</b>	<b>143</b>
Factors causing inflation	143
Non-inflationary incentive schemes	145
Inflation and home mortgages	146
Inflation and the capital-intense industries	148
Spreading ownership in a market economy	150
<b>9 International Harmonisation – Towards a Sharing and Caring System</b>	<b>155</b>
Short-term harmonisation	156
Longer-term harmonisation	157
Twelve elements of a simple but comprehensive system	159
<b>10 The Career-Driven Economy</b>	<b>183</b>
The migrant-based company	186
A model of the career-driven economy	187
Appendix I Further Case Histories of Employee Share Plans	191
Appendix II Further Details on the Process of Capital Accumulation	213
Appendix III The Mathematics of Capital Growth	223
Bibliography	245
Index	249