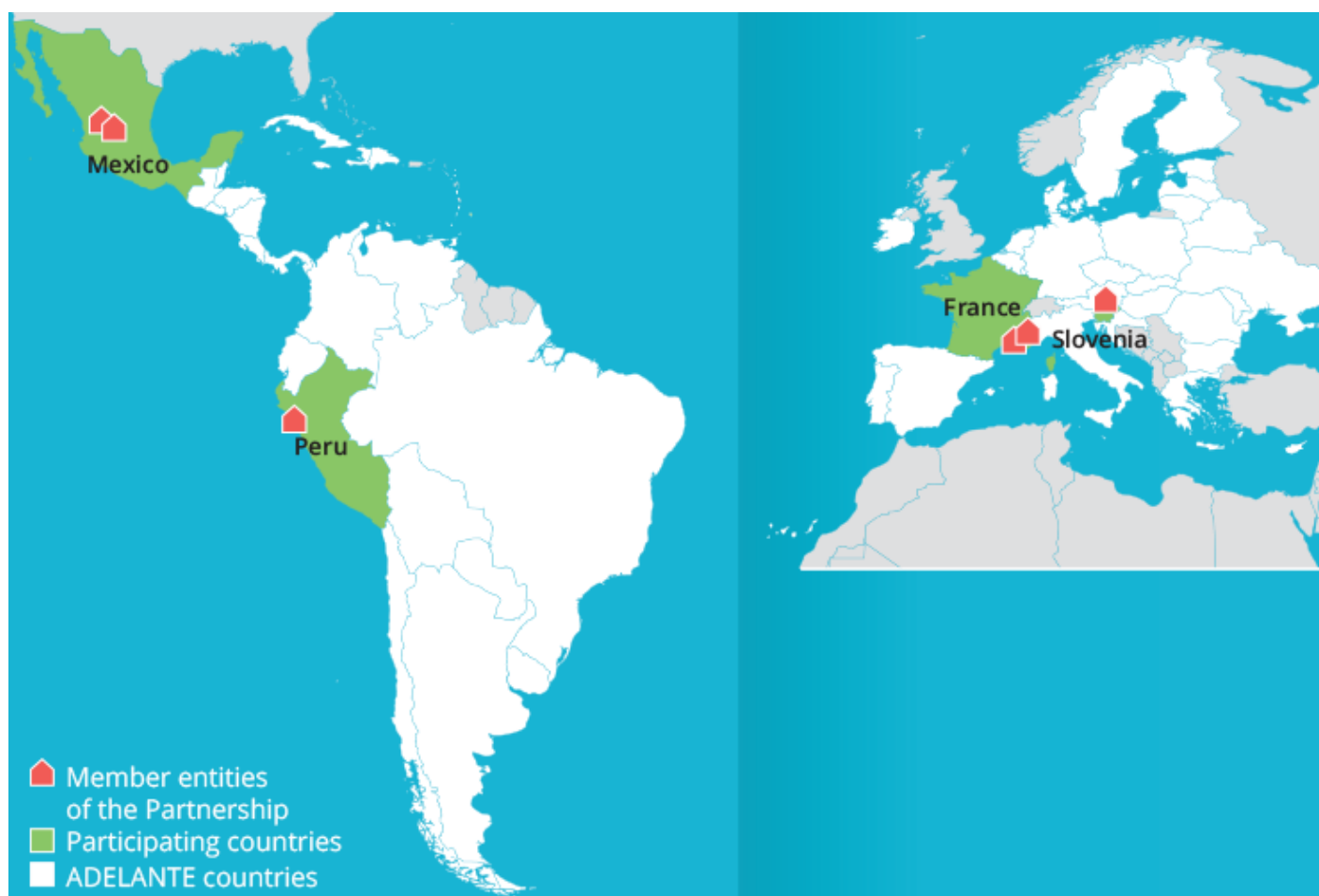


Employee Ownership for economic democracy in the private sector

PARTNERSHIP



Background

The *Instituto Tecnológico y de Estudios Superiores de Occidente* (Western Institute of Technology and Higher Studies - ITESO), in Mexico, has an enduring 65-year legacy of academic distinction, rooted in social commitment and promotion of justice through scholarly pursuit, research, and active societal involvement by promoting strategic partnerships with entities such as the *Consejo Empresarial de Jalisco* (Jalisco Business Council – CEMJAL), in Mexico, who brings together multiple sectors through an amalgamation of small, medium and large enterprises with operations in Jalisco.

The **University of Aix-Marseille** and the **ESSCA School of Management**, in France, bring to the table their extensive knowledge in the realm of Employee Ownership research, cultivated in the dynamic landscape of France, which boasts remarkable rates of employee financial participation. The **University of Ljubljana**, in Slovenia, joins as the third European academic institution, bringing not only their research capabilities but also their experience in disseminating the European ESOP to other countries.

The **Pontificia Universidad Católica del Perú** (Pontifical Catholic University of Peru - PUCP), a longstanding hub for economic and democratic studies, with notable studies on Employee Ownership, has conducted pivotal research in collaboration with the academic members of the Partnership.

The Institute for Economic Democracy - IED, in Slovenia, developed the European ESOP model, a legal innovation that creates a leverage buyout mechanism which facilitates employee buyouts by using operating company's profits. The IED has been included as a collaborating entity to provide its technical and policy expertise.

This Partnership originated from a shared commitment to tackle pressing challenges – inequality, poverty, and stagnant economic growth. Their joint endeavours include ground-breaking research such as "Sharing the ownership in Peru and Mexico: The case of a French MNE prompting the SDGs achievement", presented by all five academic entities of the Partnership in January 2023. CEMJAL's entrance into the Partnership widens its scope, leveraging networks of women business leaders in Mexico and enriching the knowledge base.

Entities and roles

BENEFICIARY ENTITIES



Instituto Tecnológico y de Estudios Superiores de Occidente Consejo Empresarial de Jalisco

Mexico

Mexico

FIRST PROVIDER ENTITIES



[Pontificia Universidad Católica del Perú](#)

Peru

SECOND PROVIDER ENTITIES



[Université d'Aix-Marseille](#)

France



[ESSCA School of Management](#)

France



Univerza v Ljubljani
Fakulteta *za družbene vede*

[University of Ljubljana](#)

Slovenia

COLLABORATING ENTITIES

[Institute for Economic Democracy - IED, Slovenia](#)

Development challenges

Latin American countries share common contextual patterns and hurdles for business, such as institutional weakness, family-led business structures, hierarchical capitalism, and developing financial markets. Research shows that Employee Ownership can enhance corporate performance, bolster crisis resilience, and decrease income and wealth inequality. This approach not only contributes to the achievement of Sustainable Development Goals but also propels social and economic justice.

Thanks to this Triangular Cooperation Initiative, the Partnership member entities will analyse the potential of broad-based Employee Ownership in realising the Agenda 2030. The Partnership seeks to introduce a specialised model for Mexico (MexESOP), involving conceptual and legal structures based on the Peruvian, French and Slovenian experiences and knowledge and the eurESOP model.

INITIATIVE

This Triangular Cooperation Initiative aims to facilitate the exchange of knowledge among Partnership entities to develop an Employment Ownership model, drawing from the experience of Provider entities and seeking to promote economic democracy in the private sector through inclusion, equality, and a horizontal approach.

Triangular approach

Mexico and Peru share some challenges that require governmental action to achieve sustainable development, such as counter-corruption initiatives, reversing the informal economy, and overcoming societal inertia. By indirectly endorsing inclusive ownership structures, governments can catalyse social change. Peru's pioneering strategies, coupled with French and Slovenian insights and experiences, form a roadmap for united research and policy recommendations—the result: a policy framework to scale Employee Ownership in Mexico.

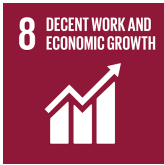
ITESO, as an academic and social actor, seeks to consolidate and promote within its stakeholders this type of economic strategy based on democracy and the fight against the roots of inequality and poverty. CEMJAL is a business organisation in Jalisco that works with similar values and seeks more innovative tools and capabilities for their small and medium enterprises.

By working together, the Partnership shares the familiarity and experiences of Employee Ownership in different contexts, which is expected to generate new knowledge using the insights from each cultural and legal setting. New knowledge will be developed first and foremost through the experiences shared by participants in the activities of the Initiative, including meetings and visits with key stakeholders (companies, experts, investors, policymakers, students, and academics).

The Partnership will build on their first-hand experience working with businesses on Employee Ownership to establish a specialised model for Mexico (MexESOP) involving conceptual and legal structure. The model will be featured in a white paper describing the main structural features and presented at events organised by the Partnership in Mexico and Peru. The events will promote reflections to drive local policies, boost knowledge in the business community on the advantages of Employee Ownership schemes, and allow for the calibration of MexESOP based on challenges encountered on the ground and specific to the Mexican context.

Sectoral approach - Contribution to the 2030 Agenda

PRIMARY SDG



Goal 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

Goal 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Goal 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Goal 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

SECONDARY SDG



Goal 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Goal 1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

ADELANTE SDG



Goal 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Goal 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard



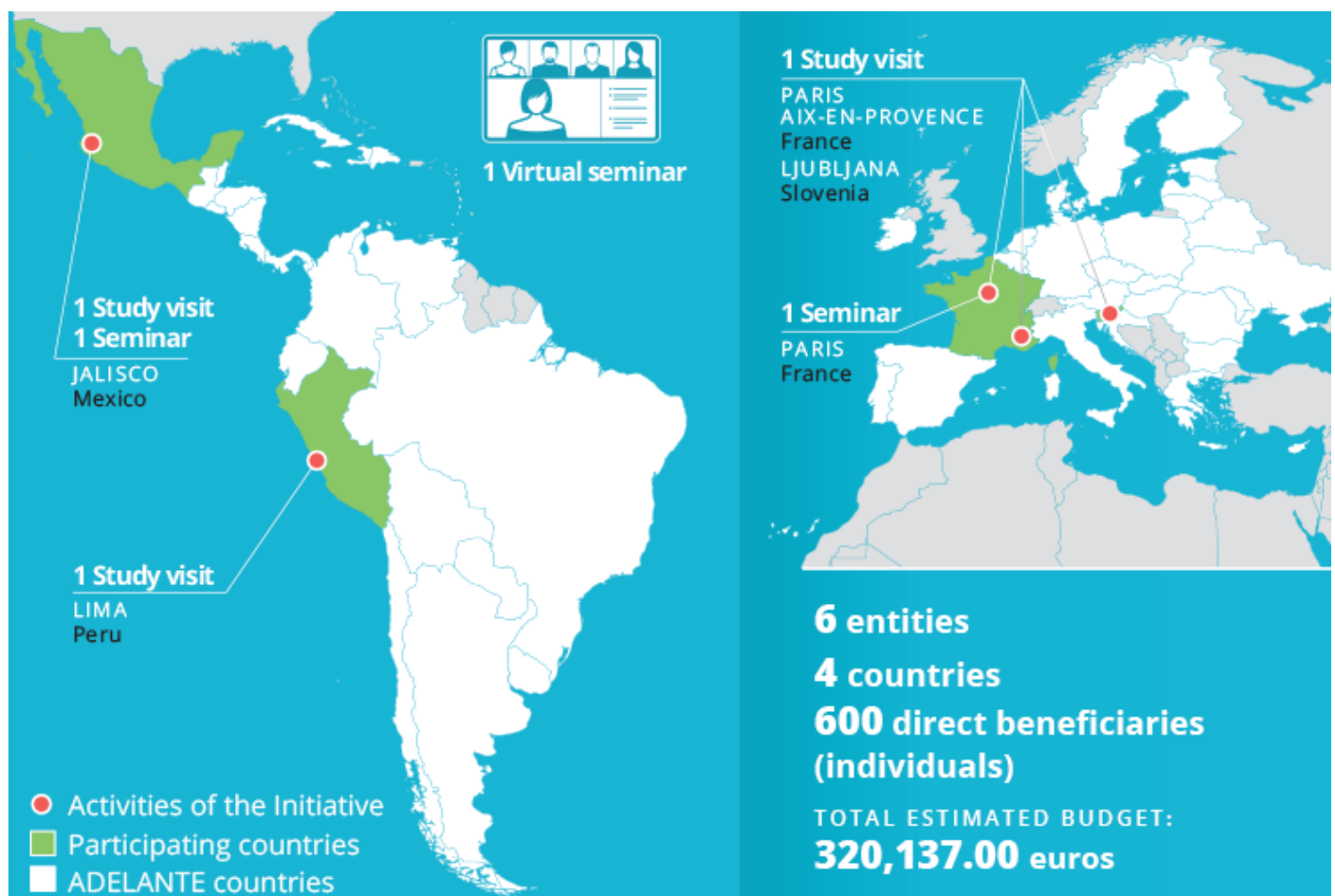
Goal 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

Goal 17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation

Goal 17.14 Enhance policy coherence for sustainable development

Goal 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Territorial approach



Intervention methodology

The work plan of this Initiative includes **eight activities**, creating spaces for academic exploration, dialogues with key stakeholders, and strategic work visits to the Partnership member entities.

It will begin with **a study** conducted by the research teams of the academic entities of the Partnership - carried out over eight months- that will entail an in-depth investigation and a thorough diagnosis of the state of economic democracy and Employee Ownership in Jalisco, Mexico. The research will involve various methods, such as literature reviews, in-depth interviews, focus groups, and survey analysis, and the findings will be disseminated through specialised journals and the universities' dissemination channels.

A consultancy will complement the study to help develop the Mexican ESOP Roadmap based on adapting the standardised European ESOP model. The Roadmap will include exploring the possibility of a pilot implementation of the Mexican ESOP before any special legislation is passed, as well as a high-level policy proposal that will describe the main legislative elements required to regulate and incentivise Mexican ESOP.

In parallel, the Partnership member entities will conduct **three study visits** to conduct first-level meetings with academia and the business and political world of both regions. They will be privileged spaces to raise and disseminate the issues of Employee Ownership and economic democracy and to study relevant experiences.

The Partnership will also host **three seminars** open to the university community and stakeholders such as companies, entrepreneurs, and civil society organisations, particularly interested in women entrepreneurs who have shown interest in broad-based Employee Ownership. The seminars will include a diagnostic survey to feed the research team's study and, finally, two closing moments to share the results and have a space for active feedback.

Direct beneficiaries (individuals)

According to Rule 9 of the Guidelines for Applicants: all persons participating in the activities of the Initiative.

This Initiative is expected to benefit **600 individuals**, from researchers and students affiliated with partner academic institutions to approximately 60 business leaders, mainly women, invited to participate in the study and activities.

In addition, there will be significant effects on the university community in the long term, as well as benefits to social projects and social and solidarity economy initiatives linked to ITESO. Moreover, there is a strong potential of reaching broader business groups where issues of economic democracy and the human rights of workers can be advanced.

Budget

EU contribution: 170,905.00 €
Co-financing - Triangular Cooperation Partnership: 149,232.00 €
Total budget: 320,137.00 €