European Liberal Forum
PUBLICATIONS

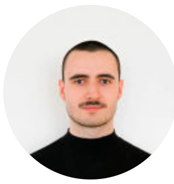
Policy Paper
June 2026

There Can't Be Competitiveness Without Ownership

The Case for Introducing Employee and Steward Ownership Models as Part of the 28th Regime for Innovative Companies

Abstract

Real, sustainable competitiveness is built on ownership. As productive assets, strategic technologies and local businesses increasingly fall under external control, Europe's capacity to secure autonomy, democratic resilience, and long-term economic prosperity is being undermined. Employee and steward ownership offer practical tools to anchor businesses locally, preserve long-term missions, and align competitiveness with sovereignty. The 28th Regime for Innovative Companies should therefore place ownership at the heart of Europe's economic renewal.



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Introduction

"Obviousness and necessity, when they meet, should leave no room for hesitation or respite."

– Jean Monnet

The abrupt return of power-based geopolitics caught Europe completely unprepared. For a long time, a convergence of global interests conducive to lasting peace, global cooperation and shared prosperity was widely taken for granted. Today, it has shifted from a given to something that those committed to peace, liberty and democracy need to actively fight for.

Complicating matters further is the EU's relative weakening on the global stage, as global power increasingly shifts toward more autocratic leadership. In this light, the EU needs to confront longstanding questions and resolve internal disputes with the utmost urgency. Its success in doing so – or lack thereof – will determine whether it remains a passive observer of the reshaping global order or emerges as an assertive, unified actor capable of helping to shape it.

Given the complexity of the moment and the unprecedented speed at which history is unfolding, it is far from obvious what needs to be done. Over the past years, fervent debates have taken place about what measures the EU should adopt to maintain its relevance on the global stage and protect the European way of life; a task made all the more difficult by the need to find alignment among 27 Member States with conflicting national interests.

From these debates, a broad consensus has begun to take shape around three key pillars that EU policymaking should uphold in the coming years: **competitiveness**, **strategic autonomy** and **security**. As we move to the implementation phase, these concepts must start informing concrete policy action. For this to happen effectively, we need to examine what they actually mean and how they relate to the present state of our societies and economies.

A closer examination reveals that these policy objectives are deeply intertwined. Success in one depends on progress in the others. It is difficult to speak meaningfully of European competitiveness if it is primarily driven by non-EU companies. Likewise, genuine strategic autonomy is hard to imagine without sufficient economic power underpinning it. In an era in which geopolitical disputes are increasingly determined by economic leverage, control over data, and access to critical technologies, security cannot be confined to traditional forms of warfare – even when expanded to include cybersecurity. Today, security is just as much about ensuring that Europe and Europeans retain control over their productive assets. Therefore, aligning these three priorities ultimately comes down to a single question: **who owns Europe's productive assets – Europeans or external actors**?

While it may be obvious which of these scenarios is more desirable, it is less clear how to move closer to it. 20th-century-style policies like capital controls or state ownership can only do so much and sometimes end up undermining liberal economic principles. However, in more recent years, innovative approaches have emerged that effectively combine entrepreneurial freedom and the need for greater attachment between businesses and local places: employee and steward ownership.

European Ownership

Over the past decades, we have witnessed the rise of new global market players whose size and influence have no historical precedent. The most glaring and often-highlighted example is the tech sector, where early Silicon Valley innovators, propelled by a favourable ecosystem, globalisation and the strong first-mover advantages inherent to the digital, data-driven economy, became deeply embedded in economic production around the world. Today, companies like Microsoft, Google, Amazon, Meta, OpenAI and others have positioned themselves to provide essential infrastructure that few of us can imagine living without. US-based tech fills every corner of our digital lives and, by extension, our lives in general.

The start-up world is another illustrative arena, with as many as three in four European start-ups being bought by US firms – a process that ultimately converts European innovation into foreign profit.

But US pervasion is not confined to the tech sector or the start-up environment. Our entire economies – all the way down to small and medium-sized enterprises (SMEs) – are gradually slipping out of our control. This trend is largely driven by the rise of US-based asset managers, which have dramatically bolstered their presence on the European continent in the past decades, expanding their portfolios to virtually all profitable assets. Estimates suggest that today, US-based asset managers control 31% of European assets.[1]

1 Agnew, H. (2024) 'The relentless advance of American asset managers in Europe', Financial Times, 17 December. Available at: https://www.ft.com/content/bc1b6eaf-dd5f-4e63-b4dc-90a30e-9bec58

This trend is particularly visible in the stock market, where the Big Three US asset managers – Blackrock, StateStreet and Vanguard – are leading the pack.

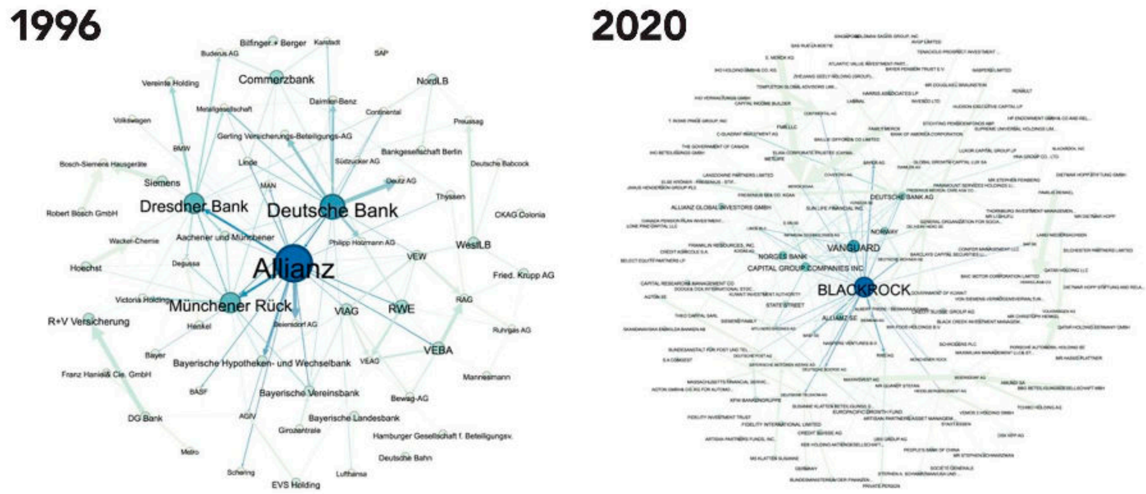

Figure 1. The Changing Ownership Landscape in the German Corporate Network[2]

Another particular hunting ground for US-based financial firms is SMEs seeking succession options. Hundreds of thousands – if not millions – of business owners throughout Europe are nearing retirement age and looking for someone to take over the business that many of them have spent an entire lifetime building. Historically, their children were considered the natural successors, but changing trends and priorities among the younger generations are making this option increasingly unrealistic and unpopular.

Filling this ownership vacuum with increasing frequency are private equity funds – a significant share of which are US-based. In the absence of succession tools designed to anchor ownership locally, hundreds of thousands of local businesses are poised to end up in the hands of anonymous shareholders.

This is problematic on at least two levels. Firstly, as ownership and decision-making move from local communities to offices in Manhattan high-rises, the priorities of the affected businesses change dramatically – instead of focusing on innovative products and services that benefit Europe and the world, the focus is moved to (often financial) activities to increase returns for anonymous shareholders. Secondly, without safeguards to preserve European ownership of what is often referred to as "the backbone of the European economy," foreign actors gain easier access to European profits and critical know-how, further increasing their bargaining power vis-à-vis Europe.

2 Dustin Voss, Sectors versus borders: interest group cleavages and struggles over corporate governance in the age of asset management, Socio-Economic Review, Volume 22, Issue 3, July 2024, Pages 1071–1094, https://doi.org/10.1093/ser/mwad072

For decades, the ever-increasing influence of the US on the European economy did not appear to pose any particular threat. After all, tensions between the EU and the US seemed little more than a remote possibility that only a few dared to entertain.

However, the current US administration's pivot to a more aggressive style of foreign policy – including the blatant co-optation of its business champions – has laid bare Europe's structural vulnerabilities and revealed just how much of Europe is already in their hands. It has now become clear that the EU's systemic reliance on the US economy severely limits Brussels' ability to negotiate trade agreements effectively, stand tall in the face of hostility, and ensure that EU citizens' rights to privacy and control over their data are not merely an afterthought for US corporations.

On a more strategic level, the lack of control over productive assets is also constraining the EU's ability to develop serious industrial policy, decide what purposes innovation should serve, and fully reap the benefits of technological progress. If this trend continues, Europe will not only lose its ability to compete on the global stage – it will lose its ability to control its own fate.

Putting Ownership Back on the Agenda

Encouragingly, EU institutions are recognising this reality and beginning to act accordingly. In recent years, ownership has been making a noticeable comeback in EU policymaking. For instance, the **European Tech Champions Initiative**[3] was developed with the intention of preserving the European ownership of scale-ups. The recently unveiled **Industrial Accelerator Act**[4] also represents a bold attempt at designing foreign direct investment policy in a way that prevents foreign dependence in key strategic sectors.

3 Luca Bertuzzi, 'EU launches Tech Champions Initiative to keep European ownership of scale-ups', Euractiv, 14 February 2023. Available at: https://www.euractiv.com/news/eu-launches-tech-champions-initiative-to-keep-european-ownership-of-scale-ups/

4 European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Industrial Accelerator Act, COM(2026)100, 4 March 2026, available at: https://single-market-economy.ec.europa.eu/publications/industrial-accelerator-act_en

This spirit is also reflected in the initiative to establish the **28th Regime for Innovative Companies**. Here, the goal of keeping companies in Europe is pursued through a twofold approach. First, it seeks to provide more favourable conditions for doing business through the introduction of a dedicated EU-wide corporate legal framework, known as **EU Inc**.

A second key approach, highlighted in the recommendations to the Commission adopted by the European Parliament (EP) on 20 January 2026,[5] is even more explicit in its intent. It involves the introduction of provisions on employee participation in business through employee stock options (ESOs), **employee stock ownership plans** (**ESOPs**) and **steward ownership**.

Employee ownership and steward ownership structures, in particular, carry immense potential for addressing the pressing ownership problem. By offering a voluntary exit strategy designed to preserve a company’s mission in the long term and protect its ownership structure from external influence, they help ensure that European businesses remain European.

This may not be what all businesses need, want or ultimately decide to do. Some may, legitimately, prioritise a large capital injection and cashing out big. But for those entrepreneurs who care deeply about keeping their legacy intact and securing their company’s long-term, sustainable growth and autonomy, options like this should exist. Currently, this is not the case. Legal barriers and a lack of legal certainty stand in the way of broader implementation.

Employee and steward ownership are versatile ownership models that exist and thrive in businesses of varying sizes and across different sectors. While they address the specific aims of the 28th Regime for Innovative Companies – offering an important tool for start-ups and scale-ups to attract talent and embed the long-termism necessary for innovation – they also provide a valuable option for businesses more broadly.

5 European Parliament, European Parliament resolution of 20 January 2026 with recommendations to the Commission on the 28th Regime: a new legal framework for innovative companies (2025/2079(INL)), P10_TA(2026)0002, available at: https://www.europarl.europa.eu/doceo/document/TA-10-2026-0002_EN.html

Employee Stock Ownership Plans (ESOP)

The ESOP model has existed in the United States since the 1950s and, since 1973, has benefited from dedicated supportive legislation. Today, there are 6,411 companies with an ESOP in the US (5,993 private companies and 418 publicly traded companies, where ESOPs tend to hold a smaller ownership stake), employing roughly 14 million workers – around 10% of the country’s private-sector workforce.

At its core, the ESOP model enables leveraged employee buyouts of profitable companies, allowing business owners to sell their business – or part of it – to their employees. It does so by establishing a special-purpose vehicle that acquires an ownership stake on behalf of the employees, with the buyout financed entirely through a portion of the company’s future profits. This creates an evergreen employee ownership structure that, depending on whether it holds a majority or minority ownership stake, can be used either to **motivate and reward employees** or to **solve the generational succession problem**. In the UK, where a particular variant of the ESOP model – the Employee Ownership Trust – was introduced in 2014, employee buyouts have gained strong traction as a succession tool, consistently ranking as the second most popular exit option for business owners.

Dozens of studies have been carried out in both countries exploring the impact of employee ownership on business performance, employee motivation and retention, wage levels, and the relationships between companies and their local communities. Across these categories, ESOPs have shown overwhelmingly positive effects.[6]

6 National Centre for Employee Ownership (NCEO), What the Research Says. The Impact of Employee Ownership: https://www.nceo.org/research/research-findings-onemployee-ownership

Over the past few years, an increasing number of EU Member States have begun exploring the adoption of the ESOP model – with Slovenia leading the way by introducing the first ESOP legislation in 2026.[7] Denmark followed shortly thereafter,[8] and discussions are currently underway in the Spanish government.[9]

All these countries have adopted a broadly similar approach to implementing the ESOP model, making EU-level standardisation a realistic idea. They provide a blueprint that could be easily replicated across the EU-27 without meeting political resistance, as ESOPs have long stood as one of the rare issues that unites politicians from across the aisle – even in times of deep political polarisation.

Steward Ownership

Another increasingly popular ownership model that can help anchor companies locally while safeguarding their long-term mission is steward ownership. Unlike traditional shareholder-based companies, steward-owned businesses separate control rights from profit rights.

Two key principles define steward ownership. First, decision-making power is entrusted to stewards who are committed to the company's mission and long-term development rather than personal financial gain. Secondly, the company's profits serve the business's purpose and future growth first rather than short-term shareholder returns, with investors receiving fair compensation.

By separating control from financial gain, steward ownership creates a governance structure that encourages long-term thinking and independence. In this sense, steward ownership offers a middle ground between traditional for-profit and non-profit models. Companies remain fully active in the market and need to generate profits to sustain themselves, but those profits are treated as a resource for the continued development of the enterprise rather than a vehicle

7 Tej Gonza, David Ellerman, Kosta Juri, Gregor Berkopec, and Tilen Božič, Slovenia Employee Ownership Cooperative Act: An Explanatory Guide to the New Cooperative ESOP Framework, https://ied.si/en/contributions/slovenia-employee-ownership-cooperative-act-an-explanatory-guide-to-the-new-cooperative-esop-framework/ .

8 Corey Rosen, "Denmark Passes Law to Encourage Employee Ownership," NCEO Blog, https://www.nceo.org/employee-ownership-blog/denmark-passes-law-to-encourage-employee-ownership

9 Report on Democracy at Work (2026). Available at: https://reportondemocracyatwork.org/en/the-report/.

for private wealth extraction. The result is a business structure designed to preserve autonomy, mission and long-term competitiveness.

Several well-known European companies already operate under variations of this model. In Denmark, enterprise foundations have long acted as stable owners of large firms such as Carlsberg, helping to secure long-term investment strategies while also supporting philanthropic initiatives. Similar models exist in Germany and the Netherlands, where steward-owned companies combine strong economic performance with a governance structure oriented toward continuity and responsibility.

Beyond large corporations, steward ownership is increasingly attracting mission-driven start-ups and family businesses seeking alternatives to traditional exit strategies. By creating a structure in which control cannot be sold or inherited but remains with stewards, entrepreneurs ensure that the business they have built remains independent and faithful to its original mission.

This model can also play an important role in addressing Europe's growing succession challenge. Across the EU, millions of business owners are approaching retirement without clear successors. Steward ownership offers a viable alternative to selling companies to private equity funds or foreign buyers, allowing businesses to transition to mission-driven stewards while preserving their independence and local roots.

However, despite its potential, and similarly to employee ownership, steward ownership remains difficult to implement across much of Europe due to the lack of clear legal frameworks. Entrepreneurs often need complex legal structures – such as foundations or special-purpose entities – to replicate the model, which increases the costs and legal uncertainty. As a result, several countries, including Germany and the Netherlands, have begun exploring dedicated legal forms designed specifically for steward-owned companies. [10,11]

If supported through appropriate legal frameworks at both the national and EU levels, steward ownership could become an important addition to Europe's corporate landscape. By enabling companies to secure their independence, protect their long-term mission and resist short-term financial pressures, it offers yet another tool for ensuring that European innovation remains anchored in Europe.

10 Die Gesellschaft mit gebundenem Vermögen (n.d.) Available at: https://www.gesellschaft-mit-gebundenem-vermoegen.de/

11 Rentmeester Vennootschap (n.d.) Uitgangspunten. Available at: https://www.rentmeestervennootschap.nl/uitgangspunten/

Europe Cannot Afford to Wait Any Longer

If there is one lesson to draw from the turmoil into which the world has been thrown, it is that Europe must learn to rely more on itself and prioritise bold measures that strengthen its sovereignty – not in a decade, not in the coming years, but now. In this context, as the competitiveness agenda is translated into concrete policy measures, ownership must take centre stage. Employee and steward ownership, in particular, offer an effective way to link competitiveness with greater strategic autonomy, security and shared prosperity.

At present, however, unfavourable regulatory frameworks, the absence of dedicated legal entities, and limited understanding among key stakeholders – including financial institutions – are preventing these ownership models from gaining traction.

To unlock their potential, a few well-considered actions would go a long way:

- The EU should embed employee and steward ownership models in a European harmonising directive, ensuring that all Member States create the conditions necessary for businesses to establish employee and steward ownership structures.
- EU financial institutions should create dedicated financial instruments, such as loan guarantees, to support businesses transitioning to employee and steward ownership.
- Employee and steward ownership should be explicitly included in, and given prominence within, the Recommendation to Member States on business transfers.
- Employee and steward ownership should be prioritised in Erasmus+, Horizon and other EU-funded programmes in order to strengthen on-the-ground capacity and knowledge in these areas.
- Organisations working in the field of employee and steward ownership should receive dedicated grants to help build a supportive ecosystem conducive to widespread adoption.

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Kosta Juri is the Operations Director of the Institute for Economic Democracy and a researcher at the Centre for Organisational and Human Resources Research at the Faculty of Social Sciences, University of Ljubljana. At the Institute, he oversees the smooth implementation of non-profit projects and works on international advocacy and policy development. Kosta holds a bachelor’s degree in International and Diplomatic Studies from the University of Bologna. He continued his postgraduate education at the London School of Economics and Political Science, where he earned a master’s degree in European Political Economy. He joined the Institute in 2021 as a researcher. Prior to his current role, he served as Head of the Institute’s Policy and Research Department from 2024 to 2025.

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The NOVUM Institute is a non-profit, educational and policy research organization established in Ljubljana, Slovenia. Its aims include support to political decision-making, democracy promotion, to foster public dialogue, communicating new policy ideas and developing new methods and approaches in political communication.

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ISBN: 978-2-39067-113-8

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