

Summers, Juliette; Bratanova, Boyka

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Employee-owned businesses' responses during the pandemic :
economic, non-economic goal and democratic resilience and their link
to ownership, control and benefit

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Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics

Düsternbrooker Weg 120

24105 Kiel (Germany)

E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)

<https://www.zbw.eu/>

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AUTHORS

JULIETTE SUMMERS

Stirling Management School, University of Stirling (UK)
jcs3@stir.ac.uk

BOYKA BRATANOVA

School of Management, University of St Andrews (UK)
bab20@st-andrews.ac.uk

Employee-Owned Businesses' Responses During the Pandemic: Economic, Non-Economic Goal and Democratic Resilience and Their Link to Ownership, Control and Benefit

ABSTRACT

Theoretically informed by the degeneration thesis and explored through the lens of Birchall's tripartite concept of ownership, control and benefit, this paper investigates the resilience of employee-owned businesses during the pandemic. The originality of this paper lies in the novel incorporation of hybrid EOBs, disbenefit (in the form of debt burden), and length of employee ownership to Birchall's model. Our findings indicate that firms with longer-standing employee ownership are characterised by lower levels of debt burden and tend to exhibit better economic resilience. Higher levels of ownership, on the other hand, are strongly and positively linked to both non-economic and democratic resilience, but there is no significant association between level of ownership and economic resilience. Taken together, our findings provide contemporary empirical evidence that supports Birchall's assertion that employee ownership has "the potential to transform the meaning of 'economic' to include the social" (2012a: 70), but under certain conditions, suggesting important lessons for rebuilding more inclusive economies.

KEY-WORDS

EMPLOYEE-OWNED, WORKER COOPERATIVES, BIRCHALL, DEGENERATION, RESILIENCE

1. Introduction

In the context of increasing interest in employee ownership (EO) (Wren, 2020), this paper draws on Birchall's member-owned business (MOB) dimensions of ownership, control and benefit (Birchall, 2011; 2012b) to consider the responses of employee-owned businesses (EOBs) to the COVID-19 pandemic in one European nation, Scotland. As the Scottish government financially encourages the rapid expansion of the EOB sector, highlighting the key role of EOBs in Scotland's inclusive growth policies (Scottish Government, 2022), this context is relevant. With the pandemic revealing the limitations of current economic systems (Leach et al., 2021) we ask the question, how far have EOBs (including hybrids with less than 100% employee ownership) as a class of MOB remained an "alternative business model that is fairer, more stable and less risky" (Birchall, 2013: 1) during the pandemic?

Defined as a business where "people become members of an economic association through which they choose to meet their needs directly" (Birchall, 2013: 5), there are three classes of MOB: the consumer-owned, producer-owned and employee-owned businesses (2012a). EOBs are therefore a type of MOB where user members are the employees whose needs, which include secure, paid employment (Birchall, 2013), are met through the business and where the benefits of the business "go mainly to these members" (Birchall, 2012a: 75). After Birchall (2012a; 2012b), we adopt the term "employee-owned business" albeit we understand that the terms worker-cooperative, co-owned, worker-owned and employee-owned are often used interchangeably (e.g., Estrin and Jones, 1992; Birchall, 2013; Storey, Basterretxea and Salaman, 2014; Basterretxea, Heras-Saizarbitoria and Lertxundi, 2019; Wren and Ridley-Duff, 2021; Jenkins and Chivers, 2022). In fact, the literature on EO, and the claims made for EO, encompass many different forms and levels (percentage of the firm owned by employees) of ownership. The Ownership Hub, a website maintained by Cooperatives UK and the UK's Employee Ownership Association, for instance states that all businesses with over 25% EO are EOBs (Ownership Hub, n.d.). A figure supported by Spear's (1999: 255) analysis that over 25% EO demonstrates "significant levels of employee ownership". The UK Government's definition (UK Government, 2022) of a "person with significant control" in a business (which can include a body of employees) is similarly set at "at least 25%" with any ownership holding under 25% ceasing to exert influence over company decision-making. Unterrainer et al. (2022: 2) take a slightly different approach and consider "democratic enterprises" to be those where at least a third of employees can participate in significant organisational decision-making. Our paper considers all firms with over 25% EO, open to all employees, to be EOBs.

In his taxonomy of MOB (2013; 2012a; 2012b), Birchall introduces the concept of the EOB hybrid which includes firms with "a gradual buyout through employee share ownership plans" (2012a: 78). Birchall considered such hybrids to be worker cooperatives where "employees own more than 50% of the shares then the business can be said to be employee-owned and hence a cooperative" (2012a: 79). In calling for greater use of a "broad definition of member-owned businesses" (2012a: 78) Birchall also considered hybrids to be a class of MOB as follows "if an

MOB allows some ownership by investors or government, or has some of the features of an MOB and some of another type, it can usefully be called a hybrid” (2012a: 75). Therefore, as Birchall includes hybrids in his taxonomy of MOBs so do we, although we know of no other work that has explored these organisations as MOBs. In our inclusion of EOB hybrids, our paper also addresses Birchall’s call for greater recognition of MOB diversity and for more comparative research (Birchall, 2012b) which we address through a comparison of EOBs with differing levels of EO.

As a unique, empirical, and comparative analysis of the economic, social and democratic performance of EOBs with differing levels of ownership, this study makes a meaningful contribution to debates about the future of work in a post-pandemic world (Ashford et al., 2020; Leach et al., 2021) and contributes to scholarship on how alternative business models might be a factor in revising capitalism itself (Brown et al., 2019). In particular, it contributes to research considering the “great reset” (Tortia, 2022), to calls to rethink economic systems for more equality (van Barneveld et al., 2020), and to exploration of new approaches to employment relations (Kalmi, 2007). The pandemic was a novel social, humanitarian and economic crisis (van Barneveld et al., 2020) resulting in increased economic inequalities through job losses (ILO, 2020), underemployment (Blundell et al., 2021), production downturns and exhaustion of company financial reserves which “adversely affect their ability to recover once the immediate crisis passes” (Phillipson et al., 2020: 6). Therefore, research into how EOBs are impacted by and have responded to the COVID-19 pandemic could provide critical insights into business socio-economic resilience. While findings on the role of EO in the performance of EOBs “remain mixed” (Kim and Patel, 2017: 248), research on the performance of EOBs throughout the 2008 financial crisis largely indicated economic resilience when compared to non-EOBs. Yet, cautionary voices also remind us that EO “is no organizational panacea” (Brown et al., 2019: 80) and the effects of recession “may vary by type” (Birchall, 2013: 4). Given these cautions, we note the significant surge in EOBs using the Employee Ownership Trust (EOT) form in the UK since EOB legislation was introduced in 2014 (Finance Act, 2014) and the need to continuously evaluate the resilience of EOBs.

Drawn from a survey submitted to all EOBs in Scotland, our findings demonstrate that the resilience of EOBs, in terms of economic performance (economic resilience), fulfilling user needs (non-economic goal resilience), and maintaining democratic values and processes (democratic resilience), are variously linked to three factors: the percentage of the firm owned by workers (level of EO), the length of EO of the firm, and “(dis)benefit” indexed by the level of debt burden to exiting owners and by financial reserves. Our findings indicate that firms with greater length of EO are characterised by lower levels of debt burden and tend to exhibit better economic resilience, but length of EO was not linked to democratic resilience, perhaps lending strength to the organisational degeneration thesis (although length of EO was not negatively associated with democratic resilience). Higher levels of EO, on the other hand, were strongly and positively linked to both non-economic goal and democratic resilience. Level of EO, therefore, emerges as the leading factor driving these forms of resilience, but there is no significant association between level of EO and economic resilience, suggesting that level of ownership is potentially not as significant as maturity of EO for economic resilience.

While benefit in the form of cash reserves negatively predicted prioritisation of employee support and job protection objectives, indicating a focus on economic stability over non-economic goals, a focus on cash reserves was not related to either length or level of EO. Disbenefit (debt) was positively linked to some aspects of non-economic goal and democratic resilience and predicted both job protection and democratic resilience actions. This pattern of results on disbenefit as an explanatory factor, plus the negative association between length of EO and disbenefit, suggest that the results may be due to young EOBs, early in their buy-back journeys, having greater remaining debt to exiting owners. These findings provide contemporary empirical evidence that supports Birchall's assertion that MOBs, including EOBs, "have the potential to transform the meaning of 'economic' to include the social" (2012a: 70) but under certain conditions, suggesting important lessons for rebuilding more inclusive economies.

The paper is organised as follows. The next section outlines the conceptual framing, presents the three forms of resilience: economic, non-economic goal, and democratic resilience, and articulates the article's hypotheses. After that, the research context and methods are described in detail. The results of the research are then reported, followed by a discussion of the paper's main contribution to the literature.

2. Theoretical background

While EO of a firm can be direct (individual shares) or indirect (via trusts that operate in the interests of employees), for Birchall (2013: 6) EO means that owners have "power to decide if a business continues to exist, is sold off or wound up". Birchall's ownership, control and benefit model expresses ownership as providing "a right to share in the benefits accruing from the business and also to have a say in how these benefits are allocated" (Birchall, 2013: 6), in other words ownership delivers return and control rights (Ben-Ner and Jones, 1995). While acknowledging that the link between EO and control cannot always be assumed we reflect Birchall's approach that formalised, representative member participation, often through board decision-making, can provide "enough of a curb on directorial and managerial authority to ensure that the business is run mainly in the interests of members and under their ultimate direction" (Birchall, 2013: 11). Such employee control, often expressed as employee participation or voice, can be operationalised directly, or indirectly via elected representatives (Pircher Verdorfer and Weber, 2016). While the terms employee participation and employee voice are often used synonymously (e.g., Budd, Gollan and Wilkinson, 2010; Wilkinson et al., 2014; Brewster, Croucher and Prosser, 2019), we also acknowledge they can be differently framed. Our frame of reference recognises the "historical pedigree of employee voice" (Wilkinson et al., 2014: 3) arising from industrial relations scholarship which includes significant employee input into and direction of decision-making. In our use of employee voice, we also draw on "democratic enterprise" literature and consider the term to refer to both direct participation or participation via elected representatives (e.g., through trade unions: see Budd, Gollan and Wilkinson, 2010) "in

decision-making on strategic and tactical issues” (Unterrainer et al., 2022: 2). Our application of employee voice is therefore pluralistic, considers that industrial democracy involves voicing different interests, and involves the whole workforce not selected groups.

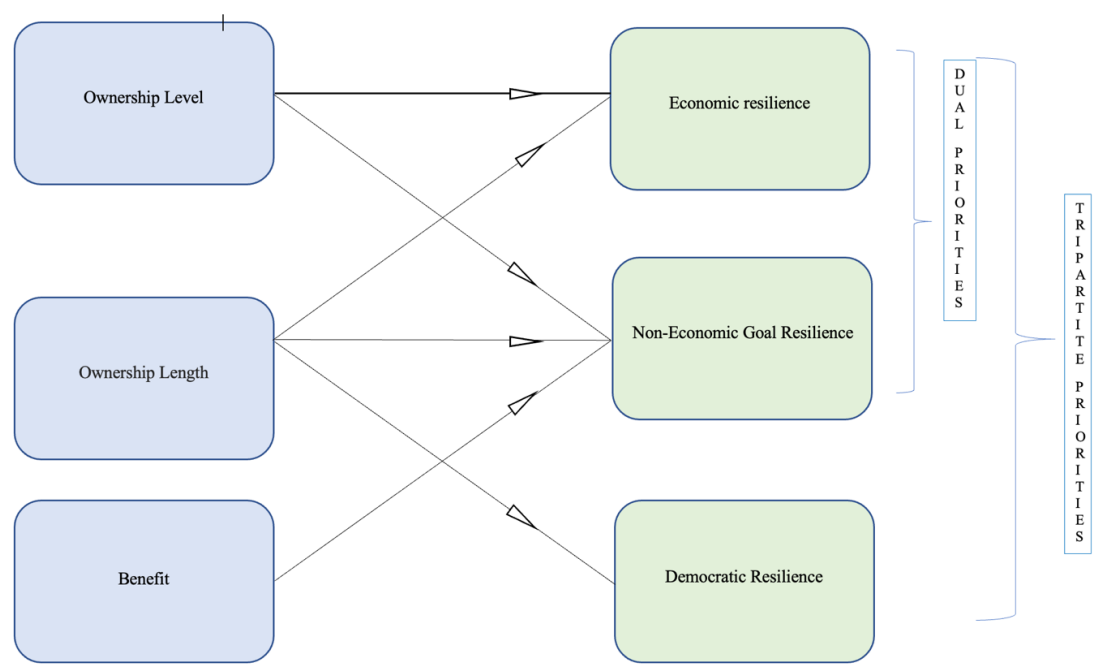
Through employee control rights, either direct or representative, user needs are operationalised. Consequently, EOBs possess a “dual bottom line” of organisational priorities (Birchall, 2013) which go beyond the economic performance “single bottom line” of investor-owned businesses or commercial goals, to include non-economic, social goals (Delgado, Dorion and Laliberte, 2014).

This second bottom line for EOBs includes employment protection and stability (Billiet et al., 2021; Borzaga, Carini and Tortia, 2022), decent work and good working conditions (Unterrainer et al., 2022), well-being (Cheney et al., 2014) and “secure, dependable and satisfying employment” (Birchall, 2017: 571). In addition to employment security, ownership is also accompanied by rights to returns—“the net added value from their labor” (Birchall, 2012b: 275)—and the capture of organisational profit as “extra income” (Birchall, 2013: 13) through dividends or wages. This is contrasted with single-stakeholder organisations, where “directors have too much power to maintain their positions while obtaining private benefits for themselves” (Sacchetti and Birchall, 2018: 90).

For Birchall, ownership and control are the means to achieve the dual bottom line through member (i.e., employees in an EOB) involvement in decision-making which “creates opportunities for them to pursue other aims than just business success” (Birchall, 2013: 12). And yet, research on EOBs indicates a third priority, democracy as a goal in itself, as an end not a means (Erdal, 2012; Unterrainer et al., 2011). Consequently, EOBs might hold a trio of goals: economic, non-economic and democratic. It is notable, however, that EOB tripartite goals result in a “structural tension between their function as economic enterprise, on the one hand, and their identity which represents a democratic organization following social goals” (Unterrainer et al., 2022: 2). This degenerative pressure suggests that economic success tends to be achieved at the expense of democratic and social, non-economic goals. This is known, in the degeneration thesis, as organisational and goal degeneration respectively where it is predicted that economic resilience will result in goal degeneration (Bretos, Errasti and Marcuello, 2020), “characterized by increasing importance attributed to business objectives” (Unterrainer et al., 2022: 8) and the prioritisation of profitability, productivity (Pek, 2021) and economic growth (Storey, Basterretxea and Salaman, 2014). For EOBs, goal degeneration involves the diminution of non-economic objectives “such as improving working conditions and fostering equality among workers” (Pek, 2021: 195). At the same time, commercial success is aligned with organisational degeneration, where EOBs “relinquish their democratic characters” (Storey, Basterretxea and Salaman, 2014: 626) in the pursuit of profit or growth, manifested as weakened (and ultimately, lost) employee control and diminished “participation and influence of everyday workers” (Pek, 2021:194). Pressures which precipitate degeneration include external conditions, such as an adverse economic environment (Narvaiza et al., 2017) and internal pressures which increase over time (Diamantopoulos, 2012). In other words, economic success increasingly diminishes democratic and non-economic goal resilience over time.

In relation to EOBs, Borda-Rodriguez and Vicari (2016: 129) define resilience as “the capacity to absorb stresses and shocks and maintain core functions”. While balancing commercial success and ensuring the resilience of other objectives is a challenge (Ng and Ng, 2009; Langmead, 2016), EOB resilience to degeneration has been evidenced. Batstone’s (1983) life cycle model, for instance, includes a final regeneration stage and EOB democratic resilience has been exhibited where employee voice is active (Storey, Basterretxea and Salaman, 2014; Bretos, Errasti and Marcuello, 2020). Both Jenkins and Chivers’ (2022) study of Welsh cooperatives, and Brown et al.’s (2019) consideration of UK EOBs, provide recent empirical evidence that greater length of time in EO is beneficial for economic resilience, while Cheney et al. (2014) and Langmead (2016) refer to resilience as the maintenance of economic and social goals. EOB resilience in the context of the pandemic therefore encompasses the safeguarding of labour interests, such as job protection, decent work and wellbeing (non-economic resilience), while absorbing economic shock (economic resilience) along with the protection of employee voice (democratic resilience). Through our inclusion of hybrid EOBs, we extend Birchall’s model to consider whether level and length of EO is associated with EOB achievement of these tripartite resiliencies, as illustrated in Figure 1.

Figure 1. Conceptual diagram



2.1. Economic resilience

2.1.1. Ownership and economic resilience

The literature provides a tantalising indication that differences within the EOB sector—including level of ownership, length of ownership and financial precarity—might be factors contributing to economic resilience. When considering the performance of EOBs during periods of economic crisis, it is claimed that ownership impacts on the behaviour of organisational members (Summers and Chillas, 2021), enhancing commitment (Blasi, Freeman and Kruse, 2016), loyalty (Nuttall, 2012), effort (Blasi et al., 2008) and quality (Arando et al., 2011), although, apart from studies that explicitly consider 100% EO in the form of worker cooperatives, the question of level of ownership is often opaque. As a consequence of this ownership effect, Kim and Patel's (2017; 2020) analysis of European data (2008-2012) on companies with broad-based employee share plans found that "those with EO experienced higher firm performance during or after the recession" (2020: 396). Similarly, Lampel and colleagues' research on UK EOBs found that "during the crisis, EOBs outperformed non-EOBs with an average increase of 11% in sales revenue relative to just 0.6% for non-EOBs" (Lampel, Bhalla and Jha, 2012a: 22). Later publications emphasised the role of EO in "greater stability in business performance over a business cycle" (Lampel, Bhalla and Jha, 2014: 66) beyond the 2008-2009 crisis period (Lampel et al., 2014). Also speaking to this point in their study of Portuguese EOBs, Monteiro and Stewart (2015: 91) conclude that, "cooperatives have a markedly higher probability of survival than do capitalist enterprises" while, using USA data, Kurtulus and Kruse (2017) observed that EOBs perform better and differently to non-EOBs during recessionary periods. However, evidence that worker cooperatives tend to preserve jobs at the expense of member income or wages (Burdín and Dean, 2009) suggests that commercial success might impact working conditions.

While these studies of EOB resilience (e.g., Pérotin, 2004; Fakhfakh, Pérotin and Gago, 2012) are clearly important, they predate the pandemic. Emerging evidence suggests that level of EO might be a contributory factor to economic resilience (Mitchie, Oughton and Bennion, 2002; Garel and Petit-Romec, 2021). Previous studies of EOBs rarely allow us to consider whether variations in length of ownership or level have significant links to economic resilience, or whether those hybrid EOBs that commercially succeed somewhat better than firms without any EO during recessions (Lampel, Bhalla and Jha, 2012a) are associated with goal or organisational degeneration, or what the delicate balance (Langmead, 2016) between such EOBs' goals might be. In addition, Birchall (2013: 2) reminded us that "recessions are not all of the same type", varying by severity and cause, and the out of context event that is the pandemic suggests further investigation of EOB resilience during the pandemic is required, especially into the role of level and length of EO.

2.1.2. Benefit and economic resilience

It is notable that EOB economic resilience has been associated with their retention of “benefit”, or profit, as financial reserves or investment. Birchall (2017), for example, observed that the “level of indebtedness of worker cooperatives was lower than that of comparable enterprises” (2017: 579) and that cooperatives with the strongest level of reserves better withstood the 2008 crisis. Sanchez Bajo and Roelants (2011) also found that EOBs had lower levels of debt than investor-owned businesses. In a similar vein, Delbono and Reggiani’s (2013) study found that Italian cooperatives survived the financial crash and recession better than investor-owned businesses because they had larger equity reserves.

EO does therefore appear to be associated with enhanced economic resilience, in the form of business financial success (performance) and durability, compared with investor-owned businesses. However, these results run counter to the predictions of the degeneration thesis (as reviewed by Cornforth, 1995) that EOBs are bound to eventually “fail commercially” (Storey, Basterretxea and Salaman, 2014: 1) given capitalist market pressures. It appears possible that EOB financial resources might play an important role in resisting degeneration, but it is unclear at what stage in their EO life—since Pérotin (2004: 83) voices caution that EOBs could be “more vulnerable early on due to capital supply constraints”. When investigating economic resilience, a consideration of financial resources is therefore pertinent, especially given emergence in the UK of the Employee Ownership Trust, many of which start with “acquisition debt” (Gonza and Ellerman, 2022). The EOT is a form of collective ownership, sometimes combined with individual employee shares (Mygind and Poulsen, 2021), which operates for the benefit of all employees equally. The UK EOT legislation requires at least 51% of shares to be held collectively by the trust for all employees (giving the EOT the majority of voting rights) and exempts the vendor from Capital Gains Tax (10%). Becoming an EOT involves the transfer (often over a number of years) of a company into EO using retained earnings (i.e., debt). The majority of UK EOTs are between 50-250 employees and EOT popularity is growing—in 2019 there were 335 EOTs across the UK, which by 2021 had grown to 576, comprising over half of all EOBs in the UK. The number of UK EOBs in December 2022 stood at 1,300 (Employee Ownership Association, 2023).

Based on this overview, we formulate our first research question:

RQ1: Are length of EO, level of EO, and benefit linked to economic resilience during the pandemic?

2.2. Non-economic goal resilience

2.2.1. Ownership and non-economic goal resilience

Employee ownership means that users of a firm, the workers, possess “a right to ... have a say” in how the firm is run (Birchall, 2013: 6) in order to meet their needs. For a firm owned by its workers, employment is a key member need, and protection of such a need, alongside employee wellbeing

(Lampel, Bhalla and Jha, 2012b), might be especially important during economic recessions. Control in EOBs, as Birchall (2013: 11) states, “increases opportunities to pursue ethical aims as well as shareholder value” as employees organise to “censure or remove boards that they feel are failing to serve their interest” (2013: 6). Protection of employee interests, an EOB’s “non-economic goal resilience”, goes beyond the economic performance of the firm and encompasses employment protection and stability (Birchall, 2017; Billiet et al., 2021; Borzaga, Carini and Tortia, 2022), decent work (Unterrainer et al., 2022) and well-being (Cheney et al., 2014). In support of this argument, job protection and avoidance of lay-offs during the 2008 crisis were found by Birchall and Hammond Ketilson (2009), Smith and Rothbaum (2013) and Ollé-Espluga and Bartoll (2019). Birchall (2013) also found evidence of protection of working conditions despite experience of recession, Tortia (2022) indicates that some cooperatives avoid redundancies through investment in retraining, while McQuaid et al. (2012) highlight the well-being effects of EO. While many of the studies of employment protection during recessionary periods focus on worker cooperatives, Kurtulus and Kruse’s (2017) study of non-cooperative EO also found that lower layoffs were combined with employee training. On the other hand, Kim and Patel (2020) found that the effect of EO on layoffs in non-cooperative EOBs, while positive, was weak. Brown et al. (2019: 77) also offer a counter view that, in their sample of EOBs, “perceptions of greater ... employment security are far from uniform” which suggests that the predictions of classic degeneration theory, that EOB economic performance will be achieved at the expense of non-economic goal success (Storey, Basterretxea and Salaman, 2014; Bretos and Errasti, 2017; Bretos, Errasti and Marcuello, 2018), might be true for some EOBs. However, we do not know whether length or level of EO make EOBs more or less susceptible.

2.2.2. Benefit and non-economic goal resilience

Emerging evidence of EOB non-economic goal performance during the pandemic renders a picture of employment protection (Prushinskaya et al., 2021; Meira et al., 2022) where there is financial “resource slack” (Borzaga, Carini and Tortia, 2022) and continued generation of profit (Billiet et al., 2021). The indications are that employee-owner decision-making control over financial benefit appears significant for non-economic goal resilience. Burdín and Dean’s (2009) study of cooperatives in Uruguay, for instance, found that EOBs adjust wages rather than employment in harsh economic times, and Smith and Rothbaum (2013: 5) agree that EOBs are “more likely to cut wages” than lay off workers. However, Tortia (2022: 1) asserts that “strong employment protection can lead to short-term inefficiencies” in worker cooperatives and depletion of capital reserves—which can lead to weakened economic resilience. The evidence thus suggests that Birchall’s control dimension, while leading to user needs protection (employment security and employee well-being), could have negative consequences for “benefit” and result in benefit restriction, such as the “the non-distribution of annual surpluses, reduction or, in extreme cases, even temporary suspension of wages” (Sanchez Bajo and Roelants, 2011: 113). However, this literature assumes that EOBs enter

periods of economic recession in possession of financial resources.

To add to this body of research, we formulate our second research question:

RQ2: Are length of EO, level of EO, and benefit linked to non-economic goal resilience during the pandemic?

2.3. Democratic resilience

In reflecting Birchall's approach that ownership usually confers control rights, including the right to "have a say", we consider that democracy in an EOB provides "enough of a curb on directorial and managerial authority to ensure that the business is run mainly in the interests of members and under their ultimate direction" (Birchall, 2013: 11). Democratic control includes the ability of employees to "meaningfully shape and inform the organisations' direction" (Langmead, 2016: 86) and to "exert control and agency over their professional existence, democratically managing, working, producing and most importantly profiting collectively" (Dufays et al., 2020: 966). Such democratic voice includes "participation in governing and advisory bodies, and day to day participation at the level of shop operations" (Storey, Basterretxea and Salaman, 2014: 637). While economic resilience has been associated with the ability of EOBs to retain their participatory resource (Lampel et al., 2014), EOBs can also find it "challenging to survive without forgoing their essential nature" (Bretos and Errasti, 2017: 155). For EOBs, such organisational degeneration (Cornforth et al., 1988; Storey, Basterretxea and Salaman, 2014), where elite control comes to dominate an EOB (Pek, 2021), amounts to a failure of democratic control despite continued employee ownership of the enterprise.

Despite recent research (Sprong et al., 2019) indicating that economic inequality and instability—as experienced during recessions and especially during the pandemic—leads to desire for more autocratic leadership, the democratic resilience of EOBs during economic crises has received little attention, and the picture is mixed. Although Bretos, Errasti and Marcuello (2018) conclude that EOBs can experience democratic degeneration, democratic resilience, sometimes in the form of regeneration (Bretos, Errasti and Marcuello, 2020), has also been observed. Where organisational degeneration is a weakening or loss of such employee control in an EOB, resilience to degeneration, or "democratic resilience" through curbs on the powers of management can be established through employee voice in decision-making, and the primacy of democratic objectives.

While length and level of EO therefore appear to be associated with economic and non-economic goal resilience, it is democratic resilience—not just the existence of democratic practices or structures—that provides an additional dimension to Birchall's three dimensions of ownership, control and benefit. However, we do not know how far, or if, democratic resilience holds up in EOBs with different levels and length of EO during economic recessions.

To gain further clarity, we formulate our third and fourth questions to be examined with the current sample:

RQ3: Are length of EO, level of EO, and benefit linked to democratic resilience during the pandemic?

RQ4: Is democratic resilience linked to economic and non-economic goal resilience?

3. Methodology

To provide answers to the four research questions, we utilise data drawn from a survey of EOBs in Scotland conducted during January and February 2021, at a point when the pandemic had grown from a health emergency into a global economic crisis. While much literature has focused on EO in European nations such as France (Fakhfakh, Pérotin and Gago, 2012), Italy (Bernardi et al., 2022) or Spain (Narvaiza et al., 2017), less has been written regarding the separate UK nations, and particularly about Scotland. Yet the Scottish context is distinctive with its active funding of EOB growth and focus on cooperatives as integral to its inclusive growth strategy.

To examine how important factors such as length, level and (dis)benefit (debt, cash reserves) of EOBs relate to the three forms of resilience, we employ a quantitative survey as a suitable method to address the posed research questions. The survey was funded by Cooperative Development Scotland and used their database of Scottish EOBs. The number of EOBs in the database was 130 and a detailed web search revealed just three more EOBs, making a database of 133. We therefore consider the sample representative of EOBs in Scotland at that time. Each EOB was contacted directly, to a named respondent in a senior role, by email outlining the project, the researchers and the funder. Follow-up emails were sent where no survey response was secured.

The total number of EOBs in the Cooperative Development Scotland database was 133. Of these, 23 firms were uncontactable, no longer operating, or were no longer employee-owned, leaving 110 firms eligible for the survey. These 110 firms were contacted, approaching a named respondent in a senior leadership position. There were overall 87 received responses to the survey. However, complete responses were received from 61, all self-identifying as employee-owned. Given the widely used UK definition of an EOB comprising over 25% employee ownership, we included all respondents with over 25% EO in the analysis. Nine firms had less than 26% employee ownership, leaving 52 firms (or 47% of the contacted 110) in the final sample for the current analyses. The sample had a geographical spread of responses from all areas of Scotland. While EOBs were present across a range of sectors, design, professional and consultancy dominate (61%) although the presence of manufacturing, construction and agri-food was still significant, comprising over a quarter of Scottish EOBs. Retail, care and hospitality was a smaller sector of 11.6% of respondents. Unsurprisingly, the majority of responding EOBs were SMEs—reflective of the sector across the UK—with the majority of firms (75%) employing up to 49 workers. Most (93.9%) of the firms identified as employee-owned businesses, with worker cooperatives being 4.1%, and other forms of organisation comprising the remainder 2%. In terms of ownership form, 73.5% of the firms had employee shares (ranging 50-100%) held in a EO trust, 22.4% reported share ownership (ranging 50-100%) through an employee benefit trust, 8.4% reported having direct share ownership (ranging 1-100%), and a small percentage of the firms having a mixed ownership scheme. In terms of turnover, the majority of firms (62.6%) fell in the 1-4.99 million GBP bracket, 23% reported turnover exceeding 5 million GBP, and 14.6% reported a turnover of less than 1 million GBP. From the diffuse geographic and industry distributions, the form of ownership and range of turnover

of the responding EOBs, plus the 47% response rate of firms that involve significant employee ownership in Scotland, the data is a good representation of EOBs in Scotland.

3.1. Measures

3.1.1. Length of EO

To evaluate the length of employee ownership we measured length of time (in months) since the EOBs' inception.

3.1.2. Level of EO

To evaluate the level of employee ownership we measured percentage of the firm owned by workers either by Employee Ownership Trust, Employee Benefit Trust, or direct all-employee share ownership.

3.1.3. Benefit and disbenefit

We operationalise benefit by measuring the percentage of retained earnings the EOBs allocated to cash reserves in the year up to 31st January 2020 and, conversely, the percentage of retained earnings they allocated to debt repayment to exiting owners as a form of disbenefit. We use the term (dis)benefit to capture both benefit and disbenefit in our analysis.

3.1.4. Economic resilience

We used two measures to operationalise economic resilience, and which indicate EOBs' ability to maintain economic performance while absorbing economic shock, namely, changes in turnover (1=reduced; 2=remained unchanged; 3=grown) and planned investment (1=cancelled; 2=reduced; 3=exceeded¹) due to the pandemic. We also included a scale on austerity actions undertaken by the EOBs as a measure of weakened economic resilience. The scale was computed as the sum of binary responses (0=action not undertaken; 1=action undertaken) to five items depicting whether the EOBs: reduced production; delayed goods/services delivery; reduced pay; cut employee hours; relied on financial reserves. The rationale for this index therefore focuses on EOBs' efforts to endure and survive economic hardship and is based on economic threats to organisational commercial viability during the pandemic (ILO, 2020; Phillipson et al., 2020; Blundell et al., 2021; Hoffman et al., 2021).

¹ Investment that exceeded planned amount for the period.

3.1.5. Non-economic goal resilience

To measure the non-economic goal resilience of EOBs, we employed two objectives-based and three action-based constructs. The objectives-based constructs depicted the importance placed on employee well-being support and on job protection, as outlined in section 2.2 of this paper. The importance placed on employee well-being support as an organisational objective was measured by two items: "How important have the following organisational objectives been during COVID-19? Employee mental wellbeing; and employee physical health support" with answers obtained on a 5-point Likert type scale, ranging from 1=not at all important to 5=extremely important. The two items were strongly correlated, $r=.53$, $p<.001$. The importance placed on job protection as an organisational objective was measured by four items: "How important have the following organisational objectives been during COVID-19? Job security/employment protection; retraining employees; paying the living wage; and long-term organisational sustainability" with answers obtained on a 5-point Likert type scale, ranging from 1=not at all important to 5=extremely important. The scale had satisfactory internal consistency, with Cronbach's $\alpha=.65$.

The action-based constructs involved income protection, job protection, and actions taken to support employee well-being. The income protection action was measured as the sum of binary responses (0=action not undertaken; 1=action undertaken) to four items depicting whether the EOBs: provided furlough top-up pay; increased pay; expanded sick leave; and provided financial support for staff. The job protection action was measured as the sum of binary responses (0=action not undertaken; 1=action undertaken) to five items depicting whether the EOBs: retrained staff, furloughed staff, extended employee hours, and relied on staff flexibility. The variable employee support action was measured as the sum of binary responses (0=action not undertaken; 1=action undertaken) to two items depicting whether the EOBs: facilitated working from home, and provided extra support for staff health and wellbeing.

3.1.6. Democratic resilience

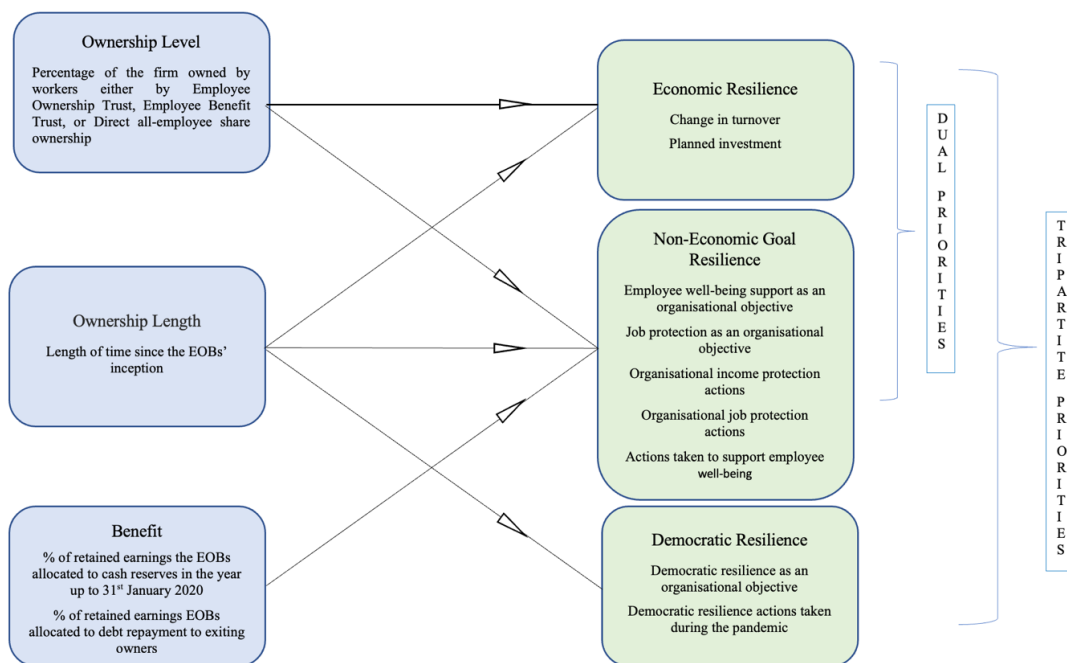
To measure democratic resilience, as EOB members' ability contribute equally and capacity to exert agency, we used one objectives-based and one action-based measure. The objectives-based measure consisted of five items: "How important have the following organisational objectives been during COVID-19? Workplace equality; maintaining an ethos of employee ownership; employee job control/autonomy; employee voice; and objective to increase percentage of employee ownership" with answers obtained on a 5-point Likert type scale, ranging from 1=not at all important to 5=extremely important. This measure had high internal consistency, with Cronbach's $\alpha=.79$.

The action-based democratic resilience was measured as the sum of binary responses (0=action not undertaken; 1=action undertaken) to five items depicting whether the EOBs: increased employee job control/autonomy; increased employee input into company decision-making;

increased team-working (our other collaborative working practices); increased communication with staff; encouraged employees to “act as owners”.

The operationalisation of the constructs used in the analysis are represented in Figure 2.

Figure 2. Operationalisation of constructs



3.2. Analytical strategy

To examine the links among length of EO, level of EO, (dis)benefit, and economic, non-economic goal and democratic resilience we utilised a three-step analytic technique. As a first step, we present a Pearson's correlational analysis among all variables included in the study (see Table 1). This allows an examination of the associations among the constructs in relation to the posed research questions. However, exploration of the variables indicated that the explanatory variables, namely length and level of EO, debt burden and cash reserves (depicting benefits) do not conform to the requirement for normal distribution. In addition, two of the variables depicting economic resilience, namely change in turnover and planned investment are ordinal, therefore not conforming to the requirement of Pearson correlation for continuous variables measured on interval or ratio scales. To address the issue of non-normality, we log transformed length and level of worker ownership, as well as cash reserves and debt. To address the issue of the presence of variables measured on ordinal scales, we also ran non-parametric correlational analyses based on Spearman's and Kendall Tau's tests to check the robustness of results obtained with Pearson's correlation. The pattern of results with

the log transformed variables and those yielded by Spearman's and Kendall Tau's remained largely the same. For brevity, we therefore report the results obtained from the more widely understood Pearson's correlation.

Following this stage, we also ran a series of multiple regression analyses, with length of EO, level of EO, and the two measures of (dis)benefit—cash reserves and debt to exiting owners—as predictors, and the measures of economic, non-economic goal and democratic resilience as outcome variables. The purpose of using multiple regression is twofold. Firstly, it allows to estimate the amount of variance explained by the four explanatory factors for each of the measures depicting the outcome variables. Secondly, it allows to estimate the relative strength of each of the four explanatory factors when entered jointly as predictors of the outcome variables. Regression analysis implies directionality of the effects that goes beyond simple association. While causality cannot be firmly established with the cross-sectional data analysed in the current study, we believe that assuming directionality for the effects of length of EO, level of EO, and (dis)benefit on EO (non-)economic resilience is justified based on the theory and findings from previous research reviewed earlier in the paper, as well as the objective, naturally occurring nature these measures (i.e., they are all reported as factual information about the EOB). As length of EO, level of EO, and (dis)benefit are numeric, objective, and naturally occurring measures, the risk that any associations between these factors and the resilience measures (obtained as rating on a scale) are due to common method bias is reduced. Reverse causality is also less likely (e.g., it is unlikely that goal resilience during COVID-19 causes length of EO or its debt burden to exiting owners). We therefore make a tentative suggestion of directionality of the effects of the four proposed explanatory factors on the variables measuring resilience when reporting and discussing the results from the multiple regression analyses.

4. Results

4.1. *Length and level of employee ownership in EOBs*

The correlations among the constructs included in this study are presented in Table 1.

Let us first examine the intercorrelation of our proposed explanatory variables, length of EO, level of EO, as well as benefit—measured by percentages of earnings allocated to cash reserves, and its counterpart, disbenefit, measured by percentage of retained earnings allocated to servicing debt to exiting owners. Looking at Table 1, we can observe that length of EO was negatively correlated with debt burden ($r = -.26$, $p = .061$). This result was also confirmed by a regression analysis where length and level of EO were included as predictors of debt burden. The effect of EO length was negative and marginally significant, $\beta = -.25$, $p = .068$, while the effect of EO level was non-significant, $\beta = .20$, $p = .128$. This is an expected finding, suggesting that young EOBs are early in their buy-back journeys with greater remaining debts to exiting owners. The effects of length and level of EO on cash reserves were non-significant, $p > .18$.

Table 1. Means, standard deviation, and intercorrelations among the variables included in the study, N=52

Variable	M (SD)	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Length of EO (in months)	86.94 (119.06)													
2. Level of EO (in %)	89.72 (15.62)	.18												
3. Benefit – % allocated to cash reserves	33.90 (37.69)	.13	.01											
4. Disbenefit – % allocated to exiting owners debt repayment	11.67 (21.13)	-.26+	.09	-.01										
5. ER - planned investment	2.11 (.73)	.23	-.11	-.05	.12									
6. ER - change in turnover	1.76 (.78)	.43**	-.09	-.09	-.22	.28+								
7. ER - austerity actions	2.00 (2.28)	-.01	.08	.22	-.14	-.36*	-.31*							
8. GR – employee support objectives	3.86 (.92)	.20	-.10	-.33*	-.02	.24	.27+	-.28*						
9. GR – job protection objective	4.06 (.77)	.07	-.05	-.34*	-.04	.12	.35*	-.20	.58***					
10. GR – employee support actions	1.47 (.65)	.06	.32*	-.32*	.10	-.08	.15	.12	.48***	.48***				
11. GR – job protection actions	2.49 (1.06)	.18	.30*	-.05	.27+	.12	-.10	.29*	.07	.15	.539**			
12. GR – income protection actions	1.08 (1.03)	.03	.30*	.11	-.02	-.08	-.08	.13	.09	.05	.41**	.37**		
13. DR – objectives to support democracy and communication	3.51 (.88)	.19	.09	-.16	-.03	.15	.23	-.24	.68***	.65***	.31*	-.04	.04	
14. DR – actions to support democracy and communication	2.04 (1.38)	-.01	.28+	-.10	.38*	.10	-.09	-.01	.31*	.33**	.40**	.68***	.46***	.30*

Note:

ER – economic resilience; GR – non-economic goal resilience; DR – democratic resilience

+p<.10 *p<.05. **p<.01. ***p<.001 (two-tailed)

We now turn to answer each of the research questions based on the obtained correlations and follow up multiple regression analyses, with EO length, EO level, debt burden and cash reserves as measures of (dis)benefit included as predictors.

4.2. RQ1: Are length of EO, level of EO, and benefit linked to economic resilience during the pandemic?

From Table 1, we can see that length of EO was positively linked with sustained and increased turnover ($r=.43$, $p=.002$) during the pandemic (as turnover was coded as 1=reduced; 2=unchanged; and 3=grown). Embedded and mature worker ownership appears therefore to be beneficial for

adapting to the economic pressures of the pandemic, even facilitating EOB economic growth in terms of turnover. Length of EO was not linked to planned investment or austerity actions ($r_s \leq .01$, ns). Among the three economic resilience measures there were significant correlations in the expected direction: change in turnover was positively, marginally, correlated with planned investment ($r = .28$, $p = .061$), suggesting that firms experiencing an increase in turnover also reported exceeded investment, and conversely, those with reduced turnover also cancelling planned investment. Similarly, austerity actions, as a reverse measure of economic resilience, were negatively correlated with increase in turnover ($r = -.31$, $p = .03$) and exceeded investment ($r = -.36$, $p = .016$). No other significant correlations emerged. Economic resilience is therefore positively associated with EO length, however channelling the benefits of EO to non-users (i.e., by repaying the debt burden to exiting owners) appears to undermine EOB economic resilience.

As change in turnover and planned investment variables were measured on an ordinal scale, carrying out a regression analysis was not possible. None of the four predictors had a significant effect on austerity actions as a measure of economic resilience ($p_s > .10$).

4.3. RQ2. Are length of EO, level of EO, and benefit linked to non-economic goal resilience during the pandemic?

Looking at the correlations among the proposed explanatory variables and the non-economic goal resilience indicators (see Table 1), positive and significant associations between level of EO and all three non-economic goal resilience actions emerged ($r_s \geq .30$, $p_s \leq .037$). Significant but negative correlations also emerged between percentage allocated to cash reserves and both measures of non-economic goal resilience objectives—to support employees and protect jobs, as well as actions undertaken to support employees ($r_s \geq -.32$, $p_s \leq .026$). When the four explanatory variables are entered as predictors in a regression equation, the negative effect of percentage allocated to cash reserves on three of the non-economic goal resilience indicators remained consistent with the correlational findings, suggesting that priority placed on maintaining cash reserves indeed undermines non-economic goal resilience, even when the effects of length and level of EO, as well as the effect of debt burden are controlled for (Table 2). The pattern of positive effects of EO level on non-economic goal resilience indicators, particularly in relation to job protection and employee wellbeing, also emerged, suggesting that the higher the level of employee ownership, the more likely decisions were actioned to protect jobs and worker wellbeing during the pandemic.

Considering EOB dual bottom line, prioritisation of job protection and of employee wellbeing support as organisational objectives were positively and significantly predicted by length of EO, suggesting that as EOBs mature, the salience of non-economic goals increases. Unlike the negative effect of benefit as cash reserves on non-economic goals, disbenefit as percentage of retained earning allocated to exiting owner debt repayment positively predicted job protection actions.

Table 2. Multiple regression analysis predicting non-economic goal resilience indicators: objectives to support employees and protect jobs, and actions undertaken to support employees, protect jobs, and protect income

	Employee support objectives	Job protection objectives	Employee support actions	Job protection actions	Income protection actions
Model summary	R ² =.23, F(4,48)=3.60, p=.012	R ² =.25, F(4,48)=4.23, p=.005	R ² =.24, F(4,48)=4.00, p=.007	R ² =.23, F(4,48)=3.73, p=.01	R ² =.05, F(4,48)=.69, p=.599
Predictor					
Length of EO	.30*	.07	.19	.30*	-.04
Level of EO	-.20	.40**	.22+	.26*	.23
% allocated to cash reserves	-.34**	-.33*	-.43**	-.12	.01
% allocated to debt repayment	.06	-.03	.12	.31*	-.05

Note: The reported coefficients are the standardised β -coefficients. + $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$

4.4. RQ3: Are length of EO, level of EO, and benefit linked to democracy resilience during the pandemic?

Action to promote democratic resilience during the pandemic was positively and significantly correlated with EO level $r = .28$, $p = .055$, suggesting that a greater degree of employee representation in EOB ownership, the more that immediate decisions to support democracy were actioned. However, none of the explanatory variables were correlated with ($r_s \leq .15$, ns) or predictive of ($\beta \leq .24$, $p_s > .10$) objectives to promote democracy and communication ($r_s \leq .15$, ns). In this study we therefore did not find support for Brown et al.'s (2019) findings on embeddedness of EO learning, as length of EO was not significantly correlated with democracy as an organisational objective, or with actions taken to protect democracy.

Actions taken to promote these central aspects of EOB operations were also positively related to debt ($r = .38$, $p = .006$). This effect also emerged in the regression analysis where actions to support democracy and communication was regressed onto the four predictors. The model was significant, $F(4,48) = 2.82$, $p = .035$, and explained 18% of the variance associated with actions to promote democracy and communication. The effect of debt to exiting owners was also positive and significant, $\beta = .36$, $p = .011$. Length and level of EO, as well as cash reserves did not exert significant effects on actions to support democracy and communication ($p_s > .20$).

4.5. RQ4: Is democratic resilience linked to non-economic goal or economic resilience?

Democratic resilience, as measured by actions to promote democracy and communication, was strongly and positively related to all measures of non-economic goal resilience ($r_s \geq .31$, $p_s \leq$

.034). Similarly, objectives to promote democracy and communication was strongly and positively correlated with objectives to support employees ($r=.68$, $p<.001$), objectives to protect jobs ($r=.65$, $p<.001$), as well as with actions taken to protect jobs ($r=.31$, $p=.029$). We can therefore confirm an overall consistent pattern of intercorrelation among the indices of democratic and non-economic goal resilience, suggesting that these values for EOBs are linked. There are, however, no statistically significant correlations between the economic and democratic resilience variables.

These results support Birchall's assertion that MOB, including EOBs, "have the potential to transform the meaning of 'economic' to include the social" (2012a: 70), but under certain conditions and within particular parameters, which we discuss below.

5. Discussion

By updating and deepening Birchall's comparative advantage model (Birchall, 2013) to consider the relationship between three key variables—level of EO, length of time in EO and financial resources—and three forms of resilience—economic, non-economic and democratic—our paper tested the claim that EOBs are resilient in a crisis. As Birchall wrote, the advantages of EO relies on these forms of MOB "being able to realize their potential" (Birchall, 2012b: 286), however our research indicates that the pandemic exposed a varying story.

In terms of economic resilience, financial reserves and maturity of EO played a significant role. EOBs that experienced growth during the pandemic carried a lower debt burden to exiting owners going into the crisis and had longer standing EO. Firms who experienced less economic resilience in the form of reduction in turnover during the pandemic were younger EOBs and entered the crisis with heavier debt burdens, which we term "disbenefit". This is a meaningful finding given the rapid growth of the EOT form in Scotland and the rest of the UK, many of which start with "acquisition debt" (Gonza and Ellerman, 2022). Where exiting owners may remain a stakeholder in the business but not always as a "user" under Birchall's classification (2012b), this additional non-user stakeholder presence appears to influence poorer economic resilience. To some extent this replicates Brown et al.'s (2019) finding that economic resilience is related to EOB age, yet we found a different explanatory path. Rather than resilience being related to embeddedness of democratic learning, we found that young EOBs were less economically resilient due to their debt burden. Therefore, in such debt endowed EOBs, EO did not "guarantee that the benefits from ownership will be realized" (Birchall, 2012b: 281). By introducing the category of disbenefit, our research provides support for Pérotin's (2004: 83) finding that EOBs could be "more vulnerable early on due to capital supply constraints". It therefore appears possible that EOB financial resources do play an important role in increasing exposure to economic degeneration.

But there is more to this picture than debt. While Birchall (2017) and Delbono and Reggiani (2013) observed that EOBs with the strongest level of financial reserves better withstood the 2008 crisis, and Borzaga, Carini and Tortia (2022) accredited non-economic goal performance to

financial “resource slack”, our study found that cash reserves were not linked to economic resilience. We therefore found no evidence to support Birchall’s assertion that “those with the strongest level of reserves also better withstood the crisis” (Birchall, 2017: 571) and our findings indicate that “the strength built up by cooperatives during the good times that helps tide them over a recession” (Birchall and Hammond Ketilson, 2009: 8) is of less significance. Our results are clear that where EOBs had prioritised the accumulation of cash reserves in the run up to the pandemic, they did so at the expense of non-economic objectives, and this carried through into a lower propensity to take actions during the pandemic to protect jobs or employee wellbeing. Benefit in the form of cash reserves negatively predicted prioritisation of employee support and job protection objectives, suggesting a focus on commercial stability over non-economic goals. Far from EOB financial resources playing an important role in resisting degeneration, they appear to evidence a Single Bottom Line (Stocki, Prokopowicz and Novkovic, 2012) approach. The delicate balance of economic and non-economic goals (Langmead, 2016) is thus affected by prioritisation of benefit in the form of financial slack. However, disbenefit did not suggest a single bottom line but was positively linked to some aspects of non-economic goal and democratic resilience and predicted both job protection and democratic resilience actions

As well as being more economically resilient, longer standing EO also robustly predicted prioritisation of non-economic goal objectives. This lends support to Birchall’s dual bottom line thesis (Birchall, 2013), suggesting that as EOBs mature the salience of a “more than capitalist” (Spicer and Zhong, 2022) organisational purpose increases. The consequence of more mature EOBs’ adaptive resilience (Martin and Sunley, 2015) is important when we consider the significance of non-economic goals, such as wellbeing, decent work and employment protection highlighted by the humanitarian and economic impacts of the pandemic (van Barneveld et al., 2020). Predictions of goal degeneration, that EOB business performance success will be achieved at the expense of goal success (Storey, Basterretxea and Salaman, 2014; Bretos and Errasti, 2017; Bretos, Errasti and Marcuello, 2018) do not hold for EOBs with longer standing EO. In this way, our study contributes explanatory detail to Bretos and Errasti’s (2017: 155) conclusion that EOBs can find it “challenging to survive without forgoing their essential nature”.

Our research deepens our understanding of non-economic goal protection characteristics in EOBs through a consideration of employee support, indicating that it is not just employment stability and decent work that are protected but broader efforts to ensure member emotional and physical wellbeing. While Birchall notes that market failure “is not just from high prices; there is also a lowering of the quality of goods and the possibility of adulteration” (2012: 278), our findings indicate that market failure also applies to job quality, with our research indicating that EOBs with a focus on accumulation of cash reserves were most vulnerable to these “decent work” market failures, that is, being unable to realise their ownership potential. If we consider market failure to be not just poor quality goods but poor quality work, then our findings indicate that a higher level of ownership is associated with decent work protection in the face of quality of job market failure by economic crisis—possibly due to the greater degree of worker control associated with greater

property rights, facilitating the prioritisation of employment and employee protection. Both the more mature EOBs, and those with higher levels of EO therefore provide their members with an “employment insurance” (Borzaga, Carini and Tortia, 2022) which is resilient to the shocks of the pandemic. In this way, we extend Birchall’s (2012b) consideration of the role of EO in addressing market failure by extending the concept to “job quality” failure.

Turning to a consideration of the prediction that commercial success causes EOBs to “relinquish their democratic characters” (Storey, Basterretxea and Salaman, 2014: 626) in the pursuit of commercial success, we can conclude that economic resilience in the form of increases in turnover demonstrated no relationship to democratic resilience in our study. While we also found no evidence to support the argument that internal pressures on democracy increase over time (Diamantopoulos, 2012) as length of EO was not related to either democratic resilience objectives or actions. However, when considering EOB hybrids with differing levels of EO, those EOBs with higher levels of EO were more likely to take actions to enhance democracy and participation than firms with lower levels of EO, indicating that amount of ownership is significant for supporting democratic resilience. More ownership derived control also appears to be a protection against democratic degeneration, resulting in ownership level being the most significant EOB attribute across all three resiliencies.

6. Conclusion

Our paper extends understanding of the interplay of ownership, control and benefit by considering (dis)benefit in the form of financial reserves and debt burden. In concluding that length and level of EO, to a greater extent than financial resource, play a role in non-economic goal resilience, we add explanatory depth to the literature on job protection in EOBs (Birchall and Hammond Ketilson, 2009; Smith and Rothbaum, 2013; Ollé-Espluga and Bartoll, 2019) and avoidance of lay-offs during the pandemic (Prushinskaya et al., 2021; Meira et al., 2022). The paper also makes a meaningful contribution to debates about the future of work in a post-pandemic world (Ashford et al., 2020; Leach et al., 2021) by demonstrating the importance of EOB longevity to economic and non-economic goal resilience, and the role of level of EO to non-economic and democratic resilience. In highlighting conditions supportive of resilience of EOBs’ dual bottom line priorities, the paper contributes to scholarship on how alternative business models might be a factor in revising capitalism (Brown et al., 2019) towards more inclusive and egalitarian outcomes.

How far EOBs have remained an “alternative business model that is fairer, more stable and less risky” (Birchall, 2013: 1) therefore depends on length of EO, level of EO and (dis)benefit. This is of consequence for public policy. Support for EOBs to finance debt to exiting owners in their vulnerable early years in the EOT form in particular, to continue to grow towards higher amounts of EO, and to remain employee-owned is important. Where EOBs promote and preserve job quality standards and employee voice, while at the same time demonstrating economic stability, they might also encourage competitors to follow suit. Our research therefore provides contemporary empirical

evidence that supports Birchall's assertion that MOBs, including EOBs, "have the potential to transform the meaning of 'economic' to include the social" (2012a: 70), suggesting important lessons for building better and more inclusive economies.

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