Employee Ownership: A Viable "Distributist" Option for Enterprises Operating in Romania?

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Abstract. *The business ownership structure greatly affects the long-term success of the enterprise in motivating employees, maintaining financial stability and building organizational resilience. Employee ownership of firms, therefore, is a subject that has elicited much interest as it controls productivity, commitment and innovation. This paper presents an analysis of such potential within the Romanian economy while also elaborating on attendant advantages and challenges. While foreign literature has extensively documented the impact this model has had in Western economies, where it is asserted to have a positive effect on firm performance, there is little research for Romania and the 'traditional' structures still dominate. This study attempts to take up a little portion of this void by presenting an applicatory insight into this model based on its relevancy to present Romanian circumstances. A review of literature available related to that data which was obtained forms part of the methodology. The key question raised in this paper is how far from the employee ownership of Romanian companies will enhance organizational performance and their job satisfactions as emanating from such ownership. The results indicate that employees' participation in the ownership structure increases staff retention, productivity, and company survivability during economic hardships. This may also enable a fairer wealth distribution and a more stable labor climate, moving, in terms of economic doctrines, toward what is called the distributist doctrine. This paper tries to look at the feasibility of such a model in Romania based on what little value there is that this model can be one of those sustainable strategies through which Romanian enterprises increase their competitiveness.*

Keywords: distributism, companies, shareholding, ownership, employees, management.

Introduction

The business ownership structure is known to be very essential in the long life of a business, relating to the factors of employee motivation, financial stability and organizational resilience. Therefore, it has come to the popular trend that employee business ownership can increase productivity, engagement and innovation. This paper applies an analysis towards the effects of employee ownership of business on Romanian economics, highlighting benefits and challenges related to this model.

This, hence, makes the topic relevant- an improved workforce retention, and increased employee engagement leading to better business performance in a competitive national market. While the model has been tested plenty of times within western economies, a considerable gap exists in Romanian literature where the subject received marginal attention. The study is relevant to Romania's present economic situation since companies are striving for sustainable ways to cope with labor shortages and staff turnover, as well as satisfying the rising demands from the available workforce.

Therefore, the leading question of this study is whether employee ownership can, in principle, be a strategy for redemption of business fortunes and satisfying employees in Romania. The theses assumed ab initio are: (1) employee ownership increases the job satisfaction and dedication of employees; (2) firms with substantial employee ownership can realize an

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improvement in their overall performance; and (3) employee ownership leads to fairer wealth distribution among workers as well as their economic security.

By dealing with these questions and ideas, this paper tries, as a real test, to give helpful thoughts for business leaders who want to mix economic success with social responsibility.

Literature review

This show what work there has been on linking employee ownership to economic philosophies, especially distributism—a political-economic philosophy promoting wider distribution of property. Key contributions from thinkers like Hilaire Belloc, G.K. Chesterton, and Wilhelm Röpke, plus works from contemporary scholars such as Alexander William Salter and John Médaille help connect distributism with employee ownership. This discussion also brings in the Romanian econ lit where the idea has almost not been touched on as privatization model critiques like MEBO dominate. Otherwise the review tries to run thru emp studies mainly in Anglo-Saxon econs on employee ownership & its impact on biz performance, productivity, worker engagement & firm resilience. By combining these views, this part tries to give a complete understanding of the ideas and real effects of worker ownership as a different option to both usual capitalism and socialism.

From the perspective of the relationship between employee ownership and economic doctrines, I cannot overlook the distributist doctrine. As I have noticed, the latter has been, since the last century, in the limelight of several authors concerned with the distribution in society of the right of ownership over means of production. For better understanding, I make clear that, in my view, the right of ownership on an enterprise i.e. ownership shares in an enterprise realizes from an economic viewpoint an indirect relationship of control by shareholders over means of production directly held by the enterprise. Legally, this is a pretty loose statement, but economically it's worth saying right off the bat that there's a clear conceptual tie between the distributist idea and the notion of worker ownership — which makes it right to look at the main works that have touched on distributism in this section.

As Alexander William Salter (2023) defines in *The Political Economy of Distributism: Property, Liberty, and the Common Good* and elaborates it, distributism is a wider political-economic philosophy developed in the early twentieth century by scholars Hilaire Belloc (*The Servile State*, 1912; *An Essay on the Restoration of Property*, 1948) and Gilbert Keith Chesterton (*What's Wrong with the World*, 1910; *The Outline of Sanity*, 1926). These authors drew their theses from socio-economic principles of religious origin, particularly those expressed by the Catholic Church and more specifically Pope Leo XIII (1891), *Rerum Novarum*. German economist Wilhelm Röpke also contributed to similar discussions through the works *The Social Crisis of Our Time* (1942), *A Humane Economy: The Social Framework of the Free Market* (1958), and *The Economics of the Free Society* (1937).

To capture the essence of the philosophy, Salter uses in the cited work above the definition of distributism by another contemporary author, John Médaille. He says that at its base, distributism is defined as the broadest possible distribution of ownership of means of production- opposite to 'canonical' capitalism which promotes ownership of means by a few entrepreneurs and socialism which leaves control of the means de jure in the hands of an impersonal state and *de facto* in the hands of a similarly small group of state officials. The same work by Salter sees distributism as a view on Political Economy rather than Economics. While *solidaristic economics* has obvious economic valences, they also have very important ethical and social justice dimensions.

I believe that the works cited essentially suggest that atomization of ownership of the means of production may result in lower output of goods and services, thereby limiting the possibilities for division of labor, specialization of the wage-earner, finance attraction and large-scale production — it can lead to a more balanced equitable social climate, one moral in accordance with Christian teachings on life, as the cited authors indicated. In other words, distributism has always been regarded by all the cited works as giving primacy to extra-economic concepts, such as harmony and peace in the community, human dignity, and last but not least human freedom (which those authors view as the natural consequence of being an owner). It is therefore different from most economic doctrines that increase the volume of goods and services (i.e., wealth) and only marginally address the links between the methods proposed for this purpose and various aspects other than the issues regarding resource management.

It must be noted that the distributism propounded by authors like Belloc, Chesterton, and Röpke places the individual, family, and small business at the center of economic and social considerations rather than large economic actors. Therefore, in line with those authors it is considered that a distributist approach favors the small entrepreneur (sole proprietorship, family enterprise, limited liability company, classic workshop, etc.) over the large enterprise (factory, bank, transnational corporation).

The above-mentioned authors prove in a complex and quite convincing manner that, though the traditional capitalist system has enabled the production of ample goods and services and has raised the average individual's standard of living, the means of production have become concentrated in the hands of a small elite. The average individual is forced to accept the status of a mere wage-earner with no rights over the tools of his or her trade; this arrangement robs the individual economic autonomy because he or she has to put at the disposal of the entrepreneur (the owner of tools) what may be considered as his or her only resource-labor power. Real freedom is thus taken away since an individual becomes dependent on an entrepreneur.

Therefore, it can be observed that the cited authors do not claim distributism to be just a solution to the classic problems of Economics (i.e., getting an abundance of goods and services from the available limited resources), but rather a solution to the major problems of human existence itself, that is the safeguarding of human dignity and freedom (condition which the above-mentioned authors consider indispensable for human fulfillment and for attaining the abstract concept of happiness).

The distributist thesis has been marginalized among the specialists in Romania; therefore, it cannot be said that any vibrant local literature corresponding to academic standards has developed around this idea. There may persist some explanation for what I am about to raise, namely a confusion between the economic model of distributism and socialism, from which it differs fundamentally, and this confusion probably bars contemporary authors from accessing this thesis. Paradoxically, I have found that distributism has gained more visibility in Romania not as an academic debate but rather as an issue brought up within broader public discourse concerning economic and social policies: however, this is beyond the scope of the present Paper and its Literature Review.

Also, not surprisingly, the Romanian literature tries to show the problems of privatizations done by the Management Employee Buyouts (MEBO) method in that first decade after the Romanian Revolution of December 1989 rather than pointing at the distributist doctrine itself. For instance, in an article titled *Privatization in Romania: Achievements, Dilemmas, Difficulties*, Professor Gheorghe Zaman (1992) showed that one main shortcoming enterprises privatized under MEBO method (i.e., brought, to a greater or lesser extent into employee ownership) faced was difficulty attracting financiers (strategic investors). This author said it happened, among other circumstances, because investors were naturally reluctant to invest in a business where the position of the employees was no longer one of strict subordination to the employer but rather one of dialogue partners having a say in the organization and operation of the enterprise. It was said in a historical context which to some might seem outdated, but I believe it retains value as a principle and cannot be excluded in the discussion of the possibility of an employee takeover.

Without elaborating, as that might take me beyond the confines of this paper, I stress that the leading advocates of the distributist theory, whom I previously cited, did not merely acknowledge but rather emphasized the presence of classic tensions between workers and businesses (i.e., their employers) or more precisely between workers and owners of the firms. They suggested that distributism, among many other advantages, may act as a remedy to resolve this seemingly perennial conflict between opposite forces, wants, and aspirations. These conflicts have been addressed in numerous works and papers; therefore their existence is by no means dubious in my opinion.

Apart from that classical rivalry, more modern economic literature has stressed another tension inside the firm which can negatively affect its cohesion and effectiveness: a divergence between owners and managers. In Romanian literature, this conflict was highlighted by author Ion Bucur (2020) in his work *Public Authorities and Economic Freedom*; he said there is no spontaneous convergence between the interests of owners and managers, contrary to the traditional microeconomic theory, on which the present Anglo-Saxon model of corporate governance is based. Practically, this model is based on the mandate concept since company owners mandate their managers; thus, they cannot act outside the scope of the mandate given to them without being held accountable by the company they manage.

Furthermore, as per the views of the same Romanian author, it is exactly the distribution of ownership which is typical to the modern market economy that has enabled the separation between the interests of owners and those of managers. That author cited this distribution as a mirror of modern capitalism, described as a shareholder capitalism instead of an entrepreneurial capitalism. In other terms, from his perspective, shareholder capitalism is the natural expression of the evolution of a system through time and thus not an accident.

This author also notes the possibility that, within modern shareholder capitalism, employees may find themselves joining the ranks of shareholders, becoming owners of the employing company and thus forging a new compromise between labor and capital to replace the classic wage compromise of the Fordist era of capitalism. Therefore, as this author points out, one consequence of the transition from entrepreneurial capitalism to shareholder capitalism is that transformations may ultimately occur in the very nature of ownership of the enterprise.

Regarding the effects and consequences of employee inclusion as business owners, several studies have been conducted mainly in Anglo-Saxon regions abroad—in the United States of America and the United Kingdom—each dealing with one or more aspects relevant to that field of business economics. A very fine synthesis directed toward this topic is a co-authored study by Prof. Joseph Lampel, Dr. Aneesh Banerjee, and Prof. Ajay Bhalla (2017) from two distinguished British universities. The following paragraphs detail findings from that Study whose summation slides into conclusions on how employee share ownership affects such vital issues as firm economic performance, productivity, resilience, employee engagement, and retention. I saw that the works thought by these 3 writers showed that worker stock ownership usually causes better results in the above areas, with such gains being especially clear in small and middle businesses.

The present 2017 Study is a synthesis of several studies done overseas throughout the years till now and which brought to light many benefits from a business model based on employee ownership of the business or part of the business. Since, as already seen, most research that these authors considered happens in Anglo-Saxon countries and, secondly, Western Europe-noted historical and cultural areas that I view to have a more solid capitalist heritage than ours-I believe that its conclusions can be applicable at least in principle to Romanian companies. This is because, at the end of the day, it is generally accepted that they are subject to the same economic regularities specific to a market economy as those in the Western states.

As regards the scope of the Study, it was preliminarily made clear that the analysis would concentrate on enterprises that were either fully owned by employees or those in which employee ownership was substantial. The term *substantial* has not been defined numerically; it is understood to mean such a level of employee presence and organization as would enable them to make meaningful participation in the decision-making processes of the company.

This Study initiated employee ownership to overall effect on company performance, particularly in small and medium-sized enterprises. Therefore it gives an overview of sales per employee in employee-owned companies – Blasi, Conte & Kruse (1996), or that such firms have a higher Return on Assets (ROA) – Lampel, Bhalla & Jha (2014), Jones & Pliskin (1988). However, the Study also pointed out that firm performance is the outcome of a complicated accumulation of factors so that mere employees' involvement in the ownership structure is not by itself a guarantee for high performance but only a potentially enabling factor.

At the same time, positive aspects of this structure of business ownership have been noted in the Study in terms of the degree of dedication of employees to their work – Keef (1998), this aspect being explained also by the supervision that the employees, who also perceived themselves as owners of the business, exercised over the quality of their colleagues' work – Arando, Gago, Jones & Kato (2015). In the same context, a higher level of collaboration among employees was also noted in the Study, i.e., a higher level of cohesion of the company's workforce – Fernández-Guadaño (2014). It was also positively reflected regarding the level of employees' autonomy, respectively their level of innovation, it being noted that in the companies studied employees generally enjoyed a higher degree of freedom concerning organizing their own work. The Study also brings out the increased flexibility of companies organized on this principle.

Not surprisingly, therefore, the cited research concluded that employee rewards are higher in employee-owned organizations which probably leads to a higher degree of prosperity for employees and their families – NCEO Report (2017). Correspondingly, the fair pay sense is perceived to be higher for employees in staff-owned firms – Frohlich, Godard, Oppenheimer & Starke (1998), which may link to absenteeism rates reported lower in such specific firms – Hammer, Landau & Stern (1981) or Rhodes & Steers (1981). Last but not least, further research highlighted in this Study led to an emphasis that the firms surveyed were more likely to invest in employee training safety and occupational health Pendleton & Robinson (2011). Hence, higher total employee job satisfaction was recorded that correlated with greater staff retention –Buchko (1993) or Kruse, Blasi &Freeman (2011), and a smaller gap between employees and managers regarding differences in economic and social status and perception – Onaran (1992).

Considering all aspects indicated by the Study and summarized above, it is relevant to quote its conclusions on page 13: "*The evidence of the impact of employee ownership on performance is overwhelmingly positive. The clearest evidence is for smaller firms, firms with larger employee ownership stakes, and in studies over longer time horizons. Employee owned firms tend to be more productive, have higher employee engagement along factors like rewards sharing, job satisfaction, organizational commitment, and motivation - which is reflected in higher retention and lower absenteeism. Employee owned businesses are more resilient in crises and appear to have a positive impact in the wider community (...)*".

Thus, it may be seen that, in principle, the Study's conclusions accord with the three hypotheses stated at the end of the introductory section of this paper.

It should be emphasized that in recent years, mainly in those countries that are considered to have a long and successful tradition of the market economy, an avalanche of materials has come about aimed at conveying to the general public the essential aspects of the notion of employee ownership. An excellent example is the information material entitled *Moving to Employee Ownership: A Brief Guide for Employees* published by the Department for Business Innovation & Skills of the British Government (2013). Apart from conceptual clarifications, this material provides the interested public with practical information on issues that should be considered in breaking through the strict demarcation line between employees and shareholders of a company.

Moving to Employee Ownership: a Brief Guide for Employees outlines other important advantages of the examined business ownership model, including the possibility of maintaining a link between the company and employees after their retirement, the possibility given to employees to invest directly in their own workplace, the possibility to hoard their shareholdings for times in their lives when they need important material resources, and a more efficient implementation of the company's asserted ethical values in its day-to-day activity.

Given that the topic of this writing is modestly approached in Romania, I appreciate that this paper could represent a beginning of the orientation of the local specialized literature in the direction of the approached topic, arousing the interest for this subject which, as seen from the previous paragraphs, is actual in market economies.

Methodology

From a methodological point of view, I limited myself to consulting the identified specialized literature, especially foreign literature, because—as I have shown—the relevant Romanian literature is very brief.

I have not found any figures showing what percentage of workers are in the ranks of owners in Romania. I think that such numbers could be made by joining the files of the National Trade Register Office with those of the General Register of Employees (REVISAL), but this is beyond what I am allowed to do legally since both aforementioned files contain private information and can only be used under very strict conditions by authorized persons. Also, the amount of information that would have to be dealt with is clearly beyond my ability; however, I think this idea should be on the national authorities' agenda because this aspect is important for understanding recent movements and trends in our economy.

Available statistics from reliable sources are rather limited and come in the form of a survey carried out by the European Federation of Employee Share Ownership ("**EFES**") for the year 2023, entitled *Annual Economic Survey of Employee Share Ownership in European Countries 2023* (the "**2023 Survey**"). This survey evaluated the development of employee share ownership in 13 leading Romanian companies on the stock exchange over the period 2006-2023:

- according to the 2023 Survey, none of the analyzed companies had an active employee share ownership system in 2023;
- thus, as of 2023, of the 13 analyzed companies, 7 were state-controlled, 4 were controlled by private corporations, one had no single dominant shareholder, and another one was not clearly classified in the report, most likely due to a mixed ownership structure or an atypical situation: consequently, none of these companies were majority-owned by employees.

It is important to note certain limitations of the 2023 Survey:

- the survey does not reflect the situation of small and medium-sized enterprises (SMEs), where employee shareholding may still exist but is not analyzed;
- additionally, it should not lead to the erroneous conclusion that no Romanian employee owns shares in the company they work for, as individual cases may still exist outside the scope of the study;
- EFES is an international not-for-profit association, thus data provided by it is not official data.

Not at all, the information shared with the public by the Central Depository was considered, according to which, as of the time of querying its database – March 19, 2025 – there existed in Romania a total of 8,296,835 people who possessed shares in firms listed on the Bucharest Stock Exchange. But, this claim should not be twisted to imply that all those shareholders are likewise workers of the companies where they own shares.

I try to prove, as a working hypothesis, that the allocation of shares in the employing company to its workers / managers is a managerial strategy that could lead to the betterment of the company's results, this statement being also true in the Romanian microeconomic landscape.

Results and discussions

In the light of all the above, I conclude that an enterprise owned and run by employees, or at least one in which they have a real and effective say, can be an advantageous model in many ways. In fact, several countries with developed market economies offer examples of employee owned companies that have proved viable over time: such companies can be found in the United States[1], the United Kingdom[2], Canada[3], Norway[4], Spain[5], Italy[6], Japan[7], India[8], etc.

Adding my own reasoning to the above-mentioned writings, I will now try to outline an economic and ethical rationale that justifies the attribution of shares to employees, complementary

[1] For example: Acadian Ambulance, Applied Research Associates, Arizmendi Bakery, Bi-Mart, Black & Veatch, Bob's Red Mill, Brookshire Brothers, Burns & McDonnell, Carter's Foods, Casino Queen, CDM Smith, Certain Affinity, CH2M Hill, Corgan, The Cheese Board Collective, Chicago & North Western Railway - sold to Union Pacific in 1995, Columbia Forest Products, Dahl's Foods, Davey Tree Expert Company, Dynetics, Ebby Halliday Realtors, Eureka Casino Resort, Evergreen Cooperatives, Ferrellgas Partners, Food Giant, Frontline Test Equipment, Gardener's Supply Company, Gensler, Golden Artist Colors, Graybar, Great Lakes Brewing Company, Greatland Corporation, Harps Food Stores, HDR, Inc., Henny Penny, Hensel Phelps Construction, Herff Jones, Herman Miller, Houchens Industries, Huck's Food & Fuel, Hy-Vee, John J. McMullen & Associates, Journal Communications, Kimley-Horn, King Arthur Flour, Lampin Corporation, Landmark Education, Lifetouch, Mast General Store, Mathematica Policy Research, Mushkin, MWH Global, Neuberger Berman, Niemann Foods, Oliver Winery, Peter Kiewit Sons', Phelps County Bank, Publix, Raycom Media, Recology, Robert McNeel & Associates, Rosendin Electric, SAIC, Scheels, Schreiber Foods, Schweitzer Engineering Laboratories, Springfield ReManufacturing, Southern Exposure Seed Exchange, Stewart's Shops, Stiefel Labs, STV Group, Taylor Guitars, Tidyman's, Torch Technologies, The Whiting-Turner Contracting Company, W. L. Gore & Associates, W. W. Norton & Company, Westat, Wimberly Allison Tong & Goo, WinCo Foods, Woodman's Markets.

[2] For example: Aardman Animations, Agilisys, Allford Hall Monaghan & Morris, Arup, Boydell & Brewer, Central Surrey Health, Donald Insall Associates, Hayes Davidson, Gripple Ltd., John Lewis Partnership, MJP Architects, Mott MacDonald, PA Consulting Group, Richer Sounds, Riverford, Talis Group, Team Consulting, Tullis Russell,West Highland Free Press, Go Ape.

[3] For example: EllisDon, Friesens, Hatch Ltd, Morrison Hershfield, PCL Construction.

[4] For example: Kantega.

[5] For example: IDOM, Mondragon Corporation.

[6] For example: the cooperatives in Northern Italy’s Emilia Romagna Region.

[7] For example: Nikkei, Inc.

[8] For example: Aavin, Adarsh Co-operative Bank, Amul, Banas Dairy, Co-optex, Dabbawala, Horticultural Producers' Cooperative Marketing and Processing Society, Indian Coffee House, Indian Farmers Fertiliser Cooperative, Indian Potash Limited, J Thomas & Co. Pvt. Ltd., Kaira District Co-operative Milk Producers' Union, Karnataka Milk Federation, Kerala Co-operative Milk Marketing Federation, Krishak Bharati Cooperative, Lijjat Papad, Mother Dairy, National Agricultural Cooperative Marketing Federation of India, Orissa State Cooperative Milk Producers' Federation, Pratibha Mahila Sahakari Bank, Rehwa Society, Sant Muktabai Sahakari Sakhar Karkhana, The Totgars' Cooperative, Sale Society Limited, Working Women's Forum.

to their salaries. This reasoning is inspired by the thinking of the French economist and sociologist Pierre-Joseph Proudhon (1830), who, in his work entitled *What is Property?*, explained that the wage is a compensation to the employee for his / her own resources (time, energy) consumed in the course of work, and that it is necessary that part of the economic result should return to the employee in addition to the wage in order to reward the employee for his / her efforts that have led to the financial success of the employer. Otherwise, in Proudhon's view, the employee's efforts remain unrewarded. Following this line of thinking, I consider that the granting of shares to employees, i.e., their inclusion in the category of business owners, seen as a form of compensation for employees' efforts, is an effective way of both boosting and motivating them and of recognizing their tangible contribution to the company's well-being and progress.

Also, looking at many of the problems that Romanian business owners often talk about, I think, based on what was found in other countries, like mentioned above, giving workers ownership rights in the company, voluntarily, as a way to motivate them and unite the team, could help fix the mentioned problems. It is very well known (and this has been confirmed by my professional and academic interactions with entrepreneurs over recent years) that entrepreneurs in our country report the following recurring problems:

- high staff turnover, especially in certain sectors (retail, construction, HoReCa, etc.);
- the relative ease with which staff can be *poached* by competing businesses;
- the difficulty of retaining staff in high level domains, characterized by high competitiveness and tough competition (IT&C, law firms, engineering etc.);
- the burden of finding and recruiting qualified staff, especially for small businesses and start-ups or companies in rural areas or smaller towns;
- a competition with the public sector for human resources, often carried by the public sector from a position of superiority regarding the allocated material resources;
- competition for human resources with entrepreneurs from abroad, in the context of the single EU labor market;
- employees' plateauing, lack of interest in continuous training and development, insufficient dedication to work and to company goals, questionable work ethics;
- the tensions and splits that arise in work teams, which have the effect of straining the professional environment, decreasing work productivity and wasting the energy of employees and managers in directions that are not related to their professional missions;
- a mentality of a part of the population (and, implicitly, of the employees) that is tributary to concepts specific to bygone times (the communist period, the first period of transition to a market economy), when the idea of entrepreneurship was somehow associated with exploitation, speculation, unscrupulousness, disregard for the rule of law, etc.

I believe that the optional inclusion of employees in the ownership structure might ease these conflicts so much complained about in the Romanian business environment because it would, on one hand, create an additional connection between the employee and the company and, on another, because the dividends paid to the employee would raise his or her living standard. It would thus enhance employee loyalty, professionalism and stability in the Romanian professional environment. Also, this way could fix the distributist idea of bringing together the roles of worker and owner with the need to keep a good collective in a firm, both in terms of size and variety of specializations. If the practice of granting shares over time as a reward for loyalty and performance were extended or even made general, it would lead to a good and fair situation where many people involved in work would come to own, in reality, a small part of our national economy-—making our country more inclusive and strengthening the nation's social cohesion.

As relevant as it is to consider the present, looking into the future, the granting of shares and social shares may turn into an equivalent of a form of social protection under the circumstances of the already predicted deficiencies in the Romanian national pension system: that is, after their retirement, current employees will receive, on top of their regular pensions, dividends from their previous employer company which will ensure a more solid financial situation in the latter stage of their life.

This would also develop the entrepreneurial spirit of employees in the sense that their mentality would evolve in a direction closer to that of entrepreneurs / shareholders so that communication between them and their employees would become easier with less conceptual barriers the socio-economic gap also narrowing. Similarly, the distance between employees and managers would also be reduced as employees would no longer remain mere subordinates of managers but would become principals of managers. Moreover, if managers were to receive a share of ownership of the firm the risk of them taking decisions that favor third-party interests over the interests of the business i.e., owners of the business would be reduced. Thus, in a very highly stratified and hierarchical society where studies indicate that wealth is less evenly distributed than other European societies (Orjan, 2023), the introduction of workers and managers as part owners could facilitate their dialogue between social and professional categories and lessen perceived differences between them, leading to a better working environment — more productive and fair.

It is easy to see that all these implications and results would come together to show the main benefits that the advocates of the distributist belief point out: social harmony, backing for fair working ties instead of submission, rigid orders and strong rivalry, a financial safety net for the person and their family, i.e., the role of getting profits from the employing business, a kinder (i.e., less severe) economy, etc. I also believe that firms which are starting, under-financed and / or less market connected, generally realizing modest economic performance or simply going through a bad time — conditions where many domestic-capital firms find themselves — can opt to bring employees into their ownership structure by way of compensation for the lower possibilities of their remuneration (thereby enhancing the possibility of attracting and retaining employees in line with their requirements).

It should also be added that the fear of Romanian entrepreneurs that with the opening of the shareholding to employees there would be a risk of losing control over their business (and the chances of finding sources of financing would decrease) could be weighted (i) by the fact that they could keep a sufficient number of shares to maintain the decision-making power in the company or, (ii) in the case of joint stock companies, by issuing and distributing to employees *preferred shares with priority dividend without voting rights*, under the conditions of Article 95 of the *Companies Act No. 31/1990*.

It is essential to mention that, according to the *Tax Code*[9], the benefits acquired under a *stock options plan* (i.e., a program initiated within a legal entity through which its employees, administrators, and / or directors, or those of its affiliated legal entities, are granted the right to purchase a determined number of participation titles, at a preferential price or to receive them free of charge) do not signify taxable income for income tax purposes, nor are they included in the monthly calculation base for social security contributions (neither at the time of their grant nor at the time of exercising the rights conferred through them).

[9] Article 7 point 39, Article 76 (4) letter r) and Article 142 letter p) of the Tax Code

I also assert that the Romanian State has the moral duty to formally educate its citizens so that they understand the economic and legal foundations of shares, so that they are aware of the rights they confer, knowing how to put them to good use.

However, it is also necessary to discuss the data presented for the 2006-2023 period in the 2023 Survey, which may superficially suggest that employee-owned enterprises are absent from Romania's economic landscape. From my perspective, these data do not invalidate the working hypotheses of this paper, for at least the following reasons:

- limited scope of data: as shown in the Methodology section, the data are limited, covering only 13 Romanian companies;
- the nature of the companies analyzed: among these 13 companies, the majority are state-owned or subsidiaries of multinational corporations: such organizational structures are less compatible with stock option plans and employee control, as these companies can motivate employees through competitive salary packages, often above the national average, reducing talent attraction and subsequent retention challenges; moreover, in these companies, employees' interests are adequately protected through solid collective labor agreements and union affiliation, so the employees' interest in gaining decision-making power within the companies is inherently lower;
- company size and structure: the microeconomic model analyzed is more compatible with small and medium-sized enterprises, whereas the 13 companies in the 2023 Survey are *large enterprises* (or, in fiscal terms, *major taxpayers*);
- lack of contradictory data: no additional data have been identified that could contradict the viability of this organizational model in the Romanian economic space, or reflect the situation of other enterprises beyond the 13 analyzed.

Hence, the intrinsic constraints of the 2023 Survey, elaborated above, are considerable, blocking the making of widely generalizable results. Thus, beginning from the particular cases of these 13 selectively picked firms, I cannot dare to make an inductive reasoning, just based on this survey.

By applying deductive reasoning, one can also say that since the Romanian economy has been a market economy for over three and a half decades, and this organizational model has worked well in other advanced market economies— as shown in the Literature review— it is fairly assumed that this model fits the traits of the Romanian economy and can improve various aspects within our country's companies. In other words, no characteristics of the Romanian economy were found by me to establish incompatibility. This is further supported by public data already disclosed by the Central Depository which shows that as of March 19, 2025, there were 8,296,835 individuals in Romania holding shares in companies listed on Bucharest Stock Exchange.

Conclusion

As I consider that it flows from the above, the distribution of shares to employees undertaken by employers on a voluntary basis as a method of rewarding, empowering and building loyalty could be considered an useful remedy to improve some recurrent difficulties that Romanian entrepreneurs are facing.As I consider that I have shown this could be an implementation of distributist ideas which have potential to uplift the general evolution of Romanian enterprises in several aspects including from the viewpoint of leveling the relations between employees, managers, and entrepreneurs/shareholders. Thus, based on studies and examples offered by countries with a rich tradition of market economy, I consider that this model of organizing the ownership structure of the companies is not in contrast with the national economic specificity but, on the contrary, that it comes precisely to meet certain needs of companies which are resulting from this specificity.

I believe that future research can develop, based on this general study, towards quantifying the percentage of Romanian workers in the proprietorship structures of firms and also towards delineating specific models of involvement of workers in the ranks of business proprietors, adjusted to the different situations where a particular enterprise operating in Romania might be (for instance, organization type, size, area of service, financial outcomes, characteristics of the hired staff - for example, human resource scarcity, required qualification level, turnover).

I would like to emphasize that the approach under analysis should not be considered a panacea or an infallible solution; therefore, the analysis should be carried out on a case-by-case basis considering all the particularities and specificities of each company at a given moment prior to making any decision on whether to bring in employees as shareholders and determining the extent and limits of their eventual access. Hence future studies will have to analyze the disadvantages of this approach both with reference to particularities in the Romanian economy and economic and psycho-social particularities of Romanian employees, managers, and entrepreneurs.

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