Financial participation and share ownership by workers: the situation in Italy*

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1. Financial participation by workers in the European Union

This *paper* will examine the current situation and future prospects of Italian legislation regarding the financial participation of workers in enterprise (in particular in the form of share ownership).

Although most of the information and observations that follow will focus on Italy, some initial reference will be made to evolution within the European Community; the increasingly marked influence of EU social law on national labour systems[12] makes it inevitable to introduce the topic from a European perspective, taking into account the main issues that have been raised – and apparently continue to be raised – at a Community level.

From the early 1990s onwards a considerable amount of attention has been paid in the EU to the topic of financial participation (henceforward referred to as f. p.) by workers; significant official initiatives have been taken by European institutions (in particular the Commission and the Council of Europe), and various studies have been conducted by important European research institutes, in some cases based on i*nput* from the institutions themselves[13].

Investigation of the topic started with a famous report on f. p. by workers in EU member states published in 1991 – the so-called PEPPER *Report* (*Promotion of Employee Participation in Profits and Enterprise Results in the Member States of the European Community*)[14] – solicited by the Commission as preliminary to the 1992 Recommendation (Rec. CE 92/443, 27th July 1992)[15]. A second updated version of the Report was issued in 1996 (*PEPPER Report* II)[16], and the Commission recently resumed the issue with a *Working Paper* published in July 2001[17].

As stated in the introductory pages, the *Working Paper* follows in the wake of the *PEPPER Reports* of 1991 and 1996 and the Council of Europe Recommendation of 1992 and aims at initiating a process of consultation, above all with the social partners, prior to adoption of a future Communication by the Commission.

Whereas the interest shown by EU institutions in f. p. by workers has so far led to a simple Recommendation – typical of *soft law* – in the near future it would appear destined to generate a simple Communication: an atypical act, the only aim of which is to establish a "line of political action or to state the specific position taken by the institutions"[18].

Despite the "weak" nature of EU intervention, it is useful to highlight the main themes and problems regarding f. p. that appear to be emerging. I will refer not only to Commission's *Working*

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[12] Cf. ARRIGO (1998), pp. 167 and ff. and, more specifically, on the process of "Europeanisation" of Italian labour law, CORSO (1996).
[13] Cf. in particular, two recent studies by the European Foundation for the improvement of living and working conditions, Dublin: Recent Trends in Employee Financial Participation in the European Union; Employee Share Ownership and Profit Sharing in the European Union, both to be found at: http://www.eurofound.ie; also, the study carried out, on the request of the Commission, by the European Centre for Employee Ownership on the connections between European work councils and f. p. by workers (see EWCs and Financial Participation, 2001).
[14] 3 UVALIC (1990).
[15] See ALAIMO, 1996; ROCCELLA, 1992; TOSI, LUNARDON, 1992.
[16] PEPPER II, Com (96) 697 final.
[17] Financial Participation of Employees in the European Union: 27th July 2001, SEC (2001) 1308.
[18] POCAR (2000), pp. 306-307.

Paper but also to a recent study carried out on the request of the Commission by the *European Centre for Employee Ownershi*[19], as well as the results of the process of consultation with the social partners initiated by the *Working Paper*, which has almost been concluded (UNICE, ETUC and the European Federation of shareholding employees – set up in Brussels in 1998 – have already supplied the Commission with written observations on the *Working Paper*).

Two issues in particular seem to emerge from official documents, the observations made by the social partners on the *Working Paper* and the study mentioned above.

A) The first is the transnational spread of f. p. by workers, i.e. its spread among multinational groups and in particular in what are called Community-scale enterprises.

The *Working Paper* identifies three obstacles to the transnational spread of f. p. schemes: a) the different tax systems in the various Member States; b) the different compulsory contribution systems; c) social and cultural barriers (which the Commission indicates with the expression "cultural deficit") against the spread of f. p. in some States.

From the study carried out by the *European Centre for Employee Ownership* – a study of f. p. in four large multinational companies (Gucci, Pearson, *Air France* and DSM), which specifically investigates the connections between financial participation and the activity of European Works Councils – it emerges, on the other hand, that only rarely (in particular in the case of the Gucci company) is the intention of applying f. p. schemes in all the companies in the group the main reason for the setting up of the EWC; in most cases, in fact, f. p. has no connection with the activity of EWCs: it has not been a subject for discussion within the councils, nor have any agreements been stipulated by them regarding financial participation.

The study draws the conclusion, however, that EWCs will in the future be a forum in which the modes of application of the various f. p. schemes can be discussed, especially if the schemes applied in certain places are to be extended to companies operating in different EU countries.

From a strictly juridical viewpoint, however, it is obvious that *homogeneous* application of f. p. schemes would require a common discipline, a juridical statute (i.e. a single system of rules) within the EU system, similar to the single European Company model recently introduced by EU Regulation n. 2157/ 2001[20].

It is, in fact, evident that only a statute of this kind – adopted via action that is directly binding for all Member States – would provide transnational enterprise with a uniform set of norms that could be applied in all Member States.

However, as is clear from the direction that EU institutions have taken, the orientation is quite the opposite: whereas in the early '90s – while the 1992 Recommendation was being formulated – the Commission had declared its intention of setting up a working group to design *a discipline at a European level,* this has not come about: the Commission has tended towards *soft* regulatory intervention, more recently passing to the planning of initiatives in favour of the adoption of acts (such as the announced Communication) that are quite atypical and the only aim of which is to

[19] See EWCs and Financial Participation, 2001.
[20] Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE).

establish lines of political action and state the position of Community institutions regarding the issue.

Although the possibility of collective bargaining by EWCs in relation to f. p. schemes may respond to the need to create «supranational co- ordination and connection of collective relationships within a group»[21], for example the co-ordination of wage policies and/or "fidelity" policies for all the group's employees, it would not be suitable for the creation of a single set of norms to be applied directly to labour relations in *all* the companies in the group. EWC agreements are, in fact, known to have compulsory effects and so they are not effective as regards the employment relationships of the employees of the companies involved[22].

As regards transnational regulation of f. p. schemes, the most we can hope for, then, is the spread of framework agreements, that is, bargaining of a policy-oriented nature, leaving implementation of the various types of f. p. in the various companies in the group to be regulated by current legislation and possibly collective bargaining at a national level.

B) The second important issue that is emerging in the EU in relation to f. p. is the connection between f. p. and participation in decision- making processes.

Participation in decision-making as a necessary consequence of f. p. was already outlined in the 1992 Recommendation: both the Recommendation itself and the enclosure recommended respect of workers' rights to information, consultation and participation[23]. Greater emphasis was placed on this connection by the consultation process following the 2001 *Working Paper*. As was to be expected, it was above all the ETUC that focused its observations on the profile of worker participation and involvement in the enterprise, declaring the indications in the Commission's *Working Paper* to be inadequate in this respect. They specifically requested the future Communication to include explicit reference to the right to information and consultation and the appointment of workers' representatives on company boards[24].

This is in my opinion an important indication; it points to a trend that national legislation would be advised not to ignore.

2. Share ownership by workers: the situation in Italy.

Unlike other EU countries, where *ad hoc* legislation regarding f. p. was introduced some time ago[25], or an organic system of regulation was developed following *input* from the Community[26],

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[21] GUARRIELLO (1992), p. 32.
[22] Ead., p. 63.
[23] Rec., point 3, part II; encl. point 2.
[24] The position of Etuc on the document of the Commission has been transmitted with a Communication of the 23rd of November; it can be consulted on the Internet page: http://home.pi.be/~pin13904/ParticipFinEN.pdf. On the position of Etuc and Unice, see, more extensively, TIRABOSCHI (2002), pp. 213-215.
[25] I refer above all to France and Great Britain: following a legislative tradition of almost twenty years, they have recently renewed their legislation on the subject – in 2001 and 2000 respectively (for the French law, see France: New Law on Employee Participation, 2001 and for Great Britain law, see http://www.inlandrevenue.gov.uk/shareschemes/).
[26] Belgium, for example, passed its own law on profit sharing and share ownership by workers in June 2001 (cf. Belgium Employment - New Governments Draw Up Employment Agenda, 1999; BLANPAIN, 2002); for recent comparative analyses, see FERRANTE (2000);

the topic of share ownership by employees in Italy is still regulated by outdated laws (Articles 2349 and 2441, last paragraph, Italian Civil Code)[27]. Recently these have been supplemented by a few sporadic provisions (Art. 13, par.1, letter b), n. 2 of Legislative Decree n. 505, 23rd December 1999, which amended Art. 48, par. 2, letter g of the T.U.I.R. on income tax; Presidential Decree n. 917, 22nd December 1986; Arts. 137, par. 3, and 141, of legislative decree n. 58, 24th February 1998), all, however, lacking in those organic features that adequate legislative regulation should by now possess.

The only two pages devoted to the topic of "economic democracy"[28] in the White Paper on the labour market by Minister Maroni[29] had no follow- up in the labour market Bill (N° 848) passed in 2001); nor is there any hint in Bill N° 2145, 2001 which introduced a reform of compulsory and supplementary national insurance contributions, even though legislative reference to f. p. by workers has more than once been made in the Italian system, in connection with the introduction of norms regulating voluntary contributions or reforms of certain aspects of the compulsory contribution system[30].

As the White Paper states, there has up to now been no organic legislation relating to f. p. and share ownership by workers. Although a number of bills have been presented in Parliament, from the 12th legislature onwards, no legislation has as yet been passed to deal adequately with the numerous issues that the f. p. phenomenon interferes with: from its connection with the process of privatisation of public enterprise – in relation to which most f. p. schemes in Italy have been introduced –; to its link with participation in decision-making processes, and in particular the opportunity for shareholding employees to take part, with voting powers, in shareholders' meetings, and the inclusion of their representatives on company boards; and finally to regulation of the modalities of collective stock management[31].

It is, however, true to say that there have been some signs of legislative consideration of the phenomenon in Italy since the second half of the '90s. But this has been in the form of sporadic legislative intervention – provisions with very broad, general spheres of reference.

Some normative provisions regarding share ownership by employees have therefore been inserted in laws whose scope was much broader and more general in nature: on the one hand,

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FESTING M., GROENING Y., KABST R., WEBER W. (1999 and http://home.pi.be/~pin13904/WHATSNEW.htm; http://home.pi.be/~pin13904/THE%20NEW%20EO%20BELGIAN%20LAW.pdf); and for a comparison with English law, see GUAGLIANONE (2001). For a comparative analysis of the situation in Italy, Great Britain and the U.S.A, focusing on the connection between f. p. and decentralised bargaining, see DEL BOCA, KRUSE, PENDLETON (1999).

[27] Cf. GHERA, 1997, pp. 11 and ff.

[28] Pp. 86-87. Among the most recent contributions on the topic of economic democracy, see BONFANTI, 2001; MARRONCELLI, 2001; FERRARO, 2000; RODOTÀ, 1997.

[29] 8 Libro Bianco sul mercato del lavoro in Italia (White Paper on the Labour Market in Italy), October 2001, on which – besides the numerous comments in Italian – see LO FARO (2002).

[30] Cf. Law N° 299, 17th August 1999, concerning the conversion of lump sum funds into stock, subsequently destined for company retirement pension funds, and suppressed Art. 2, par. 15, of Law N° 335, 8th August 1995, on the notion of taxable income for contribution purposes.

[31] 0 Of interest on account of the specific consideration given to this profile are the regulations proposed by Bill N°. 898, submitted to the Italian Senate by Senator Montagnino and others on 28th November 2001.

reforms of the compulsory and voluntary pension contributions system and harmonisation of the tax and contributions regulations concerning income from subordinate employment (Laws N° 335, 1995; 314, 1997; and 505, 1999); on the other, provisions regarding brokerage and listed companies (Law N° 58, 1998).

Regulations occasionally inserted in laws with much broader scope have thus s*eparately* referred to the two different, most typical types of impact by f. p.: on the one hand wages and lump sum payments on retirement; on the other shareholding worker participation in decision- making processes.

3. Legislation regarding tax and contribution relief.

As regards the first of the two types mentioned (wages and lump sum payments on retirement), it is worthwhile recalling the sequence of provisions which introduced tax and contribution relief for employee share ownership schemes between 1995 and 1999[32].

The outcome of these provisions and subsequent additions has been the development of legislation favourable to f. p. by workers. It comprises a series of promotional regulations – in the form of tax and contribution incentives for f. p. schemes – that can be considered as complying with the types of law in existence in a number of other EU countries (cf., *retro*, § 2) and the suggestions made in EC Recommendation 92/443 regarding financial incentives for f. p.

The first relief provisions were introduced by Law N° 335, 8th August 1995, which enlarged the range of exemption from contributions, ex Art. 12, Law N° 153, 1969, excluding from taxable income "the difference between the market price of shares in the employing company or controlling or controlled companies and the reduced price offered to employees according to current law (Art. 2, par. 15, Law N° 335, 1995)". This was replaced by new regulations issued in 1997 when, on the occasion of unification of the notion of taxable income for tax and contributions purposes (Law N° 314, 1997), it was established that in the event of increases in company capital provided for by the only two civil code provisions that referred to stock ownership by workers (Arts. 2349 and 2441) the "value of stock" held by employees was not to be assessed as taxable income (either for tax or contribution purposes). The latest relief provisions, which are still in force, are those made by Law N° 505, 1999 which, reformulating Art. 48 of the T.U.I.R., established that taxable income was not to include either *the value of stock offered to employees* (up to a total amount not exceeding four million lire in the tax year – letter g), or *the difference between the value of the stock at the moment it was assigned and the amount paid by an employee to purchase such stock* (letter g bis); this difference – typical of what are called stock option schemes – is a lucrative source of income for employees who become shareholders.

4. Share ownership and participation in decision-making processes.

The other impact of recent provisions regarding share ownership by employees is, as we have seen, the participation of shareholding employees in decision-making processes.

Here again, the few provisions still in force were inserted into legislative measures with a broader scope – Law N° 58 (listed company reform) passed by the Government in 1998, familiarly known

[32] DI NUNZIO (2000).

as the "Draghi Reform". Once more, therefore, legislative reference was due to a broader, more general reform, on this occasion concerning listed companies.

Legislative references to this profile (i.e. the participation of shareholding employees in decision-making processes) are, however, very few; as such, they would appear to confirm certain interpretations that undervalue the phenomenon of f. p., according to which one should "not make out too close a connection between the problems and suggestions of financial participation with those concerning worker participation in company management organisms"; these are two phenomena that "should be considered and assessed as rigorously separate and distinct, as there is no immediately consequential link between them"[33].

Although this can be held to be true as legislation stands today, legal policy seems to be developing a different idea, attaching greater value to worker participation in decision-making. As seen previously, the EU has provided various *inputs* to promote this profile, and at a national level various Bills have been presented to support the connections between f. p. and participation by workers in company management. As an example, it is worthwhile recalling that one of the most recent and organic Bills concerning share ownership by employees – Bill N° 18, 2001, known as the Pizzinato Bill, which was presented during the current legislature – states that the primary aim of the proposal is to "allow active participation" by workers in the life of the company, in compliance with Art. 46 of the Constitution", thus retracing the idea of participation expressed when the Constitution was originally drawn up[34].

5. Employee participation in shareholders' meetings and associations of shareholding employees.

The provisions laid down by the above-mentioned T.U. (in particular Arts. 141 and 137, par. 3) exclusively concern the participation of shareholding employees in shareholders' meetings but not the participation of their representatives in other company organisms such as board meetings and auditors' committees (even though the need for the latter was taken into account in certain important collective contracts dealing with share ownership by employees in the late '90s: the 1996 and 1998 Alitalia agreements; the Meridiana agreement in 1997; the Dalmine agreement in 2000).

The two provisions made by the T.U. to reform listed companies that refer to shareholding employees therefore only deal with shareholders' associations (Art. 141, which is a general regulation concerning shareholders' associations, thus affording general protection to minor shareholders) and the votes that shareholding employees can delegate to these associations so as to participate in shareholders' meetings (Art. 137, par. 3). Art. 137, par. 3 establishes in particular that company statutes can include provisions to facilitate the collection of votes delegated by shareholding employees. The two provisions are, in fact, connected; as is clearly seen from the opening of Art. 141, the basic task of shareholders' associations (and thus associations of shareholding employees) is to collect proxies so as to allow them to take part and vote in meetings via the associations.

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[33] SCHLESINGER, 2000, p. 188.

[34] The same inspiring ratio was behind two recent bills presented by National Alliance deputies: Bill 2023 C, submitted to the Chamber on 23rd November 2001 by the Honourable E. Cirielli (AN) and Bill n. 741 S, submitted to the Senate on 12th October 2001 by Senator Pedrizzi (AN).

It is obviously not possible here to deal thoroughly with the issues involved in delegating votes. It is, however, worthwhile recalling that the right to vote – and therefore the "weight" – that shareholding employees can exercise in shareholders' meetings via their associations, has been the subject of recent study, evaluation and proposal by a group of experts. Following an initial meeting in Genoa on 5th March 2002, the group drew up a Report on "*Exercise of the right to vote by shareholding employees in the shareholders' meetings of listed companies*"[35]. The Report is to be examined by the Finance Commission of the Chamber of Deputies (to which a number of Bills regarding share ownership by employees have been presented), which commissioned the report as a fact-finding investigation of implementation of Law N° 58, 1998.

Without going into any detail regarding the problems of delegating votes to associations of shareholding employees, (about which the reader is obviously referred to the Report itself), it is worthwhile pointing out the two main drawbacks that the current proxy mechanism presents, drawbacks which are analysed in the Report.

a) The first drawback derives from the legal provision regarding shareholders' associations, according to which these associations vote, "even in a diverging manner, in compliance with the indications expressed in the proxy form by each member" (Art. 141, par. 4). The possibility of a diverging vote clearly runs the risk of undermining the *voice* of shareholding employees' associations at shareholders' meetings; as the Report states, for these associations "to represent a real counterbalance to major shareholders, they should appear from the outside to be compact structures", that is, they should express a homogeneous vote.

It should be recalled that the above-mentioned Pizzinato Bill (n. 18 S) proposes that an association delegated to vote on behalf of shareholding employees should exercise its function "on the basis of the prevailing orientations of the association" (Art. 3, par. 3) and this provision obviously tends towards eliminating any possibility of a divergent vote. The Bill also eliminates the equation of shareholders' associations and associations of shareholding employees, proposing to create an autonomous "association of shareholding employees", suggesting different criteria for its constitution than the general regulations laid down by Art. 141, Law N° 58, 1998 (Art.2).

The differentiation made is certainly an appreciable one: it gives appropriate weight to the different interests shareholding employees may have as compared with other possible minority groups of shareholders. In fact – unlike other minority shareholders, mostly with short-term interests (almost always linked to the profitability of investing in shares) – shareholding employees may well share some of the interests typical of entrepreneurial-capitalistic shareholders: long-term interests linked to the success and maximisation of productivity and company profits. This is the case above all when workers are not allowed to transfer their shares for a certain period of time, that is, when they are bound by stability mechanisms to remain shareholders for minimum periods, which are not usually short (three years is the period usually laid down in share ownership schemes offered by Italian companies in the last few years[36]).

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[35] To be found at: http://www.autostradeazionisti.it

[36] For justification of a general differentiation between treatment of shareholding employees and other minority shareholders, see: ALAIMO, 1998, pp. 203-211.

b) The second drawback of the current proxy mechanism – again highlighted by the Report – concerns the formalities and time required to collect the proxies (certification of the deposit and thus ownership of shares; the compilation of proxy forms and transmission to Consob (the Italian securities and exchange regulator, etc…). This takes an extremely long time which is "difficult to compress in the interval between the date on which the shareholders' meeting is called and that on which it is actually held"[37].

Here again the Pizzinato Bill proposes useful solutions, simplifying the procedures for collecting proxies: for example, it accepts digital signatures to delegate votes and self-certification to demonstrate possession of shares as an alternative to bank certification of share deposits (Art. 3, par. 4 and 5).

One last proposal for more active participation by shareholding employees' associations in the life of companies deserves attention.

It is contained in both the Pizzinato Bill (Art. 6), and the expert Report mentioned previously[38], and consists of giving associations of shareholding employees rights typical of trade union representations: the right to premises in which to hold their meetings (Art. 27, Law N° 300, 1970) and the right to advertise them (Art. 25, Law N° 300, 1970). Once more, the proposal is an appreciable one: the conferring of rights similar to those of trade union representations facilitates the pursuit of certain aims typical of associations of shareholding employees. These aims are clearly listed in the statutes and mainly consist of affording general protection of the interests of the members and promoting greater participation for them in strategic decisions made by their companies. Obviously, being able to summon and meet shareholding employees in the workplace would give these associations the opportunity to provide their members with information about the topics to be discussed in shareholders' meetings and facilitate the collection of proxies.

6. Specific representation of shareholding employees on boards of directors and auditors' committees: between labour law and company law.

Finally, passing from employee participation and voting rights *in shareholders' meetings* to participation by their specific representatives *in board meetings and auditing committees*, it should first be pointed out that there are as yet no legal provisions to regulate the situation.

It is no coincidence that the intention of allowing specific representatives of shareholding employees to take part in boards of directors and auditors, expressed in the late 90s in a series of collective agreements concerning f. p. by workers[39], has in many cases remained a "dead letter", on account of the difficulty of identifying the technical and legal modalities for their appointment. In company law there is, in fact, a fundamental principle whereby shareholders' meetings are entitled to appoint directors and auditors (Arts. 2383, par. 1, and 2400, par. 1, Civil Code). The logical consequence of this principle is that the appointment of directors and auditors cannot be devolved to specific subjects (such as associations of shareholding employees, for example) or specific categories of shares.

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[37] Report, cit. p. 10.
[38] Report, cit. point 25.
[39] Cf. above-mentioned Alitalia agreements, 1996 and 1998; Meridiana agreement, 1997 and Dalmine agreement, 2000.

It is true that, according to Art. 2368 of the Civil Code, company statutes may contain "special clauses" regarding appointments to company offices, and so it is possible to facilitate the appointment of representatives of minority shareholders on the board of directors and auditing committees. It is also true, however, that the legitimacy of these clauses is not clear even to commercial law, although the prevailing idea is that, in order not to exceed the limits of legitimacy, they should "only contribute towards shaping the decisions of the shareholders' meeting, not deprive it of authority"; they should, that is, preserve the meeting's formal power to appoint directors and auditors[40]. Therefore clauses that devolve the nomination of board and committee members to *specific subjects* or *specific categories of shares* are illegal; those which provide, *within shareholders' meetings*, for *voting systems such as to ensure minority shareholders of access for their representatives to the board of directors and auditing committees* (voting by list, scaled votes, cumulative votes etc…) are legal[41].

There are, on the other hand, a number of bills that have been presented to the current government, providing for the participation of specific representatives of shareholding employees in company organisms[42]. And it is obvious that, despite that fact that the rule whereby the shareholders' meeting is responsible for appointing directors and auditors is a cardinal principle of the legal set-up of joint stock companies, a future law on share ownership by employees could – as a source of the same rank – introduce derogations from this fundamental rule. So legal provision for specific representation of shareholding workers on the board of directors (and possibly auditing committees) might also pivot on a mechanism of appointment outside the shareholders' meeting.

It should, however, be pointed out that – if we neglect the various bills currently being examined by the two branches of Parliament – there are no visible signs in this direction in the legislation recently passed concerning company law.

There is, for example, no reference to specific representatives of shareholding employees in Law N. 366, 3rd October 2001, which delegates the reform of company law to the Government.

It is therefore legitimate to hold that any proposal concerning the participation of representatives of shareholding employees on boards of directors and auditing committees should cross the threshold of at least two significant issues connected with company law.

The first concerns the legal treatment of minority shareholders and the possibility of legislative perpetration of forms of discrimination between one minority and another: a legislator attempting to support the minority of shareholding employees may be accused of constitutional illegitimacy in the form of discrimination between different categories of shareholding minorities.

The second issue – a no less important one – is the probable future revision of the models of management and control of joint stock companies laid down by Law n. 366, 2001 (Art. 4, par. 8). As an alternative to the current system – which hinges on the presence of a board of directors

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[40] CASELLI (1991), p. 21.

[41] For an in-depth treatment of the subject, see ALAIMO (1998), pp. 200-201, text and notes.

[42] 1 Bill 2023 C (AN), which provides for "the exercise of collective representation in company organisms" (Art. 1, c. 1, letter a), n. 4); Bill C 1003 (AN), submitted to the Chamber on 21st June 2001, which provides for the nomination of 2 or 3 board members by shareholding employees (Art.1); Bill n. 18, submitted by Senator Pizzinato and others – which provides for the nomination of representatives of shareholding employees on auditing committees (Art. 5).

and a committee of auditors – the law allows for a different arrangement of company organisms (a management board and a supervisory board or, alternatively, a board of directors within which a management control committee is nominated). It is evident that any legislation regarding the participation of specific representatives of shareholding employees will inevitably have to take these possible legislative reforms of the organic structure of joint stock companies into account.

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Updating note: Soon after the writing of this working paper the Commission adopted the Communication "On the Framework for the Promotion of Employee Financial Participation" [COM (2002) 364 final]. *The Communication – which can be consulted on the following Internet page: http://europa.eu.int/comm/employment_social/soc-dial /labour/ index_en.htm – has three main objectives: 1) to provide orientation for the further development of employee f.p. in Europe; 2) to promote a greater use of employee f.p. schemes across Europe by presenting a framework for Community action for the years 2002-2004; 3) to address the transnational obstacles which currently impede the introduction of European-wide f.p. schemes, proposing concrete actions for overcoming them. It contains, in conformity to the objectives above mentioned, a series of general principles for f.p. (voluntary participation, extension of the benefits of the f.p. to all employees extending the benefits of f.p. to all employees; clear, transparent and predefined formula; regularity of*

f.p. schemes; avoidance of unreasonable risks for employees; distinction between wages, salaries and incomes from f.p. schemes; compatibility with worker mobility); it considers the profile of the main obstacles to the use and development of employee f.p. at a transnational level and examines, finally, the perspectives of a wider dissemination of f.p.