Employee Ownership Australia *Making it your business*

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Submission to the Productivity Commission – Delivering quality care more efficiently

Employee Ownership Australia would like to submit the following for consideration in the Productivity Commission's deliberations on ways to improve the quality and delivery of care in Australia.

The following might also be of interest more broadly to your research and policy development work related to productivity improvements in the wider economy.

Further, should there be any interest in your network along the lines outlined below, Employee Ownership Australia (EOA) would be keen to hear about it, given the work we are doing in this area with others in aged care innovation. You can see evidence of this work in our news piece **Employee Ownership Trusts (EOT) In The Social Care Sector**

As we gear up work on the role that employee ownership can play in social care/home care services, you will find useful perhaps the three examples from the UK attached below, which we are looking to replicate in Australia.

Much of the evidence we are presenting is based on the success of employee owned businesses in the UK. On that, you can check out the latest data from the White Rose Employee Ownership Research Centre (lead by Prof Andrew Pendleton of the Uni NSW) which was released on Employee Ownership (EO) Day in the UK (Friday, 20th June).

The theme for EO Day 2025 in the UK highlighted the far-reaching impact of EO: boosting wellbeing and productivity, driving innovation, and delivering stronger outcomes for people, places, and the planet.

With the EO sector now topping 2,470 businesses in the UK (employing 358,000 people) – a growth of over 1,600% since 2014 – EO continues to anchor jobs in the UK economy for the longer term, offering a resilient and inclusive model for productivity and growth. We should be following this trend in Australia, though it appears that there is little interest within Governments here in the topic.

On the evidence side of the topic, you can see more on that in the report **'PEOPLE POWERED GROWTH 2023 - The rapid and impactful rise of employee and worker ownership in the UK'** at https://ownershipatwork.org/wp-content/uploads/2023/10/People-Powered-Growth.pdf. A summary/breakdown of the findings can be seen from page 10 through to page 13.

In this most ambitious study, independent researchers surveyed over 9% (152) of the UK's then 1,650 Employee Owned Businesses (EOBs) and compared results to a control group of 285 non-EOBs. They found that EOBs are 8-12% more productive based on Gross Value Added (GVA) per employee. And this was just the start, with the study also revealing employee ownership's wider economic benefits to the UK economy at a time when fresh thinking and positive practical options are very much needed.

The study linked this productivity uplift to a range of powerful findings, including that EOBs:

- pay twice as much in bonuses and dividends to employees
- were five times less likely to make people redundant in the last three years
- tend to pay higher minimum annual wages by roughly £2,900
- provide greater access to private health care, mental health resources and flexible working
- invest on average 12% per annum (£38,000) more in on-the-job training and skills development

EOBs also reported increased employee motivation since adopting an EO model and 73% reported increased job satisfaction.

This large scale, comparative, deep-dive research has been conducted to a very high standard and is one which every policy-maker should be taking note of.

If you wish to reduce inequality, raise productivity, boost growth, create a healthier, happier and skilled workforce and a fairer, resilient and more community-based economy, then all the policy levers you can pull to grow employee ownership in our country are indicated in this report.

As another example of productivity improvement and delivering quality care through employee ownership, this can be seen also in an interesting article which was in the Social Enterprise UK enews of 1st May, 2025 - **How one social enterprise has reduced emergency care admissions by 50%** - without mentioning the fact that the **'**social enterprise' **– City Health Care Partnership –** is actually an 'all employee' owned 'community interest company'.

To quote the case: "Through taking the approach of "doing with" rather than "doing to", the Centre has succeeded in reducing emergency admissions for frail people by 50%. Find out how, through empowering patients and staff, this social enterprise has flipped the usual model of care on its head."

It is surprising that not more aged care policy makers in Australia are looking into the work of these employee owned 'public service mutuals' given the headline article in the Sydney Morning Herald shortly thereafter (on 16th May) was under the heading "A deluge of aged, sick 'a threat to system' " – see: https://www.smh.com.au/national/nsw/beyond-comprehension-the-massive-blind-spot-in-nsw-s-health-funding-20250515-p5lzia.html .

The reason for the large scale success of employee owned care services in the UK (and in the USA where many home care services are also 'all employee' owned) is that workers and their families are the most 'representative' of any community and are highly motivated to do the best for the communities in which they live and work – and hence 'quality care' becomes part and parcel of such services which they own, operate and deliver. 'Self-management' structures and open book management are also prominent in such services, with both being essential to highly productive service provision in the care sector.

The three attachments below from the UK are examples we have been using in discussions with operators in the care sector in this country - and each could be easily replicated here through 'business successions' of existing enterprises in the care sector (noting that many owners of private company owned care services are approaching retirement age and are considering how to transition the business to new owners, including employees).

Hope you find these useful to consider.

Yours sincerely

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PS: Also, enclosed/submitted is EOA's report to the Federal Department of Health in 2023 on the topic "**Employee Ownership Trusts (EOT) In the Social Care Sector"** which provides more data and examples on the topic and outlines operational aspects of employee ownership structures in the care sector.

Attachment 1: This is a recent example of employee ownership in the home care industry in the UK – one of many now employee owned in that industry in the UK - of a large home care company which has converted to employee ownership through an employee ownership trust.

Stoneywood Care Services in Scotland has become 100% employee owned, with 107 new employee owners. See the extract attached below from the newspaper report at: https://www.scottishfinancialnews.com/articles/scotland-welcomes-three-new-employee-owned-businesses-in-first-months-of-2023 .

Attachment 2: This one relates to the home care excellence award made to the large, employee owned home care service provider 'Be Caring' (800+ employee owners) in the UK earlier last year.

Attachment 3: Shaw Healthcare is one of the largest providers of aged care/home care in the UK and by far the largest, wholly employee owned social care business in the UK (now with 4500 employee owners).

Attachment 1

Pictured (L-R): Stoneywood Care team members Carrie Tadla, Bart Walkowiak, Richard Garner, Louise Berry and Robbie Corr (all back row), Frank Gardiner, Danielle Park and Carole Campbell (all front row).

Social care provider Stoneywood Care Services is now 100% employee owned, with all 107 employees having a stake in the business.

Co-owner **Ian Howie** said: “All exit strategies were explored for selling the business, but after attending several presentations with Cooperative Development Scotland (CDS) it became clear to me and co-owner Mary Reid that employee ownership was the best option.

“Our employees were supportive of the idea and happy we weren’t going down the route of a trade sale, which they felt could cost Stoneywood its identity.

“They’re also happy to have a voice on the future of the company and feel included in major decisions, with business ownership staying in the local area.”

CDS is part of Scottish Enterprise and the arm of Scotland’s enterprise agencies that supports company growth through collaborative and employee ownership business models. Scotland is the third largest growth region in the UK for employee-owned businesses and CDS is the only dedicated service aimed at supporting business growth through more employee ownership and co-operative business models.

Clare Alexander, head of CDS, said: “The consistent issues that arise in our discussions with growing companies are their desires to retain their unique identity and purpose, secure a future in the local community and reward their loyal teams – at the same time as increasing their profits.

“Welcoming these three very different companies to the employee ownership fold at the beginning of 2023 really demonstrates that employee ownership can work for businesses of all shapes and sizes.

“It’s an increasingly popular choice among socially conscious firms who recognise the need to do things differently in the current challenging environment.”

Attachment 2

Just to let you know that employee owned 'Be Caring' in the UK – the largest employee owned home care provider in the UK with 800 employees (and an Employee Ownership Trust - EOT) – was awarded the prestigious "Excellence in Home Care and Supported Living" award at last year's major LaingBuisson awards event .

Be Caring was the subject in Employee Ownership Australia's (EOA) recent blog post on 'social care in Australia'.

You can see Be Caring's linkedin post on the award/event in the UK at: https://www.linkedin.com/company/be-caring-limited/posts/?feedView=all - to quote:

"We are pleased to announce we are winners of the prestigious LaingBuisson Excellence in Home Care and Excellence in Supported Living awards! "

See picture attached below – quite an event and good news for the role that employee ownership is playing in the social care arena.

As Ann Tyler of the 'Ownership at Work' research partner of EOA UK says in her post on this award (see: https://www.linkedin.com/in/ann-tyler-a2b95196/recent-activity/all/).

"So proud of Sharon Lowrie and her colleagues at Be Caring ! This is what an employee owned social care company looks like. Many congratulations!"

Attachment 3:

The largest employee owned social care provider in the UK, [Shaw Healthcare] was crowned Employee Owned Business of the Year at the recent Employee Ownership Association's (UK) Conference and Awards night.

See the press at: https://www.yorkshirepost.co.uk/business/eoa-crowns-winners-of-uk-employee-ownership-awards-2024-4885150

To quote: "The judges noted their focus on people and employee voice was increasing quality of care and revenue, while sharing £5.5million with employees via profit share since 2020.

Shaw Healthcare, EO Awards, Employee Owned Business of the Year

Shaw Healthcare employs over 4,500 people. Shaw Healthcare is the UK's largest employee-owned healthcare provider, offering care services for vulnerable adults in a variety of settings. They have 62 care homes and partner with Primary Care Trusts and Social Care teams across England, Wales, and Scotland.

Shaw Healthcare became a Real Living Wage employer in early 2022. This accreditation recognizes that Shaw Healthcare believes that a hard day's work deserves a fair day's pay.

Also:

'Our Vision

To deliver the quality of care that we would want for our loved ones in a safe and caring home at the heart of the community.

Our Values

Our values of wellness, happiness and kindness underpin how we interact with our residents, employees and the communities in which we operate. They enhance the experience of those we deliver care for.'