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# Gandhi's Theory of Trusteeship and Its Influence on Employee Ownership in the Twenty-First Century

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## Introduction

Gandhi predicted that his theory of trusteeship would stand the test of time. Although no widespread way of realising his trusteeship aims has been identified, two important developments show the theory's continuing relevance. The growth of employee ownership (EO) allows workers to realise their trusteeship responsibilities. And, numerous initiatives to encourage wider corporate purpose can be seen as trying to achieve trusteeship responsibilities to society. Gandhi's theory of trusteeship encourages employee-owned companies to be bolder and to integrate all of Gandhi's trusteeship responsibilities into how such businesses operate. Doing so offers a way to realise trusteeship on a widespread basis.

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## Part 1—The Lack of Progress Towards a Trusteeship Model for All Businesses

Gandhi's trusteeship theory developed from his experiments with truth. Truth was the sovereign principle for him. He was heavily influenced by a Hindu scripture, the Gita. "Words like aparigraha (non-possession) and samabhava (equability) gripped me" (Gandhi, 1927, p. 244). His training as a barrister also influenced him. When trying to make a particular decision he observed that "Snell's discussion of the maxims of Equity came to my memory. I understood more clearly in the light of the Gita teaching the implication of the word 'trustee'" (Gandhi, 1927, p. 244). From this, he understood that,

> the Gita teaching of non-possession to mean that those who desired salvation should act like the trustee who, though having control over great possessions, regards not an iota of them as his own. (Gandhi, 1927, p. 244)

Although everyone can act like a trustee, the theory resonates strongly with business owners because of their multifaceted relationships, through their business, with employees, suppliers, customers and the community. Indeed, it is hard to conceive of trusteeship working at scale unless it can be made to work in relation to businesses and business owners.

Gandhi wished to see these changes in how businesses were owned and operated because he believed capitalism had "profoundly dehumanised both workers and capitalists and lowered the level of human existence" (Parekh, 1989, p. 135). His theory of trusteeship was "intended to avoid the evils and combine the advantages of capitalism and communism" (Parekh, 1989, p. 138).

It is accepted that Gandhi's theory of trusteeship and, in particular, ideas about its practical application were never fully formed (Goyder, 1979c; Joseph et al., 2016). So trusteeship is very much a theory. As Parekh (1989) explains, Gandhi's:

> theory of trusteeship is an economic extension of his philosophical concept of man as a trustee of all he had… as [Gandhi] imagined it, every industrialist … was to look upon his industry not as his property but as a social trust. (p. 138)

Although it was primarily for entrepreneurs to uphold trusteeship, workers too had responsibilities. Gandhi said to workers,

> Each of you should consider himself to be a trustee for the welfare of the rest of his fellow labourers

and that

> you should treat the business of your employers as if it were your own business and give to it your honest and undivided attention. (Gandhi, 1959a, Vol. 3, pp. 101–2)

Goyder (1979a, p. 10), summed up the theory of trusteeship in a way that holds its own at any contemporary conference on corporate purpose.

> The principle of trusteeship expresses the inherent responsibility of business enterprise to its consumers, workers, shareholders, suppliers, and the community and the mutual responsibilities of these to one other.

Gandhi's later iterations of his trusteeship theory are radical. One is set out in a document prepared in draft by Professor Dantwala and others, to which Gandhi made amendments (Joseph, 2016). It envisages a possibly state-regulated trusteeship, with limited private ownership of property and limits on how much the higher paid earn, under which "an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interests of society" (*Harijan*, 25 October 1952 cited in Gandhi, 1960, p. 27).

There have been periodic attempts to give practical expression to Gandhi's theory of trusteeship, mostly involving scaling back from its radical form, to focus on businesses and how they might adopt trusteeship. These attempts all resonate with debates around corporations needing a broader purpose beyond profit-making.

A 1965 conference in Delhi resulted in a declaration that,

> There should be increasing association of workers with the management. One way of doing this is by the sharing of profits and its reinvestment in the company through purchase of the company's shares to be held in trust or by other means which serve to identify the worker with his work and give him an interest in the company ... (Mukharji, 1969 as cited in Goyder, 1979c, p. 39)

Again it was emphasised that workers have obligations:

> Likewise, workers should recognise their obligation to do a good day's work for a good day's wage, to co-operate in increasing productivity, to come forward with suggestions and to participate responsibly in the life of the plant community. (Mukharji, 1969 as cited in Goyder, 1979c, pp. 39-40)

Draft trusteeship laws were promoted in India periodically from 1967 but never enacted (Ranjan, 2016, p. 161). A 1979 conference to review trusteeship concluded that little of significance had happened since the 1965 declaration (Goyder, 1979a). Interestingly the English law concept of an employee trust received little attention. Speakers explained the UK's "common ownership" movement. The John Lewis Partnership (JLP) was mentioned but the potential for its trust ownership structure to provide a way to make Gandhi's trusteeship work in practise seemed to have been missed. There was, instead, a general acceptance that no model of a responsible enterprise can serve for all. JLP and the charity-owned Scott Bader Group were each called a "pioneer experiment" (Goyder, 1979b). There were disparate approaches to EO in the UK at this pioneering time. It is understandable how no particular model emerged as a way of putting Gandhi's theory of trusteeship into practise.

In India, too, there are companies that have been and are still influenced by Gandhi's ideas (Jones & Sheth, 2019). However, these companies' activities have not produced a standard model for implementing

Gandhi's theory of trusteeship. It is challenging to try to encompass all aspects of Gandhi's theory of trusteeship in a business model but a step-by-step approach shows that much can be achieved. As a first step the EO business model can be assessed in relation to workers' trusteeship responsibilities.

## Part 2—Workers' Trusteeship Responsibilities Achieved Through EO

Gandhi's theory of trusteeship places a fundamental responsibility on workers: to treat the business that employs them as their own. When employees own shares, directly or indirectly, in their employer's business, then, clearly the business is their own, to some extent, but does employee share ownership mean employees will treat the business as their own? The evidence strongly suggests that they do, when the company is employee-owned.

The EO business model is a tried and tested successful business model. The accounts of the UK's 50 largest employee-owned companies in May 2020 showed combined sales of £20.1 billion. Sales were up 4.3 per cent on a like-for-like basis compared to their previous year's results. They had 178,000 employees and operating profits up five per cent (Employee Ownership Association [EOA], 2020b). Admittedly these statistics include a very large business, JLP. But what is significant is how EO has grown in smaller to medium sized enterprises. EO Day 2020 celebrated the best year, yet, as far as growing the UK EO sector is concerned. There were over 100 new employee-owned companies in the 12 months to June 2020. Companies of all sizes, in numerous sectors and across the UK are now employee-owned (Employee Ownership Association, 2020c). EO clearly works. It has moved beyond the era of pioneering experiments.

What has made this difference in the UK is the employee ownership trust (EOT). The UK EO sector has grown by over 300 per cent since 2014, when the UK introduced the EOT (Robinson & Pendleton, 2019) and EOA (2020b). Well over 90 per cent of that growth is from companies adopting the EOT ownership model (EOA, 2020a). This is largely because selling to the trustee of an EOT is an acceptable business succession solution for many private company owners (Nuttall, 2014a). In particular, a sale to the trustee of an EOT avoids selling to a competitor and can preserve a company's ethos. The money to buy the company comes from company profits. Once the founders have been paid, profits that would previously have been paid out as dividends can be paid out as all-employee bonuses. The EOT's trustee can hold shares permanently on behalf of all the company's employees. The trustee of the EOT can protect the employees' long-term interests. A key feature is that the trustee does not have exclusive possession of the shares it holds; they are held on behalf of all employees, for the time being, as a class of beneficiaries.

It is worth emphasising the flexibility and ease of use of the EOT ownership model. Most companies converting to this model have between 10 and 49 employees but much larger and smaller companies have also adopted this model successfully (EOA, 2020a, p. 9). There are no complexities from buying and selling individual employee shareholdings with an EOT. The collective holding of shares by a trustee company works whatever the size and type of the employed workforce.

A properly established trustee company has few running costs, as evidenced by the "non-trading" or "dormant" company status of such companies at UK Companies House.

The main reason why the structure is elegant is that it is dependent for success on a readily available resource, a company's employees. A good practise is to have a paritarian board: one comprising representatives of senior management and the same number representing other employees. In this way there is parity between the interests of the two main stakeholder groups. Each group can appoint and remove "its" trustee directors and there is usually an independent chair (Nuttall, 2012, p. 61). Day-to-day management remains with the trading company's board of directors, who may include directors specifically selected or elected to represent employees. There is also likely to be an employees' council that interacts regularly with the trading company board (Pendleton & Robinson, 2015). In this way the trustee board is free to act as custodian or guardian of the company's EO ethos, in accordance with its fiduciary duties under the EOT's trust deed (its constitution). Overall, there are checks and balances to try to prevent mismanagement and to promote the success of the business for the benefit of its employees.

The EO business model and, in particular, the EOT provides a way for workers to meet their trusteeship responsibilities by encouraging and enabling them to "participate responsibly in the life of the plant community". This outcome is entirely consistent with a change in emphasis as to what EO means.

An early UK analysis of the legal and tax aspects of EO concentrated on who owned the shares in an employee-owned company (Nelson-Jones & Nuttall, 1987) (call this "EO Version 1"). Three main forms of EO were identified:

- Individual employees owning shares personally in their company;
- A trustee owning shares in an employee trust on behalf of all employees, as a class of beneficiaries of that trust; and
- A hybrid model that mixed the two.

This definition worked well when describing the legal mechanics and tax consequences of changing from one set of shareholders to another. This definition fitted in with the times. By 1984 the UK had a useful array of tax-advantaged share and share option plans, which allowed executives and other employees to acquire shares personally in their company (HM Revenue & Customs, 2020). Lobbying to promote EO was part and parcel of promoting all types of employee share ownership including executive share plans. Although tax changes were made in response to such lobbying none of these acted as the trigger to large-scale growth of EO.

In 2012 the UK Coalition Government decided to review why EO had not taken off in the private sector (U.K. Department for Business, Innovation and Skills, 2012). The initial announcement was not clearly understood by the Press. There was an assumption by some that the Government was simply going to re-examine employee share plans. The review, therefore, needed to include a clear definition of EO.

The Nuttall Review of Employee Ownership (Nuttall, 2012) defined EO in a significantly different way to EO Version 1 (call this "EO Version 2"). This new definition started with EO Version 1 by including trustee ownership as well as individual EO and hybrid models. But, importantly, the definition went beyond looking at who owned shares to requiring that the employees' shareholding underpinned genuine employee engagement. It also made it clear that share ownership by a few employees was not enough: it had to be all employees. And, it was not enough that all employees owned an insignificant percentage of a company's shares. The shareholding had to be significant so that it could underpin meaningful employee engagement (Nuttall, 2012, pp. 74–75).

This definition helped move EO from an add-on to the standard business model to a business model in its own right. This emphasis also helped move EO from being promoted by reference to the tax system to something that had strong commercial merits: it was good for business success and happier staff.

As a result of the Nuttall Review the EOT was introduced in the Finance Act 2014. The review had emphasised the benefits of the trust model of EO and argued that tax advantages should not be limited to individual EO. After discussion with HM Treasury, two key tax advantages were introduced: a capital gains tax exemption for individuals selling a controlling shareholding to the trustee of an EOT and an income tax exemption on certain cash bonuses to all the employees of an EOT controlled company, up to £3600 per employee per tax year (Nuttall, 2014b).

Sellers to an EOT usually have to wait for several years to be paid in full (Nuttall & Morris, 2018). The capital gains tax exemption is a vital part of making a sale to an EOT work in practise, as well as acting as a nudge to professional advisers to talk about EO. The income tax exemption means there is a tangible benefit to employees from this ownership model.

Although an increase in the use of the trust model was expected, it was thought that other EO models based on employees holding shares directly would also continue to be popular but the EOT has turned into the dominant type of UK EO.

In 2012 EO Version 2 changed the emphasis towards the main trigger of EO's success and to what is fundamental to achieving workers' Gandhian trusteeship responsibilities: genuine employee engagement.

## Part 3—The Challenge of Making the Twenty-First Century Corporation Responsible to Society

Much has changed and changed quickly in the business world in recent years. Businesses are increasingly expected to have a role in addressing inequality, sustainability and climate change. There is greater clarity around what Gandhi's theory of trusteeship calls "the interests of society" and widespread support for addressing these interests, rather than disregarding them. Nationally and internationally there are initiatives to tackle societal and environmental problems, encompassing corporate social responsibility (CSR), environmental, social and governance (or ESG) criteria, purpose beyond profit and the like. The British Academy (2019, p. 15) provides a timeline of key developments in support of purposeful business from November 2018 to September 2019. There have been well-publicised moves by major organisations that demonstrate a major shift away from shareholder primacy, the idea that a successful company is one that maximises its profits for its shareholders.

Examining some of these initiatives helps identify what it means for a company to have a positive impact on society and the environment. It also highlights how corporations generally, notwithstanding an increased interest in ESG, have struggled to find a universal way to incorporate these elements of Gandhi's theory of trusteeship into corporate governance.

There are global initiatives such as The 2030 Agenda for Sustainable Development, adopted by all U.N. Member States, which has at its heart 17 Sustainable Development Goals, including no poverty, zero hunger, good health and well-being (U.N. General Assembly, 2015).

As another example, the U.N. supported Principles for Responsible Investment (PRI) initiative helps integrate ESG considerations into investment decision-making (PRI, 2017). In relation to environmental issues, PRI highlights climate change as well as water risk, sustainable land use, fracking, methane as a climate pollutant and plastic risks. Social issues highlighted are human rights, labour standards, employee relations and conflict zones. Governance issues highlighted are tax avoidance, executive pay, corruption, director nomination processes and cyber security risks (PRI, 2019).

There are country-specific responses. In 2014, a change to Indian company law made it mandatory for large private and public sector firms to spend at least two per cent of their net profits on CSR projects as set out in the law. This change was entirely in keeping with Gandhi's trusteeship principles. The list of possible projects in Schedule VII to the Companies Act 2013 includes, as examples, gender equality, empowering women, homes and hostels for women and orphans; old age homes and other facilities for senior citizens. By 2019, social impact spending had grown by 100 per cent in the relevant companies (KPMG, 2020). The majority of spending was on education, health and sanitation projects and was through third party agencies, rather than a company's own foundation or direct spending. In the UK certain larger companies, now, have to include a statement, known as a Section 172(1) statement, within their annual report and accounts, explaining how directors "have regard" to what are called "enlightened shareholder value" considerations (as set out in Section 172[1] of the Companies Act 2006). These statements set out company-specific actions. It is, too, early to tell the impact of this additional accountability (U.K. Department for Business, Energy & Industrial Strategy, 2019). Additional regulation may be needed to ensure reporting is done with integrity and meaning (Brydon, 2019).

Certain key issues that need to be analysed when trying to define what is needed are as follows:

- To what extent should wider corporate purpose be integral to how a business operates;
- If it is integral how should it rank compared to serving shareholders' interests;
- What mechanisms are needed for a business to work out exactly what it can do to achieve substantive positive change; and
- To what extent should achieving a wider corporate purpose be compulsory?

Making wider corporate purpose integral to how a business operates means going beyond worthwhile activities, such as ad hoc charitable donations, that are incidental to doing business. This means viewing CSR as much more than a marketing tool to increase profits. It also means more than simple compliance with the letter of relevant ESG laws. Commitment is needed to help avoid, mitigate and indeed solve societal and environmental problems.

Upholding shareholder value is what UK company law currently prescribes as the default duty on directors. This duty is caveated as mentioned above by a requirement that directors must "have regard to" various matters including the impact of the company's operations on the community and the environment. Directors of an ordinary trading company should, under UK company law, already take into account corporate interests other than maximising profits.

As to how these wider interests rank alongside, for example, making a profit and providing good work, the established position is that there needs to be flexibility. The long process culminating in the Companies Act 2006 considered changing a director's duty so it is not just a duty to shareholders but also to employees, the wider community, and the environment. A pluralist approach would have forced directors to consider the interests of each set of stakeholders. The directors would have had to weigh these interests against each other when making decisions and shareholder interests could lose out. This change was rejected because according to the House of Commons Trade and Industry Committee (2003) it would confuse decision-making and ran the risk of creating a litigious climate.

The practicalities of identifying how a business may serve these wider interests, also, highlights the need for flexibility. As seen from the above initiatives, in practice, a business has to move swiftly from concerns at a State level, to look at industry-specific concerns and business-specific concerns to answer this question. What are priorities for one company will not be the same for another. Some companies will find it harder to make a positive impact locally or globally than others. A flexible solution is needed at a corporate level.

As to compulsion, there are calls for UK companies of all types to be required to state their purpose (The British Academy, 2019). The directors' duty would then be to promote that purpose. There are renewed calls for directors' duties to have a pluralist approach such that social, environment and employee interests are on an equal footing with shareholder profit (Short, 2019). There is some momentum around these initiatives. Current law does not readily permit directors to further wider corporate interests, at the expense of shareholders, and it may not provide protection to the directors of companies that promote purposes beyond shareholder value, unless this is expressly permitted under a company's articles of association (GC100, 2018; Sales, 2019; UNEP Finance Initiative, 2005).

A UK Government report on corporate responsibility noted that "There was a near equal split between those who favoured more legislation in this field and those against it" (U.K. Department for Business, Innovation & Skills, 2014).

Transforming the governance of all corporations to include wider corporate purpose is demonstrably an ongoing debate. A more focussed approach building on the EO business model, therefore, stands out for consideration, to try to progress this policy issue.

## Part 4—EO with Added Gandhian Purpose

Part 2 above shows how workers' trusteeship responsibilities are integral to EO Version 2. Under the Nuttall Review definition of EO, employees must have a genuine voice both individually and as a group in how the business is run, and, a share in its profits. Making workers owners immediately reduces the complexities of trusteeship by making owners and workers one and the same. This provides a solid starting point for trying to extend the responsibilities of the EO business model to encompass other trusteeship responsibilities. What Gandhi's theory of trusteeship encourages is to get to the position that a company is not employee-owned unless it also serves society and the environment, locally and globally, as well as its shareholders, its employees (call this EO with added Gandhian purpose or "EO Version 3").

This is unfinished business from the Nuttall Review. The Nuttall Review did consider requiring employee-owned companies to have a clear corporate mission and also to have a limit on pay differentials. Many employee-owned companies have powerful mission statements and a few have express constitutional limitations to prevent senior management being paid more than a reasonable multiple of average pay. For example, the February 2020 edition of The JLP Constitution provides that "The pay of the highest paid Partner will be no more than 75 times the average basic pay of non-management Partners, calculated on an hourly basis" (p. 20). It seems uncanny that in Gandhi's draft trusteeship formula there are references to "the character of production will be determined by social necessity and not by personal whim or greed" and also to fixing "the maximum income that would be allowed to any person in society" (*Harijan*, 25 October 1952, cited in Gandhi, 1960, p. 27). But, it is not so surprising when one of the UK examples of pioneering EO is, as already mentioned, the Scott Bader Group. This was established by Ernst Bader as an express attempt to realise Gandhi's trusteeship principles (Bader, 1997).

It is not radical in the EO sector, to suggest that an EO business supports wider corporate purpose, in that there are already employee-owned companies which are Certified B Corporations (see, for examples, Riverford Organic Farmers 2020; Paradigm Norton, 2019). This means they have had their standards of social and environmental performance, public transparency and legal accountability verified through the B Corp Certification process (B Lab [UK], 2020). They have articles of association that expressly require a company to make a positive contribution to society and the environment as well as serve shareholders. The success of the Certified B Corporation community is encouraging in formulating the proposal that EO should also involve making an overall positive contribution to society and the environment.

There are many other examples of how wider corporate purpose co-exists with EO. Public service mutuals are employee-led organisations that deliver public services (GOV.UK, 2017). These are often structured as community interest companies (Social Enterprise UK, 2018). Also, worker co-operatives have the internationally recognised objective of "creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers' democratic self-management and promote community and local development" (CICOPA, 2005).

The Ownership Dividend report found that a majority of employee-owned companies made explicit commitments to contribute directly to their local communities, albeit with an emphasis on sustaining local jobs (Ownership Effect Inquiry, 2018). Deb Oxley, Chief Executive of the EOA further explains that "Evidence in the report the Ownership Dividend showed that employee owned businesses tend to have an approach that supports them to do well while doing good" (Nuttall, 2020).

Gandhi encouraged boldness when proposing an all-encompassing idea. Moreover, he wanted practical solutions. The EO sector can provide this.

It is unrealistic to expect every employee-owned company to become a Certified B Corporation or to adopt the detailed ownership and governance structure of the Scott Bader Group. A mission statement or equivalent document could contain these commitments to make an overall positive contribution to society and the environment, suitably adapted to the circumstances of a business. This wider corporate aim could be succinct. For example, the Useful Simple Trust is a group of companies with expertise in engineering, design, architecture and communication. Their objective is to "improve the human environment by delivering useful, simple outcomes that are beautiful and good" (Useful Simple Trust, n.d.).

The EOT offers important additional protection of these broader corporate aims. The trustee's board of directors has fiduciary duties and cannot act in its own interest. The trusteeship concept can be encapsulated in a suitable purpose clause in an EOT trust deed. This would align the aims of the EOT with that of its underlying trading company. Many EOT deeds contain as standard a "main purpose" clause that requires the company the trustee controls to have an EO ethos. That clause could also require the company it controls to take into account making an overall positive contribution to society and the environment. This helps overcome company law concerns about whether serving the interests of shareholders is compatible with wider corporate purpose.

This new definition of EO is a good fit for the EO sector because:

- Employee-owned companies are generally good corporate citizens. They already take care of their workforce and are structured so as to deliver great customer service (Lampel et al., 2018). Many are also already taking care of society and the environment;
- Employee-owned companies have good systems of governance and accountability to ensure companies will fulfil these wider purposes: systems that can be readily adapted to encompass a broader corporate purpose;
- In particular, EO offers the stability of ownership required to fulfil these purposes; and
- It mobilises a large group, employee owners, to identify the wide-ranging ideas needed to tackle societal and environmental issues.

This new definition may seem only a technical change. But, it could be part of a bigger need and that is for EO to be recognised as more than a business model. What might eventually happen is that EO is recognised as an "-ism", a distinctive belief system synonymous with good corporate citizenship. Employee owners could then say "I believe in employee ownership". And, it is M. K. Gandhi who encourages such an ambition.

Gandhi said of his theory of trusteeship that it "… is no make-shift, certainly no camouflage. I am confident that it will survive all other theories. It has the sanction of philosophy and religion behind it …" (*Harijan*, 16 December 1939 cited in Gandhi, 1960, p. 4). Gandhi encourages greater ambitions for EO.

Many accept the need for positive changes in society and our relationship with the environment. What better dynamic to make these essential changes than to channel the energies of employee owners towards finding and implementing solutions. The EO sector can become an exemplar for good corporate citizenship by embracing wider corporate purposes as part of what it means to be employee-owned.

## Conclusions

Gandhi's theory of trusteeship encourages every employee-owned company to make an overall positive contribution to society and the environment, as part of promoting the success of the company, and to make this commitment in the strongest terms appropriate to its business. This would be a step on the way to a new definition of EO, one that is synonymous with good corporate citizenship. This would send a strong message to other businesses that they also need to adopt wider corporate purpose.

The proposal in this chapter has achieved widespread support from the EO community. Leading EO organisations have declared their support for EO Version 3 (Nuttall, 2020). The EOA, Employee Ownership Wales, Scotland for Employee Ownership, Irish ProShare Association and Employee Ownership Australia jointly announced in 2020 that they encourage every employee-owned company to make an overall positive contribution to society and the environment, as part of promoting the success of the business and to make this commitment in the strongest possible terms. Co-Operative Development Scotland announced it sees EO as key to a stronger, more resilient, productive and fair economy. In June 2021, the Japan Employee Ownership Association and the Southern Africa Employee Ownership Association joined in supporting this initiative (Nuttall, 2021). Graeme Nuttall first proposed this initiative in his Gandhi Foundation (UK) annual lecture in 2020 and was heartily supported by the Gandhi Foundation (Nuttall, 2020).

It is Gandhi's thought and life and, in particular, his theory of trusteeship that encourages this change to how EO is defined, so that employee-owned companies better meet the needs of society and the environment.

Another broader conclusion can be reached. If the 1979 Conference on Trusteeship was reconvened today, the EOT with added Gandhian purpose might be recognised as a model of responsible business that can serve for all. The EOT-owned company can be seen as the long sought way of realising Gandhi's theory of trusteeship on a widespread basis, and achieving this peacefully.

Boulding (1990) identifies three major categories of power: threat power, economic power and integrative power ("the stick, the carrot and the hug") (p. 10). The latter power relates to creating relationships such as love, respect, friendship and legitimacy. His thesis is that integrative power is the most significant power, in that "without legitimacy, both threat and riches are 'naked'" (p. 10). Employee ownership, and particularly EOT ownership, can be seen as creating that integrated legitimacy in businesses, bringing together all who work in the business in a way that impacts positively on society as a whole.

Gandhi was critical of capitalism, as he was of communism. He is not the obvious starting point for providing a better way to run an ordinary trading company. But, the momentum provided by owners looking for an acceptable business succession solution provides a non-confrontational way to move from exclusive possession by the few to trust ownership on behalf of the many, in a way that also benefits society. We can re-cast the first point in Gandhi's trusteeship formula, substituting "EO" for "trusteeship", such that:

> [EO] provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself.

This realises Gandhi's vision that:

> The rich should take the initiative in dispossession with a view to a universal diffusion of the spirit of contentment. If only they keep their own property within moderate limits, the starving will be easily fed, and will learn the lesson of contentment along with the rich. (Gandhi, 1959b, p. 131)

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