



BEHAVIORAL EFFECTS OF EMPLOYEE STOCK OWNERSHIP: FRENCH CASE

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ABSTRACT

The present work scrutinizes the effects of the employee-stock-ownership practice on the organizational performance through its impact on the employees' behavior at work. This study sheds light on the role and contribution of this practice to the corporate governance mechanisms. This article uses a sample of 30 French-listed companies during the period 2008-2012. The empirical approach is a "regression of panel data". The results indicate the shrinkage of absenteeism and turnover of the employee shareholders. This work is to show that the ESO and the delegation of power are not only responsible for the improvement of the financial performances but also for a more effective management of human resources: lower absenteeism and turnover.

Contribution/ Originality

The literature is interested to show the role of employee stock ownership (ESO) to reduce the rate of absenteeism and turnover. In this context, the contribution of this work shows the importance of the delegation of power and the increase in salary in reducing absenteeism and turnover. This implies not only the improvement of financial performance but also better management of human resources.

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1. INTRODUCTION

The employee stock ownership (ESO) is a growing phenomenon in most industrialized and emerging countries and has become an attraction to academics, politicians and practitioners (Kuvaas, 2003). ESO systems include rather different realities in both form and spirit. Indeed, the reasons for setting up the ESO plan range from purely financial and fiscal logic to more employee-centered objectives; for instance, the search for positive effects on the employees' attitudes (motivation, satisfaction, etc.), behaviors (absenteeism, turnover, etc.) and, indirectly, on the corporate performance.

In fact, the ESO fortifies the employee's satisfaction for three reasons. First, the ESO offers employees a financial reward and additional compensation (French, 1987). Second, the ESO provides relevant workforce with the feeling of ownership of the organization that employs them. Third, employee shareholders are more satisfied because they feel that they are involved in the process of decision-making. As a result, the ESO boosts the employees' loyalty, attachment, and their satisfaction of working in the company (Klein, 1987) and contributes to the development and upkeep of the firm's intellectual capital. In other words, it is a way of attracting and retaining employees who possess essential skills to create values by the firm (Moskalu, 2012).

The literature dealing with organizational behavior has, for long, analyzed the employees' various attitudes and behaviors at work which are thought to be increasingly important to the corporate performance. Some studies have sought to understand the effects of the ESO on performance through their influence on a certain number of attitudes and behaviors. Also, these studies have tried to recognize the conditions in which the ESO has led to the positive outcomes expected by its initiators. This can be reflected by the increase in the financial and organizational performance (Hollandts and Guedri, 2008).

Recently, the meta-analytic by Gellatly and Hedberg (2016) confirms that measures of organizational commitment are negatively correlated with turnover and absenteeism. But Whitfield *et al.* (2017) in their study uses the British Workplace Employee Relations Surveys, show that the ESO have no clear relationship with labour turnover.

In this work, the emphasis is laid on the study of the behavioral effects of the ESO through its influence on turnover and absenteeism. The question that offers itself is: What are the behaviors that can be seen among the employee shareholders?

Three parts are therefore proposed to examine this problematic. The first is a theoretical study. Based on the psycho-sociological literature of the ESO, we will determine the behavioral variables in which the ESO is likely to dispose of effects on turnover and absenteeism. Thereafter, we will identify the research hypotheses. The second part will be devoted to the definition of the sample and the variables retained as well as their measurements and to expose the statistical methods used. The third part will be devoted to the results obtained in order to conclude the validation of our research hypotheses.

2. THEORETICAL FRAMEWORK

The dominating approach of corporate governance is, in essence, part of a disciplinary logic. However, value creation is not just a problem of discipline but also a cognitive dimension especially in the case of innovative companies. In this respect, strategy researches highlight the role of knowledge, skills and competence (Teece *et al.*, 1997; Rumelt, 1984) to further innovation and to gain a competitive advantage which, in turn, could be potential vectors for the creation of durable values. Indeed, the cognitive approach gives more importance to the contribution of the intellectual capital in creating values (Roos *et al.*, 1997). Unlike the contractual currents of governance, in the cognitive current the problem is not related to the alignment of the leaders' interests and the

contributors of resources but is related to the qualitative coordination, the alignment of the cognitive schemas and the anticipation models: cognitive adjustments between the different stakeholders. That is how we move from an economic and financial literature to a psycho-sociological literature that focuses on the behavioral effects of the employee ownership.

In their study of the impact of the ESO on the corporate governance mechanisms, [Vandewalle et al. \(1995\)](#) suggest that the members of an organization feel a sense of ownership towards a "target object". This feeling is expressed by phrases like "my work" or "our organization". Hence, psychological stock ownership has come into being and the feeling of psychological property has become a concept that has first been mentioned by [Hammer and Stern \(1980\)](#). This concept has later been elucidated by [Pierce et al. \(2001\)](#). According to these authors, the appearance of psychological stock ownership is the outcome of the basic motivation of the human being, such as the need for efficiency, the need for a symbolic expression of his identity and the need to own a territory. This feeling emerges in individuals through their knowledge and control of the target object as well as through their personal investment in it. By experiencing this feeling, the employee owners are now eager to abide by the organization and engage in the process of sharing objectives and values ([Pierce et al., 2003](#)). This positively affects motivation, loyalty and the need for having a single goal. The positive effects are particularly interesting because they suggest a relationship between the feeling of psychological property and the development of an affective implication of the individuals towards the target object.

The ESO is presented as a tool to improve the motivation, satisfaction and the involvement of the employees in their company. Thus, the ESO plays an important role in reducing absenteeism and leaving the company ([Kuvaas, 2003](#)). In this research, we will focus on the desired effects resulting from the practice of the employee stock ownership (the reduction of absenteeism and turnover) for these two main reasons: the attachment and identification of the employees in their company.

Does the employee stock ownership have positive behavioral effects?

The work dealing with the ESO has sought to understand how this practice could affect the employees' behavior? In this paper, we will attempt to answer this question. Due to the lack of theoretical foundations in the psycho-sociological literature on the ESO and since there are no proxies measuring the behavior of the employee owners, we will study the impact of the ESO on absenteeism and turnover. Indeed, these variables are the most studied in the ESO context and in human resources management researches.

2.1. Turnover

[Buchko \(1993\)](#) considers that turnover is an important factor in the company. Turnover can be described as (rotation of employment) a turnover of staff. Literally, there is a permanent departure of the employees of the organization. Turnover is a significant cost to the company which has to bear the costs of departure as well as the costs of new hires (recruitment, training, etc.).

Can the employee stock ownership help reduce turnover?

This variable is defined as the extent to which the employees may look for a job with another organization in the short or medium term. [Currivan \(2000\)](#) defines a turnover as the probability that an employee stays in an organization. Since it is sometimes difficult to obtain data on the real turnover in enterprises, the intention of turnover is often considered as its main indicator and is used in many researches as an approximation of the real turnover ([Buchko, 1993](#); [Pendleton, 2001](#)). The literature dealing with this topic has identified two forms of turnover: the voluntary turnover decided by the employee himself and the involuntary turnover resulting from the will of the organization. Actually, the empirical studies analyzing the impact of the ESO on the turnover rate are numerous. [Buchko \(1993\)](#) and [Wilson and Peel \(1991\)](#) have empirically examined the impact of the ESO on the

employees' turnover. These authors have shown that companies adopting the ESO plans have significantly lower turnover rates than the others. More recently, in his study of a sample of French companies, [Fakhfakh \(2004\)](#) shows that the ESO has a negative and significant effect on the turnover-rate: "The feeling of ownership and improved information flows generated by such participatory plans may be the main sources of this reduction in quits employee share ownership has more complex and deeper incentives effects. It offers both monetary and non-monetary incentives".

2.2. Absenteeism

After turnover, absenteeism is another costly phenomenon for companies. It is important to distinguish between voluntary and involuntary absenteeism. Indeed, it can be argued that involuntary absenteeism (sick leave, work accident, etc.) is largely outside the scope of management. In contrast, voluntary absenteeism involves the free choice of the worker to be absent. It can be considered as a counter-productive element at work ([Viswesvaran and Ones, 2002](#)) and can be part of management issues. In addition, voluntary absenteeism is likely to reflect, to a great extent, job dissatisfaction and the lack of involvement in relation to involuntary absenteeism ([Sagie, 1998](#)).

Can the employee stock ownership help reduce absenteeism?

In the literature, absenteeism is deemed as an important element in the workplace ([Viswesvaran and Ones, 2002](#)). Actually, the absence of workers implies a substantial cost and a significant loss of profitability. Indeed, it is a problem of expensive personnel which have attracted the attention of researchers and practitioners and has resulted in an important volume of theory ([Sagie, 1998](#)). The relationship between the ESO and absenteeism can be explained as follows: "The effect of the ESO is reflected in the company's share price which improves due to the increase in motivation and the significant drop in absenteeism in the company..." ([Caramelli, 2006](#)). This means that if the ESO has a negative effect on absenteeism, such an effect is not direct but rather indirectly through job satisfaction and organizational involvement. In their study of a sample of French companies, [Brown and Fakhfakh \(1999\)](#) shows that firms adopting the ESO have significantly lower absenteeism rates than others. In this context, the studies of [Wilson and Peel \(1991\)](#) and [Brown and Fakhfakh \(1999\)](#) provide empirical answers. They show that companies using the ESO significantly have lower absenteeism rates than other ones.

[Whitfield et al. \(2017\)](#) uses the workplace-level surveys (the Management Questionnaire) from the 2004 and 2011 British Workplace Employee Relations Surveys and concluded that ESO have no clear relationship with labour turnover, and there is no significant association between turnover and performance. However, in their case study of two large and successful co-owned retailers in Spain and Britain, [Basterretxea and Storey \(2018\)](#) find that employee ownership can be linked to higher productivity and lower employee turnover, while at the same time being linked to higher absenteeism and mixed effects on attitudes. But [Aldatmaz et al. \(2018\)](#) in their study of a sample of US companies, suggested that long-vesting employee stock option plans delay, instead of preventing, turnover.

At this level, our study will be an opportunity to shed additional light on these mixed results. Our work contributes to previous work by showing not only that ESO and delegation of authority improve financial performance, but also that they enable more efficient management of human resources through lower absenteeism and turnover.

2.3. The employee stock ownership

There are a few empirical studies examining the impact of the ESO on the employees' turnover. Through a longitudinal study on a French sample, [Fakhfakh \(2004\)](#) shows that the ESO always has a negative and highly significant effect on the departure of employees. Similarly, [Hsieh and Liu \(2006\)](#) study the effect of the ESO on turnover. Their study has been carried out on a sample of 153 employees from 55 Thai high tech companies with an ESOP. The results show that the ESO reduces

the employees' turnover rate. This hypothesis has also been confirmed by [Seingupta et al. \(2006\)](#) which was carried out on a sample of British companies. Moreover, [Caramelli \(2006\)](#) shows that the rate of the employee shareholders having a desire to leave their company is significantly lower than that of the employee non-shareholders. The study of [Hollandts \(2007\)](#) has been conducted on a sample of 189 French companies using the ESO and has been analyzed over the period 2001-2004. Accordingly, he notes that the turnover rates are significantly low. Based on these studies, we can formulate the following hypothesis:

H1: The employee-stock-ownership has a negative impact on the turnover rate.

Moreover, absenteeism is seen as counter-productive behavior of the employees in their company. This expensive personnel problem has resulted in an important theoretical volume that has attracted the attention of practitioners and researchers ([Sagie, 1998](#)). The main studies of the effects of the ESO on absenteeism are those of [Wilson and Peel \(1991\)](#). They examine the effects of profit-sharing and other forms of participation on absenteeism. [Wilson and Peel's longitudinal study \(1991\)](#) shows, with reference to a sample of 52 English firms, that the companies adopting the ESO plan significantly have lower absenteeism rates than their counterparts. Whereas, [Huang's \(1997\)](#) study of 308 Thai firms, including 144 which employ the ESO, shows that the ESO does not have a significant impact on absenteeism. [Hollandts \(2007\)](#) suggests that absenteeism rates are considerably lower when the ESO is used. [De Kerdrel \(2007\)](#) highlights this last argument by showing that, according to a study of 127 French companies, the rate of absenteeism in companies with an employee stock ownership plan would be down by 14% compared to the average absenteeism rate which is about 10% in companies in general. Based on these studies, we have developed the following hypothesis:

H2: The employee-stock-ownership has a negative impact on the rate of absenteeism.

2.4. Power delegation

Agency theorists primarily focus on the shareholder / manager relationship. There is, therefore, an agreement between both parties: the shareholders or owners (principal) and a manager, who hire to perform a task on their behalf; namely, the management of the company. This certainly involves the transfer of a certain power of decision. By resorting to the transfer of power, the manager divides the scope of his responsibilities. The mechanism for the delegation of power allows an authority (the delegate) to transfer a part of the power conferred to him and transfers it to a person / subordinate (the delegate). This transfer of power is accompanied by a transfer of duties and responsibilities. Thus, the delegate becomes responsible instead of the delegate. Theoretically speaking, an employee may be a delegate provided that he has the authority, competence and the necessary means to perform the tasks entrusted to him. However, in practice, when we consider the conditions of power and the means necessary for the validity of delegation, we find that the delegation is often in a hierarchical position superior to the position of the people who are under his authority. As part of the ESO practice, the Extraordinary General Meeting grants a delegation of power to the Board of Directors or the Executive Board ([Dhibi and Kouidhi, 2011](#)). The delegation of powers must mirror the operational reality of the company. This requires a good preliminary analysis of the company supported by concrete elements such as the organization chart, risk mapping, the list of corporate mandates, the exact functions and the employment contracts of the people concerned. Indeed, the delegation of powers must be accompanied by pedagogy: the delegate must know and master the regulations to be respected. He must also be fully aware of the responsibilities that he accepts. The delegation of power must also be closely monitored so as to ensure its relevance on a regular basis, to deal with the turnover of delegates and to monitor any sub-delegations ([Ollivier and Brunel, 2016](#)).

H3: The delegation of power can reduce the turnover rate.

The duration of the delegation must be sufficiently long so that the delegator can actually perform the task entrusted to him and this, consequently, has the effect of reducing the rate of absenteeism of the delegator. Among the necessary conditions for the delegation, [Nelken \(2006\)](#) considers that "no delegation to a person temporarily occupying the post and the delegation must have a sufficiently long duration". The delegation of power is an essential mechanism for the efficient management of the company. The delegation of power is likely to have consequences only if it is made for the benefit of a person who has the competence, the authority and the means necessary to do his duty. Hence, it is important to study the validity of the following hypothesis:

H4: The delegation of power can reduce absenteeism.

2.5. Salary

Companies are usually more concerned about profitability than their employees. But without a workforce, a company is doomed to disappear. A "Kelly Services" survey is carried out in 2012 on 14000 French employees' shows that salary is among the loyalty factors of the employees in the company. Salary increase helps to keep the employees and prevent turnover. [Charalambous \(2015\)](#) considers that pay is the main reason for the employees' motivation. Among the main reasons for turnover are low wages. Moreover, in order to retain its employees, the company has to respect certain processes. First, management can pay slightly higher wages than the market (or the market average). The latter will, therefore, be competitive compared to those practiced on the market. In the short term, this policy seems to be costly but, in the long run, it will save money since the employees are more motivated, more invested and, thus, more efficient.

H5: The salary increase can reduce the turnover rate.

When analyzing the empirical literature dealing with the relationship between wages and absenteeism, the authors generally find a negative relationship between these variables. Based on monthly data for employees working in a large German firm from 1999 to 2005, the results of [Pfeifer \(2010\)](#) indicate that when the salary is above the reference, it can significantly reduce absenteeism, but when the salary is below the reference, it does not significantly increase absenteeism. While [Mahy et al. \(2011\)](#) find a positive relationship between the variables in their study that was based on Belgian firms. In contrast to other studies, analyzing the link between salary and absenteeism and generally arriving at a negative relationship between these variables ([Bingley and Eriksson, 2001](#); [Pfeifer, 2010](#)).

H6: Salary increase helps reduce absenteeism.

3. METHODOLOGY

Adoption of the ESO plans can, as part of skill management, attract high-potential employees or groups of employees with strategic skills for business development. These schemes can encourage the employees to be more involved in the development of the company, invest in the human capital and reduce absenteeism and their desire to leave their company. As a result, they lead to improving overall productivity and compensation. The literature dealing with the practice of the ESO plan shows that the employees' ownership of corporate shares reduces the employees' absenteeism and turnover. However, our goal is to test the validity of this argument. This part will be devoted to the study of the effects of the ESO on the attitudes and behavior of the employee shareholders. Indeed, we have chosen to study the relation between the ESO, the delegation of power and salary increase on absenteeism and turnover. The purpose of this study is to determine if the employee shareholders are more cooperative, more involved, motivated and satisfied with the simple fact of being employee

shareholders. To answer this problematic, our study is based on a sample of French companies listed on the stock exchange using the ESO.

3.1. Sample definition

Our study is applicable to companies listed on the stock exchange of France. Only about thirty companies was released rate of absenteeism and turnover during the period 2008-2012. At this period the company's practice employee share ownership. The final sample comprises of 30 French companies using the ESO (the number of observations is 150). The information is collected from the database "Datastream" (ESO and salary), the site of the stock exchange "boursorama.com" (listed of companies using the ESO) and from the annual reports of companies (delegation of power, absenteeism and turnover).

3.2. Definition of the study variables

Our major goal is to examine the impact of the ESO, the delegation of power and salary increase on absenteeism and turnover rates. The empirical approach is a "Regression of Panel Data" and the models are presented as follows:

$$\text{Model 1: } TUR_{i,t} = \alpha + \beta_1 ESO_{i,t} + \beta_2 Deleg_{i,t} + \beta_3 Sal_{i,t} + \varepsilon_{i,t}$$

$$\text{Model 2: } ABS_{i,t} = \alpha + \beta_1 ESO_{i,t} + \beta_2 Deleg_{i,t} + \beta_3 Sal_{i,t} + \varepsilon_{i,t}$$

With: α : Constant; TUR: Turnover; ABS: Absenteeism; ESO: Employee stock ownership; Deleg: Delegation of power; Sal: Salary; ε : Error term.

The models are borrowed from [Brown and Fakhfakh \(1999\)](#) study and we added the delegation of power and salary variables. Based on literature, these authors applies the Linear Regression in their study.

3.2.1. The independent variables

As part of this research, the explanatory variables are: the ESO, the organizational structure and salary.

1. The employee stock ownership (ESO): It is the percentage of capital held by the employees. This variable is measured by the ratio between the number of shares held by the employees and the total number of shares in circulation during the period 2008-2012.
2. The organizational structure: It is a binary variable;
 - a. 1: If there is a delegation of power (decentralized organizational structure).
 - b. 0: No delegation of power (centralized organizational structure).
3. Salary: It is the natural logarithm of salary (NL salary).

3.2.2. The dependent variables

According to the assumptions already made, the variables to be explained in this work are: absenteeism and turnover.

1. Absenteeism rates are calculated as the ratio of hours of absence divided by the number of theoretical hours worked over the year or as the number of days of absence divided by the number of theoretical days worked.
2. The turnover rate is the half-sum (or arithmetic mean) of the number of employees who left and the number of employees who arrived during a given period divided by the initial number of employees.

4. RESULTS INTERPRETATION

This stage allows us to summarize the statistical methods used to test our assumptions. We used the "Eviews" software to test the relationship between the independent variables (employee share ownership, delegation of power and salary increase) and the dependent variables (turnover and absenteeism). Hausman Test shows that the empirical approach is a "Fixed effect regression".

4.1. Descriptive statistics

Before interpreting the results, we have to present the descriptive statistics for the dependent and independent variables. In fact, *Skewness* is the symmetry parameter ($S > 0$) for the ESO and Sal variables for both models. This verifies the distribution symmetry between the variables (ESO / ABS, Sal / ABS and ESO / TUR, Sal/TUR). *Kurtosis* is the flatness parameter; we note that the flatness coefficient ($K > 3$) for all the variables and for both models, this verifies that the distribution is acute between the variables ESO/ABS, Deleg/ABS, Sal/ABS and ESO/ TUR, Deleg/TUR, Sal/TUR.

4.2. Correlation test

In probability and in statistics, the correlation coefficient can study the intensity of the connection between two or more variables.

For turnover, the covariance is negative and significant between the variables TUR and ESO and Deleg. It means that the turnover is negatively correlated to these variables. The same result obtained for absenteeism. This can be justified by the reduction of absenteeism and turnover in the practice of the employee share ownership and delegation of power.

Then, we used linear regressions to examine whether the employee stock ownership, delegation of power and salary increase can reduce the employees' absenteeism and turnover rates. The table below represents the results obtained for the two studied models:

Table 1: Presentation of the obtained results ESO/ABS and ESO/TUR

	Model 1 : Turnover		Model 2 : Absenteeism	
	Coefficients	Significant /No Significant	Coefficients	Significant /No Significant
Constant	3.849* (1.656)	S	3.868** (2.953)	S
ESO	-0.316** (-2.146)	S	-0.212*** (-4.477)	S
Deleg	-2.327** (-1.717)	S	-1.133** (-1.792)	S
Sal	-0.177 (-1.445)	NS	-0.104 (-1.470)	NS
N	150		150	
F-Statistics	3.257**		7.366***	

Note: TUR: Turnover; ABS: Absenteeism; ESO: Employee stock ownership; Deleg: Delgation of power; Sal: Salary. t-statistics in parenthesis

*, **, *** significant at the 10%, 5%, 1% level respectively

The results obtained show that the two models are globally significant (for the first model F-Statistics equal to 3.2576 is significant at a threshold of 5%, and for the second model F is equal to 7.3667 is significant at a threshold of 1%). Generally speaking, the ESO practice and the delegation of power explain a significant part of the drop in the rate of absenteeism and turnover.

The ESO is negatively associated with the turnover rate at a statistical significance level of 5% (coefficient = -0.316); in other words, this means that the implementation of the ESO reduces the wishes of the employee shareholders to leave their company. Accordingly, we can deduce the attachment and identification of the employees to their company. This result confirms the study of [Hsieh and Liu \(2006\)](#) and [Fakhfakh \(2004\)](#). Moreover, there is a negative and significant relationship at the 5% threshold between the delegation of power and the turnover rate (coefficient = -2.327) which means that the delegation of power is liable to keep the employees and prevent turnover. Similarly, [Basterretxea and Storey \(2018\)](#) achieved the same result.

The results also show that the ESO has a negative and highly significant effect at a threshold of 1% on absenteeism (coefficient = -0.212). This signifies that when they are shareholders, the employees cease to be absent from work. The ESO is also a way to attract and keep the employees. Same result obtained by [Wilson and Peel's \(1991\)](#) and [De Kerdrel \(2007\)](#). Moreover, the delegation of power is negatively associated with absenteeism at a statistical significance level of 5% (coefficient = -1.133). This means that the delegation of power significantly reduces absenteeism and is an essential tool to run the company. This confirms the study of [Nelken \(2006\)](#).

Salary increase is among the loyalty factors of the employees. Indeed, salary is the most likely to motivate the employees. After a salary increase, the employees are more motivated, more invested and more efficient. The results show that there is a negative relationship between salary increase, turnover and absenteeism. Indeed, in the context of the ESO practice, the companies prefer to remunerate their employees by allocating shares instead of rising salaries. According to these obtained results which have statistically significant nature concerning the percentage of shares held by the employees, by taking French listed companies as a basis, the adoption of the ESO plans is associated with a reduction in the turnover rate and the employees' absenteeism. The employee share ownership and the delegation of power can increase the employees' loyalty, their attachment and their satisfaction of working in the company. This satisfaction makes the employees more motivated and more productive. Finally, we can assume that the ESO practice is not only responsible for improving the financial performance, but also for making the management of human resources in more efficient (a decrease in absenteeism and staff willingness to leave their company).

5. CONCLUSION

This work can be classified among the current researches dealing with the behavioral effects of the ESO which have been carried out by social psychologists like [Klein \(1987\)](#), or researchers in human resource management and organizational behavior like [Buchko \(1992\)](#) or [Pendleton \(2001\)](#). This topic is a new way to understand the behavior of the employee shareholder. The ESO is regarded as a human resource management tool to intensify motivation and satisfaction and to reduce absenteeism and turnover. The transition to the ESO in a company that has not experienced it before can create in the employees a different vision of the company. Thus, employees will change their attitudes and their behavior towards their company because they will feel that, to a certain extent, they are owners. Indeed, one of the main limitations of this work is certainly the lack of theoretical foundations in the psychological literature. Besides, the empirical researches are short of conceptual explanations of the studied phenomena ([Pierce et al., 1991](#)). In addition, most studies have been conducted in small-sized business ([Kruse and Blasi, 1997](#)).

As a matter of fact, our theoretical contributions are implicitly included in the answers to the research questions. On the one hand, in this work, some of our hypotheses coincide with the literature. This study shows how the ESO practice has positive effects on the behavior of the employee shareholders. The results also show that the ESO practice and the delegation of power production more efficient management of human resources: lower absenteeism and turnover. The ESO is also a way to appeal and maintain the company workforce. Equally important, the behavioral

effects are most likely to elucidate the relationships observed in the economic and financial literature between the ESO and organizational performance.

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Appendix

Table 1: Descriptive statistics ESO, Deleg, Sal/ABS, TUR

Statistics	ESO	Deleg	Sal	ABS	TUR
Mean	2.904	0.920	16.671	3.951	3.909
Sum	435.643	138.000	2500.648	592.683	586.394
Median	1.515	1.000	16.158	3.870	2.050
Maximum	23.700	1.000	23.289	12.200	25.000
Minimum	0.050	0.000	12.182	0.381	0.070
Sum Sq. Dev.	3401.768	138.000	42631.630	3078.306	5091.886
Std. Dev.	3.786	0.272	2.516	2.223	4.334
Skewness	3.196	-3.096	0.723	1.453	2.108
Kurtosis	15.803	10.587	3.178	6.273	8.586
Jarque-Bera	1279.903	599.435	13.279	119.785	306.174
Probability	0.000	0.000	0.001	0.000	0.000
Observations	150	150	150	150	150

Note: Sample: 2008 2012

Table 2: Correlation test ESO, DEL, SAL/TUR

	TUR	ESO	DEL	SAL
TUR	1			
ESO	- 0.179**	1		
DEL	-0.161**	0.187*	1	
SAL	- 0.066	0.206**	0.106	1

Table 3: Correlation test ESO, DEL, SAL/ABS

	ABS	ESO	DEL	SAL
ABS	1			
ESO	- 0.308***	1		
DEL	- 0.107**	- 0.091*	1	
SAL	- 0.017*	0.283**	- 0.028	1