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Effect of Employee Stock Ownership Plans (ESOPs) on the performance of Small business in Karachi

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Abstract

This paper examines the impact of employee stock ownership plans on the overall performance of the organizations. From the five decades literature, the conceptual underpinning formed includes variables of interest namely; employees' motivation, job commitment, employees' turnover, and productivity/profitability of the firms. The paper follows positivist philosophy with deductive approach to gain numerical significance. Total 280 respondents targeted using combination of probability (random) sampling and non-probability (convenience and snowball) sampling techniques. The statistical tests, which are used to test the hypotheses, are regression and correlation. Results showed that they exist statistically significant correlation between ESOPs and overall performance of the organization. Interestingly, the nature of relationship is positive but the strength is moderate to weaker. Employees' turnover has moderate positive significant correlation ($r = .541$, $p < .000 < 0.005$) while all others have weak positive weak significant correlation with ESOPs. Based on findings, the managerial implications are discussed at the end of the paper to enhance organizational performances.

Key words: *Employees Stock Ownership plans, commitment, employee turnover, profitability, motivation*

1. Introduction

The aim of the study is to find the effect of employee stock ownership plans on the performance of the organization that whether it has a strong positive effect on the organization performance or either it has a negative effect on the performance of the organization. According to different researchers there are several things which come as a result of implementing employee stock ownership plans and those things are employees Motivation, Commitment (Zhu, Hoffmire, Hoffmire, & Wang, 2013), Employee turnover,

(Meng, Ning, Zhou, & Zhu, 2010), Increasing productivity/profitability (Ding & Sun,2001). Moreover, motivation, job commitment, employee turnover and productivity/profitability have an impact on performance of organization (Utman,1997; HAN, 2008; Mohr, Young & Burgess Jr, 2011; Chen & Inklaar, 2015).

1.1 Background of the Study

The creation of ESOP is usually attributable to San Francisco lawyer and investment banker Louis Kelso. In 1956, Kelso was invited to San Francisco through the KELU's plan, the first ownership was transferred to employees. In 1958, he collaborated with philosopher Mortimer Adler to write a declaration of capitalism covering a wide range of economic, social and political interests. Earlier, ESOP legislation was the future of social security. When President Roosevelt signed the Social Security in 1935, one of the 70 Americans was socially vulnerable. In 1939, social security expanded to families and survivors.

This research is important for various stakeholders, including retail, institutional investors, market regulators (CMAs), publicly traded companies using ESOPS and companies, research institutes, and governments who wish to have these institutions. Market regulators, CMA, will gain knowledge on employee stock ownership plans on how to deal with regulations and policies. With the development of sound regulation and policy, it increases investor confidence in investing in the stock market. The study will help retailers and institutional investors to deepen their investment decisions. This study helps investors in making decisions about investments, investments, portfolios and other means and obtaining an investment base if the company has the maximum profit of the employment stock plan. Public companies and NSE-listed people will be able to recognize the impact of employee stock ownership plans that will make informed decisions about the ownership of the stock ownership plan. Such information is useful for scientific institutions and governments who want knowledge and documentation of the employees' stock plans. It will also add literature and will stimulate further research in this field. The impact of Employee Stock Ownership Program is important for the development of economic solutions in the market not only because of employee stock proprietary programs performing such a key role but stimulating economic growth in these markets with huge capital needs. From this point of view, the research that focuses on the development of job placement plans is essential.

2. Literature Review

The researches on the Employee Stock Ownership Plans are capacious. The main function or purpose of employee stock ownership plan is to allow the employees of that company to purchase the shares or some part of the interest from the total interest of the organization and according to the administration point of view, this is the best way to aligning the interest of the managers and employees. The employees turn out to be more involved and they take more interest in the administration and performance. When the funds of employees are invested in the firm in the shape of shares than they automatically encourage to increase or to protect their investment by doing the work more efficiently and effectively. Because if the firm hits with a loss than they will directly suffer the consequences (Noamene, 2014).

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increase or to protect their investment by doing the work more efficiently and effectively. Because if the firm hits with a loss than they will directly suffer the consequences (Noamene, 2014).

There are many studies which proves that employee stock ownership plans helps in increase in productivity of the firm but there are also some studies which shows that there is no direct relation between the productivity and the employee stock ownership plans. It is also founded that the effect of ESOPs is conditional. These all researches are done in the developed counties furthermore, in the united States and several other countries the employee stock ownership plans works as an alternative plan for the pension and it also consist of composite governance problems. But in china the ESOPs is totally based on enticements outline. Although, the employees of china having the shares of the company cannot play any role in business decision making (zhu et al, 2013).

According to a study conducted in china the increased performance can also be examine by the higher market value of the stock that means that if employee incentives enriches by the employee stock ownership plans than the employees should be motivated and thus gives the better output and in the result of better output the market value increases (Meng et al, 2011). In another study conducted by Larcker (1983) the market response has been examine and it is founded that the market reaction is positive when a firms adopts a long term performance centered incentives plan and it was also found that a firm will also reveals a substantial progression in capital expenditure. On the other hand, the employee stock ownership plans also have some drawbacks like it leads to the dilution of the value of share and ownership. When the managers implanted this plan than might be the company is in the situation that they have to issue more shares so the employees can buy but this will lead to more shares in the market and because of that the dividends will be shared by more number of stockholders (Ding & Sun, 2001).

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they have to issue more shares so the employees can buy but this will lead to more shares in the market and because of that the dividends will be shared by more number of stockholders (Ding & Sun, 2001).

Interestingly, O'Halloran (2012) confirmed the statistical significant association between ESOPs and employees' turnover whereas the earlier work of Curme and Stefanec (2007) opposed the correlation between the above-mentioned variables. Nevertheless, numerous authors confirmed that there is strong positive linkage between ESOPs and the organizational performance (Goddard, 2001; Bauer, 2004; and Brown and Sessions, 2006). Interestingly, the Green and Heywood confirmed that the employees' motivation is affected by the ESOPs to some extent. However, this study was conducted in the developed economy thus, there is no conclusive evidence from the emerging economy (Pakistan)'s context. Additionally, the earlier work of researchers confirmed positive association between ESOPs and Job Commitment (Park and Seng, 1995) and ESOPs and firm's profitability (Jensen and McCallney, 1976; Modigliani and Miller, 1958). However, O'Halloran (2012) argued that job commitment and job satisfaction are significantly positively affected due to ESOPs. Conversely, Freeman (1978) found negative correlation between job commitment and ESOPs. Additionally, earlier authors argued that profitability and productivity of the organization is correlated with the ESOPs (Park and Seng, 1995; Krus and Blaise, 1997). On the contrary, later researchers found no correlation between ESOPs and productivity/profitability of the organizations (Pugh et al. 2000; Blues and Krus (2003). Nevertheless, these all studies have been limited to the developed economies while there is still no conclusive evidence from the emerging economies to explain the nature and strength of the variables.

ESOP's proponents think that the program will get more business owners if you know the benefits of ESOP. They also noted that the ESOP was established in 1974, the same as the current political debate in the United States. President Bush and influential analysts have called on the development of politics to achieve a further goal in "public ownership." At this stage, due to the solvency of social security, the legislation on employed people has been raised. Literary review of ESOP research is particularly valuable as lack of knowledge and ability for the state action.

2.1.1 Agency Theory

The theory of the Agency believes that, even if there are different interests, owners can limit their ability to maximize personal concessions, thus reducing the level of wages and interest in management. Owner manager will give you control when it is controlled by the company (Jensen and McClelin, 1976). The Agency's expenses come from additional compensation and benefits provided by the contract. For a long time, the advantages of surface superficiality, Jensen and McCallney (1976) are the only place where engineering is the basis of technology. Acceptance of Beneficiary Shareholder (at the expense of Jensen and Meckel) (1976) as a contract that prevents company's legitimate business, bond holders are obliged to control the company in order to secure a contract. Supervision costs will be transferred to shareholders with higher costs. Efficiency and operation costs of an enterprise's operating expenses are types of bonds that are low, while increasing debt expenses and low cost.

2.1.2 Traditional Theory of Capital Structure

The traditional theory involves a general view of investors, analysts and corporate management. This theory has nothing to do with capital structure M. The traditional theory is that the advantages and disadvantages of the corporate mechanism. In his opinion, low debt levels are negatively evaluated by the advantages of debt, so that the market value of the company is gradually rising, but after a certain period the situation is changed and the disadvantages begin to take advantage. Further leverage led to a decrease in the company's

market value. The argument expressed in this regard is that the advantage of the debt is that the interest is tax deductible, and the lack of capital debt is increased financial risk by shareholders.

Hence, the shareholders demand the return of the higher capital. In addition, the very high debt asset coefficients are required to publish a debt to their financial risks, which require high debt and increase of debt expenses. The traditional view, as well as the MM hypothesis, never remains a strong theoretical model. Modigliani and Miller (1958) argued in his well-known draft that companies couldn't change the total security cost as partially outflow. However, their conclusions came after some of the assumptions were made based on criticism of their statements. The opinions generated by them are business risks that can be measured by the standard rate of interest rate and the predetermined earnings. Companies are treated with the same risk as uniform risk levels. All current and future investors are interested in the company's future profits, stocks and bonds. In the capital markets, corporate and personal debts are not without risk, so the debt interest rate is not at risk.

2.2 Empirical Reviews

Exploring the variation, literature revealed that males and females show distinctive stance towards certain attributes. For instance, the study of Faizan and Zehra (2017) and Haque et al. (2016) showed that females are motivated by appreciation, recognition, and trusting with responsibilities while males show higher motivation due to salary and financial incentives and job security. Nevertheless, Kruse et al. (2010) found that employees' turnover intentions are interlinked with ESOPs due to job security. Additionally, pleasant work environment, organizational backing and support in identifying and fulfilling the needs of workers, and appreciation of good work motivates male more while female like safe working environment, good supervisor-subordinate relationship, and healthy compensation plan (Haque and Yamoah, 2014; Faizan and Zehra, 2016; Haque and Aston, 2016; and Haque et al. 2016). Thus, above arguments revealed that contrasting gender like different feature of job at hand. Interestingly, Zehra (2016) argued that training and development could motivate workers to improve and contribute towards organizational performance. Nevertheless, work environment and organizational culture could also work as de-motivators for employees and might driven them to quit (O'Halloran, 2012). On the other hand, Garboua et al. (2007) argued that it is not necessary that organizational culture or certain disliked job features would force employees to quit as they might leave in search of experiencing change.

2.2.1 Financial performance

Financial efficiency is assessed as a result (Rue and Byars, 1992). Word performance often comes to understand how much of an operation or set of connections. Nowadays these actions are the objectives and objectives of the organization. These operations may formally be carried out by the organization, Evaluate and monitor the ability of the organization to successfully accomplish its goals and to assess the responsibilities of its staff and stakeholders if it has learned to use effective structural, systematic and capital investments. Performance is the flow of knowledge and work (SETA, 2003). 12 Financial activities are important to save business in competitive and uncertain environment. The willingness of management is to find out how much effort has been made on organizational activities (sauce and voices, 2002).

2.2.2 Relationship between ESOPs and Financial Performance

Nasari (1989) argues that ESOPs can eventually harm shareholders because these programs may cause weak or ineffective management and do not motivate employees to increase their productivity. Gordon and Pound (1990) argue that both ESOPs manage unilaterally, ESOPs are not as effective as supervision of management solutions to other

types of large investors, and ESOP operates with current and non-state employees and often the management of ESOP's trustees. Blues and Krus (2003), unlike Pugh et al (2000), argue that the literature generally provides inappropriate results. In their own studies they concluded that the ESOP can provide maximum long-term work. However, in the current document (Pugh et al., 2000), the authors offer a more effective example of the fact that some of the acquisitions purchased by companies by ESOP are used. Literary review of ESOP research is particularly important because of the lack of knowledge and abilities for the state action. Employees' stock ownership plan was originally created to suggest that employees have ownership rights and motivated their productivity and performance. It is expected that morale growth and job satisfaction will contribute to the US products overall productivity and competitiveness (Pugh et al., 2000). Not long ago, many people involved in ESOP movement and other researchers questioned whether ESOPs reorganization by stimulating employment work as a means of enhancing productivity. Critics argue that the recently created employee is a stock-ownership plan by business executives who enjoy tax privileges, increase short-term profits or merger. Although ESOP and employee-owner researchers found that the company's performance improved, moderate economic theorists and many investigators still suspect the employee's suspects. The majority of economists predict subdivisions, ineffective decisions, weak supervision, or both (Bonin et al., 1993).

2.3 Research Framework

Interestingly, firm's productivity increases due to dominant active role of the workers in the organizational settings (Faizan and Haque, 2016). Moreover, the females like trusting with responsibilities and offer do better at workplace. On the other hand, numerous studies has confirmed that financial benefits and monetary packages entice male workers more to demonstrate higher level of performance at workplace (Survey of Youth 1979; O'Halloran, 2012; Haque and Yamoah, 2014; Faizan and Zehra, 2016; Haque and Aston, 2016; Haque et al., 2016; Zehra and Faizan, 2017; Haque et al. (2017). Nevertheless, Hooley et al. (2005) found market position and success rate determines the performance of the organizations. Hence, in the light of present argument, there is no conclusive evidence from Pakistan to confirm or contradict the above arguments and counter arguments.

3. Research Methodology

The research approach used in the study is explanatory because the model is developed by the theories of different authors. According to different researchers there are several things which comes as a result of implementing employee stock ownership plans and those things are employees Motivation, Commitment (Zhu, Hoffmire, Hoffmire, & Wang, 2013), Employee turnover, (Meng, Ning, Zhou, & Zhu, 2010), Increasing productivity/profitability (Ding & Sun, 2001). Moreover, (Utman, 1997), (HAN, 2008), (Mohr, Young & Burgess Jr, 2011) and (Chen & Inklaar, 2015) respectively says that motivation, job commitment, employee turnover and productivity/profitability have an impact on performance of organization. Correlational Design is used in this study because we are checking the effect of one variable on the other. That means we have total 5 variables from which four are dependent and 1 is independent and we are checking the impact of that one independent variable (ESOPs) on the rest of four variables (motivation, job commitment, employee turnover & productivity/profitability). From the different organizations the employees (both male and females) are approached to give their response regarding the research problem through a questionnaire survey. Target population was the employees of the different organization of Karachi and are approached in the university premises and by meeting them in their organization. Sample size was 280 employees of different organization from Karachi. To collect data from random employees combination of probability (random) sampling and

non-probability (convenience and snowball) sampling technique is used. The source of collecting data was the questionnaire, which carried structured based questions on closed ended five point likert scale. The data which was collected and pooled into SPSS 17.0, afterwards regression and correlation is applied as statistical techniques in our research.

4. Results, Findings and discussion

The section contains the processed information using advanced statistical tool, reflecting the quantitative analysis regarding the variables of interest. DAB (demographic, attitudinal, and behavioural questions) formula used in the survey structuring is part of ensuring credibility, reliability, validity, and proper structuring of the variables. Following Haque and Aston (2016) funnel approach is also considered in the later part of the findings and discussion to further enhance the understanding about the variations in distinctive types of variables. As a part of triangulation approach, demographic variables in the survey questionnaire is fulfilling the credibility while Cronbach's alpha for reliability and pilot testing for validity aspects.

Regression analysis between commitment and ESOPs

Table 2

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.039	1	7.039	27.773	.000 ^a
	Residual	70.457	278	.253		
	Total	77.496	279			

a. Predictors: (Constant), Employee_stock_ownership_plans

b. Dependent Variable: Commitment

Regression analysis between Employee turnover and ESOPs

Table 3

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.153	1	22.153	114.422	.000 ^a
	Residual	53.822	278	.194		
	Total	75.975	279			

a. Predictors: (Constant), Employee_stock_ownership_plans

b. Dependent Variable: Employee_turnover

Regression analysis between productivity/profitability and ESOPs

Table 4

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.108	1	11.108	31.181	.000 ^a
	Residual	99.032	278	.356		
	Total	110.139	279			

- a. Predictors: (Constant), Employee_stock_ownership_plans
 b. Dependent Variable: productivity_profitability

Correlation between Variables

Figure: 5

		Correlations				
		Motivation	Commitment	Employee_turnover	productivity_profitability	Employee_stock_ownership_plans
Motivation	Pearson Correlation	1	.203**	.362**	.204**	.333**
	Sig. (1-tailed)		.000	.000	.000	.000
	N	280	280	280	280	280
Commitment	Pearson Correlation	.203**	1	.424**	.272**	.301**
	Sig. (1-tailed)	.000		.000	.000	.000
	N	280	280	280	280	280
Employee_turnover	Pearson Correlation	.362**	.424**	1	.413**	.540**
	Sig. (1-tailed)	.000	.000		.000	.000
	N	280	280	280	280	280
productivity_profitability	Pearson Correlation	.204**	.272**	.413**	1	.318**
	Sig. (1-tailed)	.000	.000	.000		.000
	N	280	280	280	280	280
Employee_stock_ownership_plans	Pearson Correlation	.333**	.301**	.540**	.318**	1
	Sig. (1-tailed)	.000	.000	.000	.000	
	N	280	280	280	280	280

** . Correlation is significant at the 0.01 level (1-tailed).

Interpretation of the tables

The above tables reflect the correlation between the variables of interest in this study. After fulfilling normality assumption, the research intakes Pearson's Correlation (parametric test) to measure the nature and strength of the relationship between considered dependent and independent variables. Among all considered variables in relation to the employee stock ownership, highest moderate positive relationship has been employees' turnover (0.54). This means there is upward slope. Hence, the 54% variation in the employees' turnover is caused by employee stock ownership plans. Additionally, there is strong evidence against null hypothesis 3 because obtained value is extremely significantly different from zero ($p < \alpha$, 0.000). In other words, we fail to reject stated hypothesis 3. Thus, this study contributed a unique finding by confirming that the nature of relationship is moderate positive between employees' stock ownership and employees' turnover intention. Additionally, the study has striking difference with the previous empirical research of Curme and Stefanec (2007) while supports the work of O'Halloran (2012) by confirming that there is statistical significant correlation between aforementioned variables. The additional gain is that statistical significance established in the context of Pakistan.

Interestingly, the other remaining considered three variables in relation to employee stock ownership has positive weak relationship. Employees' motivation scored 33.3%, productivity/profitability of the firm 31.8%, and job commitment 30.1%. These evidences reflect that the 1/3 of variation in the employee stock ownership plans is caused by these aforementioned attributes. Interestingly, the nature of relationship is evident to be positive but the strength is relatively weak. Hence, in this regard, present findings oppose the earlier work of Bauer (2004), Brown and Sessions (2006), and Goddard (2001) because we found weak relationship while support work of Green and Heywood (2008) as found a positive relationship to certain extent. This also means that though there is uphill slope because there is positive relationship but the strength causing variations is substantively lower than the

employees' turnover. Since, the driven sig-value is lower than the p-value, based on one-tail test reflects that there is strong evidence against null hypothesis 1. It also indicates there the value is significantly different from point of origin ($p < \alpha$, 0.000). Thus, it confirms that there exists positive correlation between employee stock ownership plans and employees' motivation in Pakistan. The current findings support the notion of Green and Heywood (2008) as we also found positive impact of ESOP on the overall motivation of employees.

Nevertheless, the present finding is an additional work by confirming the work in the emerging economy (Pakistan) whereas previous work was limited to developed economies' context.

Similarly, though positive weak relationship is evident between ESOP and job commitment (0.301) and ESOP and productivity/profitability of the firm (0.318) reflects one-third variation but still there is upward slope maintained. Hence, in this regard, present findings support to some extent the work of Park and Seng (1995), Jensen and McCallney (1976), and Modigliani and Miller (1958) by confirming positive association. Additionally, the correlation between ESOP and job commitment is highly extremely statistically significant as the incurred sig-value is highly different from the zero ($p < \alpha$, 0.000). Therefore, this study supports the recent work of O'Halloran (2012) by confirming that ESOP has significant constructive impact on the job commitment of employees while contradict the work of Freeman (1978), that stated negative impact of ESOP on JC. Thus, we fail to reject null hypothesis 2. In addition to that, the correlation between ESOP and productivity/profitability of the firm is examined in this study. Results revealed that although the nature of relationship is positive hence; there is uphill slope but the strength is relatively weak. Additionally, the sig-value is lower than the considered p-value on one-tail test indicates that there is statistically highly significant correlation between ESOP and productivity of the firm ($p < \alpha$, 0.000). Again, the driven value is significantly different from the zero as the sig-value lies in the critical region. Thus, it indicates that there ESOP plans significantly increases the productivity of the firm to certain extent. In the light of evidences, present findings confirm the correlation. Hereby, the study fails to reject null hypothesis 4. Hence, this study supports partially the earlier work of Park and Seng (1995), and Krus and Blaise (1997). Conversely, the present findings contradict the work of Blues and Krus (2003) and Pugh et al. (2000) to large extent by confirming the correlation between ESOP and profitability of the organizations. Since, in the context of Pakistan, there were no conclusive evidences regarding the nature, strength, and relationship between variables of interest thus this study contributes to the unique findings.

Hypotheses Assessment Summary

Table: 6

S.NO.	Hypotheses	Correlation	F	Sig	Empirical Conclusion
H1	Employee stock ownership plans have a positive impact on the employee motivation	.333 ^{**}	34.765	.000 ^a	Accepted
H2	Employee stock ownership plans have a positive impact on the job commitment	.301 ^{**}	27.773	.000 ^a	Accepted
H3	Employee stock ownership plans have a significant impact on the employee turnover	.540 ^{**}	114.422	.000 ^a	Accepted
H4	Employee stock ownership plans increases the productivity/profitability of the firm	.318 ^{**}	31.181	.000 ^a	Accepted

Using funnel approach, we explored the gender dimension for measuring the variations and preferences in terms of correlation. The results revealed that males have scored higher in employees' turnover and productivity of the firm section (68.2% against 21.72%). On the contrary, females scored higher than their counterpart did when employees' motivation and job commitment considered as variables in relation to ESOP. Thus, this study offers a new dimension to the research body. In addition to that, the investigation confirmed that the overall performances of the organizations operating in Pakistan are statistically significantly affected by the employee stock ownership plans. The nature of the relationship is positive however, the strength is relatively weaker in contrast to developed economies. In addition to that, the probing variations evident from the funnel approach revealed that the majority of the respondents of this study falls into the age bracket of (21 to 30) therefore the risk propensity is higher among such individuals to explore distinctive dimensions. This is the reason, majority of the respondents found positive direct relationship between ESOP and employees' turnover intentions. While breaking down the antecedents of the individual variables, it is evident that majority of the female respondents highly value recognition from the management and trusting with responsibilities as a contributing factor for working in certain manner. On the contrary, the ESOP affects males' motivation higher through job security, financial incentives, and salary packages. Thus, this study partially supports the work of Haque, Aston, and Kozlovski (2016), and Faizan and Zehra (2017) by finding variation in the motivation of contrasting gender. Moreover, in the aspect of job security, this study is aligned with the work of Kruse et al. (2010) by confirming ESOP and employees' turnover intentions are correlated.

Furthermore, considering job related commitment, it is evident that males scored higher than the females in organizational recognition of efforts, good working environment, and initiative of the organization in addressing their respective needs (57.23% against 32.34%). On the other hand, safe work environment, overall compensation, and good interpersonal relationship are highly evident among female workforce (55.17%). Although, the variation in terms of gender in Pakistan's context is a new finding enriching the body of literature but still the gender perspective has been explored earlier. This study supports partially the work of Haque and Yamoah (2014), Faizan and Zehra (2016), Haque and Aston (2016), and Haque et al. (2016) by confirming there are distinctive likeness for certain features in the job related commitment.

Interestingly, the quitting intentions are evident in both genders; males and females equally (50.93% against 49.07%) but males scored higher due to job related negative aspects while

females viewed work environment and organizational culture as a reason for developing turnover intentions. Thus, this study supports to larger extent the distinctive features identified by O'Halloran (2012) and contradicts the work of Garboua et al. (2007) to some extent. Nevertheless, this study found some interesting variations while exploring productivity/profitability of the firms in relation to ESOP. Higher number of male majority confirmed that workforce has significant role in the enhancement of the firm's productivity (67.34%) while females also confirmed it to larger extent (53.21%). Hence, in this aspect this study confirms the earlier work of Faizan and Haque (2016). In addition to that, females viewed sense of responsibility as a major contributing factor (66.76%) while males scored higher in the satisfaction rising from the benefit package offered by the organizations to their employees (61.23%). Therefore, the present findings are largely aligned with the work of Zehra and Faizan (2017), Haque et al. (2017), Faizan and Zehra (2016), Haque and Aston (2016), Haque et al. (2016), O'Halloran (2012), Haque and Yamoah (2014), and Survey of Youth (1979). Indirectly this study opposes the earlier work of Hooley et al. (2005) as this study found that organizational performance is not always dependent on the success and market position. Conversely, the internal stakeholders (employees) have a dominant role in strengthening the performance of the organization and the ESOP works as one of the better predictor in the dynamics.

Conclusion

From the primary findings, it is concluded that the employee stock ownership plans (ESOPs) significantly affects the organizational performance in Pakistan. There are some distinctive attributes undertaken in this study to measure the strength and nature of the relationship in relation to ESOPs. It is evident from this study that employees' turnover has moderate positive relationship with ESOPs (0.54), followed by weak positive relationship employees' turnover (0.33), firm's productivity (0.318), and lastly job commitment (.301) with ESOPs. In addition to that, aforementioned variables are evident to have statistically significant correlation with the ESOPs as all found to have p-value less than the alpha value namely ESOPs and employees' motivation ($p < \alpha$, 0.000), ESOPs and job commitment ($p < \alpha$, 0.000), ESOPs and employees' turnover intentions ($p < \alpha$, 0.000), and ESOPs and firm's productivity ($p < \alpha$, 0.000) respectively.

In terms of gender perspective, there are evidences that both males and females vary in distinctive aspects. Results revealed that females consider job commitment and employees' motivation whereas males view firm's productivity and employees' turnover significantly correlated with employee stock ownership plans (ESOPs). The biggest gain from this study is that in the context of emerging economy, we found the nature of relationship to be positive. Hence, this study enriches the body of knowledge by confirming that employee stock ownership plans (ESOPs) affects significant positively the organizations' overall performances. Additionally, this study largely support the aspects of Agency theory, especially in terms of firm's profitability, employees' turnover intentions, and job commitment whereas study findings has higher alignment with the classical theory while exploring the employees' motivation as an individual attribute in relation with the ESOPs.

Interestingly, this study does not find conclusive evidence under the traditional theory of capital structure in quantifying the correlation between variables of interest. Another significant notion evident in this study is that to larger extent this study supports the recent studies to greater extent namely; Haque et al. (2017), Zehra and Faizan (2017), Haque et al. (2016), Faizan and Zehra (2016), Haque and Aston (2016), Haque and Yamoah (2014), O'Halloran (2012), Kruse et al. (2010), and Green and Heywood (2008). Additionally, the

study opposed earlier works of decade earlier including; Garboua et al. (2007), Curme and Stefanec (2007), Brown and Sessions (2006), Hooley et al. (2005), Bauer (2004), Blues and Krus (2003), Goddard (2001), and Pugh et al. (2000). Nevertheless, this study confirms the impact of the employees' ownership stock plans (ESOPs) on the overall performances of the organizations in the Pakistan, as the results are evident to be statistically significant and the nature of correlation is positive to some extent.

Recommendations

Based on present findings, the researcher has developed following recommendations for the organizations to ensure practical implications could be improved.

The organizations should invest in the training and development programs for improving the organizational commitment and performances of the workforce. There is need for a balanced approach to further improve the working efficiency and effectiveness of the employees. In addition to that, the preliminary research revealed that employees having higher intention to quit organization are relatively young and has low or no proper access to the social support programs within the organization. There is need for the organizations to invest in the social support programs so that the work, workers, and workplace could benefit from it to larger extent. Humans are the capital for the firm and investing in social program could also reduce their job related stress while at the same time improve the employees stock ownership plans because satisfied workforce always perceived to invest and stay in the organization that care for their needs and demands. Moreover, the organizations should also consider the introduction of mentors as the transformation of the knowledge would develop the human capital and mentoring will further improve the level of employees' satisfaction. As a result, the organizations' overall performance will enhance because the satisfied workers are highly productive one.

The future researchers shall consider commencing this research by taking multi-dimensional approach. Hence, the future researcher shall focus on the types of employees (permanent versus contractual) employment status. Perhaps, it may help the researchers in exploring further more variations within the variables of interest. Moreover, the futures researchers shall opt take a further step by exploring more in depth by including comparative approach to larger extent. The comparison of two distinctive types of organizations within similar setting could explore the phenomenon in more depth. In addition to that, the future researcher shall also consider the mixed methodology by including qualitative perspective. The in-depth interviews with the expert panel would offer the qualitative dimension. Thus, not only the numerical significance would be at hand but also the qualitative exploration of the phenomenon would be attained. This would help in exploring more in-depth results about the variations within the sub-groups. Moreover, the researchers shall consider longitudinal panel study. Since, this research only studied one event once in a given interval but longitudinal study would offer the chance of studying the same event in the different time interval. Perhaps, this may indicate variation in the different timeframe or might authenticate the similar trends in different time intervals. Additionally, the future researchers should use mixed sampling techniques, the over reliance on one type of sampling technique increase the chances of biasness whereas mixed techniques would help them in attaining more appropriate and correct respondents as well as results.

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