

# RELATIONSHIP BETWEEN THE EMPLOYEE SHARE OWNERSHIP PLAN (ESOP) AND THE ORGANIZATION'S PERFORMANCE



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## ABSTRACT

This study attempted to identify "Relationship between the Employee Share Ownership Plan (ESOP) and the Organization's Performance". Building up human capital and motivating with the organization is important task to achieve organization objective. Employee motivation affect not only to the employee but also the firms' performance. So the management must identify and implement suitable and applicable strategies to motivate the employees. Therefore, it is very important to measure the effectiveness of motivation factors of the organizations.

The study Relationship between the Employee Share Ownership Plan (ESOP) and the Organization's Performance in selected listed companies in Sri Lanka had been studied to understand the efficiency of ESPO in company's performance. In order to analyze the relationship between the Employee Share Ownership Plan (ESOP) and the Organization's Performance, basically three factors are considered. Effectiveness of these factors is looked in to different ways with different dimensions. The data collected from annual report, articles, Company publications, Colombo Stock Exchange fact books and, CSE hand book and some relevant software (Bloomberg). Statistic technique used for data processing mean, percentage, standard deviation techniques by using SPSS11.00 computer package.

Result of the data process showed clearly the level of effectiveness of the ESPO factors which is applied by the Selected listed companies is in high level. Result of research that there is no significant relationship between financial performance of the company and employee ownership. Therefore, recommends and implications were given to not adopt the ESOP unless the awareness is fully given to the employees.

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