

Research on Employee Motivation and High Quality Development of Enterprises - Based on the Perspective of Employee Stock Ownership Plan

Ruoxi Chen^{1*}

¹ School of Economics and Management, Guangxi Normal University, Guilin, China

Email Address

1175648331@qq.com (Ruoxi Chen)

*Correspondence: 1175648331@qq.com

Received: 4 May 2025; **Accepted:** 2 June 2025; **Published:** 30 June 2025

Abstract:

In today's competitive business environment, high-quality development of enterprises has become a key factor in determining the long-term survival and success of enterprises. Employee Stock Ownership Plan (ESOP), as an important employee incentive mechanism, not only helps to stimulate employees' motivation and creativity, but also attracts and retains talents for the enterprise, thus promoting the enterprise to realize high-quality development. This paper explores the connection between employee stock ownership plan and enterprise high-quality development, and enriches the literature on employee stock ownership plan and enterprise high-quality development, and provides some references for subsequent research.

Keywords:

Employee Stock Ownership Plan, Enterprise High-quality Development, Employee Satisfaction, Employee Motivation, Incentive

1. Introduction

With globalization and intensified market competition, how an enterprise attracts, motivates and retains talent has become one of the key factors determining its competitiveness. Employee Stock Ownership Plan (ESOP), as an effective employee incentive mechanism, is gradually gaining more and more attention and adoption by more and more enterprises. In the context of mixed ownership reform, ESOPs, as an important talent incentive measure, not only play a significant role in attracting and motivating talents, but also have a profound impact on the financial performance [1] as well as the efficiency of R&D and innovation [2] of enterprises.

As capital markets continue to mature, the integration of the digital economy and the real economy remains at a low level, despite the trend of integration [3]. At the same time, there is a mismatch between the talent work and the high-quality development pursued by enterprises, and there is a certain deviation in the synergy[4]. Scholars such as Sun Rui [5] emphasize that high-quality development is a

development rich in science and technology, and it especially emphasizes the support and leading role of talents in it. Therefore, in order to realize the smooth transition of listed enterprises to high-quality development, we must take talent incentives as an important means, and the employee stock ownership plan is an important talent incentive for mixed ownership reform, so it is necessary to study the employee stock ownership plan and the high-quality development of enterprises.

The possible contribution of this paper is reflected in the following two aspects: first, in terms of research depth, this paper explores the influence mechanism of employee stock ownership plan on the high-quality development of enterprises based on the perspectives of employee satisfaction and employee motivation, which provides a certain reference for the subsequent research. Secondly, in terms of research perspective, it enriches the research on the economic consequences of Employee Stock Ownership Plans (ESOPs), while this paper analyzes the relationship between ESOPs and high-quality development of enterprises based on the micro-enterprise level.

2. Literature Review

High-quality development of economy is a multidimensional concept, which covers multiple levels from macro to micro. At the macro level, it is manifested in the robustness of economic growth and the improvement of the quality of national income; at the meso level, it is embodied in the synergistic efficiency among industrial chains and the optimization of the industrialized manufacturing system; and at the micro level, it focuses on the excellence of the quality of products and services of the enterprises [6]. In particular, the high-quality development of micro-firms, as a cornerstone under this framework, refers to the development path adopted by firms to achieve higher economic value and broader social value [7]. This development paradigm not only requires firms to ensure superior product quality, continually improve their technological innovation capabilities, and strengthen their internal governance systems, but also to commit to maximizing the benefits of all stakeholders. As a result, high-quality development can actively contribute to the enhancement of social value, master and lead the key core resources, provide excellent product and service quality, have transparent and effective management mechanism, demonstrate outstanding comprehensive performance, and enjoy a good reputation and image in the society [8].

Current research on high-quality development of enterprises focuses on two main dimensions: external drivers and internal realization paths. From the perspective of external drivers, firstly, the government, as the dominant player in the system, has a decisive role in enterprise high-quality development with its policies. A large number of empirical studies have confirmed that the government's environmental regulation [9], green credit policy [10], and low-carbon city pilots [11] can effectively promote enterprises to high-quality development. Second, the optimization of market environment is the core driving force for enterprise development. Improvement of the business environment can significantly enhance the resource allocation efficiency of enterprises and provide a strong impetus to their high-quality development [12]. In addition, driven by the wave of digitization, the digital economy has become an important economic form in the new era. The construction of digital infrastructure [13], the development of digital economy [14] and the construction of digital inclusive finance [15] are all regarded as key engines to promote the high-quality development of enterprises. In terms of the internal realization path, first, the optimization of

corporate governance structure has an important impact on the quality of enterprise development. The implementation of differentiated equity checks and balances [16], the improvement of governance efficiency [17], and the reasonable gap in executive compensation [18], etc., can affect the development quality of enterprises to different degrees. Secondly, the production and management strategy of a firm is also a key factor affecting the quality of development. The development of M&A strategy [18], the accumulation of intellectual capital [19], and the resolution of financing constraints [20], etc. can significantly affect the development quality of a firm.

Employee Stock Ownership Plan (ESOP) is an innovative mechanism that aims to achieve benefit sharing between workers and owners. This model originated in the United States in the 1970s, and its successful operation and far-reaching impact have prompted countries around the world to follow suit, and then widely promoted and applied globally [21]. The accumulation of capital brought about by the process of industrialization often leads to the widening of the gap between the rich and the poor, which in turn restricts the motivation of workers to produce. In order to cope with this problem, enterprises have introduced employee stock ownership plans, aiming to stimulate the production motivation of laborers by granting them the rights and interests to obtain capital income, thus promoting the sustainable development and prosperity of enterprises [22].

Among the existing studies, the implementation motives of employee stock ownership plans and the economic consequences they bring have received extensive attention. Among them, implementation motives can be divided into two main categories: incentive motives and non-incentive motives. The incentive motive centers on the fact that by allowing employees to hold the company's shares, the principal-agent problem with shareholders can be effectively mitigated, which in turn enhances shareholders' returns [23]. This motive aims to establish a closer community of interest and enhance employees' sense of belonging and responsibility to the company, thus stimulating their motivation and creativity. On the other hand, non-motivational motives cover several aspects. These motives include preventing hostile mergers and acquisitions to reduce the risk of control transfer faced by the company [24]; market capitalization management to enhance the company's market value and investor confidence through employee stock ownership [25]. These non-incentive motives are proposed to reflect the diversified objectives of companies implementing employee stock ownership plans, which not only focus on employee incentives, but also involve multiple dimensions such as corporate strategy, finance and risk management.

After a literature review, we found that the current research on employee stock ownership plans for high-quality corporate development is only in the context of digital transformation, which therefore provides a valuable research opportunity for this paper. This paper, on the other hand, is ready to expand the research context and conduct an investigation into the influence mechanism between employee satisfaction and employee motivation based on their perspectives.

3. Theoretical Analysis and Research Hypotheses

3.1. Employee Stock Ownership Plan, Employee Satisfaction and High Quality Development of Enterprises

After an in-depth review of the existing literature, three core mechanisms of employee stock ownership plan's impact on employee attitudes are summarized. First,

as a direct economic incentive, employee stock ownership plan can significantly enhance employees' sense of identification and satisfaction with the enterprise. For employees, holding company shares is a strong incentive in itself, and this incentive not only influences employees' work attitudes, but also further shapes their work behavior. Secondly, the implementation of the employee stock ownership plan gives employees more decision-making power, enabling them to participate more directly in the operation and decision-making of the enterprise. This sense of participation makes employees feel that they are in control of their own work, which enhances their sense of organizational identification with the enterprise, job satisfaction, and ultimately promotes the improvement of enterprise performance. Finally, the employee stock ownership plan is also a kind of investment behavior of the employees in the enterprise. As employees hold a deeper emotional connection to the enterprise they invest in, they tend to pay more attention to and devote themselves to their work, which also makes them more sensitive to their identification and satisfaction with the organization.

Based on an in-depth study of the above three mechanisms of action, Lawrence [26] conducted an empirical test and came up with compelling findings. He found that the third mechanism of action has a particularly significant impact on employees. At the same time, he argued that in the minds of employees, the employee stock ownership plan is viewed as an investment in the company, and the potential benefits of this investment behavior become a key factor influencing the employees' sense of identity and satisfaction with the company, which in turn shapes their subsequent work behavior.

By implementing an employee stock ownership plan, companies can link the personal interests of employees to the performance of the company, which in turn affects their job satisfaction, thereby enhancing the company's performance and thus promoting high-quality corporate development [27]. In addition, Buchko [28] found that in the employee stock ownership plan, some employees feel that their influence on the company's decision-making increased or the financial benefits increased, such employees have a significant increase in both the employee stock ownership plan itself and the company's satisfaction, and at the same time, their willingness to leave the company and the actual rate of turnover are significantly reduced. However, this can prevent the loss of excellent human capital and thus promote corporate innovation. And through the implementation of the Employee Stock Ownership Plan, we have succeeded in closely linking the interests of employees and shareholders, allowing for the deep integration of labor and capital. This innovative initiative not only effectively alleviates the labor-management conflicts that may arise from the uneven distribution of benefits, but also greatly enhances the job satisfaction of employees. Employees are more engaged in their work because they share the profits of the enterprise, and their sense of participation and belonging is significantly enhanced, so that they are more actively involved in the innovative activities of the enterprise, and jointly promote the sustainable development and progress of the enterprise[29]. And innovation is an important driving force for the high-quality development of enterprises, and enterprises with stronger innovation ability can timely master key technologies and develop new markets, so as to realize their own high-quality development[30]. Based on the above analysis, this paper proposes the research hypothesis:

H1 :Employee stock ownership plan is conducive to improving the level of high-quality development of enterprises.

H2 :Employee stock ownership plan promotes high-quality development of enterprises by enhancing employee satisfaction.

3.2. Employee stock ownership plan, employee motivation and enterprise high-quality development

In today's highly competitive and ever-changing business world, independent innovation is undoubtedly the key for enterprises to stand firm in the market and develop continuously. Human capital, as one of the most valuable resources of an enterprise, is an indispensable core element for enterprises to realize independent innovation. Each employee is like a precision part of the huge machine of the enterprise, and their knowledge, skills, experience and creativity together drive the innovation engine of the enterprise.

As a very forward-looking and strategic initiative, shareholding plans for a small number of key employees are gradually becoming a powerful tool for many enterprises to stimulate the innovative vitality of human capital. The phenomenon of "free-riding" occurs from time to time in corporate teams. Some employees may think that even if they don't put in too much effort, they can still get a certain amount of benefit from the team's overall results. This mentality not only weakens team cohesion and combat effectiveness, but also hinders the innovation process of the enterprise. A shareholding program for a small number of key employees can significantly reduce the phenomenon of "free-riding" within the team. When the key employees hold the company's shares, they become "minority shareholders" of the enterprise, and the success or failure of the enterprise is closely related to their personal interests. This bundling mechanism makes them more willing to actively participate in teamwork, take the initiative to assume responsibility, and give full play to their professional strengths. At the same time, the shareholding plan also promotes mutual supervision among employees. Because every employee who holds shares hopes to get a return on their investment, they will pay more attention to the performance of other members, prompting the whole team to form a positive and cooperative atmosphere.

This positive teamwork atmosphere further stimulates the employees' subjective initiative and sense of innovation. When employees feel that they are an indispensable member of the team and that their efforts can directly affect the future development of the enterprise, they will be more proactive in thinking about problems, solving problems, and actively put forward new ideas and suggestions. This enhancement of subjective initiative makes employees no longer confine themselves to accomplishing established work tasks, but will actively seek innovation and breakthroughs. They will pay more attention to the long-term development of the enterprise and think about how to enhance the core competitiveness of the enterprise through innovation from the strategic height of the enterprise. For example, in product research and development, the key employees holding shares may invest more time and energy to study the market demand and technology trends, and push the enterprise to develop more competitive products; in market expansion, they will actively explore new marketing channels and business models, contributing to the market expansion of the enterprise.

By analyzing deeply from the perspective of psychological ownership theory, we can better understand the role mechanism of employee stock ownership plan. In the traditional compensation system, employees of listed companies usually receive

compensation in the form of wages and bonuses and other subsidies. Although this form of compensation can satisfy the employees' living needs to a certain extent, it makes them relatively independent from the executives and the overall interests of the enterprise. Employees tend to focus only on their current income and lack a sense of long-term property rights and expectations of future earnings [31]. They may think that they are just “passing through” the company and that the long-term development of the company does not have much to do with them. This mentality makes it difficult for employees to maintain a high level of enthusiasm and innovation in the long term. When encountering difficulties and challenges, they may choose to retreat rather than actively seek solutions.

However, the implementation of employee stock ownership plan is like a timely rain, bringing new vitality and vigor to the enterprise. By granting employees a certain percentage of equity, employees become one of the “owners” of the enterprise. This identity change not only enhances the psychological ownership of employees, but also improves their self-identity. They begin to really take the enterprise as their “home” and are willing to make more efforts for the development of the enterprise. When the employees own the enterprise's equity, they will pay more attention to the enterprise's operation status and financial status, and actively participate in the enterprise's decision-making and management. They will think about how to optimize the allocation of resources and improve the operational efficiency of the enterprise from the perspective of the long-term interests of the enterprise. This enhanced sense of ownership further stimulates their motivation and creativity to work hard. They will take the initiative to learn new knowledge and skills, and constantly improve their comprehensive quality to better adapt to the needs of enterprise development. This incentive mechanism helps employees to closely integrate their personal interests with the long-term development of the enterprise. Employees no longer only pursue short-term economic interests, but pay more attention to the sustainable development of the enterprise. They understand that only when the enterprise continues to develop and grow can their equity value be enhanced and their personal interests be better protected. Therefore, they will actively promote the enterprise to continuously carry out innovation[5]. On the road of innovation, they dare to try new methods and technologies and face failures and setbacks. The cultivation and development of this innovative spirit injects a strong impetus for the high-quality development of enterprises. Enterprises can continuously launch new products and services, develop new markets, and enhance their brand image and market competitiveness through the innovative practices of their employees.

In conclusion, the shareholding plan for a small number of key employees is an effective incentive mechanism, which can give full play to the innovative potential of human capital, reduce the phenomenon of “free-riding” within the team, promote teamwork and mutual supervision, stimulate the subjective initiative of employees and the sense of innovation, and make employees pay more attention to the long-term development of the enterprise. By enhancing the employees' sense of psychological ownership and self-identity, the employee stock ownership plan closely combines personal interests with the long-term development of the enterprise, promotes the enterprise's continuous innovation, and realizes the enterprise's high-quality development. In the future development, enterprises should fully recognize the importance of the employee stock ownership plan, and reasonably design and implement the stock ownership plan to create more favorable conditions for the development of the enterprise.

In addition, when employees become one of the shareholders of the enterprise, they not only get the opportunity to grow with the enterprise, but also can directly share the profit growth of the enterprise. This direct benefit association makes employees more actively engaged in their work, because they understand that their efforts will directly affect the performance of the enterprise and their own earnings. However, the improvement of enterprise performance provides enterprises with more resources and capabilities to promote high-quality development. Based on the above analysis, the research hypothesis of this paper is proposed:

H3: Employee stock ownership plan promotes high-quality development of enterprises by enhancing employee motivation.

4. Conclusions

In today's business world of changing clouds and white-hot competition, enterprise management is facing many challenges, and how to fully mobilize employees' motivation, tap their potential, as well as attract and retain excellent talents has become the key to whether an enterprise can stand out in the market and achieve sustainable development. Employee Stock Ownership Plan (ESOP), as a key employee incentive strategy, is playing an important role in corporate management practice that cannot be ignored.

Employee stock ownership plan is like a magical key that can open the door to employees' deepest work enthusiasm and creativity. Under the traditional management mode, employees tend to work purely for the sake of obtaining salary compensation, and lack of attention and commitment to the long-term development of the enterprise. Employee stock ownership plan to break this situation, it allows employees to become the enterprise's "small shareholders", so that employees and the interests of the enterprise closely linked. When employees hold shares of the enterprise, they are no longer just working for others, but really become the master of the enterprise. This identity change has greatly mobilized the staff's work enthusiasm, they will be more actively involved in the work, and strive to create value for the enterprise. At the same time, in order to make the shares in their hands value-added, employees will give full play to their own initiative, positive thinking, innovation, fully explore and release their creativity. In product development, market expansion, customer service and other aspects of the staff will be more full of enthusiasm and more rigorous attitude to work for the development of the enterprise to contribute their wisdom and strength.

In the market environment of fierce competition for talents, the employee stock ownership plan is a powerful weapon for enterprises to attract outstanding talents and effectively retain the core backbone. Excellent talents often seek not only material returns, but also their own development space and the future prospects of the enterprise. Employee stock ownership plan sends a positive signal to them: the enterprise values the contribution of employees and is willing to share the fruits of development with them. This makes the company more attractive in the recruitment process and attracts outstanding talents with innovative thinking, professional skills and rich experience to join the company. For the core backbone of the enterprise, the employee stock ownership plan is an effective incentive and constraint mechanism. It makes the core cadres feel that their value has been recognized, and also makes them understand that only the continuous development and growth of the enterprise, their

own interests can be protected. Therefore, the core backbone will be more determined to stay in the enterprise and grow and develop together with the enterprise.

This paper focuses on the internal correlation between employee stock ownership plan and enterprise high-quality development to launch an in-depth discussion, which is of great practical significance. At present, although the research on employee stock ownership plan has achieved certain results, there are still many aspects in this field that deserve further excavation and improvement. Through in-depth study of the relationship between employee stock ownership plan and high-quality development of enterprises, we can further enrich and improve the relevant literature in this field, and provide a more solid theoretical foundation for subsequent research.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

Funding

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

References

- [1] Huang, Y.X. Research on the Impact of Employee Stock Ownership Plan on Company Performance. *Finance and accounting newsletter*, 2018, 20, 32-35.
- [2] Meng, Q.B.; Li, X.Y.; Zhang, P. Can Employee Stock Ownership Plan Promote Corporate Innovation? --- Empirical evidence based on the perspective of corporate employees. *Management World*, 2019, 35(11), 209-228.
- [3] Qi, Y.D.; Cai, C.W. Research on the multiple effects of digitalization on the performance of manufacturing enterprises and its mechanism. *Learning and Exploration*, 2020, 7, 108-119.
- [4] Sun, R.; Wu, J. Research on the Construction of Talent Development Governance System in the New Era under the Background of Innovation Driving. *China Administration*, 2020, 7, 35-40.
- [5] Sun, R.; Wu, J. Constructing Talent Development Governance System at the Stage of High-Quality Development: New Needs and New Ideas. *Theoretical Discussion*, 2021, 4, 135-143.
- [6] Ren, B.P. China's economy shifts from high-speed growth to high-quality development in the new era:Theoretical interpretation and practical orientation. *Academic Monthly*, 2018, 50(03), 66-74+86.
- [7] Huang, S.J.; Xiao, H.G.; Wang, X. On the high-quality development of state-owned enterprises. *China Industrial Economy*, 2018, 10, 19-41.
- [8] Guo, T.; Sun, Y.Y. The mystery of the role of environmental regulation on the high-quality development of enterprises--Based on the decomposition perspective of heterogeneous enterprises and total factor productivity. *Journal of Jinan (Philosophy and Social Science Edition)*, 2021, 43(03), 102-118.
- [9] Hu, T.Y.; Tu, Z.G. Green finance and enterprise high-quality development: incentive and disincentive effects. *Financial Science*, 2022, 04, 133-148.

- [10] Wang, Z.J.; Wang, H. Low-carbon city pilot policy and high-quality development of enterprises - A test based on the two-dimensional perspective of economic efficiency and social benefit. *Economic Management*, 2022, 44(06), 43-62.
- [11] Shao, C.L. Regional business environment and high-quality development of private enterprises: empirical evidence from China. *Economic and Management Research*, 2021, 42(09), 42-61.
- [12] Guo, J.H.; Guo, M.N.; Guo, S.F. How does digital infrastructure construction affect the total factor productivity of enterprises? --A quasi-natural experiment based on the "Broadband China" strategy. *Securities Market Herald*, 2021, 06, 13-23.
- [13] Xin, H.; Tan, W.J.; Chen, Z.Y. The Impact of Digital Economy Development on Corporate Innovation - Empirical Evidence Based on A-share Listed Companies. *Southern Finance*, 2022, 02, 30-44.
- [14] Jiang, S.; Zhou, X.Y. Research on the impact of digital inclusive finance on high-quality economic development. *Financial Forum*, 2021, 26(08), 39-49.
- [15] Li, S.Y.; Miao, J. Differential Equity Checks and Balances, Industry Heterogeneity and Total Factor Productivity-Evidence Based on Mixed Ownership Enterprises. *Economic Management*, 2020, 42(01), 5-24.
- [16] Li, T.; Dong, Y.M.; Wang, Z.Y. Management Efficiency, Quality Capability and Enterprise Total Factor Productivity: An Empirical Study Based on the Chinese Enterprise-Labor Matching Survey. *Management World*, 2018, 34(07), 86-99+184.
- [17] Sheng, M.Q.; Zhang, Y.N.; Jiang, S.Z. Executive compensation gap and corporate total factor productivity. *Journal of Hebei University of Economics and Trade*, 2019, 40(02), 81-89.
- [18] Chen, A.Z.; Zhang, P.F. Merger and acquisition mode and corporate innovation. *China Industrial Economy*, 2019, 12 115-133.
- [19] Cheng, H.F.; Lu, J.J. Empirical analysis of the impact of intellectual capital on total factor productivity of industrial enterprises. *Economic Research*, 2014, 49(05), 174-187.
- [20] Ren, S.M.; Lv, B.I. Financing constraints, government subsidies and total factor productivity-an empirical study from Chinese equipment manufacturing enterprises. *Management World*, 2014, 11, 10-23+187.
- [21] Dai, J.; Sun, Q. Employee Stock Ownership Plan and Corporate Debt Financing Cost. *Research on Financial Issues*, 2022, 05, 109-118.
- [22] Li, S.; Jin, Z.; Xie, Y.X. Impact of Employee Stock Ownership Plan on Total Factor Productivity of Enterprises. *Journal of Management*, 2022, 19(05), 758-767.
- [23] Sun, B. Employee stock ownership plan and company performance: a research review. *Finance and accounting newsletter*, 2020, 16, 16-21.
- [24] Weng, H.B. Research on Shareholder Activism Behavior of Institutional Investors in Chinese Listed Companies. Xiamen: Xiamen University, 2008.

- [25]Chen, Y.J.; Lv, C.J.; Huang, H.J. et al. Why Do Listed Companies Choose Employee Stock Ownership Plans? --Evidence based on market capitalization management. *Accounting Research*, 2020, 05, 91-103.
- [26]Lawrence, F.J. Employee Perspectives on Stock Ownership:Financial Investment or Mechanism of Control? *Academy of Management Review*, 1987, 12(3), 427-435.
- [27]Buchko, A.A. Effects of Employee Ownership on Employee Attitudes:a Test of Three Theoretical Perspectives . *Work and Occupations*, 1992, 19(1), 59-78.
- [28]Ding, C. An Empirical Study on the Relationship between Employee Stock Ownership Plans of Listed Companies and Corporate Innovation Performance Based on the Differences in the Nature of Property Rights and the Nature of Industry. *Forecast*, 2021, 40(05), 76-82.
- [29]Wang, X.; Chen, X.J.; Cao, J. et al. The Impact of Digital Transformation on the High-Quality Development of Enterprises-A Perspective of Enterprise Innovation and Risk Taking. *Science and Technology Progress and Countermeasures*, 2024, 41(07), 1-10.
- [30]Li, Y.; Ding, L.F. Employee Stock Ownership Plan, Collective Incentive and Corporate Innovation. *Financial Research*, 2020, 46(07), 35-48.
- [31]Meng, Q.B.; Li, X.Y.; Zhang, P. Can Employee Stock Ownership Plans Promote Corporate Innovation? --Empirical evidence based on the perspective of corporate employees. *Management World*, 2019, 35(11), 209-228.



© 2025 by the author(s); licensee International Technology and Science Publications (ITS), this work for open access publication is under the Creative Commons Attribution International License (CC BY 4.0). (<http://creativecommons.org/licenses/by/4.0/>)