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Université d'Evry Val d'Essonne, 4 bd. F. Mitterrand, 91025 Evry CEDEX

Do French firms use financial participation to transfer more risk to their workers?

Leila Baghdadi[♣], Rihab Bellakhal[♥], Marc-Arthur Diaye[♦]

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Abstract

Several papers report a positive effect of financial participation (profit-sharing, employee share ownership) on firms' economic performance. This increase can be obtained in two main ways: by increasing the effort (extrinsic, intrinsic or commitment) of workers, directly or indirectly through worker selection; or by transferring more risk to the workers. The question is of course not neutral. Indeed if the risk transfer story is true then it means that the increase of economic performance is obtained at the expense of workers, who support more risks. The question is especially important in France where financial participation is associated with tax exemption for firms and where it is forbidden by law to substitute base wage and profit sharing. The purpose of our paper is to use three French data sets (an employer-employee data set- and two employer panel data sets), to answer the question of whether financial participation schemes are mainly designed as a risk transfer (from firms to workers) device.

Key words: Profit-sharing, ESOP, wage, risk sharing.

JEL Classification: M52, J33

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[♣]Tunis Business School, Tunisia. leilabaghdadi@gmail.com

[♥]Ecole Polytechnique of Tunis, Tunisia. bellakhal_rihab@yahoo.fr

[♦]University of Evry Val d'Essonne, France. marc-arthur.diaye@univ-evry.fr

Introduction

In France, financial participation and especially profit sharing are a legacy of the French Council of Resistance (which included a large spectrum of French politicians from the left to the right wing) after World War II. The philosophy behind the setting up of profit sharing was, to quote President Charles de Gaulle, "to share the fruits of growth with employees". The motto was "one third of the profit for the employees, one third for the firm' owners, one third for investment". However, in an attempt to avoid base wage/ profit share substitution, French legislators (Article L 3312-4 of the French Labor Code) forbad firms to substitute the profit share for the base wage. From this perspective, the profit share is an addition to the base wage, not a substitute. This point is important and implies, according to Cahuc and Dormont (1997), that profit sharing cannot be used in France as a device to increase employment (contrary to Weitzman 1984). This point of view is reinforced by the fact that Cahuc and Dormont (1997), using a panel data set including 172 French industrial companies between 1986 and 1989, show that profit sharing leads to higher productivity. However this non-substitution principle stipulated by French Law is not as strict as it looks, since it requires only a period of 12 months of non-substitution between the last payment of any base wage element and the profit sharing starting date. Moreover from an empirical standpoint, Mabile (1998), examining the effect of profit sharing over total and base wages using microeconomic data sets, argues that despite the non-substitution law, the substitution actually takes place and profit sharing serves as a wage flexibility device. The result of Mabile, however, is somewhat doubtful because she does not take into account the potential bias selection while it may be the case that firms which implement financial participation attract some specific workers.

At first glance, this debate looks very restricted to a French perspective. Actually the stakes are higher and go beyond the French situation. It is a debate between whether financial participation schemes (profit sharing, ESOP) are mainly designed by firms as a workers incentive device or as firms-to-workers risk transfer. This debate can be found in Wadhwani and Wall (1990), Bell and Neumark (1993), Ichino (1994), Bhargava and Jenkinson (1995), Black and Lynch (2000), Kruse (1998), Azfar and Danninger (2001), Black et al. (2004), Cappelli and Neumark (2004) or Kruse et al. (2008). The Bell and Neumark (1993), Ichino (1994), Black and Lynch (2000) results are in favor of the risk transfer story whereas the other papers reject it.

The debate is actually not new and takes its roots from the work of Weitzman. Indeed in his vision of the share economy, Weitzman (1984) saw profit sharing as a macroeconomic flexibility tool to reduce unemployment during recessions. When firms face increasing output fluctuations which may decrease their profits, profit sharing permits the downward adjustment of the employees' total wages. In this sense, profit sharing in Weitzman's framework permits the transfer of more risks from firms' owners to employees and thereby increases or stabilizes the profits. According to Weitzman, workers accept this risk transfer because the share economy increases the probability of them keeping their jobs, especially in a context of recession. Some other studies (Blanchflower and Oswald 1988; Cooper 1986; Estrin et al. 1987; Chang 2006), while recognizing the role of risk transfer in the share economy, argue that the reaction of workers to this risk transfer should not be taken for granted. Indeed the quantity of risk transferred by firms to employees depends on both agents' attitudes towards risk. For instance, if firms and workers are both risk averse then the quantity of risk transferred to employees will be higher than in the case where firms are risk neutral and workers are risk averse. If there is a relative consensus in the literature about the positive effect of financial participation on firms' productivity and firms' economic performance in general (Fitzroy and Kraft 1987; Mitchell et al. 1990; Barghava 1994; Doucouliagos 1995; Kruse 1996; Cahuc and Dormont 1997; McNabb and Whitfield 1998;

Brown et al. 1999; Kraft and Ugarkovic 2006; Bryson and Freeman 2008 etc.), risk transfer is not the only mechanism that may explain this positive effect. For instance, it may be the case that financial participation is mainly a workers incentive scheme[1] aiming to generate incentives to improve the employees' level of effort. Thus, firms improve their labor productivity and become more competitive, leading *in fine* to an increase of their profits. Financial participation acts as a workers incentive scheme because workers align their interests with those of firms' owners and this increases workers' willingness to cooperate between themselves (reducing the free-riding problem).

The risk transfer issue is important for at least two reasons. Firstly, as we notice above, while there is a consensus in the literature concerning the positive effect of financial participation on firms' business performance (for instance, profit), the channel through which this performance increase is obtained is usually explained by an incentive effect (increased worker motivation, worker individual effort, productivity). However if financial participation schemes are mainly designed by firms as a risk transfer device from firms to workers, then the observed increase of business performance is simply obtained by transferring more risks from firms to workers. Secondly, financial participation schemes are associated with substantial tax exemptions both for firms and for workers. For instance in France, in 2009, the French high court of justice (auditors section) estimated the total amount of tax exemption at about €6.4 billion. Such a big amount paid by taxpayers could not be politically justified if the risk transfer (from firms to workers) story was true, since taxpayers would therefore accept to pay for a device to transfer more risk from firms to workers and to give more revenue to firms' owners. This question, which makes sense especially in a context of economic recession, led the Sarkozy administration on January 1, 2009, to require firms to pay a special tax (called "forfait social" in French) of 2% of their shared profit. This tax was increased to 4% on January 1, 2010, to 6% on January 1, 2011 and to 8% on January 1, 2012.

The purpose of our paper is to provide an answer in the case of France to the question whether financial participation (profit sharing and ESOP) schemes are mainly designed as a risk sharing device.

In order to answer to this question, we use three data sets. The first one is a French matched employer-employee survey on the wage structure called "Enquête sur les Coûts et la Structure des Salaires 2006" (2006 ECMOSS). The second data set is an employer panel survey that we have constructed[2] from the French "Enquête ACEMO sur la Participation, l'Intéressement, les Plans d'épargne et l'Actionnariat salarié" (PIPA 2000-2005). Note that the PIPA survey is a part of a broad survey called ACEMO (Activité et les Conditions d'Emploi de la Main-d'Oeuvre). The third data set is also an employer panel survey that we have constructed using the French PIPA surveys over the period 2006-2008. We have constructed two panel data sets instead of one from 1995 to 2008, because the structure of the ACEMO survey was completely redesigned in 2006 by the French National Institute of Statistics (Insee).

Our strategy of "proof" is the following. Firstly we make an analysis over the matched employer-employee ECMOSS 2006 survey. The main advantage of this data set is that we can make our analysis directly at the employee level using workers' base wage and total wage. Secondly we use the panel data sets for a robustness analysis, to see if the answer provided by the matched employer-employee cross-section survey remains true at the employer level, taking into account unobserved individual and time heterogeneities.

[1] Note that this view point is not absent from Weitzman (1984).

[2] The PIPA survey is not a panel data set. However some firms were surveyed over the period 2000-2005, and over the period 2006-2008.

When using the ECMOSS data set, our strategy of estimation is to run two wage regressions (total wage, and base wage as dependent variables). If the risk sharing story is true then we might always expect a negative impact on the base wage. However it may be that firms adopting financial participation are particular. For example, Pendleton et al. (2003) show that the likelihood of a firm implementing ESOP or profit sharing increases with the firm's size, capital intensity, the ratio exports-turnover, as well as investments in ICT, the ratio skilled labor to total workforce, and the use of some specific management tools (like teamwork). In other words, there is a self-selection of firms and the matching between firms and financial participation schemes is anything but random. As a consequence, the matching between workers and firms implementing financial participation is not random. In order to take this fact into account, we use a two-regime (endogenous switching) regression model.
When using the panel data, we estimate a two-components random effect and a two-components fixed effect model with firm gross annual payroll per head as dependent variable. Note that firms' gross annual payrolls are collected directly from an administrative file called DADS (Annual Declaration of Social Data: see Insee 2012). We find that financial participation (profit sharing, ESOP) increases both base wage and total wage. If the increase of total wage is not in contradiction with the risk transfer story (because using compensating differentials theory, workers might be compensated for the increase of risk, assuming that they are relatively risk averse), the increase of base wage is, by the definition of risk transfer, in contradiction with the risk transfer story. Our result is in accordance with the findings in other countries (for instance Kruse et al. 2008, for the US).

The plan of the paper is the following. Section 2 is devoted to a brief review of related literature. Section 2 presents the 2006 ECMOSS data set and provides some descriptive statistics, while section 3 presents the econometric methodology, and section 4 the results concerning this data set. Section 5 is devoted to our second analysis using two employer panel data sets. We conclude in section 6.

The ECMOSS matched employer-employee data set

We use the Annual Survey of the Cost of Labor and the Wage Structure[3] (ECMOSS) for 2006. This survey was implemented in 2006 in order to allow a harmonized comparison between all European Union countries in terms of the cost of labor and the wage structure. It concerns establishments employing at least 10 workers, in which small samples of employees were randomly selected. For each employee in the sample, the labor force section of the survey provides information about his socio-demographic, employment characteristics and the structure of his total earnings. For the establishment, the data set includes information about size, sector, the ways the wages are updated, etc.. The database, of course, also supplies information about the implementation or not of financial participation schemes.

Let us point out that there are two kinds of profit sharing schemes in France, a mandatory scheme called "participation aux bénéfices" and a voluntary one called "intéressement". Of course, our profit sharing variable is the voluntary one.

The ECMOSS 2006 survey includes 13,985 establishments belonging to 11,116 firms and 118,241 employees. In order to ensure wages comparability, our sample includes (i) full time workers, (ii) who have a permanent

[3]Enquête sur les Coûts et la Structure des Salaires 2006.

contract, (iii) who have worked[4]360 days in 2006, (iv) who are less than 55 years old, and (v) with an annual gross wage reported by their employers different from zero. We exclude from the data (i) chief executive officers, traders and artisans (because they may, because of their positions, extract the most benefits from financial participation), and (ii) workers with less than one year's experience (because their total wage may artificially be weaker than workers with more than one year's experience, all other things being equal).

Our dependent variables are constructed as following:

- Base wage is computed as total gross annual wage minus remuneration of paid leave and overtime, bonuses and various supplements[5]. We exclude from the data set 4,253 employees earning a base wage less than €15,000 (about 9% of our initial sample) and 80 employees earning a base wage more than €150,000 (0.17% of our initial sample).
- Total wage is computed as the sum of total gross annual wage, employee savings plans (ESOP), profit sharing, and employer's contribution to employee savings plans and to pensions as well as other non-specified compensations.

Finally, our final sample includes 42,780 employees working in 8,806 establishments.

Table 1 shows the distribution of profit sharing practices over establishments and employees. It suggests first that the absence of financial participation is the most common. Descriptive statistics show that 48.84% of establishments do not adopt any of the two schemes (Voluntary Profit Sharing or ESOP). Secondly, many establishments implement both employee savings schemes (33%) and employ a large share of workers (43.52%). Thirdly, the few establishments adopting just ESOP (10%) employ a significant share of workers (13.23%). The fact that French firms implement both schemes together is in line with the issue of complementarity (see for instance Ben-Ner and Jones 1995 or Robinson and Wilson 2006). According to this literature, it is the simultaneous use of profit sharing and ESOP or of financial participation schemes and devices in connection with employee participation in the life and control of the firm[6], or of financial participation schemes and some management tools (quality circle, vertical autonomy, horizontal autonomy etc.) that has more impact on firms' profit.

{{Place Table 1 about here}}

Table 2 presents full definitions of the variables that are used in our empirical analysis, while table 3 provides some descriptive statistics.

{{Place Table 2 about here}}

{{Place Table 3 about here}}

Empirical specification over the matched employer-employee data set

[4] 360 days is the official number of working days during a year.

[5] For sectors which have specific pension funds, base wage is computed total gross annual wage minus remuneration of overtime, bonuses and various supplements. These sectors are classified as H01, H02, K03, K09 and P2 in the French Survey Economic Classification (NES 1994-2007).

[6] However Pendleton and Robinson (2010) show using the British WERS 2004 that in the case of ESOP, such a combination could be toxic.

In the basic Principal-Agent model, the optimal contract depends to the degree of risk aversion of both the principal and the agent. The more the agent is risk averse, the higher the fixed part of the wage. Let us remember also that in the Principal-Agent model, the agent makes his decision considering the expected utility of his total wage. We state that there exists a risk transfer from firms to workers if the base wage of individuals when working for firms which implement financial performance (regime 1) is lower than their base wage when working for firms which do not (regime 2), while the effort is the same or is lower. Likewise, we define substitution (resp. complementarity) between base wage and financial participation as the case where the base wage of individuals in regime 1 is lower (resp. higher) than their base wage in regime 2.

There are nine possible cases (see table 4) when comparing the total wage (w_total) and base wage (w_base) of individuals when they work for firms with financial participation (regime 1) or without financial participation (regime 2). Let us remember that we want to test whether the financial participation schemes imply a risk transfer from firms to workers. Our strategy of estimation is therefore to run some wage regressions in order to test whether the wage profiles are compatible with our null hypothesis (i.e., financial participation schemes imply a risk transfer from firms to workers). For instance, the cases 1, 2, 4, 5, 7, 8 are not compatible with the risk transfer story.

{{Place Table 4 about here}}

As we see above, the literature shows that firms that use both PS and ESOP behave differently from firms that use PS only or ESOP only. In order to take this observation into account, we run three regressions with PS only, ESOP only, and PS and ESOP respectively as explanatory variables. Let us note that these variables are constructed in such a way as to have the same reference, namely the case where neither PS nor ESOP has been implemented. For instance PS only = 1 is where the individual works in a firm with PS only and 0 is if the individual works in a firm with neither PS nor ESOP. Moreover we run the three above regressions on: (i) the whole sample, (ii) a sub-sample including only the executives, and (iii) a sub-sample including only the non-executives. Indeed, executives are often assumed to benefit more from these financial participation schemes. Finally, the nine above regressions are performed for two dependent variables: *base wage* and *total wage*.

Of course it may be the case that the fact a worker works in a firm that implements financial participation is not random. To account for such potential selection bias and endogeneity, we estimate an endogenous switching regression model (Maddala and Nelson 1975). In this type of specification, we estimate simultaneously the outcome equation and the selection equation. Compared to a non-parametric approach(such as propensity score method), the parametric one has the advantage of taking into account the phenomena of selection on observable and unobservable characteristics, but on, the other hand imposes a functional restriction between variables.

Consider a worker i. Let FP be a dummy variable equal to one if this worker is working in an establishment which uses financial participation. We suppose that worker i faces two regimes:

-regime 1, when she/he works in an establishment with a financial participation scheme,

-and regime 2, when she/he works in an establishment without a financial participation scheme.

Let Y_{1i} be the wage of worker when facing regime 1 and Y_{2i} the observed wage when worker faces regime 2. The "decision" of worker i to work in an establishment which adopts or not financial participation is not purely random and depends on a matching between the characteristics of this worker and those of firms. As a consequence, the regression model includes three equations specified as follows:

$$FP_i = \begin{cases} 1, \text{ if } FP_i^* = Z_i\gamma + u_i > 0 & \textbf{(1)} \\ 0, \text{ otherwise} \end{cases}$$

$\text{Log } Y_{1i} = X_{1i}\,\beta_1 + \varepsilon_{1i}$ if $FP_i = 1$ (regime 1) **(2a)**

$\text{Log } Y_{2i} = X_{2i}\,\beta_2 + \varepsilon_{2i}$ if $FP_i = 0$ (regime 2) **(2b)**

Where Z_i is a vector of exogenous variables that may explain the choice to work in an establishment with a financial participation scheme, such as worker characteristics (e.g., gender, status, age, education) and establishment characteristics (e.g., sector, size, location, presence of trade union delegates). X_i represents a vector of variables that determine the wage of workers (X_{1i} when the worker I works in an establishment with a financial participation scheme and X_{2i} when this is not the case). Full variable definitions are detailed in table 2. Note that some exogenous variables such as age, gender and educational level can belong both to Z and X. The vector of disturbances (u_i, ε_{1i}, ε_{2i}) is assumed to have a trivariate normal distribution with mean zero and covariance matrix Ω with:

$$\Omega = \begin{bmatrix} \sigma_u^2 & \sigma_{1u} & \sigma_{2u} \\ \sigma_{1u} & \sigma_1^2 & . \\ \sigma_{2u} & . & \sigma_2^2 \end{bmatrix}$$

Where σ_u^2 is the variance of the error term in the selection equation (equation 1)[7], σ_1^2 and σ_2^2 are the variances of the error terms in the wage functions (2a) and (2b), σ_{1u} is the covariance between u_i and ε_{1i} and σ_{2u} is the covariance between u_i and ε_{2i}. Note that the covariance between ε_{1i} and ε_{2i} is not defined because y_{1i} and y_{2i} are never observed simultaneously (Maddala 1983).

Endogenous switching regression model is efficiently estimated by maximum likelihood estimation method (Lee and Trost 1978). Given the assumption on error terms distribution, the logarithmic likelihood function for our model is:

$$Ln\ L = \sum_i \left(PS_i \left[\ln \Phi \left(\eta_{1i}\right) + \ln \left(\phi \left(\varepsilon_{1i} / \sigma_1 \right) / \sigma_1 \right) \right] + \left(1 - PS_i\right) \left[\ln \left(1 - \Phi \left(\eta_{2i}\right)\right) + \ln \left(\phi \left(\varepsilon_{2i} / \sigma_2 \right) / \sigma_2 \right) \right] \right)$$

Where $\eta_{ji} = \dfrac{\left(Z_i\gamma + \rho_j \varepsilon_{ji}\right) / \sigma_j}{\sqrt{1-\rho_j^2}}$ j=1,2

With ρ_j, j=1,2, denotes the correlation coefficient between the error term u_i of the selection equation and the error term ε_{ji} of wage equations (2a) and (2b) respectively; and σ_j , j=1,2, (the standard error) is the square root of σ_j^2, j=1,2 defined in covariance matrix Ω.

[7] Which can be assumed to be equal to 1.

The estimated correlation coefficients ρ_j provide interesting conclusions about heterogeneity effects. If ρ_j is significant, this implies that workers have different average wages because of their initial unobservable characteristics which both influence the probability of working for a firm adopting financial participation and influence wages.

Finally, in order to ensure that the model is identified, we have put in the selection equation as an exclusion variable, namely the existence of a committee within the establishment[8]. Our exclusion variable is related to the existence of a "comité d'établissement" (establishment committee). We argue that this variable may directly affect the probability of an agent working in an establishment that implements a financial participation scheme, but not his wage. Indeed establishment committees can be considered[9] as producers of social ties within establishments. From this perspective their existence may be positively correlated with the implementation of financial participation schemes (whose role is also to involve workers). However establishment committees are not trade unions and they have no power concerning firms' wage policies. As a consequence we expect no direct effect[10] of their existence on the wage of a given worker. The distribution of this variable is the following: Yes = 72.18% and No = 27.82%.

{{Place Table 5 about here}}

In addition, we calculate the effect of the treatment (financial participation scheme) on the treated workers (ATT) according to Heckman et al. (2001) as follows:

$$\begin{aligned} ATT &= E\left(\log y_{1i} \middle| FP_i = 1\right) - E\left(\log y_{2i} \middle| FP_i = 1\right) \\ &= X_{1i}\beta_1 + \sigma_1\rho_1\phi\left(\gamma Z_i\right)/\Phi\left(\gamma Z_i\right) - X_{1i}\beta_2 - \sigma_2\rho_2\phi\left(\gamma Z_i\right)/\Phi\left(\gamma Z_i\right) \end{aligned} \quad (3)$$

The ATT represents the effect of financial participation schemes on the base and total wages of workers who work in establishments which use financial participation.

We also compute the effect of the treatment on the untreated workers (ATU). That is the effect of financial participation schemes on the base and total wages of workers who work in establishments which do not use financial participation schemes:

$$\begin{aligned} ATU &= E\left(\log y_{1i} \middle| FP_i = 0\right) - E\left(\log y_{2i} \middle| FP_i = 0\right) \\ &= X_{2i}\beta_1 - \sigma_1\rho_1\phi\left(\gamma Z_i\right)/[1-\Phi\left(\gamma Z_i\right)] - X_{2i}\beta_2 - \sigma_2\rho_2\phi\left(\gamma Z_i\right)/[1-\Phi\left(\gamma Z_i\right)] \end{aligned} \quad (4)$$

[8]The so-called "Comité d'établissement" (establishment committee) is composed, when it exists, of : a) the head of the establishment (who is, according to the law, the chairman of the committee; and who determines the agenda of the committee), b) the staff representatives elected by employees, c) the representatives of trade unions. The "Comité d'établissement" is financed directly by establishments (at least, according to the law, 0.2% of their gross payrolls).

[9]Establishment committees are famous in France as producers of social ties and trust within firms. Indeed they use the interest on their funds to finance several social, sport and cultural activities for workers and their families.

[10]There may be an indirect effect through for instance establishment size. Indeed the power (measured by the budget and the number of commissions) of an establishment council is linked to its size.

Among these two figures, the ATT is considered to be accurate since it is a measurement of the current efficiency of the treatment.

Results

Tables A to F in the appendix report the switching model results (on the whole sample, on the executives restricted sub-sample and on the non-executives restricted sub-sample) regarding the effects of financial participation schemes (ESOP only, PS only and PS and ESOP) on base and total wage. We will not comment on these results since they are not at the core of our paper. We will instead comment on the results concerning the correlation coefficients (namely ρ1 and ρ2, ρ1 being the correlation coefficient between the error term of the selection equation and the error term of wage equation in regime 1; and ρ2 the correlation coefficient between the error term of the selection equation and the error term of wage equation in regime 2) and concerning the ATT (Average Treatment on the Treated) and the ATU (Average Treatment of the Untreated).

The correlation coefficients ρ1 and ρ2

Concerning the estimated correlation coefficients, we observe (see table 6) that ρ1 is not significant in the bulk of cases while ρ2 is significant and negative (13 out of 18). However, ρ1 is positive whenever it is significant (5 out of 18). The positive sign of ρ1 indicates that employees who actually work for a firm with financial participation schemes have above average base wages. This is mainly the case (3 out of 5) for employees benefiting from both PS and ESOP: they have higher total wages than a random individual from the sample. The negative sign of ρ2 indicates that there is a "positive selection" for individuals in not working for financial participation firms (regime 2). In other words, non-financial participation workers have higher base wages than a random individual from the sample would have earned. Finally, in 15 cases out of 18, at least one of the correlation terms is significant. These findings support our choice of the endogenous switching regression model.

{{Place Table 6 about here}}

Total wage and base wage

Table 7 includes the naïve estimates (which are simple means difference), the ATT and the ATU defined as in equations (3) and (4) respectively. According to the ATT figures, the base wage and the total wage of the treated workers increase when they move from non-financial participation establishments to profit sharing, ESOP or Profit sharing and ESOP establishments. This result remains globally[11] true when the sample is restricted to the executives or to the non-executives. Finally, we see that the effects seem to be more important for the executives than for the non-executives. Concerning the ATU figures, we have three kinds of results. Firstly the base and total wages of the untreated workers increase when they move from non-financial participation establishments to ESOP establishments. The result remains true when the sample is restricted to the non-executives; the effect are however negative for the executives. Secondly, the base wages of the untreated workers decrease when they move from non-financial participation establishments to profit sharing establishments; their total wages however increase. The result remains true when the sample is restricted to the non-executives. Concerning the executives, both base and total wages increase. Thirdly the base and total wages of the untreated workers decrease when they move from non-financial participation implementing

[11] When we restrict ourselves to the sub-sample of non-executives workers, the effect of profit sharing is neutral over base wage.

establishments to profit sharing and ESOP implementing establishments. The result remains true when we restrict the sample to the executives. For the non-executives, we find a positive effect for base wage and a negative effect for total wage.

Let us remember that our null hypothesis is whether the financial participation schemes imply a risk transfer from firms to workers. From the standpoint of the ATT, all results except one are in the configuration of the case 1 of table 4. The exception is the case of non-executive workers working in establishments which implement profit sharing only. Such workers are in the configuration of the case 2 of table 4. Since both cases 1 and 2 are not compatible with the risk transfer (from firms to workers) story, the answer to our null hypothesis is negative: French firms do not use financial participation schemes in order to transfer more risk to their workers.

{{Place Table 7 about here}}

Robustness analysis using a panel data set

Do our results depend on the fact that we use a cross-section data set? For instance it may be the case that over time, the positive effect of financial participation schemes diminishes and even becomes negative. In order to check this assumption, we need a panel data set. Therefore we use an employer panel data set and use as dependent variable the (log) gross wage per head[12]. Of course this variable, representing firms' average base wage, is less precise than base wage measured on the employees' side.

We have constructed two panel data sets from the PIPA surveys (survey on participation, profit sharing, employee savings plans and employee share ownership), which deal with profit sharing schemes and group savings. The PIPA survey is an annual survey sent by post to about 17,000 firms employing ten or more employees, representing all non-agricultural market activities. The set of firms surveyed changes each year. We have constructed two panel data sets. One from 2000 to 2005 (six periods) includes 1,957 firms and the other from 2006 to 2008 (three periods) includes 6,135 firms. Of course, if each PIPA annual survey is representative of the population of French firms, it is not necessarily the case for our two panel data sets[13].

{{Place Table 8 about here}}

The model writes:

$$Y_{it} = log\frac{w_{it}}{m_{it}} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \cdots + \beta_p X_{pit} + \varepsilon_{it} (5)$$

Where i=1 to n (the number of firms) and t=1 to T (the number of periods). W_{it} is firm i gross annual payroll at period t, and m_{it} is firm i size at period t. X_{1it} , X_{2it} andX_{3it} are our main dummies' explanatory variables, namely the existence or not at period t in firm i of respectively ESOP only, profit sharing only, ESOP and profit sharing. The X_{4it} , …, X_{pit} are our control variables: firm's business sector, firm's size[14].

The residual ε_{it} is written: $\varepsilon_{it} = \alpha_i + \lambda_t + u_{it}$ where α_i represents the (unobserved) individual specific effects, λ_t represents the (unobserved) time specific effects, and u_{it} represents a random error term with $Var(u_{it}) = \sigma_u^2$ and $E(u_{it}) = 0$, whatever i,t.α_i . λ_t can be random and iid (random effect model) or non-random (fixed effect

[12]Like the ECMOSS survey, the information in PIPA, concerning firms' gross payrolls and firms' size is taken from the DADS.
[13]The average size of each PIPA annual survey from 2000 to 2005 is about 16,000 firms, and it is about 13,400 from 2006 to 2008.
[14]We have created five categories: Less than 50 employees/50-249/500-999/1,000_and_more.

model). In a random effect model, $E(\alpha_i) = 0, \forall\, i$, $\mathrm{E}(\lambda_t) = 0,\ \forall\, t$, $Var(\alpha_i) = \sigma_\alpha^2$, $\forall i$ and $Var(\lambda_t) = \sigma_\lambda^2$, $\forall t$. Of course, we assume that the explanatory variables are not correlated, in the case of a random effect model, with the α_i , λ_t and u_{it} ,$\forall$i, t; and are not correlated, in the case of a fixed effect model, with the u_{it} ,$\forall$i, t. Finally we assume that the α_i , λ_t and u_{it} are not two by two correlated, whatever i,t.

Let us note that in a fixed effect model, the α_i and λ_t are (in addition to the parameters $\beta_0, \beta_1, \cdots, \beta_p$) to be estimated. However we need to state two identification constraints in order to estimate the model. We choose as constraints: $\alpha_n = 0$ and $\lambda_T = 0$.

It is easy to see that Equation (5) is written using matrix notation: $Y = X\beta + Z_\alpha \alpha + Z_\lambda \lambda + U \quad (6)$

Where $Y = \begin{bmatrix} Y_1 \\ \vdots \\ Y_n \end{bmatrix}_{(nT,1)}$ with$Y_i = \begin{bmatrix} Y_{i1} \\ \vdots \\ Y_{iT} \end{bmatrix}_{(T,1)}$, X is the matrix of explanatory variables and its dimension is (nT, p+1), $Z_\alpha = I_n \otimes e_T$ is the Kronecker product of I_n (the identity matrix of dimension (n,n)) and e_T (the (T,1)-dimension vector with 1 everywhere), $Z_\lambda = e_n \otimes I_T$, $\alpha = \begin{bmatrix} \alpha_1 \\ \vdots \\ \alpha_n \end{bmatrix}_{(n,1)}$ and $\lambda = \begin{bmatrix} \lambda_1 \\ \vdots \\ \lambda_T \end{bmatrix}_{(T,1)}$. Of course by definition, the error term ε is: $\varepsilon = Z_\alpha \alpha + Z_\lambda \lambda + U \quad (7)$. As a consequence, the matrix of variance-covariance is written:

$$\Omega = E(\varepsilon\varepsilon') = \sigma_u^2 WW + \sigma_1^2 B_I + \sigma_2^2 B_T + \sigma_3^2 \frac{J_{nT}}{nT} \quad (8)$$

Where $WW = E_n \otimes E_T$ with $E_n = I_n - \frac{J_n}{n}$ and $J_n = \begin{bmatrix} 1 & \cdots & 1 \\ \vdots & \cdots & \vdots \\ 1 & \cdots & 1 \end{bmatrix}_{(n,n)}$, $B_T = \frac{J_n}{n} \otimes E_T$, $\sigma_1^2 = \sigma_u^2 + T\sigma_\alpha^2$, $\sigma_2^2 = \sigma_u^2 + n\sigma_\lambda^2$, $\sigma_3^2 = \sigma_u^2 + T\sigma_\alpha^2 + n\sigma_\lambda^2$. WW , B_I *and* B_T are matrices of orthogonal projection and are called respectively double within matrix, individual between matrix and time between matrix. Of course, in a fixed effect model, since the α_i and λ_t are certain, then $\sigma_\alpha^2 = \sigma_\lambda^2 = 0$. As a consequence, in fixed effect model $\Omega = \sigma_u^2 I_{nT}$ and the model can be estimated directly since the residuals are homoskedastic. In random effect model, we use the Fuller theorem to correct for the heteroskedasticity, which proves the equivalence between using a generalized least square over equation (6) and an ordinary least square over the below equation (9): $\sigma_u \Omega^{-0.5} Y = \sigma_u \Omega^{-0.5} X\beta + \sigma_u \Omega^{-0.5} Z_\alpha \alpha + \sigma_u \Omega^{-0.5} Z_\lambda \lambda + \sigma_u \Omega^{-0.5} U \quad (9)$.

Of course, since σ_u^2 , σ_α^2 *and* σ_λ^2 are unknown, we need to estimate them. For this purpose, we use the Fuller-Battese method[15].More precisely, the method

1) first estimates U, α *and* λ by respectively:

$$\widehat{U} = WWY - WW\tilde{X}\left(\tilde{X}'WW\tilde{X}\right)^{-}\tilde{X}'WWY$$
$$\hat{\alpha} = (WW + B_T)\{Y - \tilde{X}[\tilde{X}'(WW + B_T)\tilde{X}]^{-}\tilde{X}'(WW + B_T)Y\}$$
$$\hat{\lambda} = (WW + B_I)\{Y - \tilde{X}[\tilde{X}'(WW + B_I)\tilde{X}]^{-}\tilde{X}'(WW + B_I)Y\}$$

where A^{-} is the generalized inverse of matrix A and $\tilde{X}$ is the matrix X without its first column e_{nT} ;

2) then estimates σ_u^2 , σ_α^2 *and* σ_λ^2 by respectively:

[15]This method is called also Henderson method III, or fitting-of-constant (see Searle 1971).

$$\hat{\sigma}_u^2 = \frac{\hat{U}'\hat{U}}{(n-1)(T-1) - rank\left(\tilde{X}'WW\tilde{X}\right)}$$

$$\hat{\sigma}_\alpha^2 = \frac{\hat{\alpha}'\hat{\alpha} - \left[T(n-1) - rank\left(\tilde{X}'B_I\tilde{X}\right)\right]\hat{\sigma}_u^2}{T(n-1) - T.trace\{[\tilde{X}'(WW + B_T)\tilde{X}]^-\tilde{X}'B_T\tilde{X}\}}$$

$$\hat{\sigma}_\lambda^2 = \frac{\hat{\lambda}'\hat{\lambda} - \left[n(T-1) - rank\left(\tilde{X}'B_T\tilde{X}\right)\right]\hat{\sigma}_u^2}{n(T-1) - n.trace\{[\tilde{X}'(WW + B_I)\tilde{X}]^-\tilde{X}'B_I\tilde{X}\}}$$

The results of the estimates provided in tables 9 and 10 are clearly not compatible with a risk transfer (from firms to workers) story. Indeed the only coefficients associated with financial participation schemes that are significant have a positive sign[16].

{{Place Table 9 about here}}

{{Place Table 10 about here}}

Conclusion and discussion

In many countries, financial participation schemes are associated with tax exemption for firms. For instance, In France, in 2009, the total amount of profit sharing tax exemption was estimated at about €6.4 billion. However such a big amount paid by taxpayers could not be justified politically if firms used financial participation schemes to transfer more risk to their workers. Using two types of French data sets (matched-employer employee data set -ECMOSS 2006-, and an employer panel data set), we analyze the effect of financial participation schemes over base and total wages. We conclude that financial participation increases both base and total wages. As a consequence, firms do not use financial participation in order to transfer more risk to workers. However, in order to reach this conclusion about the workers' incentive story, it must be the case that financial participation leads also to the increase of workers' effort. Concerning France, whether workers' effort is measured by average productivity (Cahuc and Dormont 1997) or by average annual number of days of absence (Brown et al. 1999 over 127 French firms data set from 1981 to 1991), there is a relative consensus that financial participation increases workers' effort. As a consequence, the view that financial participation schemes are mainly used by firms as a workers' incentive device seems plausible. Our ECMOSS 2006 matched firms-employees data set includes the information concerning the number of days of absence measured *at the employee level*. The number of days of absence is detailed in terms of number of days of absence for: a) sickness, b) maternity/paternity, c) family/personal, d) on the job accident, e) strikes, f) other reasons.

Using the number of days of absence for sickness as measure of effort and taking this variable as a counting variable, we estimate a negative binomial regression (because of over-dispersion). The results (reported in the appendix) seem to suggest that things are perhaps more complicated. We find no significant difference in the number of days of absence for sickness between individuals who work in firms that implement ESOP only and individuals who work for firms that do not implement either ESOP or profit sharing (PS). However, we find the expected result concerning profit sharing only (PS) and both profit sharing and ESOP (PS and ESOP). When we divide our sample into executives and non-executives, we find that the expected results hold only for non-

[16] As pointed out by Mundlak (1978), it may be the case that the individual specific effect α_i is correlated with the residuals u_{it}. In such a case the random effect estimator for instance is no longer efficient and the fixed effect regression (which is equivalent to a double within model regression because of the Frisch-Waugh theorem,) is the most suitable.

executive workers. As a consequence, even if the estimates clearly show that financial participation does not lead to a risk transfer from (firms to workers), the incentive story and its main corollary, the efficiency wage story, should not be taken for granted. It may be the case that the channel through which financial participation increases firms' profit is not via more quantitative efforts from workers, but more qualitative efforts (more cooperation between workers -Fitzroy and Kraft 1987-, more trust between workers and the management, more cognitive effort from workers, etc.). For instance Kruse et al. (2008) using the General Social Surveys (GSS 2002, 2006) and a NBER-sponsored firm survey (with about 40,000 workers) reject the "management by stress" hypothesis (which argues that the increase of performance is obtained at the expense of workers in terms of stress) and show that share capitalism is associated with a perception from workers that their firms are fair with them. They also show less supervision from management, better co-worker relations, better training, and more job security.

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Tables

Table 1: Financial participation schemes

	Establishments		Employees	
	Frequency	**Percentage**	**Frequency**	**Percentage**
Employee Savings Plans (ESOP)	882	10%	5660	13.23%
Profit Sharing (PS)	670	7.6%	2886	6.75%
Both Schemes (PS&ESOP)	2953	33.53%	18616	43.52%
Absence of Financial Participation (AFP)	4301	48.84%	15618	36.51%
Total	8806	100%	42780	100%

Table 2: The main variables

Category	Variable	Definition
Dependent variables		
Financial participation schemes	ESOP	Takes 1 if the establishment uses only an ESOP scheme
	PS	Takes 1 if the establishment uses only a profit sharing scheme
	PS&ESOP	Takes 1 if the establishment uses both profit sharing & ESOP
Wage	Lnw_base	Is calculated as the log of total gross annual wage minus remuneration of paid leave and overtime, bonuses and various supplements.
	Lnw_total	Is calculated as the log of the sum of total gross annual wage, employee savings plans (ESOP), profit sharing, employer's contribution to ESOP and to pensions as well as other compensations
Explanatory variables		
Gender	Woman	Dummy variable=1 if the employee is a woman
Status	Executive	Dummy variable=1 if the employee is an executive
Age	Age_less_26	Dummy variable=1 if the employee is less than 26 years old.
	Age_26_35	Dummy variable=1 if the employee is between 26 and 35 years old.
	Age_36_45	Dummy variable=1 if the employee between 36 and 45 years old
	Age_46_more (ref)	Dummy variable=1 if the employee is more than 45 years.
Education	Less_HS	Dummy variable=1 if the employee's level of education is equal to or less than high school certificate (or equivalent)
	HS_2	Dummy variable=1 if the employee's level of education is between high school certificate (or equivalent) and two years after high school (or equivalent)
	Bachelor_+ (ref)	Dummy variable=1 if the employee's level of education is at least a bachelor degree.
Business Sector	Energy	Dummy variable=1 if the establishment's business sector is the energy sector
	Construction	Dummy variable= 1 if the establishment's business sector is the construction sector
	Sales	Dummy variable=1 if the establishment's business sector is the sales sector
	Transport	Dummy variable=1 if the establishment's business sector is the transport sector
	Manufacturing	Dummy variable=1 if the establishment's business sector is the manufacturing sector
	Services (ref)	Dummy variable=1 if the establishment's business sector is the services sector.
Establishment's size	Size_less_50	Dummy variable=1 if the establishment has less than 50 employees
	Size_50_99	Dummy variable=1 if the establishment has between 50 and 99 employees
	Size_100_249	Dummy variable=1 if the establishment has between 100 and 249 employees
	Size_250_499	Dummy variable=1 if the establishment has between 250 and 499 employees
	Size_500_more (ref)	Dummy variable=1 if the establishment has 500 employees or more.
Location of the establishment	Paris	Dummy variable= 1 if the establishment is located in Paris
	Region around Paris	Dummy variable=1 if the establishment is located in the region around Paris (called "Ile de France"), Paris excluded.
	Other regions (ref)	Dummy variable=1 if the establishment is located in other regions of France.
Committee	Committee	Dummy variable=1 if the establishment has an establishment committee (see footnote 8, page 8, for the definition)

ref = reference in the estimates in tables A to F in the appendix.

Table 3: Descriptive statistics

Variables	All	Employee Saving Plan (ESOP)			Profit Sharing (PS)			Both Schemes (PS&ESOP)		
	Mean	ESOP	AFP	Difference	PS	AFP	Difference	PS&ESOP	AFP	Differ-Ence
Lnw_base	10.223(a)	10.232(b)	10.122(c)	0.110***(d)	10.179	10.122	0.057***	10.313	10.122	0.191***
Lnw_total	10.500	10.491	10.340	0.151***	10.438	10.340	0.098***	10.646	10.340	0.305***
Woman	0.33(e)	0.251	0.418	-0.167***	0.282	0.418	-0.136***	0.279	0.418	-0.139***
Executive	0.373	0.376	0.290	0.088***	0.380	0.287	0.093***	0.442	0.287	0.154***
Age_less_26	0.032	0.031	0.037	-0.006***	0.028	0.037	-0.008**	0.028	0.037	-0.008***
Age_26_35	0.265	0.282	0.255	0.027***	0.266	0.256	0.011	0.268	0.256	0.012**
Age_36_45	0.352	0.331	0.358	-0.026***	0.369	0.358	0.011	0.352	0.358	-0.007
Age_46_more	0.351	0.356	0.350	0.006***	0.337	0.350	-0.013	0.352	0.350	0.003
Less_HS	0.521	0.578	0.561	0.016***	0.535	0.561	-0.026***	0.468	0.561	-0.093***
HS_2	0.231	0.183	0.255	-0.071***	0.226	0.255	-0.029***	0.227	0.255	-0.028***
Bachelor_+	0.247	0.238	0.183	0.055***	0.239	0.183	0.055***	0.304	0.184	0.121***
Energy	0.043	0.007	0.013	-0.006***	0.018	0.013	0.006**	0.083	0.013	0.070***
Construction	0.042	0.067	0.045	0.022***	0.030	0.045	-0.014***	0.035	0.045	-0.010***
Sales	0.072	0.072	0.070	0.002	0.096	0.070	0.027***	0.070	0.070	0.00004
Transportation	0.081	0.332	0.047	0.285***	0.067	0.047	0.020***	0.035	0.047	-0.012***
Manufacturing	0.368	0.257	0.286	-0.029***	0.551	0.286	0.264***	0.442	0.286	0.156***
Services	0.393	0.265	0.538	-0.274***	0.236	0.539	-0.302***	0.335	0.540	-0.204***
Size_less__50	0.270	0.251	0.391	-0.140***	0.269	0.391	-0.122***	0.174	0.391	-0.217***
Size_50_99	0.091	0.089	0.113	-0.024***	0.097	0.113	-0.016**	0.071	0.113	-0.042***
Size_100_249	0.218	0.190	0.184	0.006	0.274	0.184	0.090***	0.246	0.184	0.062***
Size_250_499	0.089	0.071	0.055	0.015***	0.113	0.056	0.057***	0.119	0.056	0.063***
Size_500_more	0.332	0.399	0.255	0.143***	0.246	0.255	-0.009	0.389	0.255	0.134***
Paris	0.075	0.092	0.066	0.026***	0.042	0.067	-0.024***	0.081	0.067	0.015***
Region around Paris	0.175	0.217	0.142	0.075***	0.111	0.142	-0.031***	0.199	0.142	0.057***
Other region	0.750	0.690	0.791	-0.100***	0.847	0.791	0.056***	0.719	0.791	0.071***
Committee	0.721	0.819	0.282	0.282***	0.768	0.537	0.231***	0.839	0.537	0.302***
Number of Observations	42780	5660	15618		2886	15618		18616	15618	

AFP refers to absence of financial participation schemes.*** p<0.01, ** p<0.05, * p<0.1. (a) = Mean wage (log) over the whole sample. (b) = Mean wage (log) over the sub-sample of individuals working in firms implementing employee saving plan only. (c) = Mean wage (log) over the sub-sample of individuals working in firms which do not implement either employee saving or profit sharing. (d) = (b) – (c). (e) = Proportion of women over the whole sample.

Table 4: Possible cases when comparing wage profiles in the two states (financial participation is implemented or not)

Possible cases (9)			Interpretation
Total wage	Base wage		
w_total_1 > w_total_2	w_base_1 > w_base_2	Case 1	Complementarity of base wage and financial participation.
w_total_1 > w_total_2	w_base_1 = w_base_2	Case 2	Neither substitution, nor complementarity of base wage and financial participation.
w_total_1 > w_total_2	w_base_1 < w_base_2	Case 3	Substitution of base wage and financial participation.
w_total_1 = w_total_2	w_base_1 > w_base_2	Case 4	Complementarity of base wage and financial participation.
w_total_1 = w_total_2	w_base_1 = w_base_2	Case 5	Neither substitution, nor complement of base wage and financial participation.
w_total_1 = w_total_2	w_base_1 < w_base_2	Case 6	Substitution of base wage and financial participation.
w_total_1 < w_total_2	w_base_1 > w_base_2	Case 7	Complementarity of base wage and financial participation.
w_total_1 < w_total_2	w_base_1 = w_base_2	Case 8	Neither substitution nor complementarity of base wage and financial participation.
w_total_1 < w_total_2	w_base_1 < w_base_2	Case 9	Substitution of base wage and financial participation.

Table 5: The exclusion variable

The worker works in an establishment having an establishment committee	Frequency	%
Yes	30879	72.18
No	11901	27.82

Table 6: Summary of correlation coefficients between selection equation and wage equations

		ESOP			PS			PS&ESOP		
		All	Executive	Non Executive	All	Executive	Non Executive	All	Executive	Non Executive
Base Wage	ρ1	NS	NS	NS	NS	NS	NS	>0	NS	NS
	ρ2	NS	<0	<0	<0	<0	NS	NS	<0	NS
Total	ρ1	NS	>0	NS	NS	NS	NS	>0	>0	>0
Wage	ρ2	<0	<0	<0	<0	<0	<0	NS	<0	<0

Table 7: Average effects of Financial Participation Schemes on base and total wages

	Employee Saving Scheme (ESOP)			Profit Sharing (PS)			Both Schemes (PS and ESOP)		
Dependent Variable	All	Executive	Non-Executive	All	Executive	Non-Executive	All	Executive	Non-Executive
Naive Estimator									
Log of Base Wage	10.231	10.635	9.988	10.179	10.594	9.923	10.311	10.680	10.021
	10.122	10.582	9.943	10.126	10.584	9.936	10.122	10.581	9.936
Difference	**0.109*** **	**0.053*** **	**0.045*** **	**0.052*** **	**0.010***	**-0.012*** **	**0.189*** **	**0.099*** **	**0.084*** **
	[0.005]	[0.004]	[0.002]	[0.007]	[0.006]	[0.003]	[0.003]	[0.003]	[0.001]
Log of Total Wage	10.491	10.897	10.248	10.438	10.844	10.189	10.645	10.985	10.377
	10.342	10.818	10.150	10.344	10.819	10.150	10.340	10.815	10.148
Difference	**0.148*** **	**0.079*** **	**0.097*** **	**0.094*** **	**0.025*** **	**0.038*** **	**0.305*** **	**0.169*** **	**0.229*** **
	[0.005]	[0.005]	[0.002]	[0.007]	[0.006]	[0.003]	[0.003]	[0.003]	[0.002]
ATT									
Log of Base Wage	10.231	10.635	9.988	10.179	10.594	9.923	10.311	10.680	10.021
	10.157	10.049	9.495	9.729	10.025	9.926	10.219	9.968	9.946
Difference	**0.074*** **	**0.585*** **	**0.492*** **	**0.450*** **	**0.568*** **	**-0.002**	**0.092*** **	**0.712*** **	**0.074*** **
	[0.006]	[0.005]	[0.002]	[0.008]	[0.007]	[0.003]	[0.003]	[0.002]	[0.001]
Log of Total Wage	10.491	10.897	10.248	10.438	10.844	10.189	10.645	10.985	10.377
	9.984	10.197	9.803	9.944	10.194	9.767	10.417	10.072	9.824
Difference	**0.507*** **	**0.699*** **	**0.445*** **	**0.494*** **	**0.649*** **	**0.421*** **	**0.227*** **	**0.912*** **	**0.553*** **
	[0.006]	[0.005]	[0.003]	[0.008]	[0.007]	[0.004]	[0.003]	[0.002]	[0.002]
ATU									
Log of Base Wage	10.136	10.565	9.952	10.110	10.591	9.908	9.791	10.568	9.976
	10.122	10.582	9.943	10.126	10.584	9.936	10.122	10.581	9.936
Difference	**0.014*** **	**-0.017*** **	**0.009*** **	**-0.015*** **	**0.007** **	**-0.028*** **	**-0.330*** **	**-0.012*** **	**0.040*** **
	[0.003]	[0.003]	[0.001]	[0.003]	[0.003]	[0.001]	[0.003]	[0.003]	[0.001]
Log of Total Wage	10.443	10.223	10.272	10.437	10.878	10.274	10.013	10.425	9.924
	10.342	10.818	10.150	10.344	10.819	10.150	10.340	10.815	10.148
Difference	**0.101*** **	**-0.594*** **	**0.121*** **	**0.093*** **	**0.059*** **	**0.123*** **	**-0.326*** **	**-0.389*** **	**-0.224*** **
	[0.003]	[0.003]	[0.001]	[0.003]	[0.003]	[0.001]	[0.003]	[0.003]	[0.001]

Standard errors in brackets.*** p<0.01, ** p<0.05, * p<0.1.

Table 8: List of variables

	Panel 2000-2005 (a)		Panel 2006-2008 (b)	
	2000	**2005**	**2006**	**2008**
Log of gross wages per head: Mean	15.59 [1.5]	15.76 [1.51]	15.24 [1.69]	15.32 [1.74]
Financial participation: Frequency				
Employee Savings Plans (ESOP)	151	158	588	669
Profit Sharing (PS)	327	270	535	513
Both Schemes (PS&ESOP)	570	825	1905	2043
Absence of Financial Participation (AFP)	665	704	3107	2910
Size: Mean	940.45 [8727.73]	1000.12 [8482.21]	716.67 [5541.1]	722.55 [5155.69]
Business sector: Agri-industry, Sales, Construction, Transportation & Service, Consumer goods, Auto & Equipment goods, Intermediate goods, Finance & Real Estate, Other.				
Number of firms	1957	1957	6135	6135

Standard-errors in brackets.

(a) The panel data cover six periods but we provide figures only for 2000 and 2005.

(b) The panel data cover three periods but we provide figures only for 2006 and 2008.

Table 9: Panel estimates over the period 2000-2005 (six periods) for 1,957 firms (dependent variable: log of gross wage per head)

	Two components random effect model	Two components fixed effect model
Intercept	13.06*** [0.061]	13.95*** [0.115]
Financial participation scheme: ref=neither ESOP nor Profit Sharing		
ESOP only	0.016 [0.013]	-0.012 [0.011]
Profit Sharing only	0.0002 [0.1]	0.016* [0.009]
Profit Sharing and ESOP	0.047*** [0.011]	0.027** [0.01]
Number of observations	11742	11742
R2	0.5	0.9

Standard errors in brackets.*** p<0.01, ** p<0.05, * p<0.1.

Table 10: Panel estimates over the period 2006-2008 (three periods) for 6,135 firms (dependent variable: log of gross wage per head)

	Two components random effect model	Two components fixed effect model
Intercept	13.77*** [0.048]	15.71*** [0.146]
Financial participation scheme: ref=neither ESOP nor Profit Sharing		
ESOP only	0.143*** [0.013]	0.021* [0.011]
Profit Sharing only	0.09*** [0.013]	0.016 [0.012]
Profit Sharing and ESOP	0.254*** [0.012]	0.043*** [0.012]
Number of observations	18405	18405
R2	0.6	0.9

Standard errors in brackets.*** p<0.01, ** p<0.05, * p<0.1.

Appendix 1 : Detailed results of the switching regressions

Table A: dependent variable: log of base wage; selection variable: ESOP only, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_base_1	lnw_base_2	ESOP only	lnw_base_1	lnw_base_2	ESOP only	lnw_base_1	Lnw_base_2	ESOP only
Woman	-0.0758***	-0.0721***	-0.212***	-0.118***	-0.111***	-0.105***	-0.0353***	-0.0307***	-0.0506**
	[0.00839]	[0.00464]	[0.0233]	[0.0168]	[0.0129]	[0.0382]	[0.00814]	[0.00494]	[0.0242]
Executive	0.473***	0.489***	0.182***						
	[0.00924]	[0.00589]	[0.0279]						
Age_less_26	-0.310***	-0.237***	0.0684	-0.598***	-0.538***	0.0535	-0.259***	-0.182***	0.421***
	[0.0200]	[0.0113]	[0.0593]	[0.0749]	[0.0581]	[0.169]	[0.0168]	[0.0109]	[0.0546]
Age_26_35	-0.220***	-0.173***	0.116***	-0.333***	-0.303***	0.188***	-0.159***	-0.123***	0.313***
	[0.00866]	[0.00544]	[0.0266]	[0.0192]	[0.0152]	[0.0442]	[0.00852]	[0.00579]	[0.0285]
Age_36_45	-0.0633***	-0.0630***	-0.00479	-0.0781***	-0.0963***	0.0885**	-0.0587***	-0.0370***	0.0553**
	[0.00814]	[0.00486]	[0.0245]	[0.0163]	[0.0131]	[0.0383]	[0.00815]	[0.00533]	[0.0258]
Less_HS	-0.257***	-0.253***	-0.161***	-0.221***	-0.188***	-0.0452	-0.311***	-0.225***	0.253***
	[0.0110]	[0.00697]	[0.0330]	[0.0180]	[0.0146]	[0.0428]	[0.0171]	[0.0109]	[0.0557]
HS_2	-0.109***	-0.0607***	-0.176***	-0.131***	-0.113***	-0.0881**	-0.151***	-0.0280**	-0.0411
	[0.0114]	[0.00707]	[0.0334]	[0.0184]	[0.0142]	[0.0420]	[0.0178]	[0.0113]	[0.0542]
Energy	0.0221	-0.00135	0.304***	0.130	0.00592	-0.0814	0.00961	-0.0330*	0.254***
	[0.0406]	[0.0184]	[0.0999]	[0.111]	[0.0604]	[0.209]	[0.0354]	[0.0192]	[0.0955]
Construction	-0.0618***	0.00593	0.672***	-0.0941***	-0.0232	0.377***	-0.0188	-0.0845***	0.673***
	[0.0165]	[0.0111]	[0.0453]	[0.0309]	[0.0266]	[0.0709]	[0.0170]	[0.0112]	[0.0510]
Sales	-0.00717	-0.0115	0.450***	-0.0122	-0.0848***	0.210***	-0.00204	-0.0507***	0.405***
	[0.0153]	[0.00887]	[0.0411]	[0.0257]	[0.0212]	[0.0595]	[0.0170]	[0.00977]	[0.0466]
Transportation	0.0237	-0.0363**	1.558***	-0.0761**	-0.202***	0.933***	0.0579***	-0.289***	1.614***
	[0.0177]	[0.0151]	[0.0344]	[0.0357]	[0.0289]	[0.0675]	[0.0171]	[0.00974]	[0.0369]
Manufacturing	0.000741	0.00494	0.400***	0.0244	0.0359***	0.0851**	-0.0130	-0.0643***	0.438***
	[0.0109]	[0.00566]	[0.0263]	[0.0188]	[0.0136]	[0.0408]	[0.0114]	[0.00591]	[0.0289]
Size_50_99	-0.0392***	-0.0240***	-0.328***	-0.0497	0.140***	-0.725***	-0.0435***	0.0394***	-0.348***
	[0.00974]	[0.00659]	[0.0302]	[0.0318]	[0.0188]	[0.0506]	[0.00879]	[0.00596]	[0.0295]
Size_50_99	-0.0343***	-0.0139*	-0.370***	-0.0104	0.130***	-0.657***	-0.0550***	0.0213**	-0.277***
	[0.0132]	[0.00795]	[0.0369]	[0.0319]	[0.0221]	[0.0584]	[0.0132]	[0.00829]	[0.0396]
Size_100_249	-0.0113	-0.0372***	-0.325***	0.00187	0.0711***	-0.561***	-0.0247**	0.00124	-0.205***
	[0.0101]	[0.00684]	[0.0300]	[0.0240]	[0.0189]	[0.0464]	[0.0104]	[0.00725]	[0.0340]
Size_250_499	-0.0136	-0.00293	-0.263***	-0.0107	0.118***	-0.559***	-0.0123	0.000849	-0.124**
	[0.0138]	[0.00979]	[0.0437]	[0.0300]	[0.0250]	[0.0657]	[0.0140]	[0.0108]	[0.0494]
Paris	0.204***	0.111***	0.564***	0.240***	0.0473**	0.313***	0.159***	0.0393***	0.257***
	[0.0136]	[0.00901]	[0.0385]	[0.0240]	[0.0190]	[0.0537]	[0.0142]	[0.0103]	[0.0478]
Paris Region	0.104***	0.0823***	0.298***	0.122***	0.0579***	0.192***	0.0864***	0.0290***	0.0564*
	[0.00913]	[0.00628]	[0.0273]	[0.0176]	[0.0148]	[0.0408]	[0.00908]	[0.00677]	[0.0314]
Committee			0.532***			0.387***			0.187***
			[0.0263]			[0.0389]			[0.0211]
Intercept	10.29***	10.24***	-1.160***	10.78***	10.53***	-0.501***	10.31***	10.11***	-1.370***
	[0.0231]	[0.0103]	[0.0477]	[0.0466]	[0.0213]	[0.0610]	[0.0288]	[0.0125]	[0.0631]
Observations	21,278	21,278	21,278	6,615	6,615	6,615	14,663	14,663	14,663
Log Likelihood	-10830	-10830	-10830	-5607	-5607	-5607	-2933	-2933	-2933
chi2	10553	10553	10553	762.8	762.8	762.8	1357	1357	1357
rho_1	0.044	0.044	0.044	0.120	0.120	0.120	0.032	0.032	0.032
	[0.050]	[0.050]	[0.050]	[0.133]	[0.133]	[0.133]	[0.064]	[0.064]	[0.064]
rho_2	-0.061	-0.061	-0.061	-0.829***	-0.829***	-0.829***	-0.979***	-0.979***	-0.979***
	[0.053]	[0.053]	[0.053]	[0.018]	[0.018]	[0.018]	[0.002]	[0.002]	[0.002]

Standard errors in brackets
*** p<0.01, ** p<0.05, * p<0.1

Table B: dependent variable: log of total wage; selection variable: ESOP only, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_total_1	lnw_total_2	ESOP only	lnw_total_1	lnw_total_2	ESOP only	lnw_total_1	lnw_total_2	ESOP only
Woman	-0.105***	-0.0727***	-0.153***	-0.158***	-0.116***	-0.0708*	-0.0700***	-0.0626***	-0.130***
	[0.00918]	[0.00530]	[0.0218]	[0.0199]	[0.0136]	[0.0367]	[0.00955]	[0.00516]	[0.0270]
Executive	0.440***	0.481***	0.0220						
	[0.0101]	[0.00677]	[0.0273]						
Age_less_26	-0.351***	-0.294***	0.143**	-0.601***	-0.563***	0.0726	-0.296***	-0.245***	0.228***
	[0.0222]	[0.0133]	[0.0564]	[0.0887]	[0.0614]	[0.162]	[0.0193]	[0.0114]	[0.0605]
Age_26_35	-0.227***	-0.203***	0.169***	-0.309***	-0.312***	0.165***	-0.156***	-0.154***	0.191***
	[0.00967]	[0.00627]	[0.0254]	[0.0230]	[0.0161]	[0.0426]	[0.00969]	[0.00607]	[0.0315]
Age_36_45	-0.0541***	-0.0667***	0.0353	-0.0518***	-0.0974***	0.0802**	-0.0430***	-0.0481***	0.00527
	[0.00902]	[0.00566]	[0.0231]	[0.0195]	[0.0138]	[0.0368]	[0.00950]	[0.00559]	[0.0293]
Less_HS	-0.248***	-0.205***	-0.102***	-0.223***	-0.154***	-0.0517	-0.289***	-0.233***	-0.142**
	[0.0121]	[0.00799]	[0.0319]	[0.0217]	[0.0154]	[0.0410]	[0.0199]	[0.0114]	[0.0586]
HS_2	-0.110***	-0.0126	-0.137***	-0.131***	-0.0734***	-0.0751*	-0.141***	-0.0212*	-0.182***
	[0.0126]	[0.00809]	[0.0316]	[0.0218]	[0.0151]	[0.0405]	[0.0208]	[0.0119]	[0.0607]
Energy	0.110**	0.0883***	0.271***	0.303**	0.131**	0.0388	0.0876**	0.0962***	0.349***
	[0.0450]	[0.0217]	[0.0936]	[0.124]	[0.0647]	[0.196]	[0.0412]	[0.0200]	[0.105]
Construction	-0.0366**	-0.0891***	0.609***	0.0823**	-0.0469*	0.338***	-0.0232	-0.0913***	0.745***
	[0.0181]	[0.0119]	[0.0432]	[0.0356]	[0.0278]	[0.0684]	[0.0201]	[0.0119]	[0.0552]
Sales	0.0354**	-0.0224**	0.382***	0.128***	-0.0348	0.186***	-0.000304	-0.0117	0.453***
	[0.0167]	[0.00994]	[0.0392]	[0.0298]	[0.0223]	[0.0576]	[0.0200]	[0.0103]	[0.0527]
Transportation	-0.0578***	-0.193***	1.509***	0.0851**	-0.188***	0.786***	-0.0254	-0.159***	1.736***
	[0.0192]	[0.0114]	[0.0332]	[0.0354]	[0.0292]	[0.0654]	[0.0210]	[0.0109]	[0.0392]
Manufacturing	0.0425***	0.00753	0.375***	0.0920***	0.0592***	0.0956**	0.0519***	0.00507	0.493***
	[0.0119]	[0.00609]	[0.0248]	[0.0217]	[0.0144]	[0.0391]	[0.0136]	[0.00623]	[0.0325]
Size_50_99	-0.0593***	-0.0156**	-0.410***	-0.266***	0.125***	-0.708***	-0.0805***	-0.0443***	-0.339***
	[0.0110]	[0.00662]	[0.0281]	[0.0297]	[0.0188]	[0.0477]	[0.0104]	[0.00630]	[0.0348]
Size_50_99	-0.0753***	-0.0264***	-0.384***	-0.218***	0.100***	-0.610***	-0.108***	-0.0588***	-0.305***
	[0.0147]	[0.00885]	[0.0348]	[0.0320]	[0.0227]	[0.0565]	[0.0154]	[0.00870]	[0.0443]
Size_100_249	-0.0193*	-0.0236***	-0.316***	-0.128***	0.0725***	-0.508***	-0.0530***	-0.0357***	-0.249***
	[0.0112]	[0.00764]	[0.0285]	[0.0242]	[0.0193]	[0.0450]	[0.0121]	[0.00763]	[0.0375]
Size_250_499	0.0170	-0.0235**	-0.285***	-0.113***	0.0748***	-0.505***	0.0115	-0.0366***	-0.170***
	[0.0153]	[0.0111]	[0.0417]	[0.0337]	[0.0260]	[0.0635]	[0.0163]	[0.0115]	[0.0550]
Paris	0.232***	0.0741***	0.445***	0.356***	0.0772***	0.320***	0.165***	0.0667***	0.445***
	[0.0147]	[0.00980]	[0.0372]	[0.0271]	[0.0199]	[0.0511]	[0.0168]	[0.0109]	[0.0529]
Paris Region	0.138***	0.0479***	0.213***	0.214***	0.0611***	0.180***	0.119***	0.0398***	0.162***
	[0.00991]	[0.00694]	[0.0263]	[0.0203]	[0.0154]	[0.0392]	[0.0106]	[0.00718]	[0.0352]
Committee			0.405***			0.304***			0.396***
			[0.0226]			[0.0323]			[0.0279]
Intercept	10.60***	10.36***	-1.019***	10.67***	10.72***	-0.455***	10.62***	10.38***	-1.190***
	[0.0256]	[0.0103]	[0.0452]	[0.0366]	[0.0211]	[0.0567]	[0.0308]	[0.0131]	[0.0702]
Observations	21,278	21,278	21,278	6,615	6,615	6,615	14,663	14,663	14,663
LogLikelihood	-12060	-12060	-12060	-5800	-5800	-5800	-4676	-4676	-4676
chi2	8874	8874	8874	765.9	765.9	765.9	1173	1173	1173
rho_1	-0.047	-0.047	-0.047	0.853***	0.853***	0.853***	-0.109	-0.109	-0.109
	[0.052]	[0.052]	[0.052]	[0.024]	[0.024]	[0.024]	[0.061]	[0.061]	[0.061]
rho_2	-0.847***	-0.847***	-0.847***	-0.902***	-0.902***	-0.902***	-0.868***	-0.868***	-0.868***
	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]	[0.010]	[0.010]	[0.010]

Standard errors in brackets
*** p<0.01, ** p<0.05, * p<0.1

Table C: dependent variable: log of base wage; selection variable: PS only, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_base_1	lnw_base_2	PS only	lnw_base_1	lnw_base_2	PS only	lnw_base_1	lnw_base_2	PS only
Woman	-0.0919***	-0.0603***	-0.101***	-0.111***	-0.124***	-0.0514	-0.0814***	-0.0511***	-0.151***
	[0.0113]	[0.00500]	[0.0243]	[0.0225]	[0.0127]	[0.0446]	[0.0118]	[0.00435]	[0.0332]
Executive	0.460***	0.471***	-0.216***						
	[0.0141]	[0.00641]	[0.0326]						
Age_less_26	-0.238***	-0.229***	0.126*	-0.593***	-0.499***	-0.141	-0.184***	-0.196***	-0.00726
	[0.0301]	[0.0126]	[0.0652]	[0.118]	[0.0580]	[0.217]	[0.0258]	[0.00953]	[0.0751]
Age_26_35	-0.196***	-0.173***	0.165***	-0.303***	-0.289***	0.127**	-0.127***	-0.127***	0.0277
	[0.0133]	[0.00596]	[0.0291]	[0.0259]	[0.0150]	[0.0512]	[0.0131]	[0.00510]	[0.0389]
Age_36_45	-0.0599***	-0.0627***	0.0757***	-0.0853***	-0.0867***	0.0274	-0.0396***	-0.0482***	0.0110
	[0.0116]	[0.00536]	[0.0259]	[0.0219]	[0.0129]	[0.0445]	[0.0120]	[0.00467]	[0.0358]
Less_HS	-0.350***	-0.239***	-0.0539	-0.342***	-0.188***	-0.0636	-0.400***	-0.280***	-0.208***
	[0.0155]	[0.00757]	[0.0369]	[0.0252]	[0.0145]	[0.0503]	[0.0255]	[0.00962]	[0.0730]
HS_2	-0.148***	-0.0532***	-0.0924**	-0.163***	-0.123***	-0.0288	-0.209***	-0.0638***	-0.140*
	[0.0155]	[0.00766]	[0.0361]	[0.0231]	[0.0140]	[0.0475]	[0.0262]	[0.00997]	[0.0760]
Energy	0.121***	-0.0559***	0.582***	0.250*	-0.00443	-0.0272	0.0973**	0.00691	0.852***
	[0.0411]	[0.0200]	[0.0903]	[0.139]	[0.0589]	[0.235]	[0.0409]	[0.0173]	[0.106]
Construction	0.00648	-0.00156	0.199***	0.0274	0.0645**	-0.111	-0.0152	0.00404	0.367***
	[0.0302]	[0.0116]	[0.0591]	[0.0669]	[0.0274]	[0.110]	[0.0302]	[0.0103]	[0.0789]
Sales	-0.00329	-0.0652***	0.515***	-0.00192	-0.0859***	0.322***	0.0130	0.00405	0.738***
	[0.0239]	[0.00934]	[0.0430]	[0.0419]	[0.0210]	[0.0707]	[0.0281]	[0.00939]	[0.0591]
Transportation	-0.0239	-0.0770***	0.561***	0.114**	-0.0494*	0.255**	-0.0659**	-0.0225**	0.716***
	[0.0267]	[0.0110]	[0.0493]	[0.0551]	[0.0294]	[0.102]	[0.0283]	[0.0103]	[0.0622]
Manufacturing	0.0386*	-0.0643***	0.640***	0.127***	-0.0182	0.472***	-0.00353	-0.00811	0.825***
	[0.0223]	[0.00576]	[0.0272]	[0.0390]	[0.0135]	[0.0463]	[0.0261]	[0.00705]	[0.0374]
Size_50_99	-0.0106	0.00794	-0.250***	0.0172	0.0554***	-0.481***	-0.0274*	-0.0151***	-0.0214
	[0.0173]	[0.00621]	[0.0335]	[0.0467]	[0.0176]	[0.0624]	[0.0153]	[0.00555]	[0.0469]
Size_50_99	-0.00352	0.0130	-0.320***	0.00308	0.0670***	-0.488***	-0.00556	-0.0153**	-0.210***
	[0.0207]	[0.00838]	[0.0407]	[0.0465]	[0.0214]	[0.0706]	[0.0206]	[0.00739]	[0.0572]
Size_100_249	-0.0151	-0.0404***	-0.0269	0.00840	-0.00327	-0.243***	-0.0249*	-0.0208***	0.148***
	[0.0135]	[0.00722]	[0.0327]	[0.0288]	[0.0183]	[0.0556]	[0.0147]	[0.00659]	[0.0457]
Size_250_499	0.00714	-0.0231**	0.0611	0.0371	0.0279	-0.101	-0.0108	0.000350	0.233***
	[0.0174]	[0.0105]	[0.0450]	[0.0318]	[0.0242]	[0.0727]	[0.0198]	[0.00999]	[0.0634]
Paris	0.0472*	0.115***	-0.180***	0.0788*	0.141***	-0.308***	0.0368	0.117***	0.0638
	[0.0253]	[0.00943]	[0.0509]	[0.0469]	[0.0190]	[0.0748]	[0.0280]	[0.00922]	[0.0750]
Paris Region	0.133***	0.0937***	-0.219***	0.188***	0.132***	-0.251***	0.0777***	0.0734***	-0.0907*
	[0.0165]	[0.00663]	[0.0336]	[0.0302]	[0.0147]	[0.0529]	[0.0177]	[0.00607]	[0.0481]
Committee			0.313***			0.299***			0.525***
			[0.0253]			[0.0454]			[0.0376]
Intercept	10.30***	10.18***	-1.278***	10.74***	10.63***	-0.950***	10.34***	10.23***	-1.637***
	[0.0567]	[0.00962]	[0.0527]	[0.103]	[0.0194]	[0.0729]	[0.0607]	[0.0116]	[0.0890]
Observations	18,504	18,504	18,504	5,586	5,586	5,586	12,918	12,918	12,918
Log Likelihood	-7843	-7843	-7843	-4175	-4175	-4175	-2349	-2349	-2349
chi2	5464	5464	5464	420.8	420.8	420.8	608.3	608.3	608.3
rho_1	-0.011	-0.011	-0.011	-0.042	-0.042	-0.042	0.049	0.049	0.049
	[0.132]	[0.132]	[0.132]	[0.243]	[0.243]	[0.243]	[0.152]	[0.152]	[0.152]
rho_2	-0.882***	-0.882***	-0.882***	-0.852***	-0.852***	-0.852***	-0.003	-0.003	-0.003
	[0.007]	[0.007]	[0.007]	[0.015]	[0.015]	[0.015]	[0.087]	[0.087]	[0.087]

Standard errors in brackets
*** p<0.01, ** p<0.05, * p<0.1

Table D: dependent variable: log of total wage; selection variable: PS only, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_total_1	lnw_total_2	PS only	lnw_total_1	lnw_total_2	PS only	lnw_total_1	lnw_total_2	PS only
Woman	-0.127***	-0.0825***	-0.113***	-0.131***	-0.132***	-0.0308	-0.124***	-0.0682***	-0.123***
	[0.0119]	[0.00526]	[0.0242]	[0.0231]	[0.0133]	[0.0432]	[0.0127]	[0.00512]	[0.0295]
Executive	0.459***	0.496***	-0.153***						
	[0.0141]	[0.00672]	[0.0313]						
Age_less_26	-0.305***	-0.284***	0.101	-0.661***	-0.532***	-0.0588	-0.256***	-0.242***	0.222***
	[0.0318]	[0.0132]	[0.0653]	[0.121]	[0.0608]	[0.207]	[0.0292]	[0.0114]	[0.0694]
Age_26_35	-0.225***	-0.194***	0.157***	-0.318***	-0.300***	0.147***	-0.168***	-0.150***	0.191***
	[0.0138]	[0.00627]	[0.0291]	[0.0266]	[0.0157]	[0.0497]	[0.0152]	[0.00608]	[0.0362]
Age_36_45	-0.0522***	-0.0678***	0.0737***	-0.0630***	-0.0860***	0.0374	-0.0407***	-0.0542***	0.0917***
	[0.0122]	[0.00564]	[0.0260]	[0.0226]	[0.0135]	[0.0432]	[0.0135]	[0.00556]	[0.0325]
Less_HS	-0.318***	-0.215***	-0.0318	-0.304***	-0.161***	-0.0290	-0.372***	-0.247***	0.00480
	[0.0164]	[0.00797]	[0.0369]	[0.0257]	[0.0151]	[0.0484]	[0.0278]	[0.0114]	[0.0684]
HS_2	-0.136***	-0.0262***	-0.0451	-0.158***	-0.0909***	0.0164	-0.190***	-0.0357***	-0.0584
	[0.0163]	[0.00806]	[0.0359]	[0.0239]	[0.0146]	[0.0460]	[0.0290]	[0.0119]	[0.0702]
Energy	0.132***	0.0574***	0.602***	0.232	0.116*	0.168	0.109***	0.0675***	0.682***
	[0.0423]	[0.0210]	[0.0890]	[0.143]	[0.0619]	[0.221]	[0.0402]	[0.0194]	[0.0983]
Construction	-0.0990***	-0.0223*	0.141**	-0.0490	0.0584**	-0.120	-0.134***	-0.0377***	0.268***
	[0.0316]	[0.0122]	[0.0588]	[0.0689]	[0.0288]	[0.104]	[0.0327]	[0.0122]	[0.0714]
Sales	0.000916	-0.0290***	0.485***	0.0558	-0.0301	0.251***	-0.0223	-0.0224**	0.578***
	[0.0232]	[0.00983]	[0.0431]	[0.0400]	[0.0219]	[0.0696]	[0.0258]	[0.0101]	[0.0550]
Transportation	0.0137	-0.0218*	0.571***	0.146***	-0.0411	0.271***	-0.0342	-0.000818	0.679***
	[0.0266]	[0.0115]	[0.0497]	[0.0563]	[0.0307]	[0.0989]	[0.0278]	[0.0110]	[0.0581]
Manufacturing	0.0223	-0.0223***	0.639***	0.102***	-0.00316	0.457***	-0.0152	-0.0127**	0.675***
	[0.0206]	[0.00604]	[0.0270]	[0.0357]	[0.0140]	[0.0447]	[0.0220]	[0.00619]	[0.0352]
Size_50_99	-0.0310*	-0.0508***	-0.233***	0.0167	0.0316*	-0.474***	-0.0574***	-0.0649***	-0.160***
	[0.0172]	[0.00653]	[0.0342]	[0.0426]	[0.0183]	[0.0610]	[0.0172]	[0.00631]	[0.0424]
Size_50_99	0.00311	-0.0475***	-0.298***	0.0208	0.0305	-0.467***	-0.00945	-0.0682***	-0.238***
	[0.0209]	[0.00882]	[0.0407]	[0.0436]	[0.0223]	[0.0686]	[0.0225]	[0.00870]	[0.0517]
Size_100_249	-0.0412***	-0.0649***	-0.0227	-0.0216	-0.00905	-0.236***	-0.0528***	-0.0673***	0.0523
	[0.0143]	[0.00759]	[0.0328]	[0.0283]	[0.0190]	[0.0543]	[0.0161]	[0.00760]	[0.0423]
Size_250_499	0.00614	-0.0683***	0.0583	0.0563*	-0.0243	-0.102	-0.0358*	-0.0640***	0.113*
	[0.0184]	[0.0110]	[0.0450]	[0.0327]	[0.0252]	[0.0708]	[0.0213]	[0.0114]	[0.0589]
Paris	0.0208	0.143***	-0.142***	0.0461	0.193***	-0.268***	0.00626	0.118***	-0.0683
	[0.0266]	[0.00992]	[0.0501]	[0.0468]	[0.0199]	[0.0715]	[0.0312]	[0.0111]	[0.0693]
Paris Region	0.145***	0.101***	-0.232***	0.191***	0.150***	-0.255***	0.0955***	0.0777***	-0.233***
	[0.0172]	[0.00698]	[0.0335]	[0.0303]	[0.0154]	[0.0513]	[0.0202]	[0.00724]	[0.0444]
Committee			0.366***			0.305***			0.394***
			[0.0255]			[0.0429]			[0.0314]
Intercept	10.64***	10.40***	-1.359***	11.02***	10.84***	-0.973***	10.73***	10.42***	-1.620***
	[0.0504]	[0.0101]	[0.0528]	[0.0892]	[0.0200]	[0.0708]	[0.0586]	[0.0130]	[0.0818]
Observations	18,504	18,504	18,504	5,586	5,586	5,586	12,918	12,918	12,918
LogLikelihood	-8754	-8754	-8754	-4281	-4281	-4281	-3295	-3295	-3295
chi2	4889	4889	4889	403.1	403.1	403.1	594.1	594.1	594.1
rho_1	-0.166	-0.166	-0.166	-0.109	-0.109	-0.109	-0.223	-0.223	-0.223
	[0.101]	[0.101]	[0.101]	[0.195]	[0.195]	[0.195]	[0.113]	[0.113]	[0.113]
rho_2	-0.886***	-0.886***	-0.886***	-0.912***	-0.912***	-0.912***	-0.893***	-0.893***	-0.893***
	[0.007]	[0.007]	[0.007]	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]	[0.009]

Standard errors in brackets

*** p<0.01, ** p<0.05, * p<0.1

Table E: dependent variable: log of base wage; selection variable: PS&ESOP, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_base_1	lnw_base_2	PS&ESOP	lnw_base_1	lnw_base_2	PS&ESOP	lnw_base_1	lnw_base_2	PS&ESOP
Woman	-0.118***	-0.0710***	-0.266***	-0.122***	-0.0978***	-0.120***	-0.0533***	-0.0509***	-0.269***
	[0.00495]	[0.00479]	[0.0160]	[0.00795]	[0.0133]	[0.0278]	[0.00552]	[0.00448]	[0.0205]
Executive	0.466***	0.488***	0.249***						
	[0.00572]	[0.00603]	[0.0197]						
Age_less_26	-0.336***	-0.236***	-0.0377	-0.588***	-0.535***	-0.00184	-0.287***	-0.196***	0.0441
	[0.0130]	[0.0113]	[0.0424]	[0.0337]	[0.0586]	[0.121]	[0.0111]	[0.00953]	[0.0469]
Age_26_35	-0.253***	-0.172***	-0.0314	-0.374***	-0.297***	0.0856***	-0.187***	-0.127***	0.0309
	[0.00567]	[0.00540]	[0.0196]	[0.00893]	[0.0156]	[0.0328]	[0.00568]	[0.00510]	[0.0245]
Age_36_45	-0.0947***	-0.0628***	-0.0345**	-0.120***	-0.0942***	0.0409	-0.0723***	-0.0481***	-0.0446**
	[0.00505]	[0.00486]	[0.0172]	[0.00779]	[0.0134]	[0.0282]	[0.00527]	[0.00467]	[0.0226]
Less_HS	-0.343***	-0.252***	-0.219***	-0.316***	-0.182***	-0.0604*	-0.311***	-0.280***	-0.303***
	[0.00660]	[0.00708]	[0.0235]	[0.00915]	[0.0150]	[0.0321]	[0.0103]	[0.00969]	[0.0451]
HS_2	-0.172***	-0.0599***	-0.189***	-0.206***	-0.112***	-0.0749**	-0.147***	-0.0636***	-0.212***
	[0.00656]	[0.00711]	[0.0232]	[0.00868]	[0.0145]	[0.0307]	[0.0104]	[0.0100]	[0.0466]
Energy	0.320***	-0.0132	1.329***	0.117***	-0.286***	1.049***	0.178***	0.00528	1.525***
	[0.0103]	[0.0205]	[0.0435]	[0.0189]	[0.0553]	[0.0905]	[0.0142]	[0.0189]	[0.0518]
Construction	-0.0554***	0.00932	0.107***	-0.0626***	0.0815***	-0.127**	-0.0871***	0.00380	0.281***
	[0.0119]	[0.0104]	[0.0377]	[0.0183]	[0.0279]	[0.0594]	[0.0130]	[0.0103]	[0.0497]
Sales	-0.0295***	-0.0121	0.350***	-0.0514***	-0.0357	-0.0521	-0.101***	0.00359	0.613***
	[0.00898]	[0.00884]	[0.0293]	[0.0136]	[0.0219]	[0.0466]	[0.0107]	[0.00910]	[0.0389]
Transportation	-0.00385	-0.0257**	0.201***	-0.0450*	0.0661**	-0.363***	-0.0539***	-0.0229**	0.439***
	[0.0118]	[0.0102]	[0.0368]	[0.0265]	[0.0320]	[0.0757]	[0.0114]	[0.00975]	[0.0433]
Manufacturing	0.0884***	0.00213	0.532***	0.0950***	0.0224	0.0941***	-0.0364***	-0.00876	0.747***
	[0.00582]	[0.00634]	[0.0172]	[0.00836]	[0.0138]	[0.0289]	[0.00887]	[0.00665]	[0.0226]
Size_50_99	-0.184***	-0.0204***	-0.516***	-0.0991***	0.315***	-1.085***	-0.0816***	-0.0145**	-0.264***
	[0.00728]	[0.00760]	[0.0211]	[0.0197]	[0.0237]	[0.0377]	[0.00779]	[0.00642]	[0.0271]
Size_50_99	-0.181***	-0.0108	-0.557***	-0.106***	0.293***	-1.045***	-0.0922***	-0.0149*	-0.388***
	[0.00899]	[0.00854]	[0.0268]	[0.0199]	[0.0259]	[0.0453]	[0.00932]	[0.00763]	[0.0343]
Size_100_249	-0.101***	-0.0376***	-0.190***	-0.0615***	0.131***	-0.608***	-0.0776***	-0.0208***	-0.0297
	[0.00566]	[0.00671]	[0.0201]	[0.0110]	[0.0202]	[0.0334]	[0.00580]	[0.00646]	[0.0270]
Size_250_499	-0.0177**	-0.00552	0.0325	-0.0279***	0.0889***	-0.303***	-0.0162**	7.87e-05	0.167***
	[0.00712]	[0.00977]	[0.0276]	[0.0105]	[0.0242]	[0.0431]	[0.00773]	[0.00994]	[0.0382]
Paris	0.229***	0.111***	0.408***	0.201***	0.0521***	0.183***	0.168***	0.117***	0.387***
	[0.00851]	[0.00884]	[0.0284]	[0.0116]	[0.0196]	[0.0406]	[0.0108]	[0.00948]	[0.0426]
Paris Region	0.141***	0.0817***	0.264***	0.112***	0.0552***	0.126***	0.114***	0.0730***	0.269***
	[0.00568]	[0.00627]	[0.0198]	[0.00828]	[0.0152]	[0.0305]	[0.00661]	[0.00625]	[0.0271]
Committee			0.524***			0.389***			0.786***
			[0.0190]			[0.0286]			[0.0236]
Intercept	10.27***	10.23***	-0.198***	10.89***	10.23***	0.577***	10.40***	10.23***	-0.570***
	[0.0107]	[0.0133]	[0.0348]	[0.0133]	[0.0310]	[0.0444]	[0.0158]	[0.0133]	[0.0548]
Observations	34,234	34,234	34,234	12,714	12,714	12,714	21,520	21,520	21,520
LogLikelihood	-21856	-21856	-21856	-10082	-10082	-10082	-9311	-9311	-9311
chi2	32185	32185	32185	3652	3652	3652	4792	4792	4792
rho_1	0.747***	0.747***	0.747***	0.089	0.089	0.089	0.032	0.032	0.032
	[0.016]	[0.016]	[0.016]	[0.083]	[0.083]	[0.083]	[0.065]	[0.065]	[0.065]
rho_2	-0.062	-0.062	-0.062	-0.837***	-0.837***	-0.837***	-0.009	-0.009	-0.009
	[0.042]	[0.042]	[0.042]	[0.017]	[0.017]	[0.017]	[0.048]	[0.048]	[0.048]

Standard errors in brackets

*** p<0.01, ** p<0.05, * p<0.1

Table F: dependent variable: log of total wage; selection variable: PS & ESOP, versus "neither ESOP, nor PS"

	All			Executives			Non-Executives		
VARIABLES	lnw_total_1	lnw_total_2	PS&ESOP	lnw_total_1	lnw_total_2	PS&ESOP	lnw_total_1	lnw_total_2	PS&ESOP
Woman	-0.148***	-0.0886***	-0.271***	-0.138***	-0.0938***	-0.108***	-0.118***	-0.0404***	-0.249***
	[0.00547]	[0.00615]	[0.0158]	[0.00930]	[0.0141]	[0.0267]	[0.00622]	[0.00535]	[0.0194]
Executive	0.437***	0.507***	0.216***						
	[0.00644]	[0.00710]	[0.0196]						
Age_less_26	-0.398***	-0.290***	-0.0406	-0.632***	-0.529***	-0.0915	-0.329***	-0.235***	0.0453
	[0.0145]	[0.0119]	[0.0418]	[0.0401]	[0.0622]	[0.116]	[0.0139]	[0.0117]	[0.0448]
Age_26_35	-0.266***	-0.193***	-0.0376**	-0.360***	-0.283***	0.0131	-0.196***	-0.145***	0.0185
	[0.00631]	[0.00571]	[0.0190]	[0.0107]	[0.0167]	[0.0318]	[0.00721]	[0.00625]	[0.0236]
Age_36_45	-0.0994***	-0.0674***	-0.0365**	-0.117***	-0.0914***	0.0279	-0.0792***	-0.0453***	-0.0401*
	[0.00566]	[0.00514]	[0.0170]	[0.00928]	[0.0143]	[0.0271]	[0.00658]	[0.00572]	[0.0214]
Less_HS	-0.323***	-0.225***	-0.228***	-0.298***	-0.135***	-0.102***	-0.346***	-0.206***	-0.343***
	[0.00742]	[0.00830]	[0.0231]	[0.0108]	[0.0161]	[0.0310]	[0.0126]	[0.0118]	[0.0424]
HS_2	-0.169***	-0.0312***	-0.199***	-0.198***	-0.0602***	-0.0975***	-0.182***	-0.00277	-0.268***
	[0.00738]	[0.00808]	[0.0229]	[0.0103]	[0.0156]	[0.0296]	[0.0130]	[0.0121]	[0.0437]
Energy	0.526***	0.0721**	1.419***	0.348***	-0.212***	0.998***	0.560***	-0.124***	1.627***
	[0.0107]	[0.0304]	[0.0425]	[0.0203]	[0.0551]	[0.0859]	[0.0124]	[0.0196]	[0.0496]
Construction	-0.0590***	-0.0116	0.122***	-0.0563***	0.0798***	-0.133**	-0.0672***	-0.0510***	0.248***
	[0.0132]	[0.0111]	[0.0374]	[0.0213]	[0.0299]	[0.0574]	[0.0156]	[0.0125]	[0.0473]
Sales	-0.0189*	0.0220**	0.335***	-0.0426***	0.0364	-0.0939**	-0.0295**	-0.0433***	0.521***
	[0.00997]	[0.0104]	[0.0290]	[0.0161]	[0.0234]	[0.0449]	[0.0120]	[0.0105]	[0.0373]
Transportation	-0.00592	0.0279**	0.182***	-0.119***	0.108***	-0.344***	0.0304**	-0.00305	0.434***
	[0.0131]	[0.0112]	[0.0365]	[0.0297]	[0.0347]	[0.0732]	[0.0135]	[0.0114]	[0.0415]
Manufacturing	0.122***	0.0378***	0.508***	0.0800***	0.0443***	0.0910***	0.124***	-0.0492***	0.697***
	[0.00617]	[0.00986]	[0.0170]	[0.00975]	[0.0146]	[0.0278]	[0.00795]	[0.00683]	[0.0218]
Size_50_99	-0.222***	-0.0661***	-0.510***	-0.266***	0.326***	-1.020***	-0.198***	-0.00293	-0.433***
	[0.00749]	[0.0131]	[0.0207]	[0.0148]	[0.0217]	[0.0362]	[0.00827]	[0.00679]	[0.0250]
Size_50_99	-0.218***	-0.0622***	-0.524***	-0.253***	0.287***	-0.950***	-0.194***	-0.0327***	-0.406***
	[0.00971]	[0.0119]	[0.0266]	[0.0177]	[0.0253]	[0.0445]	[0.0107]	[0.00899]	[0.0327]
Size_100_249	-0.103***	-0.0591***	-0.165***	-0.127***	0.133***	-0.524***	-0.0982***	-0.0560***	-0.0557**
	[0.00632]	[0.00729]	[0.0199]	[0.0107]	[0.0198]	[0.0327]	[0.00738]	[0.00761]	[0.0258]
Size_250_499	-0.0285***	-0.0519***	0.0457*	-0.0549***	0.0361	-0.254***	-0.0283***	-0.0767***	0.143***
	[0.00806]	[0.0105]	[0.0271]	[0.0125]	[0.0248]	[0.0415]	[0.00990]	[0.0114]	[0.0366]
Paris	0.250***	0.130***	0.433***	0.249***	0.0669***	0.226***	0.176***	0.0672***	0.319***
	[0.00942]	[0.0111]	[0.0280]	[0.0135]	[0.0207]	[0.0387]	[0.0128]	[0.0113]	[0.0407]
Paris Region	0.153***	0.0840***	0.255***	0.135***	0.0529***	0.128***	0.139***	0.0269***	0.222***
	[0.00634]	[0.00765]	[0.0195]	[0.00974]	[0.0160]	[0.0292]	[0.00777]	[0.00743]	[0.0260]
Committee			0.479***			0.299***			0.463***
			[0.0169]			[0.0227]			[0.0210]
Intercept	10.56***	10.43***	-0.151***	11.08***	10.34***	0.616***	10.57***	10.26***	-0.215***
	[0.0110]	[0.0255]	[0.0333]	[0.0127]	[0.0271]	[0.0409]	[0.0163]	[0.0146]	[0.0515]
Observations	34,234	34,234	34,234	12,714	12,714	12,714	21,520	21,520	21,520
LogLikelihood	-24219	-24219	-24219	-10768	-10768	-10768	-11440	-11440	-11440
chi2	26092	26092	26092	3547	3547	3547	6024	6024	6024
rho_1	0.826***	0.826***	0.826***	0.793***	0.793***	0.793***	0.788***	0.788***	0.788***
	[0.009]	[0.009]	[0.009]	[0.016]	[0.016]	[0.016]	[0.016]	[0.016]	[0.016]
rho_2	-0.175	-0.175	-0.175	-0.913***	-0.913***	-0.913***	-0.829***	-0.829***	-0.829***
	[0.092]	[0.092]	[0.092]	[0.008]	[0.008]	[0.008]	[0.012]	[0.012]	[0.012]

Standard errors in brackets
*** p<0.01, ** p<0.05, * p<0.1

Appendix 2 : Effort

Table G : Descriptive statistics (Number of days of absence for sickness reasons)

	All			AFP			ESOP			PS			PS&ESOP		
	All	Executives	Non-executives	All	Executives	Non-executives	All	Executives	Non-executives	All	Executives	Non-executives	All	Executives	Non-executives
Mean	5.387	3.181	6.697	6.033	3.411	7.091	5.859	3.156	7.487	4.248	2.856	5.104	4.878	3.106	6.282
Standard deviation	20.33	16.384	22.249	23.973	20.017	25.318	22.471	13.209	26.403	16.698	18.104	15.715	16.445	14.585	17.656
Number of observations	42780	15941	26839	15618	4487	11131	5660	2128	3532	2886	1099	1787	18616	8227	10389

Table H : Negative Binomial Regression

VARIABLE	All				Executives				Non executives			
	Model 1		Model 2		Model 1		Model 2		Model 1		Model 2	
	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error
Intercept	1.797***	0.028	1.912***	0.073	1.227***	0.066	1.313***	0.124	1.958***	0.03	1.87***	0.109
Woman			0.473***	0.039			0.762***	0.083			0.302***	0.045
ESOP	-0.029	0.055	-0.002	0.06	-0.077	0.116	0.006	0.119	0.054	0.062	0.021	0.072
PS	-0.35***	0.072	-0.15**	0.073	-0.177	0.149	-0.132	0.151	-0.328***	0.082	-0.16*	0.084
PS&ESOP	-0.212***	0.038	-0.059	0.041	-0.093	0.082	-0.029	0.088	-0.121***	0.043	-0.072	0.047
Executive			-0.544***	0.047								
Age_less_26			-0.496***	0.101			-0.994***	0.369			-0.411***	0.098
Age_26_35			-0.285***	0.044			-0.428***	0.093			-0.222***	0.05
Age_36_45			-0.266***	0.040			-0.33***	0.081			-0.227***	0.047
Less_HS			0.309***	0.055			0.221	0.091			0.429***	0.094
HS_2			0.079885	0.056			0.066**	0.09			0.23**	0.098

VARIABLE	All				Executives				Non executives			
	Model 1		Model 2		Model 1		Model 2		Model 1		Model 2	
	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error	Coeff	St. Error
Energy			0.173*	0.091			-0.077	0.216			0.22**	0.098
Construction			-0.095	0.09			-0.174	0.182			-0.06	0.106
Sale			-0.213***	0.07			-0.141	0.134			-0.284***	0.085
Transportation			0.112	0.074			0.098	0.181			0.055	0.083
Manufacturing			-0.134***	0.043			-0.16*	0.085836			-0.132**	0.051
Size_49			-0.449***	0.045			-0.289*	0.106636			-0.555***	0.05
Size_50_99			-0.314***	0.064			-0.261***	0.134307			-0.356***	0.073
Size_100_249			-0.167***	0.048			-0.097	0.095451			-0.222***	0.057
Size_250_499			-0.027	0.064			0.051	0.119859			-0.107	0.079
Paris			-0.104	0.068			-0.152	0.118087			-0.118	0.09
Paris Region			-0.078*	0.047			-0.124	0.088914			-0.031	0.058
Alpha	12.676***	0.136	12.105***	0.131	19.407***	0.41	18.813***	0.399469	10.222***	0.128	9.97***	0.125
Loglikelihood	-71431		-71028		-18743		-18672		-52137		-51977	
Observations	42780				15941				26839			

*** p<0.01, ** p<0.05, * p<0.1