plans which hold 10 percent or more in company stock. About 50 to 70 percent of large manufacturing and nonmanufacturing firms have savings or thrift plans and 41 percent in one sample required investment in company stock. One in four publicly owned companies has a direct employee stock purchase plan, which includes most of their employees and involves no tax qualification. This figure is almost 35 percent for the Fortune 1000. But, over 90 percent of these plans hold less than 5 percent of the total corporate equity. . . . About 13 percent of the Fortune 1000 firms have no stock ownership plan of any kind.[120]

Participatory forms of organizing production bring equity, participation, and decentralization, and such reforms are not ruled out by the context of resource scarcity. This makes them ideologically friendly for social democracy environments like the ones reigning in Latin America. The ESOP policy, as it aligns closely to social democratic regimes, is also compatible with the "anticapitalist" position common in Latin American countries.

when their employees are compensated with company equity rather than a fixed wage.[137]

3. Creating a Culture of Saving

The issuing of stock to employees is intended to create a strong commitment by way of a long-term investment in their benefit.[138] In effect, most plans lock the possibility of disposition of the stock by the [redacted] mandatory saving will help create a culture of long-term thinking, which today is nonexistent in Latin American countries.

4. Incentive for Better Managerial Performance

Contrary to what happens in the German codetermination model [redacted] where the labor participation is direct in managerial decisions,[140] ESOPs insulate management from labor force pressures to pursue short-term profits or to fatten current employee payouts at the expense of long-term value.

VI. Conclusions

I fervently believe that the main reason why the legislative intent [redacted]

But ESOPs can also have an impact on the negative cultural environment reigning in Latin American countries by helping to improve corporate market performance. Among these effects, aligning the [redacted] culture of corporate investment and defeating a long-existent culture of "capital-labor" enmity. It can also help diminish the gigantic adversarial unionism that we find in Latin American culture. The collective bargaining conflict generates an enormous burden on local businesses that negatively impacts regional competition. ESOPs can also help to create a culture of saving, absent in the area due to the chronic political and economical instability, as well as the pervasive inflation that has reigned in Latin America during the twentieth century. Finally, ESOPs insulate management from labor force pressure to pursue short-term profits and to fatten current employee payouts at the expense of long-term value, thus improving internal corporate governance.

Empirical studies demonstrate that ESOPs have been a major success in the American environment for creating ownership dispersion and improving productivity.[142] And ESOPs—as mechanisms conceived for wealth distribution—can be easily digested by the ideological foundation of the legislatures and citizenry of the Latin American region. Its correct implementation, boosted by proper tax incentives, can start a change for better financial markets.[143]