

Accepted Manuscript

Are employee stock option proceeds a source of finance for investment?

Jean Canil, Sigitas Karpavičius



PII: S0929-1199(16)30385-6
DOI: [doi:10.1016/j.jcorpfin.2017.09.017](https://doi.org/10.1016/j.jcorpfin.2017.09.017)
Reference: CORFIN 1266
To appear in: *Journal of Corporate Finance*
Received date: 29 December 2016
Revised date: 16 September 2017
Accepted date: 23 September 2017

Please cite this article as: Jean Canil, Sigitas Karpavičius , Are employee stock option proceeds a source of finance for investment?. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Corfin(2017), doi:[10.1016/j.jcorpfin.2017.09.017](https://doi.org/10.1016/j.jcorpfin.2017.09.017)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Are employee stock option proceeds a source of finance for investment?

Jean Canil* and Sigitas Karpavičius

School of Accounting and Finance
The University of Adelaide
Adelaide, South Australia, 5005

September 2017

Abstract

This paper investigates whether employee stock option proceeds, both executive and non-executive are employed by firms to finance investment by exploiting a quasi-natural experiment which mandated option expensing, SFAS 123R. We find that despite a fall in both executive and non-executive option grants and proceeds, investment has increased post-SFAS 123R. The investment's sensitivity to option proceeds remains constant or even decreases for non-executive option proceeds post-SFAS 123R implying that option proceeds are not an integral source of finance. Our results are not driven by the recent financial crisis as well as the changes in corporate governance and financial constraints over the sample period.

Keywords: Employee stock options; Investment financing; SFAS 123R.

JEL classification: G32, G34, G38.

* Corresponding author: Email: jean.canil@adelaide.edu.au, Telephone: +61 8 83135534. The authors would like to thank Jeffry Netter (the editor) and seminar participants at The University of Adelaide for their helpful comments and suggestions.

Download English Version:

<https://daneshyari.com/en/article/7357174>

Download Persian Version:

<https://daneshyari.com/article/7357174>

[Daneshyari.com](https://daneshyari.com)