# Who Pays for Employee Stock Options?

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The concept of "employee stock options (ESOs)" was newly introduced into national accounting in the 2008 version of the SNA, as an element of compensation of employees, where paragraphs were devoted to the treatment of ESOs including their definition, related terminology, time of recording as well as option-theoretical valuation methods. Roughly speaking, ESOs were recognised in the SNA accounts in line with business accounting standards and practices. However, some questions remain to be answered. One of the questions may be about "Who pays for employee stock options?" As a matter of fact, the employers can provide their employees with ESOs practically without incurring any cost at all. In other words, "stock dilution" caused by issuing of ESOs is not well accounted for in the current SNA. As a multi-agent accounting, national accounting is better situated for accounting for ESOs than business accounting that is just a single-agent accounting. The author claims that ESOs are better understood as a means of redistribution of wealth among stock holders of the issuing company.