Measuring the Impact of Employee Equity Plans on Employee Engagement

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For the Open Minded

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Thinking About the Role of Equity Based Rewards in Employee Engagement
Engagement

I love this organization

This job is worthwhile

I can rely on my coworkers

I feel energized

I trust my boss

I want to be a good citizen

I have time/resources
Intrinsic Satisfaction Model

Commitment

Turnover intentions
Extrinsic Satisfaction Model

Pay Satisfaction
Turnover
Instrumental Satisfaction Model

Employee Participation

Commitment Turnover
Share Plans, Employee Empowerment and Turnover

(From Blasi, Freeman & Kruse, 2014)
“The simultaneous employment and expression of a person’s “preferred self” in task behaviors that promote connection to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performance.” (Kahn, 1990)
What Engagement is Not

Not Job Satisfaction
Not Organizational Commitment or loyalty
Not Organizational Citizenship Behavior (helping others, saying good things)
Not employee retention
Not ‘showing up’
Not ‘effort’

These may be correlated, but their presence doesn’t necessarily mean employees are ‘engaged’
Employee Engagement Definition #2

“A positive, fulfilling work-related state of mind characterized by vigor, dedication and absorption (Schaufeli et al., 2002)
Job Demands-Resources Model
(Schaufelli & Bakker, 2001)

**Vigor (vs emotional exhaustion) – [activation]**
- High levels of energy and mental resilience while working, willingness to invest effort, persistence in the face of difficulties

**Dedication (vs cynicism) – [identification]**
- Sense of significance, enthusiasm, inspiration, pride, and challenge

**Absorption (vs low professional efficacy)**
- Fully concentrated and happily engrossed in one’s work, a flow state where time passes quickly and one has difficulty detaching from one’s work
Bases for Engagement

Psychological Safety: How safe is it to express one's true self and engage fully?

Meaningfulness: How meaningful is it to bring myself into this (role) performance?

Availability: How available am I to do so?

Associated with tasks, roles, and interactions “influence upon the world”

Signaling Values of the Organization and Purpose of the Work

Associated with supportive, trusting interpersonal relationships, leadership, norms

Giving Opportunity to Exercise Voice

Associated with physical and emotional energy, (in)security, and work-life balance

Ensuring Fair and Sufficient Extrinsic Rewards from working

W. Kahn (1990)

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Predictors of Job Burnout (i.e. the inverse of engagement)  
(Leiter & Maslach, 2003)

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Description</th>
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<td>Workload</td>
<td>Too much to do, in too little time, with too few resources</td>
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<td>Control</td>
<td>Capacity to influence decisions affecting one’s work, exercise autonomy, and obtain needed resources</td>
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<td>Monetary, social and intrinsic rewards consistent with expectations</td>
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<tr>
<td>Community</td>
<td>Overall quality of social interaction at work, including conflict, support, closeness and teamwork</td>
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Three Approaches to Measuring Engagement (Macey & Schneider, 2008)

**Trait Engagement:**
- Positive views of life and work
- Proactive Personality
- Autotelic personality
- Trait Positive Affect
- Conscientiousness

**State Engagement:**
- Feelings of energy & absorption
- Job engagement
- Job satisfaction
- Involvement
- Commitment
- Empowerment

**Behavioral Engagement:**
- Extra role Behavior
  - Citizenship behavior
  - Proactivity
  - Personal Initiative
  - Role expansion
  - Adaptive behaviors
The Gallup Q12 Index

Gallup defines engaged employees as those who are involved in, enthusiastic about and committed to their work and workplace. Gallup has identified 12 core elements - the Q12 - that link to key outcomes. These 12 statements emerged as those that best predict employee and workgroup performance:

1. Do you know what is expected of you at work?
2. Do you have the materials and equipment to do your work right?
3. At work, do you have the opportunity to do what you do best every day?
4. In the last seven days, have you received recognition or praise for doing good work?
5. Does your supervisor, or someone at work, seem to care about you as a person?
6. Is there someone at work who encourages your development?
7. At work, do your opinions seem to count?
8. Does the mission/purpose of your company make you feel your job is important?
9. Are your associates (fellow employees) committed to doing quality work?
10. Do you have a best friend at work?
11. In the last six months, has someone at work talked to you about your progress?
12. In the last year, have you had opportunities to learn and grow?
<table>
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<tr>
<th>Engagement</th>
<th>Content</th>
<th>Items in Aon Hewitt Operational Definition</th>
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<tbody>
<tr>
<td>Say</td>
<td>Speak positively about the organization to coworkers, potential</td>
<td>• I would not hesitate to recommend this organization to a friend seeking employment</td>
</tr>
<tr>
<td></td>
<td>employees, and customers</td>
<td>• Given the opportunity, I tell others great things about working here</td>
</tr>
<tr>
<td>Stay</td>
<td>Have an intense sense of belonging and desire to be part of the</td>
<td>• It would take a lot to get me to leave this organization</td>
</tr>
<tr>
<td></td>
<td>organization</td>
<td>• I rarely think about leaving this organization to work somewhere else</td>
</tr>
<tr>
<td>Strive</td>
<td>Are motivated and exert effort toward success in their job and for the</td>
<td>• This organization inspires me to do my best work every day</td>
</tr>
<tr>
<td></td>
<td>company</td>
<td>• This organization motivates me to contribute more than is normally required to complete my work</td>
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## The Utrecht Work Engagement Scale (UWES) 9 Items Questionnaires for Employee Engagement Measurement (Schaufeli et al, 2006)

The following 9 statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. If you have never had this feeling, cross the “0” (zero) in the space after the statement. If you have had this feeling, indicate how often you felt it by crossing the number (from 1 to 6) that best describes how frequently you feel that way.

<table>
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<tr>
<th>Never</th>
<th>Almost Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>Very Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

- Never
- A few times a year or less
- Once a month or less
- A few times a month
- Once a week
- A few times a week
- Everyday

1. At my work, I feel bursting with energy
2. At my job, I feel strong and vigorous
3. I am enthusiastic about my job
4. My job inspires me
5. When I get up in the morning, I feel like going to work
6. I feel happy when I am working intensely
7. I am proud of the work that I do
8. I am immersed in my work
9. I get carried away when I am working

VI = Vigor scale  
DE = Dedication scale  
AB = Absorption scale
Trait engagement:
(positive views of life and work)
• Proactive Personality
• Autotelic personality
• Trait Positive Affect
• Conscientiousness

State engagement:
(feelings of energy & absorption)
• Job satisfaction
• Involvement
• Commitment
• Empowerment

Behavioral engagement:
(extra role behavior)
• Citizenship behavior
• Proactive/Personality Initiative
• Role expansion
• Adaptive behaviors

Work attributes:
• Variety
• Challenge
• Autonomy
• Meaningfulness

Leadership Style:
Transformational Vs Transactional

Trust
Putting it all together

Enablers/Energizers:
- Need Satisfaction
- Goal Attainment
- Value-congruence
- Work design
- Leadership
- Community & Collective Goals

Blockers/Depleters
- Controlling rewards
- Social conflict
- Unfairness
- Workload
- Lack of Resources

Behaviors:
- Turnover
- Absenteeism
- Effort
- Teamwork
- Innovation & Creativity
- Citizenship

State Engagement

Meaningfulness

Trust

Intrinsic Motivation
Panel Discussion

Chair
Garry Harding, Computershare

Panel
Professor James Hayton, Warwick Business School
Hans De Jong, Ericsson
Polly McPhillips, SAP
Katrina McKay, Wood
Engagement Activity

How does your company measure Engagement?

- Using one of the models mentioned today
- An internal measure
- We do measure, but I don’t know by what model
- We do not measure
Thank You

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Thank You

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