MEASURING THE IMPACT OF EMPLOYEE EQUITY PLANS ON EMPLOYEE ENGAGEMENT

Chair
Garry Harding, Computershare UK

Panel
Professor James Hayton, Warwick Business School
Polly McPhillips, SAP
Robyn Shutak, Computershare US

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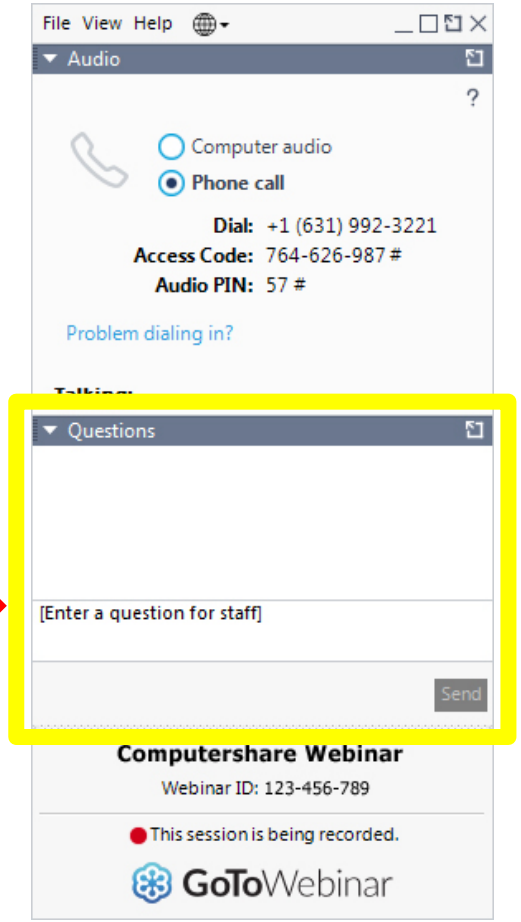

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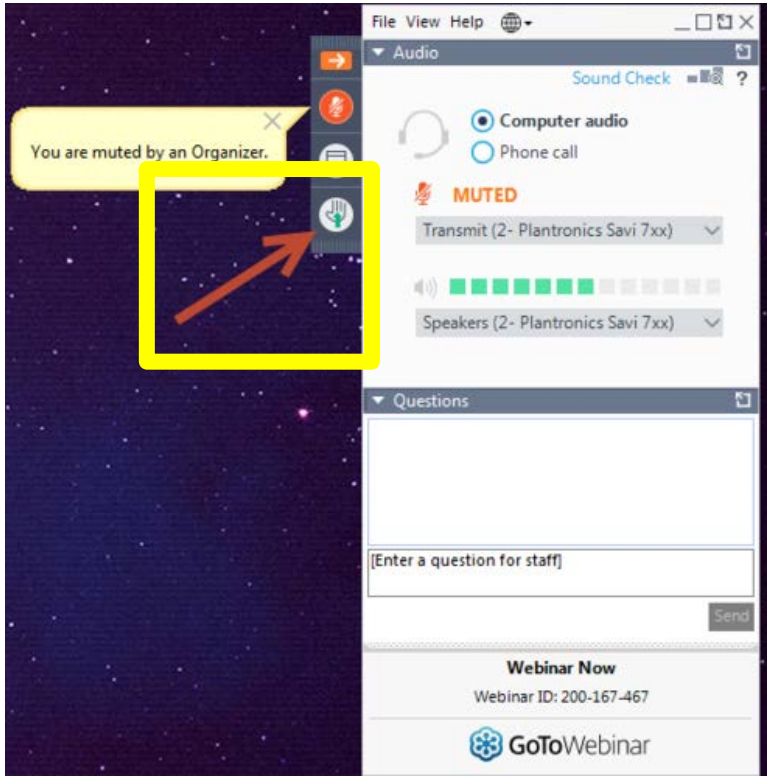

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WARWICK BUSINESS SCHOOL
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For the Open Minded

James Hayton
Professor of HRM & Entrepreneurship, &
Pro-Dean External Affairs

Thinking About the Role of Equity Based Rewards in Employee Engagement

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Engagement

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Intrinsic Satisfaction Model

Commitment
Turnover intentions

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Extrinsic Satisfaction Model

Pay Satisfaction
Turnover

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Instrumental Satisfaction Model

Employee Participation

Commitment Turnover

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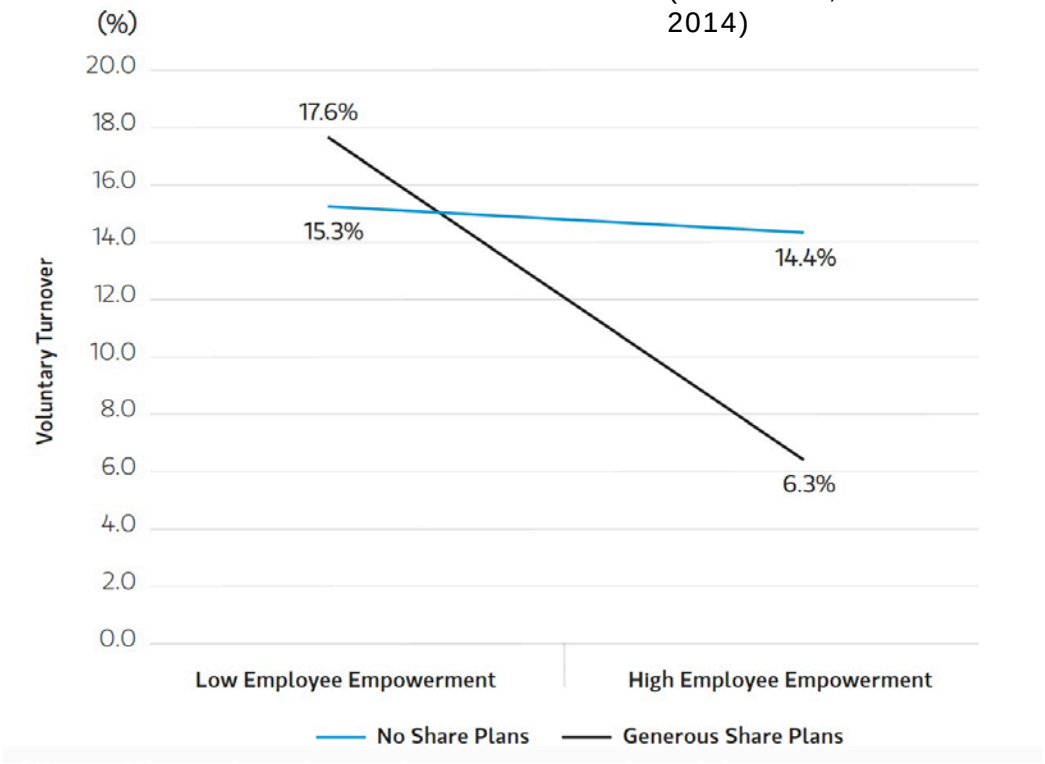
Share Plans, Employee Empowerment and Turnover

(From Blasi, Freeman & Kruse, 2014)



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“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)

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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’

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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

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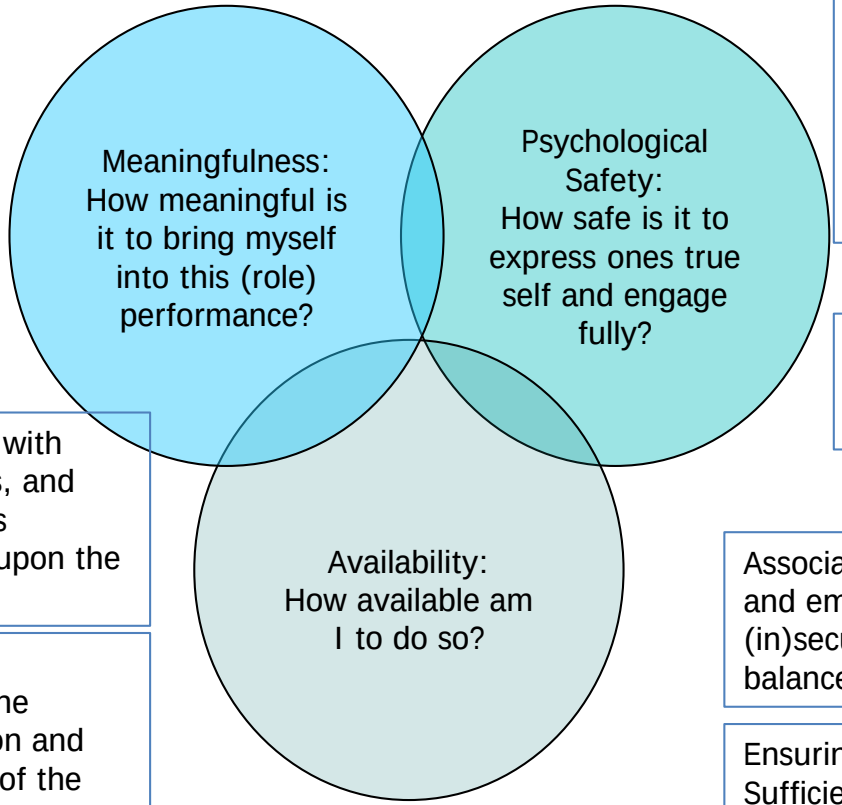
W. Kahn (1990)



Associated with supportive, trusting interpersonal relationships, leadership, norms

Giving Opportunity to Exercise Voice

Associated with tasks, roles, and interactions "influence upon the world"

Signaling Values of the Organization and & Purpose of the Work

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

Ensuring Fair and Sufficient Extrinsic Rewards from working

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Predictors of Job Burnout (i.e. the inverse of engagement)

(Leiter & Maslach, 2003)

Workload	•Too much to do, in too little time, with too few resources
Control	•Capacity to influence decisions affecting one's work, exercise autonomy, and obtain needed resources
Reward	•Monetary, social and intrinsic rewards consistent with expectations
Community	•Overall quality of social interaction at work, including conflict, support, closeness and teamwork
Fairness	•The extent to which decisions are perceived as fair and people are treated with respect
Values	•The ideals and motivations which attract an individual to the work •The motivating connection between worker and workplace that gives meaning

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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

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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?

Engagement	Content	Items in Aon Hewitt Operational Definition
	Speak positively about the organization to coworkers, potential employees, and customers	▪ I would not hesitate to recommend this organization to a friend seeking employment ▪ Given the opportunity, I tell others great things about working here
	Have an intense sense of belonging and desire to be part of the organization	▪ It would take a lot to get me to leave this organization ▪ I rarely think about leaving this organization to work somewhere else
	Are motivated and exert effort toward success in their job and for the company	▪ This organization inspires me to do my best work every day ▪ This organization motivates me to contribute more than is normally required to complete my work

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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

Never	Almost Never	Rarely	Sometimes	Often	Very Often	Always
0	1	2	3	4	5	6
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	(VI1)
2. At my job, I feel strong and vigorous	(VI2)
3. I am enthusiastic about my job	(DE1)
4. My job inspires me	(DE2)
5. When I get up in the morning, I feel like going to work	(VI3)
6. I feel happy when I am working intensely	(AB1)
7. I am proud of the work that I do	(DE3)
8. I am immersed in my work	(AB2)
9. I get carried away when I am working	(AB3)

VI = Vigor scale DE = Dedication scale AB = Absorption scale

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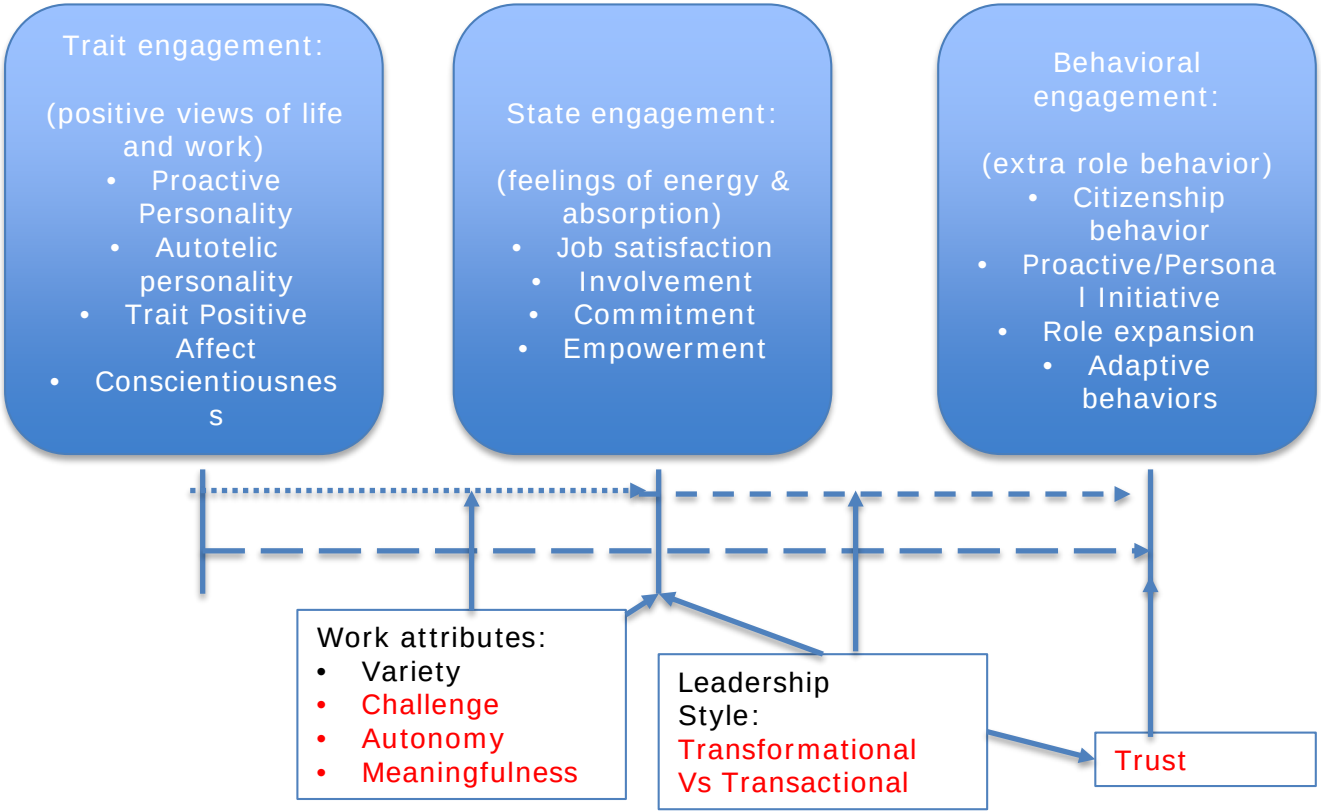

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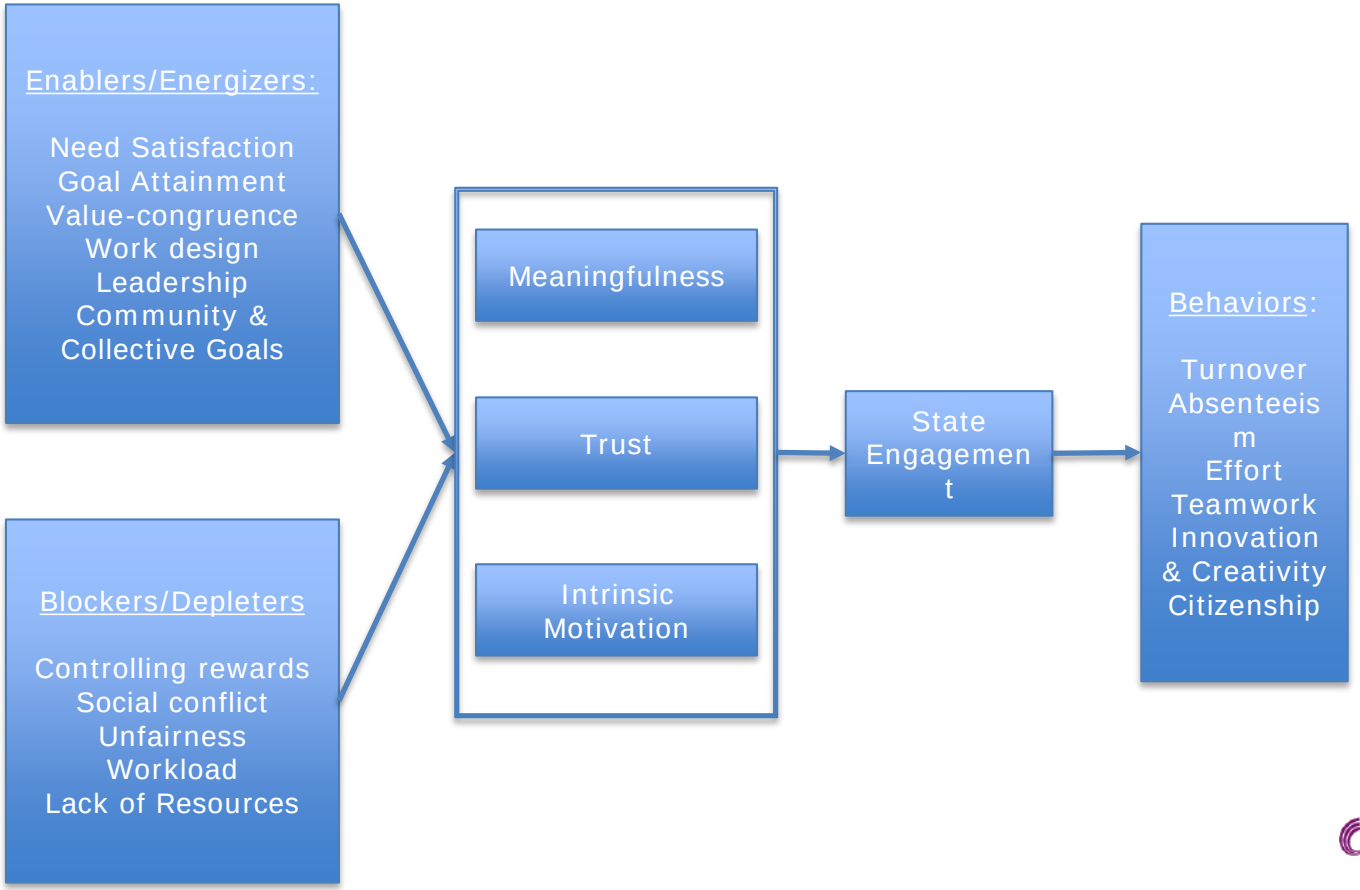
Putting it all together



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Panel Discussion

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Thank You

Professor James Hayton
Warwick Business School
James.Hayton@wbs.ac.uk

Garry Harding
Computershare UK
Garry.Harding@Computershare.co.uk

Polly McPhillips
SAP
polly.mcphillips@sap.com

Robyn Shutak
Computershare US
Robyn.Shutak@computershare.com

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